

INDIAN INSTITUTE OF INFORMATION TECHNOLOGY
DESIGN AND MANUFACTURING KANCHEEPURAM,
CHENNAI - 600 127



STORES & PURCHASE MANUAL

**A Guide for
PLANNING, PERFORMING AND REPORTING IN STORES &
PURCHASE**

**Applicable to the procurement of goods and services utilizing for
Government of India funds**

DISCLAIMER

While every care has been taken to ensure that the contents of this manual are accurate and up to date, the procuring officers are advised to check the precise current provisions of law and other applicable instructions from the original sources. In case of any conflict between the provisions stipulated in this manual and in the original source such as GFR or the prevailing laws, the provision contained in the extant law and the original instructions shall prevail.

Any aspect not covered in this Manual will be governed by the relevant rule / provision contained in GFR 2017 as well as Manual for Procurement of Goods, 2017 and Manual for Procurement of Consultancy & Other Services, 2017 issued by Ministry of Finance, Govt. of India; CVC guidelines and CVO guidelines of MHRD as amended from time to time and any other Orders of Govt. of India issued from time to time in this regard.

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Abbreviations used in the Purchase Manual

AMC	Annual Maintenance Contract
AS	Accounts Section
ATE	Advertised Tender Enquiry
BOG	Board of Governors
BG	Bank Guarantee
BL	Bill of Lading
CA	Competent Authority
CD	Custom Duty
CIF	Cost, Insurance & Freight
CIP	Carriage and Insurance Paid
CMC	Comprehensive Maintenance Contract
CPPP	Central Public Procurement Portal
CS	Consumable Stores
FA	Financial Authority
DP	Delivery Period
ED	Excise Duty
EMD	Earnest Money Deposit
FC	Finance Committee
FAS	Free Alongside Ship
FOB	Free On Board
FCA	Free Carrier
FOR	Free On Rail/ Road
F i/c	Faculty In charge
GeM	Government e-Market
GFR	General Financial Rules
GTE	Global Tender Enquiry
HSS	High Sea Sales
HOD	Head of Department
IA	Internal Audit
ICPC	Institute Central Purchase Committee
IR	Inspection Report
INDENT	Proposal for procurement
LC	Letter of Credit
LD	Liquidated Damages
LPP	Last Purchase Price

LPC	Local Purchase Committee
LTE	Limited Tender Enquiry
LTAS	Limited Time Asset Stores
MSME	Micro, Small and Medium Enterprises
MII	Make in India
NCS	Non-Consumable Stores
NIQ	Notice Inviting Quotations
NSIC	National Small Industries Corporation
PAC	Proprietary Article Certificate
PI	Principal Investigator
PO	Purchase Order
RA	Reverse Auction
RC	Rate Contract
S & P	Stores & Purchase Section
SPC	Stores & Purchase Committee
SPO	Stores & Purchase Officer
SO	Supply Order
SSI	Small Scale Industries
STE	Single Tender Inquiry
TOC	Tender Opening Committee
TS	Technical Specifications
TEC	Technical Evaluation Committee
WO	Work Order

1. Introduction

The Procurement of Goods and services for a dynamic educational organization like IIITDM Kancheepuram is a continuously evolving sphere of activity and is mostly determined by the latest Government of India guidelines like GFR, Procurement manual, Import procedures, and other statutes and the prevailing economic market conditions. Within the ambit of these guidelines Rule 142 of GFR 2017, in CHAPTER 6. Procurement of Goods and Services has made an enabling provision for Institutions like IIITDM Kancheepuram to issue detailed instructions relating to the procurement of goods by the procuring department broadly in conformity with the general rules contained in this chapter 6 of GFR.

Further, within the ambit of the prescribed rules, a Stores and Purchase Manual becomes essential to ensure smooth daily functioning of activities, be a ready reckoner and reference and to ensure uniform application and interpretation of the rules. and also to address other connected activities like the constitution of committees and delegation of financial powers etc.,

In this dynamic environment, an attempt is being made to bring out this “Stores and Purchase Manual of IIITDM – 2023”

2.1 Stages of Procurement

The procurement of material in Schools/Sections of the Institute can be generally divided into the following distinct stages:

- a. The budget Provision.
- b. Annual Procurement Plan
- c. Schedule of Procurement
- d. Placing of the Indent by the faculty members and other officers concerned after verifying the non-availability of stock.
- e. Consideration of the indents by the Stores and Purchase Committee, wherever required.
- f. Calling for tender/quotations wherever required and processing of tender papers by the Purchase Committee.
- g. Evaluation of the tenders/quotations by the Indenter/Purchase Committee (PC) and recommendations of the committee for final decision.
- h. Submission of the proposal for financial sanction.
- i. Placement of orders/Award of contract.
- j. Arrival of equipment, inspection, installation, commissioning and certification by indenter for processing payment.

2.2 The Budget Provision

- No Purchase will be made in the departments/Schools unless there is a specific budget provision for such a Purchase.
- Processing of indents for any purchase can be made by the departments/Schools even without specific budget allocation for the current year can be made, provided such cases are approved in principle for administrative processing by the Competent Authority but the final order shall be placed only after funds have become available.

2.3 Prioritization for Purchase of Equipment, Machinery, and other items

- The items mentioned in the project approval letter from the sponsoring authority will normally be taken up on a priority basis for sponsored projects.
- In order to meet emergency requirements and Purchases within the powers delegated, it would be desirable that a certain amount of the budget allocated is kept as a reserve and such Purchases should be made from within this reserve. However, this decision will be taken in consultation with the Finance Department and with the approval of the competent authority.

2.4 Indents and specification

Placing of the indent by the Indenter

In order to buy the appropriate material, it would be desirable that a rigorous pre-indent exercise is carried out by the concerned Indenter/Laboratory-in-Charge/Section/Division of the Institute.

Whenever an indent is placed by the faculty/other concerned officials, he has to ensure that the following details accompany it:

- i) A detailed description of the equipment/material including a brief description about its function and detailed specifications including whether the requirement is fresh or additional or replacement along with a certificate that the specifications are complete and correct to meet the requirement fully. (As per the indent form attached at **Annexure-F1**)
- ii) The details, such as availability of spares, arrangement for maintenance etc.
- iii) The estimated cost of equipment/item including quantity required.
- iv) The list of available vendors, their addresses, past experiences if any and their website address may be given by the indenter wherever available.
- v) A description of space requirement for the equipment/material, the installation area and other infrastructural requirements such as, power, civil works etc. wherever applicable.
- vi) The approximate period required for the equipment/item to become operational from the date of its arrival.
- vii) Tentative inspection schedule.
- viii) Emergency Purchase Certificate, in case of purchase is to be made on emergent basis.
- ix) “Proprietary Article Certificate (PAC)”, in case the purchase is to be made on the proprietary

usage basis.

- x) Budget provision certificate duly linking with the Indent.

Wherever applicable, the Proprietary Article Certificate (PAC) as per Annexure F-2 needs to be given by the indenter.

No addition/alteration will be generally made in the indent. In case, this becomes necessary on rare occasions, the indenter will affix his initials on the corrections/additions made.

Splitting of indents, in order to bring it outside the ambit of open tender method is not desirable. In addition, a demand should not be deliberately divided by the indenter to avoid necessity of obtaining sanctions of higher Authority.

a) Specifications

While framing specifications of the indented items conformity to the following points must be ensured:

- (i) The specifications of the required goods should be framed giving sufficient details in such a manner that it is neither too elaborately restrictive as to deter potential tenderers or increase the cost of purchase nor too sketchy to leave scope for sub-standard product.
- (ii) The specifications must meet the essential requirements of the user department.
- (iii) Specifications should aim at procuring the latest product and avoid procurement of obsolete goods.
- (iv) Specifications should have emphasis on factors like efficiency, optimum fuel/power consumption, use of environmental-friendly materials, reduced noise and emission levels, low maintenance cost etc.
- (v) The specifications should conform to the latest BIS standards. In cases where Indian Standards do not exist or, alternatively, decision needs to be taken to source the foreign markets also, International Standards (like ISO etc.) may be adopted. Where no widely known standards exist, the specifications shall be drawn in a generalized and broad-based manner to obtain competitive bids from different sources.
- (vi) The indenting officer while formulating the specifications should ensure and also certify that the specifications are complete and correct to meet the requirement fully.
- (vii) All dimensions incorporated in the specifications shall be indicated in metric/ SI units. If due to some unavoidable reasons, dimensions in (Foot-Pound-Second (FPS) units are to be mentioned, the corresponding equivalents in the metric/ SI system must also be indicated. The specifications/ technical details should be expressed with proper clarity without any ambiguity or double meaning. Wherever necessary, the written specifications should be supplemented with drawings for additional clarity

b) Procedure for purchase of high value equipment and materials

- The indent costing more than Rs.10 Lakhs should be vetted by a departmental committee

including an external member and the signature should be appended at the bottom of the specifications for having approved the same.

- The specification of these materials may be finalized (wherever felt necessary) by the SPC through a discussion. However, the broad guidelines provided above may be kept in mind while framing specifications for these purchases also.
- Recording of no-stock certificate by the Stores Department
- If the stock position is available on intra net and updated regularly the Indenter himself may certify the non-availability of stores. Otherwise the indent together with its enclosures will be sent to the Stores Department which will verify its stock and render a no-stock certificate wherever applicable.

c) Processing of Indents

- The relevant/approved indents shall be thoroughly checked and processed as per rules. Faulty or incomplete indents may be returned to the indenter normally within three working days. Minor defects in the indents, however, should be set right by discussions with the indenters.
- The Purchase Officer shall check that items sought to be imported do not fall within the restrictive list contained in the EXIM policy of Government of India
- Since speed is the essence of any Purchase, the auditor while vetting the indents must play a facilitating role. This role is to guide the Indenter in order that the right item is bought at the competitive price. If necessary, he could help the indenter raise the indent in the correct manner by giving him relevant inputs.
- In all cases, indenter should ensure availability of proper space/infrastructure/budget availability for procurement of the equipment/ machinery etc.

3. Definitions

3.1 Goods & Services: It includes all material, furniture, fixtures, raw material, spares, machinery, equipment, industrial plant, chemicals, glassware, stationery, liveries and any other item meant for R&D, both standard and non-standard. Further, it includes AMC of goods and equipment and specific services viz, Professional consultant services, custom clearance & cargo handling & consolidation services, Computer & Network management, Software Development services, outsourcing activities relating to Infrastructure, housekeeping, security, horticulture etc.

3.2 Approved format: At different places in this document, reference is made to approved formats. All such formats recommended by the committee as and when required shall be approved by the Director.

3.3 Department: Department shall imply Department/ Centre/ Central Facility/ Section in the Institute which has a separately allocated budget.

3.4 Project: Project shall mean and include any sponsored research, consultancy project or any other activity which has a valid project number given by the Institute.

3.5 Principal Investigator: A Person of the Institute whose name is recorded as a Principal Investigator in the records pertaining to the project.

3.6 Project investigator: A regular employee of the Institute whose name is recorded as a project Investigator in the records pertaining to the project in the R&D office.

3.7 Indenter: The Authorized individual of the User department, who signs as indenter in the Purchase Requisition form (refer Annexure-F1) shall be referred to as an indenter.

3.8 Purchaser: The individual who signs as purchaser in the purchase proposal form shall be referred to as a purchaser.

3.9 Seller: A seller refers to the company/ vendor/ dealer/ agent/ individual party from whom the institute may potentially purchase goods or services.

3.10 Bid: “Bid” (including the term ‘tender’, ‘offer’, ‘quotation’ or ‘proposal’ in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers.

3.11 Bidder: Bidder (including the term ‘tenderer’, ‘consultant’ or ‘service provider’ in certain contexts) means any eligible person or firm or company, including a consortium (that is an association of several persons, or firms or companies), participating in a procurement process with a Procuring Entity.

3.12 E-Procurement: E-Procurement means the use of information and communication technology (specially the internet) by the Procuring Entity in conducting its procurement processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, non-discriminatory, and efficient procurement through transparent procedures.

3.13 NIT: Notice inviting tenders (including the term ‘Invitation to bid’ or ‘request for proposals’ in certain contexts) means a document and any amendment thereto published or notified by the Procuring Entity, which informs the potential bidders that it intends to procure goods, services and/or works.

3.14 NIQ: Notice Inviting Quotations are to be prepared by the procuring entity for the selection of suppliers/ vendors/ service providers etc.

3.15 Pre-qualification: (bidding) procedure means the procedure set out to identify, prior to inviting bids, the bidders that are qualified to participate in the procurement.

3.16 Pre-qualification document: means the document including any amendment thereto issued by a Procuring Entity, which sets out the terms and conditions of the prequalification bidding and includes the invitation to pre-qualify.

3.17 Reverse auction: (or the term ‘Electronic reverse auction’ in certain contexts) means an online real-time purchasing technique utilized by the Procuring Entity to select the successful bid, which

involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids.

3.18 Procurement contract: (including the terms ‘Purchase Order’ or ‘Supply Order’ or ‘Withdrawal Order’ or ‘Work Order’ or ‘Consultancy Contract’ or ‘Contract for Services’ under certain contexts), means a formal legal agreement in writing relating to the subject matter of procurement, entered into between the Procuring Entity and the supplier, service provider or contractor on mutually acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the country. The term “contract” will also include “rate contract” and “framework contract.”

3.19 Technical Evaluation Committee (TEC): is the committee constituted by the Competent Financial Authority for the purpose of technical evaluation of Bids. TEC will prepare the technical compliance statement.

3.20 IMPREST & Temporary Advance: Imprest is a rolling advance to meet day to day contingent expenditure of minor nature, whereas Temporary advance is an advance to meet contingent expenses on purchase of NCS/ LTAS/ CS stores.

4. Estimation of Cost:

The estimated cost in the indent is a vital element in various procurement processes, approvals and establishing reasonableness of prices at the time of evaluation of the bids. Therefore, it should be worked out in a realistic and objective manner. The prevailing market price ascertained through a market survey or budgetary quotations from one or more prospective suppliers or published catalogues/ Maximum Retail Price (MRP) printed on the item is the main source for establishing the estimated cost of items for which there is no historic data available. It may be noted that MRPs usually include significant margins for distributors, wholesalers, and retailers.

5. Classification of Stores

All stores to be procured shall be classified into three categories viz, Non- Consumable Stores (NCS), Limited Time Asset Stores (LTAS) and Consumable Stores (CS):

5.1 Non-Consumables Stores

Stores satisfying any one of the following conditions shall be classified as non-consumable stores:

- Stores with 5+ years usage time,
- Stores which are sub-systems, or parts of an equipment, which can be potentially repaired and reused, and
- Stores which are either fabricated or assembled equipment.

All Permanent Assets must be entered into the Assets Register of the Institute and the NCS Stock Register of the appropriate Department. *Examples: plant machinery, equipment, fabricated equipment, instruments, assembled instruments, motors, gas cylinder, workshop machines and furniture etc. (indicative examples).*

5.2 Accountable consumable Stores:

Stores satisfying any one of the following conditions shall be classified as accountable consumables

- (a) stores which have significant value when purchased but rapidly lose their value/relevance with the lapse of time and have very little or negligible disposal value, and/or
- (b) stores which can be upgraded either by replacing components/parts or which can be rendered obsolete by the release of new versions or editions.

All accountable consumables shall be entered into the accountable consumables Stores Register of the Institute and in a separate Limited Time Asset Stock Register in the appropriate Department.

Examples: computer accessories, pen drive hard disk, etc. (examples are indicative and not exhaustive)

5.3 Consumable Stores (CS):

Items having Fast Consumption in large quantities & those Perishable in Nature pertains to Consumable Stores. Stores satisfying any one of the following conditions shall be classified as CS:

- Stores which exhaust with lapse of time,
- Stores which are rendered unusable due to normal wear and tear,
- Stores which do not have significant disposal value, and
- Spares of equipment which do not fall either in the NCS or LTAS category. The CS shall be entered in the CS Stock register of the appropriate department. For projects, the CS shall be entered in the CS Stock register for the project. *Examples: chemicals, Glassware, plastic wares, Hardware, stationery items, printer ribbons and cartridges, External Hard drive, Pen drive, RAM, CD ROMs, chips and electronic components like resistors, capacitors, connectors, electrical components like wire, switches, plugs, bulbs, cells, tool-bits and hand tools etc. (examples are indicative and not exhaustive)*

If the spares are purchased for fabricating or manufacturing any equipment, such spares are to be treated as Non-Consumable items. ***However, if a spare is purchased for repair of an equipment, such spare be treated as CS, provided such spare do not have any replacement value.***

In case of any ambiguity with respect to classification of stores, the same may be resolved by the Director.

Note: Limit of financial sanction may be changed as and when felt necessary by the management.

6. FINANCIAL AND SANCTIONING POWERS

The sanction of fund will be made by the Competent Authority as per the Delegation of Financial Power approved by the Board of Governors (BoG) of Institute from time to time.

The financial limits up to which the concerned person has authority to approve purchases within the allocated budget of the department/project already approved by the Competent Authority. Such a person shall be referred to as the Competent Financial Authority (CFA). It is the responsibility of the CFA to ensure that sufficient funds are available for the purchase.

Notes:

As per Rule 157 of GFR 2017, a demand for goods should not be divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

The purchase limits apply to indigenous purchase as well as import. For the purposes of imports the Indian Rupee equivalent of the foreign currency on the date of sanction should be considered for the aforesaid limit.

All temporary contingent advances shall be adjusted as per the approved guidelines.

6.1 Stores and Purchase Committees (SPC)

There will be a SPC to be constituted by the Director. The Committee will consist of a Chairman and 5 to 7 members. The tenure of the Committee will be three years from the date of its constitution. The committee shall follow the norms of GFR 2017 while making recommendation to Director for procurement of goods and services costing above Rs. 5.00 Lakhs.

6.2 Role of Purchaser/Purchase Committee

The Purchaser/ Committee shall ensure the provisions as contained in this manual and other Govt. of India norms as amended from time to time. The Purchaser/ Committee which has been entrusted with the task of formulation of Technical specifications/eligibility criteria shall ensure that Technical specifications (including Drawings) and Quality Assurance, if any, have been met in accordance with the requirement of Indenter (User) before the issue of Tender.

Further, after the opening of bids and during the technical evaluation process, where specific knowledge and expertise of the subject matter of procurement is required, the subject expert including technical members having specific knowledge of the domain shall ensure that the requisite specifications as per the Tender document have been met. The liability of ensuring the technical specifications, item procurement justifications, price justification, justification of proprietary nature of the item (if any) shall rest with the members of the committee/Purchaser. The Purchaser/Committee

will be liable for reply of any kind of query/observation of Accounts section, CAG audit, internal audit, CVC.

7. Empanelment of Vendors (Firms/ Suppliers)

With a view to establish reliable sources for procurement of goods commonly required for use, the Purchase Section may empanel various eligible and qualified suppliers, authorized agents/ distributors of the manufacturers/ service providers and firms undertaking job works through registration procedure. These may be empaneled for a period between **1 to 3 years** depending on the nature of the goods. In exceptional cases the validity of such empanelment may be renewed with the approval of CA. They shall be also ordinarily exempted from furnishing earnest money deposit/ bid security with their tenders. While executing such empanelment “Credentials, manufacturing capability, quality control systems, past performance (for the goods in question), facility for after-sales service, financial background etc. of the supplier(s) should be carefully verified” before registration. Such registered suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry also. For obtaining such empanelment, the firms shall be required to have GST Registration, TIN/PAN No.

The registered firms shall be liable to be removed from the list of approved firms if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply sub-standard items/ goods or make any false declaration to the Institute or for any other grounds which, in the opinion of the Institute, is against public interest.

8. Procurement Cycle

The procurement process for goods, works and/or services typically involves the following cycle of activities, undertaken in the order stated below.

Need Assessment: Need assessment, formulation of Specifications and Procurement Planning;

Bid Invitation: Preparing bid documents, publication, receipt and opening of bids;

Bid Evaluation: Evaluation of bids and award of contract; and

Contract Execution: Contract management and closure;

Need Assessment: Procurements should be initiated only based on an indent from the user Department. The authority in the user Department initiating the indent for procurement shall first determine the need (including anticipated requirement) for the subject matter of the procurement. Description and specification of need assessment is of fundamental importance in ensuring value for money, transparency, competition, and level playing field in procurement. The user Department shall maintain all documents relating to the determination and technical/financial/budgetary approvals of

the need for procurement. During need assessments, the following matters are decided to comply with the

8.1 'Procurement Guidelines':

The expression/description of the need keeping in view the Value for Money (VFM) and to ensure wide competition. Therefore, to the extent practicable it should be:

- Unambiguous, complete, using common terminology prevalent.
- In accordance with the guidelines prescribed if any in this regard.
- Except in case of proprietary purchase from a selected single source, reference to brand names, catalogue numbers or other details that limit any materials or items to specific manufacturer(s) should be avoided as far as possible. Where unavoidable, such item descriptions should always be followed by the words "or substantially equivalent".

Method of satisfying it (owning/leasing/hiring/outourcing or through Public Private Partnership (PPP), and so on) may be determined as per policies declared in this regard or based on a techno-economic evaluation (using life cycle cost, if feasible) of various alternative methods of satisfaction of the need and compatibility and inter-operability with existing infrastructure or systems.

The quantity of the subject matter of procurement, commensurate with economy: Care should be taken not to make unnecessary procurements much in advance of actual requirements.

Time-schedule and place of product/work/service delivery: Need assessment and generation of indent for procurement should be done sufficiently in advance of the time when goods are required. Delays in need assessment have adverse impact on the value for money and transparency. Great care is required to be exercised in filling up realistic dates for the requirement of material. The Procuring Entity should be allowed time in accordance with the establishment lead times. Time lines are mentioned in **Annexure A**.

9. Mode of procurement and Rules for all Purchases / AMCs (Rule 149 of GFR 2017)

9.1 Government e-Market GeM (Rule 149 of GFR 2017)

Government e-Market (GeM) platform for mandatory procurement of common use goods and services has been provided by the ministry of commerce. The process is end-to-end from placement of supply order to payment to suppliers and the procurement of Goods or Services available on GeM has also been made mandatory. The GeM portal shall be utilized for direct on-line purchases as under:

- i Up to Rs.5,00,000 through any of the available suppliers on the GeM, meeting the requisite quality, specification, and delivery period.
- ii Above Rs. 50,000 and up to Rs.5,00,000/- through the seller on GeM having lowest price amongst the available sellers, of at least three different manufacturers, meeting the requisite quality, specification, and delivery period. The tools for online bidding and online reverse

auction available on GeM can be used by the indenter if decided by the Competent Authority. Even in this case a bidding option should be preferred if the item procurement is extremely urgent.

- iii Above Rs.5,00,000 the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction (RA) tool provided on GeM.
- iv *These above monetary ceilings are applicable only for purchases made through GeM.*
- v The invitation for the online e- bidding/reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/services under the particular product/service category, as per terms and conditions of GeM.
- vi The above mentioned monetary ceiling is applicable only for purchases made through GeM. For purchases, if any, outside GeM, relevant Rules of GFR shall apply.
- vii The Departments/Schools/Sections/Units shall work out their procurement requirements of Goods and Services as per their requirement/ suitability at the time of preparation of Budget Estimates (BE) and shall project their Annual Procurement Plan of goods and services on GeM portal within 30 days of Budget approval.
- viii The Indentors may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price etc.
- ix A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.
- x Payment Procedure in GeM: The payment procedure in GeM is governed by O.M. No. F.26/4/2016-PPD dated 26th May, 2016 issued by D/o. Expenditure, M/o. Finance, New Delhi as amended from time to time.
- xi The salient feature of this O.M. is that it is obligatory to make payments without any delay for purchases made on GeM. The consignee is required to issue an online digitally signed consignee receipt and acceptance certificate after receipt of goods within ten days. Thereafter, the payments are to be released maximum within ten days.

Purchase/ up-gradation/ exchange of equipment, components, office equipment, consumables, stationery, AMC(s) for goods and services shall be effected through the following systems except, where stated otherwise. This shall be applicable to all such purchases through the Capital/ Revenue budget heads and through funds received from sponsored/ consultancy projects.

The following procedures shall apply to all purchases after taking administrative cum budgetary approval in the prescribed format/ from the CA.

These purchases are classified into the following three categories:

9.2 Direct Purchase

a) **Purchase of goods without Quotations upto Rs.25,000 (Rule 154 of GFR 2017)**

Purchase of goods up to a value of Rs. 25,000 on each occasion can be made directly by the indenter without inviting quotations/ bids with the approval of the Director after Financial concurrence based on certificate recorded by him/her and signed. The indenter will ensure that the prices are reasonable (**Annexure F-3**).

b) **Purchase of goods above Rs. 25,000 and up to Rs. 2,50,000 through Local Purchase Committee (LPC)**

The purchases of goods above Rs 25,000 and upto Rs 2,50,000 may be done through an approved Local Purchase Committee Constituted by the Director as per **Rule 155 of GFR 2017**.

The committee will survey the market to ascertain the reasonableness of rates, quality and specifications, and identify the appropriate supplier and collect quotation(s). Before recommending placement of the Purchase order, the committee will jointly record a certificate as per **Annexure F-4**.

9.3 Emergency Purchase

In very exceptional cases, on the specific recommendation of the HoD/ PI/ Section Heads along with detailed justification, emergency purchase may be made to meet any emergent requirement of stores with the prior approval of the Director. Such purchases may be made on a single tender (Refer GFR 166 (ii) of 2017).

9.4 Purchase through Tender:

1. Limited Tender
2. Open Tender
3. Single Tender
4. Global Tender
5. Two Bid Tender
6. Two Stage Bidding

9.4.1 Limited Tender Enquiry(LTE)

LTE is a restricted competition procurement, where a preselected list of vendors is directly approached for bidding; bids from uninvited bidders are treated as unsolicited and are normally not entertained, except in special circumstances. This mode provides a short and simple procedure, but may not provide as good a VfM as in case of open tendering – still a good balance for procurements below a threshold. LTE procedures should be default mode of procurement when the estimated value of procurement is between Rs. 2.5 lakh to Rs. 25 lakh (Rupees two and a half Lakh to Twenty-five Lakh). The bidding documents should be simple normally consisting a single page with terms and conditions printed overleaf. (Rule 162 of GFR 2017)

The standard limited tender document is as per **Annexure – F5**.

The goods which are not available on GeM, can be purchased by e-Tender through Central Public Procurement Portal (CPPP). This will also be displayed on the Institute website. Normally 3 weeks' period should be provided for opening of limited tender or as prescribed in the CPPP (Rule 162 of GFR 2017).

Procedure to be followed for Limited Tender Enquiry (LTE)

- i. Indentor to submit the indent along with the list of prospective suppliers, detailed specifications to Purchase Section.
- ii. If the estimated value of the purchases is above Rs. 5 Lakhs the intend will be vetted by the SPC.
- iii. Purchase Section shall invite or receive the quotations as per the prescribed procedures through GeM or CPPP (Annexure-F5 Form for standard terms and conditions).
- v. The accepted quotation / technical evaluation sheet must be signed by the indentor / SPC (incase value more than 5 Lakhs). The recommendation should clearly highlight the specification, the price, and the justification if any needed. The indentor and HoD user department shall also certify Price reasonability.
The recommendation should be submitted to the Purchase Section.
- vi. The Purchase Section will prepare the purchase proposal and shall obtain the financial sanction.
- vii. The Purchase Section shall then place the order.
- viii. The Purchase section will follow up with the vendor about delivery and take necessary steps regarding contract management in consultation with indentor / user.

9.4.2 Open Tender (Purchase of Rs. 25,00,000 and above)

Procedure to be followed:

- i. On approval, the indenter will call first meeting wherein the specifications of item(s) and any other technical point considered relevant shall be discussed and finalized.
- ii. The indenter shall submit the indent to the Purchase Section with the duly signed detailed technical specifications.
- iii. The indent and the detailed specification and brief terms and conditions will be vetted by the SPC. The SPC may also modify / add specification to make it broad based and also suggest possible sources of supply.
- iv. The Purchase Section invites quotations by putting the requirement on the Institute web site, Gem or CPPP. The minimum time to be allowed for submission of bids should be four weeks.
- v. The bids should be invited under two bid system. Financial bids of only those vendors shall be opened who are technically qualified.
- vi. In complex technical requirements where capability of source of supply is crucial, for the successful performance of the contract, besides considering technocommercial suitability, a separate stage of Pre-Qualification Bidding (PQB) system may be considered.
- vii. A comparative statement of financial bid shall be prepared by the Purchase Section and the same along with the quotations will be submitted to the SPC for necessary recommendations.
- viii. SPC will finalize and recommend the indenter after deliberations.
- ix. SPC may negotiate with the recommended lowest bidder, if it feels necessary with prior approval of the Director and record the same.
- x. The Purchase Section will prepare the Sanction Sheet for the recommended items.
- xi. The Sanction Sheet should be placed to Director for expenditure sanction.
- xii. Afterwards, the Purchase Order shall be sent to the vendor.
- xiii. Purchase Section must obtain the consent of the vendor to supply the material within the stipulated time.
- xiv. The Purchase section will follow up with the vendor about delivery and take necessary steps regarding contract management in consultation with indenter / user.

9.4.3 Single Tender - Purchase of goods on single quotation basis (Proprietary Article Certificate) (Rule 166 of GFR 2017)

Procurement of goods on a single quotation basis may be followed in the following circumstances.

- It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods or proprietary item.
- In case of emergency, the required goods are necessarily to be purchased from a particular source and reason for such decisions is to be recorded and prior approval of the Director be obtained before affecting the purchase.

- For standardization of machinery or spare parts to be compatible with the existing sets of equipment, the required item is to be purchased only from a selected firm.
- The indenter should provide a certificate that the price quoted by the firm is reasonable and the same is a proprietary item. Purchase of items of a proprietary nature (i.e., items which do not have substitutes, or are spare parts of already existing equipment for which substitute replacements are not available) can be done based on a single quotation irrespective of the value of the item. In such cases the purchaser must furnish a proprietary certificate as placed at **Annexure F-2**.

9.4.4 Global Tender:

9.4.4.1 Global Tender Enquiry(GTE)

GTE is similar to OTE but, through appropriate advertising and provision for payment in Foreign Currencies through Letter of Credit, it is aimed at inviting the participation of interalia foreign firms. The point of balance between VfM and cost/ complexity of procedure is further aggravated as compared to OTE. Development of local industry also needs to be kept in mind. Hence, it may be viable only in following situations:

- Where Goods of required specifications/quality are not available within the country and alternatives available in the country are not suitable for the purpose;
- Non-existence of a local branch of the global principal of the manufacturer/vendors/contractors;
- Requirement for compliance to specific international standards in technical specifications; and
- Absence of a sufficient number of competent domestic bidders likely to comply with the required technical specifications, and in case of suspected cartel formation among indigenous bidders. (Rule 161 of GFR 2017)

9.4.4.2 Terms and Conditions

- Advertisement in such cases should be given on Central Public Procurement Portal (CPPP) at www.eprocure.gov.in and on GeM. An organisation having its own web site should also publish all its advertised tender enquiries on the web site. The procuring entity should also post the complete bidding document in its web site and on CPPP to enable prospective bidders to make use of the document by downloading from the web site. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded. In order to promote wider participation and ease of bidding, no cost of tender document may be charged for the tender documents downloaded by the bidders.; and
- The sale/ availability for downloading of tender documents against NIT should not be restricted and should be available freely. Tender documents should preferably be sold/ available for download upto the date of opening of tenders; and
- The tender documents, shall be priced minimally (if at all priced, refer Para 5.2.1 Cost and Availability of Tender Documents) keeping in view the value of the tender as also the cost of

- preparation and publicity of the tender documents;
- iv) GTE tender documents must be in English and the price should be asked in Indian Rupees or US Dollars or Euros or Pound Sterling or Yen or in currencies under the Reserve Bank of India's notified basket of currencies;
 - v) GTE tender documents must contain technical specifications which are in accordance with national requirements or else based on an international trade standard;
 - vi) In such cases e-procurement may not be mandatorily insisted upon.
 - vii) The due date fixed for opening of the tender shall be minimum four weeks from the date of advertisement which may vary taking into account the nature of material called for as well as the time required to prepare the bids. The due date may be subsequently extended with the approval of the CA only to promote better competition and also considering account delivery requirement; and
 - viii) Relevant INCOTERMS should be included in the tender.

9.4.4.2: No Global Tender Enquiry (GTE) up to Rs. 200 crores shall be invited or such limit as may be prescribed by the Department of Expenditure from time to time. In exceptional cases where the Ministry or Department feels that there are special reasons for inviting GTE, for tenders below such limit, it may record its detailed justification and seek prior approval for relaxation from the Competent Authority specified by the Department of Expenditure.

- a) The proposal for approval shall be submitted by Administrative Ministry with the concurrence of Financial Advisor and approval of Secretary concerned. (Rule 161 of GFR, 2017 Amended vide DoE OM No. F.12/17/2019-PPD dated 15.05.2020). The Proposals submitted by individual offices/ organisation (e.g. autonomous bodies, Central Public Sector Undertakings and subordinate offices of Central Government etc.) will not be entertained.
- b) The proposals shall be submitted along with duly filled format (Issued by Cabinet Secretariat vide ID No. 213/2/1/2020-C.A.IV dated 06.10.2020).

9.4.4.3 Before sending the proposals for approvals of the Global Tenders, following is to be ensured:-

- a) Domestic open tender must be floated to identify the domestic manufacturers/ service providers for the items/ services for which approval is being sought for issuance of Global Tenders. In case, if the Ministry/ Department has not floated a domestic open tender after 15.05.2020 for the items to be procured through GTE, such proposals will not be entertained. The proposal must contain the details of domestic open tenders, issued after 15.05.2020. These details shall cover tender number, date of opening, number of offers received, details of offers received, reasons why domestic suppliers were not considered etc.
- b) The proposal must contain the details of deliberations with DPIIT/ relevant industrial bodies for identification of domestic manufacturers/ service providers.

- c) The 3/5-year procurement plan as mandated by Public Procurement (Preference to Make in India) (PPP-MII) order issued by DPIIT must be published on website, before forwarding proposals for the purpose of procurement through GTE. Web-link of published procurement plan should be provided in proposal.

9.4.4.4 Exemptions/ Clarifications

- a) For procurement of specialised equipments required for research purposes, and spares and consumables, for such equipments up to Rs. 200 crore for the use of Educational and Research Institutes, Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of Global Tender Enquiries for such requirements subject to fulfilment of conditions as laid down in para 4.3.6 below. The equipment should be of specialized nature required for research purposes and not the routine equipment used in offices (Notified vide OM No. 4/1/2021-PPD issued by Department of Expenditure dated 11.06.2021).
- b) On procurement of spare parts of the equipments/ Plants & Machinery etc. on nomination basis from Original Equipments Manufacturers (OEMs) or Original Equipment Suppliers (OES) or Original Part Manufacturers (OPMs) as no competitive tenders are invited in such cases (Notified vide OM No. 12/17/2019-PPD issued by Department of Expenditure dated 29.10.2020).
- c) On procurement of services like Annual Maintenance Contract (AMC) and auxiliary/ add-on components for existing equipments/ Plant & Machinery etc. , which are procured from OEM/ OES/ OPM on nomination basis, as no competitive tenders are invited in such cases Notified vide OM No.F.4/1/2021-PPD issued by Department of Expenditure dated 01.09.2021).
- d) Where procuring entities need to issue GTEs to fulfil contractual commitments/ obligations entered by them before 15.05.2020 i.e. bid has been submitted by them to their clients before 15.05.2020. similarly, where procuring entities need to issue GTEs in view of existing collaboration agreements entered by them with foreign suppliers before 15.05.2020 (Notified vide OM No. 4/1/2021-PPD issued by Department of Expenditure dated 12.03.2021).
- e) Based on the reference received from Ministry of Health & Family Welfare (MoHFW), GTE can be floated for 128 Medical Devices. The exemptions is provided for such items till 31.03.2023. MoHFW will review domestic availability of these items at the end of 2022, keeping in view the Production Linked Incentive (PLI) scheme etc. launched by Department of Pharmaceuticals in Medical Devices and other relevant factors, in consultation with Department of Expenditure (Notified vide OM No. F.4/1/2021-PPD issued by Department of Expenditure dated 06.01.2022).
- f) For projects funded by Multilateral Development Banks (MDBs like The World Bank, Asian Development Bank etc.)/ Bilateral Funding Agencies (BFAs), where the procurement is governed by the conditions negotiated in the loan agreement, and where the project executing agencies from time to time further award works to various Autonomous Bodies (ABs)/ Central

Public Sector Enterprises (CPSEs) etc., the Secretary of the Ministry/ Department responsible for execution of such project shall be the Competent Authority for approval for issuance of GTEs by such Autonomous Bodies/ CPSEs etc (Notified vide OM No. F.7/12/2021-PPD-I issued by Department of Expenditure dated 27.07.2021).

g) Exemption to semiconductor.

9.4.4.5: Educational, Research institutions and other units will make full efforts towards reducing of imports in following manner. This will result in substantial effects both within the institutions and also through impact on the eco-system:-

- (a) Identification of equipment being procured time and again from abroad, and help developing them in India by identifying potential manufacturers and providing them technical help and expertise for developing the equipment. This programme will be coordinated by the Empowered Technology Group (constituted by Cabinet and chaired by the Principal Scientific Advisor (PSA).
- (b) Efforts to promote technology transfer through agreements or to encourage technological collaboration with foreign manufacturing in India at the Start-ups set up in Research Parks.
- (c) Sharing and updating of information about the availability of research equipment across various Indian Institutes on a single portal (the I-STEM portal has been developed for this purpose) so that those can be utilized by the needy institutes.
- (d) Without compromising quality, Institutes should indicate alternative/ equivalent technical specifications that could suit their requirement, so that there are more chances of local manufacturers participate in the tendering process.
- (e) Regular interaction between academia and Indian industry organizations at the level of the institution about the requirement of equipment of foreign origin and for encouraging the domestic manufacturing.
- (f) Regular requirement of proprietary/ non-proprietary research consumables may be assessed and domestic alternatives are explored for use.
- (g) A national level programme for indigenous development of scientific equipment be initiated by the Office of PSA.
- (h) Without compromising quality, institutes should be flexible with specifications so that domestic manufactures are encouraged to meet requirements.

9.4.4.6: Guidelines for resorting to GTE

- a. Market assessment should be done by the concerned institution, as certified by the Head of the Institution. Only after no Indian manufacturer is found, a GTE should be issued.
- b. In case no Indian manufacturer/ suppliers are found, procurement may be done, through GTE, subject to compliance of provisions of GFR and requirement of procurement through GeM.
- c. DEAN (R&D) or an appropriate authority within the institute will issue certificates as per para 9.4.4.7 below, before inviting GTE. As a reporting matter in the Board of Governors, such

certificates should be tabled, and also shared with Office of the PSA, DPIIT and concerned Administrative Ministry.

- d. The information about the procurement of equipment should be shared across various Educational and Research Institutes, through the I-STEM portal, already established for this purpose by the PSA's office. This will allow the equipment to be used by other institutions too, for research purposes.
- e. Analyze the equipment being procured time and again from abroad, and help developing them in India by identifying potential manufacturers and providing them technical assistance and expertise for developing the equipment. Half yearly reports on this action to be shared by the Institutes with the Office of the PSA, DPIIT and concerned Administrative Ministry/ A national level scheme will also be initiated by the Office of PSA for indigenous development of scientific equipment.
- f. Preference to local suppliers over foreign supplier as per the existing Government of India guidelines, should be observed as applicable.

9.4.4.7: Certificates to be issued

- a. Confirmation of non-availability in India of particular equipment/ consumables of foreign origin through GeM and other sources.
- b. Certification that locally available alternatives with equivalent specifications are not suitable for research purposes.
- c. The non-availability of such equipment for research purposes with nearby research institutes or within the institute.
- d. Certification of the requirement of proprietary items of foreign origin for research purposes (where applicable).

9.4.5. Single Stage Two Envelops System (Two Bid System) (Rule 163 of GFR 2017): In technically complex requirements but where capability of source of supply is still not crucial and value of procurement is not low, a two envelop system may to be followed.

- (i) The tenderers should be asked to bifurcate their quotations in two envelops. The first envelop, called the techno-commercial bid, contains the eligibility, technical quality and performance aspects, commercial terms and conditions and documents sought in the tender, except the price and relevant financial details. In the second envelop, called the financial bid, the price quotation along with other financial details are submitted. Both the envelops are to be submitted together in a sealed outer envelope;
- (ii) If required, Technical specification and techno-commercial conditions should be modified, in a pre-bid conference in the two envelop tender and it would be desirable not to invite fresh financial bids after opening of the techno-commercial bids;
- (iii) The techno-commercial bids are to be opened in the first instance on the bid opening date and time, and scrutinised and evaluated by the TC with reference to parameters prescribed in the

tender documents and responsive, eligible and technically compliant bidders are decided; Thereafter, in the second instance, the financial bids of only the techno-commercially compliant offers (as decided in the first instance above) are to be opened on a preannounced date and time for further scrutiny, evaluation, ranking and placement of contract. The financial bids of technically non-compliant bidders should be returned unopened to the respective bidders by registered acknowledgement due/reliable courier or any other mode with proof of delivery. In e-Procurement, financial bids of technically non-compliant offers would not get opened;

9.4.6 Two Stage Bidding - Expression of Interest Tenders – Market Exploration

9.4.6.1 There are instances where the equipment/ plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of either the various technical solutions available or the likely sources for such products in the market. To meet the desired objectives of a transparent procurement that ensures value for money simultaneously ensuring upgradation of technology & capacity building- it would be prudent to invite a two-stage Expression of Interest (EoI) Bids and proceed to explore the market and to finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner. Expression of Interest (EoI) bids may be invited in following situations:

- i It is not feasible for the procuring entity to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders;
- ii The character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both;
- iii The procuring entity seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of requirements in quantities sufficient to establish their commercial viability or to recover research and development costs; or
- iv The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement. (Rule 164 of GFR 2017)

9.4.6.2 The procedure for two stage bidding shall include the following, namely:

- i. In the first stage of the bidding process, the procuring entity shall invite EoI bids containing the broad objectives, technical and financial eligibility criteria, terms and conditions of the proposed procurement etc without a bid price. On receipt of the Expressions of Interest, technical discussions/presentations may be held with the short-listed manufacturers/suppliers,

which are prima facie considered technically and financially capable of supplying the material or executing the proposed work, giving equal opportunity to all such bidders to participate in the discussions. During these technical discussions stage the procurement agency may also add those other stakeholders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality benchmarks, warranty requirements, delivery milestones etc. in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/presentations and the process of decision making should be kept;

- ii. In revising the relevant terms and conditions of the procurement, if found necessary as a result of discussions with the shortlisted bidders, the procuring entity shall not modify the fundamental nature of the procurement itself;
- iii. In the second stage of the bidding process, the procuring entity shall invite bids from all those bidders whose bids at the first stage were not rejected, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement; and
- iv. Any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalised in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification.
- v. If the procuring entity is of the view that after EoI stage, there is likelihood of further participation by many more bidders and to avoid getting trapped into a legacy technology, the second stage bidding may not be restricted only to the shortlisted bidders of EoI stage and it may be so declared in the EoI document ab-initio. Thereafter in the second stage, normal OTE/ GTE bidding may be done.

Such variant of EoIs called 'Non-committal' EoI.

9.4.6.3 Invitation of EoI Tenders: In EoI tenders, an advertisement inviting expression of interest should be published. The invitation to the EoI document should contain the following information:

- i. A copy of the advertisement;
- ii. **Objectives and scope of the requirement:** This may include a brief description of objectives and broad scope of the requirement. It may also include the validity period of empanelment;
- iii. **Instructions to the bidders:** This may include instructions regarding the nature of supply, fees for empanelment (if any), last date of submission, place of submission and any other related instructions;

- iv. **Formats for submission:** This section should specify the format in which the bidders are expected to submit their EoI;
- v. The EoI document should be made available to the interested bidder as a hard copy as well as on its website in a downloadable form; and
- vi. **Eligibility criteria:** The invitation to EoI should clearly lay down the eligibility criteria, which should be applied for shortlisting. Supporting documents required need to be clearly mentioned. An example of EoI eligibility criteria is shown in Table 1. However, appropriate eligibility criteria have to be designed, keeping in mind the specific objectives of the EoI.

Table 1: An example of EoI eligibility criteria

Criteria	Sub-criteria	Weightage*	Break-up of Weightage
Past experience of the firm with similar requirements		A*	
Financial strength of the vendor		B*	
	Turnover figures of the last three years		B1*
	Net profit figures of the last three years		B2*
Quality accreditations, licensing requirements		C*	
Manufacturing capabilities/tieups		D*	
After-sales support Infrastructure		E*	
Product support		F*	

* Weightage (out of 100) should be pre-decided and declared in EoI documents by the CA based on assessment of therequired profiles of the potential bidders. The marking/grading scheme for allotting marks (out of 100) for various parameters should also be laid down.

9.4.6.4 Evaluation of EoI: The bidders should be evaluated for shortlisting, inter-alia, based on their past experience of performance in a similar context, financial strength and technical capabilities, among others. Each bidder should be assigned scores based on the sum of marks obtained for each parameter multiplied by the weightage assigned to that parameter. All bidders who secure the minimum required marks (normally 60 (sixty) per cent) should be shortlisted. The minimum qualifying marks should be specified in the EoI document.

Alternatively, instead of weighted evaluation, the EoI document may specify a ‘fail-pass criteria’ with the minimum qualifying requirement for each of the criteria, such as minimum years of experience, minimum number of assignments executed and minimum turnover.

Under such circumstances, all bidders who meet the minimum requirement, as specified, should be shortlisted. The short list should normally comprise at least four firms.

Pre-Notice Inviting Tender (NIT) Conference: In complex and innovative procurement cases or where the procuring entity may not have the required knowledge to formulate tender provisions, a pre-NIT conference may help the procuring entity in obtaining inputs from the industry. Such conferences should be widely publicised so that different potential suppliers can attend.

10. Purchase under buy back scheme (Rule 176 of GFR 2017).

When it is decided with the approval of the Director to replace an existing old item with a new and better version, the institute may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that prospective and interested bidders formulate their bids accordingly. Depending upon the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, a suitable provision should also be kept in the bidding document to enable the indenter either to trade or not to trade the old item while purchasing the new one. If any item is purchased under the buyback scheme for old one, quotations are to be invited clearly mentioning the specifications of old and new item asking for the buyback offer from the vendor.

In such a situation the concerned Department/ Section will be required to submit a condemnation report as per GFR-17 form (Annexure-II) for old items, signed by all members of the Department, approved by the Director and finally to be sent to Purchase Section along with purchase indent.

11. Upgradation

In case of upgradation of assets, the old asset which has been upgraded will be treated as written-off i.e., its value will be written-off from the records. The upgraded new asset will be entered in the records and the sum of cost of old asset and the additional cost paid, will be considered as cost of the upgraded asset.

12. Negotiation

Negotiations (Rule 173 (xiv) of GFR 2017)

- I. Normally, there should be no negotiation. Negotiations should be a rare exception rather than the rule and may be resorted to only in exceptional circumstances. If it is decided to hold negotiations for reduction of prices, they should be held only with the lowest acceptable bidder (L1), who is techno-commercially responsive for the supply of a bulk quantity and on whom the contract would have been placed but for the decision to negotiate. In no case, including where a cartel/pool rates are suspected, should negotiations be extended to those who had either

not tendered originally or whose tender was rejected because of unresponsiveness of bid, unsatisfactory credentials, inadequacy of capacity or unworkable rates. The circumstances where negotiations may be considered could be:

- a. Where the procurement is done on nomination basis;
 - b. Procurement is from single or limited sources;
 - c. Procurements where there is suspicion of cartel formation which should be recorded; and
 - d. Where the requirements are urgent and the delay in re-tendering for the entire requirement due to the unreasonableness of the quoted rates would jeopardise essential operations, maintenance and safety, negotiations with L1 bidder(s) maybe done for bare minimum quantum of requirements. The balance bulk requirement should, however, be procured through a re-tender, following the normal tendering process.
- II. The decision whether to invite fresh tenders or to negotiate and with whom, should be made by the tender accepting authority based on the recommendations of the TC. Convincing reasons must be recorded by the authority recommending negotiations. The CA should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated.
- III. Normally all counter offers are considered negotiations by other means and the principles of negotiations should apply to such counter offers. For example, a counter offer to L1, in order to arrive at an acceptable rate, shall amount to a negotiation. However, any counter offer to L2, L3, and so on (at the rates accepted by L1) in case of splitting of quantities shall not be deemed to be a negotiation.
- IV. After the CA has decided to call a specific bidder for negotiation, the following procedure should be adopted:
- a. It must be understood that, if the period of validity of the original offer expires before the close of negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be extended, wherever necessary, before negotiations;
 - b. The tenderer to be called in for negotiations should be addressed as per the format of letter laid down in Annexure 12, so that the rates originally quoted by him shall remain open for acceptance in the event of failure of the contemplated negotiation;
 - c. A negotiations meeting should be started only after obtaining a signed declaration from the negotiating supplier as per Annexure 12; and
 - d. Revised bids should be obtained in writing from the selected tenderers at the end of the negotiations in the format of letter laid down in Annexure 13. The revised bids so obtained should be read out to the tenderers or their representatives present, immediately after completing the negotiations. If necessary, the negotiating party may be given some time

to submit its revised offer. In case, however, the selected bidder prefers to send a revised bid instead of being present at the negotiation, the offer should be taken into account. In case a bidder does not submit the revised bid, its original bid shall be considered.

13. Preference to Make in India (OM dated: 16.09.2020)

To encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, issued Public Procurement (Preference to Make in India), Order 2017. The order is issued pursuant to Rule 153 (iii) of GFR, 2017 (Superseded by Public Procurement (Preference to Make in India) Order issued by DPIIT dated 16.09.2020).

The Order is applicable on the procurement of Goods, Works and Services. For the purpose of this Order:-

- a. 'L1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.
- b. 'Margin of purchase preference' means the maximum extent to which the price quoted by a "Class-I local supplier" may be above the L1 for the purpose of purchase preference. It has been fixed as 20 (twenty) percent.
- c. 'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.
- d. 'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.
- e. 'Works' means all works as per Rule 130 of GFR- 2017, and will also include 'turnkey works'.

14. EMD and Performance Guarantee

14.1 Bid Security / Earnest Money Deposit (Rule 170 of GFR 2017)

To safeguard against a bidder's withdrawing or altering its bid during the bid validity period, Bid Security (EMD) should be asked for. The bidders should be asked to furnish bid security along with their bids. The amount of bid security ordinarily ranges between 2 to 5% of the estimated value of the goods to be procured. The exact amount of bid security should be determined accordingly and indicated in the bidding documents. The bid security may be accepted in the institute-prescribed mode. The bid security should normally remain valid for a period of 45 days beyond the final bid

validity period. Bid securities of the unsuccessful bidders should be returned to them after the award of the contract. Bid declaration - Refer Annexure-F6.

14.2 Performance Guarantee (Rule 171 of GFR 2017)

To ensure due performance of the contract, the Institute may obtain a performance security from the successful bidder, who is awarded the contract. Performance Security should be 3% to 10% in the form prescribed in OM Dated 03.04.2023 (Dept of Expt) of a Demand Draft or Bank Guarantee from any commercial / Nationalized banks safeguarding the purchaser's interest in all respects. Performance Security should remain valid for a period of 60 days beyond the date of completion of all contractual obligations of the supplier including warranty obligations. Bid security should be refunded to the successful bidder on receipt of Performance Security. (Refer Annexure – F7)

Important: The latest guidelines regarding tendering, tender opening etc., through GeM and CPPP are available online in respective portals and may be referred at the time of tendering.

15. Confidentiality

Information relating to the examination, evaluation, comparison, and recommendation to award the Purchase Order (PO), should not be disclosed to the bidders or any other person(s) not officially concerned with such purchase at any stage.

16. Disqualification of bidders

Any effort by a bidder to influence the purchase in the examination, evaluation, comparison of the bids, or in decision-making may result in disqualification of the bid.

17. Evaluation of the bid(s)

Evaluation criteria should be clearly mentioned in the NIT/NIQ. A technical and or financial comparative statement of the tenders opened shall be made by the concerned Indenter/ Department. It shall contain details like rate, delivery schedule, make, taxes etc. and finally the total quoted price. The final landing cost of purchase after all discounts, taxes and transportation charges etc. must be mentioned on the comparative statement for indigenous items and Ex-works, FOB, CIF price for imported items. The comparative statement shall be without any cuttings and erasers and shall neatly give the quoted price both in figures and words. When bids are received in different currencies, the comparative statement shall clearly give the exchange rate on the date of opening of the bid and the quoted price in rupees.

Evaluation of tenders must be done in a logical manner. It is not always necessary that the lowest quoted price shall finally emerge as the lowest evaluated price. Extraneous considerations shall not be a cause for rejecting a tender as non-responsive. If the bidder has quoted certain optional items, these items should not be taken into consideration for the evaluation of the financial bid. A tender shall not be rejected simply because certain details which do not have any impact on the price quoted are missing. In such case a quick reference can be made by the committee, to the concerned bidder for proper evaluation of the tender. The evaluation report shall clearly bring out (but not limited to the following):

1. The technical acceptability of the offer
2. The reasonability of the price quoted.
3. The delivery period offered.
4. Warranty obligations
5. Annual maintenance after the warranty period
6. Discount offered.
7. Any additional item offered.
8. Training
9. Installation and commissioning

No tender shall be technically rejected based on unsatisfactory service during earlier purchase without any documentary proof.

18. Preliminary Examination

18.1 The Indenting Department shall examine the bids to confirm that all documents and technical documentation requested in the tender document have been provided and determine the completeness of each document submitted.

18.2 The Purchase / Indenting Department shall confirm that the following documents and information have been provided by the bidder. If any of these documents or information is missing, the offer may be rejected.

- Tender fee and EMD payment/ Documents in support of any exemption from payment of tender fee or EMD.
- Documents for Pre-eligibility criteria
- Documents for Technical Compliance, Brochure
- Bid Form and Price Schedule, in accordance with Tender Document
- All the tenders received will first be scrutinized to see whether the tenders meet the basic requirements incorporated in the NIT.

18.3 Tenders not meeting the basic requirements are to be treated as unresponsive and hence rejected.

Some important points, for which a tender may be declared as unresponsive and to be rejected during the initial scrutiny, are as under:

- Bid's validity is shorter than the required period.
- Bidder has quoted for goods manufactured by a different firm without the required authority letter from the proposed manufacturer.
- Bidder has not agreed to give the required performance security.
- Goods quoted are not meeting the required specification etc.
- Bids are against the schedule of requirement (incorporated in the tender enquiry), the tenderer has not quoted for the entire requirement as specified in that schedule.
- Tenderer has not agreed on some essential condition(s) incorporated in the tender enquiry.
- Conditional Tenders will be rejected.

19. Make in India policy

19.1 Information to be provided by Bidders regarding Make in India policy

Bidder shall provide required self-declaration as detailed in Form 1.2 – Eligibility Declarations:

- 1) Self-declaration of their local content (and required certificate, in case of procurements above Rs 10 Crores) and their status as Class-I/ Class-II/ Non-local Supplier and their eligibility to participate as per this clause.
- 2) If the Tender Document indicates countries identified as not allowing Indian companies to participate in their Government procurement, then a declaration that they are not an 'Entity' of such countries (as per criteria of the FDI Policy of DPIIT as amended from time to time) and are therefore eligible to participate in this tender.
- 3) If a Bidder is claiming exemption (as obtained from relevant authorities) from meeting the stipulated local content on account of manufacturing the product in India under a license from a foreign manufacturer with the precise phasing of increase in local content, he must provide proof thereof.

19.2 Support/ Preferential Treatment to Micro & Small Enterprises (MSEs)

Policies of the Government to support Micro and Small Industries (MSEs, registered as per the following sub-clause) in comparison to non-MSE enterprises shall apply to this procurement.

19.3 Registration of MSEs

- 1) MSEs interested in availing such benefits must enclose in Form 1.2 with their offer the Udhyaam Registration Certificate with the Udhyaam Registration Number as proof of their

being MSE registered on the Udhyam Registration Portal. The certificate shall be of latest but before the deadline for the bid submission.

- 2) MSEs shall be treated as owned by SC/ ST or women entrepreneurs:
 - a) The proprietor(s) shall be SC/ ST or women In proprietary MSEs
 - b) At least 51% shares shall be held by the SC/ ST or women partners in a partnership MSEs.
 - c) At least a 51% share shall be held by SC/ ST or women promoters in Private Limited Companies MSEs.

19.4 Support to MSEs

- a) Tender sets shall be provided free of cost to MSEs.
- b) MSEs shall be exempted from payment of Earnest Money. (as per ITB-clause 9.4 below, they shall be required only to submit Bid Security Declaration)

19.5 Reservation of specific items for procurement

If so stipulated in Tender Information Summary (TIS Appendix to NIT), this procurement is reserved as per the Public Procurement Policy for the Micro and Small Enterprises Order, 2012, for exclusive purchase from Micro and Small Enterprises (MSEs) registered with agencies, as mentioned in clause 19.6 below. In such a case, only such MSEs shall be eligible to submit a bid and be considered.

19.6 Purchase Preference to MSEs

The Procuring Entity reserves its option to give purchase preference to MSEs compared to the non-MSE enterprises as per policies of the Government from time to time. This preference shall only apply to products produced and services rendered by Micro and Small Enterprises. If an MSE bidder quotes a price within the band of the lowest (L-1) +15 percent in a situation where the L-1 price is quoted by someone other than an MSE, the MSE bidders are eligible for being awarded up to 25 percent of the total quantity being procured if they agree to match the L-1 price. In case of more than one such eligible MSE, this 25 percent quantity shall be distributed proportionately among these bidders.

18.1 Support to Start-up Enterprises

19.7 Definition of Start-up Enterprises

- 1) As defined by DPIIT, an entity shall be considered as a 'Start-up':
 - a) Upto a period of ten years from the date of incorporation/ registration, if it is incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India, and
 - b) Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees, and
 - c) The entity works towards innovation, development or improvement of products or processes or services or a scalable business model with a high potential for employment generation or wealth creation.

- 2) Provided that an entity formed by splitting up or reconstructing an existing business shall not be considered a 'Start-up'.
- 3) A Start-up so identified under the above definition shall be required to obtain and submit along with his bid a certificate of an eligible Start-up from the inter-Ministerial Board of Certification to obtain support.

19.8 Support to Start-ups

The Government of India has ordered the following support to Start-ups (as defined by the Department of Promotion of Industrial and Internal Trade - DPIIT).

- 1) Exemption from submission of Bid Security: Such Start-ups shall be exempted from payment of Earnest Money. (as per ITB-clause 9.4 below, they shall be required only to submit Bid Security Declaration)
- 2) Relaxation in Prior Turnover and Experience: The Procuring Entity reserves its right to relax the condition of prior turnover and prior experience for start-up enterprises subject to meeting of quality & technical specifications. The decision of the Procuring Entity in this regard shall be final.

20. Separate evaluation of technical and financial Bids

All scientific equipment of high value or as recommended by the indenter shall be purchased by adopting a two-bid system either through open tender or through limited tender. The EMD in the prescribed form should reach IIITDM Kancheepuram on or before the time and date of tender opening. The bids received without bid security will not be considered for further evaluation. The technical bids are opened first and analysed for acceptability by a separate technical committee. At this stage, the Tenderers could also be called for technical discussion. The price bids of those bidders who are found technically acceptable shall be opened and evaluated. It must be ensured that at least two or more bidders become technically suitable in all such cases unless there are compelling technical reasons to decide otherwise. In such circumstances, the technical committee should give detailed reasons why such a choice is being made. After obtaining the approval of the Director, the financial bid of such technically qualified bidders may be opened.

21. Comparative Statement and recommendation

The Purchase Section after opening the quotations, send to the concerned indenter/ indenter for making technical comparative statements, financial comparison, and further recommendations to place the order. Technical Compliance statement shall be prepared by the indenter/indenter(s). In all purchases with multiple quotations, the report of the indenter/Purchase Committee should include the following:

- a) A comparative statement of all dealers/ sellers indicating all taxes, freight, forwarding etc (such as the total landed cost of the purchase).
- b) The supplier from whom the purchase is recommended.
- c) If the supplier is not recommended based on the lowest quotation, the reason(s) thereof shall be explicitly stated.
- d) Any other relevant information. The report complete in all respects along with associated documents shall be sent to the Purchase Section.

22. Purchase Sanction Approval

The sanction sheet for all purchases must be approved by the Director. These sanction sheets shall be prepared by the Purchase Section upon receipt of recommendations from the indenter/ department. Based on the approved sanction sheet, the purchase order shall be prepared by the Purchase Section. If for any reason, a financial change in the Purchase Order is required, the request for such a change shall be approved by the Director before the change is issued in the form of an amendment to the original Purchase Order.

23. Payment Terms

Ordinarily payment for services rendered or supplies made, should be made only after the services have been rendered or supplies made with satisfactory installation certificate from indenter. Consideration for any advance payment will be governed by rule 172 of GFR 2017.

Normally payment terms for indigenous purchase shall be 90% within 30 days of delivery of the items and the remaining 10% after satisfactory installation/ inspection upon submission of Bank Guarantee. Terms of payments may be changed from item-to-item basis, for example, fabricated equipment, stationery and furniture etc. For such items, the payment may be made 100% against delivery subject to the inspection and approval by the Competent Authority. In case of procurement of specialized items, suitable payment terms (such as 80% after delivery and 20% after installation or 75% after delivery and 25% after installation) may also be incorporated in the tender documents.

- i) If the payment term is against delivery/ COD, then after receiving the goods, indenter shall inform the Purchase Section to release the payment after being satisfied.
- ii) Payments against foreign procurements shall be decided on a case-to-case basis as per the recommendations of the indenter/ indenter keeping in view the requirements.

24. Placement of Order and receipt of stores

- 24.1 Once the purchase proposal is approved by the Director. The Purchase Order can be released to the supplier. Orders should be emailed to the supplier(s) with an instruction to send an Order Acceptance duly signed by email or post within 10 days from the date of issue of order as a token of the acceptance of the order. The copies of Purchase Order shall also be emailed to stores, indenting departments/ Centre and Finance Department.
- 24.2 All purchases except Local purchases shall be made through a Purchase order placed on the seller, who shall be responsible for receipt of goods and the subsequent delivery of the goods to the indenter. The indenter shall give Inspection Reports (IR) within 05 working days after recording appropriate comments to the Purchase Section.
- The processing of payment for GeM purchases will be governed by the time lines prescribed by GeM.
- 24.4 Normally, the delivery of items purchased shall be done at the Purchase Section. However, in exceptional situations, the suppliers may deliver the items directly to the indenter in which case the indenter shall be responsible to inform the Purchase Section about such delivery within eight working hours of receipt of such items.
- 24.6 Once the indenter certifies that the items have been received in good condition / installed, the items must be entered in the appropriate stock register of the department/ project and in the Asset Register of the Institute, wherever relevant.
- 24.9 Once the order has been placed, the Purchase Section and the Indenter will ensure that the supplier delivers the material in time. They shall continually be in touch with the supplier and if the material is not received in time; the vendor shall immediately be contacted to ensure that the material is received as quickly as possible. The purchase Section shall also maintain a list of suppliers for the purpose of vendor performance.
- 24.10 The receipt of all ordered material must be made by the departments/ Centres/ section and a report of such receipts must be maintained at the Purchase Section. Similarly, the information like clearance from Air/ Sea port/ transporter etc. must be intimated to the user depts.
- 24.11 In the event of any shortage/ damage/ wrong supply, on receipt of information from the concerned indenter, prompt action will be initiated by the Purchase Section to rectify the same. The Purchase Section will inform the supplier and take necessary action for getting the supplies as per the specification of the supply order.

25. Inspection of materials

The indenter shall inspect the materials as soon as it arrives and shall normally adhere to the schedule given by him at the time of placing the indent. Normally, the concerned indenting department should ensure the completion of the inspection within 03 working days. For imported equipment, the packing

may be opened in the presence of the Indian agent to avoid short/ damaged supply due to improper packing. In any case, the inspection shall be completed within the validity period of the insurance policy so that the claims for shortage/ damage, if any, can be lodged with the insurance company within 48 hours. Failure to inspect the material within the time schedule shall make the Indenter responsible for the loss.

26. Liquidated Damage (LD)

There should be a suitable provision in the terms & conditions of the contract for claiming liquidated damages of an appropriate amount from the supplier to take care of delays in supplies and performance, for which the supplier is responsible. Such recovery through liquidated damages should be without prejudice to the other remedies to the indenter under the terms of the contract. A penalty clause of 0.5% for the GeM items and 1% for others of the delivered price of the delayed goods for each week subject to a maximum of 10% of the ordered value is to be incorporated in the contract terms. However, the Director may extend the delivery period, if he/ she is satisfied that the reasons for the delay in the supply/ installation of material intimated by the supplier are genuine/ justified.

27. Duties & Taxes

The institute is partially exempted from paying Custom Duty for a few import items, for which an Exemption Certificate shall have to be provided by the institute. Any concession on taxes and levies such as GST, customs duty and tax granted by the state/ central Government in the procurement of any item must be availed. The Purchase Section shall issue the required declaration/ certificate to this effect for all purchases on-demand and account for all such issues and furnish the required report to the Government Agencies, as and when required.

Presently, the applicable concessional custom duty for educational Institutes is 5.15% which is payable for imported items. IGST at prescribed rate based on the HSN code is also applicable on imported items. In case, the order is on Ex-works or FOB basis, the Institute may be required to pay freight/insurance charges as per the prevailing rate. If the supplier agrees to supply the equipment/ machinery/ stores on High-Sea Sales Terms, the concessional custom duty certificate will be issued to the supplier and the amount of customs duty paid by the supplier will be reimbursed by the Institute.

28. Purchase through Imports

Generally, the procedure outlined above shall be followed for the procurement of items through import. However, the following additional points may also be kept in view while making any purchase through imports:

- i) Any import procurement should be initiated only after getting the approval from the Ministry ([Refer MII guidelines Dated: 16.09.2020](#))
- ii) Import should normally be made directly from the foreign principal manufacturers. In the event that a purchase is made through an Indian agent of the foreign company, proof that the Indian agent is an authorized agent of the foreign company must be obtained and must be a part of the documents pertaining to the purchase.
- iv) Any agency commission payable to the Indian agent can be paid only in Indian Rupees after the successful installation of the equipment.
- v) The Indenting Department shall ensure that the item being imported does not fall under the restricted/ negative/banned category.
- vi) Payment for imports shall normally be made through a letter of credit. However, payment can also be made by a Foreign Draft/ SWIFT/ Wire transmission.
- vii) Terms of shipment should preferably be on FOB/ FCA basis of that country. However, PO can be placed on a CIP basis as a special case depending on the situation.
- viii) The Purchase Section will be responsible for placing orders, opening/ amending/ extending letters of credit in consultation with the Account Section, insurance, clearance and transportation of goods, processing for short received/ shipped/damaged goods.
- ix) The Institute shall avail the services of Clearing House Agency for foreign consignments arriving by air/sea.
- x) The Purchase Section shall ensure delivery of foreign consignment to the indenting department. All imported items shall be appropriately entered in the departmental stock register and assets register, as applicable.
- xi) Inspection Reports (IR) for damaged/ short-supplied goods must be returned to Purchase Section within 3 days from the date of receipt of materials, failing which it will not be possible to lodge the claim for the damaged/ short-supplied goods with the Insurance Company and it will be presumed that materials supplied are acceptable to the indenter.
- xii) A warranty clause should be incorporated in every contract, requiring the supplier to, without any charge, repair or rectify defective goods or to replace such Goods, with similar goods free from any defect.
- xiii) Within 24 hours of dispatch, the supplier shall notify the indenter, consignee, others concerned, the complete details of dispatch and also supply following documents by air mail / courier or as instructed in the contract.
 - a. Supplier's Invoice giving full details of the goods including quantity, value, etc.
 - b. Packing list
 - c. Certificate of country of origin
 - d. Manufacturer's guarantee and Inspection certificate

- e. Inspection certificate issued by the Manufacturer / Third part inspector (if applicable).
- f. Insurance Certificate (if applicable).
- g. Name of the Vessel/Carrier.
- h. Bill of Lading/Airway Bill/ Cargo Arrival Notice (CAN)
- i. Port of Loading.
- j. Date of Shipment.
- k. Port of Discharge & expected date of arrival of goods and.
- l. Any other document(s) as and if required in terms of the contract.

29. Annual Maintenance Contract (AMC)

Depending on the cost and nature of goods to be purchased, it may also be necessary to enter into maintenance contracts for a suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are specially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the terms of contract may provide for. The paid maintenance should commence only thereafter. In all other cases, quotations will be invited, and normal purchase rules shall be adhered to. However, preference may be given to award the AMC to the supplier who has originally supplied the machine / equipment for better maintenance after going through price negotiation, if required.

In case of renewal of the AMC, the following points may be taken care of:

- AMC should be from a prospective date. The HODs/PI shall be required to initiate action for renewal of AMC at least 90 days before the expiry of previous AMC.
- In case of renewal, the service report /logbook (of equipment) should be sent along with the proposal.
- Payment terms should be negotiated with the service provider and may be made either half-yearly or quarterly basis.
- In case of any increase in the AMC cost as compared to previous AMC, necessary justification for increase in price may be obtained from the firm and enclosed along with the indent.

30. Role of Purchase Section

Following is envisaged as the role of the Purchase Section:

- i) Processing and clearance of all Purchase Requisitions of Indentors.

- ii) Maintaining list of suppliers, for purchase through quotations/ tenders, in consultation with Departments/Centres.
- iii) Complete processing including inviting quotations for all purchase on the basis of specifications / requirements of indenting/User Department/ Centres.
- iv) Processing of all items such as stationery and their subsequent issue.
- v) Maintenance of Central Asset Registers for items under PA & LTA category of items.
- vi) Conducting physical stock verification.
- vii) Issue custom duty and other exemption certificate(s).

31. Maintenance of Records

Permanent Assets Register: For all Non-Consumable Stores, Fixed Assets Register shall be maintained by the Central Stores as well as the Department. Entries in the Fixed Assets (FA) Register shall be made only after the inspection of the stores by the authorized Inspection committee/Indenter as the case may be. Once the Inspection Report is signed by the inspecting authority, the material will be entered in the FA register and issued to the concerned indenter against proper issue slip. Wherever possible, serial no. of the equipment must be entered in the FA register. Location of the asset must be mentioned in both the registers i.e. the FA registers maintained by the Central Stores / Department. Each asset must be properly numbered at the time of issue and that number must be recorded in the relevant registers.

Separate Registers to be maintained for institute purchases by Stores & Purchase (S & P) Section and the project purchases by Research & Development (R & D) Section.

The total value of all the assets entered in the Asset Register during the financial year shall indicate the value of the assets to be capitalized in the balance sheet of the corresponding financial year and both the figures to be tallied. Separate Registers to be maintained for institute purchase and the project purchase. The total value of all the assets entered in the Asset Register during the financial year shall indicate the value of the assets to be capitalized in the balance sheet of the corresponding financial year and both the figures to be tallied.

If the individual value of each assets of which is Rs. 2000 or less (except library Books), they are treated as small value Assets. 100 % depreciation is provided in respect of such assets at the time of their acquisition. However, physical accounting and control are continued by the holders of such assets.

Consumable Stores Register (CSR) and accountable consumables register (ACR). All consumable stores items purchased shall be entered in this Consumable Stores Register. For all the consumable stores received against the formal purchase orders, Inspection Report shall be prepared and signed by the inspecting authority. Consumable Stores Register shall be maintained by the concerned departments only. All the items of consumable nature purchased directly must be entered in the CSR within 7 days

from the date of receipt of material. Stores will maintain the Consumable Stores Register for the general items like Stationery/other consumable items issued centrally to different departments.

Purchase Section shall be the custodian of all documents related to records pertaining to Non Consumable Stores and Accountable Consumable Stores items of the institute. All original documents related to any such purchase (including inquiries, report of Purchase committee, comparative statement of tenders, sanction sheet, Purchase order, invoice/ bill, delivery challan and inspection reports etc.) shall remain with Stores and Purchase Section after purchase is completed. These records/documents will be maintained for such periods as may be stipulated by GFR Rule No. 320. After the stipulated period, the record / documents may be destroyed with the specific approval of the Director.

32. Physical Verification

The Director may constitute Annual Physical Stock Verification committee. This committee shall physically verify all the NCS stores and recommend and classify the items serviceable unserviceable, surplus and obsolete. The committee shall record the reasons for recommending as unserviceable items. HODs/ PI shall forward the report to S & P Section. This Consolidate report (for all Department) shall be sent to the Director for approval of disposal action by Stores & Purchase Section as per GFR of 217.

33. Transfer of Stores

Transfer of stores within the institute from one department to another can be done by using the Transfer Voucher available in the Purchase Section. For transfer of items, the explicit written approval of the Director will be required. The transfer must be duly recorded in the relevant stock registers of Stores as well as both the departments ([Refer Annexure - F8](#)).

34. Records of items received through Gifts, donations.

For the gifts, donations and non-returnable samples/ components received by the institute through Purchase Section under various schemes as complimentary, sales promotion or in kind etc. from various universities, laboratories, manufacturers, suppliers and even persons, a consolidated record in this regard is maintained by the Purchase Section. The concerned departments/ user sections are also required to maintain the inventory/ details of such items/ gifts/ samples in their own records and a confirmation to this effect is to be sent to the Purchase Section within one month of receipt of such items/ gifts/ samples if directly received by them.

35. Write off, Condemnation and Disposal

An item may be declared surplus or obsolete or unserviceable, if the same is of no use to the Institute or when the item is beyond economical repair. An item may be rendered surplus, obsolete or unserviceable in the process of upgrading or replacing institute property or when institute property or equipment no longer serves a functional use due to programme, procedure or other changes. Under such circumstances the property and equipment be disposed of in the best interest of the Institute as per the following guidelines with prior approval of the Director.

- i) Wherever possible, the stores/equipment are traded under buy back scheme, so as to reduce the cost impact on the new stores/ equipment.
- ii) If the above option is not available, the property and equipment be sold out rightly with due procedures.
- iii) Obsolete, unusable materials beyond economic repair be disposed-off as per procedure.

35.1 Write off, Condemnation and Disposal of Assets

The Director shall constitute a Stores Survey Committee of not less than three members. This Survey Committee shall inspect/ survey the PA stores and recommend writing off those items which are ordinarily more than five years old and in this view are obsolete, unserviceable, beyond economical repair and not usable at all. The Committee shall record the specific reasons against each item while recommending the write-off.

35.2 General procedure for writing off the unserviceable Materials / Items

- 35.2.1 The items to be declared obsolete /surplus/ unserviceable should be examined by a survey committee at appropriate level in the department to declare an item of stores as obsolete, surplus, or unserviceable and which shall recommend its disposal. The chairman of the survey committee in such a case will normally be the head of division to which the stores pertain. The store holding officer will be one of the three members of the survey committee. The store holding authority shall prepare the survey reports for the material which is to be put up to the survey committee for survey. The committee shall consider the prescribed or stipulated life period of stores. In case, such a period is not prescribed/ stipulated, or it is not over, the committee shall examine conditions of stores and record suitable reasons. If an item has become obsolete/ surplus/ unserviceable on account of negligence, fraud or mischief on the part of the employee, the same should be brought out clearly.
- 35.2.2 Where the “life period” has been prescribed for any item and the same is already over, it should normally be taken as enough ground for declaring the item obsolete and unserviceable. However, the condition of the item should still be thoroughly examined to see whether the item could be put to further use.
- 35.2.3 In other cases, where the life period is not over or no life period has been prescribed or stipulated, reason for declaring the item unserviceable should be clearly recorded such as, wear and tear, excessive use in public interest, accidental fire, flood and other natural causes, damage due to insect, rats etc.

- 35.2.4 An item may be declared obsolete/ surplus if it is no longer required by the Department. Reasons for the same should be recorded.
- 35.2.5 In case of loss due to negligence, fraud or mischief on the part of any employee, responsibility should be fixed and losses be made good.
- 35.2.6 The condemnation Committee shall submit its recommendations in the prescribed form (i.e. FORM GFR -10) after ensuring that certain items have become unserviceable, obsolete due to wear and tear and are beyond economic repairs.
- 35.2.7 Actual physical disposal of items which have been recommended to be written off will be done only after the Director has approved the recommendations of the write-off / condemnation committee.
- 35.2.8 Label the items/ materials to be written off.

36. Procedure for Auction

- 36.1 The concerned Department / Section / Unit shall make arrangements to remove the condemned articles/materials from the Department / Section concerned to the place earmarked for their temporary storage from the date of receipt of the copy of the condemnation report. Items to be disposed of shall be under the custody of the Member Secretary, Auction Committee until their disposal.

Various orders issued by Govt. of India from time to time regarding e auction for disposal of items, specific orders on e-waste disposal of vehicle may be complied with Read with GFR 217.

Note: - As of above, Please refer GFR 2017 & Manual for Procurement of Goods (Updated May, 2023) for any issue related to Stores & purchase.

Timelines for procurement activities

To avoid delay in processing of orders, the following time schedule will normally be adhered-to so that all actions are completed expeditiously.

Activity	Responsibility	Time
Inviting tender (After receipt of duly approved Requisition Form)	S&P Section	5 working days
Receipt of tender (from tenderers)	S&P Section	3 – 5 weeks for Domestic 5-25 Weeks for Imports
Opening of tenders and preparation of financial comparative statement	S&P Section	3 working days
Recommendation(s) from Department/Indenter	Concerned Department/ Section	3 – 8 working days
Financial concurrence	Finance & Account Section	2 working day
Recommendation of Stores and Purchase Committee (SPC)	SPC	5 working days
Financial Sanction	Competent Authority	3 working days
Placing of Purchase Order	S&P Section	5 working days
Stock entry of stores	S&P Section	5 working days
Release of payment	Finance & Account Section	7 working days

In case of urgent indent, the entire procurement activities should be carried out within 7 working days with the involvement of all concerned.

Basic principles of Procurement – the Five R's

In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following **five** parameters called the Five R's of procurement. The entire process of procurement (from the time the need for an item, facility or services is identified till the need is satisfied) is designed to achieve such a right balance. The word 'right' is used in the sense of 'optimal balance'.

Right Quality - Procurement aims to buy just the right quality that will suit the needs – no more and no less – with clear specification of the Procuring Entity's requirements, proper understanding of functional value and cost, understanding of the bidder's quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value (Please refer to para 1.6 below). For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while benchmarking the specification.

Right Quantity - There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged use. Hence, the right quantity should be procured (in appropriate size of contract) which balances extra costs associated with larger and smaller quantities.

Right Price - It is not correct to aim at the cheapest materials/facilities/services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for facilities/works/services which could lead to a situation of nonperformance or failure of contract). The concept of price can be refined further to consider not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs (Also termed as life cycle costing - please also refer to para 1.6 below).

Right Time and Place - If the material (or facility or services) is needed by an organization in three months' time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials/facilities/services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

Right Source - Similarly, the source of delivery of Goods, Works and Services of the requirement must have just the right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

Fundamental Principles of Public Buying (GFR, 2017 (Rule 144))

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in the matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. The principles can be ensured by following yardsticks:

- Public buying should be conducted in a transparent manner to bring competition, fairness, and elimination of arbitrariness in the system. This will enable the prospective tenderers to formulate competitive tenders with confidence.
- The specifications, duly vetted by Technical Committee in terms of quality, nature of items etc., as also quantity of goods to be procured, should be clearly indicated keeping in view the specific purpose/objective and needs of the Lab/department/section of the institute.
- The specifications so worked out should meet the basic needs of the Department/ Section without including superfluous and non-essential features, which may result in unwarranted expenditure.
- Care should also be taken to avoid purchasing quantities in excess of requirements to avoid inventory carrying costs.
- The tender document should clearly mention the eligibility criteria to be met by the Tenderers such as minimum level of experience, past performance, technical capability, manufacturing facilities, financial position, ownership, or any legal restriction, etc.
- Offers should be invited by following a fair, transparent, and reasonable procedure relevant to the objective of the indenter.
- The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects and the price of the selected offer is reasonable and consistent with the quality required.
- Purchase should not be split to avoid obtaining approval of the appropriate competent authority.
- At each stage of procurement, the authorized procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
- Restrictions on who is qualified to tender should conform to the extent Government policies and be judiciously chosen so as not to stifle competition amongst potential Tenderers.
- The procedure for preparing and submitting the tenders; deadline for submission of tenders; date, time, and place of public opening of tenders; requirement of earnest money and performance security; parameters for determining responsiveness of tenders; evaluating and ranking of tenders and criteria for full or partial acceptance of tender and conclusion of contract should be incorporated in the tender enquiry in clear terms.

- Tenders should be evaluated in terms of the criteria already incorporated in the tender document, based on which tenders have been received. Any new condition, which was not incorporated in the tender document, should not be brought into consideration while evaluating the tenders.
- Suitable provisions should be kept in the tender document allowing the Tenderers reasonable opportunity to question the tender conditions, tendering process, and/or rejection of its tender and the settlement of disputes, if any, emanating from the resultant contract.
- It should be made clear in the tender document that tenderers are not permitted to alter or modify their tenders after expiry of the deadline for receipt of tender till the date of validity of tenders and if they do so, their Tender can be summarily rejected.
- Negotiations with the tenderers must be severely discouraged, however, in exceptional circumstances, where price negotiations are considered unavoidable, the same may be resorted to, but only with the lowest evaluated responsive tenderer, and that too with the approval of the competent authority, after duly recording the reasons for such action.
- The name of the successful Tenderer to whom the supply contract is awarded should be appropriately notified.

CANONS OF FINANCIAL PROPRIETY

- Public Procurement like any other expenditure in Government must conform to the Standards (also called Canons) of Financial Propriety. It may be useful to refer to the relevant provisions in the General Financial Rules, 2017.
- Rule 21, GFR 2017. Standards of financial propriety: Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Among the principles on which emphasis is generally laid are the following: -
 - Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
 - The expenditure should not be prima facie more than the occasion demands.
 - No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
 - Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –
 - a claim for the amount could be enforced in a Court of Law, or
 - the expenditure is in pursuance of a recognized policy or custom.