

Uttarakhand Decentralized Watershed Development II Project

Project Procurement Manual



CONTENTS

ITEMS	DESCRIPTION	PAGE NO
	Preface	iv-v
Chapter – 1	About the project	1-2
Chapter – 2	Procurement Principles & Value Thresholds	3-10
Chapter – 3	Procurement of Goods and Civil Works	11-18
Chapter – 4	Important Aspects of Procurement	19-32
Chapter – 5	Procurement of Services	33-41
Chapter – 6	Procurement Administration and Management	42-43
Chapter – 7	Review of Procurement Decisions by the Bank	44-45
Chapter – 8	Audit Arrangements	46-65
Chapter – 9	Annexes	66- 93

List of Acronyms

AAP	Annual Action Plan
AG	Accountant General
AMC	Annual Maintenance Contract
BC	Backward Class
BOQ	Bill of Quantities
CA	Competent Authority/ Chartered Accountant
CAAA	Controller of Aid Accounts and Audit
C & AG	Comptroller and Auditor General of India
CPD	Chief Project Director
CIGs	Common Interest Groups
CSS	Centrally Sponsored Scheme
DCA	Development Credit Agreement
DDO	Drawing Disbursement Officer
DEA	Department of Economic Affairs
DPD	Deputy Project Director
DEA	Department of Economic Affairs
DGS& D	Director General of Supplies & Disposals
FNGO	Field Non Government Organisation
FMR	Financial Management Report
FMS	Financial Management System
FRC	Financial Review Consultants
GoUK	Government of Uttarakhand
GP	Gram Panchayat
GPWDP	Gram Panchayat Watershed Development Project
IBRD	International Bank for Reconstruction & Development
IDA	International Development Agency
IWDP	Integrated Watershed Development Project
INR	Indian National Rupee
ITB	Instructions to Bidders
ITC	Instructions to Consultants

LIB	Limited International Bidding
LOI	Letter of Invitation/Letter of Intent
MOU	Memorandum of Understanding
NCB	National Competitive Bidding
NGO	Non-Government Organisations
NS	National Shopping
PA	Project Agreement
PD	Project Director
PC	Procurement Sub-Committee
PMU	Project Monitoring Unit
PNGO	Partner Non Governmental Organization
PO	Procurement Order
PRI	Panchayat Raj Institutions
PUO	Project Unit Office
PIP	Project Implementation Plan
QCBS	Quality and Cost Based Selection
RVC	Revenue Village Committee
SG	State Government
SHG	Self Help Groups
SSC	State steering Committee
ST/ SC	Scheduled Tribe / Scheduled Caste
TOR	Terms Of Reference
UDWDP	Uttarakhand Decentralised Watershed Development Project
WDP	Watershed Development Plan
WWMC	Water & Watershed Management Committee
WMD	Watershed Management Directorate

PREFACE

The “**Procurement Manual**” is prepared to guide the procurement officials directly involved in the procurement activities, by providing the essential information and brief step-by-step procedures for procurement of goods, works and services. It also intends to help in understanding the principles of good procurement practices and to achieve uniformity in procurement processes followed under the project. Procurement is a critical element in project implementation and unless carried out efficiently and promptly, the full benefit of the project cannot be realised. Though good procurement practices alone cannot assure that the Bank-assisted projects will achieve the developmental goals but they definitely enhance the development effectiveness. Poor procurement practices, however, on their part virtually guarantee that these goals will not be fully achieved as it leads to project delays, cost over runs, and complaints by bidders also effects the credibility of the project implementers.

The Procurement Manual is only a guideline document and the procurement of all goods, works and services under UDWDP- II project will be carried out in accordance with the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services, Under IBRD Loans and IDA Credits" dated January 2011, and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 and the agreed procedures described in the Legal Agreements. In event of any discrepancies, the World Bank guideline as stated above will supersede the Procurement Manual.

The Manual shall be a reference tool for the project implementation by the stakeholders, project authorities, related agencies, Contractors and Suppliers for procurement of goods, works and services. The guidelines and procedures for procurement of goods, works and services are however, subject to modification with the approval of the World Bank and Govt. of Uttarakhand in case of any peculiar circumstances and where situation so warrants.

The Procurement Committee also has to keep in mind the CAG Audit, which follows the Uttarakhand Procurement Rules 2008. Hence, the Manual has added a chapter on the Government of Uttarakhand Audit Checklist relating to procurement, which has been most commonly pointed out in the earlier projects. The procurement officials are well advised to persue through the chapter on audit. The Manual does confer many powers to the procurement officials, the rights and obligations of the purchaser and the Supplier/contractor of goods and works will be governed by the tender documents and by the contracts signed by the purchaser with the Supplier/contractor and not by the guidelines stated in this document.

CHAPTER 1

UTTARAKHAND DECENTRALIZED WATERSHED DEVELOPEMENT PROJECT - II

1.1 THE PROJECT

The proposed UDWDP II /Gramya would treat a total area of about 400,000 ha in the Mid-Himalayan region ranging from 700m to 2,500 m above sea level. About 509 GPs belonging to 82 MWS in 18 Developmental blocks would benefit from the project. the project would consolidate the participatory watershed development model by scaling up key developmental activities implemented by SLEM and drawing lessons from Gramya -I as well as other Livelihood development projects in India.

1.2 UDWDP- II OBJECTIVES

To increase the efficiency of natural resource use and productivity of rain-fed agriculture by participating communities in selected micro-watersheds of the State of Uttarakhand.

1.3 PROJECT COMPONENTS

The proposed Gramya II would focus on micro watershed treatment of 220,000 ha of nonarable lands, which would enhance agricultural productivity on 40,000 ha of adjacent arable land. Four core principles guide the proposed Gramya II: (a) the Project would promote bottom up preparation, implementation, and monitoring of GPWDPs, which would build GP institutional capacity and develop community-based organizations; (b) microwatershed planning covers the entire landscape from mountain ridge to valley floor, including arable and non-arable lands, reserve forests and inter-GP areas; (c) watershed treatment is an integral part of rainfed agricultural development, as it supports increased productivity of rainfed crops by enhancing insitu water efficiency and natural resource conservation; and (d) watershed treatment brings new areas under irrigation and improves water availability and efficiency for currently-irrigated areas, where the Project would support cultivation of high-value vegetable crops. The proposed Project

has four components: (a) Social Mobilization and Participatory Watershed Planning; (b) Watershed Treatment and Rainfed Area Development; (c) Enhanced Livelihood Opportunities; (d) Knowledge Management and Project Coordination.

Component 1: Social Mobilization and Participatory Watershed Planning (US\$30.0 million, of which IDA US\$13.9 million) would finance goods, works and services to support: (a) mobilization of GPs in order to prepare integrated and coordinated GPWDPs including, *inter alia*, the identification of specific interventions to increase effective land use and water resource management and develop agriculture and income-generation activities; and (ii) development of watershed treatment plans to guide the preparation and implementation of GPWDPs.

Component 2: Watershed Treatment and Rainfed Area Development (US\$90.3 million, of which IDA US\$72.3 million) would finance subprojects and associated goods, works and services to support the implementation of the GPWDPs through: (a) the carrying out of watershed treatment activities including, *inter alia*: (i) the construction and rehabilitation of check dams, ponds, irrigation channels and tanks, and roof water harvesting structures; (ii) the reparation of agriculture terraces and vegetative field boundaries; and (iii) the rehabilitation of bridle paths, small bridges and culverts; and (b) the carrying out water source sustainability activities including, *inter alia*: (i) the construction and/or rehabilitation of soil conservation structures; (ii) the border plantation of grasses; and (iii) the carrying out of forestry activities; and (iv) the promotion of alternative energy source practices. The component would also support the provision of improved seeds and promote innovative agronomic technologies in rainfed and irrigated areas. The component has two sub-components: (a) Watershed Treatment and Water Source Sustainability; and (b) Rainfed Agriculture Development.

Sub-component 2a - Watershed Treatment and Water Source Sustainability (US\$78.5 million, of which IDA US\$62.8 million) - would increase the efficient use of natural resources on about 220,000 ha of non-arable land and expand irrigation to about 7,800 ha of arable rainfed land in the targeted GPs. The subcomponent would

finance watershed treatment activities of GPs through their GPWDPs, as described above, and water source sustainability, through the following activities: (a) construction and rehabilitation of recharge pits, ponds, vegetative structures and other soil conservation structures; (b) perimeter rehabilitation with Napier and other grasses; (c) forestry activities (e.g., plantations and nursery development); and (d) promotion of alternate energy sources (e.g., biogas plants, solar cookers, water mills, and pine briquette production).

Sub-component 2b - Rainfed Area Development (US\$11.8 million, of which IDA US\$9.5 million) - would support both rainfed and irrigated areas by providing improved seeds and demonstrating new technologies developed by universities and research institutions. In the rainfed areas, the improved seeds would promote rainwater conservation, climate-smart agricultural practices, and on-farm integrated crop management. In the irrigated areas, the project would promote diversification to high-value off-season vegetable crops, adoption of innovative agronomic practices, establishment of greenhouses and tunnels, productivity enhancement of irrigated maize, wheat and other crops, and production of bio-fertilizers and vermi-compost. The Project would also provide support in the horticulture and livestock sectors, including new orchard development, orchard rehabilitation, fodder production, and livestock genetic upgrading. Implementation of the technical support packages would be led by the GoUK Water Management Directorate (WMD), in coordination with the State Departments of Forestry, Agriculture, and Livestock.

Component 3: Enhancing Livelihood Opportunities (US\$18.7 million, of which IDA US\$14.9 million) would finance subprojects and associated goods, works and services to FFs to develop agribusinesses in high-value crops including, *inter alia*: (a) the formation and capacity building of FIGs and their consolidation into FFs; and (b) the development of agribusiness plans and marketing strategies. The Component would also provide support to Vulnerable Groups, through GPs, to finance income-generating microenterprise activities and provide training to Vulnerable Groups to promote their entrepreneurial development. Finally, the component would provide support to FFs to strengthen their business planning and management capacities as

sustainable producer businesses. Component 3 has three sub-components: (a) Agribusiness Support; (b) Support for Vulnerable Groups, and (c) Consolidation of Gramya I activities.

Sub-component 3a - Agribusiness Support (US\$9.1 million, of which IDA US\$7.2 million) - would facilitate agribusiness development in high-value vegetable crops for targeted farmers. The support would include: (a) formation of FIGs and their FFs, building on project supported water user groups and others; (b) building capacity of FIGs and FFs in business planning and supply chain development, including input supply (e.g., quality seed production) and value addition (e.g., setting up collection and processing centers); and (c) providing market oriented extension services and marketing support, including market intelligence and brand creation. Agribusiness support would be provided by local NGOs.

Sub-component 3b - Support for Vulnerable Groups (US\$7.2 million, of which IDA US\$5.8 million)- would finance entrepreneurial activities for Vulnerable Groups in the targeted GPs, including landless, vulnerable women, and transhumance, who will not directly benefit from the major project investments under Component 2. The Project has a dedicated transhumant action plan, which will have an emphasis on livestock support.

Sub-component 3c - Consolidation of Gramya I activities (US\$2.4 million, of which IDA US\$1.9 million) - would repair the damaged assets created in Gramya I and strengthen the business planning and management capacity of 27 FFs formed under Gramya I to develop them as sustainable producer businesses. The support for agribusiness development will be provided by local NGOs.

Component 4: Knowledge Management and Project Coordination (US\$31.0 million, of which IDA US\$20.1 million) would finance goods, works, services and incremental operating costs to support the strengthening of the institutional capacity and knowledge management of the Project Implementing Entity, GPs and FFs for the implementation and management of the Project including, *inter alia*, the provision of

support for setting up a participatory watershed development knowledge hub. The Component would also support the management of project implementation including *inter alia* monitoring and evaluation through an ICT-based monitoring information system and social accountability and grievance redress mechanisms. Finally, the Component would finance the management of Project implementation including *inter alia* facilitation and coordination of project activities by WMD. The Component has two sub-components: (a) Knowledge Management; and (b) Project Coordination.

Sub-component 4a - Knowledge Management (US\$11.7 million, of which IDA US\$9.3 million)- would finance the strengthening of the institutional capacity and knowledge management of the Project Implementing Entity, GPs and FFs for the implementation and management of the Project through, *inter alia*: (a) training and dissemination activities for targeted local institutions (e.g., GPs, VPs, water user groups, and FIGs), state-level stakeholders (e.g., NGOs, universities, and research institutions), and the Govt-supported programs, such as the IWMP and the MGNREGA; (b) the establishment of a Center of Excellence in Watershed Development to serve as a knowledge hub of participatory watershed development, natural resource conservation, rainfed agricultural development, and agribusiness development; (c) information and educational exchanges among and between the various Gramya II stakeholders; (d) project supervision through an ICT-based management information system (MIS) to effectively monitor project activities; (e) hydrology monitoring stations to build a comprehensive dataset at the micro watershed level; and (f) social accountability at the GP and VP levels through participatory monitoring exercises (PMEs), social audits and grievance redress mechanisms.

Sub-component 4b - Project Coordination (US\$19.3 million, of which IDA US\$10.8 million) - would finance the management and supervision of Project implementation including: (a) incremental expenditures incurred by the Project Implementing Entity for Project implementation, management and supervision; (b) financial management and annual internal and external audits; (c) incremental contractual staff salaries

(other than consultants), excluding salaries of civil servants deputed to the Project; and **(d)** dissemination of Project-related information.

CHAPTER 2

PROCUREMENT PRINCIPLES & VALUE THRESHOLD

PROCUREMENT PRINCIPLE

The 10 guiding principles which govern the administration of public procurement are:-

1. **Accountability:** - Accountability means that governments, public and various other agencies acting on their behalf must be accountable for the correct and complete execution of their tasks and duties and accept responsibility for the decisions and actions being made as a Procurement Officer.
2. **Competition :-** Procurement should be carried out by competition unless there are convincing reasons to the contrary:
3. **Consistency:-** Suppliers should, all things being equal, be able to expect the same general procurement policy across the public sector.
4. **Effectiveness:-** Public bodies should meet the commercial, regulatory and socio-economic goals of government in a balanced manner appropriate to the procurement requirement;
5. **Efficiency:-** Procurement processes should be carried out as cost effectively as possible;
6. **Fair-dealing:-** Suppliers should be treated fairly and without any discrimination, including protection of commercial confidentiality where required. Public bodies should not impose unnecessary burdens or constraints on supplies or potential suppliers.
7. **Integrity:-** There should be no corruption or collusion with suppliers or others; Integrity means that the procurement processes are honest and in compliance with the respective laws, so that to ensure that the best available, most suitable technical expertise is employed in a non-discriminatory manner.
8. **Informed decision-making:-** Public bodies need to take decisions based on accurate information and to monitor requirements to ensure that they are being met;

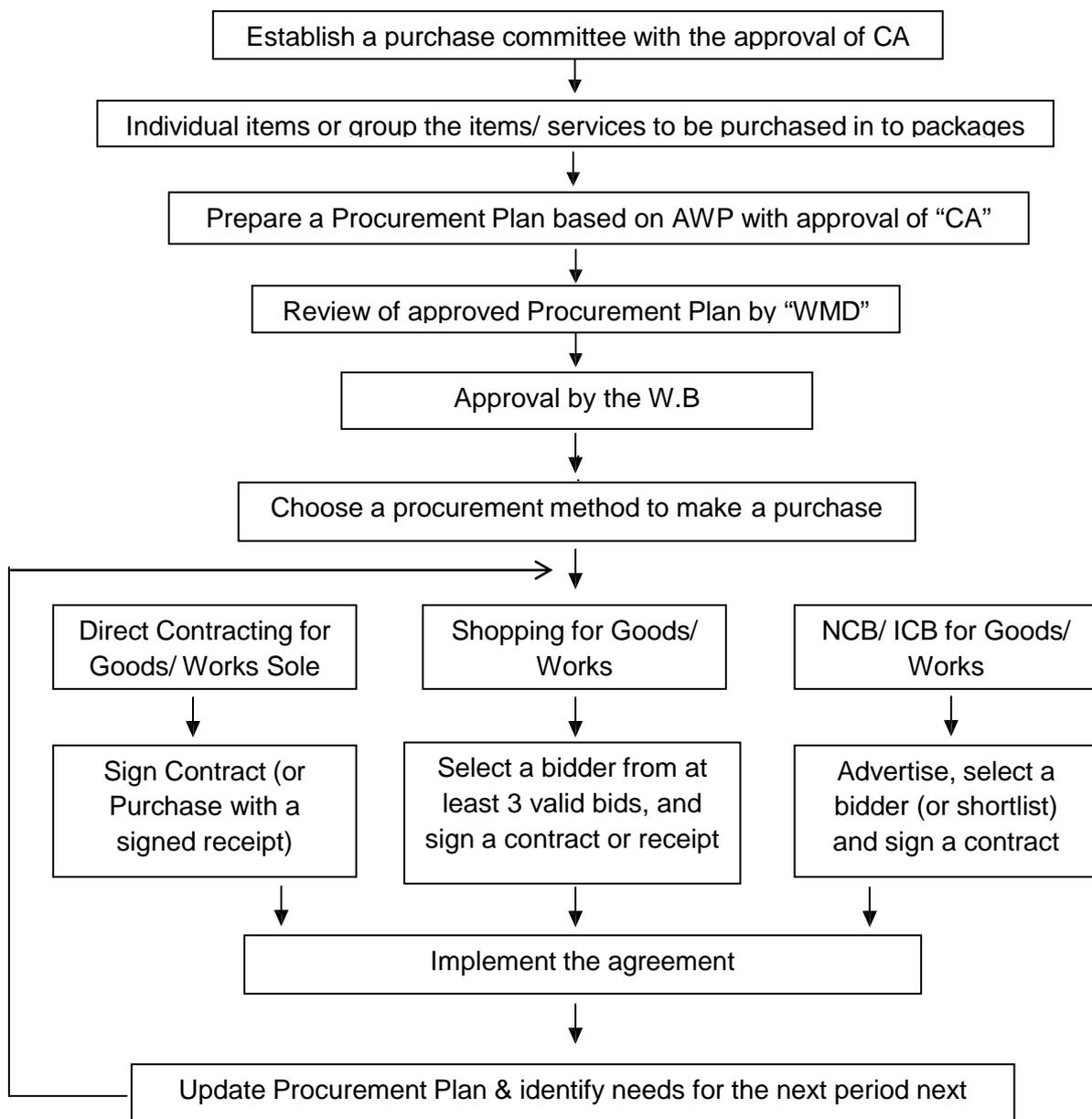
9. Responsiveness:-Public bodies should endeavor to make such procurements which serve the aspirations, expectations and need of the community

10. Transparency:-Transparency means that laws, regulations, institutions, processes, plans and decisions are made accessible to the public at large or at least to public “representatives” so that processes and decisions can be monitored, reviewed, commented upon and influenced by the stakeholders, and decision makers can be held accountable for them

PROCUREMENT PROCEDURES

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

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



Note: CA- Competent Authority

2.2 PROCUREMENT PLAN

The Preparation of a realistic Procurement Plan is critical for its successful monitoring and implementation. The Plan should ideally contain informations regarding:

- (i) A brief description of consulting services/ goods and works required for the project for which invitations for proposals are to be issued during the period.
- (ii) The proposed method of selection/ procurement as permitted under the Loan Agreement.
- (iii) The Bank review requirements and thresholds
- (iv) The time schedule for key selection/ procurement activities, and other information that the Bank may reasonably require.

The WMD shall prepare a preliminary tentative Procurement Plan, for the entire scope of the project. However, a detailed and comprehensive procurement plan including all contracts for which procurement action is to take place in the first 18 months of project implementation, will be submitted before the Loan negotiations. Thereafter, Annual procurement plans shall be prepared at the beginning of each year to reflect the actual project implementation needs for that year and shall be reviewed and agreed by the Bank. The procurement plan will be updated in agreement with the Bank, as and when required, to reflect the actual project implementation needs and improvements in institutional capacity.

The procurement plans should cover goods, works, Non consultancy and consultancy services for the project period.

(Format for developing Procurement Plan for Goods/Works/Services is attached as Annex II.)

2.3 VALUE THRESHOLD

At the community level, the GPs will procure goods, works and services using the procedures and forms prescribed in the Community Procurement Manual. The MDTs of the Project will be the key facilitators and would provide project

related information to the GPs and the communities. They will also facilitate planning and give technical guidance and supervision during implementation.

2.4.1 PROCUREMENT AT WMD

Procurement at WMD will consist of:

- (i) Works (construction of small work such as the renovation/repair/construction of staff quarters, office buildings, etc, at various levels;
- (ii) Goods (office equipment such as computers, furniture, supplies, vehicles, communications equipment, etc);
- (iii) Consultant services and NGOs that support the project components;
- (iv) PNGOs and FNGOs; and
- (v) The employment of agencies to conduct independent monitoring and review of project progress and achievements.

WORKS

a) Procedures:

No contract is expected to exceed US\$ 500,000 equivalent, and the work is therefore not amenable for packaging into a large contract. Hence no ICB is foreseen.

All contracts estimated to cost above US\$ 100,000 equivalent shall be procured through NCB in accordance to the provisions of the World Bank's "Guidelines on: Procurement of Goods, Works and Non-Consulting Services, Under IBRD Loans and IDA Credits" dated January 2011, and using the India specific Standard Bidding Documents (SBDs). Contracts estimated to cost below US\$ 50,000 equivalent may be procured through Shopping.

b) Review:

All contracts estimated to cost above US\$ 5 million shall be subject to the World Bank's prior review.

GOODS

a) Procedures:

- i. **ICB:** All other contracts estimated to cost more than US\$ 300,000 equivalent shall be procured through ICB procedures. Domestic preference will be available in ICB.
- ii. **NCB:** Contracts estimated to cost more than US\$ 100,000 equivalent but less than the US\$ 300,000 equivalent per contract would be following NCB procedures as defined in the Guidelines.
- iii. **Shopping:** Goods (including vehicles) estimated to cost less than US\$ 100,000 equivalent per contract would be procured using Shopping procedures in accordance with paragraphs 3.5 and 3.6 of the guidelines.
- iv. **Direct Purchase:** Proprietary items estimated to cost below US\$ 20,000 equivalent may be procured through direct purchase in accordance with paragraph 3.7 of the guidelines.

b) Review:

All ICB procurement will require the Banks prior review, and all procurement contracts that exceed the threshold value will be subject to Prior Review.

Training and Consultancies services

Training and consultancy services includes the hiring of PNGOs, FNGOs, other NGOs, government institutions, training institutions, individual consultants and firms. About 60 percent of training expenditures would be for the training and capacity building of GPs and User Groups. Remaining 40 percents of training expenditures would be for the training of WMD staff and facilitators.

a) Procedures:

Consultancies and studies would be contracted by WMD on Terms and Conditions which are in accordance with IDA Guidelines for the use of Consultants "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011. Unless otherwise stated, technical assistance and consultancy services would be procured using QCBS procedures. For contracts with consulting firms/institutions/NGO's valued below US\$200,000 equivalent per contract, procurements may either follow QCBS, or methods base

on consultant's qualifications or Single Source Selection – depending upon the appropriateness of the procedures relevant to the requirements.

For individual consultants, this threshold would be US\$ 25,000 equivalent per contract. The Standard Request for Proposals and Conditions of Contract would be used for all contracts.

For consultancies estimated to cost US\$ 800,000 equivalent or less, the shortlist may comprise entirely national consultants.

The WMD will hire the services of PNGOs and FNGOs. PNGOs will be responsible for implementing the projects in two-four districts on behalf of WMD and in the same manner as would be done by DPDs and MDTs (except for financial transfers to GPs). FNGOs would be hired to provide community mobilizers who will be placed in MDTs and will be part of those teams. Both the PNGOs and FNGOs would be hired for the project duration, but with a contractual provision that allows review of performance on an annual basis, and continuation of the contract based on meeting predetermined performance criteria. Though each of these contracts are expected to cost a total of US\$1 million equivalent, the shortlist would comprise entirely of national NGOs.

b) Review

- i. **Firms/NGOs** : (a) Contract of value of more than US\$ 200,000 equivalent – Full Prior Review; and (b) Contracts of value between US\$ 50,000 and US\$ 200,000 equivalent only TORs and Shortlists to be Prior Reviewed.
- ii. **Individuals**: Contracts of value of more than US\$ 25,000 equivalent – prior review.

For critical assignments whose estimated cost is less than the prior review threshold, the generic TORs and shortlist for may be first submitted to the World Bank for its review and clearance.

Thresholds for Procurement Methods and Prior Review

Thresholds give various value cut-offs for using different methods. These thresholds are subject to periodic review and revision as needed during project implementation based on forthcoming actions and client capacity.

Project Procurement Manual

Expenditure Category	Contract Value Threshold (US\$ Thousands)	Procurement Method	Review procedure by World Bank
Works	Works estimated to cost more than US \$ 40 million	International Competitive Bidding (ICB)	All contracts prior review by the World Bank
Works and Non-Consulting Services	works estimated to cost more than US\$ 100,000 and less than or equal to US\$ 40 million	National Competitive Bidding (NCB)	Prior review by the Bank - first two contract regardless of value and all subsequent contracts costing more than US\$ 5 million. All other contracts will be post reviewed
	works estimated to cost equivalent of US\$ 100,000 or less	Shopping (at least three quotations from qualified Contractors)	Post review only
Goods/equipments/machines/furniture/vehicles/proprietary products (seeds, saplings, livestock etc.)	Contracts estimated to cost more than or equal to US\$ 300,000	International Competitive Bidding (ICB)	Prior review by the Bank – first two contracts regardless of value and all subsequent contract costing more than US\$ 500,000
	contracts estimated to cost more than USD 100,000 and less than US\$ 300,000	National Competitive Bidding (NCB)	Prior review by the Bank – first two contracts regardless of value and all subsequent contracts will be post reviewed.
	Less than US\$100,000 equivalent	Shopping (at least three quotations from qualified suppliers)	Post review only
	Proprietary times <US\$20,000 equivalent	Direct Contracting (supported by justifications)	Post review only
Services	more than US\$ 200,000	Quality and Cost Based Selection (QCBS)	Prior review by the Bank for first each contract and all subsequent contracts valued above US\$ 200,000. All others will be post reviewed
	Less than US\$ 200,000 or equivalent	Quality and Cost Based Selection (QCBS)/Consultant Qualification (CQS)/Least Cost Selection (LCS)/single source. Shortlist may comprise entirely of national consultants.	
	Less than US\$ 25,000 equivalent	Individual Consultant	

CHAPTER 3

PROCUREMENT OF GOODS AND WORKS

3.1 MODES OF PROCUREMENT

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

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

3.1.1 INTERNATIONAL COMPETITIVE BIDDING (ICB)

This method is generally adopted where supplies cannot be met from indigenous sources and need import, and/ or foreign firms are expected to participate (irrespective of the value) and bring more competition. However, in UDWDP II, no contract is expected to exceed US \$ 500,000 or equivalent and the works cannot be packaged in to large contract. Hence, No ICB is foreseen in this project.

REQUIREMENTS TO BE FOLLOWED

- Invitation of bids (IFBs) for ICBs shall be published in daily national newspaper with wide circulation all over the country, at least in one English and one regional language daily.
- Apart from wide publicity nationally, advertisement for invitation of bids (IFBs) shall be published in United Nation's Development Business (UNDB) and DG Market online and project website.
- Use of standard World Bank Bid Documents.
- Sale of bid documents should start only after publication of invitation of bids in newspapers and UNDB/DG Market.
- Bidding period shall be 45 to 90 days from the start of the sale of the bid documents.

- Domestic preference shall be allowed to domestic bidders with respect to foreign bidders as mentioned in the bid documents.
- Other procedures for ICB will broadly be same as that of open advertised tender in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint redressal etc.
- It is mandatory that procedures agreed with World Bank be followed for bidding, evaluation or bids, selection, award of contracts and contract management for this method.

3.1.2 NATIONAL COMPETITIVE BIDDING (NCB)

NCB is the competitive bidding procedure normally used for procurement of Goods, Works and non-consulting services which, by their nature or scope, are unlikely to attract foreign competition. The procedures shall provide adequate competition among participants in order to ensure reasonable prices.

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

STEP I: PREPARATION OF BIDDING DOCUMENT

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

- Bid documents should state clearly whether the bid prices will be fixed or price adjustments will be made to reflect any changes in major cost components of the goods/ works.

STEP II: ADVERTISEMENT OF THE BID

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

STEP III: ISSUE OF BID DOCUMENT

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

STEP IV: OPENING OF THE BIDS

- The time, date and venue for the bid opening shall be mentioned in the IFB and bid documents.

- Bids should normally be opened immediately after the deadline of time fixed for submission on the same day.
- Bids shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of bids.
- All bids received should be opened. No bid should be rejected at the time of bid opening except for late bids. Late bids shall be returned to the bidders unopened.
- The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the time of bid opening. Withdrawal notices and modifications to the bids shall be read out first followed by the bids of the bidder.
- Minutes of bid opening must be prepared by bid opening officials and should be signed by all members present including bidders.

STEP V: BID EVALUATION AND COMPARISON

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

recommendation is based for the award of the contract.

STEP VI: AWARD OF CONTRACT

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

STEP VII: DISCLOSURE

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

3.1.3 SHOPPING

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

(1) General:

- Shopping is a Procurement method based on comparing price quotations obtained from several national suppliers, usually at least three to ensure competitive prices.
- Shopping is intended to be a simple and rapid procurement method and is one

of the least competitive procurement methods and may be abused unless it is carried out in compliance with legal agreements and observing a minimum formality in the process and with appropriate record keeping for verification and audit.

- Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping.

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

(3) Requirements:

- Request for quotation shall be written and sent by letter, fax, telex, etc (with proof of receipt and record keeping) and can also be displayed on the Institute website;
- The request shall include the description and quantity of the goods as well as the required delivery time and place for the goods or services, including any installation requirements as appropriate;
- The request shall indicate the last date by which the quotations will be received, minimum of 14 days.

The bid must mention the Bid Validity period.

- Requests should be addressed to more than three firms that are reputed, well established and are suppliers of the goods or services being purchased, as part of their normal business (after verifying whether those being invited will make an offer or not) to ensure at least three quotations are received. In case unsolicited quotations are received, they may be accepted after carrying out a similar due diligence exercise to verify the nature and reputation of firm.
- No bid securities are required.
- Quotation should be compared after adding to the quoted price for goods, the estimated cost of inland transportation and insurance, if any, to the final destination. The lowest responsive offer is selected.
- Purchaser may exercise discretion in selecting a quotation that is not the

lowest priced as far as there is good technical justification on the quality of the offered item, suitability of delivery schedule, etc. In such cases, such requirements should be indicated in the request for quote as well as in the evaluation note.

- Award decision and its rationale should be documented/ and kept for review by audit by the Bank (or by the Bank's auditors) as needed. The record should contain the list of firms invited, and the list and value of quotations received, comparative statements etc. The documents should clearly show that the award is based on sound technical and commercial criteria.
- Purchase order shall incorporate the terms of accepted offer.

3.1.4 SINGLE BID/ DIRECT CONTRACTING

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

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

3.1.5 RATE CONTRACT

Rate contracts of Directorate General of Supplies & Disposals (DGS & D) shall also be an appropriate method for award of contract under limited tender

procedure. However DGS&D rates are referral cases only and the DGS&D procedure of procurement will not be applicable in project.

3.1.6 LIMITED INTERNATIONAL BIDDING

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

CHAPTER 4

IMPORTANT ASPECTS OF PROCUREMENT

4.1 SHOPPING

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

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

Sl. No.	What has to be done?	Who should do it?	Description
1.	Identify the items or the package of items to be purchased from the procurement plan.	Purchase Committee	<ol style="list-style-type: none"> 1. Understand the specifications of the item(s) to be purchased. 2. Lay down terms & conditions and specifications. 3. State Government rate contracts, if any, shall be treated as one of the three quotations in the shopping process. 4. DGS&D rate contracts shall be acceptable for procurement under shopping.
2.	Shop around or call for all at least 3 quotations in writing with signature of supplier. Quotations could also be obtained by fax.	An officer authorized by respective office head	<p>The requests for quotations shall contain:</p> <ol style="list-style-type: none"> 1. The description specification and quantity of the goods. 2. Say that contract shall be for full quantity of each item. 3. Terms of delivery of goods or description of works. 4. Desired completion period 5. Place of works\ transportation of consignment. 6. The price shall be quoted in INR. 7. Each bidder shall submit only one quotation. 8. Quotation shall remain valid for a period not less than 15 days. 9. Terms of payment. 10. Warranty Conditions

3.	Prepare a comparison sheet to select the most appropriate supplier	Purchase Committee	The following steps shall be followed: <ol style="list-style-type: none">1. Evaluate and compare the quotations determined to be substantially responsive.2. Write information from the quotations on a comparison form.3. Select the most appropriate supplier.4. Sales Tax/ VAT in respect of goods shall not be taken into account.5. The purchase committee members should sign on the comparison sheet.
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4.2 IMPORTANT ASPECTS OF NCB

Important Aspects	Brief Description
<p>Standards & Technical Specifications</p>	<ol style="list-style-type: none"> 1. The bid documents shall include generally accepted standards of technical specifications. 2. Unbiased technical specification shall be prepared with no mention of brand names and catalogue numbers by a committee of experts associating the trade representative, if required. 3. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. 4. The specifications should be generic and should not appear to favour a particular brand or supplier. Brand name may be used as an 'Equivalent' 5. Preparation of technical specifications, bill of quantities and civil drawings must be completed before bidding. Specifications for the items to be procured should be drawn up in every case with clarity. 6. No deviations from the specifications after opening of bid should be allowed.
<p>Advertisement</p>	<ol style="list-style-type: none"> 1. Invitation shall be published in at least one national English daily and one regional language daily for NCB. 2. In case of ICB's invitations shall also be published in the "United Nation's Development Business (UNDB)" and DG Market online and forwarded to embassies and trade representatives of countries of likely suppliers of goods and those who have expressed interest in response to the General Procurement Notice (GPN) 3. The advertisement should also be placed on the project website.

Important Aspects	Brief Description
Time for Submission of Bids	<ol style="list-style-type: none"> 1. Not less than 4 weeks for NCB. 2. Not less than 6 to 8 weeks for ICB.
Earnest Money/ Bid Security	<ol style="list-style-type: none"> 1. Earnest Money (bid security) to be deposited by the bidders shall be a specified amount for each packing/ schedule/ item as indicated in the bid document. 2. It shall normally be 2-5% of the estimated cost of the goods or 1% of the estimated cost of work rounded off to the nearest figure in rupees. 3. The earnest money shall be in the form of a demand draft/ banker's cheque/ bank guarantee from a scheduled bank preferably having a branch at the place where bids are to be submitted, which should be valid up to 45 days beyond the validity period of the bid. 4. Fixed Deposit Receipts endorsed in favour of purchaser shall also be acceptable. 5. The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of bids. 6. The earnest money shall be forfeited in the event of withdrawal of the bid within the original validity once submitted or in case a successful bidder fails to provide the performance security and fails to execute necessary agreement within the period specified or for submitting false, incorrect or misleading information.

Important Aspects	Brief Description
<p>Performance Security Deposit</p>	<ol style="list-style-type: none"> 1. Bid documents for works and goods shall require performance security in an amount sufficient to protect the implementing agency in case of breach of contract by the contractor/supplier. 2. This shall be in the form of a bank guarantee or any other specified instrument and amount should be specified in the bid document. 3. The amount of performance security shall normally be 5% for goods/ works, of contract price (valid till 28 days after the date of expiry of defect liability period or the guarantee/ warranty period as the case may be). 4. The performance security deposit shall be refunded within one month of the completion of supply of goods/ works or after the expiry of defects liability/ guarantee/ warranty period (as mentioned above). 5. The performance security deposit may be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery/completion period agreed in the contract without prejudice to the purchaser's right to take further remedial actions in terms of the contract and bidding documents which formed part of the contract.

Important Aspects	Brief Description
Retention Money	<ol style="list-style-type: none"> 1. In contracts for works, normally 5% of contract price shall be recovered as retention money. 2. 50% of such retention money shall be repaid to the Contractor on completion of the whole of the works and balance 50% shall be repaid after the expiry of the defects liability period on certification by the Engineer that all defects notified to the contractor before the end of the period have been corrected.
Pre-Bid Conference	<ol style="list-style-type: none"> 1. A pre-bid conference (date/venue to be indicated in the IFB published in newspapers and bid document) may be arranged wherein potential bidders may meet with the representatives of the implementing authority to seek clarifications on the bid documents. 2. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and also supplied along with the bid document sold to the parties purchasing the document subsequent to the pre-bid conference.

Important Aspects	Brief Description
<p>Examination of Bids</p>	<p>1. The Procurement Authorities entrusted with evaluation of bids shall ascertain whether the bids:</p> <ul style="list-style-type: none"> • Meet the eligibility requirements specified; • Have been properly signed; • Are accompanied by the required earnest money and valid for the period specified in the tender document; • Have quoted for the entire schedule/ packing and are in the required currency as indicated in the bid documents; • Have proper Manufacturer's Authorisation letter • Are substantially responsive (commercially and technically) to the bid documents; and • Have the technical and financial capability as per specified bid evaluation criteria to successfully execute the contract. For ensuring financial capacity a minimum turnover requirement should be indicated in bid document.
<p>Post-Qualification of Bidders</p>	<ol style="list-style-type: none"> 1. In case the pre-qualification of the bidders has been carried out, and the bids have been issued to the pre-qualified bidders, the bids shall be recommended for award on the basis of being lowest substantially responsive bids. 2. If bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the technical capability and financial resources to effectively carry out the contract as offered in the bid. 3. The criteria to be met shall be set out in the bid documents, and if the bidder does not meet them, the bid shall be rejected. 4. In such an event, the implementing agency shall make a similar determination for the next-lowest evaluated bidder and so on.

Important Aspects	Brief Description
Validity of the Bid	<ol style="list-style-type: none"> 1. Bidders shall be required to submit bid valid for the period specified in the bid documents. 2. Normally, in case of NCB/ ICB, the bid validity period shall not exceed 90 days after the date of bid opening.
Validity Extension of Bids	<ol style="list-style-type: none"> 1. As far as possible contract should be finalized within the original validity of the offers mentioned in the bid document. 2. An extension of bid validity, if justified by exceptional circumstances with the approval of next higher authority, shall be requested in writing from all bidders (of valid bids only) before the expiry date. 3. Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money, but those who are willing to extend the validity of their bid shall also be required to provide a suitable extension of Earnest Money as specified in the bid document. 4. Prior concurrence of the Bank would be obtained if (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/ Employer).
Rejection of All Bids	<ol style="list-style-type: none"> 1. Bid documents usually provide that implementing agency may reject all bids.

	<ol style="list-style-type: none"> 2. Rejection of all bids is justified when none of the bids are substantially responsive. However, lack of competition shall not be determined solely on the basis of the number of bidders. 3. If all bids are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new bids. 4. If the rejection of all bids is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the bids being non-responsive, new bids may be invited. 5. Rejection of all bids and re-inviting new bids, irrespective of value shall be referred to the next higher authority for approval than the authority that approved the issue of bid or to the head of the unit. Before re-inviting bids the specifications may be reviewed for revision, if any. 6. Rejection of bids (ICB/ NCB), irrespective of the value, will require World Bank's approval.
<p>Repeat Orders (Goods/ Equipment)</p>	<ol style="list-style-type: none"> 1. Quantities in contracts awarded may be increased up to 15% of the quantity originally ordered by repeat orders after recording reasons, provided that such orders shall be given before the date of the expiry of last supply and also subject to the condition that prices have since not reduced and purchases were required on urgency basis. 2. If the threshold of 15% is exceeded, prior concurrence of the Bank shall be obtained.

<p>Extension of Contract (Works)</p>	<ol style="list-style-type: none"> 1. Contracts under NCB method may be increased/ decreased up to 15% of the quantity originally ordered by amending the order/ contract after recording reasons, provided that such orders shall be given before the date of contractual completion and also subjected that works were required on urgent basis. 2. The variation in requirement shall be appropriately indicated in the bid document. 3. It should be justifiable on economic grounds/ without change in costs.
<p>Rebidding</p>	<ol style="list-style-type: none"> 1. Rebidding shall not be carried out without the prior concurrence of the Bank. 2. The system of rejecting the bids falling outside a pre-determined margin or bracket of prices shall not be used.
<p>Negotiation</p>	<p>There should not be any negotiations either for price or terms and conditions of the bid submitted.</p>
<p>Confidentiality</p>	<p>After the public opening of bids, information relating to the examination, clarification, and evaluation of bids and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of the contract.</p>
<p>Terms & Methods of Payment</p>	<p>Payment terms for ICB and NCB are provided in the bidding documents and should be followed as it is.</p>

Liquidated Damages	<ol style="list-style-type: none">1. Provisions for liquidated damages shall be included in the conditions of contract for the delay in the delivery of goods or completion of works.2. In the case of goods, the liquidated damages shall be calculated at the rate of 0.5% per week of delay to maximum of 5% of the contract value.3. In the case of works, the liquidated damages will be calculated at 0.05% of the contract price per day, subject to a ceiling of 10% of the contract price and shall be levied by way of pre-estimated damages and not by way of penalty.
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<p>Fraud & Corruption</p>	<p>The borrowers (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors, and Consultants under Bank-financed contracts shall observe the highest standard of ethics during the procurement and execution of such contracts. In pursuit of this policy, the Bank:</p> <p>(a) defines, for the purposes of this provision, the terms set forth below as follows:</p> <p>(i) “<i>corrupt practice</i>” means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;</p> <p>(ii) “<i>fraudulent practice</i>” means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;</p> <p>(iii) “<i>collusive practice</i>” means a scheme or arrangement between two or more Bidders, with or without the knowledge of the borrower, designed to establish bid prices at artificial, non competitive levels; and</p> <p>(iv) “<i>coercive practice</i>” means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the procurement process or affect the execution of a contract;</p> <p>(v) “<i>obstructive practice</i>” is :</p> <ul style="list-style-type: none"> • deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and
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	<ul style="list-style-type: none">• acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under sub-paragraph (e) below. <p>(b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question;</p> <p>(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation;</p> <p>(d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that they have, directly or through an agent, engaged, in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract; and</p> <p>(e) will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, requiring Bidders, Suppliers, Contractors and Consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.</p>
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CHAPTER 5

PROCUREMENT OF SERVICES

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

5.1 METHODS FOR PROCUREMENT OF SERVICES

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

5.2 QUALITY AND COST BASED SELECTION (QCBS)

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

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

5.2.1 PREPARATION OF THE TERMS OF REFERENCE (TOR)

The Terms of Reference developed will include:

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

5.2.2 PREPARATION OF COST ESTIMATE

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

5.2.3 ADVERTISEMENT

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

5.2.4 EVALUATION AND SHORTLISTING

If the assignment has been advertised and Expressions of Interest received, EOIs shall be evaluated to shortlist six firms. The short listing of six firms must be based on the eligibility criteria's defined in ToR and the short list shall not

include Individual Consultants. In contracts below US\$ 500,000 equivalent, shortlist may comprise national consultants only. Govt owned enterprises can be considered for award of consultancy assignment provided they are otherwise eligible as per the Bank's guidelines.

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

The RFP shall include,

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

5.2.6 RECEIPT OF PROPOSALS

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

5.2.7 EVALUATION OF PROPOSALS

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

The total score shall be obtained by weighing the quality and cost scores and

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

5.2.8 NEGOTIATIONS AND AWARD OF CONTRACT

1. Negotiations shall include discussions of the TOR, the methodology, staffing, client's inputs, and special conditions of the contract. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in "Description of Services," which shall form part of the contract.
2. The selected firm should not be allowed to substitute key staff, unless both parties agree. If this is not the case, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.
3. Financial negotiations shall include clarification of the consultants' tax liability and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursables) and the offered price shall include staff rates and an estimation of the amount of reimbursables. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiation does not

preclude the right of the client to ask for clarifications, and, if fees are very high, to ask for change of fees, after due consultation with the Bank. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the client wants to define ceilings for unit prices of certain reimbursables (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.

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

5.3 Quality-Based Selection (QBS)

QBS is appropriate for the following types of assignments:

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

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

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

5.4 SELECTION UNDER A FIXED BUDGET (FBS)

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

5.5 LEAST-COST SELECTION (LCS)

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

5.6 SELECTION BASED ON THE CONSULTANTS’ QUALIFICATIONS (CQS)

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

5.7 SINGLE-SOURCE SELECTION (SSS)

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

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

5.8 SELECTION OF INDIVIDUAL CONSULTANTS

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

5.8.1 Individual consultants are selected on the basis of their qualifications for the assignment. Advertisement is not required and consultants do not need to submit proposals. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly. Individuals considered for comparison of qualifications shall meet the minimum relevant qualifications.

5.8.2 Individual consultants may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with total expected duration of less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual is the only consultant qualified for the assignment.

5.9 TYPES OF CONTRACTS

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

5.9.2 Time-Based Contract: This type of contract is appropriate when it is difficult to define the scope and the length of services, either because the services are related to activities by others for which the completion period may vary, or because the input of the consultants required to attain the objectives of the

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

CHAPTER 6

PROCUREMENT ADMINISTRATION AND MANAGEMENT

6.1 STATE LEVEL PROJECT IMPLEMENTATION UNIT. (CPD)

The WMD will be responsible for the overall procurement activities under the project and to ensure compliance with the procurement guidelines and procedures agreed upon with the Bank. The main responsibilities of the WMD will include:

- Guide and monitor the procurement activities under the project.
- Prior review of all Short lists, RFP and Technical and Financial evaluation reports and accord approval or send to Bank for No-objection
- Hiring of financial review consultants (FRC) and manage yearly post review of at least 10% of contracts issued by DPD, PD and CPD.
- Capacity development of the staff involved in procurement process by organizing 2-3 days workshops.

2- REGIONAL PROJECT IMPLEMENTATION UNIT (PD)

At the regional level, the role of Project Director will be one of procurement coordinator to guide and quality control the process in participating institutions. The specific roles of the Project Director as a Procurement Coordinator will be as under.

- Consolidate the annual procurement plan for the region.
- Train the institutional staff in procurement with due diligence. Build the procurement capacity at all levels.
- Guide and monitor the process of procurement.
- Prior review and clear, proposals that require approval from the Project Director.
- Undertake yearly post review of the least 20% contracts issued in the region by an Internal Auditor of rotation basis in such a way to ensure 100% coverage of the region by the end of the project.
- Act of the intermediary between CPD procurement unit and DPD.

3- DISTRICT LEVEL PROJECT MONITORING UNIT (DPD)

The DPD shall set up a procurement committee of at least 3 members, which will have the following key responsibilities.

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

4- Gram Panchayat Level (COMMUNITY PROCUREMENT)

The Procurement at the GP level will be guided by the Community Procurement Manual which has been separately prepared.

AUDIT COMMITTEE:

Audit committee at the Directorate level will be formed, headed by Project Director (Admn.) as Chairperson and senior level officers as member. The Chief Finance Officer will be the member secretary of the committee. The audit committee will monitor the various audit observations once in six months and will submit its report to the Chief Project Director.

CHAPTER 7

REVIEW BY THE BANK OF PROCUREMENT DECISIONS / SELECTION OF CONSULTANTS AND PUBLICATION OF AWARDS OF CONTRACTS

The Bank shall review Procurement Plan and their updates that are prepared by the borrowers in accordance with the Bank guidelines. They shall be consistent with the Project Implementation Plan.

PRIOR REVIEW

With respect to all contracts that are subject to the Bank's prior review:

The borrower shall furnish to the Bank for its review and obtain No Objection before proceeding on the following steps-

- a. Proposed cost estimate and RFP (Including Short List)
- b. Technical Evaluation report
- c. Financial evaluation and Final evaluation
- d. Extension of validity of the proposal
- e. Termination of negotiations

POST REVIEW

Post Reviews of Procurements (PPRs) are normally carried out by the Bank, The Borrower shall retain all documentations with respect to each contract and up to two years after the closing date of the Loan Agreement. This document would include, but not be limited to:

- a. the original proposals
- b. the technical evaluation report and the combined evaluation report.
- c. the recommendation for award
- d. the payment invoices or certificates for examination by the Bank.
- e. For contracts awarded on the basis of single source selection, it shall include the record of justification, the qualifications and experience of the consultant, and the signed contract in original.

The Bank may declare misprocurement for any of the reasons provided in paragraph 1.19 of the Guideline for Selection and Employment of Consultant or Paragraph 1.14 of the guidelines for Procurement of Goods, Works, and Non-Consulting Services, if it determines that the procurement was not in accordance with the agreed procedures and method reflected in the Loan Agreement and further detailed in the Procurement Plan to which the Bank gave its No Objection, or that the contract itself is not consistent with such procedures and method.

CHAPTER 8

AUDIT ARRANGEMENTS AND CHECKLIST

Audit of Accounts, statements and reports provides means to ensure accuracy and check in the Financial system of the organisation. The Audit for procurements is largely covered by the Prior and Post Review of the Bank. However, the Project needs to have and Internal Review for earlier detection and remedy of any deviation from the Procedures and methods that has been agreed in the Loan Agreement. Two types of audits would be carried out as follows:

a. Internal Audit by Financial Review Consultants on quarterly basis.

The overall objectives of the Financial Review are to :

- Review the operation of the overall financial management system including the Project Financial statements, internal controls, and compliance with financing agreements; and
- To provide Project Management with timely information on financial management aspects of the project to enable immediate follow up action.
- To check the authentication of Reports generated at various levels.

b. Statutory Audit by CAG on annual basis.

The Comptroller and Auditor General of India (CAG) through its office in Uttarakhand will be the statutory auditor for the project. The AG's office will conduct annual audit of the operations of the WMD and its constituents at the Regional and Divisional levels. The AG will also cover the Gram Panchayat on a sample basis. The Audit report will consist of :

- Financial statements confirming whether the project financial statements have been prepared in accordance with consistently applied Accounting Standards and
- Give a true and fair view of the operations of the project highlighting the findings in the audit during the year and
- The withdrawals from the IDA Credit made on the basis of Statements of Expenditure (SOEs)/ Financial Management Reports (FMRs) together with the procedures and internal controls involved in their preparation, which can be relied on to support the related withdrawals.

The details of Audit implementation will be dealt with in the Financial Manual prepared by the WMD.

Internal Audit Checklist- Government of Uttarakhand

Internal Audit Manual, which has been uploaded on the net may be accessed by any user. However, for the benefit of the Procurement Officer posted in the remote parts of the state, some relevant sections of the manual is being annexed here.

Every Government servant shall exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of the expenditure of his own money, and No authority shall exercise its powers to pass an order, which will be directly or indirectly to its own advantage

Important Point To Be Audited With Respect To Various Procurement

- Equipments purchased conform to latest specification and technology available in market
- Appointment of consultant
- The appointment of consultant is often made in a arbitrary manner without inviting bids and without collecting adequate data about their performance capability and experience
- Terms are modified to the financial advantage of the consultant, even after award of contract
- Extra amount on account of travel expenses is sanctioned after award of contract
- The consultants need to be appointed only when it is absolutely essential. The appointment of consultants needs to be done in a transparent manner and after following the competitive tendering system. The consultant role should be well defined.
- Estimated rates are not being worked out in an unprofessional manner and perfunctory manner.
- Estimated rates establishes the reasonableness of prices , it is important that the same is not worked out in a realistic and objective manner on the basis of prevailing market rates , last purchases prices, economic indices for raw material/ labour, other input costs , IEEMA formula, whenever assessment based on intrinsic values etc.

- Fair and adequate competition, it is very important that sufficient time of say 4-6 weeks in case of advertised / global bids and 3-4 weeks in case of limited bids is allowed in case of recorded emergencies.

The important clauses relating to a) earnest money b) delivery schedule c) payment terms d) performance/warranty bank guarantee ,e) pre- despatch inspection , f) arbitration ,g) liquidated damages / penalty for delayed supplies h) risk purchases etc. are being incorporated in the bid documents for safeguarding the interests of the purchaser.

- Earnest money deposit is to establish the earnestness of the bidder so that he does not withdraw, impair or modify the offer within the validity of the bid
- Earnest money in case of two – bid system needs to be incorporated in the bid documents need to be incorporated as a fixed and reasonable amount on the basis of estimated value of the purchase
- Performance bank guarantee etc. Having financial implication need to be specified in unambiguous terms in the bid documents so that the evaluation bids after tender opening could be made in a transparent manner without subjectivity
- The generic technical specification including performance parameters and the technical evaluation criteria, if any need to be specified in bidding documents in unequivocal terms.
- The government instruction on reservation of items and price preference to SSI units and purchase preference to PSU need to be incorporated in the bid documents.
- A proper arrangements for receipt of bids at scheduled date and time through tender box needs to be adopted
- Equal opportunity is given to all bidders and to maintain sanctity of tendering system it is of paramount importance that any change in tender terms and conditions, specifications and bids opening dates etc. Be notified to all bidders, sufficiently in advance of the revised tender opening date
- The system of opening bids in the presence of trade representative needs to be scrupulously followed

- The tender opening officer/committee should also prepare on the spot statement giving details of the quotations received and other particulars like price, taxes, duties and EMD etc. As read out during the opening of the bids.
- The reasonableness of prices on the basis of estimated rates, prevailing rates, market rates, last purchase price, economic indices of the raw material/ labour, other inputs costs and intrinsic value etc. Before award of contract
- It has been observed that in some cases, despite provision in the contracts for releasing advance payment against bank guarantee, the advance payments were released without taking any bank guarantee.
- The bank guarantee accepted was at times defective/conditional and did not safeguard the interest of the purchaser. Normally, the BGs permitting encashment without any demur-merely on a demand from the purchaser are accepted.
- In order to safeguard the government interest , it would be appropriate to take reasonable amount of bank guarantee valid up to warranty period for due performance of the contract
- The specific delivery period for supply as per terms of delivery such as FOR station of despatch/destination and for completion of installation with the necessary provision for liquidated damages / penalty clause in the event of delay in supplies/ installation needs to be incorporated in the contract
- Detailed guarantee /warranty clause embodying all the safeguards be incorporated in the tender enquiry and the resultant contract. It also needs to be ensured that in installation/ commissioning contracts, the guarantee/ warranty should reckon only from the date of installation / commissioning.
- It is essential to accord priority to the post contract follow up. The delivery period should be extended on bonafide request and not in a routine and casual manner

2.2 Detailed Audit Checklist

S. No	Activity	Risk	Audit Steps
A	Requisitioning		
1	Verification of Material Requisition Plan	<ul style="list-style-type: none"> • Unbudgeted/Unapproved purchases • Ordering of material which is not required • Delays in ordering of material 	<ul style="list-style-type: none"> • Verify whether a Material Requisition Plan/ Procurement Plan is available • Verify whether the classification in Material Requisition Plan /Procurement Plan is done for Capital items, Revenue items, Recurring and Provision for Non-Recurring items • Verify whether the Material Requisition Plan /Procurement Plan is approved by the approving authority • Verify that the Material Requisition Plan/ Procurement Plan is in accordance with the approved annual budget • Obtain list of all requisitions for material/services raised during the audit period • Select a sample of approved requisitions for detailed verification • Verify whether reasons are documented for rejected requisitions (if any) • Compare actual material requisitions with the approved plan

Sr. No	Activity	Risk	Audit Steps
2	Verification of Material Requisitions for approval and completeness	<ul style="list-style-type: none"> • Requisitions are not approved by the Competent authority • Requisitions are not detailed in terms of defining the specifications of items required, quantity required and indicative price 	<ul style="list-style-type: none"> • Select a sample (As per sampling methodology) of requisitions raised by various departments • Verify whether all the requisitions are complete and contain details including: <ul style="list-style-type: none"> • Date of issue of requisition • Date of approval of requisition by the Competent Authority as per • Delegation of Powers (DOP) • Date by which material or service is required (Estimated Delivery date) • Quantity and any specifications of requisition item are detailed • Any references of potential third party or vendors from which the material can be procured details of requisitioning department/ user are clearly mentioned in the • Requisition form • Verify whether all requisitions are sequentially/ serially numbered • Verify whether there are any missing requisition numbers, obtain reasons whether it's a clerical error or the requisitions have been cancelled

Sr. No	Activity	Risk	Audit Steps
			<ul style="list-style-type: none"> • Verify whether any register or data entry book is being maintained for all requisitions obtained • For selected requisitions check whether all the requisitions are approved as per the financial delegation defined in financial handbook or any other defined • Delegation of Powers and whether the approved requisition within financial limit • Verify that proper budget reference is given in the requisition/requisition form • Verify whether for capital items, reasons for procurement are documented and duly approved by competent authority • Are there any requisitions maintained for Imported items • Check whether requisitions for imported items are properly approved and reasons for import are clearly documented • Verify requisitions which are approved and no action is taken within 30 days of approval • Verify whether duplicate requisitions with same serial number are not generated/issued • Whether for same material more than two requisitions are generated during the year, for such cases verify whether the need for material is justified

3	Verify that requisitions are not raised for material already in stock to prevent excess inventory	<ul style="list-style-type: none"> • Purchase of material already in stock leading to excess procurement 	<ul style="list-style-type: none"> • For the sample requisitions selected verify the frequency of ordering of such material (is it a recurring/ non recurring expenditure) • Check stock register as on the date of Requisitioning for availability of requisitioned quantity
		<ul style="list-style-type: none"> • Misappropriation of allocated budget 	<ul style="list-style-type: none"> • In case of recurring expenditure verify whether the existing stock quantities are considered before placing the order • In case additional material is ordered despite requisitioned material being in stock, verify whether the rationale for approving the requisitions is available from the approving authority • From the stock register, verify the last stock movement of the additional items being procured, to check whether the item is in regular use or not • Further, compare the price of material ordered vis-à-vis material of similar specification already lying in stock. In case the price of material ordered is higher than material already lying in stock, loss suffered by the department due to such procurement should be arrived at & reported

<p>4</p>	<p>Verify delay in approval of requisition</p>	<ul style="list-style-type: none"> • Delay in purchase due to delay in approval of requisition 	<ul style="list-style-type: none"> • Verify for the sample requisitions selected, the date of requisition and the date of approval of requisition • Identify any significant delays in approval of requisition (difference between date of requisition and date of approval by competent authority) • Check whether any requisition is pending for approval by Competent authority and obtain the reasons for delay in approvals beyond defined time period • Instances where approval of requisition is delayed, verify whether reasons for delay are documented and duly approved
<p>5</p>	<p>Segregation of duties (Existence of Maker-checker control)</p>	<ul style="list-style-type: none"> • Risk of unapproved/ unauthorized purchases • Misappropriation of funds 	<ul style="list-style-type: none"> • Verify who all in the department are authorized to raise a requisition form • For sample requisition forms verify that all forms are raised by authorized personnel • Verify whether list of personnel/ approving authority for approval of requisition forms is defined or not • Verify whether the person raising the requisition form is different from the person approving the requisition form • Verify whether there is segregation of duty with respect to raising an approval of requisition form

B Procurement of Goods

(All procurement procedures should be followed with transparency, competitiveness and fairness, to secure best value for money spent)

Sr. No	Activity	Risk	Audit Steps
6	Existence of approved third party suppliers' (Registered Suppliers) Database <i>(Refer Rule no. 6 of Procurement Rules 2008)</i>	<ul style="list-style-type: none"> • Selection of blacklisted third party suppliers' • Delay in identification of third party suppliers' leading to delay in procurement • Out dated third party suppliers' database 	<ul style="list-style-type: none"> • Verify whether the criteria for empanelment/ selection of third party suppliers' is defined or not • Verify whether all the third party suppliers' possess the necessary experience and credit worthiness in the market and detailed background verification for the third party supplier is being carried out before the award of contract/ order • Verify whether necessary supporting documents as defined above are available in the tender/contract file • Verify whether all the vendors are approved by the approving authority as per DOP • Verify for any vendor if any documents are missing or selection criterion is not fulfilled, check whether the reasons are documented and approved • Verify that registration of supplier is done for minimum 1 year and maximum 3 years after that it should be renewed

Sr. No	Activity	Risk	Audit Steps
7	Purchase price preference <i>(Refer Relevant Administrative and Finance department's orders and Rule no. 7 of Procurement Rules 2008)</i>	<ul style="list-style-type: none"> • Risk of biasness • Risk of procurement of material over and above the approved price • (as mentioned in rule No.7 of Procurement Rules) 	<ul style="list-style-type: none"> • Verify that, in case price preference has been allowed, it is not more than ten percent (10%) of the lowest quoted rate
8	UP to INR 15000, no quotation is required provided it is approved by competent authority as per DOP <i>(Refer Rule no. 8 of Procurement Rules 2008)</i>	<ul style="list-style-type: none"> • Unauthorized purchases • Procurement from unauthorized vendor 	<ul style="list-style-type: none"> • Take an appropriate sample • Check the certificate of approval issued by competent authority • Compare the purchase order date and certificate date issued by competent authority • Report if Purchase Order is released before receipt of certificate or there is significant delay in issue of certificate • Check for any splitting of orders (e.g. splitting 1 order of INR 45000 into 3 orders of INR 15000) to bypass the DOP

Sr. No	Activity	Risk	Audit Steps
9	<p>From INR 15000 to INR 100,000 goods can be procured by purchase committee</p> <p><i>(Refer Rule no. 9 of Procurement Rules 2008)</i></p>	<ul style="list-style-type: none"> • Risk of biasness • Unauthorized purchases 	<ul style="list-style-type: none"> • Apart from checks mentioned above following are the additional points to be noted/ checked: • Verify that the purchase committee consists of at least 3 members including 1 from Finance Department • Verify certificate issued by purchase committee along with signatures and designations
10	<p>For items purchased on Rate Contract basis <i>(Refer Rule no. 10 of Procurement Rules 2008)</i></p>	<ul style="list-style-type: none"> • Non adherence to set policies and procedures • Risk of purchase on higher price 	<ul style="list-style-type: none"> • Verify that all details of such rate contracts are on the website of the department/Government • Verify that rate contract prices do not exceed either market prices or the prices quoted in other similar rate contracts in other organizations

Sr. No	Activity	Risk	Audit Steps
11	<p>Up to INR 15 lakhs, limited tender can be issued to registered vendors</p> <p>(Refer Rule no. 12 of Procurement Rules 2008)</p>	<ul style="list-style-type: none"> • Non adherence with set policies and procedures for procurement • Unauthorized Purchases 	<ul style="list-style-type: none"> • Take an appropriate sample • Check whether tender is sent to at least 3 registered suppliers • Check the process of short listing of vendors to whom tender was sent • Check whether the order is given to L1 party, if not then justification for the same must be obtained from competent authority <i>(It is very important to establish the reasonableness of prices on the basis of estimated rates, prevailing market rates, last purchase prices, economic indices of the raw material / labour, other input costs and intrinsic value etc., before award of contract)</i>
12	<p>For INR 25 lakhs and above, Invitation to tender must be sent by advertisement</p> <p>(Refer Rule no. 13 of Procurement Rules 2008)</p>	<ul style="list-style-type: none"> • Non adherence with set policies and procedures for procurement • Unauthorized Purchases 	<ul style="list-style-type: none"> • Take an appropriate sample • Check that advertisement is given in at least 2 national news papers and not in local edition • Compare the final approval date for procurement and advertisement date, report and analyze significant delays • Check the process of selection of news papers in which advertisement is published and the time period allowed to submit bids

Sr. No	Activity	Risk	Audit Steps
			<ul style="list-style-type: none"> • Check that no late bids should have been accepted • Check whether order is awarded to L1 party, if not then justification for the same must be obtained from competent authority <i>(It is very important to establish the reasonableness of prices on the basis of estimated rates, prevailing market rates, last purchase prices, economic indices of the raw material / labour, other input costs and intrinsic value etc., before award of contract)</i>
13	Single source procurements <i>(Refer Rule no. 14 of Procurement Rules 2008)</i>	<ul style="list-style-type: none"> • Unauthorized Purchases 	<ul style="list-style-type: none"> • Verify whether Single source procurements are supported by proper justification • Verify whether Single source procurements are approved as per delegation of powers
14	Bid System <i>(Refer rule no. 15 of Procurement Rules 2008)</i>	<ul style="list-style-type: none"> • Non Adherence to set policies and procedures • Risk of selecting technically non competent 	<ul style="list-style-type: none"> • Verify that appropriate bid system is used for procurement and mention the details of the Bid System followed, Also, report if any violation from the rules has been done • In case of bidder whose technical bid is rejected, Verify whether his financial bid is not opened and returned
15	Late bids	<ul style="list-style-type: none"> • Non adherence to set policies and procedures • Risk of biasness 	<ul style="list-style-type: none"> • Report instances with details, where bid was accepted after expiry of submission date

Sr. No	Activity	Risk	Audit Steps
16	Verify whether equal response time is given to all the interested parties	<ul style="list-style-type: none"> • Biasness in Vendor Selection leading to possibility of missing out better suppliers/deals 	<ul style="list-style-type: none"> • Take a sample out of total bids issued to the interested parties • Check the time given for responding to bids for all the parties and analyze as per rules
17	Verify whether tender bidding documents are issued to all the interested parties	<ul style="list-style-type: none"> • Biasness in Vendor Selection leading to chances of missing out on better deals 	<ul style="list-style-type: none"> • Obtain tender register, where details of interested parties are mentioned • Take an appropriate sample • Verify whether tender bidding documents are sent to all the interested parties • Verify the date on which tender bidding documents are sent to the interested parties, ideally it should be same for all parties • Obtain reasons for exception and report the same

Sr. No	Activity	Risk	Audit Steps
18	e-Procurements (wherever applicable)	<ul style="list-style-type: none"> Unauthorized person may see the details before the given time and date 	<ul style="list-style-type: none"> Verify that the digital signature, login and password of each member of the purchase committee is authenticated by N.I.C. or any other agency approved by the Government of India Verify that the registered suppliers are also registered with N.I.C. or any other agency approved by the Government of India for their signature and password at their own cost Verify that all the bidders are registered on authorized website for the tender, in case of open tender enquiry Verify that tender is accepted only when the bidders submit the cost of tender, cost related to website and earnest money etc. either through demand draft or e-banking in advance Verify that bids are opened by authorized committee/authority under given login/password on specified date and time Verify that supply orders are placed through website, using digital signature

Sr. No	Activity	Risk	Audit Steps
19	<ul style="list-style-type: none"> • Verify that all the standard clauses (For eg. warranty, penalty, liquidated damages, termination clause etc are mentioned in all the tender documents) • <i>(Refer rule no. 18 of Procurement rules 2008)</i> 	<ul style="list-style-type: none"> • Possibility of missing out on some of the important clauses which can lead to future disputes between departments and vendors 	<ul style="list-style-type: none"> • Take a list of bids issued during audit period • Check all the standard clauses in the tender documents • Obtain justification and report the exceptions
20	Verify that the tender fee charged for sale of tender document	<ul style="list-style-type: none"> • Under/over deposit of tender fee leading to future disputes 	<ul style="list-style-type: none"> • Check if appropriate tender fee is being deposited in government account in time • Obtain the reasons for exception and report the same
21	Maintenance contracts (Refer rule no. 19 of Procurement Rules 2008)	<ul style="list-style-type: none"> • Risk of incurring expenses on maintenance when item is under warranty period • Unauthorized contracts 	<ul style="list-style-type: none"> • Obtain a list of all the maintenance contracts entered during the audit period • Verify that all the maintenance contracts are entered after approval from competent authority • Is there any maintenance contracts for items which are still under warranty period

Sr. No	Activity	Risk	Audit Steps
22	Verify the process for selection of supplier/bidder	<ul style="list-style-type: none"> • Possibility of non selection of lowest bidder leading to increase in purchase cost 	<ul style="list-style-type: none"> • Take a sample of purchase orders and contracts awarded • Verify that the order is awarded as per Chapter 3, Rule 24 (2xiv) and a provide a detailed analysis • Verify date of tender v/s date of order placed
23	<ul style="list-style-type: none"> • Verify adequacy of Earnest Money Deposit (EMD) as per below mentioned limits: • <i>Up to Rs. 1 lakh - 5%</i> • <i>Rs. 1 lakh to 5 lakh - 4%</i> • <i>Rs 5 lakh to 25 lakh - 3% and, Above Rs 25 lakh - 2%</i> • <i>EMD should be timely submitted by the vendor</i> • <i>EMD must be returned to unsuccessful bidders within 30 days from the award of contract to the successful bidder</i> <p>(Refer Rule No. 20 of Procurement Rules 2008)</p>	<ul style="list-style-type: none"> • Potential risk of non/under furnishing of EMDs • Non adherence to Procurement Rules 2008 	<ul style="list-style-type: none"> • Take an appropriate sample size out of the total EMDs received • Verify the documents of EMD for its completeness for eg.when was EMD received , date of tender finalization, date of return of EMD • Verify that the EMD has been returned to the successful bidder upon receipt of performance security, report any abnormal delays • Report any deviations/ exceptions

Sr. No	Activity	Risk	Audit Steps
24	Verify the adequacy of performance security (Refer Rule No. 21 of Procurement Rules 2008)	Non adherence to Procurement Rules 2008 Inadequate performance security Potential risk of expiry of performance security before stipulated period	Take an appropriate sample out of total contracts awarded Verify the adequacy of performance security amount i.e. 5 to 10% of the value of the contract Check validity of performance security, it should be valid for 60 days beyond date of completion of all contractual obligations, if not then report the same
25	Advance to suppliers should not exceed the following limits: <i>30% of the contract value to private firms 40% of the contract value to a State/Centra Government agency or a public undertaking agency</i> <i>In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract</i> (Refer Rule No. 22 of Procurement Rules 2008)	<ul style="list-style-type: none"> • Advance given for items which are not mentioned in Rule No. 22 of Procurement Rules 2008 • Possibility of excessive advance given to vendors 	<ul style="list-style-type: none"> • Note down the details of advances given during the audit period and adequate report deviations and verify if security has been obtained against advance • Verify whether advance is given to vendors only for goods mentioned in Rule No. 22 of Procurement Rules 2008 • Report deviations, if any

C Procurement of Works

Sr. No	Activity	Risk	Audit Steps
	General principles for procurement of works shall be the same as in Chapter I (General Instructions) and Chapter II (Procurement of Goods) of Procurement		
	Rules 2008, exceptional specific procedure has been described in this section		
	Verify plan for procurement of	<ul style="list-style-type: none">• Unbudgeted expenses without	<ul style="list-style-type: none">• Verify if a perspective plan for 5 years for undertaking different types of works

ANNEXURES

Plan(GOS/WKS)

Annex-I

PROCUREMENT PLAN FOR WORKS/GOODS PROJECT

WB LOAN/CREDIT No.....

SL No.	Package No.	Description of Works/ Goods	Estimated Cost (Rs.in Millions)	Method of Procurement ICB/ NCB	Design/ Investigation completed (Date)	Prior Review/ Post Review	Whether Margin of Domestic Preference Applicable (YES/NO)	Estimate Prepared & Sanctioned (Date and Value)	Preparation of Bid Document (Date)	Bank's No Objection to Bidding Document (Date)**	Bids		Contract Award decided (Date/ Value/ Currency)	Bank's No Objection to Contract Award (Date)**	Contract Signed (Date/ Value/ Currency)	Contract No.	Name of Contractor/ Nationality & ZIP Code	WBR No.	Date of completion of Contract	Expenditure incurred to Date
											Invitation (Date)	Opened On (Date)								
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
* P P R A	→																			
P P R A	→																			
P P R A	→																			

*PP: Target dates agreed as per Procurement Plan R: revision 1,2 etc. A: actual dates WBR No.: World Bank Reference Number

** Applicable in case of 'Prior Review' by Bank.

Note: For Column 5, state ICB/NCB/Direct Contracting/Shopping as appropriate. For Column Nos. 6 to 19, fill the information for all the three elements i.e. PP, R and A, as applicable, against each contract.

Land acquisition completed on _____

Plan (Cons).

Annex-II

PROCUREMENT PLAN FOR CONSULTANCY

PROJECT

WB LOAN/ CREDIT No.....

	SL No.	Package No.	Description of Services	Estimated Cost (Rs. Millions)	Methods of Selection @	Prior Review/ Post Review	Advertising for Short listing (Date)	TOR/ Shortlist to be Finalised (Date)	◆RFP Final Draft to be forwarded to the Bank (Date)**	No Objection from Bank for TOR/ Shortlist/ Final RFP (Date)**	RFP Issued (Date)	Proposals to be Received by the Project Authorities (Date)	Evaluation to be Finalised (Technical/ #Combined/ Draft Contract/ Final Contract) (Date)	No Objection by the Bank (Technical/ #Combined/ Draft Contract/ Final Contract) (Date)**	Contract Number, Value and Currency	Name of Consultant/ Nationality & Zip Code, if USA	Services to be Completed (Date)	**WBR No.	Exp. Incurred to Date
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
*PP R A		→											_____	_____					
PP R A		→											_____	_____					
PP R A		→											_____	_____					

*PP: Target dates agreed as per Procurement Plan R: revision 1,2 etc. A: actual dates ◆RFP (Request for Proposal): Same as 'Bid Document' #Technical and Financial
 ** Applicable in case of 'Prior Review' by Bank WBR No.: World Bank Reference Number
 @ State whether (i) Single firm or individual; or (ii) Competitive. If Competitive, then state whether Quality and Cost Based Selection (QCBS) or Quality Based Selection (QBS)

INVITATION FOR QUOTATIONS FOR SUPPLY OF GOODS UNDER SHOPPING PROCEDURES

Ref. No. _____

Dated _____

To

Dear Sirs,

Sub: INVITATION FOR QUOTATIONS FOR SUPPLY OF _____

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

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

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

2. Government of Uttarakhand has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ towards the cost of the _____ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.

3. **Bid Price**

- a) The contract shall be for the full quantity as described above. Corrections, if any, shall be made by crossing out, initialling, dating and re writing.
- b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.

- c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
 - d) The Prices should be quoted in Indian Rupees only.
4. Each bidder shall submit only one quotation.
5. **Validity of Quotation**
Quotation shall remain valid for a period not less than 15 days after the deadline date specified for submission.
6. **Evaluation of Quotations**
The Purchaser will evaluate and compare the quotations determined to be substantially responsive i.e. which
- (a) are properly signed ; and
 - (b) conform to the terms and conditions, and specifications.
- The Quotations would be evaluated for all the item together/would be evaluated separately for each item.
[Select one of the options].
7. **Award of contract**
The Purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.
- 7.1 Notwithstanding the above, the Purchaser reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.
- 7.2 The bidder whose bid is accepted will be notified of the award of contract by the Purchaser prior to expiration of the quotation validity period. The terms of the accepted offer shall be incorporated in the purchase order.
8. Payment shall be made immediately after delivery of the goods.
9. Normal commercial warranty/ guarantee shall be applicable to the supplied goods.

10. You are requested to provide your offer latest byhours on..... (date).
11. We look forward to receiving your quotations and thank you for your interest in this project.

(Purchaser)

Name:

Address:
.....

Tel. No.

Fax No.

FORMAT FOR QUOTATION* SUBMISSION(In letterhead of the supplier
with seal)

Date: _____

To
:

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

Gross Total cost: Rs. _____

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

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

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

Signature of Supplier

Name: _____

Contact No. _____

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

FORMAT FOR OPENING OF BIDS/ QUOTATION

File No. _____ Date& Time of Quotation Opening_____

Bid Issued for _____

Bid issued on _____

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

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

S/No.	Name of the representative	Agency	Signature

Signatures of Purchase Committee Members (all 7 members)

S/No.	Name of Officers	Designation	Signature

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

Signature
(Chairperson Name)
Date:Signature
(Member Name)
Date:Signature
(Member Name)
Date:

Annex-VI

FORMAT FOR COMPARISON OF QUOTATIONS

Name of firm	Quotation No. & Date	Name of Item/s and (Price quoted) Rate		Remark (Additional Information)	Decision (Selected/Rejected with Reason)
		1	2		
		Item A	Item B		<p align="center">_____</p> <p>A seller can be rejected based on several reasons. Some of them are given below:</p> <p>The information provided in the quotation is incomplete;</p> <p>The supplier cannot deliver the supplies in the time required;</p> <p>The supplier does not have the capacity to deliver;</p> <p>The quoted price is high;</p> <p>The guarantees are not available (if applicable);</p> <p>The supplier can not provide after sales support (if applicable).</p> <p align="center">_____</p>
		Price A	Price B		

Signature of Member 1

Signature of Member 2

Signature of Member 3

(Signature of Purchase committee members)

INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF CIVIL WORKS UNDER SHOPPING PROCEDURE

To

Dear Sir,

Sub: INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF _____

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

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

2. Government of Uttarakhand has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ towards the cost of the _____ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.

- 3¹. The _____ Project in _____ state is being implemented by _____

4. To assist you in the preparation of your quotation, we are enclosing the following:

- i. Layout Drawings of the works;
- ii. Structural Details;
- iii. Detailed Bill of Quantities, with estimated rates and prices;
- iv. Technical Specifications;
- v. Instructions to Bidders (in two sections).
- vi. Draft Contract Agreement format, which will be used for finalizing the agreement for this Contract.

5. You are requested to provide your offer latest by..... hrs.
on.....
6. Quotations will be opened in the presence of Bidders or their representatives
who choose to attend at _____ AM/ PM on
in the office of _____.
7. We look forward to receiving your quotations and thank you for your interest in
this project.

(Employer)

Name: _____
Address: _____
Tel. No: _____
Fax No. _____

1 Delete if inapplicable

INSTRUCTIONS TO BIDDERS

SECTION - A

1. **Scope of Works**

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

Brief Description	Approximate value	Period of Completion

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

2. **Qualification of the bidder**

The bidder shall provide qualification information which shall include:

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

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

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

4. Bid Price

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

5. Submission of Quotations

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

5.2 Each bidder shall submit only one quotation.

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

- (a) Quotation in the format given in Section **B**.
- (b) Signed Bill of Quantities; and
- (c) Qualification information form given in Section B duly completed.

5.4 The bidder shall seal the quotation in an envelope addressed to the..... (Purchaser).

The envelope will also bear the following identification:

- Quotation for _____ (Name of the Contract)
- Do not open before _____ (time and date of quotation opening).

5.5 Quotations must be received in the office of the ----- (Employer) not later than the time and date given in the letter of invitation. If the specified date is declared a holiday, quotations shall be received upto the appointed time on the next working day.

Any quotation received by the..... (Employer) after the deadline for submission of quotations will be rejected and returned unopened to the bidder.

6. Validity of Quotation

Quotation shall remain valid for a period not less than 45 days after the deadline date specified for submission.

7. Opening of Quotations

Quotations will be opened in the presence of bidders or their representatives who choose to attend on the date and time and at the place specified in the letter of invitation.

8. Information relating to evaluation of quotations and recommendations for the award of contract shall not be disclosed to bidders or any other persons not officially concerned with the process until the award to the successful bidder is announced.

9. Evaluation of Quotations

The Employer will evaluate and compare the quotations determined to be substantially responsive i.e. which

- (a) meet the qualification criteria specified in clause 3 above;
- (b) are properly signed ; and
- (c) conform to the terms and conditions, specifications and drawings without material deviations.

10. Award of contract

The Employer will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price and who meets the specified qualification criteria.

10.1 Notwithstanding the above, the Employer reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.

10.2 The bidder whose bid is accepted will be notified of the award of contract by the Employer prior to expiration of the quotation validity period.

11. Performance Security

Within 15 days of receiving letter of acceptance, the successful bidder shall deliver to the..... (Employer) the performance security (either a bank guarantee or a bank draft in favour of the Employer) for an amount equivalent of 3 % of the contract price. The Performance Security shall be valid till the

expiry of the period of maintenance of the work, specified in clause 12.

12. Period of Maintenance

The “Period of Maintenance” for the work is six months from the date of taking over possession or one full monsoon season whichever occurs later. During the period of maintenance, the contractor will be responsible for rectifying any defects in construction free of cost to the Employer.

- 13.** Purchase of all construction materials including cement and steel as per the specifications (ISI certification marked goods wherever available) shall be the responsibility of the contractor.

SECTION - B

I. FORMAT FOR QUALIFICATION INFORMATION

1 For Individual Bidders

1.1 Principal place of business: _____

Power of attorney of the signatory of Quotation.

[Attach copy]

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

20____ _____

20____ _____

20____ _____

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

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

Existing commitments and on-going works:

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

*Enclose a certificate from Engineer concerned.

1.4 Proposed subcontracts and firms involved.

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

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

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

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

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

II. FORMAT FOR SUBMISSION OF QUOTATION

Description of the works:

To:

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

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

Sir,

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

Rs.** _____ [in figures]

Rs. _____ [in words].

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

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

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

Authorized Signature: Date:

Name & Title of Signatory : _____

Name of Bidder : _____

Address : _____

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

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

**III. FORMAT FOR LETTER OF ACCEPTANCE CUM NOTICE TO
PROCEED WITH THE WORK**

(ON LETTERHEAD OF
THE EMPLOYER)

Dated: _____

[Name and address of the
Contractor]

To: _____

Dear Sirs,

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

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

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

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

Yours faithfully,

Authorized Signature

Name and title of Signatory

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

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

2. Cost of the Contract

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

3.1 Payments under its contract:

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

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

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

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

- (a) on the second party submitting an invoice for an equivalent amount ;
- (b) on certification of the invoice (except for the first installment) by the engineer nominated by the first party with respect to quality of works in the format in Annex - B; and

(c) upon proper and justified utilization of at least 50 % of the previous installment and 100 % of any prior installment.

4. Notice by Contractor to Engineer

The second party, on the works reaching each stage of construction, issue a notice to the first party or the

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

5. Completion time

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

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

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

7. Any willful delay on the part of the second party in completing the construction within the stipulated period will render him liable to pay liquidated damages. @ Rs. * ____ per day which will be deducted from payments due to him. The first party may cancel the contract and take recourse to such other action as deemed appropriate once the total amount of liquidated damages exceeds 2 % of the contract amount.

(Note: The amount of liquidated damages per day should be determined at 0.05 % of the contract value of the works and indicated here).

8. Duties and responsibilities of the first party

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

9. Duties and responsibilities of the second party

9.1 The second party shall:

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

10. Variations / Extra Items

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

- a) The second party shall provide the Engineer with a quotation for carrying out the Variation when requested to do so by the Engineer. The Engineer shall assess the quotation, which shall be given within seven days of the request before the Variation is ordered.

- b) If the quotation given by the second party is unreasonable, the Engineer may order the Variation and make a change to the Contract Price which shall be based on Engineer's own forecast of the effects of the Variation on the Contractor's costs.
- c) The second party shall not be entitled to additional payment for costs which could have been avoided by giving early warning.

11. Securities

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

12. Termination

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

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

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

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

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

13. Payment upon Termination

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

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

14. Dispute settlement

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

In the event of agreement not being reached, the matter will be referred for arbitration by a Sole Arbitrator to be nominated by the WMD. The Arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996. The decision of the Arbitrator shall be final and binding on both the parties.

**FORMAT OF
CERTIFICATE**

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

Signature

Name & Designation

(Official address)

Office seal

Place: Date