

Public Procurement

K S Samarendra Nath

Former Director, Ministry of Steel & JD (FM/FTP), ISTM, DoPT

samar239@gmail.com

9899221822

Resource documents

- General Financial Rules, 2017
- Manual on policies and procedures for purchase of goods, 2017
- Manual on policies and procedures for employment of Consultants, 2017
- Manual on policies and procedures for procurement of Works
- CVC guidelines
- State Government Acts, Rules, etc

Also need to know

1. Indian Contract Act, 1872
2. Sales of Goods Act, 1930
3. Prevention of Corruption Act, 1988
4. Central Vigilance Act, 2003
5. RTI Act, 2005
6. Information Technology Act
7. Arbitration Act, etc.

Where to find the resource documents?

- www.finmin.nic.in
- www.eprocure.gov.in/cppp
- www.cvc.nic.in
- https://tender.eprocurement.gov.in/html/faqs_department.asp
- <https://gem.gov.in/>

What is public procurement?

- Procurement of goods and services from public moneys in and by:
 - Central Government
 - Central Public Sector Enterprises
 - Central autonomous bodies
 - Central statutory bodies
 - State Government & State PSEs, State autonomous bodies and State Statutory bodies

Concept of 'Financial propriety'

1. Vigilance
2. Economy
3. Morality
4. Equity (equality)
5. Responsibility
6. Accountability

Principles of public procurement

- Responsibility & accountability
- Open & effective competition
- Promote competition
- Transparency
- Fair & equal opportunity
- Value for money (Efficiency & economy)

- Ethical behaviour

Filing system

[CVC guidelines]

- Single filing system for purchase cases
- Proper pagination
- Avoid opening part files
- If part file unavoidable, merge immediately
- Decisions & deliberations of the individuals and Tender Committees to be documented

Estimated rates

- Vital element in establishing reasonableness of prices
- Work out realistically & objectively
 - Prevailing market price
 - Last purchase price
 - Economic indices

Specifications

- By competent body
- To meet end-users' requirements
- Avoid brand names
- Neither too high nor too generic
- Performance characteristics
- No non-essential features

Quantity

- To meet the actual requirement
 - Neither too little nor too much
- Stock available?
- Delivery period?
- Cushion for market fluctuations

Vendor Registration

- To establish reliable source of supply
- Eligibility criteria
- Qualification criteria

Modes of procurements

S No	Cost ceilings	Mode of procurement
1	Up to Rs 25,000 (R-154)	Without quotation subject to a certificate
2	Above Rs 25,000 but up to Rs 2,50,000 (R-155)	Local Purchase Committee subject to a certificate
3	Up to Rs 25,00,000 (R-162)	Limited Tender Enquiry
4	Beyond Rs 25,00,000 (R-161)	Advertised tender enquiry
5	Common (off-the-shelf) office items	Rate Contract (R-148&156) E-procurement (R-160)
6	Propriety items (R-166)	Single tender enquiry

Standard methods of obtaining bids

1. Advertised Tender Enquiry
2. Limited Tender Enquiry
3. Single Tender Enquiry
4. Electronic Reverse Auction
5. Two bid system(simultaneous receipt of separate technical and financial bids)
6. Two-stage bidding (Obtaining in 2 stages:
 - Technical bids
 - Financial bids (after evaluation of Technical bids)

Government e-Market place (GeM) (R-149)

- Online common use goods and service
- **Mandatory** to procure from GeM
- Credential of suppliers certified by DGS&D
- Procuring authority to certify reasonability of rates

GeM 50000 [R-149 (i)]

- Up to Rs.50,000 through any of the available suppliers on the GeM
- Meeting the requisite quality, specification and delivery period

GeM 30 lakh [R-149 (ii)]

- Seller having lowest price amongst the available sellers, of at least three different manufacturers, on GeM
- Meeting the requisite quality, specification and delivery period
- The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority

GeM 30 lakh plus [R-149(iii)]

- through the supplier having lowest price
- Meeting the requisite quality, specification and delivery period
- After mandatorily obtaining bids
- using online bidding or reverse auction tool provided on GeM
- Annual procurement plan
- Business Analytic tool

Electronic Reverse Auction [R-167]

- On-line real time procurement technique to select successful bid
- Involves presentation by bidders of successively more favourable bids during a scheduled period of time; and
- automatic evaluation of bids

Basic Aims of Procurement

Five Rs of Procurement

1. Right quality
2. Right quantity
3. Right Price
4. Right time and place and
5. Right source

Consulting Services (Rule 177)

- Non-physical project specific, intellectual and procedural processes (Professional, intellectual, training and advisory services)
- Outcomes / deliverables vary from consultant to consultant
- Any other service classified or declared by the orgn.
- Not to include direct engagement of retired Govt. servant (can be engaged through competitive process)
- Expert strategic advise / management consultant/ feasibility studies/policy consultants/ communication consultants/ engineering services/finance. accounting, taxation services, training and development, etc.

Non-Consulting Service (Rule 197)

- Non-Consulting Services Any service with physical, measurable deliverables/outcomes
- Performance standards can be defined

Examples:

- Maintenance, hiring of vehicle, outsourcing of support services, security, photocopy work, office errand services

Consultants (Rule 178)

- Ministries may hire consultants
- Consultant:
 - External professionals, consultancy firms or consultants
 - hired for a specific job
 - with well defined terms of content; and
 - time frame for completion

Consultancy: Identification of Likely Sources

Upto 25 lakhs	Beyond 25 lakhs
<ul style="list-style-type: none">• Prepare Long List of consultants• Formal & informal enquiries• Ministries/ Departments,• Chamber of commerce & industry• Association of consultancy firms	<ul style="list-style-type: none">• Steps as in previous column• Expression of interest• To be published on CPPP & GeM• Ministry's website

Methods of selection/evaluation

1. Quality cum Cost based system
2. Least Cost System
3. Single Source Selection/ Consultancy by Nomination

Outsourcing of Services

- Non-Consulting services
- Maintenance, hiring of taxi, outsourcing of security, photocopier service, house keeping,....
- In the interest of economy and efficiency
- Deptt specific instructions keeping GFR in view
- Procedure followed:
 - Identification of Likely contractors
 - Prepare Tender enquiry
 - Invite bids
 - Less than 10 lakh- limited tender enquiry- identified contracts should be more than three
 - Above 10 lakh – advertised tender enquiry/CPMP/ GeM/web site

Thank you!