

# National Institute of Technology Calicut

Guidelines on Procurement of Goods and Services based on General Financial Rules (GFR) 2017 and Manual for Procurement of Goods 2017

## CIRCULAR

**NO: S&P/S3/13932/GFR/2017**

**26-10-2017**

- 1. Definition Of Goods:** The term 'goods' includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spare, instruments, machinery, equipment, industrial plant, or such other intangible products like software, technology transfer, licenses, patents, etc. Purchased or otherwise acquired for the use of the Institute but excludes books, publications, periodicals, etc. for a library [**Rule 143**]. The term 'goods' also includes works and services which are incidental or consequential to the supply of such goods, such as, transportation, insurance, installation, commissioning, training and maintenance. Basic aim of procurement is (1) Right Quality (2) Right Quantity (3) Right Price (4) Right time & place (5) Right Source.
- 2. Administrative and Financial Sanctions** from the competent authority is a must to initiate any procurement activity. As per existing norms of this Institution **financial sanction has to be taken separately depending upon availability of fund during each period.** For this, the concerned department may get financial sanction for the items to be procured in each **period themselves or else required sanction will be obtained by S&P** along with tender submission from the competent authority. **Head of Account** in which the expenditure to be charged has to be identified while obtaining such sanctions. For effecting procurement in Stores & Purchase Section, a submission duly sanctioned by the competent authority along with exact specifications and performance parameters shall be furnished. The description of the subject matter of procurement to the extent practicable should be **objective, functional, generic and measurable and specify technical, qualitative** and performance characteristics and not indicate requirement for a particular trade mark, trade name or brand. The specifications in terms of quality, type, etc as also quantity of goods to be procured, should be clearly spelt out keeping in view of the specific needs of the Institute.
- 3. Procurement of energy Efficient Electrical Appliances:** Ministries/Departments while procuring electrical appliances notified by Department of Expenditure shall ensure that they carry the notified threshold or higher Star Rating of Bureau of energy Efficiency (BEE).

4. All Ministries/Departments shall prepare **Annual Procurement Plan** before the commencement of the Year and the same should also be placed on their website [**Rule 144**].
5. Purchase of goods up to the value of **Rs.25000/-** on each occasion may be made without inviting quotations or bids on the basis of a certificate<sup>1</sup> from competent authority regarding quality, specification and price [**Rule154**].
6. Purchase above **Rs.25000/- and up to Rs.2.50 Lakhs** on each occasion may be made on the recommendation<sup>2</sup> of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of Department [**Rule 155**]. Also, **quotation notice with at least '10 days' time shall be published in institute website for maintaining transparency and wide publicity as approved by the competent authority of the Institute.**
7. **Limited tender method** may be adopted for purchase of goods up to **Rs.25 Lakhs**. Copies of bidding document should be sent directly by speed post/registered post/e-mail to firms (**at least four**) which are borne in the list of registered suppliers maintained by Directorate General of Supplies and Disposal (DGS&D) [**Rule 162**], **if available**.
8. **Advertised tender** method may be adopted for purchase of goods worth **Rs.25 Lakhs** and above. Advertisement in such cases should be given on Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in), on GeM and Institute website [**Rule 161**]. **Two bid system** (Technical and Financial) may be used for purchase of high value plant, machinery etc of a complex and technical nature [**Rule 163**].
9. **Single tender** may be considered for purchase of proprietary item, in case of emergency, standardization of machinery or spare parts to be compatible with existing sets of equipment. Proprietary Article Certificate<sup>3</sup> in the prescribed format may be

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<sup>1</sup> 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.

<sup>2</sup> Certified that we.....,members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question.

<sup>3</sup> (i) The indented goods are manufactured by M/s. ....

(ii) No other make or model is acceptable for the following reasons:.....

(iii) Concurrence of finance wing to the proposal vide:.....

(iv) Approval of the competent authority vide:.....

furnished by the user department [**Rule166**]. Proprietary items shall be purchased only from a nominated manufacturer or its authorized dealers as recorded in the PAC certificate. To the extent possible, the firm may be asked to certify that the rates quoted by them are the same and not higher than those quoted with other Government, public sector or private organizations.

For proprietary items, proper proprietary certificate from the original manufacturer or company stating that M/S-X is sole distributor for India need to be produced. Please note that for many items claimed as proprietary for some dealers, other dealers or re-sellers may be available and claims may come from such firms at later date. In such cases the item cannot be considered as proprietary .In the case of proprietary items the waiving off tender requirement can be done only if the order is placed directly to the manufacturer .In case the item is supplied through dealer the tender condition cannot be waived. In such cases institute will have to tender the item for possible competition from dealer or re-sellers. Hence extreme care has to be used for proprietary items.

If there is a possibility of bidder charging price higher than the market price the firm should be asked to accept a “fall clause” undertaking that in the case it supplies or quote a lower rate to other Governments, Public or Private arrangements it would reimburse the excess.

10. **Government e-Market place (GeM):** It is mandatory for autonomous bodies to purchase items available under GeM. The HODs concerned are hereby directed to submit the required item along with the product ID and copy of the specification available in GeM portal for procuring the same. The GeM portal shall be utilized for direct on-line purchases as follows: Up to **Rs.50, 000/-** through any of the available suppliers on GeM. Above **Rs.50, 000/- and up to Rs.30,00,000/-**, through seller having lowest price amongst the available sellers, of at least three different manufacturers. Above **Rs.30,00,000/-** through online bidding/ reverse auction. [**Rule 149**]. Payment procedure on GeM is governed by OM No. F 26/4/2016 PPD, Ministry of Finance, dated 20 th September 2016.
11. **E-Publishing:** It is mandatory for all Ministries/Departments of Central Government and autonomous/statutory bodies to publish their tenders, corrigenda thereon and details of bid awards on the Central Public Procurement Portal (CPPP) [**Rule159**].
12. **E-Procurement:** E-Procurement is mandatory for Ministries/ Departments /Autonomous bodies in procuring Goods and Services. In this system, all bids have to be routed through e-procurement portals at '<https://etenders.gov.in/eprocure/app>'. Since

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(Signature with date and designation of the indenting officer)

our Institute is having large volume of procurement, e-procurement is being done with the help of National Informatics Centre (NIC) for all items with an estimated value above Rs.**2.5 lakhs**. NITC shall post the complete bidding document on CPPP to enable prospective bidders for bidding purpose. The direct link of the tender shall also be provided in institute website [**Rule 160**].

13. When the requirement for an item is finalized for initiating the bidding process, ensure that all important specifications are **fairly generic** and **listed in serial numbers without any ambiguity**. Also the currency for price comparison may be mentioned in the tender documents.
14. The process of purchase through quotations managed by the department and Institute limited tenders are grossly the same. **Hence all general guidelines for procurement are to be strictly followed**. Kindly give **wide publicity** to the bidding process among prospective bidders once the items are floated in the Institute website. This will help to get at least four bids for each item.
15. In order to minimize the paper work, both at our side as well as at supplier's end, **usually a few identical items may be bundled together**. However, the bidders are at their liberty to quote for just one or more item or all items in the bundle. Appropriate Earnest Money Deposit (EMD) or exemption certificate corresponding to the net quoted price is to be included in the bid to be considered as valid. EMD may be collected in the prevailing rate of 2% of the quoted value of the item [**Rule 170**].
16. In order to promote wider participation and ease of bidding, **no cost of tender documents** shall be charged for the tender [**Rule 161**].
17. As per the financial power enhancement approved by the 21<sup>st</sup> BOG meeting of the Institute, HODs have been given financial power up to **Rs.75000/-** on each occasion of purchase provided a prior administrative approval from the Director is obtained. Hence, all purchases up to Rs.75000/- have to be done at the departmental level. It means that the departments will have the freedom to invite quotations, make comparative statement, get recommendation from the purchase committee, and place purchase order to the chosen suppliers. In case the department wants to get the opinion of the internal audit officer (IAO) of the institute, the purchase file can be directly sent to him for recording his comments.
18. All the quotations are to be addressed to **“Director, NIT Calicut”** and delivered to the “Stores and Purchase Section (S&P)” from the dispatch section of the Institute. The quotations that are addressed to the Department Head or any other person/authority is

ipso-facto an INVALID QUOTATION. Department should not accept such quotations directly. If accepted by mistake, concerned HOD must ensure that such offers are immediately handed over to the Director and got routed to S&P Section before the last date of receipt.

19. Quotations corresponding to items initiated at S&P will be opened exactly on the date and time mentioned for it, at the S&P Section. Kindly note that the presence of departmental Purchase coordinator or his/her substitute is mandatory during the opening.

After mandatory processing in S&P Section, opened quotations will be sent to the concerned department for the preparation of comparative statement and subsequent recommendation by the Department Purchase Committee and HOD. It may be noted that if more than one item is present in the quotation under consideration (with the same reference number), comparative statement has to be prepared separately for each item. While preparing the statement, the first column should indicate the specification asked for, with serial numbers. Bidder's responses to such specification are to be given very clearly and whether it meets our requirement or not have to be indicated.

In case of e-Procurement, Bill of Quantity (BOQ) generated by e-Procurement portal shall be forwarded to the Department Purchase Committee and HOD for manual evaluation.

20. Care must be taken not to include the bids which are submitted without paying the EMD. However, bids with valid certificates of exemption from EMD from National Small Industries Corporation (NSIC) have to be considered for evaluation.
21. In case the lowest bid (L1) does not meet all the critical specification, it can be rejected. However, great care has to be exercised while doing so. Valid reasons for such rejection, with details pertaining to non-compliance of important specification by quoting our requirements and supplier's specifications, must be given in the recommendation at the end of comparison statement. Also, such details are to be recorded in the "Note File" which comes along with the tender documents. Casual statements like "Not specified", "Not complied", "OK" etc. are to be avoided. Instead, what exactly is asked for, what bidders have given and importance/drawback of deviation are to be written. The Faculty who initiated the purchase/ departmental Purchase coordinator/ Department purchase committee members/ Head of the Department should sign in the comparative statement and in the "Note File" after giving proper recommendations. Such tenders, which are rejected prima-facie due to strong reasons, need not be included for the comparison purpose. But the reasons for such rejection have to be clearly specified in the statement and "note file". **Among the tenders included for comparison, as far as, possible lowest bid has to be selected.**

In case L1 or higher does not satisfy some important requirements, L2 or higher can be chosen but with very strong recommendation so as to the rationale **behind** such selection.

**Recommendation of the Purchase Committee should also specify the model number (if applicable) selected for procurement and whether the price quoted by the chosen supplier is reasonable with respect to the prevailing market rate.** An offer cannot be recommended based on whether it satisfies all requirements alone. The price of the item has to be reasonable as compared to similar products available for the purpose. This is very important and has to be explicitly mentioned in the recommendation. As per CVC circular number 1/1/2010 dated 20.01.2010 it is clarified that there should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances this can be with L1 (Lowest tenderer) only if the tender pertains to the award of work/supply order etc. Such exceptional situation would include procurement of proprietary items also (Circular no 4/3/2007 dated 3<sup>rd</sup> March 2007. The justification and details of such negotiations should be duly recorded and documented without any loss of time.

22. Comparative statement has to be prepared by adopting the **same currency for price comparison**. In case one firm has quoted in a currency other than rupee, proper conversion has to be applied by adopting the exchange rate available on the day of bid opening or as specified by the firm. The currency in the offer to be quoted should be explicitly mentioned in the tender document.
23. Recommendation has to specify the total money to be paid to the supplier for the units being procured including GST and other charges. However, this will be verified by the S&P Section for strict compliance before issuing the purchase order Address of the supplier to whom purchase order to be placed, model No. of the item (if applicable), quantity required, and the total price are to be included in it. This has to be signed by the Purchase Coordinator of the department and the HOD. A covering letter has to be sent to S&P through HOD with the comparative statement which reproduces the recommendation given for the procurement in the comparative statement along with additional details, if any.

Rejection of all bids is justified when-

- a) Effective competition is lacking
- b) All bids and proposal are not substantially responsive to the requirement of the Procurement Documents.

- c) The Bids/Proposals prices are substantially higher than the updated cost estimate or available budget; or
- d) None of the technical Proposals meets the minimum technical qualifying score.

Lack of competition in Rule 173 (xix) shall not be determined solely on the basis of the number of Bidders. Even when only one bid is submitted, the process may be considered valid provided conditions are satisfied:-

- a) The procurement was satisfactorily advertised and sufficient time was given for submission of bids.
- b) The qualification criteria were not unduly restricted ; and
- c) Prices are reasonable in comparison to market values.

24. As a matter of purchase policy Institute shall not give **advance payment to any suppliers within India or abroad**. Also, Institute will not take any liability to pay interest for **delayed payment**.

25. In case of items which are to be imported, the tenderers are supposed to quote specifically for that in the foreign currency. The institute will be placing order directly on the manufacturer abroad with a copy to the Indian dealer. **For such procurements payment will be made by 100% Letter of Credit (LC) or 100% Telegraphic Transfer (TT) after installation at NIT Calicut**. Letter of Credit are guarantees issued by a buyer's bank in favour of the supplier, guaranteeing that payments will be made against documents listed in the Letter of Credit, inter alia evidencing completion of supplies/services/stages of progress of work before delivery dates specified in the Letter of credit and subject to the conditions as specified therein. If the prices are on CIF Cochin basis (CIF-Cost, Insurance and Freight) the seller initially bears the cost of freight and insurance, both of which will ultimately be paid by the buyer as part of the seller's total selling price. The insurance policy has to be assigned to the buyer, as the buyer has to bear all the risks from time to time the goods are "on board the vessel" at the loading point. In the case of **CIP** i.e. Carriage and insurance paid upto the named place of destination the risks pass to the buyer after the goods have been delivered at the destination. All other International Commercial Terms (INCOTERM) are not applicable to the institution. CIF incoterm can be used with port to port sea transportation whereas CIP incoterm can be used with any mode of transport including Sea, Land, Rail and multimodal transportation. **Our institute is having registration with Department of Scientific and Industrial Research (DSIR) and thus having customs duty exemption with concessional rates**. As such the quotes may be made by availing this exemption as far as possible. Customs duty exemption and essentiality certificate will be provided while making payment in Indian currency for imported

items. All Imports will be directly dealt by the Institution if the price is quoted in the foreign currency with an instruction to place the order on the Manufacturer abroad. As per the extant rules, **Bill of Entry has to be filed within 48 hrs of the arrival of the item for which Technical Write up from the Head of Department (HOD) is essential. In order to avoid demurrage charges for the belated filing of Bill of Entry, the concerned department is hereby directed to furnish the same along with comparative statement. The supplier has to intimate details of waybill and invoice at the time of generation itself, failing which fine/penalty charges if any due to the belated filing of bill of entry has to be borne by the supplier itself and this institute is not at all responsible.**

26. **Indian Agent:** - In a tender either Indian Agent on behalf of the Principal/Original Equipment Manufacturer (OEM) itself can bid but both cannot bid simultaneously for the same items/product in the same tender. Moreover, if an agent submits bids on behalf of the principal/OEM the same agent shall not submit a bid on behalf of another principal/OEM in the same tender for the same item/product.(Central Vigilance Commission circular 3/01/2012 dated 13.01.2012.
27. In case a particular item needs to be re-tendered, suitable changes are to be made in the specifications given in the first tender notice for attracting more participation and competition if possible. If a particular company who responded to the first bid wishes to participate in the re- tender process, shall submit a fresh bid. However, they need not pay the EMD again if there is no change in the quoted price as compared to the first bid and the first EMD is not returned to the bidder by that time. However, it is advisable to verify the status of first EMD before the submission of re-tender. If an offer that meets the required specifications is received at a reasonable price, it can be purchased subject to satisfactory completion of the required procedure.
28. Institute cannot accept any clarification or any other documents from the bidders, other than the tender documents submitted, after opening the bids. Any type of communications by the department/officers with the bidders in any form is against the guidelines issued by Central Vigilance Commission (CVC).
29. Once the item is delivered by the supplier to the respective department, HOD /Purchase coordinator has to take immediate steps to contact the supplier if installation and commissioning is required. Stock entry has to be made immediately after the successful installation, the original bill with a duplicate copy, a copy of the purchase order and installation report has to be submitted along with a cover letter to the S&P Section for the release of payment to the supplier. **As far as possible, this process has to be completed within a week of receiving the item.** For any delay caused by the supplier



in installation and commissioning of the equipment beyond one week, a liquidated damage at the rate of 0.5% per week (of the net cost of item) will be deducted from the payment to be made to supplier subject to a maximum of 5% of the product cost.

30. **Buy back** :Buy back offer may be considered in order to maintain inventory control and to avoid piling up of unserviceable /scrap item (Rule 176)
31. **Performance Security**:-To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Security should be for an amount of five percent of the value of the contract as specified in the contract. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects. Under no circumstances bank guarantee from Co-operative banks should be accepted. Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations. Bid Security should be refunded to the successful bidder on receipt of Performance Security [Rule 171].
32. Department purchase committee members and other faculty members who initiate purchase are requested to get familiar with the provisions available in General Financial Rules (GFR) 2017 and its subsequent amendments and CVC guidelines available from the following links.

[http://mof.gov.in/the\\_ministry/dept\\_expenditure/GFRS/GFR2017.pdf](http://mof.gov.in/the_ministry/dept_expenditure/GFRS/GFR2017.pdf)

<http://doe.gov.in/order-circular/GENERAL%20FINANCIAL%20RULES>

[http://cvc.nic.in/proc\\_works.htm](http://cvc.nic.in/proc_works.htm)

[http://doe.gov.in/sites/default/files/Manual%20for%20Procurement%20of%20Goods%202017\\_0\\_0.pdf](http://doe.gov.in/sites/default/files/Manual%20for%20Procurement%20of%20Goods%202017_0_0.pdf)

**This has the approval from the competent authority on 25<sup>th</sup> October 2017**

**sd/-  
Registrar**

