

**TECHNICAL EDUCATION  
QUALITY IMPROVEMENT PROGRAMME  
OF  
MINISTRY OF HUMAN RESOURCE DEPARTMENT  
GOVERNMENT OF INDIA**

**PROCUREMENT MANUAL**

**PROJECT TEQIP – II**

**December 2009**

The contents of this document are subjected to change

## **ABBREVIATIONS**

AMC	Annual Maintenance Contract
BOQ	Bill of Quantities
BOG	Board of Governors
CIP	Concise Institutional Plan
CN	Consignment Note
COE	Center of Excellence
CPWD	Central Public Works Department
CSS	Centrally Sponsored Scheme
CVC	Central Vigilance Commission
CW	Civil Works
DEA	Department of Economic Affairs
DGS & D	Director General of Supplies & Disposals
DC	Direct Contracting/ Delivery Challan
EMD	Earnest Money deposit/ Bid Security
GoI	Government of India
GPN	General Procurement Notice
IBRD	International Bank for Rehabilitation and Development
IDA	International Development Association
IDP	Institutional Development Plan
ICB	International Competitive Bidding
IFB	Invitation For Bid
IPMU	Institution Project Monitoring Unit
INR	Indian National Rupee
ITB	Instructions to Bidders
ITC	Instructions to Consultants
LIB	Limited International Bidding
LOI	Letter of Invitation/ Letter of Intent
LCB	Local Competitive Bidding
LPP	Last Purchase Price
LR	Lorry Receipt/ Learning Resources
MHRD	Ministry of Human Resource Development
MOU	Memorandum of Understanding
NGO	Non Governmental Organization
NCB	National Competitive Bidding
NPD	National Project Director
NPIU	National Project Implementation Unit
NS	National Shopping
PIP	Project Implementation Plan
QCBS	Quality and Cost Based Selection
RC	Rate Contract
RR	Railway Receipt
SPFU	State Project Facilitation Unit
TEC	Technical Evaluation Committee
TOR	Terms of Reference
UC	Utilization Certificate
UNDB	United Nation' Business Development
UT	Union Territory
WBR No	World Bank Reference Number

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## PREFACE

The “**Procurement Manual**” provides the essential information and brief step-by-step procedures for procurement of goods, works and services. This document is intended to guide the procurement officials directly involved in the procurement activities. It also intends to help in understanding the procurement processes and to achieve uniformity in procurement processes followed under the project. The rights and obligations of the purchaser and the contractor of goods and works will be governed by the tender documents and by the contracts signed by the purchaser with the contractor and not by the guidelines stated in this document.

However the Procurement Manual is only a guideline document and the procurement of all goods, works and services under TEQIP II project will be carried out in accordance with the World Bank’s “Guidelines: Procurement Under IBRD Loans and IDA Credits” dated May 2004, revised October, 2006 (Procurement Guidelines); and “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” dated May 2004, revised October, 2006 (Consultancy Guidelines) and the agreed procedures described in the Legal Agreements. In event of any discrepancies, the World Bank guideline as stated above will supersede the Procurement Manual.

To achieve the better acceptability of the manual and to understand the difficulties at stakeholder’s level, draft Procurement Manual was sent to all the Project States and Centrally Funded Institutions for their comments. A meeting with select representatives from States and Centrally Funded Institutions was also organized to arrive at common ground and finalize the “Procurement Manual”.

## CHAPTER 1

### PROJECT TEQIP II

#### 1.1 BACKGROUND OF TEQIP

Technical Education Quality Improvement Programme was envisaged in 2003 as a long-term programme of about 10-12 years duration to be implemented in 3 phases for transformation of the technical education system with World Bank assistance. As per TEQIP concept and design, each phase is required to be designed

on the basis of lessons learnt from implementation of an earlier phase. TEQIP-I started a reform process in

127 Institutions. The reform process needs to be sustained and scaled-up for embedding gains in the system and taking the transformation to a higher level. To continue the development activities initiated through TEQIP-I, TEQIP-II is planned as a sequel project.

#### 1.2 TEQIP II GOAL

Project aims to scale up and support ongoing efforts of the GOVERNMENT OF INDIA to improve quality of technical education and enhance existing capacities of the institutions to become dynamic, demand-driven, quality conscious, efficient and forward looking, responsive to rapid economic and technological developments occurring at the local, state, national and international levels. It has a clear focus on the objectives to improve the overall quality of existing engineering programmes.

#### 1.3 TEQIP II OBJECTIVES

Project will focus on the following objectives:

- Strengthening Institutions to produce high quality engineers for better employability
- Scaling-up PG education and demand-driven Research & Development and Innovation
- Establishing Centers of Excellence for focused applicable research
- Training of faculty for effective Teaching
- Enhancing Institutional and System Management effectiveness

#### 1.4 CENTRALLY SPONSORED SCHEME

TEQIP - II will be open for competitive participation by all technical institutions across the country and is proposed to be implemented as “**Centrally Sponsored Scheme**” (CSS) with contribution from State Government in the manner of matching shares.

#### 1.5 IMPORTANT DETAILS

Name of the Project : “Technical Education Quality Improvement Programme Phase II (TEQIP - II)”

IDA Credit No. :

Participating States :

#### 1.6 IMPORTANT DATES

1. Expenditure Finance Committee (EFC) approval :
2. Cabinet approval :
3. Signing of Project Agreement with the World Bank :
4. Effectiveness of the Project :
5. Closing of the Project :

## CHAPTER 2

### PROCUREMENT POLICY & VALUE THRESHOLD

#### 2.1 PROCUREMENT POLICY

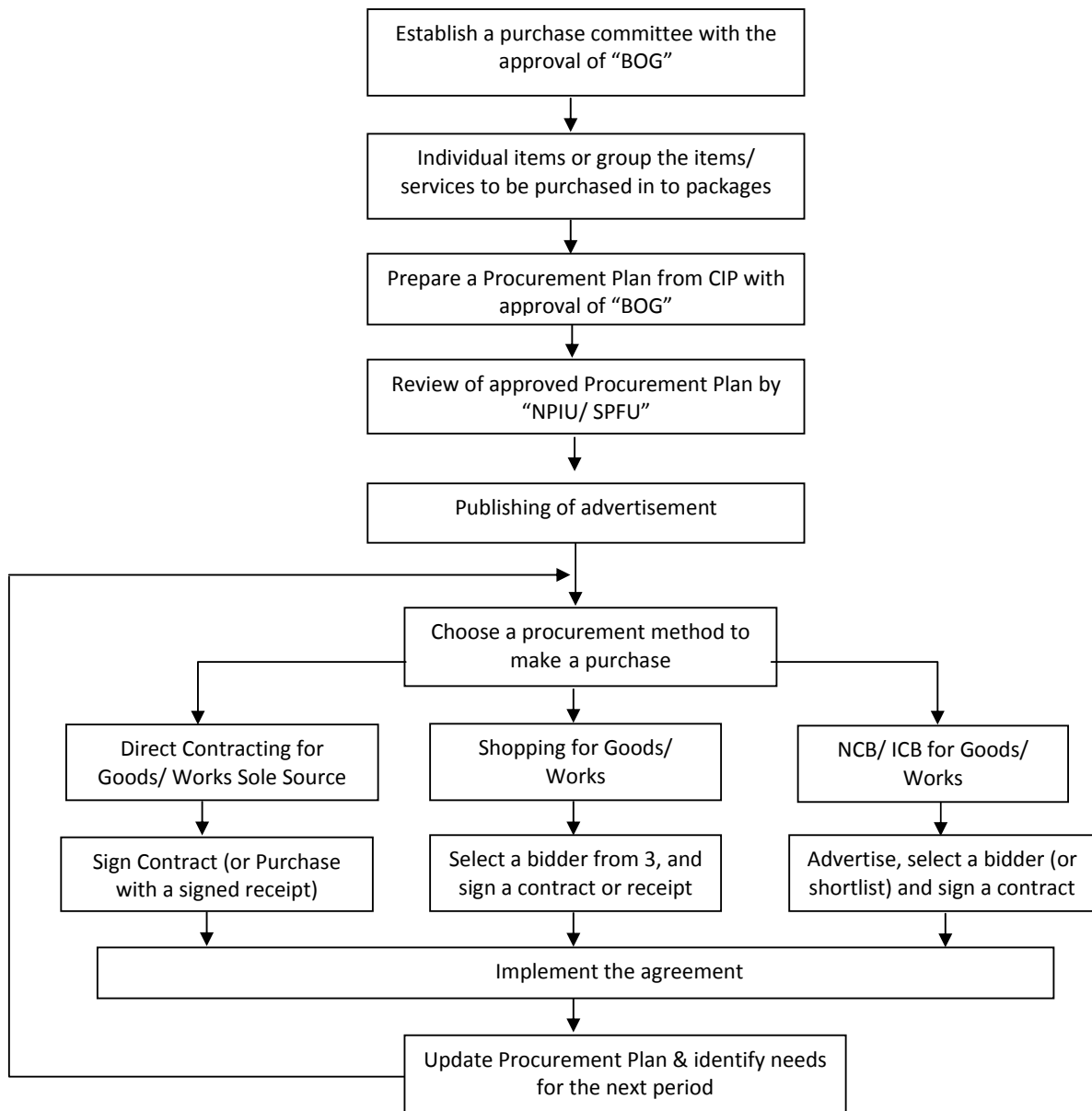
The procurement policy of TEQIP II is to ensure,

- **Transparency, fairness and fraud prevention** is important to ensure accountability and proper utilization of funds
- **Equal opportunity** ensures that the suppliers/sellers have equal opportunity to compete
- **Economy and Efficiency** means that goods and services to be procured at a their true worth
- **Effectiveness** means that the goods and services procured will help to achieve project goals & objectives

#### 2.2 PROCUREMENT PROCEDURES

The procurement processes typically consist of identification of requirements, developing specifications, identifying suppliers/ service providers, inviting bids/ proposals, evaluating and awarding contracts, contract management, receipt and certification of goods/ services, evaluation and closure of contract.

The flow chart given below broadly depicts the essential steps in procurement process,



## 2.3 PROCUREMENT PLAN

The National Project Implementation Unit (NPIU) & State Project Facilitation Unit (SPFU) will prepare a procurement plan for the initial 18 months .

Procurement Plan will be part of the Institutional Development Plan. The procurement plan at the institute level will be developed within 3 months of the selection of institute in the program. Annual procurement plans shall be prepared at the beginning of each year to reflect the actual project implementation needs for that year and shall be reviewed and agreed by the Bank. The procurement plan will be updated in agreement with the Bank, as required, to reflect the actual project implementation needs and improvements in institutional capacity. The changes in finalised Institutional Procurement Plan can be carried out as per the following arrangements,

- (i) Up to 20% changes can be carried out by Institution with appropriate approvals.
- (ii) 20% to 50% changes in procurement plan can be carried with prior approval of NPIU.
- (iii) More than 50% changes in procurement plan will be referred to the World Bank.

The State Project Facilitation Unit (SPFU) will prepare procurement plan consolidating all individual institutional procurement plan with SPFU procurement plan. NPIU will also prepare its procurement plan and make consolidated procurement plan for all Centrally Funded Institutions (CFIs). The procurement plans should cover goods, equipment, civil works, consultancy services and resource support for the project period 2010-2014. Format for developing Procurement Plan for Goods/Works/Services is attached as Annex I.

## 2.4 VALUE THRESHOLD

### 2.4.1 CIVIL WORKS

Expenditure Category	Value* (Threshold per contract)	Procurement Method
Civil Works	(a) Civil Works estimated to cost equal or less than the equivalent of US\$ 30,000 per contract may be executed by:  i) Fixed Price contract  ii) Unit/Piece Rate System through qualified contractors	Shopping  Rate Contract (CPWD/ PWD)
	(b) Civil Works estimated to cost equal or more than the equivalent of US\$ 30,000 per contract	<sup>1</sup> National Competitive Bidding (NCB)
	(c) Civil Works estimated to cost equal or less than US \$ 1,000 per contract	Direct Contracting

## 2.4.2 GOODS

Expenditure Category	Value* (Threshold per contract)	Procurement Method
<b>(a) Equipment</b>	(i) US \$ 20,000 equivalent or less per contract	Shopping. #DGS&D rate contracts can be used as an option instead of shopping, if the item is covered under the DGS & D Rate Contracts and offers value for money.  However, State Rate Contracts cannot be treated at par with Shopping. If State Rate Contract exists for an item, the same can be considered as one of the three quotations to be sought under Shopping procedure. In such situation, two more quotations should be sought and best among the three should be considered.
	(ii) Proprietary equipment of US \$ 20,000 equivalent or less per contract	Direct Contracting
	(iii) Contracts of more than or equivalent to US \$ 20,000 but less than US \$ 300,000 equivalent.	<sup>1</sup> National Competitive Bidding (NCB)
	(iv) Contracts of equivalent or more than US \$ 300,000	<sup>2</sup> International Competitive Bidding (ICB) / Limited International Bidding (LIB)
<b>(b) Furniture</b>	US \$ 20,000 equivalent or less per contract	Shopping. #DGS&D rate contracts can be used as an option instead of shopping, if the item is covered under the DGS & D Rate Contracts and offers value for money.  However, State Rate Contracts cannot be treated at par with Shopping. If State Rate Contract exists for an item, the same can be considered as one of the three quotations to be sought under Shopping procedure. In such situation, two more quotations should be sought and best among the three should be considered.
<b>(c) Books, Proprietary Software, Learning Resources and Educational Materials</b>	US \$ 20,000 equivalent or less per contract	Direct Contracting
<b>(d) Minor Items</b>	Minor items like stationery, office supplies cost to US \$ 500 equivalent or less per contract	Direct Contracting



### 2.4.3 SERVICES

Expenditure Category	Value* (Threshold per contract)	Procurement Method
<b>Research contracts, professional services, training, workshops and fellowships</b>	(a) More than US \$ 200,000 equivalent per contract.	<sup>3</sup> Quality and Cost Based Selection (QCBS). Would comprise entirely of national consultants for all contracts below US\$500,000
	(b) More than US \$ 100,000 and up to US \$ 200,000 equivalent	<sup>3</sup> Quality and Cost Based Selection (QCBS) Or Selection based on a Fixed Budget (SFB) Or Selection Based on Least Cost Basis (LBS)
	(c) US \$ 100,000 equivalent or less per contract.	<sup>3</sup> Selection Based on Least Cost Basis (LBS) Or Selection based on Consultant's Qualification (CQ) Or Selection based on a Fixed Budget (SFB)
	(d) US \$ 2,000 equivalent or less per contract.	<sup>3</sup> Selection based Single Source Selection (SSS) basis. Note that for SSS based selection per day consultation fee limit is equivalent or less than US \$ 100, beyond which prior approval of BOG of particular institution is required.

### 2.4.4 INCREMENTAL OPERATING COST

Expenditure Category	Value* (Threshold per contract)	Procurement Method
<b>Operation &amp; Maintenance (O&amp;M) Cost</b>	Expenses incurred on maintenance of equipment, vehicles and buildings, hiring cost of vehicles and offices, and consumables may be executed by:	
	i) Each package not exceeding US \$ 5,000 or	Direct Contracting
	ii) On the basis of Shopping	Shopping

All contracts are subjected to prior review as per the following arrangements,

- (i) Equivalent or less than US \$ 100,000 per contract prior review by the Institutions
- (ii) More than US \$ 100,000 and up to US \$ 200,000 equivalent per contract prior review by SPFU
- (iii) More than US \$ 200,000 and up to US \$ 300,000 equivalent per contract prior review by NPIU
- (iv) Above US \$ 300,000 prior review by the Bank

10% sample of all contracts issued annually by all implementing entities will be subjected to post review by Bank staff or appointed consultants. However, all contracts under the Project are subjected to post review by the Bank.

Prior review of all consultant contracts shall be governed by the provisions of para's (i), (ii) & (iii) below,

- (i) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of US \$ 100,000 or more, the procedures set forth in paragraphs 1,2 & 5 of Appendix 1 to the *Guidelines for Selection and Employment of Consultants by World Bank Borrowers* of January 1997, revised September 1997, January 1999, May 2002 and October 2006 shall apply.

- (ii) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of US \$ 50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval has been given.
- (iii) Terms of Reference for all consultant contracts estimated to cost the equivalent of US \$ 20,000 or more per contract in the case of firms, and the equivalent of US \$ 10,000 or more per contract in the case of individuals shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval has been given.

**Note:**

- \* US \$ is considered as 1 US \$ = INR 50. All value thresholds are exclusive of taxes.
- # DGS&D rate are optional and should be taken as referral case only, DGS&D procedures are not to be followed.
- <sup>1</sup> First 2 NCB contracts from the Project irrespective of value should be submitted for prior review by the Bank. All others by post review. Institutions should follow prior review arrangements agreed between Institutions, SPFU and NPIU as detailed in Procurement Manual.
- <sup>2</sup> All ICB/LIB contract by Prior review by the Bank.
- <sup>3</sup> All ToRs for services should be prior review by the Bank. First 2 Consultancy contracts from the project will be submitted for prior review by the World Bank. Institutions should follow prior review arrangements agreed between Institutions, SPFU and NPIU as detailed in Procurement Manual.

## **CHAPTER 3**

### **PROCUREMENT OF GOODS AND CIVIL WORKS**

#### **3.1 MODES OF PROCUREMENT**

The methods of procurement to be followed for Goods & Civil Works are:

- 3.1.1 International Competitive Bidding (ICB)
- 3.1.2 National Competitive Bidding (NCB)
- 3.1.3 Shopping
- 3.1.4 Direct Contracting
- 3.1.5 Rate Contract
- 3.1.6 Limited International Bidding (LIB)

##### **3.1.1 INTERNATIONAL COMPETITIVE BIDDING (ICB)**

This method is generally adopted where supplies cannot be met from indigenous sources and need import, and/ or foreign firms are expected to participate (irrespective of the value) and bring more competition.

##### **REQUIREMENTS TO BE FOLLOWED**

- Invitation for bids (IFBs) for ICBs shall be published in daily national newspaper with wide circulation all over the country, at least in one English and one regional language daily.
- Apart from wide publicity nationally, advertisement of invitation for bids (IFBs) shall be published in United Nation's Development Business (UNDB) and dg Market online and project website.
- Use of standard World Bank Bid Documents.
- Sale of bid documents should start only after publication of invitation of bids in newspapers and UNDB/dg Market.
- Bidding period shall be 45 to 90 days from the start of the sale of the bid documents.
- Domestic preference shall be allowed to domestic bidders with respect to foreign bidders as mentioned in the bid documents.
- Other procedures for ICB will broadly be same as that of open advertised tender in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint redressal etc.
- It is mandatory that procedures agreed with World Bank be followed for bidding, evaluation or bids, section, award of contracts and contract management for this method.

For further details of procedures for ICB and formats to be used, please visit NPIU website: [www.npiu.nic.in](http://www.npiu.nic.in)

### 3.1.2 NATIONAL COMPETITIVE BIDDING (NCB)

NCB also known, as Open Tender is the competitive bidding procedure normally used for procurement of Goods and Civil Works. The procedures shall provide adequate competition among participants in order to ensure reasonable prices.

The **Procurement Steps** for NCB broadly consist of the following activities:

#### STEP I: PREPERATION OF TENDER DOCUMENT

- The tender documents shall furnish all information necessary for a prospective bidder to prepare a tender for the goods and/ or works to be provided.
- The Bid document should invariably contain standard bidding and contract conditions to make it self-explanatory. Some of the mandatory requirements in a bid document include- Invitation for bids, Instructions to Bidders, Contract Data including Bill/ Schedule of Quantities (BOQ), General Terms & Conditions, Award Criteria, Notification of Award, Execution of Contract, Quality Control, Payment Terms, Taxes and Duties, Completion Certificate, Warranty/ Defect Liability, Drawings, Dispute Resolution, Arbitration, Force Majeure, etc.
- Bill/ Schedule of quantities (BOQ) will indicate the description of items to be provided along with quantities and the phased manner in which the goods/works are required to be delivered or constructed.
- Tender documents should state clearly whether the bid prices will be fixed or price adjustments will be made to reflect any changes in major cost components of the goods/ works.

#### STEP II: ADVERTISEMENT OF THE TENDER

- Timely notification of bidding opportunities is essential in competitive bidding. Invitations shall be published in daily newspapers with wide circulation all over India, at least in one national English and one regional language daily.
- The advertisement should also be placed in institutional website.
- The minimum time given for submission of bids shall be not less than 30 days in case of NCBs.
- The last date and time of sale and receipt of bid/tender document should be clearly indicated in the notification/advertisement.

#### STEP III: ISSUE OF TENDER DOCUMENT

- Sale of tender documents should begin only after the publication of notification for tender in newspapers.
- Tender documents should be made available to all who seek them after paying the requisite fees, if any, regardless of registration status and they should be allowed to bid. However, the request should be in writing along with the requisite fee of the tender/ bid, if any. Bidding documents will be sold till one day prior to the opening of the tenders.
- Tenders can be sold from different places but the bid/ tenders shall be received at one place only, to avoid problems arising out of late/delayed tender submission.
- Tender documents can also be made downloadable from Institute website. However the downloaded tender documents must be submitted with requisite tender fees in the form of bank DD without which the tender shall be rejected summarily.

#### STEP IV: OPENING OF THE TENDERS

- The time, date and venue for the tender opening shall be mentioned in the IFB and bid documents.
- Tenders/bids should normally be opened immediately after the deadline of time fixed for submission on the same day.
- Tenders shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of bids.
- All tenders received should be opened. No bid should be rejected at the time of bid opening except for late tenders. Late tenders shall be returned to the bidders unopened.
- The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the

time of bid opening. Withdrawal notices and modifications to the tender shall be read out first followed by the tender of the bidder.

- Minutes of bid opening must be prepared by bid opening officials and should be signed by all members present including bidders.
- Any kind of discounts offered shall be mentioned in the bid opening document clearly.

#### **STEP V: TENDER EVALUATION AND COMPARISON**

- The criteria to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and not be applied arbitrarily.
- The purpose of tender evaluation is to determine substantially responsive tender with the lowest evaluated cost, but not necessarily the lowest submitted price, which should be recommended for award.
- The bid/ tender price read out at the bid opening shall be adjusted at the time of evaluation with correction for any arithmetical errors for the purpose of evaluation with the concurrence of the bidder/ contractor. Where there is a discrepancy between the rates in figures and in words, the rate in words will prevail. Where there is a discrepancy between the unit and the line item total resulting from multiplying the unit rate by the quantity, the unit rate will prevail.
- The conditional discounts offered by the bidder shall not be taken into account for evaluation. This however does not apply to cross-discounts.
- The purchaser shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of the contract.

#### **STEP VI: AWARD OF CONTRACT**

- Implementing agency shall award the contract within the period to all aspects to the bidders who has the necessary technical capability and financial resources and whose bid is substantially responsive to the tender documents and has the lowest evaluated cost.
- The purchaser can, if so desired depute a team of 3-4 officers to the premises of manufacturer to whom the contract is proposed to be awarded, to satisfy itself that the manufacturer has capability to produce the required quantity and also the necessary quality testing and assurance facilities to meet the required standards. Based on the report of this Committee, the purchaser may decide to award the contract to the successful bidder offering the lowest or reasonable price after approval of the appropriate authority.
- Single bids should also be considered for award, if it is determined that publicity was adequate, bid specification/ conditions were not restrictive or unclear and bid prices are considered reasonable in comparison to estimated price.

#### **STEP VII: DISCLOSURE**

- For all procurements, information on pre-qualification and award of contract would be posted on the institutional website on quarterly basis.

#### **STEP VIII: LAWS GOVERNING THE CONTRACT**

- The contract is governed by the laws of India in force.
- The courts of the place from where the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.
- Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of tender, the contract shall be deemed to have been made at the place from where the acceptance of the tender has been issued.

#### **STEP IX: COMPLAINT REDRESSAL MECHANISM**

- In order to deal with the complaints received from the contractors/ suppliers effectively, a complaint handling mechanism should be available at the Central/ State/ Institutional level, and immediate action should be initiated on receipt of complaints to redress the grievances.
- All complaints on receipt should be entered in a register. Within 15 days, these complaints should be discussed and mentioned in the evaluation report of the tender. If a complaint is received after award of contract, it should be discussed on the file and put up to the appropriate authority for a decision.

- All complaints should be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegations made in the complaints should be enquired into. If allegations are found correct, appropriate remedial measures should be taken by the higher administrative authorities.
- If an individual staff is found responsible, suitable disciplinary proceedings should be initiated, against such staff under the applicable conduct rules. The existing provisions under the Indian law including the instructions of Central Vigilance Commission (CVC) should be followed in this regard.
- An appropriate response should also be sent to the complainant.

#### **STEP X: PROCUREMENT AUDIT**

Post review of minimum 20% all the contracts under the Project shall be conducted by the SPFU/ NPIU coordinators as per the laid down procedures. All documents related to procurement should be filed and kept systematically and safely. In addition, the World Bank will also have the right to conduct post review of the contracts. The concerned authorities will be required to make all relevant documentation available to the World Bank, as and when required.

##### **Review by the WORLD BANK (also applicable to Procurement of Services)**

- It is the Bank's policy that Borrower's, as well as bidders, suppliers, and contractors under Bank financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank will have the right that a provision be included in bidding documents and in contracts financed by a Bank loan, requiring bidders, suppliers, and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.
- Contracts which are (i) not subject to prior review by the Bank, and (ii) awarded following these guidelines will be post reviewed by the Bank.
- World Bank will carry out post review either by themselves or by selected Consultant up to 10% of all contracts issued by the concerned institute.
- The Borrower shall retain all documentation with respect to each contract (excluding contracts subject to prior review by the Bank) during project implementation and up to two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award, for examination by the Bank or its Consultants. The Borrower shall also furnish such documentation to the Bank upon request.
- If the Bank determines that the goods, work or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare mis-procurement as established in the Procurement Guidelines. The Bank shall promptly inform the Borrower the reasons for such determination.

#### **STEP XI: DOCUMENTATION**

Most Purchase Department maintains the following basic records:

- **PURCHASE ORDER LOG** - It contains a numerical brief record of all Purchase Orders issued. It contains Purchase Order nos., supplier's name, brief description of purchase, total value of the order, status of PO (Open/ Closed) etc.
- **VENDOR RECORD FILE** - contains the names, addresses of suppliers, materials that a vendor can supply, delivery and quality records.
- **RATE CONTRACT FILE** - contains the purchase records of items under a term contract. It is especially important when the contract is an open one against which orders may be placed.
- **PURCHASE REPORTS** - Since the Purchase Department handles a sizable portion of organization finances; it is desirable to have some summary reports periodically (monthly/ quarterly/ half yearly/ annually) available to the management. Some of important aspects of the report are; (a) Total value of purchase (b) Allocation of purchase value against major items (c) Budget for purchase for the next year (d) Proposal for revision of budget in current year

For further details and formats to be used in NCB, please visit NPIU website: [www.npiu.nic.in](http://www.npiu.nic.in)

### 3.1.3 SHOPPING

The following consideration should be kept in view for adopting this procedure:

(1) General:

- Shopping is a Procurement method based on comparing price quotations obtained from several national suppliers, usually at least three to ensure competitive prices.
- Shopping is intended to be a simple and rapid procurement method and is one of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit.
- Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping.

(2) To be used:

To procure small amounts of off-the-Shelf goods or Standard Specification Commodities or simple civil works for which more competitive methods are not justified on the basis of cost or efficiency;

(3) Requirements:

- Request for quotation shall be written and sent by letter, fax, telex, etc (with proof of receipt and record keeping) and can also be displayed in the Institute website;
- The request shall include the description and quantity of the goods as well as the required delivery time and place for the goods or services, including any installation requirements as appropriate;
- The request shall indicate the date by which the quotations are needed.
- Prices for goods supplied from within the country (including previously imported items) are requested to be quoted ExW (ex-works, ex-factory, ex-warehouse, ex-showroom or off-the-shelf, as applicable) including all custom and excise duties and sale and other taxes already paid or payable on the raw materials and components; for goods offered from abroad (i.e., not previously imported) prices are requested CIF or CIP or DDU basis (in case of large purchases).
- In case of civil works prices shall be requested inclusive of all taxes and duties payable by the contractor.
- Requests should be addressed to more than three firms that are reputable, well established and are suppliers of the goods or services being purchased, as part of their normal business (after verifying whether those being invited will make an offer or not) to ensure at least three quotations are received; In case unsolicited quotations are received, they may be accepted after carrying out a similar due diligence exercise to verify the nature and reputation of firm.
- Quotation should be submitted in writing i.e., by fax, telex, or letter (copies to be kept for records).
- No bid securities are required.
- Normally, requests for quotes should indicate the expected date of submission of quotes with a minimum of 14 days from the date of issue of request.
- If the Purchaser has not received at least three quotations within the time set, it should verify with the suppliers who have not submitted quotation, whether they intend to do so and how soon.
- Quotation should be compared after adding to the quoted price for goods, the estimated cost of inland transportation and insurance, if any, to the final destination. The lowest responsive offer is selected.
- Purchaser may exercise discretion in selecting a quotation that is not the lowest priced as far as there is good technical justification on the quality of the offered item, suitability of delivery schedule, etc. In such cases, such requirements should be indicated in the request for quote as well as in the evaluation note.
- Award decision and its rationale should be documented/ and kept for review by audit by the Bank (or by the Bank's auditors) as needed. The record should contain the list of firms invited, and the list and value of quotations received, comparative statements etc. The documents should clearly show that the award is based on sound technical and commercial criteria.
- Purchase order shall incorporate the terms of accepted offer.

Table below gives the brief of the procedure to be followed for Shopping:

Sl. No.	What has to be done?	Who should do it?	Description
1.	Identify the items or the package of items to be purchased from the procurement plan.	Purchase Committee	<ol style="list-style-type: none"> <li>Understand the specifications of the item(s) to be purchased.</li> <li>Lay down terms &amp; conditions and specifications.</li> <li>State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process.</li> <li>DGS&amp;D rate contracts shall be acceptable for procurement under shopping.</li> </ol>
2.	Shop around or call for all at least 3 quotations in writing with signature of supplier. Quotations could also be obtained by fax.	An officer authorized by respective office head	<p>The requests for quotations shall contain:</p> <ol style="list-style-type: none"> <li>The description specification and quantity of the goods.</li> <li>Say that contract shall be for full quantity of each item.</li> <li>Terms of delivery of goods or description of works.</li> <li>Desired completion period</li> <li>Place of works</li> <li>The price shall be quoted in INR.</li> <li>Each bidder shall submit only one quotation.</li> <li>Quotation shall remain valid for a period not less than 15 days.</li> <li>Terms of payment.</li> <li>Warranty Conditions</li> </ol>
3.	Prepare a comparison sheet to select the most appropriate supplier	Purchase Committee	<p>The following steps shall be followed:</p> <ol style="list-style-type: none"> <li>Evaluate and compare the quotations determined to be substantially responsive.</li> <li>Write information from the quotations on a comparison form.</li> <li>Select the most appropriate supplier.</li> <li>Sales Tax in connection of goods shall not be taken in account.</li> <li>The purchase committee members should sign on the comparison sheet.</li> </ol>

For further details and formats to be used in shopping, please visit NPIU website [www.npiu.nic.in](http://www.npiu.nic.in)



#### **3.1.4 SINGLE TENDER/ DIRECT CONTRACTING**

The procedure for Direct Contracting may be adopted if any one of the following conditions is met.

- (a) The Single Tender system may be adopted in case of articles including equipment/Books, which are specifically certified as of proprietary in nature, or where only a particular firm is the manufacturer of the articles demanded or in case of extreme emergency.
- (b) The single tender system without competition shall be an appropriate method under the following circumstances:
  - Extension of existing contracts for works or goods awarded with the prescribed procedures, justifiable on economic grounds;
  - Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;
  - The required item is proprietary and obtainable only from one source, and
  - Works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high.

#### **3.1.5 RATE CONTRACT**

Rate contracts of Directorate General of Supplies & Disposals (DGS & D) shall also be an appropriate method for award of contract under limited tender procedure. However DGS&D rates are referral cases only and the DGS&D procedure of procurement will not be applicable in project.

#### **3.1.6 LIMITED INTERNATIONAL BIDDING**

Limited International Bidding (LIB) is essentially ICB by direct invitation without open advertisement. It may be an appropriate method of procurement where (a) there are only limited numbers of suppliers, or (b) other exceptional reasons may justify departure from full ICB procedures. Under LIB, borrowers shall seek bids from a list of potential suppliers broad enough to assure competitive prices, such list to include all suppliers all over the world. Domestic preference is not applicable in the evaluation of bids under LIB. In all respects other than advertisement and preferences, ICB procedures shall apply, including the publication of award of contract in UNDB online and in dgMarket and use of the Banks Standard Bidding documents.

## CHAPTER 4

### IMPORTANT ASPECTS OF PROCUREMENT

#### 4.1 IMPORTANT ASPECTS OF SHOPPING TO REMEMBER

Important Aspects	Brief Description
<b>Advertisement</b>	No need for advertisement in newspapers, however the advertisement can be displayed in the Institution website.
<b>Minimum Quotations</b>	3 quotations.
<b>Time for Bid Submission</b>	Not less than 2 weeks.
<b>Negotiation</b>	There should not be any negotiations either for price or terms & conditions of the tender submitted with suppliers.
<b>Validity of Tender</b>	<ol style="list-style-type: none"> <li>1. Bidders shall be required to submit tender valid for the period specified in the tender documents.</li> <li>2. Generally 30 to 40 days for Shopping.</li> </ol>
<b>Earnest Money/ Bid Security</b>	Not required.
<b>Examination of Tenders</b>	<ol style="list-style-type: none"> <li>1. The Procurement Authorities entrusted with evaluation of tenders shall ascertain whether the tenders: <ul style="list-style-type: none"> <li>➤ Meet the eligibility requirements specified;</li> <li>➤ Have been properly signed;</li> <li>➤ Are valid for the period specified in the tender document;</li> <li>➤ Are substantially responsive (commercially and technically) to the tender documents; and</li> <li>➤ Are otherwise generally in order.</li> </ul> </li> <li>2. If the bidder meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.</li> </ol>
<b>Terms &amp; Methods of Payment</b>	Payment terms should be 90% payment after delivery to the consignee and balance 10% after acceptance of the goods or in accordance with the practices applicable to the specific goods and works.

#### 4.2 IMPORTANT ASPECTS OF NCB/ICB TO REMEMBER

Important Aspects	Brief Description
<b>Standards &amp; Technical Specifications</b>	<ol style="list-style-type: none"> <li>1. The bid documents shall include generally accepted standards of technical specifications.</li> <li>2. Unbiased technical specification shall be prepared with no mention of brand names and catalogue numbers by a committee of experts associating the trade representative, if required.</li> <li>3. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications.</li> <li>4. The specifications should be generic and should not appear to favour a particular brand or supplier.</li> <li>5. Preparation of technical specifications, bill of quantities and civil drawings must be completed before tendering. Specifications for the items to be procured should be drawn up in every case with clarity.</li> <li>6. No deviations from the specifications after opening of tender should be allowed.</li> </ol>

<b>Advertisement</b>	<ol style="list-style-type: none"> <li>1. Invitation shall be published in at least in one national English daily and one regional language daily for NCB.</li> <li>2. In case of ICB's also publish in the "United Nation's Development Business (UNDB)" and dgMarket online and forward to embassies and trade representatives of countries of likely suppliers of goods and also who have expressed interest in response to the General Procurement Notice (GPN)</li> <li>3. The advertisement should also be placed at the project website.</li> </ol>
<b>Time for Submission of Bids</b>	<ol style="list-style-type: none"> <li>1. Not less than 4 weeks for NCB.</li> <li>2. Not less than 6 to 8 weeks for ICB.</li> </ol>
<b>Earnest Money/ Bid Security</b>	<ol style="list-style-type: none"> <li>1. Earnest Money (bid security) to be deposited by the bidders shall be a specified amount for each packing/ schedule/ item as indicated in the bid document.</li> <li>2. It shall normally be 2-5% of the estimated cost of the goods or 1% of the estimated cost of work rounded off to the nearest figure in rupees.</li> <li>3. The earnest money shall be in the form of a demand draft/ banker's cheque/ bank guarantee from a scheduled bank preferably having a branch at the place where tenders are to be submitted, which should be valid up to 45 days beyond the validity period of the tender.</li> <li>4. Fixed Deposit Receipts endorsed in favour of purchaser shall also be acceptable.</li> <li>5. The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of tenders.</li> <li>6. The earnest money shall be forfeited in the event of withdrawal of the tender within the original validity once submitted or in case a successful bidder fails to provide the performance security and fails to execute necessary agreement within the period specified or for submitting false, incorrect or misleading information.</li> </ol>
<b>Performance Security Deposit</b>	<ol style="list-style-type: none"> <li>1. Tender documents for works and goods shall require performance security in an amount sufficient to protect the implementing agency in case of breach of contract by the contractor/supplier.</li> <li>2. This shall be in the form of a bank guarantee or any other specified instrument and amount should be specified in the tender document.</li> <li>3. The amount of performance security shall normally be 5% for goods/ works, of contract price (valid till 28 days after the date of expiry of defect liability period or the guarantee/ warranty period as the case may be).</li> <li>4. The performance security deposit shall be refunded within one month of the completion of supply of goods/ works or after the expiry of defects liability/ guarantee/ warranty period (as mentioned above).</li> <li>5. The performance security deposit may be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery/completion period agreed in the contract without prejudice to the purchaser's right to take further remedial actions in terms of the contract and bidding documents which formed part of the contract.</li> </ol>
<b>Retention Money</b>	<ol style="list-style-type: none"> <li>1. In contracts for works, normally 5% of contract price shall be recovered as retention money.</li> <li>2. 50% of such retention money shall be repaid to the Contractor on completion of the whole of the works and balance 50% shall be repaid after the expiry of the defects liability period on certification by the Engineer that all defects notified to the contractor before the end of the period have been corrected.</li> </ol>
<b>Pre-Bid Conference</b>	<ol style="list-style-type: none"> <li>1. A pre-bid conference (date/venue to be indicated in the IFB published in newspapers and bid document) may be arranged wherein potential bidders may meet with the representatives of the implementing authority to seek clarifications on the tender documents.</li> <li>2. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and also supplied along with the bid document sold to the parties purchasing the document subsequent to the pre-bid</li> </ol>

	conference.
<b>Examination of Tenders</b>	<ol style="list-style-type: none"> <li>1. The Procurement Authorities entrusted with evaluation of tenders shall ascertain whether the tenders: <ul style="list-style-type: none"> <li>• Meet the eligibility requirements specified;</li> <li>• Have been properly signed;</li> <li>• Are accompanied by the required earnest money and valid for the period specified in the tender document;</li> <li>• Have quoted for the entire schedule/ packing and are in the required currency as indicated in the bid documents;</li> <li>• Have proper Manufacturer's Authorisation letter</li> <li>• Are substantially responsive (commercially and technically) to the tender documents; and</li> <li>• Have the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract. For ensuring financial capacity a minimum turnover requirement should be indicated in bid document.</li> <li>• Are otherwise generally in order.</li> </ul> </li> <li>2. If the bidder meets the above stipulations indicated in the bid documents, it is determined as substantially responsive and is considered further for evaluation.</li> <li>3. Historical data in relation to the tender like annual reports, turn over details, etc, if not received along with the bidder, can be requested from the bidder after opening of bids and should be submitted within a reasonable time span (say 7-10 working days).</li> </ol>
<b>Post-Qualification of Bidders</b>	<ol style="list-style-type: none"> <li>1. In case the pre-qualification of the bidders has been carried out, and the tenders have been issued to the pre-qualified bidders, the tenders shall be recommended for award on the basis of being lowest substantially responsive bids.</li> <li>2. If bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the technical capability and financial resources to effectively carry out the contract as offered in the bid.</li> <li>3. The criteria to be met shall be set out in the tender documents, and if the bidder does not meet them, the bid shall be rejected.</li> <li>4. In such an event, the implementing agency shall make a similar determination for the next-lowest evaluated bidder and so on.</li> </ol>
<b>Validity of Tender</b>	<ol style="list-style-type: none"> <li>1. Bidders shall be required to submit tender valid for the period specified in the tender documents.</li> <li>2. Normally, in case of NCB/ ICB, the bid validity period shall not exceed 90 days after the date of bid opening.</li> </ol>
<b>Validity Extension of Tenders</b>	<ol style="list-style-type: none"> <li>1. As far as possible contract should be finalized within the original validity of the offers mentioned in the tender document.</li> <li>2. An extension of bid validity, if justified by exceptional circumstances with the approval of next higher authority, shall be requested in writing from all bidders (of valid tenders only) before the expiry date.</li> <li>3. Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money, but those who are willing to extend the validity of their bid shall also be required to provide a suitable extension of Earnest Money as specified in the tender document.</li> <li>4. Prior concurrence of the Bank would be obtained if (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/ Employer).</li> </ol>
<b>Rejection of All Tenders</b>	<ol style="list-style-type: none"> <li>1. Tender documents usually provide that implementing agency may reject all tenders.</li> </ol>

	<ol style="list-style-type: none"> <li>2. Rejection of all tenders is justified when none of the tenders are substantially responsive. However, lack of competition shall not be determined solely on the basis of the number of bidders.</li> <li>3. If all tenders are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new tenders.</li> <li>4. If the rejection of all tenders is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the tenders being non-responsive, new tenders may be invited.</li> <li>5. Rejection of all tenders and re-inviting new tenders, irrespective of value shall be referred to the next higher authority for approval than the authority that approved the issue of tender or to the head of the unit. Before re-inviting tenders the specifications may be reviewed for revision, if any.</li> <li>6. Rejection of tenders (ICB/ NCB), irrespective of the value, will require World Bank's approval.</li> </ol>
<b>Repeat Orders (Goods/ Equipment)</b>	<ol style="list-style-type: none"> <li>1. Quantities in contracts awarded may be increased up to 15% of the quantity originally ordered by repeat orders after recording reasons, provided that such orders shall be given before the date of the expiry of last supply and also subject to the condition that prices have since not reduced and purchases were required on urgency basis.</li> <li>2. If the threshold of 15% is exceeded, prior concurrence of the Bank shall be obtained.</li> </ol>
<b>Extension of Contract (Works)</b>	<ol style="list-style-type: none"> <li>1. Contracts under NCB method may be increased/ decreased up to 15% of the quantity originally ordered by amending the order/ contract after recording reasons, provided that such orders shall be given before the date of contractual completion and also subjected that works were required on urgent basis.</li> <li>2. The variation in requirement shall be appropriately indicated in the bid document.</li> <li>3. It should be justifiable on economic grounds/ without change in costs.</li> </ol>
<b>Rebidding</b>	<ol style="list-style-type: none"> <li>1. Rebidding shall not be carried out without the prior concurrence of the Bank.</li> <li>2. The system of rejecting the bids falling outside a pre-determined margin or bracket of prices shall not be used.</li> </ol>
<b>Negotiation</b>	There should not be any negotiations either for price or terms and conditions of the tender submitted.
<b>Confidentiality</b>	After the public opening of tenders, information relating to the examination, clarification, and evaluation of tenders and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of the contract.
<b>Terms &amp; Methods of Payment</b>	Payment terms for ICB and NCB are provided in the bidding documents and should be followed as it is.
<b>Liquidated Damages</b>	<ol style="list-style-type: none"> <li>1. Provisions for liquidated damages shall be included in the conditions of contract for the delay in the delivery of goods or completion of works.</li> <li>2. In the case of goods, the liquidated damages shall be calculated at the rate of 0.5% per week of delay to maximum of 5% of the contract value.</li> <li>3. In the case of works, the liquidated damages will be calculated at 0.05% of the contract price per day, subject to a ceiling of 10% of the contract price and shall be levied by way of pre-estimated damages and not by way of penalty.</li> </ol>
<b>Fraud &amp; Corruption</b>	<p>The borrowers (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors, and Consultants under Bank-financed contracts shall observe the highest standard of ethics during the procurement and execution of such contracts. In pursuit of this policy, the Bank:</p> <p>(a) defines, for the purposes of this provision, the terms set forth below as follows:</p> <p>(i) <i>"corrupt practice"</i> means the offering, giving, receiving, or soliciting, directly</p>

	<p>or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;</p> <p>(ii) <i>“fraudulent practice”</i> means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;</p> <p>(iii) <i>“collusive practice”</i> means a scheme or arrangement between two or more Bidders, with or without the knowledge of the borrower, designed to establish bid prices at artificial, non competitive levels; and</p> <p>(iv) <i>“coercive practice”</i> means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the procurement process or affect the execution of a contract;</p> <p>(v) <i>“obstructive practice”</i> is :</p> <ul style="list-style-type: none"> <li>➤ deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and</li> <li>➤ acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under sub-paragraph (e) below.</li> </ul> <p>(b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question;</p> <p>(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation;</p> <p>(d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that they have, directly or through an agent, engaged, in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract; and</p> <p>(e) will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, requiring Bidders, Suppliers, Contractors and Consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.</p>
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## **CHAPTER 5**

### **PROCUREMENT OF SERVICES**

Definition of services includes training, workshops, research and studies, hiring of procurement agents, hiring of consultants and other similar contracting.

#### **5.1 METHODS FOR PROCUREMENT OF SERVICES**

1. Quality and Cost Based Selection (QCBS)
2. Quality Based Selection (QBS)
3. Fixed Budget Selection (FBS)
4. Least Cost Method (LCS)
5. Consultant Qualification Based Selection (CQS)
6. Single Source Selection (SSS)

#### **5.2 QUALITY AND COST BASED SELECTION (QCBS)**

QCBS uses a competitive process among shortlisted firms that takes into account the quality of the proposals and the cost of the services in the selection of the successful firm. The relative weight to be given to the quality and cost shall be determined for each case depending on the nature of the assignment. The selection process shall include the following steps,

1. Preparation of the Terms of Reference (ToR)
2. Preparation of cost estimate and the budget
3. Advertisement for Expression of Interest (EOI)  
(to be used when the purchaser has no knowledge about the firms who could take up the assignment)
4. Evaluation of EOI to shortlist six firms
5. Preparation and issue of Request for Proposal (RFP) to short listed firms
6. Receipt of proposals
7. Opening and Evaluation of technical proposals
8. Public opening of financial proposals of firms technically qualified
9. Combined evaluation of technical and financial proposals
10. Negotiations and award of the contract to the selected firm

##### **5.2.1 PREPARATION OF THE TERMS OF REFERENCE (TOR)**

The Terms of Reference developed will include:

1. A precise statement of objectives
2. An outline of the tasks to be carried out
3. A schedule for completion of tasks
4. The support/inputs provided by the client
5. The final outputs that will be required of the Consultant
6. Composition of Review Committee (not more than three members) to monitor the Consultant's works
7. Review of the Progress Reports required from Consultant
8. Review of the final draft report
9. List of key positions whose CV and experience would be evaluated.

##### **5.2.2 PREPARATION OF COST ESTIMATE**

The Cost Estimates or Budget should be based on the assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs (for example, vehicles, office space and equipment). Costs shall be divided in two broad categories, a) Fee or remuneration & b) Reimbursable costs.

### **5.2.3 ADVERTISEMENT**

Advertisement is issued in widely published newspapers to obtain expression of interest for the contract. In addition, contracts expected to cost more than US\$ 200,000 shall be advertised in UNDB online and in dgMarket.

### **5.2.4 EVALUATION AND SHORTLISTING**

If the assignment has been advertised and expressions of interest received, EOIs shall be evaluated to shortlist six firms. The short listing of six firms must be based on the eligibility criteria's defined in ToR and the short list shall not include Individual Consultants. In contracts below US\$ 500,000 equivalent, shortlist may comprise national consultants only. Govt owned enterprises can be considered for award of consultancy assignment provided they are otherwise eligible as per the Bank's guidelines.

### **5.2.5 PREPARATION AND ISSUANCE OF THE REQUEST FOR PROPOSALS (RFP)**

The RFP shall include,

1. Letter of Invitation (LOI)
2. Instructions to Consultants (ITC) with Data Sheet
3. Technical Proposal - Standard Forms
4. Financial proposals - Standard Form
5. Terms of Reference (ToR)
6. Standard Forms of contract

### **5.2.6 RECEIPT OF PROPOSALS**

The time allowed for submission of proposal shall depend on the assignment, but normally shall not be less than four weeks or more than three months. The firms may request clarifications about the information provided in the RFP. The clarifications must be given in writing and copy to all the firms. The technical and financial proposals shall be submitted at the same time but in different sealed envelopes. The technical proposals shall be opened immediately by the committee, after the closing time for submission of proposals. The financial proposals shall remain sealed until opened publicly. Any proposals received after the closing time shall be returned unopened.

### **5.2.7 EVALUATION OF PROPOSALS**

The evaluation of the proposals will be in two stages first quality and then cost. Financial proposals shall be opened only after completing the technical evaluation and no objection from Bank.

The total score shall be obtained by weighing the quality and cost scores and adding them. The weight for the cost shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The weight for cost shall normally be 20 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining highest total score shall be invited for the negotiations.

### **5.2.8 NEGOTIATIONS AND AWARD OF CONTRACT**

1. Negotiations shall include discussions of the TOR, the methodology, staffing, client's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.
2. The selected firm should not be allowed to substitute key staff, unless both parties agree. If this is not the case, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.
3. Financial negotiations shall include clarification of the consultants' tax liability and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are



based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursables) and the offered price shall include staff rates and an estimation of the amount of reimbursables. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiation does not preclude the right of the client to ask for clarifications, and, if fees are very high, to ask for change of fees, after due consultation with the Bank. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the client wants to define ceilings for unit prices of certain reimbursables (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.

4. If the negotiations fail to result in an acceptable contract, the client shall terminate the negotiations and invite the next ranked firm for negotiations. The Bank shall be consulted prior to taking this step.

### **5.3 Quality-Based Selection (QBS)**

QBS is appropriate for the following types of assignments:

- (a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants.
- (b) assignments that have a high downstream impact and in which the objective is to have the best experts.
- (c) assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

5.3.1 In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system).

5.3.2 If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Borrower shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Borrower and the consultant shall then negotiate the financial proposal, including remuneration and other expenses and the contract. All other aspects of the selection process shall be identical to those of QCBS.

### **5.4 SELECTION UNDER A FIXED BUDGET (FBS)**

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. Evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the price proposals shall be opened in public and prices shall be read out aloud. Proposals that exceed the indicated budget shall be rejected. The Consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract.

### **5.5 LEAST-COST SELECTION (LCS)**

This method is only appropriate for selecting consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well-established practices and standards exist. Under this method, a “minimum” qualifying mark for the “quality” is established. Proposals, to be submitted in two envelopes, are invited from a short list. Technical proposals are opened first and evaluated. Those securing less than the minimum qualifying mark are rejected, and the financial proposals of the rest are opened in public. The firm with the lowest price shall then be selected.

## **5.6 SELECTION BASED ON THE CONSULTANTS' QUALIFICATIONS (CQS)**

This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

## **5.7 SINGLE-SOURCE SELECTION (SSS)**

Single-source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.

- 5.7.1 Single-source selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph), (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments, or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.
- 5.7.3 When continuity for downstream work is essential, the initial RFP shall outline this prospect, and, if practical, the factors used for the selection of the consultant shall take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment. For such downstream assignments, the client shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the client, which shall then be negotiated.
- 5.7.4 If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value, a competitive process acceptable to the Bank shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. The Bank will consider exceptions to this rule only under special circumstances and only when a new competitive process is not practicable.

## **5.8 SELECTION OF INDIVIDUAL CONSULTANTS**

Individual consultants are employed on assignments for which (a) teams of personnel are not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

- 5.8.1 Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.
- 5.8.2 Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual is the only consultant qualified for the assignment.

## **5.9 TYPES OF CONTRACTS**

- 5.9.1 **Lump Sum Contract:** Lump sum contracts are used mainly for assignments in which the content and the duration of the services and the required output of the consultants are clearly defined. Payments are linked to outputs (deliverables), such as reports, drawings, bills of quantities, bidding documents, and software

programs. Lump sum contracts are easy to administer because payments are due on clearly specified outputs.

- 5.9.2 **Time-Based Contract:** This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the assignment is difficult to assess. This type of contract is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for staff (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for staff include salary, social costs, overhead, fee (or profit), and, where appropriate, special allowances. This type of contract shall include a maximum amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen work and duration, and provision for price adjustments, where appropriate. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the consultants are appropriate.

For various formats to be used for procurement of services, please visit NPIU website: [www.npiu.nic.in](http://www.npiu.nic.in)

## **CHAPTER 6**

### **PROCUREMENT ADMINISTRATION AND MANAGEMENT**

#### **6.1 NATIONAL PROJECT IMPLEMENTATION UNIT (NPIU)**

The national unit will be responsible for the overall procurement activities under project and to ensure compliance with procurement guidelines and procedures agreed upon with the Bank. Its key activities include:

- Guide and monitor the procurement activities under project
- Prior review and clear, short lists, RFPs and technical and commercial evaluation reports of all goods, works and services planned by institutions valued between \$200,000 to \$300,000 per transaction within 7 days of receipt
- Undertake/ commission and manage yearly post review of at least 10% of contracts issued by Institutions/ State on rotational basis to ensure 100% coverage of all States by the end of the project
- Training classes of 2/3 days duration shall also be organized on yearly basis. All officials of TEQIP shall be asked to compulsorily attend this course

#### **2. STATE PROJECT IMPLEMENTATION UNIT (SPFU)**

At the State level, the role of SPFU will have one Procurement Coordinator to guide and quality control the process in participating institutions. The specific roles of the Coordinator will be as under:

- Consolidate the annual procurement plan for State.
- Train the institutional staff in procurement with due diligence. Build the procurement capacity at all levels.
- Guide and monitor the process of procurement.
- Prior review and clear, short lists, RFPs and technical and commercial evaluation reports of all goods, works and services planned by institutions valued between \$100,000 to \$200,000 per transaction within 7 days of receipt
- Undertake yearly post review of at least 20% of contracts issued in the State institution by institution on rotation basis in such a way to ensure 100% coverage of all Institutions by the end of the Project.
- Act as the intermediary between NPIU procurement section and institutions

#### **3. INSTITUTION PROJECT MONITORING UNIT (IPMU)**

The head of the institution shall set up a Procurement Committee consisting of at least 7 members drawn from faculty and administrative sections (i.e. 4 Faculty members of the rank of Professors/Assistant Professors and 3 administrative members i.e. Registrar, Accounts officer & Stores Officer). Institutions should also have the technical evaluation committees of particular departments to ensure user level participation and better evaluation. After evaluating the proposals, technical evaluation committees will forward it to the institutional procurement committee. Also, the institution must ensure the consistency in the procurement committee. Similar number of alternate members also should be identified to attend the meeting when a regular member is not available. Following are the key responsibilities of a Purchase Committee at Institutional level:

- Prepare an annual procurement plan
- Obtain approval from BOG
- Identify procurement needs for reasonable time durations
- Approve what to buy and when to buy
- Group similar expenditure items into relevant/convenient package(s)
- Carry out the procurement steps defined in this manual
- Full purchase committee should be present for bid opening meeting.
- Review Comparisons and recommend submissions as appropriate to the head of institution, and
- Verify procurement records annually.

## **ANNEXES**

### Procurement Plan Format (For Goods – Materials, Equipments)

[illegible]

### Procurement Plan Format (For Consultants–Individuals/ Firms)

[illegible]

# **INVITATION FOR QUOTATIONS FOR SUPPLY OF GOODS UNDER SHOPPING PROCEDURES**

Ref. No. \_\_\_\_\_

Dated \_\_\_\_\_

To

---



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Dear Sirs,

Sub: INVITATION FOR QUOTATIONS FOR SUPPLY OF \_\_\_\_\_

1. You are invited to submit your most competitive quotation for the following goods:

Brief Description of the Goods	Specifications*	Quantity	Delivery Period	Place of Delivery	Installation Requirement if any

*\*Where ISI certification marked goods are available in market, procurement should generally be limited to goods with those or equivalent marking only.*

2. Government of India has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ \_\_\_\_\_ towards the cost of the \_\_\_\_\_ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.
3. **Bid Price**
- The contract shall be for the full quantity as described above. Corrections, if any, shall be made by crossing out, initialing, dating and re writing.
  - All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.
  - The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
  - The Prices should be quoted in Indian Rupees only.
4. Each bidder shall submit only one quotation.
5. **Validity of Quotation**  
Quotation shall remain valid for a period not less than 15 days after the deadline date specified for submission.
6. **Evaluation of Quotations**  
The Purchaser will evaluate and compare the quotations determined to be substantially responsive i.e. which
- are properly signed ; and
  - conform to the terms and conditions, and specifications.

The Quotations would be evaluated for all the item together/would be evaluated separately for each item.  
[Select one of the options].

7. **Award of contract**



The Purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.

- 7.1 Notwithstanding the above, the Purchaser reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.
- 7.2 The bidder whose bid is accepted will be notified of the award of contract by the Purchaser prior to expiration of the quotation validity period. The terms of the accepted offer shall be incorporated in the purchase order.
8. Payment shall be made immediately after delivery of the goods.
9. Normal commercial warranty/ guarantee shall be applicable to the supplied goods.
10. You are requested to provide your offer latest by .....hours on..... (date).
11. We look forward to receiving your quotations and thank you for your interest in this project.

(Purchaser)

Name: .....

Address: .....

Tel. No. ....

Fax No. ....

**FORMAT FOR QUOTATION\* SUBMISSION**

(In letterhead of the supplier with seal)

Date: \_\_\_\_\_

To:

---



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Sl. No.	Description of goods (with full Specifications)	Qty.	Unit	Quoted Unit rate in Rs.	Total Amount	
					In figures	In words

Gross Total cost: Rs. \_\_\_\_\_

We agree to supply the above goods in accordance with the technical specifications for a total contract price of Rs. ————— (Amount in figures) (Rupees ————— amount in words) within the period specified in the Invitation for Quotations.

We also confirm that the normal commercial warranty/ guarantee of ————— months shall apply to the offered goods.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in bribery.

Signature of Supplier

Name: \_\_\_\_\_

Contact No. \_\_\_\_\_

\*Applicable while the bids are being invited for more than one item and would be evaluated for all the items together. Modify where evaluation would be made for each item separately.

**FORMAT FOR OPENING OF BIDS/ QUOTATION**

File No. \_\_\_\_\_

Date&amp; Time of Quotation Opening\_\_\_\_\_

Bid Issued for \_\_\_\_\_

Bid issued on \_\_\_\_\_

S/No.	Name and address of the bidder	Total Price in Rupees

It is certified that the above details were called out publicly in our presence:

S/No.	Name of the representative	Agency	Signature

Signatures of Purchase Committee Members (all 7 members)

S/No.	Name of Officers	Designation	Signature

Minutes of the meeting (questions/clarification sought by the agency and the clarification given)

Signature  
(Chairperson Name)  
Date:

Signature  
(Member Name)  
Date:

Signature  
(Member Name)  
Date:

## FORMAT FOR COMPARISON OF QUOTATIONS

Name of firm	Quotation No. & Date	Name of Item/s and (Price quoted) Rate		Remark (Additional Information)	Decision (Selected/Rejected with Reason)
1	2	3		4	5
		Item A	Item B		<p>A seller can be rejected based on several reasons. Some of them are given below:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The information provided in the quotation is incomplete;</li> <li><input type="checkbox"/> The supplier cannot deliver the supplies in the time required;</li> <li><input type="checkbox"/> The supplier does not have the capacity to deliver;</li> <li><input type="checkbox"/> The quoted price is high;</li> <li><input type="checkbox"/> The guarantees are not available (if applicable);</li> <li><input type="checkbox"/> The supplier can not provide after sales support (if applicable).</li> </ul>
		Price A	Price B		

Signature of  
Member 1Signature of  
Member 2Signature of  
Member 3

(Signature of Purchase committee members)

FORMAT FOR GOODS RECEIVED NOTE/ RECEIPT

Received with thanks from \_\_\_\_\_ on dated \_\_\_\_\_ the following items.

DATE OF SUPPLY	DESCRIPTION	QUANTITY	UNIT PRICE	VALUE
Total				

GOODS HAVE BEEN CERTIFIED AS CORRECT RECEIPTS.

Name of receiving Officer..... Signature..... Date.....

Certified by..... Signature..... Date.....

**INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF CIVIL WORKS  
UNDER SHOPPING PROCEDURE**

To

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Dear Sirs,

Sub: INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF

\_\_\_\_\_

1. You are invited to submit your most competitive quotation for the following works:

Brief Description of the Works	Approximate value of Works (Rs.)	Period of Completion

2. Government of India has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ \_\_\_\_\_ towards the cost of the \_\_\_\_\_ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.
- 3<sup>1</sup>. The \_\_\_\_\_ Project in \_\_\_\_\_ state is being implemented by \_\_\_\_\_, which is an autonomous society registered under the Societies Registration Act.
4. To assist you in the preparation of your quotation, we are enclosing the following:
- Layout Drawings of the works;
  - Structural Details;
  - Detailed Bill of Quantities, with estimated rates and prices;
  - Technical Specifications;
  - Instructions to Bidders (in two sections).
  - Draft Contract Agreement format, which will be used for finalizing the agreement for this Contract.
5. You are requested to provide your offer latest by..... hrs. on.....
6. Quotations will be opened in the presence of Bidders or their representatives who choose to attend at \_\_\_\_\_ AM/ PM on \_\_\_\_\_ in the office of \_\_\_\_\_.
7. We look forward to receiving your quotations and thank you for your interest in this project.

(Employer)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Tel. No: \_\_\_\_\_

Fax No. \_\_\_\_\_

<sup>1</sup> Delete if inapplicable

## INSTRUCTIONS TO BIDDERS

SECTION - A**1. Scope of Works**

The \_\_\_\_\_ (Employer) invites quotations for the construction of works as detailed in the table given below

Brief Description of the Works	Approximate value of Works (Rs.)	Period of Completion

The successful bidder will be expected to complete the works by the intended completion date specified above.

**2. Qualification of the bidder**

The bidder shall provide qualification information which shall include:

- Total monetary value of construction works performed for each year of the last 3 years;
- Income tax clearance certificate from the concerned IT circle;
- Report on his financial standing; and
- Details of any litigation, current or during the last 3 years in which the bidder is involved, the parties concerned and disputed amount in each case.

**3. To qualify for award of the contract the bidder:**

- should have satisfactorily completed as a prime contractor at least one similar work of value not less than Rs. 500,000 in the last three years;
- should possess valid electrical license for executing building electrification works (in the event of the works being sub - contracted, the sub-contractor should have the necessary license);
- should possess required valid license for executing the water supply/sanitary works (in the event of the works being sub-contracted, the sub-contractor should have the necessary license);

**4. Bid Price**

- The contract shall be for the whole works as described in the Bill of quantities, drawings and technical specifications. Corrections, if any, shall be made by crossing out, initialing, dating and re writing.
- All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.
- The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- The rates should be quoted in Indian Rupees only.

**5. Submission of Quotations**

**5.1** The bidder is advised to visit the site of works at his own expense and obtain all information that may be necessary for preparing the quotation.

**5.2** Each bidder shall submit only one quotation.

**5.3** The quotation submitted by the bidder shall comprise the following:-

- Quotation in the format given in Section B.
- Signed Bill of Quantities; and
- Qualification information form given in Section B duly completed.

- 5.4 The bidder shall seal the quotation in an envelope addressed to the..... (Purchaser). The envelope will also bear the following identification:
- Quotation for \_\_\_\_\_ (Name of the Contract)
  - Do not open before \_\_\_\_\_ (time and date of quotation opening).
- 5.5 Quotations must be received in the office of the ----- (Employer) not later than the time and date given in the letter of invitation. If the specified date is declared a holiday, quotations shall be received upto the appointed time on the next working day.
- Any quotation received by the..... (Employer) after the deadline for submission of quotations will be rejected and returned unopened to the bidder.
6. **Validity of Quotation**  
Quotation shall remain valid for a period not less than 45 days after the deadline date specified for submission.
7. **Opening of Quotations**  
Quotations will be opened in the presence of bidders or their representatives who choose to attend on the date and time and at the place specified in the letter of invitation.
8. Information relating to evaluation of quotations and recommendations for the award of contract shall not be disclosed to bidders or any other persons not officially concerned with the process until the award to the successful bidder is announced.
9. **Evaluation of Quotations**  
The Employer will evaluate and compare the quotations determined to be substantially responsive i.e. which
- (a) meet the qualification criteria specified in clause 3 above;
  - (b) are properly signed ; and
  - (c) conform to the terms and conditions, specifications and drawings without material deviations.
10. **Award of contract**  
The Employer will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price and who meets the specified qualification criteria.
- 10.1 Notwithstanding the above, the Employer reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.
- 10.2 The bidder whose bid is accepted will be notified of the award of contract by the Employer prior to expiration of the quotation validity period.
11. **Performance Security**  
Within 15 days of receiving letter of acceptance, the successful bidder shall deliver to the..... (Employer) the performance security (either a bank guarantee or a bank draft in favour of the Employer) for an amount equivalent of 3 % of the contract price. The Performance Security shall be valid till the expiry of the period of maintenance of the work, specified in clause 12.
12. **Period of Maintenance**  
The "Period of Maintenance" for the work is six months from the date of taking over possession or one full monsoon season whichever occurs later. During the period of maintenance, the contractor will be responsible for rectifying any defects in construction free of cost to the Employer.
13. Purchase of all construction materials including cement and steel as per the specifications (ISI certification marked goods wherever available) shall be the responsibility of the contractor.



## SECTION - B

### I. FORMAT FOR QUALIFICATION INFORMATION

**1 For Individual Bidders**

**1.1** Principal place of business: \_\_\_\_\_

Power of attorney of the signatory of Quotation. *[Attach copy]*

**1.2** Total value of Civil Engineering construction work performed in the last three years (in Rs. Lakhs)

20 \_\_\_\_\_

20 \_\_\_\_\_

20 \_\_\_\_\_

**1.3** Work performed as prime contractor (in the same name) on works of a similar nature over the last three years.

Project Name	Name of Employer	Description of work	Contract No.	Value of contract (Rs. Lakhs)	Date of issue of work order	Stipulated period of completion	Actual date of completion	Remarks explaining reasons for delay and work completed

Existing commitments and on-going works:

Description of Work	Place & State	Contract No. & Date	Value of Contract (Rs. Lakh)	Stipulated period of completion	Value of works* remaining to be completed (Rs. Lakhs)	Anticipated date of completion

\*Enclose a certificate from Engineer concerned.

**1.4** Proposed subcontracts and firms involved.

Sections of the works	Value of Sub-contract	Sub-contractor (name & address)	Experience in similar work

**1.5** Evidence of access to financial resources to meet the requirements of working capital: cash in hand, lines of credit, etc. List them below and attach copies of support documents.

**1.6** Name, address, and telephone, telex, fax numbers of the Bidders' bankers who may provide references if contacted by the Employer.

**1.7** Information on litigation history in which the Bidder is involved.

Other party (ies)	Employer	Cause of dispute	Amount involved	Remarks showing present status

## **II. FORMAT FOR SUBMISSION OF QUOTATION**

\* Description of the Works:

To:

Subject : Construction of.....  
.....

Reference : Letter No.....dated.....from.....

Sir,

We offer to execute the Works described in your letter referred to above in accordance with the Conditions of Contract enclosed therewith at ..... percentage above / below the estimated rates, i.e., for a total Contract Price of

Rs.\*\* \_\_\_\_\_ [in figures]

Rs. \_\_\_\_\_ [in words].

This quotation and your written acceptance of it shall constitute a binding contract between us. We understand that you are not bound to accept the lowest or any quotation you receive.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in bribery.

We hereby confirm that this quotation is valid for 45 days as required in Clause 6 of the Instructions to Bidders.

Yours faithfully,

Authorized Signature:

Date:

Name & Title of Signatory : \_\_\_\_\_

Name of Bidder : \_\_\_\_\_

Address : \_\_\_\_\_

\* To be filled in by the Employer before issue of the Letter of Invitation.

\*\* To be filled in by the Bidder, together with his particulars and date of submission at the bottom of this Form.

**III. FORMAT FOR LETTER OF ACCEPTANCE CUM NOTICE TO PROCEED WITH THE WORK**  
(ON LETTERHEAD OF THE EMPLOYER)

Dated: \_\_\_\_\_

[Name and address of the Contractor]

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sirs,

This is to notify you that your Quotation dated \_\_\_\_\_ for execution of the \_\_\_\_\_ for the contract price of Rupees \_\_\_\_\_ [amount in words and figures], is hereby accepted by us.

You are hereby requested to furnish performance security for an amount of Rs. \_\_\_\_\_ (equivalent to 3% of the contract price) within 15 days of the receipt of the letter. The Performance Security in the form of Bank guarantee or a Bank draft in favour of \_\_\_\_\_ (Employer) shall be valid till the expiry of the period of maintenance i.e. upto \_\_\_\_\_. Failure to furnish the Performance Security will entail cancellation of the award of contract.

You are also requested to sign the agreement form and proceed with the work not later than \_\_\_\_\_ under the instructions of the Engineer, \_\_\_\_\_ and ensure its completion within the contract period.

With the issuance of this acceptance letter and your furnishing the Performance Security, contract for the above said work stands concluded.

Yours faithfully,

Authorized Signature  
Name and title of Signatory

## DRAFT AGREEMENT FORM FOR CONSTRUCTION THROUGH SHOPPING ARTICLES OF AGREEMENT

This deed of agreement is made in the form of agreement on \_\_\_\_ day \_\_\_\_ month \_\_\_\_ 20 \_\_, between the \_\_\_\_\_ (Employer) or his authorized representative (hereinafter referred to as the first party) and \_\_\_\_\_ (Name of the Contractor), s/o \_\_\_\_\_ resident of \_\_\_\_\_ (hereinafter referred to as the second party), to execute the work of construction of \_\_\_\_\_ (hereinafter referred to as works) on the following terms and conditions.

### 2. Cost of the Contract

The total cost of works (hereinafter referred to as the “total cost”) is Rs. \_\_\_\_ as reflected in Annex - A.

### 3.1 Payments under its contract:

Payments to the second party for the construction work will be released by the first party in the following manner:

On signing of agreement	:	25% of total cost
On reaching plinth level (first stage)	:	25% of the total cost
On reaching lintel level (second stage)	:	25% of the total cost
On reaching roof level (third stage)	:	15% of the total cost
Plastering and completion of whole work (fourth stage)	:	10% of the total cost

***(The above has been drafted for construction of school buildings; modify this suitably for other works)***

### 3.2 Payments at each stage will be made by the first party:

- (a) on the second party submitting an invoice for an equivalent amount ;
- (b) on certification of the invoice (except for the first installment) by the engineer nominated by the first party with respect to quality of works in the format in Annex - B; and
- (c) upon proper and justified utilization of at least 50 % of the previous installment and 100 % of any prior installment.

### 4. Notice by Contractor to Engineer

The second party, on the works reaching each stage of construction, issue a notice to the first party or the Engineer nominated by the first party (who is responsible for supervising the contractor, administering the contract, certifying the payments due to the contractor, issuing and valuing variations to the contract, awarding extensions of time etc.), to visit the site for certification of stage completion. Within 15 days of the receipt of such notice, the first party or the engineer nominated by it, will ensure issue of stage completion certificate after due verification.

### 5. Completion time

The works should be completed in \_\_\_\_ (months/weeks/days) from the date of this Agreement. In exceptional circumstances, the time period stated in this clause may be extended in writing by mutual consent of both the parties.

### 6. If any of the compensation events mentioned below would prevent the work being completed by the intended completion date, the first party will decide on the intended completion date being extended by a suitable period:

- a) The first party does not give access to the site or a part thereof by the agreed period.
- b) The first party orders a delay or does not issue completed drawings, specifications or instructions for execution of the work on time.
- c) Ground conditions are substantially more adverse than could reasonably have been assumed before issue of letter of acceptance and from information provided to second party or from visual inspection of the site.
- d) Payments due to the second party are delayed without reason.
- e) Certification for stage completion of the work is delayed unreasonably.

7. Any willful delay on the part of the second party in completing the construction within the stipulated period will render him liable to pay liquidated damages. @ Rs. \* \_\_\_ per day which will be deducted from payments due to him. The first party may cancel the contract and take recourse to such other action as deemed appropriate once the total amount of liquidated damages exceeds 2 % of the contract amount.  
(Note: The amount of liquidated damages per day should be determined at 0.05 % of the contract value of the works and indicated here).

**8. Duties and responsibilities of the first party**

- 8.1 The first party shall be responsible for providing regular and frequent supervision and guidance to the second party for carrying out the works as per specifications. This will include written guidelines and regular site visit of the authorized personnel of the first party, for checking quality of material and construction to ensure that it is as per the norms.
- 8.2 The first party shall supply 3 sets of drawings, specifications and guidelines to the second party for the proposed works.
- 8.3 Possession of the site will be handed over to the second party within 10 days of signing of the agreement.
- 8.4 The Engineer or such other person as may be authorized by the first party shall hold meeting once in a month where the second party or his representative at site will submit the latest information including progress report and difficulties if any, in the execution of the work. The whole team may jointly inspect the site on a particular day to take stock of activities.
- 8.5 The Engineer shall record his observations/instructions at the time of his site visit in a site register maintained by the second party. The second party will carry out the instructions and promptly rectify any deviations pointed out by the engineer. If the deviations are not rectified, within the time specified in the Engineer's notice, the first party as well as the engineer nominated by it, may instruct stoppage or suspension of the construction. It shall thereupon be open to the first party or the engineer to have the deviations rectified at the cost of the second party.

**9. Duties and responsibilities of the second party**

- 9.1 The second party shall:
- a) take up the works and arrange for its completion within the time period stipulated in clause 5
  - b) employ suitable skilled persons to carry out the works
  - c) regularly supervise and monitor the progress of work
  - d) abide by the technical suggestions/ direction of supervisory personnel including engineers etc. regarding building construction
  - e) be responsible for bringing any discrepancy to the notice of the representative of the first party and seek necessary clarification
  - f) ensure that the work is carried out in accordance with specifications, drawings and within the total of the contract amount without any cost escalation
  - g) keep the first party informed about the progress of work
  - h) be responsible for all security and watch and ward arrangements at site till handing over of the building to the first party,
  - i) maintain necessary insurance against loss of materials/cash, etc. or workman disability compensation claims of the personnel deployed on the works as well as third party claims.
  - j) pay all duties, taxes and other levies payable by construction agencies as per law under the contract (First party will effect deduction from running bills in respect of such taxes as may be imposed under the law).

**10. Variations / Extra Items**

The works shall be carried out by the second party in accordance with the approved drawings and specifications. However, if, on account of site conditions or any other factors, variations are considered necessary, the following procedure shall be followed:

- a) The second party shall provide the Engineer with a quotation for carrying out the Variation when requested to do so by the Engineer. The Engineer shall assess the quotation, which shall be given within seven days of the request before the Variation is ordered.
- b) If the quotation given by the second party is unreasonable, the Engineer may order the Variation and make a change to the Contract Price which shall be based on Engineer's own forecast of the effects of the Variation on the Contractor's costs.

- c) The second party shall not be entitled to additional payment for costs which could have been avoided by giving early warning.

**11. Securities**

The Performance Security shall be provided to the Employer no later than the date specified in the Letter of Acceptance and shall be issued in an amount and form and by a bank or surety acceptable to the Employer. The Performance Security shall be valid until a date 28 days from the date of issue of the Certificate of Completion in the case of a Bank Guarantee.

**12. Termination**

**12.1** The Employer may terminate the Contract if the other party causes a fundamental breach of the Contract.

**12.2** Fundamental breaches of Contract include, but shall not be limited to the following:

- (a) the contractor stops work for 28 days and the stoppage has not been authorized by the Engineer;
- (b) the Contractor has become bankrupt or goes into liquidation other than for a reconstruction or amalgamation;
- (c) the Engineer gives Notice that failure to correct a particular Defect is a fundamental breach of Contract and the Contractor fails to correct it within a reasonable period of time determined by the Engineer;
- (d) the Contractor does not maintain a security which is required;

**12.3** Notwithstanding the above, the Employer may terminate the Contract for convenience.

**12.4** If the Contract is terminated the Contractor shall stop work immediately, make the Site safe and secure and leave the Site as soon as reasonably possible.

**13. Payment upon Termination**

**13.1** If the Contract is terminated because of a fundamental breach of Contract by the Contractor, the Engineer shall issue a certificate for the value of the work done less advance payments received up to the date of the issue of the certificate, less other recoveries due in terms of the contract, less taxes due to be deducted at source as per applicable law.

**13.2** If the Contract is terminated at the Employer's convenience, the Engineer shall issue a certificate for the value of the work done, the reasonable cost of removal of Equipment, repatriation of the Contractor's personnel employed solely on the Works, and the Contractor's costs of protecting and securing the Works and less advance payments received up to the date of the certificate, less other recoveries due in terms of the contract and less taxes due to be deducted at source as per applicable law.

**14. Dispute settlement**

If over the works, any dispute arises between the two parties, relating to any aspects of this Agreement, the parties shall first attempt to settle the dispute through mutual and amicable consultation.

In the event of agreement not being reached, the matter will be referred for arbitration by a Sole Arbitrator not below the level of retired Superintending Engineer, PWD to be appointed by the first party. The Arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996. The decision of the Arbitrator shall be final and binding on both the parties.

## FORMAT FOR BILL OF QUANTITIES

Sl. No.	Description of Work	Qty.	Unit	Estimated Cost (Rs.)		Amount
				In figure	In Words	

Gross Total Cost: Rs.....

We agree to execute the works in accordance with the approved drawings and technical specifications at ..... percentage above/ below the estimated rates, i.e., for a total contract price of Rs..... (Amount in figures) (Rs..... amount in words).

Signature of Contractor

**FORMAT OF CERTIFICATE**

Certified that the works up to ----- level in respect of construction of -----  
----- at ----- have been executed in accordance with the approved drawing and  
technical specifications.

Signature

Name & Designation  
(Official address)  
Office seal

Place:

Date:



**MIS Reports to be submitted by IPMU undertaking Procurement under TEQIP II Project**

**Contract Monitoring Reporting  
(To be submitted on a Quarterly Basis)**

SI No	Contract/ Reference No. and Date	Brief Description of Procurement	Category Goods/ Works/ Services/ Consultants/ Others	Method of Procurement	Estimated Cost (US\$)	Date of Issuing Eols	Date of Issuing Invitation	Date of Receiving Quotations / Bids/ Proposals	No of Bidders Responded	No. of Bidders Found Fully Responsive	Contract Award Date	Contract Value		Contract Completion date		Name of Contractor/ Consultant	Remarks
												US\$	Rs	As per Contract	Actual		

<sup>1</sup> Please use the abbreviations: W = Works, G=Goods, Services=S, Consulting Firms=CF, Individual Consultants=IC, Other=OT (and please specify);

<sup>2</sup> Please use the abbreviations: ICB, NCB, IS (for International Shopping), NS (for National Shopping), SS (for Single Source), DC, QCBS, QBS, LCS, FBS, CQS, OT (for other & please specify)

<sup>3</sup> Quarterly reports should be submitted by the IPMU to the SPFU on the contract awarded.