INDIAN ASSOCIATION FOR THE CULTIVATION OF SCIENCE
JADAVPUR, KOLKATA-700032

N O T E

Subject: Purchase Procedure.

Following are the different procedures through which purchases are to be made:

A) Direct Purchase, B) By Single Quotation, C) By Limited Tender, and
D) By Open Tender

A) **Direct Purchase**: Direct purchase can be made out of contingency money to meet urgent need of small quantity or low value items. Quotations need not be invited for purchase upto Rs. 15,000/-. Purchase of goods costing above Rs. 15,000/- and upto Rs. 1.00 lakh may be made on the recommendations of a duly constituted Local Purchase Committee.

B) **Single Quotation**: This process may be resorted to when the item is manufactured/prepared by one company only (i.e. the item is of proprietary in nature) or purchase of spare parts of an existing instrument or purchase of accessories of an existing instrument for better compatibility or items though manufactured by more than one company but is preferred by the indenter for better/reproducible results (like a chemical, software, etc.). In such cases quotation may be obtained directly from the identified vender or manufacturer. Proper justification should be recorded for purchases on single quotation basis, and approval of Director obtained. AMC of instruments given to the manufacturer or its authorized service providers falls under this category.

C) **Limited Tender**: This process is adopted when the purchaser has enlisted venders/manufacturers for items which are regularly used. The enlistment is made by inviting quotations through open advertisement (newspaper advt. & website notification). This method is generally adopted for execution of routine civil & electrical renovation works or purchase of office stationary items or common chemicals/glass wares, etc. This procedure is generally not adopted for purchase of instruments. Purchase under limited tender may be made upto Rs. 25.00 lakh.

D) **By Open Tender**: This method is adopted when the value of purchase exceeds Rs. 1.00 lakh or the goods cannot be purchase by limited quotation basis. This method provides transparency, competition, fairness and eliminates arbitrariness.

Here the intention to purchase an item is put in public domain (newspaper) so as to bring it to the notice of maximum no. of venders.

Steps involve with purchase of instruments are:-

1) Indenting, 2) Preparation of Technical Specifications, 3) Advertisement, 4) Bid Evaluation, 5) Issue of Purchase Order, 6) Installation/commissioning.

These subjects and related aspects are briefly discussed below:

1) **Indenting**: An officer desiring to purchase an instrument shall first raise an indent with justification of procurement indicating site of installation together with the tentative cost and obtaining approval of Director.

2) **Preparation of Technical Specifications**: A Technical Specification Committee (**TSC**) may be constituted with the approval of Director for preparing the specifications of costly instruments. In order to attract sufficient number of bidders, the TSC, as far as feasible, shall prepare broad based standard specifications which are widely known to the industry and shall certify to this effect in its recommendation. Approval of the recommendations of TSC may be obtained from Director before notification.

3) **Notification**:

i) Notification in IACS web page may be given for instruments costing below Rs. 1.00 lakh if purchase is made by inviting quotations from selected venders. Besides, the indenter shall notify the requirement to known sources of supplier by mail/letter and keep records of these,

ii) For instruments costing between Rs. 1.00 lakh and Rs. 10 lakh, advertisement may be issued in a wide circulated local daily newspaper (e.g. *The Telegraph*, Kolkata edition),

iii) Instruments costing more than Rs. 10 lakh may be advertised in a wide circulated local and national daily newspaper (e.g. *Times of India*, all editions),

iv) In all cases of newspaper advertisement, publication in *Sanmarg* (in Hindi) may also be issued to comply with the Official Language Policy of the Govt. of India as was discussed in the meeting of Hindi Implementation Committee on 22/06/2011.

4) **Two-bid Tenders**: For instruments costing more than Rs. 10.00 lakh and instruments of complex nature irrespective of cost, tenders may always be invited in two-bid system (Technical-bid & Financial-bid).

4) **Opening of Tenders**: Tenders should be opened (Technical bid in case of two-bid system) by a duly constituted Committee approved by the Director in the presence of intending bidders or their representatives. Financial bid of only those bidders shall be opened whose Technical bids are found compliant with the advertised specifications. The date, time & venue of tender opening should be mentioned in the tender document.

5) **Tender Evaluation**: Technical bids of all tenders shall be evaluated by a duly constituted Committee approved by the Director.

6) **Constitution of Committee(s)**: At the time of placing the indent, the indenter may propose different committees for – preparing Technical Specifications, Opening Technical Bids, Evaluating Technical Bids and Opening Financial Bids and, if required, negotiation with lowest bidder. The Indenter, if he feels, workable, may propose a single committee to take care of all these functions.

7) **Purchase Orders**: Purchase Orders should be issued to the selected vender. If technical bid of more than one bidder is found compliant with the tendered technical specifications, the purchase order should invariably be placed with the bidder quoted lowest price (L/1 bidder). No preference can be given to any bidder other than the L/1 bidder, even if any non-L/1 bidder offers a better instrument or for any other reason. Name of the successful bidder may be mentioned in the website.

8) **Tender Money**: Tender money is obtained from the bidders as the cost of tender document. The IACS uploads the tender specifications along with terms & conditions in website and does not sell any document physically. Hence, we may consider not to obtain any tender money from the bidders.

9) **Bid Security (EMD)**: The Earnest Money Deposit (EMD) ranging from 2% to 5% of the estimated value of the instrument is obtained from the bidders (along with technical bids) to safeguard bidders' withdrawing or altering its bids during the bids validity period. However, in case of any difficulty, the indenter may seek to waive the condition of obtaining EMD from bidders. EMD may be obtained in the form of Bank Draft/Banker's Cheque or Bank Guarantee, with validity period of 45 days beyond the bid validity period. EMD of unsuccessful

bidders are released soon after issue of purchase order to the successful bidder. EMD of successful bidder may be released after obtaining performance security.

10) **Performance Security**: Performance Security ranging from 5% to 10% of the value of the purchase order is obtained from successful bidder. Performance security may be obtained in the form of Bank Draft/Banker's Cheque or Bank Guarantee. Performance security remains valid for a period of 60 days beyond the date of completion of all contractual obligations including warranty obligations. Thereafter, the performance security may be released.

11) **Validity of Bid**: The indenter may ask a bid validity period of minimum 60 days from the closing date of tender. A longer (say 120 days) bid validity period may be insisted upon in case the time to process the tender is likely to take longer time.

12) **Negotiation**: The CVC severely discourages negotiations after bid opening. However, in some exceptional circumstances, price negotiations may be held only with the L/1 bidder.

13) **Pre-bid Conference**: To clarify issues and clearing doubts, if any, about the specifications and other allied technical details of the instrument, normally a pre-bid conference is held with the bidders on a pre-notified date & time. In case of difficulties in organizing pre-bid conference, the indenter may give his name & email address in the tender document so that the prospective bidders can obtain clarifications by email. All clarifications issued to the bidders may be uploaded with the tender document so that all other bidders can view these. These clarifications become part of the tender document.

14) **Installation and Commissioning of Instrument**: Prompt action should be taken by the indenter to install and commissioning the instrument soon after its arrival. Delay in installation and commissioning invites undue criticism from audit authority and embarrassment before the Finance Committee/Governing Council. It is highly desirable that all required infrastructural works are completed well ahead of arrival of instruments.

15) **Entry in Stock Register**: After arrival, particulars of the instrument (name of the instrument, make, model, serial no., year of manufacture, date of arrival at IACS, Challan No., Bill No., cost of the instrument, freight charge, insurance charge, date of installation, date of commissioning, place of installation, any other details regarding the instrument) should be entered in the stock register.

16) **Purchase of some specified items**: It is often noted that some items, such as 'Sigma Chemicals' are always preferred by the scientists for their purity and reliability and are purchased on single quotation basis requiring certification by the indenter on each occasion. A Committee comprising of users may be constituted to certify the list of such chemicals/other items with name of the manufacturers once at the beginning of the year. This will obviate the need of such certification on every occasion.

17) **Clarifications on Purchase Procedure**: The individual faculties may contact the Registrar if they face difficulties on any aspect of purchase.

Submitted for kind consideration please. On approval, this may be circulated amongst all concerned.

Utpal Sadhu
Registrar
04/07/2011

Director