PROCESSING OF TENDERS
AND
CVC GUIDELINES

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WHY TENDERING ????
Fundamental Principle of Public buying

(A) Procurement of goods in Public Interest –
   i.    Efficiency,
   ii.   Economy,
   iii.  Transparency

(B) Fair & Equitable treatment of suppliers

(C) Promotion of Competition
PUBLIC PROCUREMENT: YARDSTICKS

- Specifications in terms of quality
- Need based procurement (avoid excess)
- Fair, Reasonable & Transparent procedure
- Procurement Vs Requirement
- Reasonableness of Rate
- Each stage of procurement should be recorded
GFR: Rule 145

- Purchase of goods without quotation
  - Value upto 15000/-
  - Each occasion
  - Certificate to be recorded by the competent Authority –
    “I,------ am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”
GFR: Rule 146

Purchase of goods by
Purchase Committee

- >15000/- and upto 1Lac on each occasion
- Three members Committee as decided by the HoD
- Committee’s responsibilities
  a) Market Survey
  b) Reasonableness of Rates
  c) Quality & Specifications
  d) Identify appropriate supplier
- Joint Certificate by the Committee
Purchase of goods by obtaining bids (Tendering)

- Ministry / Departments of Govt. of India have been delegated full powers to make their own arrangements for procurement of goods
- Rule 141 of GFR says about Central Purchase Organisation (e.g. DGS&D) RATE CONTRACT
Types of Tender

In broader terms there are three types of tender:

A. Open Tender

B. Limited Tender

C. Single Tender
Method of obtaining bid:

Advertised Tender Enquiry (open)

- Tender value >= 25 Lac
- Ad in Indian Trade Journal (ITJ)
- At least one National Daily having wide circulation
- Publish at own website & NIC website
- NIT to Indian Embassies abroad as well as foreign embassies in India
- Three Weeks time from date of publication of bid
GFR : 151 - LIMITED TENDER

- Value up to 25 Lac
- Bid document should be sent to Regd. Suppliers by Speed Post/Regd Post/ Courier/ e-mail
- No. of supplier firms in Ltd. Tender should be more than three
- Web based publicity
- N.B. – Sufficient time should be given in Ltd. Tender
Two Bid System

1. Technical Bid (Tech. + Comm. Terms )
2. Financial Bid (Item wise price )
   
   \[(1) + (2) = (3) \text{ Main Envelop}\]

- Firstly Tech. Bid shall be opened and evaluated
- Secondly Fin. Bid of Technically acceptable offer should be opened & evaluated
Single Tender

- If only a particular firm is the manufacturer
- Emergent need to procure from a particular source
- Technical reason to be recorded (standardization of machinery – HP, SONY etc.)

N.B. - Single response to an open bid can’t be termed as Single Tender
Standard Bid Document:

- Instruction to Bidder
- Conditions of Contract
- Schedule of Requirement
- Specifications & allied Tech. details
- Price Schedule
- Contract Form
- Other Standard Forms
Earnest Money Deposit

- To safeguard the interest of Deptt (withdrawal / alter the bid by bidder)
- Exemption – Regd. With Central Purchase Organisation / National Small Industries Corporation
- EMD - 2% to 5% of estimated value
- Can be DD/ FDR/Banker Cheque /BG
- Unsuccessful bidders EMD should be returned / refunded at the earliest.
Performance Security

- From the successful bidders
- Amount – 5% to 10%
- DD/FDR
- Should be valid for 60 days beyond the date of completion of all the contractual obligations of the supplier including warranty
- Bid Security should be refunded on receipt of Performance Security
Process at a glance

- Estimate (Qty. and Amount)
- EOI – Expression of Interest
- RFP/RFQ – Request for Proposal / Quotation
- PBC – Pre Bid Conference
- NIT – Notice Inviting Tender
- APPROVAL
- WEB PUBLICITY
- EMD – Earnest Money Deposit
- BIDDING
- TOC – Tender Opening Committee (Tech)
- APPROVAL
Process at a glance

- TOC – Tender Opening Committee (Fin. Bid)
- APPROVAL
- TEC – Tender Evaluation Committee
- APPROVAL
- PO – Purchase Order
- AWARD OF CONTRACT
- SD – Security Deposit
- AGREEMENT
- REFUND OF EMD
- NOTICE / WEB PUBLICITY ABOUT AWARD OF CONTRACT (Downloadable form)
EVALUATION PROCESS - micro

- Tender is sealed
- Tender documents must clearly specify evaluation criteria.
- Two types of Bids:
  - Technical
  - Financial
- Tender evaluation to be in accordance with evaluation criteria.
EVALUATION PROCESS - micro

- Time taken for evaluation and extension of tender validity.
- Process of tender evaluation to be confidential until the award of the contract is notified.
- Difference between TOC (Tender Opening Committee) & TEC (Tender Evaluation Committee)
EVALUATION PROCESS - micro

• The factors for initial examination:
  ◦ Whether the tenderer meets the eligibility criteria?
  ◦ Whether the crucial documents have been submitted & duly signed / attested?
  ◦ Whether the requisite EMD (Earnest Money Deposit) has been furnished?
EVALUATION PROCESS - micro

- Satisfaction of Conditions specific to the contract
- Sample Testing
- Capacity Evaluation.
- Turnover
- Statutory documentation
- Arrival at Outcome Price of the bid
- Determination of L-1, L-2, L-3……
- Determining Reasonableness of the L-1 Rates
- Recommendation for Negotiation (if require)
CVC Guidelines: Pre-Award Stage

- Financial and Technical sanction of competent authority is available.
- Adequate and wide publicity is given. Advertisement is posted on website and tender documents are available for downloading.
- Convenient tender receiving/opening time and address of the tender receiving officials/tender box are properly notified.
- In the case of limited tender, panel is prepared in a transparent manner clearly publishing the eligibility criteria. The panel is updated regularly.
- Pre-qualification criteria are properly defined/notified.
CVC Guidelines: Pre-Award Stage

- Short listed firms/consultants are fulfilling the eligibility criteria. There is no deviation from notified criteria during evaluation.
- Experience certificates submitted have been duly verified.
- Tenders/bids are opened in the presence of bidders/their authorised representative.
- Corrections/omissions/additions etc., in price bid are properly numbered and attested and accounted page –wise. Tender summary note/Tender opening register is scrupulously maintained.
- Conditions having financial implications are not altered after opening of the price bids.
CVC Guidelines: Negotiations

- Circular No. 4/3/07, 3rd March, 2007
  
  As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
CIRCULAR No.01/01/10

Attention is invited to the Commission’s circular No. 4/3/07 dated 3.3.07 on the issue of “Tendering Process – Negotiations with L1”.

In the said circular it has, among other things, been stated “As post tender negotiations could often be a source of corruption, it is directed that there should be no post tender negotiations with L1, except in certain exceptional situations”. It has come to Commission’s notice that this has been interpreted to mean that there is a ban on post tender negotiations with L-1 only and there could be post tender negotiations with other than L1 i.e. L2, L3 etc. This is not correct.

It is clarified to all concerned that - there should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances, then it can be with L1 (Lowest tenderer) only if the tender pertains to the award of work/supply orders etc. where the Government or the Government company has to make payment. However, if the tender is for sale of material by the Government or the Govt. company, the post tender negotiations are not to be held except with H1 (i.e. Highest tenderer) if required.

2. All other instructions as contained in the circular of 3.3.2007 remain unchanged.

3. These instructions issue with the approval of the Commission and may please be noted for immediate compliance.

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Procurement of Works, Goods and Services - Guidelines on Tenders/Use of website

- http://cvc.nic.in/proc_works.htm