Enhanced Transparency in Procurement through Voluntary Disclosure under the RTI Act 2005
ACKNOWLEDGMENTS

When the World Bank Institute offered YASHADA an opportunity to develop training materials in the important area of Social Accountability, it was an entirely new field of work and one which presented immense challenges. Social accountability by its very nature operates within a particular social, political and legal milieu and is delimited, prescribed and proscribed by the prevailing socio-historical realities. The main challenge was to somehow pick lessons from across the world, de-contextualise these good practices, and weave them into a larger global praxis. Consequently, the two reports/products of this project are an important effort in defining social accountability in more universal and trans-cultural terms.

The Textbook on Social Accountability for use in training of government officials begins with a conceptual framework and a survey of Social Accountability mechanisms from across the world, which clearly brings out the role of history in determining civic engagement in governance. For this text, we have received very useful inputs from a variety of sources, and especially commissioned papers from Mr Bipin Mallick, IAS, Mr Prabodh Saxena, IAS and Adv (Dr) Anil Dange. These disparate inputs have been woven into a book with a lot of original writing by the Project Leader, Ms Nasrin Siddiqui, ably assisted by Ms Smita Chatterjee.

The sub-project on ‘Enhanced Transparency in Procurement through Voluntary Disclosure under the RTI Act (2005)’ has been an entirely new and refreshing addition to the vast body of literature on this subject and the credit for a meticulous piece of research and analysis goes entirely to Mrs Kishori Gadre, Director Indira Research and Development Centre and her team of associates.

The World Bank Institute has not only funded this project (with generous help from the Norwegian aid agency) but also provided guidance and support through its South Asia Regional Coordinator, Ms Mohini Malhotra and Senior Consultant, Mr Benjamin Powis. We are indeed grateful to them for their forbearance and support in this phase, and hope to enjoy the same in future endeavours as well.

To all these and a myriad others, YASHADA extends its profound thanks and good wishes.

Pune (V Ramani)
March 2009
Director-General
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>NO</th>
<th>TOPIC</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Executive Summary</strong></td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td><strong>Introduction</strong></td>
<td>9</td>
</tr>
<tr>
<td>2</td>
<td><strong>The Approach</strong></td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td><strong>Right to Information and Other Vigilance Mechanisms</strong></td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td><strong>Basis of the Study</strong></td>
<td>39</td>
</tr>
<tr>
<td>5</td>
<td><strong>Analysis of Procurement</strong></td>
<td>44</td>
</tr>
<tr>
<td>6</td>
<td><strong>Stage-wise Analysis of Procurement</strong></td>
<td>47</td>
</tr>
<tr>
<td>7</td>
<td><strong>Recommendations</strong></td>
<td>111</td>
</tr>
<tr>
<td></td>
<td><strong>References</strong></td>
<td>149</td>
</tr>
<tr>
<td></td>
<td><strong>Annexures 1 – 10</strong></td>
<td>150</td>
</tr>
<tr>
<td></td>
<td><strong>Existing Documentation Formats</strong></td>
<td></td>
</tr>
</tbody>
</table>
# Index of Formats

<table>
<thead>
<tr>
<th>Format No</th>
<th>Name of the Format</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Particulars of facilities available to citizens for Obtaining information during procurement process</td>
<td>135</td>
</tr>
<tr>
<td>2</td>
<td>File Typology</td>
<td>138</td>
</tr>
<tr>
<td>3</td>
<td>Procurement Plan</td>
<td>113</td>
</tr>
<tr>
<td>4</td>
<td>Procurement for the provisioning of the Available stock</td>
<td>124</td>
</tr>
<tr>
<td>5</td>
<td>Publishing Various Guidelines</td>
<td>139</td>
</tr>
<tr>
<td>6</td>
<td>Powers and duties of its officers and employees in procurement process.</td>
<td>125</td>
</tr>
<tr>
<td>7</td>
<td>Officers Checklist</td>
<td>116</td>
</tr>
<tr>
<td>8</td>
<td>Proceedings of pre-bid meeting</td>
<td>127</td>
</tr>
<tr>
<td>9</td>
<td>Particulars of Committees</td>
<td>128</td>
</tr>
<tr>
<td>10</td>
<td>Expert Committee for evaluation of quality</td>
<td>128</td>
</tr>
<tr>
<td>11</td>
<td>Summary of Technical Bids Opened</td>
<td>129</td>
</tr>
<tr>
<td>12</td>
<td>Summary of Financial Bids Opened</td>
<td>130</td>
</tr>
<tr>
<td>13</td>
<td>Particulars of Negotiations with L1</td>
<td>131</td>
</tr>
<tr>
<td>14</td>
<td>Inspections expected during the Execution Stage</td>
<td>131</td>
</tr>
<tr>
<td>15</td>
<td>Special Conditions Progress Report</td>
<td>132</td>
</tr>
<tr>
<td>16</td>
<td>Information relating major works undertaken</td>
<td>133</td>
</tr>
<tr>
<td>17</td>
<td>Duties, Responsibilities and Remuneration to the Consultants</td>
<td>133</td>
</tr>
<tr>
<td></td>
<td>Bidders Charter</td>
<td>141</td>
</tr>
<tr>
<td></td>
<td>Citizens’ Guide</td>
<td>145</td>
</tr>
</tbody>
</table>

Note: The formats have been arranged according to the stage wise analysis. Thus the sequence is maintained in that order.
Executive Summary

‘Enhanced Transparency in Procurement through Voluntary Disclosure under the RTI Act (2005)’ is one of the individual components of the larger initiative undertaken by YASHADA under the proposed National Resource Centre for Social Accountability, and funded by the World Bank Institute, New Delhi.

The study included the sample identified by YASHADA of Urban Local Bodies, Urban Parastatals in the areas of Road Development, Water Supply, Transport, Telecom and Housing for the urban sector; line departments like Irrigation, Public Works (PWD), Agriculture, Public Health, and School Education in the rural sector.

The approach of the study was on the following premise:

- Procurement is an important process through which almost one-third of public money is routed – the other expenditure being salaries and grants-in-aid, which are less prone to malpractice.

- Overall advancement in procurement process must take place on four counts – economy, efficiency, fairness and transparency.

- Public money is sacrosanct and should be spent following the canons of financial propriety. People have paid taxes and have a right to know how the money is spent.

- The Right to Information Act (2005) is an effective tool, and if used properly will certainly empower people for monitoring effectiveness of public spending. Right and focused information at the right time will be an effective tool for making the functioning of public agencies more transparent.

- Citizens in general do not have either the time or the inclination for very detailed information. However, interested NGOs and stakeholders are interested in an ‘Information and Fairness Perspective’ and the citizens in general and media are interested in the ‘Accountability Perspective.’ So information about the procurement process has to be organised from both these perspectives and published in a user friendly manner. Too much or too little information will not serve the purpose.

The team studied the existing procurement process and the common pitfalls in the process. The existing practices and mindset are conventional and most of the organisations do not acknowledge the need for publishing information beyond the present limited extent.

The main stakeholders in the process who need fair treatment are the bidders/competitors. This category of people being in business, are not inclined towards establishing their rights because whether they get the tender or not, they will have to deal with the authorities for business/support and payment. So they are not in a position to insist upon transparency.

The preamble of the Right to Information Act 2005 says that it has been enacted to bring transparency into the realm of practice. The act has envisaged in Section 4 of the legislation, what the public authorities need to publish suo motu, in order to bring about greater transparency. Taking into consideration the spirit of this Act, using its provisions and studying the crucial aspects of procurement where the veil of secrecy has to be removed, the report has suggested mechanisms which will help tackle the core issue at hand, effectively.
These mechanisms have used RTI Act specifically for Procurement alone, as per the requirements of this assignment. In fact, this narrower focus has proved an effective step towards transparency, as the stakeholder is not interested in all the information provided as a mandatory requirement by public authorities under the regular section 4 declarations, and can even get lost in the barrage of irrelevant detail.

Procurement being the most vulnerable function prone to corruption, needs this focused light of transparency to unfold the reality. The Information Commissioner (and State Government) has powers under the RTI Act to adopt new mechanisms for effective implementation of the Act. The formats developed here can be made mandatory for spending departments by proper intervention of these regulatory authorities, to ensure transparency and propriety in procurement.

Present practices of e-procurement are explored during the study. E-Procurement by itself will not bring transparency, as most e-procurement websites deal only with one aspect of a complex procurement process, namely the receiving and submitting of tender forms. E-tendering may partially enhance transparency, but also tends to breed complacency in the organisations, who feel that this limited window into their workings is sufficient. E-governance in most cases is limited to greater efficiency – not necessarily greater transparency.

Thus within the four pillars of Public procurement, this project orients the recommendations in such a way that transparency in crucial aspects of procurement will lead to questioning the appropriateness of actions which will further necessitate fairness in the short term; and economy and efficiency in the long term systemic reforms.

Systemic recommendations

The salient points that need to be published at various stages of procurement and which form part of the recommendations of this report are:

- Updating of instructions, guidelines, schedule of rates and making the information available for all the departments uniformly and for training the functionaries.
- Procurement Planning to create a holistic picture of priority spending, time allotted for following the procedure, and minimising risks and the unexpected.
- Checklist for Officers – What should be checked by officers and avoided at each stage is published, so that it can be monitored by stakeholders.
- E-procurement clubbed with e-publishing still remains the most cost effective way and is strongly recommended. Searching websites of various Government and parastatal bodies becomes tedious, therefore for ease of approach it is recommended to have one nodal website for all tenders / e-procurement of a particular State Government.

Recommendations for enhancing Transparency

- Powers, duties and accountability mechanisms of all employees and officers involved at various stages of the procurement process should be published.
Particulars of committees – powers, constitution, members and availability of minutes – may be published according to the subsection of RTI Act. Transparency in this respect will enhance accountability.

Duties, responsibilities and remuneration of consultants: Expert consultants play a major role in decision making, and almost work as public servants for the duration of a project. Their accountability needs to be assured through publishing these details.

Information relating to the major works undertaken: Scope, reason for initiation, benefits and expected time and cost.

Proceedings of pre-bid meetings: Publishes the conditions discussed, explanations given, and conditions modified.

Summary of technical and financial bids: Reasons for acceptance and rejection are to be published along with the important details of the bid.

Negotiations with Lowest Bidder (L1) should be avoided, but if it is resorted to in public interest, the details must be published.

Examination of Sample: specifications, remarks of expert committee and reasons for decision of accepting or rejecting the sample/demo.

Special Conditions Progress Report- The core conditions of the project regarding quality requirements of material, manpower, outcome, payment and its progress.

Inspections expected during procurement process – may be published so that under RTI Act, the citizens can themselves inspect the samples by following the laid down procedure.

The reasons for decisions are generally not recorded and the grounds for decision-making or evaluation criteria are not published a priori. Publicity of this nature will bring about awareness in stakeholders – both internal and external – and ensure financial and fiscal discipline. Infrastructure and spending departments spend huge amounts through the procurement process, and making such publicity mandatory will certainly enhance accountability through transparency.

**Recommendations for facilitating the demand of information**

- **File Typology** – It educates the outsider/citizen about the documents created in the process and the document terminology used.

- Particulars of facilities available to citizens for obtaining the information – The what, where, how and when of the availability of information regarding procurement.

- **Bidders’ Charter** – The procedures and norms governing the procurement process in general, and the information and files regarding the project in particular, which the bidder has access to, must be known to them.

- **Citizens’ Guide** – To empower the citizens by telling them what needs to be done in procurement and how they can examine the process.

- **Publishing Manual** – The acts, rules, Government Resolutions (GRs), circulars and traditions, evaluation criteria etc must be published so that the rationale for decision making is known to stakeholders.
The report tries to bring about transparency interventions in procurement process for all the major stakeholders namely officers, bidders and citizens and develop increased accountability in the process within the purview of Right to Information Act 2005 and provides logical linkage for actual implementation of recommendation.
Introduction

Sound public procurement policies and practices are among the essential elements of good governance. Good practices reduce costs and produce timely results; poor practices lead to waste and delays and are often the cause for allegations of corruption and Government inefficiency.

The World Bank has always taken measures to ensure that sound principles and practices are followed in projects it finances, by requiring that borrowers adhere to its procurement guidelines and by supervising project implementation. The same benefits that accrue to Bank-assisted projects in which procurement is handled well, can and should be extended to all public sector procurement. Accordingly, the Bank is prepared to assist Borrower member countries, as an integral part of their Country Assistance Strategies (CAS), to analyse their present procurement policies, organisation, and procedures; and to help them develop or modify their systems to:

(a) Increase their capacity to plan, manage and monitor the procurement process effectively;

(b) Improve the accountability, integrity, and transparency of the process and reduce the scope for corruption; and

(c) Be consistent with internationally accepted principles and practices.

The magnitude of resources involved in public expenditure is sizeable. The prevalence of inefficient or corrupt practices leads to significant additional cost resulting in decreased delivery of services, infrastructure, and public goods. In addition to reducing costs, good management of public resources also increases the public's confidence in governance.

‘Social Accountability and Transparency in Procurement’ is one of the individual components of the larger initiative undertaken by YASHADA under the proposed National Resource Centre for Social Accountability, and funded by the World Bank, New Delhi.

Objectives of the Study are to

- study the current procurement process
- suggest measures to tackle the discrepancies by developing mechanisms
- enhance social accountability and transparency in the procurement process by focused implementation of Right to Information as a tool

The project takes into account the four pillar approach towards public procurement which believes that unless all the aspects of the function (i.e. efficiency, economy, fairness and transparency) are taken care of, the overall impact will not be evident. The focus of this project is mainly on social accountability. Obviously the focus of the study is on transparency and how by making the systems more transparent the other aspects of fairness, efficiency and economy can be pushed for reforming the procurement process.
The following points provide a consolidated picture of these four dimensions in the procurement process:

1. Loss of economy and inefficiency in procurement which is evident from the following indicators:
   - Tenders are not awarded to the lowest responsive bidder.
   - The tenders received/awarded do not represent best value for money.
   - Time taken to solicit and award tenders is excessive.

The reasons for the above may be
   - Lack of competition and capacity to understand the market.
   - Poor contracting strategies/procurement documents which place excessive and unnecessary risks on bidders/overlook quality in selection of consultants.
   - Lack of procedures/excessive controls/shortage of experienced or trained staff/shortage of data management systems.
   - Weak procurement planning.

Unfair and inequitable treatment of suppliers and contractors is evident from the fact that those responsible have double standards in dealing with suppliers and contractors
   - Preferential treatment beyond that provided for in the law is practiced.
   - Price matching is used to secure the participation of enterprises targeted in terms of a preferential procurement policy.

These systemic ills can be tackled through
   - E-procurement and the use of technology to increase competition and improve transparency in the public procurement system;
   - Contract administration including review of a number of indicators that cover payments, performance of suppliers, extent of price increases and contract amendments, dispute resolutions, arbitrations, quality control/inspection and acceptance and warranties;
   - Enhancing the accountability in the process by increasing transparency by disseminating crucial and meaningful information in an organised manner and thereby facilitating social audit of public spending.

Against this background, social accountability has become increasingly important in a globally connected world and has constant vigilance by civil society to hold to account Government bodies for their decisions, action and inaction. Making Governments accountable has not been easy, and after several experiments worldwide, there are two clearly emerging approaches to operationalising Social Accountability in democratic societies: the first tends to be citizen-centric (demand-driven), while the second expects proactive initiatives from Government bodies themselves (supply driven).

Accountability is an ethical concept which is associated with account-giving. Public servants are trustees of the citizens’ contribution, who work on their behalf and in public interest. Giving account to the public is the paramount responsibility of administration. This is
conceptually accepted but in the day-to-day working tradition, the colonial mindset still prevails. For accountability to become a fact of life, persistent efforts are needed from all sides.

As all the accounts are with the Government machinery, the need for accountability must be felt by the authorities and insiders who will ensure that the systems are attuned to accountability as the overriding philosophy. To develop this culture of Good Governance is the mandate of YASHADA and it is persistently inculcating these values in the mind-sets of administrators. The change is gradually beginning to happen, and was observed during the study for this project. But accountability still has not become the norm of the day. The old practices are not replaced and therefore continue giving the same old results.

Changing the prevailing Government mindset for accountability is a laudable objective but must be strongly supported with systemic interventions. If systems are accountable whether the incumbent likes it or not, he/she has to follow the procedure. It is seen that the systems laid down in support of RTI legislation are followed by most of the public authorities and administrators tend to follow procedures unquestioningly, follow the system without demur. If good practices are strategically systematized, the results will follow. There are already systems working on these lines which ensure good governance.

Outside pressure may be built through law, transparency, and education of stakeholders, to create empowered watchdogs of interested civil groups. Once the public servants know that outsiders can legitimately ‘peep’ into the systems, alertness and propriety will become a mandatory pre-requisite. This is the first phase of peoples’ participation in governance. This observance will lead to questioning and discussions about propriety of various decisions. The next stage will be open meetings and on-line peoples’ participation, while the work is in progress, which will ultimately result in empowering people by making them part of the crucial decision making.

Reforms are awaited not only in the prevalent systems but also in the traditional mindset of all stakeholders – public authorities, individual officers, bidders and citizens. And this need is felt by the authorities, bidders, as well as the funding agencies. There are no two opinions about the importance of efficiency and effectiveness in public procurement, but the chronic problems have yet to be addressed with some sense of urgency. The impact of flaws in the system is not measurable and therefore not pinching. The transparency measures suggested in the report will help bidders and the citizens to throw the right questions at the main actors, which may prove a push to much needed reform in the system.

**The Need for Transparency**

A greater level of accountability should apply to public rather than to private money as the money is usually raised through tax instruments; and it should only be used for purposes for which it is intended; the standards of propriety should be higher; and the competition to drive down costs should be of paramount importance. Procurement is an important process through which almost a third of public money is routed; the other expenditure is salaries and grant-in-aids which are less prone to malpractices. Public money is sacrosanct and should be spent following the canons of financial propriety. People have paid taxes and have a right to know how the money is spent. Public organisations serve the purpose of administering public tasks and funds for the benefit of the common good.
It is needless to state that tendering process is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of Article 14 of the Constitution of India guaranteeing right to equality, which implies right to equal opportunity to all interested parties. The principle of fairness is addressed here.

At present, hardly any information related to decisions making process and important decisions regarding procurement is disclosed by any Government department. The E-tendering initiatives are mostly limited to availing the tender document in e-format. To enhance transparency and accountability, most of the critical information must be brought in the public domain. The mechanism for this purpose may be developed which can be later adopted by various Government departments and PSUs. The Right to Information Act provides this mechanism in a generalized way in the form of pro-active disclosure under section 4 of this act. These provisions need customization for bringing out important information relating to public procurement.

Transparency in Procurement is one of the individual components of this larger initiative which is funded by the World Bank. Indian Government spends an estimated $100 billion in public procurement each year\(^1\) especially pertaining to development activities such as infrastructural development and other subsidiary activities.

Infrastructure projects involve a huge inflow of public money. Hence this project views transparency from the point of view of mainly works and other urban development activities. The project envisages studying the procurement process across various dimensions. It includes the study of current practices during the procurement process which includes comprehensive study of present status of documentation, the stage wise analysis of the process and recommendations which emerge from three perspectives namely:

- Officer’s Perspective
- Bidder’s Perspective and
- Citizen’s Perspective

It aims at development of formats and mechanisms for Voluntary Disclosure at every stage of the procurement process.

### Common Perceptions of Stakeholders about the Procurement process

<table>
<thead>
<tr>
<th>Perceived notion of Corruption</th>
<th>Clarity/Transparency</th>
<th>Ambiguous description of requirements</th>
<th>All vested interests are put to rest</th>
<th>Unplanned schedules</th>
<th>Better planned schedules</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not trust the process</td>
<td>Belief and confidence in the Government system</td>
<td>Lengthy tender</td>
<td>Defined work scope leading to clarity of expectations</td>
<td>Time consuming and hurried tender procedures</td>
<td>Canons of financial propriety fully understood</td>
</tr>
<tr>
<td>Authorities make it unnecessarily complex</td>
<td>Aware of where and how the money is spent</td>
<td>No differentiation between vital and supplementary information and conditions</td>
<td>Fewer grievances and complaints</td>
<td>The words are followed, spirit is lost.</td>
<td>Belief in their own system</td>
</tr>
<tr>
<td>Not clear about why decision is made</td>
<td>Awareness of right to scrutinize every public work</td>
<td>Competency assessment criteria seem arbitrary</td>
<td>Openness to communication</td>
<td>Do not know or understand the “Why” of procedures they follow</td>
<td>Quality considerations built into the procurement process</td>
</tr>
<tr>
<td>Helpless, “I can’t do anything”</td>
<td>Not a victim but feels in control</td>
<td>Shrouded in secrecy</td>
<td>Assurance of equal treatment to all bidders</td>
<td>Bidders regarded as puppets in the hands of officers</td>
<td>Communicating the reasons for taking particular decisions</td>
</tr>
<tr>
<td>Not aware of their rights</td>
<td>Knowledge of reasons of decisions / An equal party in contract</td>
<td>Ensure quality</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not on equal footing though an equal party according to the Contract Act.</td>
<td>Realising that bidders too are decision makers in their own right</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The tendency towards ambiguity and obfuscation is so deeply ingrained in the organisational set up, that even the lower rung staffs displays a cautious approach towards the citizens. Hiding facts as a matter of course has become second nature for most Government functionaries...*
The study includes the identified sample by YASHADA of Urban Local Bodies, Urban Parastatals in the area of road development, Power, transport, telecom and housing for the urban sector; line departments like Irrigation, PWD and Public Health.

The approach of the study was on the following premise:

- Procurement is an important process through which almost one-third of public money is routed – the other expenditure being salaries and grants-in-aid, which are less prone to malpractice.
- Public money is sacrosanct and should be spent following the canons of financial propriety. People have paid taxes and have a right to know how the money is spent.
- ‘Right to Information’ is an effective tool, and if used properly will certainly empower people for monitoring effectiveness of public spending. The right and focused information at the right time will be an effective tool for making the functioning of public agencies more transparent.
- Citizens in general do not have time or inclination for very detailed information. However, interested NGOs and stakeholders are interested in ‘Information and Fairness Perspective’ and the citizens in general and media are interested in ‘Accountability Perspective.’
- So the information about procurement process has to be organised from both these perspectives and published in a user friendly manner. Too much or too little information will not serve the purpose.
- The team studied the existing procurement process and the common pitfalls in the process. The existing practices and mindset are conventional and most of the organisations do not acknowledge the need for publishing information beyond the present limited extent.
- The main stakeholders in the process who need fair treatment are the bidders/competitors. This category of people being in business, are not inclined towards establishing their rights because whether they get the tender or not, they will have to deal with the authorities for business/support and payment. So they are not in a position to insist upon transparency.
- The preamble of the Right to Information Act 2005 says that it has been enacted to bring transparency into the realm of practice. The act has envisaged in Section 4 of the legislation, what the public authorities need to publish suo motu, in order to bring about greater transparency.
- Taking into consideration the spirit of this Act, using its provisions and studying the crucial aspects of procurement where the veil of secrecy has to be removed, the report has suggested mechanisms which will help tackle the core issue at hand, effectively.
- These mechanisms have used RTI Act specifically for Procurement alone, per the requirements of this assignment. In fact, this narrower focus has proved an effective step towards transparency, as the stakeholder is not interested in all the information provided as a mandatory requirement by public authorities under the regular section 4 declarations, and can even get lost in the barrage of irrelevant detail.
• Procurement being the most vulnerable function prone to corruption needs this focused light of transparency to unfold the reality. The Information Commissioner (and State Government) has powers under the RTI Act to adopt new mechanisms for effective implementation of the Act. The formats developed here can be made mandatory for spending departments by proper intervention of these regulatory authorities, to ensure transparency and propriety in procurement.

• Present practices of e-procurement are explored during the study. E-Procurement by itself will not bring transparency, as most e-procurement websites deal only with one aspect of a complex procurement process, namely the receiving and submitting of tender forms. E-tendering may partially enhance transparency, but also tends to breed complacency in the organisations, who feel that this limited window into their workings is sufficient. E-governance in most cases is limited to greater efficiency – not necessarily greater effectiveness.

An overview of the approach and the purview of RTI Act as a tool are given below:

![Diagram of RTI Principles, Provisions, Other Strategies, Gaps in Procurement Process, Formats, Mechanisms]

The report tries to bring about transparency interventions in procurement process for all the major stakeholders namely officers, bidders and citizens and develop increased accountability in the process within the purview of Right to Information Act 2005.
Nature of Information with Public Authorities

In view of the need of establishing “Transparency” it is necessary to examine the core and sensitive areas invoking information. Ideally, the public should be properly informed about, and heard in relation to, matters of public interest. This enables them to take active part in public affairs, to make informed decisions, and to hold public organisations accountable for good as well as for bad administration or corruption with regard to tax payers’ money.

However, this scenario does not always emerge in practice. The reason may be very simple, namely because the population is ignorant about its right to information as well as about what is important to know. The citizens may also take an indifferent/cynical stand claiming that nothing comes out of invoking the right to information.

The information that public authorities hold is created through various daily processes that they follow. The information created here is seen as important for is either too routine, or classified for office convenience. Moreover, the average citizen is considered incapable office use but not quite as relevant for the man in the street, because the information of deciphering such information. Making this information accessible for general public is neither welcomed by the bureaucracy nor found to be very significant by the public at large.

So whenever we talk of giving information to people the information should be made

- Meaningful,
- Organised,
- Crucial, and /or
- Focused on the areas where malpractices are common

The definitions under RTI Act also denote the categories of information available with the authorities. These are different types of documents wherein relevant information can be culled out, analyzed and further processed. The public at large does not have the skills to do that for the simple reason of non-acquaintance with the systems, procedures and types of documents and language. Though the Act has opened up the proverbial Pandora’s Box for common man, too much of information has often blurred the view.

The Supreme Court Judgment (Supreme Court in State of UP vs Raj Narain AIR 1975 SC 865) states the following:

“In a Government of responsibility like ours where the agents of the public must be responsible for their conduct there can be but a few secrets. The people of this country have a right to know every public act, everything that is done in a public way by their public functionaries. They are entitled to know the particulars of every public transaction in all its bearings.”

The definition of information under the act denotes that all the information which is under the purview of present project regarding procurement is amenable to this Act. It contains papers, noting, opinions, samples and inspection of works. This gives a wide canvas for citizens, or those who desire to seek the information, for verifying the documents from pre-tender stage to the execution of work.
But very few people opt to dig for information. It is therefore desirable that public authorities publish such information in a comprehensible way to convey their concern for accountability in important matters. The project talks about the mechanisms and formats to make the transparency interventions meaningful. Most of these formats are mandatory under Right to Information Act 2005, the project has just made the formats in such away as to make the info user friendly and meaningful

**Public money**

Every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be *prima facie* more than the occasion demands.

The zooming in of the public eye on daily activities may irritate the bureaucracy as it resists openness, but implicit in its societal mandate is the expectation that those authorised by society to act in the public interest carry out even their routine activities both chronologically and in a fair manner, with discretion being used keeping in view the larger objectives of the action. The lenses of RTI provide citizens the opportunity to verify whether the systems are followed? If followed whether the systems are giving desirable results? Do they need reform etc?

**Optimisation of transparency with RTI Act**

Some of the principles and mechanisms which pave the path towards transparency are highlighted here. Openness for public administrators means willingness to communicate the information they hold to the outside world – both information about successes and information about failures. One thing is *what* should be made public – another is *how* to make it public. In order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity of relevant information.

The Right to Information Act has been studied from the perspective of bringing transparency in the procurement procedure. Subject to the provisions of RTI Act, all citizens shall have the right to information, which is construed largely that the citizens can ask for the information defined under the Act under section 6. But Section 4 provides for transparent governance by putting the obligation on public authorities to provide information by publishing very crucial information about the organisation. It also suggests systemic improvements like prioritising computerisation of records. Considering the volume of expenditure of State Government done through procurement procedure and chances of corruption therein, the need to focus for transparency is relatively more in this function. So this can be taken up as a priority area for computerisation for at least the spending departments and Public Sector Undertakings (PSUs) whose major expense, other than salaries, is through procurement or works contracts.

It is in the public interest to know how resources are planned and used in terms of budgets and accounts. It is also important to have openness regarding the persons who administer the public budgets. For instance, it is important to have access to information about salaries, and to know whether a public servant has personal economic interests which can influence his or
her decisions. And it is in the public interest to know that a set of procedures is followed in order to avoid arbitrary and corrupt conduct – e.g. in relation to recruitment procedures, procedures for outsourcing contracts etc. Public authorities are obliged to record factual information received orally whenever this may be of importance to decisions of administrative cases.

To ensure maximum disclosure, specific guidelines or manuals may be produced advising the general public on their right of access to information and how to exercise it providing information of high quality. It is not only necessary to ensure maximum disclosure, but also the precise information focusing on the key factors. It is important that the information is presented in a clear and well-structured manner thus enabling access for all in simplified language. So it is much more than making the information public – it is required to make it more user-friendly as envisaged in the concept of Citizens’ Charter.

Too much information may have the same effect as no information at all, since an overflow of information risks the blurring of the essential message in the midst of it. The formats proposed under this project have been designed keeping in view these aspects. The flow of information within public administrations as well as with the outside world can be supported by means of the organisational structure. If an organisation is well managed, with a clear internal distribution of tasks, it will be in a better position to provide good administration in an efficient manner and also be open about it. It demands that activities linked to processing of information can be identified, and that specific persons can be assigned responsibility for their realisation.

Peoples’ Participation – working with the information at the right time

Right to information includes the public’s right to know what the Government is doing on its behalf and to participate in the decision-making processes. Freedom of information legislation should therefore establish a presumption that all meetings of governing bodies are open to the public.

The authorities can also be obliged to involve the public directly in the implementation of specific tasks, for instance in relation to relevant committees and boards. Opening up decision-making procedures to the public provides a forceful tool for finding well-reasoned and viable solutions to specific challenges in cases where the decisions directly influence the public itself.

Minimum Exemptions

The principle of maximum disclosure means that there is a strong presumption in favour of access to information. There is an obligation on the part of public authorities to disclose all information held by them, unless it is subject to a clear and limited set of exception grounds.

Copyright/IPR/trade secret/commercial confidence, the disclosure of which will harm the competitive position of third party are the exceptions which apply in procurement process. It should be made clear by the respective departments, which information will not be available for inspection.

To allow for openness to thrive in practice, the grounds for exception to disclose information should be clearly and narrowly defined. Otherwise it is all too easy for public bodies to broaden exceptions to cover most types of information and thereby withhold important
information from the general public. Furthermore, as access to information is a right, any cost involved in authorities fulfilling this right, must be considered part of ordinary public service already paid by citizens via taxes etc.

‘Transparency is public interest’ and therefore any argument for not publishing any information, other than the exemptions provided in the Act, is invalid.

**Reach out to every Citizen Using Information and Communication Technology (ICT)**

Information and communication technologies are effective tools to increase accessibility and availability of information held by public institutions. Every citizen, pressure group, stakeholder should be provided easy access to information. The Internet is a revolutionary medium and can be used effectively for **citizen orientation** and not just for organisation orientation. Information can be retrieved much faster than before and in much bigger quantities. However, technology in itself does not create openness, but it can establish the preconditions for improving the level of openness. The report suggests some ways to use ICT effectively for easy accessibility.

A concept of **transparency rating** may be introduced by Information Commissioners for various departments, based on defined indicators like identification of needs for accountability; relating crucial information to these needs; and devising mechanisms for bringing in transparency other than the mandatory provisions.

**Empowering the public**

Although access to information about the performance of the public administration is a precondition for accountability, the public administration cannot take for granted that the citizens will take action; the public may be unaware of their rights or they may fear repercussions if they request information. The administration must therefore play an active role in empowering the general public to participate in and influence the conduct of public affairs as well as the control thereof.

The bidders are the major stakeholders in procurement process who are interested in fair opportunity, and respectful and equal treatment at every stage. On the other hand their business opportunities are at stake if they fight for their rights. Citizens and media are interested in right use of their paid taxes and quality services. They are interested in quality indicators and adherence to financial propriety. While using provisions of Section 4 of RTI Act, the public authorities have to keep these expectations in mind.

RTI in procurement may be used by prospective bidders, competitor of bidders, people affected by various projects, researchers and students, retired personnel from the department, whistle blowers, senior citizens in the vicinity, media etc.

In many ways it is an advantage for public administrators to be transparent about their management and performance – even beyond what is prescribed in the legislation. When their achievements and dispositions are made public, citizens get a better understanding of the motives underlying activities, plans and decisions. Such information enables citizens to react either in terms of supporting public initiatives or by questioning their very relevance.

This report looks at the information from the point of view of all stakeholders, and suggests measures and tools handy for all stakeholders to ensure optimum transparency.
The proposed Bidders’ Charter and Citizens’ Guide and Checklist for Officers are some of these mechanisms, which will help streamline the operations from various angles and ensure good governance through accountable interventions.
Right to Information and other Vigilance Mechanisms

Only an informed citizenry can ensure the right use of this opportunity to participate. A special Act to that respect has been enacted after five decades of independence for setting out the practical regime of right to information. The proclamation of the act by itself will not bring about the envisaged practical regime, but the prudent use of the provisions by the authorities does make that a distinct possibility. The relevant provisions of the Act have been used in the report to focus on its usage in consonance with the aspects in the procurement process wherein there is an urgent need for transparency, which will lead the process to the desired level of accountability.

The Constitution of India authorises the Central and the State Governments to contract for goods and services and also requires the executive to protect the fundamental rights of all citizens to be treated equally (while soliciting tenders), but beyond that it does not provide any guidance on public procurement principles, policies or procedures. There is no Central or State legislation on public procurement either, except for two States (out of 25), Tamil Nadu and Karnataka, which have recently enacted Acts on ‘Transparency in Public Procurement’.

The Constitution of India authorises the Central and the State Governments to contract for goods and services and also requires the executive to protect the fundamental rights of all citizens to be treated equally (while soliciting tenders), but beyond that it does not provide any guidance on public procurement principles, policies or procedures. There is no Central or State legislation on public procurement either, except for two States (out of 25), Tamil Nadu and Karnataka, which have recently enacted Acts on ‘Transparency in Public Procurement’.

The policies, procedures, guidelines and delegation of authority relating to procurement are issued by the executive branch of the Government, primarily through the finance department, but also through the industry and other ministries. Accordingly, it may be said that there is no legal authority to the public procurement procedural framework, which is essentially a set of executive directives. Government contracts are governed by the same laws that govern private contracts.

There is no department or agency in the Centre or State exclusively responsible for framing policies or regulating public procurement. Nor is any department entrusted with the responsibility of overseeing public procurement in respect to its compliance with the laid down policies and procedures, or its efficiency and transparency. The Comptroller and Auditor General of India (CAG) carries out ex-post audit of Government expenditures, including Government and public sector procurements, essentially checking the budget authority for expenditures and adherence to laid down procedures. The CAG’s annual and special reports highlight unauthorised and wasteful expenditure, losses to the public exchequer, and unjustified departures from established procedures. The reports are published and are discussed in the Parliament and State legislatures.

Democracy requires an informed citizenry. Ignorance of law is no excuse but there are many aspects of public dealing beyond the legislative provisions. Openness and access to information are measures which public authorities can or must take to make the conduct of public affairs transparent. The way the organisation interacts with the public is crucial because openness is a mechanism which allows for good and accountable Government of public affairs. Ideally, Right to Information includes the right to receive information held by public organisations, also called the right to know, as well as the obligation of such organisations to make information accessible.

2 INDIA COUNTRY PROCUREMENT ASSESSMENT REPORT (CPAR)- The study was carried out by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C., assisted by local consultants.
For openness the public authorities should:

- provide access *at their own initiative* to information they hold,
- Providing access upon request to information they hold
- *Involve public* through *open meetings* and through participation in relevant committees, boards etc

Openness is a way to foster good governance in the performance of public administration since it involves continuous public scrutiny and presumes that authorities are held responsible for possible maladministration.

Transparency of the information for those who are governed is at the core of the Constitution of India, which proudly proclaims that it will be Government of the people, by the people, for the people. Because it is ‘of the people’, every citizen has the right to see that it is run by those select few ‘for the people’. When it says ‘by the people’ it includes peoples’ participation in governance.

Government of India has propagated many initiatives like Citizens’ Charter to make governance open and citizen centred. The Right to Information (RTI) Act was proclaimed by Government of India in 2005 to bring about openness in public dealings. The preamble to the Act embodies its finer principles, and these principles will be the guiding framework for the approach of the recommendations we make in this regard:

It is needless to state that tendering process is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.

In order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity. There are many instances in which allegations have been made regarding inadequate or no publicity and procurement officials not making available bid documents, application forms etc. in order to restrict competition.

In this project the Right to Information has been studied from the perspective of bringing transparency in the procurement procedure. Thus the core governing areas are identified and highlighted. *(In order to make it simpler, the sections have been explained with commentaries in the italics)*

The preamble of the Right to information act, 2005 no. 22 of 2005 states the following principles vividly. All these principles will be the guiding framework for the approach of the recommendations we make in this regard.

1. An Act to provide for **setting out the practical regime** of right to information
2. For citizens to **secure access to information** under the control of public authorities,
3. **To promote transparency and accountability** in the working of every public authority,
4. The **Constitution** of India has established **democratic Republic**;
5. **democracy requires an informed citizenry** and
6. Transparency of information which are **vital to its functioning** and also to contain **corruption** and

7. **To hold Governments and their instrumentalities accountable to the governed**;

8. Revelation of information in actual practice is likely to conflict with other public interests including **efficient operations of the Governments, optimum use of limited fiscal resources and the preservation of confidentiality of sensitive information**;

9. It is necessary to **harmonize these conflicting interests while preserving the supremacy of the democratic ideal**;

10. It is expedient to provide for **furnishing certain information to desirous citizens**.

The highlighted part of the preamble furnishes the finer principles of the Act. Transparency of the information for those who are governed is at the core of Indian Constitution which says it will be government of the people, by the people, for the people. Because it is of the people, every citizen has the right to see that it is run by those select few ‘for the people’. When it says ‘by the people’ it includes peoples’ participation in governance. An informed citizenry can ensure it. A special act to that respect has been enacted after 5 decades of independence for setting out the practical regime of right to information. The proclamation of the act by itself will not bring this practical regime envisaged, but rather the prudent use of the provisions by the authorities. Let us see the provisions of the act vis-a-vis how it can be used for the right purpose.

Definitions

2. In this Act, unless the context otherwise requires,—

papers,
samples,
models,
data material held in any electronic form and information relating to any private body which can be accessed by a public authority under any other law for the time being in force;

(h) "public authority" means any authority or body or institution of self-Government established or constituted—

(a) by or under the Constitution;
(b) by any other law made by Parliament;
(c) by any other law made by State Legislature;
(d) by notification issued or order made by the appropriate Government,

and includes any—

(i) body owned, controlled or substantially financed;
(ii) non-Government organisation substantially financed,

directly or indirectly by funds provided by the appropriate Government;

(i) "record" includes—

(a) any document, manuscript and file;
(b) any microfilm, microfiche and facsimile copy of a document;
(c) any reproduction of image or images embodied in such microfilm (whether enlarged or not); and
(d) any other material produced by a computer or any other device;

(j) "right to information" means the right to information accessible under this Act which is held by or under the control of any public authority and includes the right to—

(i) inspection of work, documents, records;
(ii) taking notes, extracts or certified copies of documents or records;
(iii) taking certified samples of material;
(iv) obtaining information in the form of diskettes, floppies, tapes, video cassettes or in any other electronic mode or through printouts where such information is stored in a computer or in any other device;

The definitions show that all the information which is under the purview of present project is amenable to this Act. It contains papers, noting, opinions, samples and inspection of works. This gives a wide canvas for citizen or those who desire to seek the information from verifying the documents from pre-tender stage to the execution of work.

Subject to the provisions of this Act, all citizens shall have the right to information. It is construed largely that the citizens can ask for the information defined under the act under section 6. But if we look at the act in holistic way it provides for transparent governance and
before going to section 4 put the obligations on public authorities to provide information by publishing very crucial information about the organisation. It also suggests systemic improvements like computerization of records which are appropriate to be computerized. If we consider the amount of expenditure of State Government which is routed through procurement procedure as mentioned earlier is huge and chances of corruption more if transparency is not built in the process. Therefore e-procurement can be taken up as a priority area for computerization for at least the spending departments and PSUs whose major expense other than salaries is through procurement or works contracts.

4. (1) Every public authority shall—

   a) maintain all its records duly catalogued and indexed in a manner and the form which facilitates the right to information under this Act and ensure that all records that are appropriate to be computerised are, within a reasonable time and subject to availability of resources, computerised and connected through a network all over the country on different systems so that access to such records is facilitated;

Part (b) of section 4 focused on the procurement process will read as follows-the spending departments may

b) publish—

   (i) the particulars of its organisation, functions and duties;

       (functions and duties with respect to procurement process-It may include works and material services required by that organisation which are procured by due process)

   (ii) the powers and duties of its officers and employees;

       (Powers of different officers, employees in respect of the procurement process- the powers of initiation, giving technical, financial opinions, sanctioning, monitoring, checking)

   (iii) the procedure followed in the decision making process, including channels of supervision and accountability;

       (details of procedure followed in case of procurement procedure- who initiates, how when, what details, who approves, flowchart. This sets accountability criteria as to who checks what and is responsible for what)

   (iv) the norms set by it for the discharge of its functions;

(The traditions that are followed while discharging the duties, The norms may be of time taken, to be done collectively/separately in which way—It will rule out the arbitrariness of actions)

(Observations of CVC - The Commission has observed that in the award of contracts for goods and services, the detailed evaluation/exclusion criteria are not being stipulated in the bid document and at times is decided after the tender opening. This system is prone to criticism and complaints as it not only leads to a non-transparent and subjective system of evaluation of tenders but also vitiates the sanctity of the tender system. The Commission would reiterate that whatever pre-qualification, evaluation/exclusion criteria, etc. which the organisation wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interests of equity and fairness are satisfied. The
acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organisations for submitting various clarifications and presentations.)

(v) the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions;

(The rules, instructions which govern the decision making in this respect. All the legal and administrative instructions need to be published- so that the citizen can check whether the decision making is according the provisions laid down for the purpose-Public Audit)

(vi) a statement of the categories of documents that are held by it or under its control; (The papers which are there in a procurement file - or that are generated in process- this facilitates the exercise of the right conferred under section 6 of this act )

(vii) the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof;

(The manner in which peoples’ participation will be ensured - it may include the process of pre-bid meeting, bid opening process and the right of bidders to raise objections )

(viii) a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public;

(Generally for technical matters there are committees of experts who give opinion on the quality of product, works and the pre-bid criterion. The details of the committee with their powers, duties and accountability may be published under this subsection.)

(ix) a directory of its officers and employees

(who deal with procurement process; to set the accountability aspect)

(x) the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;

(this is necessary as the people keep an eye on the officials, know the expected standard of living which is an indirect check on corruption.

(xi) the budget allocated to each of its agency, (the planning of expenditure) indicating the particulars of all plans,(activity budgeting.)

proposed expenditures and (estimates)

reports on disbursements made; (execution of contract, transparency in payments)

(CVC guidelines - payments to contractors/suppliers are inordinately delayed. This makes the system vulnerable to corruption, in addition to increasing the cost of procurement by the Government agencies)
The Commission has therefore directed that all the CVOs should undertake a review of bills received during the last six months. The review is meant to primarily determine the time taken in clearing the bills. Necessary help from the concerned Finance/Administration departments may be taken wherever required.

The CVO should also review whether payments are being made on “first-come-first-serve” basis or not.

A compliance report in this regard may be sent to the Commission by 15.4.2005 as per the following details:

There are also complaints that most of the organisations take inordinately long time in releasing 5% bills amount which is normally retained as performance guarantee after it becomes due. CVO may do a similar exercise with regard to release of this payment.

(xiii) particulars of recipients of concessions, permits or authorizations granted by it; (particulars of changed conditions of contract after pre-bid or in exceptional circumstances negotiations with L-1 may be published)

(xiv) details in respect of the information, available to or held by it, reduced in an electronic form; (Not only e-tendering but other data electronically available in respect of procurement process)

(xv) the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for public use; (The publication of time, process and facilities available for citizens/bidders for inspecting the record pertaining to procurement)

c) publish all relevant facts while formulating important policies or announcing the decisions which affect public; (most of the public works affect public at large, we may publish the relevant facts suo-motto)

d) provide reasons for its administrative or quasi-judicial decisions to affected persons. (provide the bidders reasoning for pre-bid qualification, technical rejection, rejecting samples, negotiation with any bidder. CVC- The Commission has discussed the issue and it is emphasized that the above clause in the bid document does not mean that the tender accepting authority is free to take decision in an arbitrary manner. He is bound to record clear, logical reasons for any such action of rejection/recall of tenders on the file.)

(2) It shall be a constant endeavor of every public authority to take steps in accordance with the requirements of clause (b) of sub-section (1)

   to provide as much information suo motu to the public at regular intervals through various means of communications, including internet,

   so that the public have minimum resort to the use of this Act to obtain information.

Giving maximum information about procurement is quite justified and desirable under this clause.

(3) For the purposes of sub-section (1), every information shall be disseminated widely and in such form and manner which is easily accessible to the public.
(4) All materials shall be disseminated taking into consideration the **cost effectiveness, local language and the most effective method of communication** in that local area and the information should be easily accessible, to the extent possible in **electronic format** with the Central Public Information Officer or State Public Information Officer, as the case may be, available free or at such cost of the medium or the print cost price as may be prescribed.

*Explanation.*—for the purposes of sub-sections (3) and (4), "disseminated" means making known or communicated the information to the public through notice boards, newspapers, public announcements, media broadcasts, the internet or any other means, including **inspection of offices of any public authority.**

*(For procurement the spending departments should especially keep the provision for inspecting their office record for citizens and make the arrangements public)*

Under section 6 of the Act (2) an applicant making request for information shall not be required to give any reason for requesting the information or any other personal details except those that may be necessary for contacting him.

The authority can reject the request for any of the reasons specified in sections 8 and 9: information shall ordinarily be provided in the form in which it is sought unless it would disproportionately divert the resources of the public authority or would be detrimental to the safety or preservation of the record in question.

**Taking into consideration this provision the information may be published in a user friendly manner and in this project we can design formats which are user friendly and will not put unnecessary burden on the authorities as well but serve the purpose of the act.**

8. Exemption from disclosure of information. (1) Notwithstanding anything contained in this Act, there shall be no obligation to give any citizen,—

(a) information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interests of the State, relation with foreign State or lead to incitement of an offence;

(b) information which has been expressly forbidden to be published by any court of law or tribunal or the disclosure of which may constitute contempt of court;

(c) information, the disclosure of which would cause a breach of privilege of Parliament or the State Legislature;

(d) information including **commercial confidence, trade secrets or intellectual property, the disclosure of which would harm the competitive position of a third party, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;**

(e) information available to a person in his fiduciary relationship, unless the competent authority is satisfied that larger public interest warrants the disclosure of such information;

(f) information received in **confidence from foreign Government;**

(g) information, the disclosure of which would endanger the life or physical safety of any person or identify the source of information or assistance given in confidence for law enforcement or security purposes;
(h) information which would impede the process of investigation or apprehension or prosecution of offenders;

(i) cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other officers:

Provided that the decisions of Council of Ministers, the reasons thereof, and the material on the basis of which the decisions were taken shall be made public after the decision has been taken, and the matter is complete, or over:

Provided further that those matters which come under the exemptions specified in this section shall not be disclosed;

While publishing the authorities should keep in mind these exemptions.

(j) information which relates to personal information the disclosure of which has no relationship to any public activity or interest, or which would cause unwarranted invasion of the privacy of the individual unless the Central Public Information Officer or the State Public Information Officer or the appellate authority, as the case may be, is satisfied that the larger public interest justifies the disclosure of such information:

Provided that the information which cannot be denied to the Parliament or a State Legislature shall not be denied to any person.

(2) Notwithstanding anything in the Official Secrets Act, 1923 nor any of the exemptions permissible in accordance with sub-section (1), a public authority may allow access to information, if public interest in disclosure outweighs the harm to the protected interests.

‘Transparency is public interest’ and therefore any argument for not publishing any information other than the exemptions provided in the act is invalid.

9. Without prejudice to the provisions of section 8, a Central Public Information Officer or a State Public Information Officer, as the case may be, may reject a request for information where such a request for providing access would involve an infringement of copyright subsisting in a person other than the State.

10. (1) Where a request for access to information is rejected on the ground that it is in relation to information which is exempt from disclosure, then, notwithstanding anything contained in this Act, access may be provided to that part of the record which does not contain any information which is exempt from disclosure under this Act and which can reasonably be severed from any part that contains exempt information.

The act provides for severing the information with the reasoned order and causes mentioned. These provisions are applicable mainly for the requests under section 6 of the Act. This principle may be used for sue-motto disclosure of information by the public authority.

11. Third party information. (1) Where a Central Public Information Officer or a State Public Information Officer, as the case may be, intends to disclose any information or record, or part thereof on a request made under this Act, which relates to or has been supplied by a third party and has been treated as confidential by that third party, the Central Public Information Officer or State Public Information Officer, as the case may be, shall, within five days from the receipt of the request, give a written notice to such third party of the request and of the fact that the Central Public Information Officer or State Public Information Officer, as the
case may be, intends to disclose the information or record, or part thereof, and invite the third party to make a submission in writing or orally, regarding whether the information should be disclosed, and such submission of the third party shall be kept in view while taking a decision about disclosure of information:

Provided that except in the case of trade or commercial secrets protected by law, disclosure may be allowed if the public interest in disclosure outweighs in importance any possible harm or injury to the interests of such third party.

(2) Where a notice is served by the Central Public Information Officer or State Public Information Officer, as the case may be, under sub-section (1) to a third party in respect of any information or record or part thereof, the third party shall, within ten days from the date of receipt of such notice, be given the opportunity to make representation against the proposed disclosure.

(3) Notwithstanding anything contained in section 7, the Central Public Information Officer or State Public Information Officer, as the case may be, shall, within forty days after receipt of the request under section 6, if the third party has been given an opportunity to make representation under sub-section (2), make a decision as to whether or not to disclose the information or record or part thereof and give in writing the notice of his decision to the third party.

(4) A notice given under sub-section (3) shall include a statement that the third party to whom the notice is given is entitled to prefer an appeal under section 19 against the decision.

These are the provisions applicable to the request under section 6. For tenders the fact of publishing this information will be included in tender notice and the party may object at the time of filling the tender in a separate envelop which can be decided accordingly. Directions in this respect by State Government will help in making it mandatory for the spending departments to publish the information, The information commissioner may under the act suggest the formats for transparency of procurement process to the State Government under the following provisions taking into consideration relevant exemptions of commercial secrets.

(CVC- Some organisations have pointed out that they make their procurement or execute their work through a system of approved/registered vendors and contractors and have sought clarification about the implications of instructions of CVC in such procurements/contracts)

Clarification: The Commission desires that in all such cases there should be wide publicity through the web site as well as through the other traditional channels at regular intervals for registration of contractors/suppliers. All the required proforma for registration, the pre-qualification criteria etc. should be always available on the web-site of the organisation and it should be possible to download the same and apply to the organisation. There should not be any entry barriers or long gaps in the registration of suppliers/contractors. The intervals on which publicity is to be given through website and traditional means can be decided by each organisation based on their own requirements and developments in the market conditions. It is expected that it should be done at least once in a year for upgrading the list of registered vendors/contractors.
The concerned organisation should give web based publicity for limited tenders also except for items of minor value. If the organisation desires to limit the access of the limited tender documents to only registered contractors/suppliers they can limit the access by issuing passwords to all registered contractors/suppliers. But it should be ensured that password access is given to all the registered contractors/ suppliers and not denied to any of the registered suppliers. Any denial of password to a registered supplier/contractor will lead to presumption of malafide intention on the part of the tendering authority.)

Under section 19 (8) (a) Powers of Information commissioner (a) require the public authority to take any such steps as may be necessary to secure compliance with the provisions of this Act, including—

(i) by providing access to information, if so requested, in a particular form;

(iii) by publishing certain information or categories of information;

(iv) by making necessary changes to its practices in relation to the maintenance, management and destruction of records;

(v) by enhancing the provision of training on the right to information for its officials;

(vi) by providing it with an annual report in compliance with clause (b) of sub-section (I) of section 4;

These provisions show that the Information commissioner may suggest/insist publishing such information in such formats which will serve the purpose of the act. The format designed under this project will be handy for Information commissioners to recommend it to state Government.

21. Protection of action taken in good faith. No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act or any rule made there under.

22. Act to have overriding effect The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in the Official Secrets Act, 1923, and any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act.

24. Act not to apply to certain organisations (i) Nothing contained in this Act shall apply to the intelligence and security organisations specified in the Second Schedule, being organisations established by the Central Government or any information furnished by such organisations to that Government:

Provided that the information pertaining to the allegations of corruption and human rights violations shall not be excluded under this sub-section: (e.g. Bofors gun case)

(4) Nothing contained in this Act shall apply to such intelligence and security organisation being organisations established by the State Government, as that Government may, from time to time, by notification in the Official Gazette, specify

Provided that the information pertaining to the allegations of corruption and human rights violations shall not be excluded under this sub-section:
25. (1) The Central Information Commission or State Information Commission, as the case may be, shall, as soon as practicable after the end of each year, prepare a report on the implementation of the provisions of this Act during that year and forward a copy thereof to the appropriate Government.

   (f) any facts which indicate an effort by the public authorities to administer and implement the spirit and intention of this Act;

   (g) recommendations for reform, including recommendations in respect of the particular public authorities, for the development, improvement, modernisation, reform or amendment to this Act or other legislation or common law or any other matter relevant for operationalising the right to access information.

(4) The Central Government or the State Government, as the case may be, may, as soon as practicable after the end of each year, cause a copy of the report of the Central Information Commission or the State Information Commission, as the case may be, referred to in sub-section (1) to be laid before each House of Parliament or, as the case may be, before each House of the State Legislature, where there are two Houses, and where there is one House of the State Legislature before that House.

(5) If it appears to the Central Information Commission or State Information Commission, as the case may be, that the practice of a public authority in relation to the exercise of its functions under this Act does not conform with the provisions or spirit of this Act, it may give to the authority a recommendation specifying the steps which ought in its opinion to be taken for promoting such conformity.

Based on such recommendations or otherwise state Government can under section

26. (1) the appropriate Government may, to the extent of availability of financial and other resources,—

   (a) develop and organise educational programmes to advance the understanding of the public, in particular of disadvantaged communities as to how to exercise the rights contemplated under this Act;

   (b) encourage public authorities to participate in the development and organisation of programmes referred to in clause (a) and to undertake such programmes themselves;
(c) promote timely and effective dissemination of accurate information by public authorities about their activities; and

(d) train Central Public Information Officers or State Public Information Officers, as the case may be, of public authorities and produce relevant training materials for use by the public authorities themselves.

(2) The appropriate Government shall, within eighteen months from the commencement of this Act, compile in its official language a guide containing such information, in an easily comprehensible form and manner, as may reasonably be required by a person who wishes to exercise any right specified in this Act.

(3) The appropriate Government shall, if necessary, update and publish the guidelines referred to in sub-section (2) at regular intervals which shall, in particular and without prejudice to the generality of sub-section (2), include—

(a) the objects of this Act;

(b) the postal and street address, the phone and fax number and, if available, electronic mail address of the Central Public Information Officer or State Public Information Officer, as the case may be, of every public authority appointed under sub-section (1) of section 5;

(c) the manner and the form in which request for access to an information shall be made to a Central Public Information Officer or State Public Information Officer, as the case may be;

(d) the assistance available from and the duties of the Central Public Information Officer or State Public Information Officer, as the case may be, of a public authority under this Act;

(e) the assistance available from the Central Information Commission or State Information Commission, as the case may be;

(f) all remedies in law available regarding an act or failure to act in respect of a right or duty conferred or imposed by this Act including the manner of filing an appeal to the Commission;

(g) the provisions providing for the voluntary disclosure of categories of records in accordance with section 4;

(h) the notices regarding fees to be paid in relation to requests for access to an information; and

(i) any additional regulations or circulars made or issued in relation to obtaining access to any information in accordance with this Act.

(4) The appropriate Government must, if necessary, update and publish the guidelines at regular intervals.

27. Power to make rules by appropriate Government (1) The appropriate Government may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.
(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the cost of the medium or print cost price of the materials to be disseminated under sub-section (4) of section 4;

(b) the fee payable under sub-section (1) of section 6;

(c) the fee payable under sub-sections (1) and (5) of section 7;

(d) the salaries and allowances payable to and the terms and conditions of service of the officers and other employees under sub-section (6) of section 13 and sub-section (6) of section 16;

(e) the procedure to be adopted by the Central Information Commission or State Information Commission, as the case may be, in deciding the appeals under sub-section (10) of section 19; and

(f) any other matter which is required to be, or may be, prescribed.

28. Power to make rules by competent authority. (1) The competent authority may, by notification in the Official Gazette, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(i) the cost of the medium or print cost price of the materials to be disseminated under sub-section (4) of section 4;

(ii) the fee payable under sub-section (1) of section 6;

(iii) the fee payable under sub-section (1) of section 7; and

(iv) any other matter which is required to be, or may be, prescribed.

The State Government may make rules and make some relevant practices mandatory for the public authorities.

Other Institutional framework for ensuring righteousness

Accountability in procurement is of utmost importance in order to “ensure right use of money, with right purpose, right time and right way” resulting in “Quality Outcomes”. The results can be ensured only through a well defined process. This process is well defined but is not followed scrupulously due to various reasons such as: haste, negligence and intentional indulgence.

To ensure that the processes are run properly, there are mechanisms and agencies in the system itself. There are internal rules and norms as well as some independent mechanisms to hold civil servants within Government accountable.

The internal mechanisms are: Departmental Enquiries (disciplinary proceedings); Internal Audits and submitting the Statement of Assets by public servants. Within a Department or Ministry, firstly, behaviour is bounded by rules and regulations; secondly, civil servants are subordinates in a hierarchy and accountable to superiors.

Besides this, there are independent “watchdog” units to scrutinise and hold departments accountable; legitimacy of these Commissions is built upon their independence, as it avoids
any conflict of interest. Apart from internal checks, some “watchdog” units accept complaints from citizens, bridging Government and society to hold civil servants accountable to citizens, and not merely to Governmental agencies.

These independent “watchdog” units are as follows:

**Central Vigilance Commission (CVC):** CVC is conceived to be the apex vigilance institution free of control from any executive authority.

**Powers and Functions of CVC -**

- to undertake an inquiry into any transaction in which a public servant working in any organisation, to which the executive control of the Government of India extends, is suspected or alleged to have acted for an improper purpose or in a corrupt manner;
- to tender independent and impartial advice to the disciplinary and other authorities in disciplinary cases, involving vigilance angle at different stages i.e. investigation, inquiry, appeal, review etc.;
- to exercise a general check and supervision over vigilance and anti-corruption work in Ministries or Departments of the Government of India
- to undertake an inquiry into complaints received under the Public Interest Disclosure and Protection of Informer and recommend appropriate action.

**Comptroller and Auditor General of India (CAG):** It is the supreme audit institution of India. It consistently strives to promote excellence in public sector audit and accounting services towards improving the quality of governance.

**CAG’s Role**

The Comptroller & Auditor General of India plays a key role in the functioning of the financial committees of Parliament and the State Legislatures. He has come to be recognized as a 'friend, philosopher and guide' of the Committee.

**Audit Jurisdiction**

The organisations subject to the audit of the Comptroller and Auditor General of India are:

- All the Union and State Government departments and offices including the Indian Railways and Posts and Telecommunications.
- About 1200 public commercial enterprises controlled by the Union and State Governments, i.e. Government companies and corporations.
- Around 400 non-commercial autonomous bodies and authorities owned or controlled by the Union or the States.

Over 4400 authorities and bodies substantially financed from Union or State revenues

**Regularity Audit (Compliance)**

- Audit against provision of funds to ascertain whether the moneys shown as expenditure in the Accounts were authorized for the purpose for which they were spent.
- Audit against rules and regulation to see that the expenditure incurred was in conformity with the laws, rules and regulations framed to regulate the procedure for expending public money.

- Audit of sanctions to expenditure to see that every item of expenditure was done with the approval of the competent authority in the Government for expending the public money.

- Propriety Audit which extends beyond scrutinizing the mere formality of expenditure to it wisdom and economy and to bring to light cases of improper expenditure or waste of public money.

**Central Bureau of Investigation (CBI):** It is a National Investigative Agency which has two wings namely, the **Anti Corruption Bureau (ACB)** and the **Special Crimes Division.** These wings deal with cases of bribery and corruption involving employees of Central Government and Public Sector Undertakings.

CBI deals with cases in which public servants under the control of the Central Government are involved either by themselves or along with State Government servants and/or other persons.

- Serious cases of fraud, cheating and embezzlement relating to Public Joint Stock Companies.

- Collection of intelligence about corruption in the public services and the projects and undertakings in the public sector.

- Prosecution of cases investigated by this Division.

- Presentation of cases before Enquiry Offices in which departmental proceedings are instituted on the recommendation of this Division.

**The Maharashtra State Anti-Corruption Bureau** was constituted under the Government of Maharashtra, Home Department, with a view to eradicating the evil of bribery and corruption. The ACB has jurisdiction over the State of Maharashtra.

**The main Functions of the Anti-Corruption Bureau are:**

- To collect intelligence to detect cases of bribery and corruption falling within the purview of Prevention of Corruption Act, 1988 and to investigate these offences.

- To institute enquiries into complaints made by the members of the public or received from Government officials and from Lokayukta and Upa-Lokayuktas relating to bribery, corruption, criminal misconduct, embezzlement of Government money and other venal practices by public servants.

**Lokayukta** (ombudsman) has the powers to inquire and investigate a complaint involving a grievance or an allegation made in respect of any action which is taken by a public servant. Lokayukta Maharashtra extends to the entire state of Maharashtra.

The Lokayukta has been constituted under the Maharashtra Lokayukta and Upa-Lokayukta Act, 1971, for investigating into the allegations of corruption and mal-administration against public servants and for the speedy redressal of grievances of the public in the State of Maharashtra.
The Act also provides that all public servants are required to submit their statements of assets and liabilities, besides the statements in respect of those of the members of their family, once in two years, before the competent authority, in the forms prescribed by the Rules. “Maladministration” is defined as action taken or purporting to have been taken in the exercise of administrative functions in any case.

(i) where such action or the administrative procedure or practice governing such action is unreasonable, unjust, oppressive or improperly discriminatory, or

(ii) where there has been negligence or undue delay in taking such action, or the administrative procedure or practice governing such action involves undue delay.

(b) “allegation”, in relation to a public servant, means any affirmation that such public servant, -

(i) Has abused his position as such to obtain any gain or favour to himself or to any other person or to cause undue harm, or hardship to any other person or to cause undue harm, or hardship to any other person.

(ii) Was actuated in the discharge of his functions as such public servant by personal interest or improper or corrupt motives, or

(iii) Is guilty of corruption, or lack of integrity in his capacity as such public servant.

(iv) “Grievance means a claim by a person that he sustained injustice or undue hardship in consequence of maladministration.”

These vigilance bodies actively participate and observe various irregularities in the public procurement process. From time to time, observations and research studies are conducted to understand emerging trends, and necessary modifications/suggestions/remarks are presented through circulars.

Though the inherent vigilance systems are in place, still “Public Audit” is the most effective way of ensuring accountability. Public audit is an important link in that chain of accountability. It strengthens accountability, both upwards to the elected or appointed members who provide resources, and outwards to the beneficiaries, taxpayers and the wider community at large.

The three fundamental principles of Public Audit are:

- the independence of public sector auditors from the organisations being audited;
- the wide scope of public audit, i.e. covering the audit of financial statements, regularity (or legality), propriety (or probity) and value for money; and
- the ability of public auditors to make the results of their audits available to the public, and to democratically elected representatives.

It is necessary to govern the public audit practices as per the principles of public audit discussed above. Procurement audit is also a form of public audit. Hence the study envisages studying the stages of procurement from this point of view.

RTI is not an end in itself. The information gathered by citizens through RTI Act 2005, can be of help to these vigilance agencies in addition to their regulated mechanisms.
In this regard, the *suo motu* disclosure under Right to Information has come handy. It has given various tools like publishing rules and regulatory norms for

- who is responsible for what,
- the procedures involved,
- outcomes of the meeting,
- how the expenditure is budgeted, and
- making known the reasoning behind important decisions

If these tools are used effectively, it will give structure and meaning to the scattered information, making the processes clearer and easy to analyse and audit. Right to information has thrown open a new chapter on public audit wherein the citizens can check whether the money is spent -

- On right priority
- On right cause
- In a right manner
- By right people
- Giving desired results

(*Source: National Audit Office Annual Report*)

For this they may use the information provided under Section 4 by public authorities, acquire more information under Section 6, cross check and inspect works/samples and models for propriety of execution. The stage wise analysis of procurement process is studied from the point of view of the above mentioned principles. If public scrutiny brings out any irregularities with the help of Right to Information, those can be further brought to the notice of the proper vigilance authority mentioned above for corrective action.
Basis of the Study

The project concentrated on organisations for which procurement is a major process contributing to their key result areas. These are the departments of State Government of Maharashtra, or units of local self Government or Corporations created by State Government for special purposes. This study includes organisations from road development, Power, transport, telecom and housing for the urban sector; line departments like water supply, Public health, for the rural sector.

The following methodology was followed during the study-

I. Study/Evaluate existing processes of procurement of all agencies - Infrastructure departments such as PWD, Water Supply and Drainage, etc

II. Visits to various spending departments like Maharashtra State Road Development Corporation, (MSRDC) Maharashtra Jeevan Pradhikaran, (MJP) Directorate of Public Health, Pune Municipal Corporation, (PMC) and Pimpri Chinchwad Municipal Corporation (PCMC). The brief information of the organisations visited is as follows:

III. Study different types of transactions – Procurement of goods, works contracts, service contracts, Rate contracts, Build Operate Transfer /Public Private Partnership contracts, consultancy contracts
   a) Conducted data analysis of files, documents, circulars of sample organisations
   b) Studied the existing decision making channels, processes & documentation
   c) Attended a training programme conducted by Pimpri Chinchwad Municipal Corporation, as a precursor to introducing E-Tendering. Collected insights as various stakeholders’ i.e. contractors and officials both were present. It included stiff opposition from a section of contractors too.
   d) Examined case studies reported in the media

IV. Studied guidelines with regard to procurement such as General Financial Rules 2005, CVC guidelines and circulars, PWD manual, circulars of MJP.

V. Studied of Standard Contract Documents developed by MSRDC for small value works, large value works and consultancy services

VI. Studied Right to Information initiatives by various NGOs such as Parivartan, Open Space, Sajag Nagrik Manch and other Right to Information activists

VII. Studied current practices in E-Tendering incorporated by Government of Andhra Pradesh, Chattisgarh, Assam, Karnataka, Maharashtra etc

VIII. Reviewed the current information provided under section 4 of Right To Information Act on websites or otherwise

IX. Formulation of formats and the strategies for voluntary disclosures of procurement Meetings with the stakeholders involved in the procurement processes

X. Conducted validation workshop to seek feedback from various stakeholders namely procurement specialists, elected representatives and RTI experts.
XI. Conducted meeting with World Bank experts to seek feedback regarding the Project Report and incorporated the suggestions in the final report.

The departments visited during the study for primary data collection are following. The response to the team was overtly helpful but the shirking in sharing the information regarding actual tender files was noticeable. This reluctance to share information even for study purpose was across all sections of hierarchy. This strengthens the point of having a strong systemic transparency in place.

1. **Department of Public Health:**

The Public Health Department Government of Maharashtra is making constant and concerted effort to formulate and execute schemes to ensure adequate health care services to the people in line with the National Health Policy. While implementing these schemes, steps are being taken to make improvements in the health care system in the State to cater to the health needs of the people in the rural areas, particularly in the tribal and backward regions of the State.

**Main objectives of the health programs**

- To provide adequate and qualitative preventive and curative health care to the people of the State
- To ensure greater access to primary health care by bringing medical institutions as close to the people as possible or through mobile health units, particularly in the under-served and backward districts
- To improve maternal and child health with a view to reducing maternal and infant mortality.
- To improve hospital services at the secondary levels both in terms of infrastructure and personnel
- To give training to doctors, nurses and other paramedical staff to meet the needs of health care in the State by upgrading their skills and knowledge
- To improve the maintenance of buildings
- To implement various national health programmes
- To give health education for improving knowledge, attitude and behaviour of the community

This department mainly procures various, machines, equipments, surgical aids, drugs through procurement processes.

2. **Maharashtra Jeevan Pradhikaran (MJP):**

The Maharashtra Water Supply and Sewerage Board was constituted on the 1st January, 1997 under the Maharashtra Water Supply and Sewerage Board Act, 1976 for rapid development and proper regulation of water supply and sewerage service in the State of Maharashtra.

The primary objective of the organisation is to promote potable water supply and satisfactory sanitation facilities so as to achieve and maintain clean environment and providing low cost sanitation schemes on behalf of State Government and Municipal Councils, procurement and
servicing of Government Loans, open market borrowing etc. for urban water supply and sewerage schemes

The Pradhikaran's activities covers planning, investigation, designing, executive and maintaining water supply and sewerage schemes for the Pradhikaran, planning, investigation, designing, execution of all the municipal water supply and sewerage scheme, giving technical advice to Municipal Councils for works carried out by them, procurement and servicing of loans for urban water supply and sewerage schemes.

This department invites tenders generally for Water Supply Scheme- Distribution system (Providing & Constructing Head Works, Switch/Pump House, Unconventional W.T.P., Raw & Pure Rising Main D.I.K-9 pipe, R.C.C. E.S.R./ G.S.R. etc.) Operation, maintenance and repairs to water supply scheme, Providing, erecting & giving satisfactory test & trial of H.T. capacitors, Providing, fixing & giving, satisfactory test & trial of radiators for 33/3 KV HT transformer, prepare on approved list of products useful in water supply and sewerage work like various flow meters, pumping machinery and other allied work, Printing supply & delivery of civil schedule of rate-books. Providing, lowering, laying & Jointing 65 to 40mm dia, G.I. Pipes for Add. Distribution work, providing supply and installing bently water maps and perquisites for GIS Based management of W.S. systems including select subscription & required training to users. Providing supply and installing bently water maps and perquisites for GIS Based management of W.S. systems including select subscription & required training to users.

3. **Maharashtra Road Development Corporation (MSRDC):**

MSRDC is a corporation established and fully owned by the Government of Maharashtra through a resolution on 9th July, 1996 and has been incorporated as a limited company under the Companies Act 1956 on 2nd August 1996.

MSRDC mainly deals with the properties and assets comprising movables and immovable including land, road projects, flyover projects, toll collection rights and works under construction which vested with the State Government and were under the control of the Public Works Department. These have been subsequently transferred to MSRDC.

**Major functions of the Corporation are**

- To promote and operate - road projects
- To plan, investigate, design, construct and manage identified road projects and their area development.
- To enter into a contract in respect of the works and any other matters transferred to the corporation along with assets and liabilities.
- To invite tenders, bids, offers and enter into contracts for the purposes of all the activities of the corporation.
- To promote participation of any person or body or association of individuals, whether incorporated or not, in planning, investigation, designing, construction and management of transport projects and area development.
- To undertake schemes or works, either jointly with other corporate bodies or institutions, or with Government or local authorities, or on agency basis in furtherance
of the purposes for which the corporation is established and all matters connected therewith.

- To undertake any other project and other activities entrusted by the State Government in furtherance of the objectives for which the corporation is established.

Tenders are invited for improvement to National Highway, Securitization of Points and Widening and Improvement of Highway on BOT basis, Inland Passenger Water Transport along Coast, Long lease of land parcels Expressway on 99 years lease, Appointment of Agent for toll collection on monthly charges basis for Project, Construction of Flyover, Consultancy services for carrying out Pre-tender activity of the city Development Plan, Beautification / Landscaping and Maintenance thereof with utilization of the space below flyover for display of advertisement/show rooms on various flyovers, Environmental Clearance studies for remaining component and forest clearance studies, etc.


The town Pimpri-Chinchwad with 206 Sq.Km expanse is situated towards northeast and 160 k.m. from Mumbai, the capital city of Maharashtra State.

The city Pimpri-Chinchwad is predominantly industrial area, developed during last 4 decades. In 1982 the civic body was upgraded to its present status namely "Municipal Corporation". During proceeding decades the population of this town has increased from 85,000 to 9,00,000.

The political and administrative set up of the corporation is as under.

The city comprises of 79 wards, and each ward is represented by an "Elected Representative". "Mayor" who controls the working of general body meetings heads the elected body. In absence of Mayor the "Deputy Mayor" performs the role of Mayor. The various other important committees are as follows:

The corporation has "Commissioner" who is the Chief Executive Head and looks after the city administration. Standing Committee is committee consists of 16 members and is headed by chairman of committee. The decisions of financial matters are taken by this committee. In addition to this there exist Legal Committee, Education Committee, Transport Committee, Woman/Child welfare Committee and the four Ward Committees.

The Corporation has to perform certain mandatory and secondary duties. These duties are connected with day to day requirements and necessities of citizens. Mandatory duties include providing regular and uninterrupted water supply, collection & disposal of solid waste, liquid waste, construction and maintenance of roads, provision & maintenance of streetlights, running of primary health centres, providing & maintenance of grounds, crematoriums, slaughter houses and places of social interest, providing & running of primary schools, providing and maintenance of park and gardens etc.

The Corporation invites tenders for all their purchases, capital works and repair works such as school buildings, parks, hospitals, water supply, street lights etc.

5. Pune Municipal Corporation (PMC):

Municipal Corporation of Pune, established as a State Government department with the objective of providing community services throughout the city. The Corporation serves a
large urban population of 4.5 million people and aims at refining their programs with the growing demands of the occupants of the city. The Corporation was established on 15th February 1950 with area of 430 Sq. km. The corporation serves for 48 Zones.

The Municipal Corporation has two distinct wings viz deliberative wing and executive wing. The deliberative wing is meant for taking policy decisions. Duties, responsibilities of Municipal Corporation remains the same as illustrated above.

The obligatory service of the corporation includes construction of schools, health centres, ensuring sufficient water supply to all. Its discretionary services include maintaining public spaces like parks, museums and community halls. Besides this, it also works for the rehabilitation of slums.
Analysis of Procurement Process

A greater level of accountability should apply to public money than to private: as the money is usually raised under compulsion by tax instruments; that it should only be used for purposes for which it is intended; that standards of propriety should be higher; and that competition to drive down costs should be of paramount importance. On such a basis can be constructed the argument that public accountability for resource use requires the demonstration of Value for Money. Accordingly, those using public money are open to questions that are not relevant to the use of private money.

In states the public money is spent through salaries, grant-in aids and the remaining through the process of public procurement. Principles of fairness and transparency play a very important role in public procurement looking at the volume of public money involved in these transactions.

Public procurement involves all the outsourcing activities of the Government i.e. execution of works, various purchases and hiring of various services etc. It is the procurement of goods, works and services by all Government Ministries, Departments, Agencies, Statutory Corporations and Public Sector Undertakings in the Centre and the States, Municipal Corporations and other local bodies and even by Public Sector Undertakings providing public services on monopoly basis.

Public Procurement is saddled with malpractices and is the perceived area for corruption.

The purchases made in different set-ups, whether in the Government or in the Public sector both Central/State, Municipal Corporations etc. are deemed as Government purchases. The total procurement by public sector adds up to a staggering 30% of India’s Gross Domestic Product (GDP).

A diagram showcasing the amount of public expenditure in Public Procurement Process.

Government procurement assumes importance also because of the sheer amount of money involved as depicted in the above diagram. Thus it is necessary to unravel the finer aspects of
procurement and identify gaps in the process. It can be seen that some areas are of prime importance and have been concentrated upon in the study.

**Categorisation of Procurement**

The categories of procurement are as follows:

**Works:** It means all new constructions, additions and alterations to existing works, special repairs to newly purchased, or previously abandoned, buildings or structures, including remodelling or replacement. Repair works means works undertaken to maintain building and fixtures. (General Financial Rules 2005 (Rule 123). Civil works carried out by various central or State departments e.g. PWD.

Departments of State Government like Public Works, Irrigation, Urban Local Bodies, the PSUs like MMRDA, MJP, MSRDC are the major units who work through tendering process and their efficiency and effectiveness depends on their proper working of this process. The percentage of their budget spent through the process of procurement makes it a crucial element of success in achieving objectives.

The manual prepared for Public Works by the State Government is the Bible for these departments to base their activities on. But the changing nature of building technology, working relationships in the form of Public Private Partnerships (PPP), Information Communication and Technology (ICT) and the growing pressures for transparency necessitates a review of procedures. So the agencies have standardised their formats for important aspects of contract for ease of execution. Standard contract documents have been developed by MSRDC for small value works, high value works and consultancy services. *(Annexure 1)*

**Goods:** The term 'goods' includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant etc. purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library. (GFR Rule no 136)

State Government has proclaimed instructions for such procurement through various Government Resolutions (GRs), prominent among these being the Industries, Energy and Labour Department GR NO 1088/(2512)/Industry dated 2nd Jan 1992. The salient features pertaining to procurement can be referred to in Annexure-2. Therein the procedure has been standardised for the purchases and stores of this material.

**Services:** Ministries or Departments may hire external professionals, consultancy firms or consultants for a specific job, which is well defined in terms of content and time frame for its completion, or they may outsource certain services on an on-going basis. (According to GFR Rule 163.)

There is a growing trend right now to outsource work, where Government departments are the nodal agencies and most of the work is done by professional agencies. The synchronisation of jobs of all the agencies involved in a macro project is the job of many Government agencies. The services range from technical consultancy to impact evaluation or it can be security service or conservancy service for a city.

Defining the outcome of these outsourced services is a tedious task, chiefly due to their unconventional nature; and defining quality of services is also a difficult task. Right now the
organisations are learning to do so by benchmarking as well as by trial and error. The Central Vigilance Commission (CVC) too has been giving guidelines as it is the governing body which examines the pitfalls of the process.

**Guidelines for Public Procurement**

At the apex of the legal framework governing public procurement is Article 299 of the Constitution, which stipulates that contracts legally binding on the Government have to be executed in writing by officers specifically authorized to do so. Further, the Indian Contract Act, 1872 and the Sale of Goods Act, 1930 are major legislations governing contracts of sale/purchase of goods in general. There is no law exclusively governing public procurement of goods. However, comprehensive rules and directives in this regard are available in the General Financial Rules (GFR), 2005, especially chapter 6; Delegation of Financial Powers Rules (DFPR); Government orders regarding price or purchase preference or other facilities to sellers in the Handloom Sector, Cottage and Small Scale Industries and to Central Public Sector Undertakings etc. and the guidelines issued by the Central Vigilance Commission to increase transparency and objectivity in public procurement. These provide the regulatory framework for the public procurement system. (Relevant General Financial Rules 2005 are attached as - **Annexure 3**
Stage-wise Analysis of Procurement

Structure of Stage Wise Analysis

Procurement for works involves huge expenditure. Secondly procurement process for works is generally considered as the most complicated process involving many finer aspects and details.

Thus the focus of our study is primarily from the perspective of “Works” as it is most exhaustive as well as elaborative in terms of activities performed. Goods and Consultancy Services are also emphasised at the relevant stages and sublevels, if any form of drastic deviation exists in the process of procurement.

The study involves stage wise analysis of

- Works and Goods
- Services

Organisation and Presentation of Stage wise analysis Chapter

The four phases of the public procurement processes emerging in the study are as follows:

- Stage I - Planning Stage
- Stage II - Pre-tender stage
- Stage III - Tender Stage and
- Stage IV - Execution Stage

Each of these stages is further divided into various sublevels as considered appropriate and put forth in the following way:

Overview of the stage

- The current practices, which consist of existing formats
- World Bank Indicators which assess procurement in terms of efficiency, effectiveness and transparency
- Gaps and observations through various primary and secondary data
- Recommendations in the forms of formats and mechanisms

Due consideration is also given to other aspects of procurement such as:

- Documentation and
- Filing System

Thus the following study report suggests some checklists, guidelines and Charters to educate all the stakeholders involved in the procurement process. The formats are mostly based on the detailed provision under section 4 of RTI Act 2005 to provide it the force of law. The Information Commissioner or the State Government can make these formats mandatory for infrastructure, development departments, ULBs and PSUs, if it so decides.
General Workflow Diagram of Procurement Process followed in Government for Issuing of Goods/Works/Consultancy Contracts

Planning Stage
- Procurement Plan
- Estimation
- Preliminary Project Report

Pre-tender Stage
- Detailed Project Report
- Administrative Sanction
- Technical Sanction

Tender Stage
- Preparation of Tender Documents
- Publication of Tender
- Sale of Tender Documents
- Submission and Opening of Tender
- Tender Evaluation
- Award of Contract

Execution Stage
- Inspection
- Monitoring

Purchase Plan

Documentation

Filing System
Documentation and Filing System - The lifeline of Government organisations

Documentation is critical to accountability and transparency. It provides a record of reasoning of procurement activities and how they have been conducted, and facilitate scrutiny of these activities. The procurement process is a combination of facts and opinions. It is of two types namely communication to the bidders and aspects of decision making. Thus documentation of both processes as well as decision making aspects is equally essential.

At various stages of procurement process, decisions and processes are seen, such as the following:

- Why is the work/purchase or consultancy needed at this stage?
- Why should it be completed in the specified time frame?
- What quality of work/material is sufficient at the given time for that purpose?
- Why should the bidders have a specific pre-qualification?
- Do standard contract documents exist for goods, works and other types of contract?
- Are these documents, if any, readily adaptable to specific contract situations (i.e. by modifications made through Special Conditions of Contract or similar)?
- Do Instructions to Bidders (ITBs) contain all information necessary to prepare responsive bids and clearly understand evaluation criteria and their method of application?
- For small contracts or purchase orders for goods procured using shopping procedures, is a database maintained showing the current market price for commonly needed items?
- Are periodic reports prepared on overall procurement activities? By and for whom?

Observations

The current practices/rules/formats followed in Government organisations are as follows:

- General Financial Rules 2005, which lay down the processes and rules that need to be followed for the procurement process. In making the system transparent, the emphasis is on how to make bid documents as simple as possible and how to ensure that the prescribed conditions in the bid document are followed.

- Relevant GRs come in circulation as and when the need arises. The GR no. SPC. 1088/(2512)/Industry-6, Industry, Energy, Labour Dept. Government of Maharashtra. 02 January, 1992 (Annexure - 2) states that practices of quality checks need to be followed. Apart from emphasising the normal procedure of procurement, it is necessary to get certification of goods through the Bureau of Indian Standards (BIS) and such organisations. Quality checks need to be performed in cases of uncertified goods through recognised academic and research institutions such as SISI- Andheri, UDCT- Matunga, VJTI lab etc.

- The Government of Maharashtra, Industries, Energy and Labour Department has developed Manual of Purchase Procedure for the Procurement of Stores, 20th August,2003, and the Purchase Manual Committee was headed by Shri Sudhakar.V.Joshi. It contains various guidelines pertaining to stores procurement such
as Indenting, Tender Enquiry, scrutiny and acceptance of tenders, Contract, Completion of Purchase and Payment of Bill, Failure of Contracts, Completion of Contract and Refund of Security Deposits etc. There are annexure and appendices guiding through various standardized processes and formats such as the tender notice specimen, opening of technical and commercial envelopes of the tender etc.

- Standard contract documents are developed by organisations such as MSRDC, which consist of formats for all kinds of procurement (Small value, High Value, Consultancy etc). However, as they are based on internationally copyrighted material these documents are not widely published.

- Public works contracting has an established tradition and institution, but on the other hand, suffers from antiquated procedures that once had validity but have become out of date. The PWD manual is the bible for works contracting procedures for all Government departments, agencies, corporations and enterprises. The manual outlines procedures that were relevant when contractors were mostly illiterate and essentially labour contractors.

- The civil works department in the Municipal Corporation has developed primary scrutiny checklists which covers a range of activities. It covers estimation details, designated authorities of administrative approval, work description, rate analysis and DSR details. It is observed after studying the files of sample organisations that these checklists are not being used as frequently as they should.

- An exhaustive contractors’ directory is maintained by various civil works departments in order to identify and eligible contractors with a good record and proven reliability. It also consists of performance parameters and rating scales. However, observations in sample organisations reveal that such directories are not being referred to in most cases. It is a good practice to upload the database of contractors along with the performance parameters which will also help external stakeholders and CSOs to monitor the quality and progress of work. (Refer Annexure 4)

- Progress Monitoring: The Measurement Book (MB) is an activity chart wherein the technical measurements with respect to the work carried out is noted. It mentions the name of the contractor and type of work entailed. The billing/payment to the contractor is made only after satisfactory remarks are found by the authorised authority in the MB. Though a good way of measuring status of work, it is a good practice if the citizens are made aware of the status of work phase wise in the form of MB. (Refer Annexure 5)

- Construction Programme Activity Chart is also another good practice of recording the status and progress of work. (Refer Annexure 6)

- Inspection and Quality Control Checklists

- Summary report of the procurement undertaken is one of the finest reports observed through the process of file analysis. It includes the following:
  - The nature of work
  - Work description: It entails reference to letters pertaining to technical sanctions too.
  - Approval of the proposal
The details of tender, publicity, pre-bid meeting etc
List of bidders who purchased the tender
Summary of three lowest tenders
Negotiations with L1 (In comparison with the estimate)
Financial implication of the lowest tender
Capability of the bidder and award of work (Refer Annexure 7)
A content displaying board is put up at the work site. Generally it is a common practice for Civil Works. (Refer Annexure 9)

Gaps
1. The decisions/deliberations of the individuals or the Tender Committees are not properly documented or recorded, which dilutes the accountability of various officials and may result in the ‘interested’ officers going scot free, even if serious lapses are established against them. (Ref: Common irregularities in Procurement, CVC).

Let us view certain cases cited by CVC wherein documentation played a pivotal role in hampering the decisions undertaken.

a) Reasons of decision not recorded (CVC Cases) Case 10 (05-SH-62)

In one of the power sector PSUs for a particular project, feedback regarding the performance of the contractor was asked for the work considered for prequalification before award of contract, but it was observed that in spite of adverse feedback regarding past work, this firm was awarded the work.

b) Principle of Cost effectiveness not adhered to Case-4 (06-ET-05)

At the time of formulating one power project costing Rs. 1700 crores, international competitive bidding was considered as the preferred mode of tendering. However the entire work was awarded to another PSU ‘B’ on nomination basis. Further, some of the subcontractors short-listed by the executing PSU ‘B’ were rejected by the client PSU ‘A’ without assigning any reasons. In the same project, in one of the packages awarded to a PSU ‘B’ on nomination basis by PSU ‘A’, was awarded to another PSU ‘C’, which in turn awarded the work to a private contractor. Thus, ultimately the work was executed by the 4th stage contractor.

c) Evidence of market survey not documented Case (04-WT-72)

One construction PSU was awarded an offsite area work of a power plant costing Rs. 31 crores. While going in for a pre-tender tie up, they invited offers from two arbitrarily chosen firms, M/s A and M/s B. M/s B became the lowest bidder. The PSU then re-invited the bids from these two firms after deleting two items i.e. structural steel and sheeting. This time the inter se seniority changed and M/s A became the L-1. Again a revised bid for the third time was invited only from M/s A after adding 1 item of sheeting. M/s A in their revised bid not only quoted higher rates for sheeting, but also increased their rates for other items. Thus the total pre-tender tie up was entered into in a non-transparent, unfair manner resulting in undue benefit to only one contractor.
The case mentioned below is a classic example of what happens when the reasons for various decisions are not adequately documented.

**Recommendations**

- Public Organisations must maintain appropriate documentation of each stage, of every procurement. The appropriate mix and level of documentation depends on the nature and risk profile of the procurement being undertaken. In all cases, officials need to ensure that there is sufficient documentation to provide an understanding of the reasons for the procurement; the process that was followed; and all relevant decisions, including approvals and authorisations; and the basis of those decisions.

- Documentation requirements vary throughout the procurement cycle. It is an agency’s responsibility to ensure that adequate and appropriate documentation is kept for each stage of procurement.

- The reasons of each decision must be recorded as the discretion given to the public officials is to be used judiciously and in public interest. It is not his power but his responsibility to use public money judiciously.

- The actions in good faith - and for that matter failure - are also protected, but not arbitrariness. It is not only important that those involved in procurement work judiciously, but they must be seen to do so in documentary evidence as well.

- Publishing information under **Format No. 1, Particulars of facilities available to citizens for Obtaining information during procurement process Section 4 (b) (xv) of Right to Information Act 2005** (Refer On Demand Recommendations)
Filing System

Procurement files are very important and sensitive documents and. Some parts of the documents/registers related to work & material are with the field officers and / or stores. At the time of payment all these parts or extracts are clubbed together in the parent file. Thus there is a need to have a single file system with proper page numbering.

Some of the indicators which facilitate the need of a comprehensive filing system are as follows:

- Does the procuring entity maintain a complete record of the process for contracts which are awarded on the basis of competitive bidding? This would include e.g. copies of all public advertisements, prequalification documents (if used), the prequalification evaluation report documenting any decisions not to prequalify certain potential bidders, the bidding documents and, a record of any pre-bid meetings, the bid opening minutes, the final bid evaluation report (including a detailed record of the reasons used to accept or reject each bid, copies of bids, appeals against procedures or award recommendations, a signed copy of the final contract and any performance and advance payment securities issued, etc.)

- Are adequate contract administration records maintained? (These would include contractual notices issued by the supplier, contractor, purchaser or employer; a detailed record of all change or variation orders issued affecting the scope, quantities, timing or price of the contract; records of invoices and payments; certificates of inspection, acceptance and completion; records of claims and disputes and their outcome; etc.)

Observations

- The filing system adopted in most of the organisations is unsatisfactory. Part files are opened as and when new action is initiated, and these part files are not merged with the main file, which results in a break in continuity and arbitrariness in decision making. Moreover, files are not properly indexed.

- The file observed at MSRDC starts with the estimation of the project. However how they have arrived at this estimation is not seen. The linkage and communication in the files in the form of noting is also missing.

Gaps

1. Files are kept for internal consumption and therefore many facts which are discussed orally and acted upon are not documented. Some aspects of working have become a tradition and documenting that might seem trivial or cumbersome or inconvenient for the officials. These gaps become obvious for an auditor or a third person. The sanctity of chronological documentation is very much necessary for making sense out of documented actions.

2. Government organisations have a tradition of maintaining and preserving original records such as bid documents, bids, etc., for years. In fact when you enter any public office, the first thing which strikes you is the row after row of steel shelves with papers between which the subordinate staff sit and work.
Recommendations

- Files, for that matter all the documents, papers related to the contract are very important and should be available for inspection under Right to Information Act. If all papers are not numbered and indexed, then the citizen will not be able to have access to documents having evidence about what all things happened though the procurement process.

- The Public Authority/the office head should publish a list of documents that form a part of a procurement file with flow chart for works/goods/consultancy. This is a one time job. For each type of document a brief description of its purpose and how and when it is supposed to be created must be mentioned. This should serve the purpose of educating the citizens regarding the procedures and documentation of procurement process.

- Publishing information under Format No. 2, Categories of document in procurement process. (Refer On Demand Recommendations)
Stage I - Planning Stage

The activities prior to the commencement of actual procurement are also equally important such as developing a standardised yearly purchase plan, procurement plan etc. Therefore these critical aspects are categorised and termed as “Planning Stage”

Planning the purchases and expenditure on various works is the initial stage of the procurement process. Being public procurement, the process needs to be fair, competitive and transparent in nature. The process should be well defined, standardised and predictable and therefore takes time. Unless planned properly, it will not give desired results. The planning may be both project/activity or department-wise and has to fit in the yearly financial budget schedule. It should be well defined, standardized and predictable.

A. Procurement Plan

Procurement Plan is a set of procurement activities scheduled for the current financial year. It includes variety of aspects such as financial planning, budgeting, forecast of requirements and need etc.

Some of the Procurement Planning Indicators are:

- Are project implementation units adequately staffed with trained procurement, planning, scheduling, expediting and cost estimating personnel?
- Is overall planning for complex goods, works and other contracts done in sufficient detail to produce realistic project definition, achievable completion schedules, and accurate cost estimates?
- Is the early technical and financial planning well coordinated so that projects are fully funded when work needs to begin, based on accurate cost estimates?
- Are appropriate methodologies used to plan multiple inter-related procurement activities on large projects (e.g. the critical path method)?
- Are project components appropriately packaged for procurement purposes?
- Are completion schedules generally met for goods, works and consultant services contracts? If not, what is the major cause for slippage? Is sufficient time generally allowed for external reviews/clearances?
- Are procedures and methodologies for planning procurement of recurrent items (i.e. inventory control, forecasting of future requirements, classification, coding, accounting/financial management, spare parts management, and delivery systems) adequate?

Observations

During the stage of data collection it was observed that

- Procurement Plan for an office or an organisation is not an established but is a desirable practice.
- Most procurement activities go on as per the budgeting undertaken.
• If any urgent requirement arises (especially within the civil works and infrastructural development activities) then the funds from other departments are diverted to meet the need.

• The Procurement Plan as such is not prepared or published.

• In PSUs, activities are undertaken on a project basis and start as and when a project is commissioned or initiated.

• In case of renovation work undertaken by CMD, PMPML, it was revealed through RTI Act, as a reply to RTI activist Vivek Velankar, that tenders were not floated to make the purchases for the renovation work. It was argued that since the work had to be carried out on ‘urgent basis’, the process of issuing tenders was ignored and a direct work order was issued. The query of “renovating the office” at a time when the transport company is bearing financial crunch remains unanswered. The term ‘urgency of work’ is also unjustified at this stage. Unplanned activities cannot be further termed as urgent.

• The Financial year (April-March) is the unit of financial planning. At the time of budgeting, there is little thought spared for working out the details.

• Activity budgeting is not done. If it is insisted upon at that time and the budgeting is converted into activity budgeting, the Procurement Plan will become a reality.

• Monitoring for time scheduling and micro-level money allocation becomes haphazard.

• Most of the expenditure is done in last few months of the financial year, leading to misallocation of time and manpower, funds due to mismanagement.

• It leaves the initiating of the process of procurement at the mercy of individual authorities and not to collective thinking

  **Recommendations:**

  It is necessary to develop a procurement plan for the current financial year and as well take a stock of previous year’s consumption pattern in order to keep a check on ongoing and plan new activities.

  • Procurement Plan under Format No 3. (Refer Systemic Recommendations)
  • Procurement for the provisioning of the Available stock - Format No 4 (Refer Transparency Recommendations)

B. **Estimation**

Estimate is nothing but ascertaining the items required for particular work and finding out the quantities of the items, cost of the items and thereby working out cost of the work. Cost estimation is a parametric equation used to estimate the costs of a product or project. It is necessary to obtain approval to proceed, and is factored into project plans, budgets, and other financial planning and tracking mechanisms.

The estimates depend upon the type of work, product, or project in question by taking into account the parameters that describe the attributes of the product or project in question, and possibly physical resource requirements. It provides us with outputs of various resources and
requirements in cost and time. It is the starting point of the procurement process for any item. This estimation or forecast of its requirements is to be reflected in the tender documents. The cost estimation is based on quality of work demanded and accuracy of estimated measurements. The accuracy of measurement and detailed description of quality of outcomes creates the foundation of the contract process. The estimated cost is usually arrived at either by a single authority or before a committee of expert members.

The estimated cost plays a very pivotal role in the whole process. It is based on

1. **Detailed Schedule of Rates (DSR):** The estimates are generally prepared on the basis of rates in the District Schedule Rates. For e.g. DSR are the schedules of rates prepared by P.W.D. Circle for every year. The institutes/organisations within that District can use the DSR rates, for preparing the estimates of their works. DSR also contains general guidelines, basic rates of materials such as cement, steel, bitumen. Each item consists of item description, completed rate and labour rates. DSR also contains transportation charges, loading, unloading and stacking charges, material rates, labour rates. When an item required in the estimate is not present in DSR then it is worked out by rate analysis considering the rates of materials and labour in DSR or market rates.

2. **Market Survey:** If rates of material are not available in DSR, then current market rate from at least three sources is obtained and the rate analysis is prepared. It is done the following way:
   - Current trend of offering rates for similar type of works in same department.
   - Current trend of offering rates for similar type of works in other department and in region.
   - Material price in market when compared with rates given in DSR.
   - Accuracy of estimate
   - How much component of estimate is based on current DSR and market rate analysis?
   - Availability of labour
   - The development activity going out in the area.

Financial/Budgetary Framework Indicators would be;
   - Do procurement units regularly conduct market surveys to update their knowledge of prevailing prices for goods and works?
   - Do implementing agencies obtain budgetary authorisations for contract payments falling due beyond the current financial year?
   - Are major projects or programs clearly identified in Government budget estimates?
   - What procedures are followed to ensure the procuring entity obtains budget authorisation prior to inviting bids?
   - Do procuring entities reliably receive the money authorised? Or is the budget subject to revision during the year by a restrictive cash release system?
Observations

• The sanctioning authorities in public organisations vary according to the financial limits/powers prescribed by the GR, Finance Department, no – 1000/46/2001/Rule, dated 11 July, 2001.

• Estimation of the cost is decided by the nature and value of the project e.g. In Municipal Corporations, projects costing up to Rs. 1 million are handled by the City Chief Engineer, while those above Rs. 1 million are being tabled before the Standing Committee or the General Body for financial approval. Estimation is very important as it is here that the future course of action is determined.

• Estimation also decides things such as the pre tender conditions; and the pre-qualification criteria. Finally, the initial estimate decides future conditions such as the nature, quality, mode and volume of procurement. To standardise the estimates, to minimise general errors and mistakes, and to have uniformity in the estimates, certain check lists are prepared depending upon the various types of works carried out by the municipal bodies. But it is observed that these are not followed in actual practice, though available.

• During the Validation workshop of Social Accountability held on 18th March, 2009, Detailed Schedule of Rates invited comments from procurement experts. They held the opinion stating that, DSR are outdated and hence it is extremely necessary to review the rates by undertaking market survey and publish the reviewed results every fortnight.

Gaps

1. The file observations in various ULBs and Parastatals show block or final estimation that is being arrived. However, how exactly the estimation has been arrived at, who were the committee members involved in the estimation committee, and if any market analysis was done etc is not documented. The following errors generally occur during the preparation of estimate as cited by CVC and other experts working for Urban Local Bodies:
   • Procedural Errors
   • Technical Errors
   • Addition / Omission of items
   • Considering improper item for the work
   • Errors in following various guidelines / standing orders
   • Wrong budget provision
   • Non uniformity in the estimate etc.

2. If the estimate is well prepared considering all aspects of the tender, then it would be priced within estimate range. One needs to spend quality time while preparing estimates, otherwise unnecessary delays would result in escalation in cost. Therefore accuracy of estimation and the reasoning for the quality requirements is an essential pre-requisite.
Some of the cases identified by CVC showing how erroneous estimation leads to hampering quality work and sometimes delaying the project and resulting into total failure of the project.

d) **Erroneous estimation Case (VR1)**

In one PSU, the revised cost estimate for a work was prepared as Rs.5733 lakhs, which was based on the earlier awarded rates. The organisation had arrived at the estimated rates simply by multiplying by a capacity factor, i.e. through extrapolation. However, on opening the price bids, it was seen that the L1 rates were Rs.3564 lakhs only, thus establishing the fact that the estimates that were prepared were not realistic.

e) **Proper market enquiry Case 3 (05-WT-60)**

In the work of main plant and off site area, costing Rs.37 crores, the rates of L1 bidder were 20% above the estimated cost. In order to justify these higher rates, the organisation, obtained a single quotation from a local builder for aggregate and sand. In fact they should have gone for market enquiry and obtained quotations from various suppliers. This casual approach resulted in award of work at higher rate.

**Recommendations**

It is necessary to unravel such questions to enhance transparency:

- Who is authorised to decide the estimated cost?
- Is there a committee or a single person involved in estimation at this stage?
- What are the tools / methodologies used to arrive at a final estimated cost? Here the tools referred are Market Survey (prevailing rates); Expert committee members for technical inputs; People’s participation, if any.

A comprehensive documentation of estimation should be developed answering all the above questions. Publishing the details of estimation will empower citizens to inspect the site and check the accuracy before, during, and after the work is executed. For the sake of convenience of the officers, the scanned copy of the detailed estimation for work and consultancy services may be web published.

C. **Preliminary Project Report (PPR- Works):**

The PPR is usually prepared for procurement of large works. After the estimation is approved by the concerned authorities, a Preliminary Project Report is prepared. The objective of the PPR is to study the feasibility of the project. The study includes financial viability, environmental dimensions of the project location, availability of other resources etc. It is generally seen that not enough detailing and internal communication takes place at this stage.

The **Preliminary Project Report** is carried out either in-house, or more commonly through a consultant. In some cases, especially for large projects, where external funds are sought or for projects to be implemented on the PPP model, it may be necessary to prepare a pre-feasibility report to enable a funding agency or private financier to appreciate broad features of the project, the study of financial involvement and possible returns. The feasibility study establishes the scope of the work, brings out the requirement of land, prepares social and environmental assessments, carries out preliminary economic and financial analysis, examines different options, works out their merits and costs, and recommends the most suitable one. In case the project is already identified or its utility is well established, or an
existing asset is to be improved or upgraded or replaced, the pre-feasibility study may be dispensed with. In another situation, it may be found more practical as well as expedient to combine feasibility report with Detailed Project Report (DPR). Decisions regarding these aspects may be taken in individual project situations, on a case by case basis. The studies and recommendation of feasibility generally form preliminary projects Report (PPR).

**Observations**

The **Preliminary Project Report** observed at MSRDC, Mumbai, contained the following:

a) The basic characteristics of the project  
b) Topographic and traffic survey  
c) Geotechnical investigations  
d) Preparation of concept plans  
e) Preliminary design and detailing of the project (Designs and drawings)  
f) Financial appraisal of the project profitability, Preliminary estimation and costing

These activities were referred to as pre-tender activities and underwent many changes to include aspects of environmental clearance, disaster management plan etc. However this report is not published online nor is this information known to bidders.

**Gaps**

The preliminary project details could be known to the bidders as they have every right to know what things were planned and how. The mindset that this report could be kept open for inspection is largely not seen. Being a feasibility report it points towards the propriety of taking up the project, and is the foundational document for deciding to go ahead or not. People at large and the media are interested in the reasons for such a decision. Therefore it is an important document for public scrutiny.

**Recommendations**

- This report will be a useful tool for the bidders to base their estimated cost upon, while bidding, and even later at the time of execution too, this report may come in handy. They will be aware about the various dimensions and grasp the larger picture even though they may be involved only in part work.

- Right to information provides for severance of information which is exempted from disclosure. The public authorities may publish summary of PPR for public knowledge.

- Summary of the feasibility report can be prepared.

**A guiding framework for “Planning Stage”- Purchase Manual**

After going through the stage of planning, there is a felt need for a structured and updated purchase manual. A “Purchase Manual” indicates the channels of laws, rules, GRs, circulars pertaining to procurement, which are amended from time to time. All these related provisions should be updated and kept in ready-to-use reference format for the concerned stakeholders. It is also an important document to guide the officers in day to day work. Therefore the first step is developing a well defined purchase manual. It is necessary to execute procurement
activity in a uniform and well coordinated manner. The stakeholders also know the parameters on which various actions in the process will be taken.

The **Legal Framework Indicators** include:

- Is the system clear, comprehensive and consistent? Does it cover all essential aspects with no unduly complicated, unnecessary, conflicting or outdated regulations? Are rules found in various distinct sources or within a well coordinated legal framework?
- Is the hierarchy of the sources of procurement rules well established?
- What is the scope of coverage for the procurement legal framework?
- Are there separate procurement rules established for Parastatals?
- Is the procurement function decentralized? If so, describe basic structure, name the main decentralized procuring entities and indicate their role, rights, and responsibilities.
- Does the system allow/facilitate the introduction of new and innovative techniques and contracting practices without compromising basic principles?
- Are there laws or regulations governing policies and procedures for awarding concessions/contracts for private sector provision/operation of power, water or other infrastructure facilities? (BOO, BOT, etc.) Do any general conditions of contract apply as a matter of law or regulation?

**Observations**

- The Government of Bombay, Public Works Department Manual (third edition 1956) is used as a standard for works, and for goods, the Store Manual is followed.
- Most of the organisations have Standing Order files which relate to various orders, regulations and instructions regarding the procedure to be followed at various stages of procurement. All the offices have different sets of documents though they are governed by the same set of rules.
- The manuals are not updated and the circulars which govern the activities are generally not published barring a few honourable exceptions like the office of Maharashtra Jeevan Pradhikaran (MJP). However, it hosts a variety of circulars dating back right to the year 1954. It brings in too much of information and confusion on one hand and precise, needed information is shrouded in these circulars.
- Government of Maharashtra has also published all the GRs related to procurement on the State Government website under the category of Industries, Energy and Labour Department. However it is very difficult for a common man to think that for Tender procedure he has to visit the website of the Labour Department! Moreover, these are scanned documents in Marathi and may not respond to the search by keyword ‘tender’.
- Standard contract documents are developed by organisations such as MSRDC which consist of formats for all kinds of procurement (Small value, High Value, Consultancy etc). However, these documents are not published.
• Both the Validation workshop, held pertaining to these projects highlighted the need to update the existing manuals such as the PWD manual and Store Purchase Manual which was dated to the year 1956 (third edition) and drafted in year 2003

Gaps

1. The norms on the basis of which the decisions will be taken are not known to the stakeholders. The standard procedure is not known. So whatever is done by the authority has to be accepted as the only and right way. Thus accountability as regards the procedure cannot be enforced by the citizen or affected party unless he applies under RTI and makes his case.

CVC also observed that in some organisations, the purchase manual is either non-existent or has not been updated for years together, making the system of procurement *ad hoc* and arbitrary. (Ref CVC document - “Common irregularities in procurement”.)

Recommendations

• It is, therefore, essential that a codified purchase manual containing the detailed purchase procedures, guidelines and also proper delegation of powers is prepared by all the organisations so that there is a systematic and uniform approach in decision making. Such an integrated approach is not only likely to put a cap on corruption, but would also ensure smoother and faster decision making. The manual containing the detailed procedures, guidelines to be followed can ensure smoother and faster decision making.

• Publishing information under format No. 5 Publishing various guidelines. (Refer On Demand Recommendations)
Stage II - Pre-Tender Stage

The Pre-tender stage is crucial as it is the detailed planning stage as compared to the earlier stage which was more or less a prioritizing of the activities at macro level, assessing the need and checking the viability of the work from various angles. Once the work fits into the holistic scheme of things, the sanction in principle is given to go ahead with the detailed work. It starts with the Detailed Project Report which may be prepared departmentally, or with the help of consultant.

Preparation of Detailed Project Report (DPR)

On approval of PPR, or otherwise if it has been dispensed with, a Detailed Project Report (DPR) is prepared. In this, standards, design parameters and specifications will be precisely laid down along with technology and quality standards to be followed. Detailed Cost Estimation is a part of DPR.

The DPR covers detailed surveys and investigations e.g. soil and materials surveys, detailed design studies, all the relevant studies e.g. drainage studies, environment management plan based on environment impact assessment studies, detailed drawings, estimates and implementation schedules and documents.

Observations (Ref: CVC Circulars and Cases)

- Successful contract performance depends on the quality of DPR. If it is prepared on ad hoc basis based on some old project and not as per the present site requirements, then there will be delays, deviations resulting in time and cost overrun. It has also been observed that the DPR is prepared in a hurried manner without checking the conformity/consistency among various schedule of items, drawings, specifications, and contract conditions etc. This further adds to time and cost overrun of the project. A poorly prepared DPR leaves opportunity for the contractor to exploit and gain profits out of ambiguity in the contract.

- While examining the contracts of power sector by CVC, it was observed that many estimates are prepared only on the basis of last accepted rates. The quoted rate needs to be reasonable and justified and compared with the estimated rates. If the last accepted rates are high for any reason, it results in award of the contract at higher rates since no analysis of circumstances under which the last contract was ordered is gone into. Further, this new awarded rate becomes the basis for estimation of rates for the next tender. Thus this problem has a cascading effect. This does not appear to be a proper system of preparation of estimates. In fact to avoid such problems, the organisations must preferably adopt a software based analytical method to prepare estimates based on various parameters that affect the rate including the prevailing market rates. It was also observed that organisations do not prepare estimates based on actual site conditions. Rather the estimates are prepared based on the borrowed quantities from some previous similar project, without incorporating the modifications required in foundation etc. for the current project.

- During the Validation Workshop, IPR issues pertaining to publishing Detailed Project Report were discussed. It was emphasized that DPR consists of engineering designs which is the IPR of the governing body and thus should not be published. However, in
the public interest, the DPR can be published by the governing body since it is a public organisation as clearly specified by RTI Act 2005.

Gaps

1. The DPR is usually entrusted to consultants. Their roles and responsibilities are not published. Thus the channels of accountability are not known even though the DPR is published.

2. The bidders are not aware that DPR can be inspected prior to bidding. Transparency at this juncture would encourage competitive bidding.

Recommendations

• Prepare DPR as per actual site requirement in consultation with the field staff; otherwise it may lead to deviations and delays.

• Prepare Estimates on the basis of detailed analysis of rates considering rates prevailing at the project site, to arrive at realistic cost.

• Ensure conformity in nomenclature of the item, drawings and specifications to avoid ambiguities at a later stage.

• When departments outsource the work of preparation of DPR to consultants, their officers should monitor the consultants’ work. The accountability of every authority involved in preparing DPR should be very clear. Generally everybody signs the documents and it becomes a collective responsibility. If something goes wrong, the person conducting the departmental enquiry does not know who is to be blamed for which fault.

• Under Section 4(b) (ii) of Right to Information Act the powers and duties of its officers and employees; (iii) the procedure followed in the decision making process, including channels of supervision and accountability have to be published. In case of DPR, details of procedure followed in case who initiates, who approves and checks what, who visits site, who checks financial accuracy, who will be responsible for correctness of facts/calculations, propriety etc. flowchart must be published. This sets accountability criteria as to who checks what and is responsible for what.

• The DPR should be available for inspection before bidding. This should be part of the Bidders’ Charter. (Refer Bidders’ Charter-On Demand Recommendations). Publishing of DPR ensures that the principles of fair competition are adhered to, as the bidders know the specifications of items, and the scope of work in detail. Their rates will certainly be competitive. However, the present mindset is not for it. The issue of IPR also does not exist, as the Government agency has prepared it primarily to get the work done.

B. Administrative Sanction

It is generally accorded by the competent financial authority to the execution of work after due examination of Detailed Project Report (DPR) in case of works, and detailed estimates in case of goods. This term denotes the formal acceptance, by the administrative department concerned, of the proposals for incurring any expenditure by this department on an original
work initiated by, or connected with, the requirements of such administrative department. It is, in effect, an order to this department to execute certain specified works at a stated sum to meet the administrative needs of the department requiring the work.

**Technical Sanction**

This name is given to order of competent authority sanctioning a properly detailed estimate of the cost of a work of construction or repair proposed to be carried out by respective department. This sanction is accorded by the authorities of this department to whom the power has been delegated by Government. This sanction ensures that proposals are structurally sound and that the estimates are accurately calculated based on adequate data and the quality parameters are appropriate. In case the work it is to be executed through a Public Works Organisation as a deposit contribution work, technical sanction is accorded by that organisation.

**Observations**

- The file observed at the time of data collection consisted of notings of administrative as well as technical sanctions pertaining to different projects. However, for the common man to understand the area of administrative and technical sanctions is always ambiguous, stirring a lot of unanswered questions. He has no access to view the channels of accountability unless the situation is warranted. Some means or ways should be devised to clear the air about the various channels of accountability associated with a particular procurement process including the decision making authorities involved for sanctioning of projects.

- Technical Sanctions are revised from time to time, especially in Urban Local Bodies. These revised sanctions are intimated through circulars. Maharashtra Jeevan Pradhikaran (MJP) has published all the circulars pertaining to technical sanctions online. Like MJP, others can follow suit.

- Another interesting thing to note is that during some visits, the authorities involved were cautious to show the files pertaining to administrative and technical sanctions to the study team due to reasons best known to them. Only on conditions of anonymity regarding the project and file papers, was the file provided. Secondly, they were also reluctant to share the information about the authorities/officers involved in decision making.

**Recommendations**

- The duties and powers and the time spent in giving this approval may be published under Section 4(b) (ii) of Right To Information Act the powers and duties of its officers and employees; (iii) the procedure followed in the decision making process, including channels of supervision and accountability have to be published.

- Publishing information under Format No. 6 Powers and duties of its officers and employees in procurement process. (Refer Transparency Recommendations)
Stage III - Tender Stage

After the Detailed Project Reports and estimation are prepared, the need for procuring is generated. At this point, procurement becomes an important process. It is at this stage that mode and nature of procurement is decided by the volume/size of the procurement. The basic difference between goods and works also lies here.

A. Preparation of Tender Documents

Tender Documents have to be prepared before the invitation of the bids is commenced. The documents have also to be approved by the authority empowered to approve such documents. While approving the Bid Documents, it should be ensured that:

a) There is no ambiguity, contradiction or duplication in the nomenclature of items, conditions of contract, specifications and drawings
b) The specifications and drawings are capable of implementation at site
c) The time stipulated to complete the job is adequate.

Tender documents shall contain, in addition to the schedule of items, quantities and rates, the following:

- Special conditions of contract
- Full Description, drawings and updated specifications
- Updated and Standard General Conditions of Contract
- Updated and District Schedule of Rates
- The Basic Schedule of Rates / Master Schedule prepared for items of work that have been standardised through evaluation of the cost by rate analysis of the various constituents such as the cost of material involved, cost of labour and other incidentals needed for evaluation of the face value of work/item of work realistically, based on regional disparities.

Tender forms shall be signed at least on the cover page by a nominated gazetted officer.

It is desirable to insist that all responses to tenders are received only on the Standard Tender Form.

There is also a practice in some organisations for the official approving the bid documents to affix his signature on every page of the bid document as a token of approval and a certificate of approval. The pre-requisites of pre-qualification process are transparency, fairness, maintenance of competition.

The most widely used Contract Award and Effectiveness Indicators are:

- Are conditions of contract equitable? Do they provide adequate coverage for most important commercial and legal issues (for the method of procurement, size, nature

---

3 are printed and priced documents, which are required to be purchased by the tenderers separately, and are not sold with every tender.
and type of contract used) and provide adequate protection to the Government, without putting undue risk on bidders?

- Are contracts required to be awarded to the lowest evaluated responsive bidder who has been determined to be qualified to perform the contract satisfactorily?

- Are additional Government approvals required before contracts can be made effective?

Observations

- Standard bidding documents are being developed and followed by MSRDC. They have developed it for small value, large value and consultancy contracts.

- The documents are so voluminous, it is difficult to decipher the important /special conditions and the general legal conditions

- Detailed specifications and well defined quality parameters were observed in the tender document dealing with procurement of computer hardware, Commissioner and Inspector General of Registration and Stamps Department, Andhra Pradesh

- Absence of Standard Tender Documents: In spite of some initiatives to standardize tender documents using the Standard Bidding Documents (SBDs) of the World Bank as models, there continues to be a multiplicity of tender documents used by different ministries and agencies for identical procurements. This is more true in civil works contracting. 150 different contract formats are used by the Government and its agencies. Obviously, this causes confusion in the minds of bidders and concern about the risks imposed on them. Even when instructions are issued standardizing a document, each ministry and department has a penchant to tailor the document, add subtract clauses, repeat the same provisions in different clauses or at least reword or rephrase some clauses, destroying the purpose of the standardization and introducing ambiguities and contradictions in the document. The tender document is different if it is issued by the Public Works Department or the Municipal Corporation or the Metropolitan Urban Development Authority or the State Road Development Corporation. The qualification requirements, selection criteria, the payment terms, the dispute settlement mechanism are all different for no conceivable reason. The need to standardize bidding documents was also emphasized by World Bank Procurement Specialists during the validation workshop.

CVC has issued the following guidelines for the preparation of tender documents:

- Adopt updated standard bidding document

- Ensure conformity among nomenclature of items, specifications, drawings, general and special conditions.

- Avoid stipulating such conditions in the contract, which are not feasible to be operated.

- Stipulate performance guarantee clause to eliminate non serious bidders

- Conduct pre-bid meeting to bring clarity regarding spirit of various provisions and to bring necessary modifications, if required. Make minutes of the pre-bid meeting as part of agreement.
- Provide clause to deal with ambiguous provisions (order of precedence) in the tender document and ambiguity in the tender submitted by the contractor.
- Stipulate all prevailing Government policy orders such as purchase preference, policy customs exemptions for material to be imported, etc.
- Notify objective evaluation criteria in the tender document.
- Stipulate conditions regarding splitting of quantities, if required, in the tender document.
- Notify criteria of splitting in the tender document itself if splitting of work / supply order is envisaged (splitting is envisaged when L1’s capacity is less than required or to avoid heavy reliance on one firm)

Gaps

1. It has been observed that the tender documents are prepared in a hurried manner without checking the conformity among the schedule of items, drawings, specifications, and contract conditions etc. This generally happens due to the reason that different parts of the tender document such as schedule of quantities, specifications, drawings, and general conditions prepared by different people are compiled without correlating them. Sometimes they are copied from old tenders without giving a thought to the applicability of the conditions to the present work.(Ref: Preventive Vigilance in Public Procurement, CVC)

2. The documentation of tender documents tends to be monotonous, and important contents lose their significance in the sea of words in the document. It is necessary to make the tender document simple to understand by highlighting the significant issues/conditions, so that it hits the mark as soon as it reaches the potential bidder.

3. Officers are many times not aware of the labour and provisions of other related legislative provisions and contract conditions to be put in while drafting the tender documents. Due to this callous attitude, undue advantage is taken by contractors and affects the quality of work executed. It is observed that feasible and viable tender conditions are not put forth, which hinders potential bidders from bidding.

Cases below highlight how important it is to bring in clarity in the conditions of tender document.

f) Clarity about taxes while preparing the tender document Case 7 (06-ET-61)

In the case of a Power sector project, work contract tax was being recovered @ 2% on the cost of a few items used in the work, instead of 2% of the gross value of work done.

g) Provisions of labour laws to be adhered to Case 8 (06-ET-61)

In case of two hydro-power projects, it was observed that safety related facilities like medical care, ventilation, safety sign board, helmets etc. were not provided by the contractor. This shows the apathy of contractors as well as of the site staff towards the work force, working in accident prone areas. The site staff not only gave undue benefit to the contractor, but was also callous towards labour as was observed during intensive examination of tail race diversion work costing Rs. 26 crores.
Recommendations

- It is essential to develop and publish a set of Standard Tender Documents and Contract Conditions for mandatory use by all ministries, agencies and enterprises for similar procurements; any special concern should be addressed in the special condition. The documents shall be readily available in the market and through internet.

- It is necessary to include instructions in the "Officers’ Checklist" which will enable the officers to draft tender documents as per the exact requirements of the project and eliminate ambiguity from the tender documents. The checklists will enable them to go per the requirements stage by stage, and avoid missing any vital links and activities.

- Publishing format under Format No.7 – Check list for Officers involved in Procurement process. (Refer Systemic Recommendations)

B. Eligibility Criteria:

The eligibility criteria for the award of the contract may be in two forms namely the

(i) Pre-Qualification Criteria and

(ii) Post-Qualification Criteria

(i) Pre-qualification Criteria (PQ) - Pre-qualification criteria is followed when the project involved is huge in terms of specialized knowledge, and the sheer amount of money involved.

The success of a project largely depends on the capability of the contractor/vendor. Pre-qualification is a process to select competent contractors having technical and financial capability commensurate with the requirements of the particular procurement (Project / supply of goods/ hiring of services).

The pre-requisites of pre-qualification process are transparency, fairness, maintenance of fair competition. The Central Vigilance Commission has issued guidelines vide Circular No12-02-1-CTE-6 dated: 12.12.2002 and 07.05.2004 advising the organisations to frame the pre-qualification criteria in such a way that it is neither too stringent nor too lax to achieve the purpose of fair competition. (Annexure 8)

(ii) Post qualification Criteria - Post qualification is defined as “an assessment of the appropriate level of experience and capacity of firms made by the Employer during the valuation of bids to ensure that the lowest evaluated, responsive, eligible bidder is qualified to perform the contract”. Post-qualification, in other words, involves the setting out of criteria right at the beginning as the case of prequalification. All interested bidders submit their technical and financial bids simultaneously.
Comparison of qualification processes is given below:

<table>
<thead>
<tr>
<th>Method</th>
<th>Merits</th>
<th>Demerits</th>
</tr>
</thead>
</table>
| Pre-qualification | 1. Economizes on time, effort and money of bidders  
2. Emphasizes partnerships  
3. Promotes quality and weeds out incompetence  
4. Allows ease in mid-course corrections  
5. Saves on evaluation time  
6. Possible litigation front-loaded | 1. Time frame usually longer  
2. Greater possibility of price rigging  
3. May provide opportunity to buy out parties |
| Post-qualification | 1. Economy of time  
2. Larger numbers give greater cover against price-rigging and buy-out | 1. Forces all bidders to go to the full distance  
2. Less time for partnerships  
3. Competition among unequals in ability  
4. Possible litigation rear-loaded  
5. possibility of longer evaluation time frame |

**Prequalification Indicators** could be along the following lines:

- Is prequalification carried out when appropriate?
- Are contractors/suppliers prequalified for large/specialised contracts?
- Are minimum experience, technical and financial requirements (for pre- or post-qualification) explicitly stated in the documents?
- Is the prequalification process fair and transparent? Are decisions made promptly?
- Are standard prequalification documents used? Do they clearly and completely describe all the prerequisites for submitting responsive applications for prequalification? Is financial information routinely requested and critically evaluated to assess an applicant’s financial capacity to perform?
- Do procuring entities verify prior to contract award if a successful bidder continues to meet prequalification requirements?
- Do procuring entities maintain updated lists of qualified suppliers and contractors and updated market information on commonly procured goods, including spares and consumables? Is supplier and contractor performance routinely evaluated and is any standing lists of prequalified suppliers and contractors updated and modified based on this information. Can newcomers readily apply and be qualified?
• Is the procedure for registration of domestic contractors fair, providing timely access to the bidding process to all potentially qualified bidders? Should the bidders be allowed to register by mail and, if the conditions in the country allow, through the internet?

• Is registration permanently opened to bidders for registration or update, is there a deadline imposed in relation to a specific bidding process? Is the time taken for registration reasonable?

Observations

• It is observed that feasible and viable tender conditions are not put forth, which hinder potential bidders from bidding.

• The prequalification criteria are decided taking into consideration the nature of work, but the reasoning is not recorded or documented. This shows the arbitrariness of the decisions. The must and desirable qualifications are often not spelt out decisively to limit the scope of using discretion while evaluating tenders.

Gaps

1. During intensive examinations of the works of the organisations dealing with the power projects, the following deficiencies were observed in the pre-qualification (PQ) process: (ref: Central Vigilance Commission).

   • Stringent PQ Criteria resulting in poor competition.
   • Unduly restrictive criteria, creating entry barrier for potential bidders.
   • Evaluation criteria not notified to the bidders, making the PQ process non-transparent.
   • PQ Criteria relaxed during evaluation, thus creating entry barrier to the other potential bidders fulfilling the relaxed criteria.
   • Credentials of the bidders not matched with the notified criteria.
   • Credentials of the bidders not verified.
   • Relationship of the quality of work and PQ criteria should be evident - pre-qualification criteria should be exhaustive, yet specific.
   • Need to publish the reasons, how the credentials will be verified, where the related documents will be available for inspection.
   • The prequalification criteria are decided taking into consideration the nature of work, but the reasoning is not recorded or documented. This shows the arbitrariness of the decisions.

A few examples depicting the importance of appropriate Pre-Qualification Criteria

h) **Publish the Relaxation of criterion Case-1 (04-NH-74)**

As per the notified qualification criteria for a housing project costing Rs. 13 crores, bidders were required to have experience in housing project. Four bidders were qualified. Two bidders M/s A and M/s B were qualified on the basis of their experience in the construction of hospital building and office building respectively. The remaining two bidders M/s C and D
were qualified on the basis of their experience in the construction for private firms. Without verifying the credentials, M/s D was awarded the work.

**i) Stringent PQ criteria Case-4 (05-SH-38)**

Qualifying requirements in a dam project were made stringent in the first instance. The suggestions made by one of the officials for stipulating lesser length of a tunnel and also the suggestion of the consultant for stipulating any type of tunnel instead of waterway tunnel were ignored before finalizing QR. These stringent criteria resulted in exclusion of some capable contractors. Even though the suggestion of relaxing above 2QRs was ignored, the committee relaxed some other criteria to include other firms.

**j) The relationship of quality of work and pre-qualification Case-12 (05-SH-38)**

In one of the power projects, the qualifying requirements were initially framed stringently, but were relaxed later to include more firms. The criterion considered was number of firms who applied for the PQ documents, rather than the requirement of work.

**k) Appropriateness of Pre-qualification Criteria Case15 (VR1)**

In the case of a Power Project, the Qualification Requirement (QR) envisaged a cut off time for considering the experience as from the date of tender opening, i.e. the works executed within a certain time period were to be considered for qualification purpose. However, as the response was poor against the first call of tenders, the QRs were revised but the criterion was made even more stringent. Removing the cut-off limit of time period resulted in qualifying firms who had executed similar works as long back as 15 years, probably with obsolete technology.

**l) Specifying the Qualification Criteria Case**

M/s ‘A’ offered highest margin and became H-1. However, they were rejected by the client power sector PSU ‘N’ on grounds that M/s ‘A’ were not meeting the requirements. It is to be mentioned here that the PSU ‘N’ had not stipulated any particular qualification criteria for the sub-contractors. The PSU ‘E’ suggested some other agency ‘B’ arbitrarily. M/s ‘B’ also was rejected by the PSU ‘N’. Ultimately, the PSU suggested three names arbitrarily, out of which only agency M/s ‘C’ showed interest, but backed out later. Thus the whole process of sub-contracting was non-transparent and was left to the mercy of the client PSU.

In this case, a clear-cut qualifying criteria for sub-contractors should have been stipulated by the PSU ‘N’ in the tender document itself, instead of arbitrary rejection of proposed sub-contractors. In fact the PSU ‘N’ should have kept itself away from suggesting the names of the sub-contractors. Similarly, the PSU ‘E’ should have prepared a panel of sub-contractors for various trades in a transparent way.

**Recommendations**

- The purpose of any selection procedure is to attract the participation of reputed and capable firms with proven track record. It should be ensured that the PQ criteria are exhaustive, yet specific and there is fair and adequate competition.

- It should be ensured that the PQ criteria are clearly stipulated in unambiguous terms in the bid documents themselves.
In case of procurement process, bidders are affected by the decisions regarding qualification, technical disqualifications etc. and have a right to know and thereby challenge the decisions.

The reasons for pre-qualification criteria must be recorded in writing and may be shared in the pre-bid meeting.

C. Publication of Tender

Before the tender is published, mode of the procurement has to be decided on the following terms:

Mode of Procurement decided by the Size and Volume of Procurement

- High Value, Low Volume (Works) - There are some procurements which cost very high, but the volume of requirement is low. This includes costly construction machinery, manufacturing equipment, medical equipment which involve a one-time investment but cost more. In such cases tendering is the preferred mode of procurement.

- Low Value, High Volume (Goods) - Some items are required in large quantities and for a considerable period of time. This includes items such as stationery, medical supplies etc. In such cases, Rate Contract or Catalogue Buying is the preferred mode of procurement.

Mode of Inviting Tenders (Works):

After the preparation of tender documents the next level is to invite tenders. Inviting tenders is also a very important phase as it determines whether

- It promotes healthy competition among tenderers
- Provides fair and equal treatment to all the tenderers
- Ensures transparency in public procurement.

The mode of inviting tenders is also equally important. Normally three modes of tendering are adopted.

- **Open Tenders:** In an open tender, bids are invited giving wide and adequate publicity. This is the most preferred mode of tendering. Open Competitive Bidding is opted in case of large procurement and takes longer period to complete the process.

- **Limited Tenders:** In the case of small value works, urgent works and in case only a few bidders are available in the market, limited tenders from such bidders who have been empanelled are invited. In case of Limited Tenders the empanelment should be done in a transparent way and updated periodically. Limited Tender System is opted in the case of medium scale procurement and here procurement process time is reduced considerably.

- **Single Tender/Nomination Basis:** Award of contracts on nomination basis, which is also called a single tender is to be resorted to only under exceptional circumstances, such as natural calamities and emergencies, or where there were no bids to repeated tenders or where only one supplier has been licensed (proprietary item) in respect of goods sought to be procured.
• **Rate Contract (In case of Goods):** They identify the rate and terms of supply of items for which the order is placed, which would be effective and cannot be varied over the specified time frame of the contract. Rate contracts are commonly prevalent in case of purchases of items for which specifications are standardised and the rate is also fixed over a period of supply, generally one year or above. The rate contract indicates the periodicity and schedule of periodic supply at a uniform rate.

**Observations**

- Open tendering is preferred as far as possible
- In case of tenders called for large works, the panel of approved contractors is prepared and updated
- Publicity through newspapers and website is scrupulously followed.
- NIT and tender documents are uploaded on web site – eg MSRDC
- In some cases like PMC, PCMC, Aurangabad Municipal Corporation the submission is also part of e-procurement.

**Gaps**

1. This is considered as the important aspect of procurement process and all the transparency initiatives are concentrated on this stage. Rather, this has become the only indicator of transparency in procurement to date. Once organisations achieve this they become complacent about transparency.

2. Very few gaps are observed during the data collection phase but CVC has found some major cases of deviations which are produced for ready reference.

m) **Case-5 (06-ET-05)**

The work of cooling tower (costing Rs. 62 crores) for a power project was awarded on nomination basis to a private firm, even though there were a number of agencies in the market executing similar work. The concerned PSU should have invited competitive tenders from competent and experienced agencies.

n) **Case-1 (04-NH-73)**

One consultancy firm, which was engaged for small value consultancy work in an organisation, was appointed as consultant for a housing work costing Rs.60 crores without inviting tenders.

o) **Case-2 (06-ET-11)**

Limited tenders were invited from known consultants for a Hydro Power Project costing Rs.130 crores. The organisation should have gone in for open tendering.

The Commission vide its Circular No. 06-03-02-CTE-34 dt. 20.10.2003 and Circular No. 15/5/06 issued vide letter no. 005/CRD/19 dt. 9th May 2006 has emphasized upon open tendering as the most preferred mode of tendering and insisted on transparency in the preparation of panel in case of limited tenders.

p) In one of the recent judgments of the Hon’ble Supreme Court in case of Nagar Nigam, Meerut Vs Al Faheem Meat Exports Pvt. Ltd. it has been emphasised that all the public
tenders should be in an open and transparent manner with adequate publicity. In this judgment, Hon’ble Supreme Court has stressed that award of contract on nomination basis should be resorted to only in rare and exceptional cases.

Recommendation

- The head of the office may publish in columns added in procurement plan (suggested at the planning stage) the mode of purchase - by open/limited/nomination/rate contract/catalogue buying.

D. Bid Advertisements in Newspapers and on Web Sites:

Wide publicity must be given to the Bid Invitation Notice. Tenders must be in the most open and public manner possible, by advertisements in the press and by notice in English/Hindi and regional language newspapers of the concerned District/State or National Levels as may be applicable. Many departments/organisations have well managed web sites with the practice of hosting the notices on the web site in addition to the invitation in the press. It is now common to provide the invitation in the newspaper in a window format where the important or core information is provided while leading the intending bidders to the detailed tender notice on the web site of the organisation.

The widest publicity to tender shall imply that it is necessary that the Tender Notice is prominently displayed in the connected offices of the tender issuing and inviting authorities. In addition, advertisement in leading national and international newspapers and in vernacular/local papers is necessitated by the nature of work. This mode of tendering would elicit the best competitive bid.

Indicators for Advertisements should include:

- Are contracts to be awarded by competitive bidding publicly advertised?
- Do the requirements specify use of publications or websites that are readily available to the public and are known to the private sector as sources of information on public procurement opportunities?
- Are bidding opportunities advertised in the local press?

Observations

- It is observed that the tender notice is published in the Government Gazette, Website (Maharashtra Government) and at least one widely circulated newspaper at national or regional level as appropriate.
- The paper clippings and website layouts of published tender documents are arranged in the file so as to record the nature of publicity given to the procurement at a later stage.
- Sometimes due to inadequate publicity, fairness and competition in the procurement process does not happen resulting in the process of re-tendering which costs time, money and wastage of efforts.
- A database of contractors’ CVs is maintained in order to ascertain eligible contractors for various kind of works by every department which undertakes works through call of tenders on a large scale. This approved list is prepared based on the capability of
the contractor, his previous performance and values of work executed, manpower and machinery he possesses, financial capacity etc. The list is required to be reviewed and revised or updated annually, based on confidential reports or performance of contractor. This involves upgrading / downgrading /adding and deleting from the list and is performance based. The inclusion in the approved list of a particular category / value qualifies the contractors to quote for specific nature and financial limits of works.

- Tenders received from approved registered contractors, whose qualifications and capacity have been verified, are opened. But the registration process has become a vehicle for political patronage and once a contractor is registered, he is automatically deemed qualified. Even for good qualified contractors, the works on hand and consequent available capacity to take on new works is not examined. Bad performers are not systematically eliminated from the list as observed by World Bank experts.

**Gaps**

1. Application of mind per project is not done or not been documented regarding the ‘why, when and where’ of the publicity of tender notice. According to the nature of work, goods and services and taking into consideration the changing markets it has to be decided diligently.

2. The mode of publishing in official gazette has become redundant, and is done just for the sake of recording that the prescribed procedure has been adhered to. The gazettes are not seen as easy to access documents.

3. The format of publishing tender notice is very traditional and drab. It can be made attractive to enhance visibility and attract the bidders.

4. The tender notice should attract the potential bidders at the first glance by depicting the nature of work for which the notice is published.

**q) Doubtful and inadequate publicity Case-6 (VR1)**

In one case, while inviting tenders, the publicity for short-listing of bidders was stated to have been given in various newspapers and also through the website. But during CTE’s inspection, a copy of only one newspaper cutting was made available. The organisation was not sure if the same had appeared in all the newspapers envisaged. Also in the tender notice, no details of eligibility criteria, probable cost of work, etc. had been mentioned. Nowhere in the bid was the evaluation document for short-listing, or the date of publicity in various newspapers mentioned/ certified by the Evaluation Committee. On examining the entire case, it was found that the extent of publicity given to this case as stated was not established.

**r) Case15 (VR10)**

While awarding various packages to private companies, a Central PSU, after having obtained the main power project on nomination basis from another Central PSU, chose to give limited publicity by giving a tender notice only in one newspaper, i.e. Financial Express (English) and that too in only its Kolkata Edition. Because of this limited publicity, in most of the packages, the offers received were only from 2 to 4 bidders and that too most of the bidders were from a particular place.
Recommendation

- Even if each office does not have a website of its own, a procedure may be established wherein each office should send electronically the tender notice within the stipulated time to its parent department for publishing on the Government of Maharashtra website. This may not be left to the option of the office but must be made mandatory. (There is a European site for tenders. It is a conglomeration of all information pertaining to procurement such as Tenders Invited, Tender Status, Purchase Manual, Purchase Plan, relevant Government rules and provisions. It can be a model for development of common website for tenders by the State Government. [http://ted.europa.eu]. All the tenders of public procurement may be governed from a central site as it already exists for Central Government site [http://tenders.gov.in]. These sites can then be made more and more user friendly. Even while publishing tender notices in newspapers the font size of subject matter of tender and the duration or last date of tender should be highlighted. Due to constraints of expenditure tender notices do not provide detailed information, but just an indication of scope of the work. They should provide contact details, designation and contact number of the official and a brief summary of the work on the website for further information.

E. Sale of Tender

Tender documents must be kept ready for sale before the issue of invitation for Bids. The intending bidders desiring to tender should generally make a written application and pay the price of the bid documents in the specified format. An official is designated to see that tender documents with complete set of drawings are made available to the bidders as soon as their applications are received. Bidders need to acknowledge receipt of the bid documents for the purpose of record. Tender documents of some works are available on the Internet, with or without cost.

Observations

Register of sale of tenders’ records the following details:

- Date of tender opening and time
- Nature of tender
- Name of work and tender number
- Names and rates quoted by each tenderer for each item of the schedule
- Where the rates differ, the rates in words shall be taken as the criterion
- Whether EMD submitted
- Whether samples submitted if required (especially in the case of goods) and the number of samples submitted
- The register of sale is generally kept in the office. However it is not thrown open for inspection to the interested parties. Largely, the argument exists that opening the register of sale to bidders might result in conflicts among the interested parties.
- Tender Cell - Computerised way of maintaining details. Among the visits conducted by the team, some of the Urban Local Bodies have developed “Tender Cell” wherein all the above mentioned activities are performed namely
  - Publishing of tender notice (respective website)
  - Sale of tender notice
  - Preliminary checklists i.e. whether required documents are enclosed or not
  - It moves to respective departments only when technical details and specifications creep in
  - Register of sale of tenders is also maintained by the tender cell itself

Recommendation
- A register of sale is generally kept in the office. This may be kept open for inspection to interested parties. (Refer the Bidders’ Charter-On Demand Recommendations.)

E. Time period for Bids

Period given for submission of Bids should be adequate to enable the bidder make his investigations, visit the site, carry out his costing and quote realistically. For domestic Bids this period may be 30 to 60 days. For smaller works, the period could be less than 30 days. For very short works the period could be about 15-20 days. For large and complex works, this period will depend on the demands of the work/ stipulation imposed by the funding institution. Usually, the period is reckoned from the publication to the last date of sale of bid documents. Some organisations prescribe a time gap of four to seven days between the last date of sale and the receipt of bids so as to allow some time for the bidders to study the bid documents and prepare their bids. The time period for the bid is reduced for the second or subsequent calls, in case re-bidding is resorted to.

Observations
- It was noticed that most of the public organisations follow the stipulated time norms as prescribed in the GFR 2005. However, due to tender conditions such as stringent PQ Criteria, they have to go in for re-tendering. This was seen at Directorate of Public Health. They had invited tenders to establish trauma centre at different hospitals in Maharashtra, requiring medical equipment too. Through the files, it was felt that many of the bidders did not fit into their exact requirements. Hence re-tendering was done twice.

Gaps
1. Nature of work provides for the required time limit for submission. The clarity of description of scope and quality of outcomes also helps the bidders to arrive at estimation early. The requirement of documentation support and the ready availability of these documents with the bidder are some of the things that need to be considered while deciding the time limit.
2. Application of mind for this aspect and the documentation of reasons for the decision are lacking.

78
The following CVC case illustrates few points of adequacy of time to respond:

s) Adequate time to respond the tender notice Case-7 (VR2)

In one case, the first call of tenders was cancelled and fresh NIT was issued thereafter. In the second round, the total time given to submit the tenders was only 15 days which is much less than the stipulated period of minimum 45 days.

F. Pre-Bid Meeting

A Pre-Bid Meeting is held at a specified place and time, in respect of relatively large works to enable prospective bidders to seek clarifications about the provisions of the bid and make suggestions to the organisation about the work and the bidding conditions. The accuracy of estimation can be achieved due to these clarifications. This communication is essential to fill in the gaps in the written communication. It is also to be noted that non-attendance at the Pre-Bid Meeting does not constitute a disqualification of the bidder. A senior official connected with the bid process usually chairs the meeting. Minutes of this meeting are prepared along with clarification to the bidders to respond to their queries. A minimum gap of about ten to fifteen days is usually allowed between the issue of all the above documents and the last date of sale of the bid documents, primarily with a view to allow bidders, who are attracted to the bid process on account of these deviations, to purchase the bid documents and participate in the bid.

Observations

• Attendance sheet of all those who had queries had attended the pre-bid meeting existed in the file.

• Common Set of Deviations was published and sent to consultants who attended the meeting.

• Minutes of Meeting and Common Set of Deviations were prepared and uploaded on the website too.

Gaps

1. The minutes of meeting and common set of deviations are sometimes circulated only to the bidders present at the meeting and not adequately published after making modifications. This ignores the basic principle of competition and fairness resulting in inadequate publicity after modification. A CVC case highlighting the above is seen here:

t) Case 2 (VR2)

In one case, the tender notice envisaged design, manufacture, supply, erection, testing and commission (DMSETC) of the proposed package. This clearly indicates that the prospective bidders were expected to have the experience in DMSETC. But one of the foreign bidders, a trading company, purchased the PQ documents and after finding that DMSETC is an essential requirement to participation in the PQ bid, represented to the organisation to waive this requirement so as to allow participation of trading firms also. Based on this representation, the organisation modified the PQ requirements and allowed participation by the trading firms with due authorisation from such firms who were represented by these trading firms and who had experience in design and manufacturing of such E&M equipment. However, it was noticed that the PSU had intimated this amendment only to those limited set
of firms who had bought the tender documents against the initial advertisement. The amended PQ criteria were not published in the newspapers/web-site. This resulted in inadequate publicity.

**Recommendations**

- The pre-bid meeting provides insights to the bidders as they can ask questions and clarify the doubts in written document. It helps them to make their rates more competitive. Else, the contractors who have earlier worked with the organisation and have an insight into the working conditions, are at an unfair advantage.

- As far as possible pre bid meeting must be conducted in case of complex projects and tender for services, as it creates an environment of openness and trust.

- The organisation also gets good feedback and can accommodate the learning in the tender document/contract/future communication.

- The proceedings of the Pre-bid meeting should be kept in a specific format.

- Publishing information under **Format No 8 - Proceedings of pre-bid meeting.** (Refer Transparency Recommendations)

**G. Submission of Bids**

The organisation needs to fix a place and a specific date and time as the deadline for the submission of tenders.

The public organisation may, prior to the deadline for the submission of tenders; extend the deadline, if necessary on account of reasons e.g. to afford bidders reasonable time to take the clarification or modification of the minutes of Pre Bid Meeting into account in their tender. The public organisation may, in its absolute discretion, prior to the deadline for the submission of tenders extend the deadline, if it is not possible for one or more suppliers or contractors to submit their tenders by deadline owing to any circumstance beyond their control. Notice of any extension of the deadline needs to be given promptly to each bidder.

The tender must be submitted in writing, signed and in a sealed envelope as per stipulations contained in the Bid documents. Usually two bid system is followed.

In this procedure, 2 sealed covers ‘A’ and ‘B’ are submitted; each of the covers are superscripted clearly as the Technical Bid and the Financial or Price Bid. Both the covers are submitted in another sealed cover ‘C’ supplied by the department at the time of sale of tender schedule, on which is superscripted the name of the work / tender. The authority (authorities) delegated with the power to invite the tenders will open and evaluate the tenders as per the qualification criteria.

The public organisations may provide to the bidders a receipt showing the date and time when its tender was received, especially when asked for. The tender received after the deadline for the submission of tender, shall be returned unopened to the bidder.

**Observation**

- Until and unless at least 3 bidders have submitted their bids, the tenders are not opened. And retendering is done. A total of 3 bidders (after re-tendering) is then
considered for further procurement process. The last date and time is scrupulously adhered to.

Gaps

1. It is necessary to follow a standardized procedure of submission of bids. Sanctity of procedure is very important at this stage. This is recognized by the organisations and no obvious deviations are observed during the study. This is a well managed activity.

2. However the below mentioned CVC case highlight how the means of accepting tenders is unstructured paving way for ambiguity in the minds of the people regarding the process.

Following case highlights the ways and means of accepting tenders

u) Case-9(VR4)

In one case, the Tender Receipt Register was not found to be maintained. From the documents it was not possible to establish as to how many bids were received within the stipulated period. Further, the organisation did not have proper arrangements for receiving the tenders through tender boxes.

Recommendations

- A proper arrangement for the receipt of tenders at the scheduled date and time through a tender box needs to be adopted. It is the Bidders’ right to ensure their tender is acknowledged or secured in a sealed box.

- In cases where the tenders are required to be submitted by hand due to the bulky size of the tender documents, it is to be ensured that the names and designated receiving officer/s are mentioned in the bid documents who shall receive the tenders by hand. The information about these officers should also be displayed at the entrance/reception of the premises where the tenders are to be deposited so as to ensure a convenient approach for the bidders. (Refer Bidders’ Charter-On Demand Recommendations)

I. Opening of Bids

Bid documents should clearly spell out the procedure of opening and scrutiny of the bid documents. There are two systems that are being followed namely: the Single Envelope and Double Envelope/Two Envelope system.

Where the bidding follows a two envelope bid submission, the first envelope of the bidders containing the documents to ascertain eligibility/qualification of the bidders and/or technical proposals is opened on the bid submission date. The documents in the first envelop are scrutinised in due course by the tender committee. The financial bids in respect of those bidders who qualify and whose technical proposal meets the requirements in the bid documents are opened at the scheduled date and time. The nominated Tender Committee considers and recommends the most suitable offer for reasons to be clearly argued and recorded in writing, for consideration and acceptance by the competent authority. The Tender Committee nomination may vary with the nature of tender and value of tender and may involve a member of the concerned department, an associated finance member and a member who shall also be technically competent to consider the offers. The Tender Committee is
responsible for making a critical evaluation of all the offers received and looks into the adequacy or otherwise of the documents, financial capability of the contractor, his previous track record and the works on hand, quality assessment of samples, and expert opinion about demonstration.

Advantages of the Two Envelope System: -
1. No freak agency can get qualified.
2. No freak rates can come unless qualified agencies do so.
3. Prospect for fair competition between qualified bidder is achieved.
4. All technical documents gets verified, confirmation also obtained from concerned department who have issued such certificate.
5. Work sites of agencies if necessary can be visited, so that department is sure that they are qualifying right type of agency to execute the job.

The purpose of introducing the procedure was to obviate any pressure to consider non-conforming attractive bids, and hence, theoretically, the system assured a scrupulously perfect evaluation. However the procedure suffers from serious disadvantages.

Disadvantages of Two Envelope System
- In the first place, the delay in opening price envelopes which can be a week to months in many cases gives the purchaser the opportunity to switch envelopes, and hence, is not always trusted by bidders; the longer the delay less is the perceived integrity.
- Secondly, the tender conditions and technical specifications may be deliberately or otherwise skewed in favour of some bidders. In the first round, bids which do not strictly comply are rejected and their price envelopes are returned unopened.
- The approving authority and auditors are prevented from knowing the additional price paid for a trivial or minor or unnecessary or avoidable requirement.

Three Envelope System
Another system of opening bids that is followed is Three Envelope System wherein financial capacity of the potential bidder is scrutinized, followed by analysing the technical capacity. After fulfilling these criteria, the financial bid is opened. In this system, only those bidders are verified who fulfil the financial capability first and not all of them are at par. It is usually carried for large projects involving huge amount of money.

Receipt of bids and opening indicators
- Are bids received prior to the deadline securely stored?
- Are public bid openings conducted?
- If so, are they conducted at a specified place closely following the deadline for submission?
- What information is read out at the opening ceremony? Are minutes kept?
- Do bid opening procedures differ for goods, works or other types of contracts? If so, how?
Observation

- The files observed at Directorate of Public Health showed that the expert committee varied according to the nature of the project, and included Biomedical Officers, Doctors, Anaesthesia specialists etc. Here, inspecting the medical supplies is a regular routine. It is inspected right through the tender stage wherein samples are asked for. At the stage of evaluation a demonstration (if required) is also conducted. However, it was found that reasoning behind rejection after the demonstration was not mentioned clearly. It merely mentioned that demonstration was unsatisfactory. The rejection letters lacked the exact reason for rejection of the said tender. Though inspections were conducted, clear cut rejection letters to those failing to meet the requirements of the project were not found. Moreover, the particulars of the Tender Committee such as their duties and responsibilities, how it was constituted, what decisions it is empowered to take, are largely ambiguous in the files observed.

Gaps

1. The decisions on technical bid are very important for further processing of tenders. Those bidders who qualify according to pre-bid criteria are selected for opening of financial bid. It can be a matter of interpretation or using discretion to allow a particular case or reject it. These decisions are taken but reasons are not made public.

2. The fact that a particular bidder is technically disqualified is sometimes published. The tender document most of the time says that all rights of rejection are reserved with the authorities. These rights have to be used judiciously. To seek transparency at this stage some formats are designed and recommended.

A case below highlights importance of checking the credentials of the bidders at the time of opening of bids

v) Check the genuineness of certificates Case-1 (05-NH-36)

One organisation called tenders for prequalification for civil works of a Hydro power project (costing Rs 600 crores) from eleven firms, even though sufficient grounds existed for call of open tenders. Calling prequalification tenders from arbitrarily selected 11 firms for such a huge project is a serious lapse.

One of the pre-qualification criteria for the above project was “the firm should have achieved concreting of volume 2500 cum per month more than once in one project.” One firm A was insisting on lowering the said limit from 2500 cum per month to 2000 cum per month. Later on the same firm submitted experience certificate of having achieved 2500 cum of concreting per month more than once in a single project.

The organisation did not verify the authenticity of the certificate. Since there was a request from the contractor ‘A’ to lower the limit of concreting, it is obvious that the contractor A did not have the certificate. In such a situation, the organisation should have taken special care to verify the genuineness of the certificate. Subsequently, the firm became L1 and work was awarded to them. It is quite possible that the work had been awarded to an ineligible contractor.
Recommendations

- Opening of tenders in the presence of trade representatives should be scrupulously followed. While opening the tenders by the tender opening officer / committee, each tender should be numbered serially, initialled and dated on the first page.
- Each page of the tender should also be initialled with date and particularly the prices, important terms and conditions etc. should be encircled and initialled by the tender opening officer / committee.
- Alterations in tenders if any, made by the firms, should be initialled legibly to make it perfectly clear that such alteration, erasing or cutting was present on the tender at the time of tender opening and this fact be also recorded by the tender opening officer / committee.
- The particulars of the tender committee defining the roles and responsibilities should be made clear through the format described below.
- When the scope of work includes design, engineering etc., it is always desirable and advisable to invite offers in a two-bid format or two envelopes, i.e. technical and financial so as to properly evaluate the various options and design philosophy proposed by the various bidders and the price bids of only such bidders whose design and other technical proposals are as per tender requirements should be opened. Therefore a simple, handy, ready to use format describing the summary of technical assessment along with the examination of sample/model in the procurement process is described below.
- Publishing information under Format No.9 - Particulars of Committees empowered to take decisions/ give opinion in procurement process, under Format No.10 - Expert committee for evaluation of quality and Format No. 11- Summary of Technical bids opened (Refer Transparency Recommendations)

H. Scrutiny of Financial Bids:

On the due date and appointed time, as mentioned in the bid document, the employer needs to open the bids in the presence of the intending bidders or their representative. The bidder’s name, the bid prices and discount if any, should be announced by procuring entity during opening of bids. A proceeding of opening of bids is also maintained.

Scrutiny of the ‘Financial Bids’ is carried out to determine whether each bid has been properly signed and is substantially responsive. For this purpose, a substantively responsive bid is one that conforms to all the term, conditions and specifications of the tender documents without material deviation and reservation.

A material deviation or reservation is one

a) Which affects in any substantial way the scope, quality or performance of the works;
or

b) Which limits in any substantial way the Employer’s rights or the bidder’s obligations;
or
c) Whose rectification would affect unfairly the composition of other bidders which are substantially responsive.

If a bid is not substantially responsive to the requirements of the bid documents, it shall be rejected with the approval of the authority empowered to accept the bid in the first instance.

**Correction of Errors**

Substantially responsive financial bids are checked for any arithmetic errors, which are to be rectified on the basis of the standard procedure stipulated in the Instruction to Bidders which is as follows:

a) If there is a difference between the amount of rate in figures and in words of an item, and the total amount is worked out, then the rate which corresponds to the amount worked by the bidder shall be taken as correct.

b) If the bidder has not worked out the amount of an item, or the same does not correspond with the rates written either in figures or in words, then the rate quoted by him in words shall be taken as correct.

c) If the rate quoted by the bidder in figures and in words tallies, but the amount is not worked out correctly, the rate quoted by the contractor shall be taken as correct and not the amount. (Refer Bidders’ Charter-On Demand Recommendation)

**Observation**

- In one case, the price bid opening process was found to be not as per the prescribed procedure. In this case and in a few other cases also, the amount quoted by the vendors was not being entered by the tender opening committee in the tender opening register, though as per the purchase manual, on the spot summary was to be prepared by the tender opening committee. In the instant case, neither the quoted amount was entered in the tender opening register nor was the spot summary prepared by the tender opening committee.

**Gaps:**

1. The financial evaluation criteria may sometimes have inherent loopholes such as the one highlighted in the case below. The criteria may not be developed in an objective manner.

2. The financials to be in comparative mode should be pre-formatted accordingly. If the contingencies of the bidders are reflected in the financial bid, it shows that the tender conditions are inadequate to explain the scope and limitations of the work, the ground work by the department is inadequate, care has not been taken to streamline the bids for easy evaluation, the pre-bid meeting has not explored all the contingencies.

**w) Case 11(VR6)**

In one case, the original price bid of L1 bidder was checked and it was found that a stamp was put on each page of the price bid, which contained date of opening and signatures of the members of the tender opening committee. However the column for the number of corrections was kept blank and the number of corrections was not mentioned, thereby giving a chance for manipulation in the price bid at a later stage.
Cross-Profit Making Using Various Conditions Case 4 (VR4)

In another case, as per tender conditions, there was a provision of penalty in case of failing to meet the guaranteed power consumption. The penalty was with a ceiling of 10% of the contract value. However, there was no mention about the threshold or minimum guaranteed power consumption that was acceptable to the organisation. Therefore, there was every chance that the bidders could deliberately keep the minimum guaranteed consumption on the lower side so as to take benefit during evaluation and in case of not meeting with the minimum guaranteed parameter at the time of execution, get away with a limited penalty of 10% only.

Recommendations

- The financial bid may be pre-formatted taking into consideration the nature, complexity and contingencies in the work, so that every bidder presents his quote in the same format.
- If the evaluation of bids is not done in an objective manner, there is every likelihood that the work gets awarded to a firm who furnished wrong minimum guaranteed parameters wilfully. In such cases, it is always advisable to mention a minimum threshold for parameters beyond which the offers shall stand rejected.
- The provisions regarding determination of responsiveness of bid documents generally should from part of the instructions to Bidders, incorporated in the bid documents. (Refer Bidder’s Charter)
- Formalities of the bid document which may vitiate the opportunity of the bidder may be brought to the notice of bidder by way of condition in the tender document or in the form of Bidders’ Charter
- Publishing information under Format No. 12 - Summary of Financial bids opened (Refer Transparency Recommendations)

Evaluation and Comparison of Bids

The bid prices will be evaluated after taking into account

i) Correction for errors
ii) Adjustment for any acceptable variations, deviations and
iii) Adjustments to reflect any discounts or other modifications offered.
iv) Variations, deviations or alternative offers and other factors which are in excess of the bidding documents or otherwise result in unsolicited benefits for the contractor should not be taken into account in bid evaluation.
v) Duties, taxes and other levies will not be considered in evaluation of bids.
vi) If the bid of the successful bidder seriously unbalances in relation to the estimate of the cost of the work, the employer may ask the bidder to produce detailed price analysis for any or all the items of Bill of Quantities, to demonstrate the internal consistency of those prices with the construction methods and schedule proposed.
vii) After evaluation of this analysis, the Employer may require that the amount of performance security be increased to a level sufficient to protect the Employer against financial loss in the event of default of the successful bidder under the Contract.

**Bid Examination and Valuation indicators** would be:

- Are evaluations conducted by qualified evaluating committees?
- Are evaluating committees appointed ad hoc for each evaluation?
- Is responsiveness determined on the basis of the documentary requirements described in the documents and according to established practice?
- Are bid evaluations carried out thoroughly and on the basis of the criteria specified in the documents?
- Is the successful bidder’s qualification to perform the contract determined solely on the basis of the criteria stated in the documents? If not, what other criteria are considered?
- Are evaluations normally completed within the original bid validity period?
- Are bid evaluation reports prepared containing all essential information (i.e. a clear and complete description of the evaluation process, including the reasons for rejecting any bid as non-responsive, how the stated evaluation criteria were applied, and how the successful bidder’s qualifications were verified)?

**Observations**

- At the end of its scrutiny and evaluation of the bids a comparative statement of tenders is prepared to compare the tenders and in order to ascertain the successful tender in accordance with the procedure and criteria set forth in the bid documents.
- In the directorate of public health our team observed that modifying the tender conditions to suit the favoured few resulted into suspicion among the stakeholders regarding the procurement process.
- Delay in Tender Processing and Award Decision: Delay in tender processing is the most pervasive problem in Government procurement. The delay occurs at each stage, but mostly, at the time of evaluation and selection. The larger the contract value, the more is the delay due to multiple layers of scrutiny, evaluation, review and approval, with scant respect for the initial validity of bids. In procurement, the longer the time taken for the decision, the more are the problems. Bidders jockey for positions, political pressures develop, each layer of review becomes an opportunity for corruption and eventually, a decision becomes very difficult. This results in re-tendering. Good bidders are discouraged from participation. Those who bid increase the prices to reflect added risks and costs in waiting for a decision. Equally, there is delay in dealing with issues during contract implementation. Government officials and auditors do not have an adequate appreciation of the cost of delays.
Gaps

1. Relaxation of conditions favouring few and ignoring others, which even denies opportunity to those bidders who have not entered into competition looking at those conditions.

2. Not abiding by the defined set of evaluation criteria published in the tender document shows arbitrariness or non-application of mind at the time of prescribing the conditions.

3. Credentials of the bidder may not be verified at times thereby keeping it only on papers and not really mean it for ensuring quality of the contractor.

4. Evaluation criteria not crystallized in a formatted way to avoid confusion at the time of comparison, regarding unit of pricing, splitting of pricing, core cost and contingencies.

Some of the CVC cases highlighting the significance of evaluating various criteria at this stage and verifying the credentials of the bidder

y) Pre qualification criteria adjusted Case-6 (06-ET-05)

As per notified PQ criteria for the work of coal handling plant for power project. the contractors were to be selected on the basis of their experience in 2 similar completed works of certain value. In the last five years. However, it was observed that L1 contractor was pre qualified on the basis of ongoing works. Thus, evaluation was not done as per notified criteria. Pre-qualifying contractors on the basis of their experience in ongoing work, rather than on the basis of completed works was observed in number of cases.

z) Non verification of credentials Case-9 (05-ET-33)

While pre-qualifying contractors for a transmission line project, two contractors were qualified on the basis of experience of the same work. One contractor was awarded the work. Even after lapse of two years, the department could not explain the anomaly, obviously they had not verified the credentials. The same lapse was observed in a hydro power project also.

aa) Different rates for similar work Case 2 (05-WT-44)

For a transmission line, tenders were invited in six packages in the same period. Incidentally, in all the six packages only one firm became L1 and all the six packages were awarded to this firm on rates varying from 4% to 19 % above the estimated cost. Since, all these six packages were similar in nature and were to be executed in similar terrain, the award of works at different rates does not appear to be in order.

Recommendations

Evaluation of Bids and Award of Work is the most sensitive area susceptible to corruption. Corruption is inversely proportional to transparency and fairness. To ensure that evaluation is done in most transparent and fair and open manner, following points should be taken care of ....

- Evaluation of tenders exactly as per the notified criteria.
- Timely decision within validity period.
 Ensuring that conditions / specifications are not relaxed in favour of contractor to whom the work is being awarded.

The form of submitting the financial bids should be so clear that there should not be two opinions as to who is the L-1. It should be clear in the meeting of opening of financial bids.

The evaluation at the time of technical bids creates a common platform of quality among the bidders. After opening of financial bids the decision should be done only on financial comparisons and not on quality considerations again.

No criteria shall be used that has not been set forth in the tender document. Based on the acceptance criteria stipulated in bid documents, the competent authority shall accept the tender that meets the requirements of the bid documents, is to regard a bidder successful if his bid quotes the lowest price subject to any margin of preference applied pursuant to Government policy. However, while exercising this right the competent official of the Employer must base his action of rejection on clear, logical reasons and keep these reasons for rejection/recall of tenders on record. (Refer Bidder’s Charter-On Demand Recommendations)

J. Negotiations

As a general rule, negotiations should not be resorted to. However, they may become necessary in certain situation.

CVC guidelines in this regard stipulate as under:

a) There should not be any negotiations. Negotiations, if at all, shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with L-1 only. Counter offers are tantamount to negotiations and should be treated at par with negotiation.

b) Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates, negotiations prove infructuous. Satisfactory explanations are required to be recorded by the Officials/Committee who recommended the negotiations. The Officials/Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract.

c) In case of L-I backing out there should be re-tendering as per extant instructions.

Observations

- Negotiation in the Indian procurement system is to ask the bidder to reduce the quoted price without any change in the condition of the bid, technical or commercial. Instructions regarding negotiation of price with the lowest, or with others as well, are confusing as observed by World Bank

- Even though Negotiations should not be resorted as far as possible, still it is being observed that Negotiation happen due to various reasons such as: Quality of the Material, Financial implications, Inflated estimates/quoted rate etc
The summary of tendering process generated at the end, depicts what kinds of negotiations were conducted. However the exact reasons get shrouded with technical jargons which may not be understood properly.

Very strict reading of all current directives gives the impression that negotiation should be resorted to only exceptionally, and indeed, a few agencies and entities follow this good principle. However, this is not the case with the vast majority of procuring entities. Negotiation with the lowest or with all bidders is routine. The officials and the auditors believe that negotiation results in savings to the public exchequer and in fact encourage negotiation, at least with the lowest bidder. The purchaser believes that he has saved public money and the auditor applauds him. They fail to realize that all bidders include a cushion in their bid price to give up when called for negotiation, but never give up more than what they have included, often less. Negotiation provides the best opportunity for corruption at the cost of the public exchequer. The bidder saves money by giving up less than what he provided, but part of it paid under the table. If all the bidders are absolutely sure that no negotiation will be held under any circumstance, they are forced to quote the lowest price to be competitive. There are innumerable examples to substantiate this - that a ‘no negotiation’ system produces lower prices - in World Bank procurement, in which negotiation to merely push down the competitively quoted price is prohibited. In some agencies, negotiations are carried out with all the bidders requiring them to ‘match’ the price of the lowest or quote a revised lower price, and then, the quantity in the schedule is divided up, making a mockery of the tender process in which the firm which offered the lowest responsive bid should be entitled to the fill order. Once the practice of negotiation (to merely push down the price) is stopped, it will close a major avenue for corruption and result in better prices and real savings to the public exchequer. Negotiation should be permissible only in exceptional cases and only by a committee, and based on mutual concessions.

Powers of approval of awards are linked to the departmental estimates, based on data books, which as mentioned earlier, are outdated. This provides one excuse for negotiation to ‘bring prices closer to the departmental estimate’. Even when prices are below the departmental estimate, negotiation is often resorted ‘to get further savings to public funds’. as observed by World Bank

Gaps

1. The exact details of why the negotiations were conducted with the bidder and the proceedings of the negotiations are not published. In negotiations, the price is generally reduced so it can be considered as a beneficial step in public interest. But in a contract of such high value, the extent of reduction is questionable if not justified with supporting evidence.
Recommendations

- Negotiations is a non-transparent intervention in the market process. Intervention through negotiation creates doubts about the sanctity of the process as it diminishes trust. If the rates are unjustified it is desirable to reject the offer and go for fresh tenders.

- If it is resorted to then the original terms and conditions of the bid should not be varied while negotiating. A record of the negotiations will be kept vividly, with reasons for acceptance, which will form part of the agreement along with undertakings given by the contractor. (Refer Bidders’ Charter- On Demand Recommendations)

- Publish information under Format No. 13 - Particulars of Negotiations with L1 (Refer Transparency Recommendations)
Stage IV - Execution Stage

The contract is complete with final execution by both parties by delivery of goods/completion of work/acceptance of it and payment. During the progress of contract based on the conditions, verification is provided to check the intermittent quality. The stages involved are

A. Inspection

Before accepting the ordered goods, it must be ensured that the goods have been manufactured as per the required specifications and are capable of performing the functions as specified in the contract. To achieve this, the tender document and the subsequent contract should specify the details of inspection and tests to be carried and stages and manner for carrying out the same. The details of the Inspecting Officer(s) are also to be incorporated in those documents. The required inspections and tests should be carried out by technically qualified and competent personnel. The stages and modes of inspection will depend on the nature of the goods, total value of the contract, location of the supplier, location of the user, etc.

- Inspection after Installation and Commissioning of the equipment at site

This method is adopted to check the performance and output of the equipment / machinery after the same is commissioned at site. After satisfactory inspection and tests, the acceptable are stamped, labelled, marked or sealed, according to the circumstances in such a way as to make subsequent identification of accepted lots easy for the consignee/user. For goods and works, not meeting the contract requirements the rejection inspection notes shall be issued immediately. A time limit is fixed for issue of inspection documents.

- Mandatory Tests and Inspection Document

Inspection Notes is the form prescribed by the Department issued in significance of the acceptance of the goods. Inspection Note also indicates the validity period, by which period the supplier must dispatch the accepted goods to the consignee in accordance with the terms of contract.

The Inspection Indicators would be:

- Is inspection conducted according to generally established procedures?
- Are there indications that the inspection is not effective?

Observations

- The files observed at Maharashtra Jeevan Pradhikaran and Directorate of Public Health showed inspection was not conducted rigorously after the award of contract. Pre-dispatch inspection was conducted, though not diligently. Many a times the contractors wait for the inspection to take place and after deliberations start the work. Hence no records pertaining to equipment inspection at the site could be found. The reason given was that it is a recent phenomenon to inspect goods and hence is taking time to establish the much needed foothold.

- The officials’ callous attitude towards third party inspection of works at Urban Local Bodies was worth noting. They were of the opinion that “Third Party Inspection” is a
routine and special importance is being accorded to them as this activity was conducted by the ULB officials themselves till recently.

- Many times the inspection is expected to be done by field officers or store keeper. These field officers do not have the documentation mentioned in the tender regarding quality of material or performance, which nullifies its importance.
- Inspection checklists and quality control checklists are prescribed as per the General Financial Rules 2005. However, at the places of visit namely MSRDC and PMC inspection documents in the form of checklists could not be found.

Gaps

1. It can be seen that Inspection procedures (pre-dispatch inspection, on site inspection) is not being followed as religiously as it should have been done. Inspection is seen as one of the formality and not an essential activity for quality assurance.

2. It is observed in public procurement one quality is prescribed and is estimated for and lower quality goods, material is delivered. Many a times price is quoted on the basis of involving some quality manpower which is not adhered to. These aspects affect the quality of results.

3. If the tender document specifies the quality of outcomes alone then the inspection can be at the end of the work or delivery but if ingredients are specified inspection and surprise checks must be made a rigorous activity.

4. Execution stage is the occasion of putting the theory of tender document in practice. Whatever efforts done at earlier stages are futile if not verified the compliance at this stage, will certainly vitiate the results.

5. The contract documents stipulate mandatory tests for ensuring that the material represented by the sample conforms to desired quality standard. It is observed that the supervisory staff does not ensure that the materials are tested at proper frequency. This not only defeats the objective of mandatory tests but also gives opportunity to the contractor to bring sub-standard materials and save on testing charges and the tradition may give rise to corrupt practices.

The CVC cases also cite certain gaps during the Execution Stage:

ab) Record keeping at execution stage- Usage of Material Case 4 (04-WT-66)

General

As per conditions of contract, reconciliation of material issued by department was to be done at various stages of works, but it was found that the same was not being done. In absence of stage wise reconciliation of material, the pilferage of material by contractor / departmental staff cannot be ruled out.

ac) Documentation of material supplied Case 10(05-ET-50)

In power transmission line project costing approximately Rs.5,000 crores, reconciliation statement of owner-supplied materials was not at all being prepared in any of the contracts, whereas it should have been done at every running bill stage to arrest any possibility of pilferage.
ad) Monitoring of conditions Case 12(05-SH-75)

In one of the power projects involving piling work, tools and plants deployed at site were not sufficient even when it was specifically mentioned at the time of award of work and duly confirmed during the pre-award meeting. As the overall progress of work is related and highly dependent on the deployment of necessary tools, plants and piling rigs, any deficiency in the deployment has resulted in the delay of completion of work in some of the projects inspected.

**Recommendations**

- Right to Information act provides for inspection of works by citizens. Publication of the suggested format will make the public scrutiny of the quality of the works easy.
- When the award of work is finalized, Government has laid down many guidelines for inspection as discussed above. Certain aspects of inspection need to properly documented, the format for which is developed. The inspections carried out should be available for inspection. This should be the part of Citizens’ Guide.
- Publishing information under **Format No. 14** - Inspection expected during the Execution Stage (Refer Transparency Recommendations)

B. Monitoring of Work Performance

One of the key aspects of monitoring work is adhering to the contract conditions i.e the Contract Performance. One of the cardinal principles of public procurement is to procure works or goods or services of specified quality. For this purpose, detailed quality standards are stipulated in the contracts. Any compromise in the quality will defeat the very purpose of stipulating such elaborate quality standards. One of the chief reasons for project delays is poor contract management, and any or all of the following may happen:

- Parties fail to understand their obligations and responsibilities
- There is inaction, misinterpretation at the implementing level, with too many issues being escalated to top management for decisions
- Progress is slow and the inability to proceed forward gets compounded
- The expected product specifications are not realised

Ultimately, the contract becomes unworkable. There are several reasons why organisations fail to manage contracts successfully. Some possible reasons include:

- Poorly drafted contracts
- Inadequate resources assigned to contract management
- Project team and the contractor team lacking skills or experience (or both)
- Inexperienced people being put in place, also leading to ego clashes
- Contents, responsibilities and obligations of the contract are not well appreciated
- Inadequate delegation of authority and / or responsibility, resulting in financial decisions not being taken in time
- Failure to monitor and manage retained responsibilities due to external interference and pressures from stakeholders.

The supervision of the project needs to be handled by an experienced team or experts of relevant fields and also involve citizens especially in the case of developmental activities.

Important **Contract Administration Indicators** are:

- Are there manual or computerised procurement and/or contract monitoring systems?
- Are there appropriate procedures to monitor delivery of goods and services to verify quantity, quality and timeliness?
- Are contract changes or variations handled promptly in accordance with the contract conditions and established practice (i.e. change/variation orders are given and/or confirmed in writing, constructive change orders are avoided, unit rates in the contract are honoured but the supplier or contractor is allowed to agree to any new unit rates introduced and the completion schedule for each change or variation, etc.)?
- Are supplier and contractor claims handled fairly based on a clear recognition of both parties’ obligations under the contract?
- Are contract managers/administrators skilled in resolving problems in a timely manner and dealing with unforeseen circumstances arising during the life of the contract? Do they adequately document all actions of contractual import taken by the purchase/employer during implementation?
- Are contractual remedies utilized only when appropriate and in accordance with the contract conditions?
- Are contracts generally completed on schedule and within the originally approved contract price? Or are cost and time overruns frequent? If so, in which sectors and for which particular kinds of contracts? Are fair final acceptance procedures used and certificates issued in a timely fashion?
- Are contracts generally administered in a fair and equitable manner (e.g. the purchaser/employer grants extensions of time when delays are attributable to its untimely action, fair compensation is provided to offset additional costs caused by its mistakes, etc.)
- Are procurement evaluations/audits conducted? If so, describe scope, frequency, who carries them out, etc.
- Are contract scope/conditions modified during implementation?
- Are the terms and conditions used in goods and works procurement generally appropriate for the size and nature of contract intended?

**Observations**

- The civil works department in the Municipal Corporation has developed primary scrutiny checklists, which cover a range of activities, such as estimation details, approving authorities of administrative approval, work description, rate analysis and DSR details. It is observed after studying the files of sample organisations that these checklists are not being used regularly.
An exhaustive contractors’ directory is maintained by civil works department in order to ascertain good and eligible contractors. It also consists of performance parameters and the rating scale. However, the observations in sample organisations reveal that it is not being followed diligently. It is a good practice to upload the database of contractors along with the performance parameters which will also help monitor the quality and progress of work. (Annexure 4)

Progress Monitoring Document: The Measurement Book (MB) is an activity chart wherein the technical measurements with respect to the work carried out are noted. It mentions the name of the contractor and type of work entailed. The billing/payment to the contractor is made only after satisfactory remarks are found by the authorised authority in the MB. Though a good way of measuring status of work, it is a good practice if the citizens are made aware of the status of work - phase wise - in the form of MB. (Annexure 5)

Construction Programme Activity Chart is also another good practice of recording the status and progress of work (Annexure 6)

Inspection and Quality Control Checklists for various construction related projects are being prepared and also followed.

Major contractors sub contract the entire works or a major portion to unqualified sub contractors with the silent support of the department. The payments are based on entries in “measurement books” in the handwriting of the supervising departmental engineer, and test checked by his superiors at the site (mostly in theory). Monthly bills are actually prepared by the departmental engineers but signed by the contractors. Every month, each item in the bill of quantities is re-entered in the measurement book with full description, and then, the measured quantity. Even if an outside consultant is employed for works supervision, the measurement book is still entered by the department, as stipulated in the ‘public works manual’. The whole system is antiquated, repetitive and based on technology and office systems available fifty years ago, with practically no modernization. Contracts do not provide for adequate price adjustment mechanism and fair claim and dispute resolution mechanisms.

Gaps

1. The study carried out by CVC observed that during course of technical examination of various contracts by organisation, officials who are otherwise expert in their own technical field do not go through the complete contract document.

2. During performance of the contract, their main focus seems to be on BOO (Build Own and Operate)/specifications of the items. Other important contract provisions, which otherwise are essential for smooth operation of contract, get ignored.

3. The contractors/vendors tend to take advantage of the ignorance of the site staff to their benefit. Many a times major financial irregularities occur during the performance of the contract because the officials are not thorough with the contract conditions.

4. While examining the correspondence files of some power projects, it was observed that many projects have been unduly delayed due to contractor’s fault such as non deployment of adequate plant and machinery, technical staff, material, labour etc.
However, the organisations were found to have taken no Action against the contractor in terms of the agreement. In some projects, it was further observed that ‘Extension of Time’ had been granted without claiming compensation for ‘Liquidated Damages’, ignoring all such correspondence that implicates the contractor.

The cases given below show the deficiency in the process and the effects of lack of proper monitoring:

**ae) Strict adherence to contract conditions not seen Case 3 (04-WT-66)**

In case of main plant work of power project, costing Rs.77 crores, there were express provisions for deployment of certain equipment, machinery and manpower. This was also highlighted during pre-bid discussion; obviously the organisation had stipulated these requirements to facilitate speedy completion of work. The contractor deployed less than the stipulated machinery, manpower etc. and saved on investment, resulting in inordinate delay. The organisation neither took any action against contractor for non-deployment of machinery etc. nor for inordinate delay.

**af) Strict adherence to Intermediate Quality Parameters Case 13(General)**

In a number of cases, it has been observed that plant/equipment/machinery is not being deployed as per contract stipulations. Certain number and type of machinery are stipulated in the contract to achieve desired speed of construction as well as quality standards. By allowing the contractor to deploy less number of equipment of required type, the organisation not only extends undue financial benefit to the contractor but also loses in terms of speed and quality. In case of two hydro power projects, it was seen that only one batching plant was deployed against two required. The contractor was not able to produce required quantity of concrete and consequently, work was delayed. Similarly, in another case, batching plant was not installed at all even after lapse of 15 months from the date of start. As per the contract conditions, work was to be executed using design mix concrete produced with batching plant, however concrete work was being executed at site using volumetric method. It is pertinent to mention that design mix method of concrete is more accurate than the volumetric method. Thus by not deploying batching plant, the contractor not only saved money but also compromised the quality.

**ag) Ensuring Penal Action is taken according to Conditions Case 15(VR1)**

In one case, the LOI was issued on 3.12.2004 and the successful bidder was required to furnish performance guarantee within 30 days of LOI; and it was further stipulated that if the successful bidder failed to submit the contract performance guarantee in the prescribed form within 30 calendar days after date of LOI, then the bid guarantee amount of the successful bidder would be forfeited by the purchaser as LD. In this case, although the performance guarantee was submitted by the successful bidder after 62 days of issue of LOI no LD was imposed as stipulated in the tender document, which amounts to extending a financial favour to the contractor.
ah) Conditions of contract not understood by the supervisor on site Case 16(VR3)

In some of the cases, the responsibilities of supervision are given to another PSU company by the principal PSU. In one such case, it was found that the supervising PSU did not have any control on the execution of the work and was merely signing the papers at the behest of the principal PSU. While examining the work on site, the quality of work was found to be of very low grade, which proved that there was no supervision at all from the agency appointed for the purpose.

A few check points suggested by CVC prevent above deficiencies:

- Match tender document with agreement
- Ensure that agreement is signed and sealed properly, and in time.
- Verify bank guarantees.
- Watch deviations, especially in abnormally high rated and high value items.
- Ensure recovery as per contract.
- Reimburse taxes and duties, if applicable, only on the production of relevant document.
- Carry out mandatory tests.
- Ensure compliance of conditions regarding licensees, insurance policies and deployment of technical staff.
- Maintain proper record of hindrance.

Recommendations

- Monitoring the contractor’s performance against the specific targets and milestones laid down in the contract i.e. a particular milestone being reached in stipulated time
- Inspection of completed work or random sample checks
- The contractor providing information and reports on his own performance
- Regular review meetings held between the Employer and contractor.
- Recording complaints received from client, specific systems may need to be set up where a good complaints or customer satisfaction procedure like ISO 9000 can be prescribed.
- Publishing the information under Format No.15 (Refer Transparency Recommendations) – Special conditions progress report may help to build pressure for greater transparency in ensuring discipline of the projects. Special conditions of the contract regarding stage-wise quality and quantity of manpower, material, equipment, outcomes, time schedule expected payment at every stage etc. may be published with progress made.

C. Payments

On time payments to the contractors as per the schedule and conditions is a necessary intervention for smooth functioning of any project. Some contracts provide for mobilisation
advance to the contractor @ 5% of the contract amount against a bank guarantee in the
prescribed form. These advances are paid at the beginning of the contract or commencement
of the work. The purpose is to provide cash to the contractor for initial infrastructure required
to be created, to take up the actual construction work.

The Contractor shall ensure that the guarantee is valid and enforceable until the advance
payment has been repaid, but its amount shall be progressively reduced by the amount repaid
by the Contractor as indicated in the Payment certificates. If the terms of the guarantee
specify its expiry date, and the advance payment has not been repaid prior to the expiry date,
the Contractor shall extend the validity of the guarantee until the advance payment has been
repaid.

Payment Indicators would be:

- Are suppliers and contractors generally paid on time?
- What is the normal time lapse from invoice submission to final payment?

Observation

- At the stage of data collection, how the payment was made (or documents pertaining
to the payments) was not provided. The maximum input gathered through primary data was
“Measurement Book” which measures the phase-wise work done and accordingly, bill
payment is made.

Gaps

1. Sometimes, duplicate payment for the same activity is made under two different
   items.
2. Recoveries for statutory taxes/duties like Work Contract Tax, Royalty for various
   construction materials etc were not made as per contract condition.
3. Reimbursement of service tax, excise duty etc. is done without obtaining the actual
   proof of depositing the same with authorities concerned. In such situation there is
   possibility of excess reimbursement.
4. Contractors are paid even for that part of the work which was not done by them.
5. Some of the contracts provide escalation clause, with detailed formula in order to
   compensate the contractors for increase in the material cost during the contract period.
   It is observed in certain cases that formula is not applied correctly resulting in
   inadmissible payment.
6. Some times in the interest of work the organisations allow their machinery to be used
   by the contractor, even though there is no provision in the contract. In such cases, if
   the hire charges are not deducted, contractors get unduly benefited.

A few examples regarding irregularities in payments identified by CVC are as mentioned
below:

ai) Case 1(04-NH-73)

The work of a housing project costing Rs.60 crores was to be executed with design mix
concrete using the admixture. The design mix was to be submitted by the contractor. It was
observed that the contractor was executing the work with some old mix design without use of
admixtures. On account of this, the contractor saved approximately Rs. 1 lakh. In fact proper mix design using admixtures should have been insisted upon before start of the work.

aj) Case 2(06-ET-05)
In case of one main plant civil work of a power project, escalation payment was being made on the gross value of work done, without deducting secured advance. Thus, the contractor received escalation payment for the material purchased earlier.

ak) Case 4(06-ET-05)
During CVC’s sample inspections in year 2005, one organisation, executing the works worth Rs.5000 crores was reimbursing the excise duty to the contractors to the tune of Rs.800 Crores without verifying the excise duty challans. Even after the lapse of one and half year, the organisation is not able to submit the reconciled statement of reimbursement of excise duty received by the contractor and the actual excise duty paid by the contractor. Since the amount involved on this account is huge, the possibility of excess reimbursement to the tune of few crores of rupees cannot be ruled out.

al) Case 5 (05-ET-34)
Special advance of Rs. 4.69 crores was given to the contractor including direct payment to sub supplier without any agreement provision, in a power transmission line project. In the same project, Rs 64.7 lakhs were reimbursed to agency towards the amount of Excise Duty and Central Sales Tax for the part supply made through the sub contractor/ sub vendor, which was not payable as per agreement.

am) Case 6(06-ET-45)
A few materials like anti-twist pilot wire, dynamo meter were issued to the contractor executing power transmission line, without provision in the agreement. The organisation did not even recover any hire charges. Thus the contractor was unduly benefited.

an) Case 7(06-ET-45)
Central Sales Tax was not being deducted from supply bills of the agency for the transmission line. The contractor had not submitted any documentary evidence of depositing sales tax with the concerned authorities.

ao) Strict adherence to contract conditions not seen Case 1 (04-WT-05)
As per contract conditions, in case of a housing project costing Rs.15 crores, water for construction was to be arranged by the contractor. They were also supposed to pay ‘royalty’ for the surplus earth generated from excavation. The PSU provided the water and did not deduct the royalty from the contractor’s bill. The contractor was unduly benefited by Rs. 4 lakhs on this account.

Recommendations
- The payments should be appropriate, after actual fulfilment of conditions and with due diligence. The requisite details of stage-wise payments may be published as suggested in the progress report.
- Publishing information under Format No.16 – Information relating major works undertaken(Refer Transparency Recommendations)
Procurement Process Activities for Consultancy Services

Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Ministry / Department does not have requisite expertise.

The workflow for the consultancy contract typically is structured the following way:

The process of service procurement is in the following steps:

a. Preparation of Terms of Reference (TOR);

b. Preparation of cost estimate of the services and the budget;

c. Advertising to seek expression of Interest (EOI);

d. Preparation of the short list of consultants;

e. Preparation and issuance of the Request for Proposals (RFP);

   • Letter of Invitation (LOI);
   • Information to Consultants (ITC);
   • Proposed contract;

f. Receipt of proposals;

g. Evaluation of technical proposals; consideration of quality;

h. Evaluation of financial proposal;

i. Final evaluation of quality and cost; and

j. Negotiations and award of the contract to the selected firm.
Appointment of Consultants

Earlier, public organisations were undertaking the planning and supervisory activities in-house. Nowadays, in this era of large-scale infrastructure development, the in-house resources available with public organisations are felt to be inadequate to deal with the growing demand. Therefore, outsourcing various project activities such as preparation of DPR, Project Management Consultancy, Architectural Services, and Quality Assurance etc. has become necessary.

The consultant should be appointed in a transparent and competitive manner for need based and specialised jobs. The agreement should contain adequate provisions for penalising the defaulting consultant keeping in view the fact that a consultant’s role is only advisory and recommendatory. Consultant’s fee should be based on some fixed value of the contract.

For consultancy contracts, there is a practice to invite bids from consultants with relevant experience. The bid document for the consultancy services typically comprises Terms of Reference (TOR), standard conditions of consultancy contract, period of completion, payment schedule etc. Defining the scope of work is an essential element in this process. It should reach the desired work output. The scope of work should be very clearly spelt out. It should speak about type, numbers, features, dimension, capacity, location, time duration in which delivery of final product is required. Scope of work should also speak about specification and conditions mentioned in tender document.

The TOR includes the type of personnel to be appointed by the consultant for the job and their qualifications, experience, period on the project (management and completion of the project. Apart from the day-to-day supervision, the Project Management Consultant (PMC) has to carry out documentation of the contract and the project. Generally, the entire correspondence with the Contractor is made through the PMC. It is therefore important to have a capable, qualified and experienced PMC on the job who understands the various provisions of the contract.

A consultant is disqualified for providing goods or works or services related to the initial assignment for the same project and vice-versa.

Public Sector Selection of Consultants Indicators

- Are procuring entities capable of carrying out a professional selection process for consultant services? Do they administer consultant contracts effectively?
- Is the winning consultant firm normally chosen by comparing competitive proposals submitted by a list of qualified firms? Where do implementing agencies obtain the information necessary to develop lists? Specify what other methods are used and when they are used.
- Do requests for proposals clearly describe the selection process and evaluation criteria?
- Do the Terms of Reference describe the requirements of the assignment clearly and completely, including background, scope and objectives, deliverables, time frame, anticipated staff-time, and Government contributions?
- Is selection based only on technical considerations or also on price?
• Are technical criteria detailed and appropriate and their relative weights reasonable?
• If price is also a selection factor, are technical evaluations completed before opening and consideration of price proposals? Are the relative weights chosen for each factor appropriate?
• Are there standard conditions of contract? Are they fair and equitable to the consultant? Do they adequately protect the interests of the client?
• What form of compensation is used? Unit rates? Lump sum based on milestones? Other?
• Are consultants required to submit proposal, performance and/or advance payment securities?
• Are evaluations conducted by committees with appropriate expertise?
• Are general criteria broken down into appropriate detailed criteria agreed by the evaluating committee before conducting the evaluation?
• Are all criteria applied consistently, fairly and impartially by the evaluators? Are the individual score sheets kept as part of the procurement record?
• Are evaluations conducted individually by each member of the committee and the results averaged?
• Are new factors or weights added after the issuance of the request for proposals which are considered during the evaluation?
• Are evaluation reports prepared containing essential details of the process, results, and matters to be taken up during contract negotiations?
• Are evaluations normally completed within the time originally requested for the validity of proposals?

Observations
• Consultants’ scope of work is divided into three phases. The TOR gives the consultants an omnipresent role and the role of authorities is limited to advisory role. Consultant’s role is too overwhelming at all stages and it appears to be lopsided. The TOR mentions only the scope of work carried by the consultants - consideration for both the parties i.e contractor and authority seems to be missing at this stage. There were letters of communication by the consultants saying that the defined roles and responsibilities in the TOR show mistrust in their abilities to deliver.

• In one of the files, it was observed that conducting pre-tender activities such as topographic survey, geo-technical investigations etc were a part of the scope of work entrusted to the consultant. There was a great dependence on consultants. Some other consultants were referred for inputs, to help development of DPR as they had carried detailed survey pertaining to other projects. It shows that defining the scope of intellectual activities is a complex phenomenon.

During examination of various power projects by CVC, some deficiencies in the appointment of consultants as well as in operating the consultancy contracts has come to notice such as:
• Arbitrary appointment without publicity and competition
- Restrictive criteria adopted in pre-qualification
- Pre-qualification carried out not as per notified criteria
- Credentials not verified
- Offer of L1 ignored on flimsy grounds
- Further decision making left to the consultant

**ap) Case-1 (04-NH-73)**

One consultancy firm which was engaged for small value consultancy work in an organisation was appointed as consultant for a housing work costing Rs.60 crores without inviting tenders.

**aq) Case-2 (06-ET-11)**

Limited tenders were invited from known consultants for a Hydro Power Project costing Rs.130 crores. The organisation should have gone in for open tendering.

**ar) Case – 3 (06-ET-11)**

Initial payment of Rs.3 crores was paid to the consultant for mobilising his resources for consultancy for a power project costing Rs.130 crores. The consultant neither deployed the required manpower as per agreement, nor supplied the design and drawing in time, defeating the very purpose of granting mobilisation advance.

**Recommendations**

- The contract for consultancy is comparatively a recent phenomenon. Being a service of intellectual nature it is often difficult to define the outcomes, or even to restrict the outcomes. But as they have been given the responsibility on which major decisions about public spending depend, they should be bound to quality outcomes, with monitoring stages scrupulously defined, and success criteria fixed. The penal clauses for non-performance must be incorporated in the contract.

- The organisation should invite open tenders from capable consultants with experience of handling such large value projects.

- The department should insist on timely services from the consultant and deployment of sufficient staff. Instead of appointing different Consultants by splitting a job, at best two consultants for the complete job should have been appointed duly adopting a proper tender system as the total cost involved in this consultancy was substantially high. The appointment of consultant should be in a fair and transparent way. Decision-making should rest with the executives, and the consultant’s role should be only advisory. An upper ceiling for fees may be fixed, and safeguards provided against consultant’s failure such as performance guarantee, professional liability insurance etc.

- Thus, effective control should be exercised on the consultant’s job and cases like preparation of inflated estimates should be cross checked by an expert committee. Periodic presentation about the progress of work before expert committee must be made a part of the contract. Result and process indicators of
the quality of work of the consultants must be elaborate and precise. If the work entrusted is of a very different nature an occasional committee of outside experts in related areas may be formed to define such criteria.

- Publishing information under **Format No. 17 - Duties, Responsibilities and Remuneration to the Consultants** (Refer Transparency Recommendations)
E-Procurement - The next step towards transparent procurement

“E-Government Procurement is the collaborative procurement of goods, works and services by the Public Sector using electronic methods at every stage ensuring transparency and efficiency”.

E-Procurement is the process wherein the physical tendering activity is carried out online using the Internet and associated technologies. E-Procurement enables the user to introduce ease and efficiency of operations without compromising on the required procurement policies and procedures of the organisation.

The main objectives of the e-Procurement initiative are to:

- reduce the time and cost of doing business for both vendors and Government;
- realize better value for money spent through increased competition and the prevention of cartel formation;
- standardize the procurement processes across Government departments/agencies; provide a single-stop shop for all procurements;
- allow equal opportunity to all vendors;
- bring transparency and ultimately reduce corruption

The Current Scenario

With the increasing demand of bringing in transparency in the procurement process, e-tendering is being used as one of the mechanisms. There is perceived notion of transparency in the e-tendering system. Following questions arise in the mind such as:

1. What are the phases/levels which are catered to in the e-tendering process?
2. To what extent and how much of information is disseminated to all the stakeholders?
3. What are the tangible and intangible benefits of e-tendering?
4. How does it bring in transparency in the procurement process?

The Government of Andhra Pradesh (GoAP) has implemented many state-wide e-Government applications since the year 2000, when the Government of India enacted the IT Act of 2000 to provide legal recognition to electronic transactions. As a part of these initiatives, GoAP has set up an E-Procurement Marketplace, linking Government departments, agencies and local bodies with their vendors.

 Majority of Municipal Corporations have engaged in E-Tendering, concentrating on inviting tenders and publishing tender documents online. Some of them have published a user guide on the website regarding the procedure of e-tendering, how to register etc.
The e-Tendering process is undertaken the following way in the State of Andhra Pradesh:

- The Belgaum Municipal Corporation in Karnataka has also introduced E-Tendering wherein the current status of work against the supplier/contractor and the payment status according to the performance of the work is also updated and put up on the website.

- The Government of Chhattisgarh has been tendering electronically for the last four years in five departments and has now gone on to implement e-Procurement across the entire state.

- The Government of Assam has been tendering electronically for over three years and has been able to secure some of the highest amount of Government sanctions for works as a result of adopting e-Tendering.

- The Municipal Corporation of Greater Mumbai (MCGM) has developed online tendering wherein it caters to invitation of tenders. It also provides guidance in the form of:
  - Instructions to vendors regarding the procedure of participating in E-tendering
  - Articles of Agreement
  - User Manual for Vendors which is a pictorial representation regarding the surfing through various web links and related processes.
- Maharashtra Jeevan Pradhikaran (MJP) has updated its circulars of all types on its website along with the procedure of tendering i.e. inviting tenders online. Though for submissions, one has to physically visit the office.

**Application context of E-Procurement Process**

E-Procurement brings transparency in the procurement process by the following means:

- It allows the supplier to view the NIT, download bid documents and Bill of quantities, free of cost on ‘any where’ and ‘any time’ basis from the Internet. This has empowered the supplier as he is no more dependent on the Government workers for issue of RFPs, clarifications on the bids, bid submission, information on tender evaluation status, etc.

- In terms of transparency, any supplier or an ordinary citizen can get information about tenders which are live on the platform through a search engine on the home page. The Notice Inviting Tenders, Corrigendum, bid documents, are available to a citizen for free downloads.

In the light of the above parameters e-procurement has achieved relative success. Let us look at the comparative analysis of online and offline tendering

**A Comparative Analysis**

<table>
<thead>
<tr>
<th></th>
<th>Off line Tendering</th>
<th>Online Tendering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer needs to publish detailed notice inviting tender in leading dailies i.e. detailed notice - costs more.</td>
<td>Publish brief notice inviting tender and interested parties can see the details online along with tender documents to refer.</td>
<td>No need to publish tender document as bidder can view the tender docs online and submit the bids also online.</td>
</tr>
<tr>
<td>Need to publish tender document as the bidder is going to submit the tender in hardcopy</td>
<td>With e-Procurement buyer can issue any number of amendments online at no additional charges</td>
<td></td>
</tr>
<tr>
<td>Any amendment / corrigendum in the tender needs to be published in the leading dailies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Scope of Current Implementations**

“The phase of E-Tendering focuses on providing basic functions only, is not integrated with other processes, and not viewed as a core function of the organisation”

1. Only the phase of invitation-submission is in wide practice across the country. It saves time, and human interface at this stage is considerably reduced. To some extent this phase has standardized its processes

2. But the planning including budgeting and estimation, opening and execution stage is completely ignored, again leaving enough scope for ambiguity, vagueness in the process leading to innumerable unanswered questions.

3. At majority of places, automatic tender evaluation is not yet being functionally introduced. Hence the desired objectivity in tender evaluation is still not obtained.

4. The tenders are published online. In some cases only tender related documents of high value projects are uploaded on the website, thus leaving scope for other types of
procurement to flounder and function according to the whims and fancies of the designated authorities. (However in the case of Maharashtra Jeevan Pradhikaran, they have updated all kinds of circulars even with respect to previous years pertaining to various norms of procurement generated from time to time.)

**Key Lessons**

Many questions remain unanswered in the E-Procurement process, such as:

1. The E-Procurement process should begin from Planning and end with Execution of work. In the majority of E-Procurement process only the easiest phase is being implemented which is currently limited only to cost and time saving. The main purpose of transparency is not served in the process.

2. Why was the proposed project planned? Can the discussions, deliberations, meetings, noting be put up on the website? The E-Procurement process can very well begin from the Planning Stage. If possible the stakeholders’ interaction can be introduced even at this stage in the form of interactive blogs, chats etc.

3. The vital decision making points in the E-Procurement process can also be uploaded on the website which will leave no scope for miscommunication among the stakeholders.

**Recommendations**

E-Procurement can cover all the processes mentioned below in order to make it more transparent. The ideal E-Procurement should include all of the following:

- Planning, Budgeting/Estimation
- Tender Notice Publication
- Tender Document Publication
- Online Pre Bid Meeting
- Tender Corrigendum/Addendum Publication
- Bidding Form creation
- Secure Bid Submission
- Online Payment Gateway for EMD/Document Fees
- Online Bid Evaluation (L1, L2, …)
- Online Result Announcement and Purchase Order
- Supplier Registration and Management
- Network/database of suppliers/contractors/vendors (Classified data)
- Inspection documents status
- Work Progress Status
- Purchase statistics.
- Site Access Reports / Web Statistics.
The above analysis provides recommendations about adopting some formats for publishing crucial information about the procurement process under some sub-section of RTI Act 2005. The accountability aspect may be further strengthened by educating and empowering two important stakeholders of the process i.e. Bidders and Citizens. The Bidders’ Charter and Citizen’s guide are the suggested mechanisms which may be incorporated in the process of making procurement transparent. (Refer Bidders’ Charter and Citizen’s Guide – On Demand Recommendations)
Recommendations

A. Systemic Recommendations

There is an urgent and vital need for transparency in the public procurement process. The process, being saddled with maladministration and involving huge amounts of public money, needs to be monitored for improvement in its various aspects. Though transparency alone will not solve all the problems in the procurement process, it has a great potential for triggering systemic changes for bringing about efficiency, economy and fairness in the system.

The study team has tried to identify gaps at various stages and those gaps which can be filled by various transparency measures have been highlighted for easy-to-use solutions. The solutions are divided into three categories.

1. Systemic reforms which are necessary for overall efficiency of the system
2. Transparency measures suggested
3. The information which should be available on demand

The perspectives of all the stakeholders have been taken into consideration while developing these mechanisms and formats. The focus of accountability is right use of public money gathered painstakingly from taxpayers. The considerations of quality service and works are paramount while dealing with various aspects of procurement.

Greater transparency is suggested mostly by taking recourse to the legal provisions of the Right to Information Act. The intelligent use of these provisions will make the path of implementation viable and can be enforced by the State Government.

Finally publication and publicity have become easy with the wide use of Information and Communication Technology (ICT) and the report suggests user-friendly application of ICT for bringing in greater transparency in procurement.

Indicators:

The critical evaluation of procurement analysis and the World Bank indicators point out inefficiencies in the Procurement Process which are listed below. These indicators have been taken into consideration while suggesting systemic recommendations:

- Is there an entity (ies) with monitoring responsibilities for procurement functions throughout public administration (e.g., with primary regulatory powers, responsible for harmonisation of rules and monitoring of compliance)? If so, identify and describe responsibilities and structure.
- Are the authorities relating to procurement clearly delegated to the entities carrying out the process? Are the applicable procedures clearly defined?
- Are procurement decisions overridden by higher Governmental agencies?
- Do bidders have adequate access to administrative or judicial review/appeal?
- Is appropriate information on procurement adequately disseminated (i.e. procurement staff are aware of updated rules and thresholds, and other issues relevant to their assigned responsibilities)?
• Are the procurement and supply management functions clearly distinguished?
• Is contracting authority reasonably delegated (i.e. there are no unnecessary levels of approvals or cumbersome procedures)?
• Are the thresholds for contracting authorities regularly updated?
• Do procuring entities have internal quality and control mechanisms?
• Are they regularly audited?
• Is procurement staff experienced in procurement?
• Do adequate formal and on-the-job training programs exist for entry- and higher-level staff that contributes to proper professional career development? Does knowledge of procurement lead to career advancement?
• Does procurement staff have adequate project/contract management capabilities?
• Are procurement agents used? Under what circumstances? How are they selected? Describe normal basis for compensation and contract duration
• Is procurement monitoring and administration computerized? How adequately do procurement entities track the key steps in the procurement process and collect appropriate project-related cost and schedule information?

The following recommendations have been suggested keeping in view the inefficiencies cited through critical evaluation of the study and the study undertaken by World Bank:

• **Absence of a Dedicated Policy Making Department**: The absence of a central lead department or agency in the centre, dedicated to policy and to keep a watch on public procurement, has resulted in a multiplicity of rules, procedures, directives and orders issued by all ministries and the Central Vigilance Commission (CVC), etc. In fact, it is difficult to assemble and check all current instructions on any one topic. Similarly, there is a multiplicity of tender and contract documents issued by each organisation. At one time the Stores Purchase Department and the PWD took the lead, but no more. Each organisation and its department issue directives instructions, manuals on the subject. Thus there is an urgent need in the State to establish a single dedicated department or agency to evolve, coordinate and oversee policies and procedures in public procurement and simultaneously support other public policies such as development of industries and social goals, without compromising the main objectives of economy, efficiency, transparency and accountability.

• Government procurement is also influenced more by the focus to develop local entrepreneurs, small scale industries, backward regions, state enterprises, disadvantaged groups, unemployed engineers, etc., and loses sight of the main objectives, viz., economy, efficiency, transparency and accountability.

---

4 *INDIA COUNTRY PROCUREMENT ASSESSMENT REPORT (CPAR)*: The study was carried out by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C., assisted by local consultants.

5 *INDIA COUNTRY PROCUREMENT ASSESSMENT REPORT (CPAR)*: The study was carried out by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C., assisted by local consultants.
• It is essential to develop and publish a set of Standard Tender Documents and Contract Conditions\(^6\) for mandatory use by all ministries, agencies and enterprises for similar procurements; any special concern should be addressed in the special condition. The documents should be made readily available in the market and through internet.

• Developing Procurement Plan can also be a part of establishing a co-ordinated policy-making measure as it provides a monitoring instrument for Heads of Office. In such a scenario, no procurement comes as a surprise and the proper tendering schedule can be monitored with less frequent resort to urgency clause or nomination based tenders.

**Format no 3 Procurement Plan**

Developing a Procurement Plan is not a regular activity in Government organisations as observed during the analysis of procurement process. However, it is essential to plan the activities, follow and monitor to see if things go on as per schedule. Thus a format for procurement plan is suggested which needs to be filled up at the start of the financial year.

**Need:** Procurement Plan is not taken up as a serious activity. But if a standardized procurement plan is developed, it will streamline the process. The Procurement Plan provides a monitoring instrument for Heads of Office. In such a scenario, no procurement comes as a surprise and the proper tendering schedule can be monitored with less frequent resort to urgency clause or nomination based tenders.

**Purpose:** Obligation to publish procurement plan may bring about a discipline in the process. Under Right to Information Act section 4(1) (b) xi the report has prescribed a simple format (Annexure - 15) which will bring this plan to public notice, the deviation from which if any has to be published.

**Action Plan:** This has to be published before 1\(^{st}\) of April every year by every Head of the office of Infrastructure and development department.

1. A yearly calendar of procurement activities can be prepared as soon as the budget is finalised at the start of the financial year.

2. The calendar should consists details such as
   • Procurements for the financial year (what types), department wise
   • Budget allotted
   • Time line to complete the project

3. The yearly procurement calendar should be widely published and also uploaded on the website so that all are aware of the ongoing activities for the year. It is also open to scrutiny to all concerned.

This will be the basis of MIS for execution of purchases, works and goods in the particular office. The format is explained below.

---

\(^{6}\) **INDIA COUNTRY PROCUREMENT ASSESSMENT REPORT (CPAR):** The study was carried out by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C., assisted by local consultants.
Absence of Legal Framework: In the absence of a State act in public procurement, each ministry department, agency, local body and state enterprise, while following the basic rules of the open tender system, feels free to devise its own variations, with its own perceptions of public interest. The Government is the same, the procurement objectives are the same, even the specific work/goods can be the same, the bidding community is the same but the procedures and policies practiced by each agency are different. This takes away the credibility and public confidence in the system.

Secondly, the rules and procedures are viewed more as guidelines and do not have legal sanctity and are not enforceable in a court of law. The ministers and officials can override any of these procedures in the name of expediency and public interest.

---

114

INDIA COUNTRY PROCUREMENT ASSESSMENT REPORT (CPAR): The study was carried out by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C., assisted by local consultants.
without a serious challenge from the public and the potential bidders. The possibility that the audit may criticize any such action in its report is ‘post mortem’ a few years later, and does not deter errant officials and politicians from manipulating the system. A ‘Public Procurement Law’ complemented by a set of Public Procurement Regulations, to replace and consolidate the present fragmented rules, will improve the transparency of the process and accountability of public officials. The law would discourage political bosses and corrupt officials from short cutting procedures in the name of ‘public interest’. The law can also define the precise scope for court intervention, thereby eliminating frivolous suits which waste time. Some States have taken a lead on this initiative. Tamil Nadu has issued ‘The Tamil Nadu Transparency in Tenders Act 1998’ (www.tn.gov.in/acts-rules/tender_%20act-a5-corrected.pdf). The Karnataka Government has issued ‘The Karnataka Transparency in Public Procurement Act 1999’ (www.kar.nic.in/finance/trans/tranall.pdf). There are also international models to draw from. The acts and models referred above only cover the process up to award of contract to ensure transparency, but not the subsequent contract execution. The proposed law could usefully address the difficulties presently faced during contract execution, by introducing incentives and sanctions to encourage good performance. Thus it would deal with early completion, delays, claims, dispute resolution mechanisms and blacklisting of firms.

In the present system, any grievance from a bidder that he was wrongly deprived of the award is reviewed by the superiors of the deciding official within the bureaucratic hierarchy. Apart from the natural tendency of officials to defend the action of their subordinates, the perception in the mind of the complainant will be just that, and hence, the process lacks credibility. The fact that the aggrieved bidder can approach the courts is an empty consolation as courts take years to hear a case, the costs are prohibitive and it is not good public relations for future business. The introduction of a quick, effective and credible challenge/appeal procedure would be the answer to assure integrity and build public confidence in the system. Most developed and some developing country systems provide for this. The recently legislated transparency Acts in Tamil Nadu and Karnataka provide for an appeal procedure, but the appellant authority is the Government, which does not provide much credibility. The appellant authority should be totally independent of the Government.

The Grievances can primarily be divided into three categories:

1. Complaints of corrupt practices against officers
2. Delay in decision making by officers.
3. Grievances against merits of the decision taken by officers.

For dealing with complaints against corrupt practices by officers, the predominantly spending departments, department has a separate vigilance cell headed by the Directorate General of Vigilance.

Any complaints of corruption against the officer can be logged with the Vigilance cell. A central vigilance cell can be established in Finance department.

Apart from the aforesaid arrangements, a system of Public Grievance Committees may be established. These committees generally meet once a month and take up specific issues
pertaining to delays or other matter of general interest. These committees are chaired by the concerned HODs have representatives from the various local trade organisations as also representative of CBOs working in the vicinity. On request any person can be invited specially to these committees for any specific issue to be discussed.

In addition, recording complaints received from client, specific systems may need to be set up where a good complaints or customer satisfaction procedure like ISO 90000 can be prescribed.

**Transparency rating**

A concept of *transparency rating* may be introduced by Information Commissioners for various departments, based on defined indicators.

The indicators for such rating are already developed in the India country procurement assessment report (CPAR), study report by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C for assessing overall performance of procurement in states. The transparency indicators can be based on those lines. This will create a reward mechanism for organisations to boost their image in the private sector market.

The various aspects considered in this report regarding citizens’ guide and bidders charter may form part of these indicators.

- The extensive transparency given by Right to Information should be restricted to protect the IPR, trade secrets, commercial confidence. The coordinating department should develop a set of instructions in this regard to guide the authorities.

- Updating GRs and circulars: It has been strongly expressed during the interaction that updated guidelines, delegation and financial limits are not available for reference which creates ambiguity in decision making. A central common website suggested further may provide the recent updates if possible in the form of FAQs.

- Updating DSR: The schedule of rates is prepared for the financial year but it was suggested during interaction that the market rate keep changing frequently. An appropriate system responding to the fluctuations in market may be developed.

In order to make the procurement process system more efficient, a checklist for officers is recommended. It consists of exhaustive details at every stage of Procurement Process beginning from Pre-Tender Stage through the Post Award Stage.

**Format No 7 Check list for Officers**

**Need:** The officers’ checklist enables the officers to draft tender documents as per the exact requirements of the project and eliminate ambiguity from the tender documents. The checklists will enable them to go per the requirements stage by stage, and avoid missing any vital links and activities. It will lead to systemic improvements leading to effective, efficient and transparent procurement process.

**Action Plan:** The checklist for officers’ can be made part of the Procurement Plan as it will bring in all the procurement related details compiled into one document only. This will help for easy understanding of the principles and activities governing procurement process.
Format No 7
Check List for Officers
Involved in Procurement process
(Works/ Goods/ Services)
This is an indicative checklist. Customized checklist can be prepared for Goods and Services separately as per the requirements of the Organisation
A. Pre-tender Stage
1. Financial provision for the work is available.
2. Detailed estimation is carried out for the work in hand on date.
3. Technical sanction of competent authority is available.
4. The vital conditions are verified and the evaluation criteria simplified.
5. Various tax laws, labour laws and licensing laws are taken into consideration while preparing the tender documents.
B. Tender Stage
1. Adequate and wide publicity is given, and the advertisement is posted on website and tender documents are available for downloading/sale.
2. If it is on web, ensure that no technical problem occurs during the publicity (display) period
3. Convenient tender receiving/opening time and address of the tender receiving officials/tender box are properly notified.
4. The panel of contractor / vendors are prepared and updated periodically in transparent way.
5. Eligibility criteria are defined taking into consideration the quality of work required, and is duly notified.
6. Short listed firms/consultants fulfill the eligibility criteria.
7. Careful scrutiny of all rates, for major items of work, is covered in the scope of contract.
8. Ensuring that no vitiation of tender would occur.
9. That no unintended benefit accrues to contractors on account of implementation of specific clauses.
10. That the financial capacity and capability of the tenderers, including their technical competence is fully validated.
11. That unsolicited offers are not considered without recording valid reasons in writing,
12. That samples are submitted wherever due and that offers without samples are summarily rejected.
13. There is no deviation from notified criteria during evaluation.
14. Experience certificates submitted have been duly verified.
15. In case of consultancy contracts
   (a) Upper ceiling limit is fixed for consultancy fee, and
   (b) Separate rates for repetitive works are fixed.
C. Tender Opening Stage
1. Tenders/bids are opened in the presence of bidders.
2. Opening of tenders in the presence of trade representatives should be scrupulously followed.
3. While opening the tenders by the tender opening officer / committee, each tender should be numbered serially, initialed and dated on the first page.
4. Tender summary note/ Tender opening register is scrupulously maintained
5. Each page of the tender should also be initialed with date and particularly the prices.
6. Important terms and conditions etc. should be encircled and initialed by the tender opening officer /committee.
7. **D.** Alterations in tenders if any, made by the firms, should be initialed legibly to make it perfectly clear that such alteration, erasing or cutting was present on the tender at the time of tender opening and this fact be also recorded by the tender opening officer/committee.

8. Conditions having financial implications are not altered after opening of the price bids.

9. Evaluation of tenders exactly as per the notified criteria.

**Post-award stage**

(a) **General**
- Agreement is complete with all relevant papers such as pre-bid conference minutes, etc.
- Agreement is page-numbered, signed and sealed properly.
- Bank Guarantee is verified from issuing bank.
- Insurance policies, labour, license, performance guarantees are taken as per contract.
- Monitoring schedule is in place as per the stage wise progress expected
- Technical personnel are deployed as per contract.
- Plant and equipment are deployed as per contract.
- Action for levy of liquidated damages is taken in case of delay/default.
- Requirement of advance sample/mock up, if any, at post contract stage before bulk production.
- Requirements of special tests, if any.
- Requirement of type test certificate, if any.
- Requirement of type approval for compliance of statutory requirements with respect to pollution, emission, noise, etc.

(b) **Payments to Contractors**
- Sufficient financial provision is there and payment is given on time
- Price escalation is paid only as per contract.
- Retention Money/Security Deposit is deducted as per contract.
- Recovery of Mobilization and Equipment advance is made as per the provisions in the contract.
- Recovery of Income Tax and Works Contract tax is made per contract provisions
- All variations/extra items are supported with adequate justification and are not advantageous to the contractor.

(c) **Site Records**
- Proper system of recording and compliance of the instructions issued to the contractors is maintained.
- Proper record of hindrances is maintained for the purpose of timely removal of the hindrance and action for levy of liquidated damages.
- Mandatory/Quality Control tests are carried out as per the frequency prescribed in the Agreement.
- Work order is maintained on site and the work is carried as per the schedule.
- Measurement Book is maintained and available on site
- The repairs/defects are catered to effectively during the Defects Liability Period.
E-Procurement Recommendations
The E-Procurement process in the Indian context is limited to following aspects

- It deals with online Invitation of tenders wherein the tenders are published on the website which is in downloadable format. It has been running successfully in most of the Government organisations where E-Tendering has been started off
- A category wise Contractors database is maintained for ready reference
- Information about comparative financial bid is being displayed at some Government organisations
- Guidelines/Help desk in the form of FAQ’s have been developed to guide through various procedures such as registration, security details and process information to the Government officers as well as the Bidders.
- The access provided to the contractor is password driven with validity period.
- Status of Payment is made available to individual bidder
- With e-procurement the newspaper publication will automatically take a back seat, cost of tenders will reduce and accessibility will be easy

E-Procurement – International Context
In comparison with the Indian Scenario, E-Procurement abroad is ahead in some of the processes which are highlighted below:

- Category wise contractors database is maintained
- E-communication to bidders in the form of email alerts is maintained.
- Online evaluation of Technical & Financial Bids is being done
- Comparative evaluation charts are sent to individual bidders

Thus the following recommendations have been suggested for E-Procurement:

- A website dedicated to E-Procurement can be developed wherein an approved database of contractors can be maintained.
- The procurement manual and FAQs regarding the process will help in developing understanding of the stakeholders.
- The formats suggested in the analysis may be made a part of E-publishing the crucial information
- E-Procurement usually starts with the registration of potential contractors. The registration feature can consist of the following:
  - Subscription to special offers relating to the area of interest. The interest may include the area of expertise of potential contractor, number of years of experience etc.
  - Whenever a tender is floated online, the subscriber (in this case the contractor) will be notified through email (as per his interests and skill sets which are already ascertained through his subscription).
- Common information can be alerted through email. These notification alerts can be reminders for timelines, deadlines for submission for tenders, schedule of pre-bid meeting etc

- Individual specific information can informed through personalized messages

- After registration and subscription, through their username and passwords, Contractors can participate in the entire process, download and upload relevant technical and price schedules, track the status of tenders, receive email alerts and download all the tender documentation within minutes of opening of the tender. It will enable systematic documentation of the complete tendering process and not only reduces the administrative costs but also minimises the chances of human error during the tender evaluation process.

- The entire e-Procurement process can be designed in such a way that it minimises the human interface i.e., supplier and department interaction during pre bid and post bid processes.

- A supplier participating in a tender knows the list of other participating suppliers, the documents furnished by his competitors, price quotations and the evaluation result, as soon as a stage is completed by the departments in the system.

- Information on the status of tenders and award values will also be available to any citizen accessing the web site.

- The system captures the justification and comments of approvers at every stage and thereby enables users and approvers associated with a transaction to justify their decision.

- Keeping in with the new technology, a website giving common access to Government tenders can be developed which will update and maintain all the relevant procurement transactions and decisions.

A common pool of websites is recommended to start with. It is one of the options till total E-Procurement takes place. The website can be networked with other linkages throughout the state. E-Procurement is an encompassing sector which includes four tenets of procurement namely Efficiency, Economy (value for money), Transparency and Fairness. The system should also enforce accountability at every level by mandatory securing each transaction with observations/comments, digital signatures and automatic time-stamps. Apart from the procurement transactions, all modifications in the system should be completely auditable. For this reason, detailed audit trails of all transactions and modifications have to be maintained A website covering all the above recommendations can be incorporated in the following way:
The advantages in adopting an e-Procurement strategy are manifold:

- Benefits to Bidders: improved access to Government markets, opportunities to new suppliers, improved access to procurement related information
- Benefits to Officers (Government); Increased Competition, reduced human interface between the Government and the Bidder, improved quality of work delivered
- Benefits to Citizen; Access to public procurement information, information for monitoring public expenditure

The single most critical outcome that should be expected out of adopting e-Procurement is the ability to assure each stakeholder that there has been no malpractice during the transaction, and that the highest levels of fair practices have been adhered to. This primarily refers to the integrity of the mechanism by which the tender has been processed.

At the State level, a short term intervention of developing the proposed website may be linked to a long term e- procurement initiative.

Training Module Outline

A training module has been developed by Department of Personnel and Training, Government of India consisting of modules pertaining to different aspects of Procurement. (Refer Annexure 10) In addition to the existing module, content with special emphasis on the prudent use of Right to Information Act 2005 from the perspective of procurement process, is highlighted here:

- Public money and accountability; principles of financial propriety, democracy, social audit
• Types of procurement and the processes followed
• Stages of procurement and its linkage, project planning
• Common irregularities-case studies
• Do’s and don’ts
• New challenges- PPP / consultancies / international benchmarks
• Legal framework- various legal aspects to be taken into account

The participants are supposed to be working in procurement function and must be aware of the basic aspects of procurement process. YASHADA being administrative training institute, may add a compact one day module in every administrative training programme and induction programme, on this subject.
B. Transparency Recommendations

During the project work the team has picked up some crucial issues in the process which need to be shown the light of day. The sheer notion of publishing this information will bring out some thinking about the righteousness of the information to be published. It may also necessitate some original thinking about the present day working. The recommended formats and mechanisms may push some systemic reforms as publishing the information will open up some flaws in actual working, the root cause of which may be, mindset, negligence, inconvenience, defective systems etc.

Section 4 of RTI Act provides for proactive disclosure by public authorities. It is mandatory under the Act. The formats provided in this report are specially designed under the subsections of section 4 commensurate with procurement process. So this does not create an additional burden on the system but customises the formats to cull out essential ingredients of the process.

Following are the indicators developed by World Bank to assess the health of procurement process from the perspective of transparency.

1. Is staff working in public sector procurement area held in high regard?
2. Are pay levels for staff working on procurement comparable to that for other public and private sector technical specialists?
3. Does a code of ethics exist that staff working in procurement is expected to follow?
4. To what degree is the procurement decision-making process independent and based on transparent criteria?
5. Does the highest level of Government encourage/support/enforce compliance with existing procurement regulations? Are violations investigated and procurement/other responsible officials held accountable?
6. Are there indications suggesting price-fixing in open bidding?
7. Is there a legal or regulatory requirement for public disclosure of procurement legal texts?
8. Are there mandatory requirements for maintaining written records of procurement? To what extent are they available to the general public?
9. Are requirements for advertisement of contracting opportunities adequate? Does the country have a national gazette (or other similar publication) published in a timely fashion? (regularly) Is it easily available to the general public?
10. Are requirements regarding public bid opening, if any, appropriate?
11. Are negotiations after bid opening or award selection allowed? Do the rules on negotiated procurement, if any, provide the basis for a fair and transparent process?
12. Are conditions for use of various procurement methods clearly established? Is there an explicit requirement that open competitive bidding is the preferred or default method?
13. Is there a requirement for public notice of contract awards?
14. Are there clear and appropriate requirements for bid and contract securities?
15. Are qualification requirements for bidders, if any, fair and appropriate for the purpose of the contract?
16. Do requirements for bid examination and evaluation provide the basis for a rational and fair process?

On the basis of above mentioned indicators developed by World Bank and the critical evaluation of procurement process elaborated in the previous chapter, following recommendations at various stages of procurement have been done.

**Format No. 4 - Procurement for the provisioning of the Available stock**

**Need:** Stock plan of previous years also needs to be studied in addition to developing procurement plan for the current financial year. It is essential to study, analyze previous years experiences in order to avoid wastage of stock supply and make right stock available at right time and at right price. The below mentioned format gives the officers a thinking pattern which brings them away from routine process and make them think beyond the requirements and necessities.

**Purpose:** Though RTI Act 2005, does not give any provision to publish the stock plan activities of previous years, it is definitely a step ahead to improve the efficiency in the procurement process. Thus, as per the requirements of the organisation, the Government may decide to publish this kind of information. It will strengthen stakeholders to ask appropriate questions leading to appropriate demands.

**Action Plan:** The provisioning of the stores needs to be done with utmost care especially in organisations where functioning of stores department plays an important role such as Department of Education, Agriculture, Public Health etc. In these departments, this format can be made obligatory. A summary of the following can be prepared and published on the website:

- Available stock,
- Outstanding dues/supplies,
- Past consumption pattern,
- Future requirement deviations projected,
- Required quantity, and
- Remarks on the present quality, market survey of quality.

If it is published, it will boost for compliance as set forth in the plan, giving way for improvements in the Government process
**Format No 4**

**Procurement for the provisioning of the Available stock**

For the year ---  
Office of the -----  
Place  

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Item description</th>
<th>Outstanding dues/supplies</th>
<th>Past consumption pattern</th>
<th>Future requirement deviations projected</th>
<th>Remarks on the present quality</th>
<th>Market survey of quality</th>
<th>Required quantity</th>
<th>Change in quality if any</th>
</tr>
</thead>
</table>

It is observed that in order to fit into the financial capacities, the work is split into two or more categories. And the time gap between estimation and execution results into budgeting going haywire. Therefore it is necessary to observe the following guidelines:

- The certification that similar material of more quantity is not required in this financial year.
- No extension of those work or supplementary work is required to be carried out under these projects.

If this certification becomes a part of footer of tender document then citizens may keep a watch on non-compliance.

---

**Format No 6 - Powers and Duties of its Officers and Employees**

**Need:** Roles of functionaries are not well defined in Government; the channels of supervision and accountability are ambiguous. There is no clear cut distinction regarding who is responsible for what aspect of process. The format will trigger the process of role definition. This will improve bring in accountability for each functionary.

**Purpose:** The duties and powers and the time spent in giving this approval may be published under Section 4(b) (ii) of Right To Information Act the powers and duties of its officers and employees; (iii) the procedure followed in the decision making process, including channels of supervision and accountability have to be published.

**Action Plan:** The format can be published online. In order to fill in the required information, it requires focused discussion within the organisation in order to get clear definition of roles, as it is one of the pre-requisite to filling up the format.
Format No 6
This is an indicative format and will vary as per the requirements of the organisation

Powers and Duties of its officers and employees
In procurement process
For the work/item ..............................;
Section 4(1) (b) (ii) and (xiii) of Right to Information Act 2005

Name of the project:
Duration of the project:
Cost of the project:

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Activity in the project</th>
<th>Channel of supervision and accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Phase- planning Stages</td>
<td>Designation of employee/officer Name of the committee responsible for Present occupants of post and his gross salary Accountable for</td>
</tr>
<tr>
<td>2.</td>
<td>Preparing estimation Initiate Proposal</td>
<td>Clerk/Desk Officer/Junior Engineer Names Initiating on time/ particulars of the project mentioned/ time limit, other legal, financial limits mentioned</td>
</tr>
<tr>
<td>3.</td>
<td>Data collection &amp; preliminary estimation</td>
<td>Junior Engineer Market survey of various items, measurements of site, documentation of estimates within time span.</td>
</tr>
<tr>
<td>4.</td>
<td>Verification and finalization of estimate</td>
<td>Estimate committee/Dy Engineer Expert opinion on quality matters, decision on quality parameters, 10% sample verification of items mentioned</td>
</tr>
<tr>
<td>5.</td>
<td>Approval of the estimate</td>
<td>Executive Engineer/Senior Engineer/Chief Engineer Total accountability for correctness of facts, Appropriateness of the decision</td>
</tr>
</tbody>
</table>

Note: Provisions made in the estimates are commensurate with site requirements
Format No. 8 - Proceedings of Pre-Bid Meeting

**Need:** During pre-bid meeting, clarifications and modifications if any in the tender conditions are discussed. Thus it is very essential that the proceedings of the pre-bid meeting is known to all the participatory bidders. The specific format gives precise information regarding the discussions and decision taken during pre-bid meeting. It also highlights whether there are any major deviations and whether re-tendering is necessary.

**Action Plan:** The proceedings of the pre-bid meetings should be made available to all the bidders who have participated in the process and should be published on the website, till the finalization of contract.

### Format No 8

**Proceedings of the Pre-bid meeting**

Arrangement that exists for consultation with,
Or representation by,
The members of the public in relation to
The formulation of its policy or implementation thereof;
Section 4(1)(b)(vii) (Right to Information Act 2005)

<table>
<thead>
<tr>
<th>Date of the meeting</th>
<th>Presided over by --</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Name of the Bidder</th>
<th>Which query/doubts from the tender document was discussed</th>
<th>What was the query/suggestion/scope</th>
<th>What was the clarification</th>
<th>Does it provide any modification in tender condition</th>
<th>CSD/Clarifications issued if any</th>
<th>Remarks if any</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary of Common Set of Deviations (CSD)**

1. 
2. 
3. 
The decision regarding postponing the date of filing tenders if Common Set of Deviations are issued:
Format No. 9 - Particulars of Committees

Need: In the case of purchase of some goods/products, the specification of material required and the options available in the market need “expert evaluation” before decision making. It may be purchasing of computer & its peripherals, stationery, surgical/technical equipments etc. The expert members are accountable for the decisions taken. It is also necessary to establish the credibility of the members. Section 4 (1) (b) (viii) of Right to Information Act 2005, talks about publishing the details such as the roles, recommendations and constitution of the committee, which will give clear description about the empowerment given to the expert committee members at this stage.

Action Plan: The format can be reviewed/modified as and when the committee changes. Otherwise frequent revision or modification is not required. This format can be used where expert committee decisions are involved in awarding of contract. All the columns in the formats are well thought of, which involves incorporating valuable comments gained through validation workshop from experts from diverse areas.

### Format No 9

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the committee</th>
<th>Role of the committee</th>
<th>Constitution of the Committee</th>
<th>Members of the committee</th>
<th>Recommendations of the Committee</th>
<th>Whether the minutes of the meeting will be available on website?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. If there are any committees for deciding pre-qualification criteria/eligibility criteria, evaluation criteria, then above particulars may be published.

2. The format is merely indicative and may vary as per the requirements/standard practices of the organisation. Customised Formats can be prepared on the basis of these indicative points.

**Format No. 11 - Summary of Technical Bids Opened**

**Need:** Summary of Technical Bids is a practice that is followed at some of the Government organisations. However, the information revealed through this document does not suffice the reasoning accorded to opened technical bids. This format includes relevant/crucial aspects of reasoning such as any flaws in the attached documents or whether the credentials are verified or not. It is these crucial aspects which are sidelined in the whole process and hence this is highlighted in the suggested format.

**Action Plan:** This format can be published online as well as communicated to all the members who participated at this stage of procurement process.
Format No 11

Summary of technical bids opened
Name of the work/item/equipment---------
Estimated Cost –

Date of opening -
Time –

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Name of the company/firm/person filing tender/bidder</th>
<th>List of Documents Attached</th>
<th>List of Documents not attached</th>
<th>Any flaws in attached documents?</th>
<th>Whether credential checked?</th>
<th>Decision</th>
<th>Reasons for decision</th>
</tr>
</thead>
</table>

- Names of persons present at the time of opening
- List of Technical documents made mandatory by the tender document

Format No 12 - Summary of Financial Bids Opened

Need: Similar to technical bids, summary of financial bids are also maintained by the Government organisations. However the reasoning accorded covering the qualitative (description of quality) and quantitative aspects are ignored. Thus this format covers these crucial and relevant aspects too.

Action Plan: This format should be published online and communicated to all the bidders who were entitled to participate at this stage of procurement.

Format No 12

Summary of financial bids opened
Name of the work/item/equipment---------
Estimated Cost –

Date of opening -
Time -

Names of persons present at the time of opening

Evaluation criteria

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>item/work / equipment</th>
<th>Description of quality/standard/code specifications in brief</th>
<th>Quantity</th>
<th>Name of the bidding firm/person/company who is technically qualified</th>
<th>Cost / % quoted</th>
<th>Whether conditions are brought on common footing?</th>
<th>Decision</th>
</tr>
</thead>
</table>

130
Format No. 13 - Particulars of Negotiations with L1

Need: Negotiations are recommended in exceptional circumstances only and thus it is necessary to record valid, logical reasons which justify why negotiations are needed. Satisfactory explanations are required to be recorded by the Officials/Committee who recommended the negotiations. This is one way of minimising arbitrariness. Thus the format under Section 4 (b) (xiii) of Right to Information Act 2005, emphasises the need to give all the vital details of negotiation including the technical bid specification and the financial particulars of the bidder. Such a format ensures openness and transparency on the part of the Government Organisation for all the concerned stakeholders.

Action Plan: The format can be published online whenever negotiations have been undertaken with the L1. The details in the format will clear any ambiguity in the negotiations process to other stakeholders especially bidders and the alert citizens.

Format No 13
Particulars of Negotiations with L1
Section 4 (b) (xiii) of Right to Information Act 2005

Name of the Department:
Name of the project undertaken:
Names of the authorities present during negotiation:
Name of the lowest bidder:

<table>
<thead>
<tr>
<th>Particulars of Negotiations with the lowest bidder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day ,Time and Venue of Negotiation</td>
</tr>
<tr>
<td>Technical Bid Specification</td>
</tr>
<tr>
<td>Financial Bid Specification</td>
</tr>
<tr>
<td>Reasons for Negotiations</td>
</tr>
<tr>
<td>Financial particulars of Negotiation</td>
</tr>
<tr>
<td>Decisions undertaken after negotiations with L1 and the reasons thereof</td>
</tr>
</tbody>
</table>

Format No. 14 - Inspections expected during the Execution Stage

Need: Right to Information Act provides for inspection of works by citizens. However the citizen is not empowered to understand what kinds of inspections are carried out at what stage of procurement. This format enables the citizen to expect what are different kinds of inspections carried by the Government organisation at various stages of procurement. This will make the citizen more alert and may monitor the works as per the schedule laid down in the format. Many senior citizens in the vicinity are curious to check the propriety of public works.

Action Plan: This format should be displayed at the project site as well as published online. The citizens can access this information either through website or on-site. All the information
is readily available, the only thing necessary is to compile the facts and streamline the process.

**Format No 14**

**Inspections expected during the Execution Stage**

*Office of  ____________________*

*Section 4(1)(b) (ii) and(x) of Right to Information Act 2005*

Name of the work, item, instrument -

Cost -

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Inspection expected during the procurement process</th>
<th>By whom lab/expert/designation of officer</th>
<th>Which stage of work</th>
<th>Expected specifications at the time of inspection</th>
<th>Date and time of actual inspection</th>
<th>Observations</th>
<th>Action proposed</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Format No. 15 - Special Conditions Progress Report**

**Need:** Right to Information is most successful in the cases of inspection and monitoring of work. Therefore this format highlights certain special conditions such as the machinery, quality of material and manpower used. The documents can be compared with the actual progress on site and any lapses can be rectified as early it is detected. This format enables the citizens to be an alert watchdog in the monitoring of work as it is one most vulnerable area of corruption according to the studies conducted by World Bank.

**Action Plan:** It can be published online and displayed on chart at the project site. The special conditions progress report needs to be updated as and when the progress in the project takes place. If the format is displayed on site, it leads to automatic inspection on the part of the citizens which in turn will make the Government agencies more responsible and accountable for the work undertaken.

**Format No 15**

**Special Conditions Progress report**

*Office of  ____________________*

*Place*

*Name of the Project  ________________*

*Description of the Project*

*Cost of the Project*

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Stage of the project</th>
<th>Start date End date</th>
<th>Expected outcome by the end of the project</th>
<th>Material required</th>
<th>Manpower required</th>
<th>Equipment required</th>
<th>Whether work going on as per schedule?</th>
<th>If not, the reasons for extension</th>
<th>Payment Expected</th>
<th>Status of payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Standards/ Code description</th>
<th>Quantity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The above mentioned details highlight special/important conditions of the project undertaken
**Format No. 16 - Information Relating Major Works Undertaken**

**Need:** Information about major works undertaken is already being displayed at project site. It highlights factors such as the estimated cost and expected time duration of the project. However, Format 16 attempts to answers the basic questions arising in the minds of the citizens namely why the work has been undertaken, its strategic importance and urgency.

For conducting overall accountability of works undertaken, the following format should be used for creating awareness amongst the citizens in general:

**Action Plan:** This information should be displayed at the project site and can be uploaded on the website too.

<table>
<thead>
<tr>
<th>Sr. no</th>
<th>Description of the project</th>
<th>Reasons for initiating the project</th>
<th>Benefits of the project</th>
<th>Expected Time Duration</th>
<th>Cost of the Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Location</td>
<td>Importance</td>
<td>Local situation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Type</td>
<td>Urgency</td>
<td>Strategic importance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Format No. 17 - Duties, Responsibilities and Remuneration to the Consultants**

**Need:** Many a times, the consultants’ roles and responsibilities are often sidelined and only the Government and its officers are held accountable for the work as well as the damage done. Since the consultants are working as public servants for the period of contract, they should be under the purview of Section 4(b) (ii) of Right to Information Act and the duties, responsibilities, and remuneration to the consultants may be published under this Section.

**Action Plan:** It should be published online at respective websites.

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name of the project / department</th>
<th>Name of consultant / consulting firm</th>
<th>Name of consultant/ consulting firm</th>
<th>Description of job allotted</th>
<th>Qualification /experience in that field</th>
<th>Time span for completion of assignment</th>
<th>Outcomes expected</th>
<th>Monetary compensation</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Transparency Recommendations: The Proactive Use

To ensure that the principles of Right to Information are applied in practice, it is important that the systems should be as simple as possible. Simplicity may in itself be an incentive to use the principles. Taking into consideration the spirit of this Act, using the provisions of the Act and studying the crucial aspects of procurement where the veil of secrecy has to be removed, the report has suggested mechanisms which will help tackle the core issue at hand, effectively. The proposed mechanism and formats are an effort towards making transparency simple and effective. The general formats prescribed for Section 4 are examined. More focused, function specific formats, for zooming in on areas of greatest need have been proposed in this report.

A certain level of legislation is necessary to ensure that citizens obtain a right to a minimum degree of openness from the public administration. The Information Commissioner may under the Act suggest these formats for transparency of procurement process to the State Government under the following provisions. Directions in this respect by State Government will help in making it mandatory for the spending departments to publish the information.

YASHADA has a well acclaimed Right to Information Centre working in coordination with State and Central Government, information commissioners, NGOs and citizens forum. It can certainly push these formats and mechanisms to its logical conclusion as the formats prepared by YASHADA earlier for effective implementation of Section 4, are being followed in the state without Information Commissioner or State Government making rules.

Over the years citizens have asked various questions regarding public procurement under Right to Information. Mostly they use RTI to verify the facts recorded on public documents. It is a very effective way of auditing the public expenditure. Now experienced senior citizens are forming groups to systematically work on social audit of public procurement. These specialised citizen interfaces will use transparency measures effectively to drive appropriateness in all other aspects.
C. On Demand Recommendations

Right to Information is right now used mainly for demanding information. Government offices are flooded with applications by citizens to seek information relating to their personal cases, the status, comparing the decisions with other cases or exploring various rules and guidelines that govern the issue. There are some applications seeking information in public interest regarding right use of public money, decision making in respect of important issues relating to people at large. The applicants seek information as per their need but the framing of description of information is very crucial. If the information is not asked in a precise manner the bureaucracy is too shrewd to deny the information intended by the citizen. For educating the citizens as to how the information is stored and how it can be interlinked, a different approach is needed to be inculcated in the system. The report suggests some such measures like citizens’ guide, file typology, procurement manual and bidder’s charter to educate, facilitate and empower the citizens.

Under RTI Act 2005, information is defined as various types of documents. If Documents are properly maintained, it will provide meaningful information else there will be gaps and missing links in the data stored. Proper documentation and filing with proper indexing and coding will make the information more organised and meaningful.

Documentation

Public Organisations must maintain appropriate documentation of each stage for all procurement. The appropriate mix and level of documentation depends on the nature and risk profile of the procurement being undertaken. In all cases, officials need to ensure that there is sufficient documentation to provide an understanding of the reasons for the procurement; the process that was followed; and all relevant decisions, including approvals and authorisations; and the basis of those decisions.

The actions in good faith - and for that matter failure - are also protected, but not arbitrariness. It is not only important that those involved in procurement work judiciously, but they must be seen to do so in documentary evidence as well.

Documentation requirements vary throughout the procurement cycle. It is an agency’s responsibility to ensure that adequate and appropriate documentation is kept for each stage of procurement. Thus the format is suggested below:

**Format No. 1 - Particulars of facilities available to citizens for obtaining information during Procurement Process**

**Need:** Documents are the lifeline of Government organisations. It is very essential that decisions/processes/communications are recorded to streamline the process and take it a step ahead towards transparency. The stakeholders should also know whether the documents are created and if yes, where these can be accessed.

**Purpose:** The documentation on various aspects will be accessible for scrutiny for citizens under RTI Act. Noting on the files, proceedings and recommendations of experts are some form of documents which provide documentation for the basis of decisions. Right to Information Act Section 4(1)(d) which states that the public authority should provide reasons for its administrative or quasi-judicial decisions to affected persons – including file
noting. The format developed attempts to make all the documents prepared during the procurement process known and accessible at the same time.

**Action Plan:** The format highlights key features such as where, when and how the documents are made available. It includes minute details such as with whom the documents are available too. Generally this information is not readily available, it is a one time publication which will enable the interested citizens such as NGOs, bidders, activists and affected persons to make effective use of RTI 2005, as they will be informed where the documents are available (office, authority/designation & department). This format can be developed by respective department under the guidance of the procurement specialist. It may be published online and can be displayed in the respective departments too. The format can be reviewed annually.
### Format No 1

**Particulars of facilities available to citizens for Obtaining information during procurement process**

*Section 4 (b) (xv) of Right to Information Act 2005*

This is an indicative format depicting information of a project from Civil Works Dept, displaying where, when and how the information can be accessed by the citizens. It shows the types of documents prepared at each stage, where these documents can be obtained and if there is any payment prescribed. The format can be customized as per the requirements and needs of the organisation and the availability of documents at particular stage of procurement.

<table>
<thead>
<tr>
<th>Stage of Procurement</th>
<th>Information / document</th>
<th>Where the information is available</th>
<th>Time / duration for availability of information</th>
<th>Payment if any prescribed</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-tender Stage</strong></td>
<td>1. Detailed Project Report (DPR)</td>
<td>1. Online, In the office of Chief Engineer, Civil Works Dept, PMC</td>
<td>1. Permanent Access</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Format No. 2 - “Indicative File Typology”

Need: Many a times the stakeholders cannot make effective use of the legal framework such as RTI Act because they are not aware of the types of documents which exist in the Government processes. It may be due to certain deviations such as inadequate documentation and/or improper filing system. If these processes are streamlined and put up in a simpler format, then the ambiguity is removed, paving the way for a more structured approach to asking and answering of questions.

Purpose: Under Right to Information, information means documents. Hence, it is essential that the stakeholders know and understand various types of documents that are available/created during the process. Section 4(1)(b)(vi) of RTI Act provides that a statement of the categories of documents that are held by the authority should be published. Making the system user friendly for the citizens is very important. As citizens don’t know how and where the information is stored and processed, they ask vague questions under RTI which is easily denied for clarity. If they are aware of the documents created they will straight away ask for those documents.

Action Plan: This format is a one-time publication. The Government organisation can publish this format on the website. It can also be made available in the record room/authority that is dealing with RTI queries, in the form of a chart displayed on the wall of his office. The file typology format is as important as the organisational structure of the organisation, in understanding the Governmental process.

<table>
<thead>
<tr>
<th>Format No 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Categories of document</td>
</tr>
<tr>
<td>In procurement process</td>
</tr>
<tr>
<td>For the work/item ---------------------------------</td>
</tr>
<tr>
<td>Section 4(1)(b)(vi) of Right to Information Act 2005</td>
</tr>
<tr>
<td>Indicative File Typology Format</td>
</tr>
</tbody>
</table>

- Procurement Plan
- Estimation
- Preliminary Project Report
- Administrative Sanction
**Key Actions:** Provide a broad description of major or key actions undertaken by the organisation.

**Documents found in the file:** States Official nomenclature of documents

<table>
<thead>
<tr>
<th>Key Action</th>
<th>Documents found in the File</th>
<th>Purpose of the Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement Plan for current financial year</td>
<td>1. Letters</td>
<td>1. Letters sent to finance department (to get budgeting details), respective department heads to study their procurement requirements</td>
</tr>
<tr>
<td></td>
<td>2. Notings</td>
<td>2. Internal decisions made to either approve or disapprove a particular decision.</td>
</tr>
<tr>
<td></td>
<td>3. Minutes of Meeting</td>
<td>3. The documentation of the discussions and deliberations by respective department heads through the process</td>
</tr>
<tr>
<td></td>
<td>1. Notings</td>
<td>1. Approval to form committee: An estimation committee is formed and the details about the members along with their skill sets are documented</td>
</tr>
<tr>
<td></td>
<td>2. Market Survey Analysis Report</td>
<td>2. The market survey is undertaken to analyze the prevailing rates, the details of enquires</td>
</tr>
<tr>
<td></td>
<td>3. Quality Specification Report</td>
<td>3. The item and quality specification is also specified</td>
</tr>
<tr>
<td></td>
<td>4. Estimation Report</td>
<td>4. A summary of the arrived estimation after taking into account the various aspects affecting the cost of the item/work.</td>
</tr>
<tr>
<td>Preliminary Project Report</td>
<td>1. Preliminary study report</td>
<td>1. It includes the findings of the report by consultants/experts identified for the project</td>
</tr>
<tr>
<td></td>
<td>2. Notings of Approval of Authorities</td>
<td>2. The Standing Committee/General Body/Head of the Department wherever applicable</td>
</tr>
<tr>
<td>Administrative Sanction</td>
<td>1. Notings of Approval Authorities</td>
<td>1. In sanctioning projects, notings form an important role.</td>
</tr>
</tbody>
</table>

**Format No. 5 - Publishing various guidelines**

**Need:** The legal framework within which the Government officials need to be working is either not updated, very ambiguous or do not exist at all. Rules, circulars, guidelines are in practice but no cohesive Act is in form and every office issues these guidelines from time to time. But not every officer dealing with procurement is aware of the information nor is it available and compiled at a single place for ready reference. Therefore, a compilation of rules, guidelines and circulars and timely reviewing considering the present needs is essential.

**Action Plan:** The format envisages to publish, updated/relevant rules governing procurement process. For easy reference, these guidelines can be converted into
“Frequently Asked Questions” highlighting the salient points. These various guidelines can be published online at the respective websites and can be compiled in the inspection room/record room of the department.

<table>
<thead>
<tr>
<th>Format No 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Publishing Various guidelines</strong></td>
</tr>
<tr>
<td>Section 4 b (v) of Right to Information Act 2005</td>
</tr>
<tr>
<td>Rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging procurement function</td>
</tr>
</tbody>
</table>

The manual may include:
- Relevant provisions of Bombay Financial Rules,
- Manual of office procedure for purchase of stores by government department,
- Procurement Principles, Process and Value Thresholds
- Procurement Methods for Goods, Machines, Equipment and Materials
- Procurement Methods for Services
- Procurement Management and Roles And Responsibilities
- Standard Bidding Documents
- Procurement Monitoring and Oversight Arrangements
- Complaint Redressal Mechanisms and Disclosure Mechanisms
- Bombay Public Works Department Manual,
- Relevant GRs, updates and Circulars of GOM.
- District Schedule of Rates (DSR) (May be updated online to keep up with the pace of market trends)
- A schedule of Delegation of financial powers,
- Some common irregularities to be avoided based on CVC guidelines
- Audit report
- Decisions of HC/SC cases

A manual in electronic form will be easy to update by scanning new GRs and circulars. If this is published centrally on the official website, by Industries, Energy and Labour Department, Government of Maharashtra, which looks after the procurement function (or the Finance Department as the case may be), this will be available to officers and staff, bidders and contractors and general citizens.

Note: The various guidelines suggested above should also be published in regional languages as well.

Certain Mechanisms are suggested in the form of Bidders’ Charter and Citizens Guide, which highlights what information, can be made available on demand.

**A. The Concept of proposed Bidders’ Charter - Sec 4 c) of Right to Information Act of 2005**

World Bank has developed the indicators to assess the health of procurement process regarding communication between bidders and the procuring agency

- Are requests for clarifications answered promptly and completely in a written form?
- Are clarifications, minutes of the pre-bid conference, if any, and modifications of the documents promptly communicated to all prospective bidders?
- Are bidders afforded sufficient time to revise their bids following a modification of the documents?
- Do procuring entities maintain accurate records of all communications with the bidders (before and after the deadline for submission)?

- Are summaries of information about public procurement published (e.g. number of bids received, number of contracts awarded, names of successful bidders)?

- Does Government hold regular meetings with the business community to discuss public procurement issues?

- Are there laws on bribery of Government officials and are they enforced? Do Government bidding documents and contracts contain anti-bribery and anti-corruption conditions?

**Bidders’ Charter**

Throughout the analysis, it was found that there are certain rights of bidders which they are unaware of. At rightful places, the rights of bidders are being mentioned. The concept and the process of developing a “Bidders’ Charter” and special recommendations based on this study is discussed in detail in the following pages:

At various stages of procurement analysis, references have made regarding the information that should be known to the bidders such as the accessibility of Preliminary Project Report, Detailed Project Report, and information about various tender processes.

The communication between the bidder and the procuring agency at various levels emphasize the need to develop a structured bidders’ charter. Thus the need, process and special recommendations based on this study are being highlighted in the bidders’ charter.

**Need:** It is in the organisation’s own interests to make the contract implementation successful. Bidders are important stakeholders in the procurement process. The three key factors for success are: Mutual trust and proper understanding of roles; openness and clear timely communications; and a joint positive approach to managing the project.

It is vital to build a contract that identifies clearly the obligations of the contractor and the employer. The contract must be built on a firm formal and legal foundation, but it should be flexible enough to accommodate changes, variations etc. Good contract management goes much further than ensuring that the agreed terms of the contract are being met. There will always be some friction between the different perspectives and approaches of the employer and contractor. Contract management is about resolving or reducing such friction and achieving the completion of the project as envisaged.

Contract administration, the formal governance of the contract, includes such tasks as contract maintenance and change control, charges and cost monitoring, variation order process and payment procedures, management reporting, and so on. The importance of contract administration to the success of the contract, and to the relationship between employer and contractor, cannot be underestimated.

Clear administrative procedures will ensure that the parties to the contract understand who does what, when and how. Bidders are the equally important party to the contract
legally and for the success of the contract. Unfortunately, in the prevailing Government procurement ethos they are not treated as such - their rights are not recognised by the employers and their expectations not respected. The contract thereby becomes lopsided, which may well be a contributing factor for corruption and mistrust, thereby affecting the quality of output. A Bidders’ Charter specifying what they can expect in the procurement process and what are their responsibilities and channels for grievance redressal will go a long way to improve relations between the two major partners by building transparency about expectations.

What is a Charter?

The users of a system expect to know various aspects of the system to work effectively through it. There are three types of expectations of the users:

**Information Perspective:** They need to know the Laws, Rules, instructions and guidelines which regulate the process. They might be interested in the procedures and its nitty-gritty regarding documentation, finances, field work. Easy availability of relevant information is the key for smooth functioning.

**Service Delivery Perspective:** There is always some support expected by the users of the system from the incumbent as a part of the contract. High degree of personal contact is a part of such interactions, but the visits to multiple offices, delays, waiting time, and arbitrariness experienced by the users leads to a high level of dissatisfaction. The frustration is accelerated by improper grievance redress.

**Accountability Perspective:** The constitutional rights of equal treatment in enforcement of regulations; chronological handling of cases, pressure for openness in functioning and decision making process, demand for transparency, accountability and public scrutiny in procurements, contracts and tenders, and concessions are the foremost underlying aspects of their expectations. They need cost effective use of public money, equity, access to information and responsiveness to queries.

The Concept

‘Users’ Charter’ is a document that enshrines trust between the service provider and the user - trust on the part of the user that the service provider will supply the service according to commitment; and trust on the part of the service provider that the user’s expectations will be realistic and that they will fulfil their own obligations.

The purpose of the Charter is to

- Improve access to public service and promote quality.
- Understand what an organisation does, how to contact it and what to expect by way of service.
- How to seek remedy if something goes wrong.
- Assurance that the response of the service provider will be prompt, dependable and accurate.
- The behaviour will be courteous and will respect individual rights, dignity, privacy and safety.
- The response time will be faster and predictable
- The office hours/response hours are known, with all the services available collectively at one window/place
- Clear disclosure of rules, decisions and regulations.

**The process of preparing the Charter**

A core group may be formalised for preparing the Charter. It should identify the interaction points with the users i.e. Bidders in this case. They can identify their expectations in the interaction keeping in view the information, service delivery and accountability perspective. The expectations may be brought up in a consultative meeting with existing bidders. These consultations must be carried out with the involvement of employees dealing with the bidders. A draft Charter can be prepared, either as a central Charter for Government of Maharashtra or for a particular spending department or PSU.

The core group should

- See the services from users’ point of view and not simply reflect organisational structure
- Ensure that the staff is ready for launch
- Communicate extensively within the organisation
- Give wide publicity for creating awareness
- Evaluate the working of the organisation internally, and by an external agent as well
- Ensure the clear focus on users’ requirement - What is important to the user?
- Use simple language, avoid jargon
- Provide specific service standards - when, how, who, how much time?
- Set out clear and effective remedies for when things go wrong
Special Recommendations for Inclusion in Bidders’ Charter:

1. Purchase Manual made available to bidders

2. In case of procurement process, bidders are affected by the decisions regarding qualification, technical disqualifications etc. and have a right to know and thereby challenge the decisions. A Bidders’ Charter specifying the rights of bidders including the right to inspect files to know the reasoning of decisions should be incorporated.

3. The estimation details can be shown at pre-bid meeting to the bidders

4. The preliminary feasibility report may be made available for inspection as it is the basis on which administrative green signal is given to incur the expenditure. This may be kept open for inspection to the bidders

5. Availability of DPR for inspection before bidding.

6. A register of sale of tender forms is generally kept in the office. This should be open to inspection by interested parties.

7. The minutes of the Pre Bid Meeting, Clarifications and CSD as above need to be sent to the bidders without delay.

8. After opening of technical bids, details of papers submitted can be scrutinized by the competitors for appropriateness.

9. A proper arrangement for the receipt of tenders at the scheduled date and time through a tender box needs to be adopted. In cases where the tenders are required to be submitted by hand due to the bulky size of the tender documents, it is to be ensured that the names and designations of designated officers are mentioned in the bid documents who shall receive the tenders by hand. The information about these officers should also be displayed at the entrance/reception of the premises where the tenders are to be deposited so as to ensure a convenient approach for the bidders

10. The provisions regarding determination of responsiveness of bid documents generally form part of the instructions to Bidders incorporated in the bid documents. The Charter should explain what amounts to a non-responsive bid.

11. The knowledge of the facts which will affect the bidders’ competitiveness will have to be provided to the bidders e.g. If the rate quoted by the bidder in figures and in words tallies, but the amount is not worked out correctly, the rate quoted by the bidder shall be taken as correct and not the amount.

12. Formalities of the bid document which may vitiate the opportunity of the bidder may be brought to the notice of bidder by way of condition in the tender document

13. The evaluation criteria should be specifically mentioned in the bid document, and the Bidders’ Charter must highlight it.

14. The negotiations are supposed to be confidential, but that is the most doubtful transaction in procurement process. If the record of negotiations is kept open to other bidders, it will be a substantial step in bringing about transparency.

15. Publish the reasons, how the credentials of the bidders will be verified, where the related documents will be available for inspection (Section 4(b)3 of RTI Act)

16. Details of contract administration should form part of bidders’ Charter. Contract administration requires appropriate resourcing. It may be that the responsibility falls on the contract management team. Some typical procedures that combine to make up contract administration are as follows: Contract document maintenance and variation/change control; Cost monitoring; Variation ordering procedures; Payment procedures; Funding procedures; Resource management and planning; Management reporting; Project Asset management. It follows that the contract document itself must be capable of evolving efficiently and effectively, through formal change control procedures and by mutual consent, in response to changing requirements. It is preferable to update documentation as changes occur rather than relying on informal arrangements.
**Action Plan**

The monitoring department, i.e. Industries department should make it obligatory for spending departments by issuing a circular in that respect. A model bidders’ charter may be developed by the department itself leaving the scope for customization. This might take six months for the department to finalise the same in consultation with the stakeholders. Separate charters for works, stores and services are recommended. The Administrative Training Institute in YASHADA can anchor this initiative.

**B. Citizens Guide Sec 4 c) of Right to Information Act 2005**

The Citizens Guide is an indicative format illustrating only a few parameters in the larger procurement process. It should be customized as per the type of organisation, mode of procurement and the nature of work undertaken.)

**Need:**
- In democracy citizen is of paramount importance.
- They are entitled to know the particulars of every public transaction in all its bearings.
- Public money is being utilized by public bodies through Public Procurement Process.
- Citizens have a right to know how their hard earned money collected through taxes is being used- for right purpose, in diligent way, following the laid down procedures.
- The Right to Information Act 2005 also equips him to seek information and inspect files/documents/samples and works.
- Based on the information they can ask relevant questions about propriety of the procurement done, contract awarded and implemented in public domain.

However due to lack of awareness regarding what, where and how to ask, it results to asking vague questions which may or may not fulfil the exact requirements of the citizen. In order to bridge this gap of too much information on one side and vague information on the other side, a Citizen’s Guide is developed which will guide them of what/how/when to acquire meaningful information in the prescribed system.

**Contents of Citizens’ Guide**

For easy understanding, indicative parameters of procurement process are illustrated below which can be verified by the citizens:
- Why the concerned Road Construction work is taken?
- Which Public Organisation is responsible for the project being undertaken?
- What is the benefit/priority for the projects being undertaken?
- What are the inconveniences caused during the period of construction
- Who is the executing authority for the work undertaken? Whom should I contact for addressing my queries/doubts etc
• Who are the persons responsible for which action /decision
• Whether the on-site boards informing about the work are in place?
• Who are the contractor/subcontractor / consultant responsible for actual work?
• What are the specifications of work in terms of estimation of cost, time, quality of material, machinery used, manpower used
• Whether the progress was monitored, what are the performance indicators, norms, outcomes of various stages of work?
• How can I participate in inspection and monitoring of the works undertaken?
• What are the arrangements made for availing the record regarding the project and in which form they are kept.
• What are the canons of financial propriety, which the officers should follow in public procurement?
• What are the processes prescribed for procurement of goods/works/services?
• What are the budget/estimates for the projects undertaken?
• Whether the procurement is done by open tendering process?
• Whether the prescribed procedure was followed?
• Whether the eligibility criteria were commensurate with the quality of work?
• Whether the evaluation criteria notified before hand?
• Whether the credentials of bidders verified?
• Whether the lowest bidder was awarded the work?

These concepts can be further developed by using them more often. These mechanisms give life to the spirit of RTI Act.

**Action Plan**

The citizens’ guide should be displayed/ available at prominent locations such as the following:

(a) The location where the project is underway
(b) On the Government website, blogs and forums, the website of that organisation/office
(c) Government offices/concerned departments etc
(d) Ward offices /Gram Panchayat office in the vicinity
(e) Disseminating information through NGOs, Citizen centric forums, Community based organisations etc
(f) In the office of the elected representatives of the vicinity

Media publicity about the availability of citizens’ guide through Television, Print Media from time to time
Benefits

Thus, the citizens’ guide is a handy tool which guides through the “What” and “How” of looking at all the core dimensions of the procurement process. It is a step towards enabling the citizens to be more vigilant regarding matters of State and whether they are conducted in the expected fashion.

As a citizen, they have the right to know about how the Government is going about improving your living conditions. The Right to Information Act entitles citizens to receive all the information they require from Government departments and this is how it functions:

(a) Figure out the authority responsible for the work undertaken in their area
(b) They may get informed about the details of work by inspecting the documents
(c) They can also check/inspect whether the work has been done as per the documents.
(d) Verify against the procedure and standards prescribed for that.
(e) Compare and contrast with other projects
(f) Check the propriety, necessity and impact of the project.

Most of the RTI queries are about public expenditure and its actual implementation. The guide will facilitate citizens and their forums working in the vicinity or on the theme of public procurement to get the precise knowledge about the projects. It will help the Government machinery, who cannot watch the field work due to their growing workload, to get an informed informer.
There is an urgent and important need for transparency in the public procurement process. The process, being saddled with maladministration and involving huge amounts of public money, needs to be monitored for improvement in its various tenets of procurement Economy, Efficiency, Fairness & Transparency. The study team has tried to identify gaps at various stages and those gaps which can be filled by various systemic, transparency and on demand measures have been highlighted for easy to use solutions.

Greater transparency is suggested mostly by taking recourse to the legal provisions of the Right to Information Act. The intelligent use of these provisions will make the path of implementation viable and can be enforced by the State Government.

The perspectives of all the stakeholders have been taken into consideration while developing these mechanisms and formats. The focus of accountability is right use of public money gathered painstakingly from taxpayers. The considerations of quality service and works are paramount while dealing with various aspects of procurement.

Finally publication and publicity have become easy with the wide use of ICT and the report suggests user-friendly application of ICT for bringing in greater transparency in procurement.
References


Guidelines, circulars and Cases of CVC, Government of India

Civil Works Training Module- Shri K. D. Lala, City Engineer Thane Municipal Corporation for Civil (Engineering) under NRCUP Middle Management.

“Common irregularities/lapses observed in stores/purchase contracts and guidelines for improvement in the procurement system” by Chief Technical Examiner’s Organisation, CVC, Government of India

India country procurement assessment report (CPAR), study report by Raghavan Srinivasan, former Chief Procurement Advisor in the World Bank in Washington D.C

“An Introduction to Openness and Access to Information”, Elaborated by Louise Krabbe Boserup, Danish Institute for Human Rights, April 2005

Parivartan, Delhi, “RTI Spurs Debate on World Bank Involvement in Delhi Water Deal”, Case study of year 2005,


S.M.Sabnis “The Tendering Process”, Project Planning and Implementation by YASHADA

J.T.Nashikkar “Contract Management”, Project Planning and Implementation by YASHADA

Department of finance and Personnel Public procurement Policy May 2002
Annexure 1


<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUME-I</td>
<td></td>
</tr>
<tr>
<td>SECTION-I</td>
<td>INSTRUCTIONS TO BIDDERS</td>
</tr>
<tr>
<td>SECTION-II</td>
<td>CONDITIONS OF CONTRACT</td>
</tr>
<tr>
<td>SECTION-III</td>
<td>SAMPLE FORMS</td>
</tr>
<tr>
<td></td>
<td>• FORM OF BID</td>
</tr>
<tr>
<td></td>
<td>• LETTER OF ACCEPTANCE</td>
</tr>
<tr>
<td></td>
<td>• LETTER OF NOTICE TO PROCEED WITH WORK</td>
</tr>
<tr>
<td></td>
<td>• AGREEMENT FORM</td>
</tr>
<tr>
<td></td>
<td>• FORMS OF SECURITIES</td>
</tr>
<tr>
<td>SECTION IV-A</td>
<td>DESIGN CRITERIA FOR MAJOR BRIDGES</td>
</tr>
<tr>
<td>SECTION IV-B</td>
<td>DESIGN CRITERIA FOR FLYOVER/ROB</td>
</tr>
<tr>
<td>SECTION V</td>
<td>SPECIFICATIONS AND DRAWINGS FOR TRAFFIC SAFETY MEASURES DURING CONSTRUCTION AND MAINTENANCE OPERATION</td>
</tr>
</tbody>
</table>


INDEX

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION-I</td>
<td>INVITATION FOR BIDS</td>
</tr>
<tr>
<td>SECTION-II(A)</td>
<td>BIDDING DATA</td>
</tr>
<tr>
<td>SECTION-II (B)</td>
<td>CONTRACT DATA</td>
</tr>
<tr>
<td>SECTION-III</td>
<td>SCOPE OF WORK</td>
</tr>
<tr>
<td>SECTION-IV</td>
<td>EQUIPMENT FOR FIELD LABORATORY</td>
</tr>
<tr>
<td>SECTION-V</td>
<td>DESIGN DATA FOR FLYOVER / ROD / RIVER BRIDGE</td>
</tr>
<tr>
<td>SECTION-VI</td>
<td>AMENDMENTS TO PROVISIONS IN VOLUME I</td>
</tr>
</tbody>
</table>

### NAME OF ITEM

**VOLUME-III**

(A) FOR ITEM RATE BID
1) PREAMBLE
2) FORM OF BID
3) ABSTRACT OF BOQ
4) BILL OF QUANTITIES (BOQ)
5) SCHEDULE OF SPECIFICATIONS

(B) FOR PERCENTAGE RATE BID
1) PREAMBLE
2) FORM OF BID
3) BILL OF QUANTITIES (BOQ)
4) SCHEDULE OF SPECIFICATIONS

(C) FOR LUMP SUM BID ON ALTERNATIVE DESIGN
1) PREAMBLE
2) FORM OF BID
3) BILLING SCHEDULE
4) SCHEDULE OF VARIATION
5) SCHEDULE OF SPECIFICATION FOR ITEMS UNDER VARIATION CLAUSE

---

**Standard Contract Document For Small Works Volume – IV (Specifications & Drawing)**

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION-I (PART-A)</td>
<td>TECHNICAL SPECIFICATIONS MORT&amp;H FORTH REVISION AUGUST 2001</td>
</tr>
<tr>
<td>SECTION-II (PART-B)</td>
<td>ADDITIONAL SPECIFICATIONS</td>
</tr>
<tr>
<td>SECTION-I (PART-C)</td>
<td>ADDITIONAL CONDITIONS</td>
</tr>
<tr>
<td>SECTION-II</td>
<td>DRAWINGS</td>
</tr>
<tr>
<td>SECTION-III</td>
<td>GEOTECHNICAL INVESTIGATION REPORT</td>
</tr>
</tbody>
</table>

---

**Standard Contract Document For Consultancy Services Volume – I (Non – Variable)**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Instructions to Bidders</td>
</tr>
<tr>
<td>SR. NO.</td>
<td>NAME OF ITEM</td>
</tr>
<tr>
<td>---------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>VOLUME – II (VARIABLE DOCUMENT)</td>
</tr>
<tr>
<td>I</td>
<td>NOTICE INVITING CONSULTANCY SERVICES AND LETTER OF INVITATION</td>
</tr>
<tr>
<td>II</td>
<td>DATA SHEET</td>
</tr>
<tr>
<td>III</td>
<td>APPENDIX A – TERMS OF REFERENE</td>
</tr>
<tr>
<td>IV</td>
<td>APPENDIX B – PERSONNEL, EQUIPMENT, FACILITIES AND SERVICES OF OTHERS TO BE PROVIDED BY THE CLIENTS</td>
</tr>
</tbody>
</table>

Standard Contract Document For Consultancy Services Volume – III (Financial Bid)

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VOLUME-III (FINANCIAL BID)</td>
</tr>
<tr>
<td>I</td>
<td>ANNEXURE – III (FINANCIAL PROPOSAL)</td>
</tr>
<tr>
<td>II</td>
<td>APPENDIX C – REMUNERATION AND PAYMENTS</td>
</tr>
</tbody>
</table>

Standard Contract Document For Construction of Road & Bridge Works Volume – I (Non – Variable)

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>VOLUME-I</td>
</tr>
<tr>
<td>SECTION-I</td>
<td>INSTRUCTIONS TO BIDDERS.</td>
</tr>
<tr>
<td>SECTION-II (PART-I)</td>
<td>GENERAL CONDITIONS OF CONTRACT FOR CONSTRUCTION FOR BUILDING AND ENGINEERING WORKS DESIGNED BY THE EMPLOYER (FIDIC DOCUMENT)</td>
</tr>
<tr>
<td>SECTION-II (PART-II)</td>
<td>CONDITIONS OF PARTICULAR APPLICATIONS</td>
</tr>
<tr>
<td>SECTION-III</td>
<td>SPECIAL CONDITIONS OF CONTRACT SUPPLEMENTARY INFORMATION</td>
</tr>
<tr>
<td>SECTION-IV</td>
<td>FORM OF BID, FORM OF LETTER OF ACCEPTANCE AND FORM OF WORK ORDER</td>
</tr>
<tr>
<td>SECTION-V</td>
<td>FORM OF CONTRACT AGREEMENT.</td>
</tr>
<tr>
<td>SECTION-VI</td>
<td>SAMPLE FORMS &amp; SCHEDULES</td>
</tr>
<tr>
<td>SECTION NO.</td>
<td>NAME OF ITEM</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td>VOLUME-I</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>BANK GUARANTEE FOR PERFORMANCE SECURITY.</td>
</tr>
<tr>
<td>-</td>
<td>BANK GUARANTEE FOR ADVANCE PAYMENT.</td>
</tr>
<tr>
<td>-</td>
<td>SCHEDULES.</td>
</tr>
<tr>
<td>SECTION-VII (A)</td>
<td>DESIGN CRITERIA FOR MAJOR BRIDGES</td>
</tr>
<tr>
<td>SECTION-VII (B)</td>
<td>DESIGN CRITERIA FOR FLYOVERS AND ROBs</td>
</tr>
<tr>
<td>SECTION-VIII</td>
<td>SPECIFICATIONS AND DRAWINGS FOR TRAFFIC SAFETY MEASURES DURING CONSTRUCTION AND MAINTENANCE OPERATION.</td>
</tr>
</tbody>
</table>

Standard Contract Document For Construction of Road & Bridge Works
Volume – II (Variable Document)

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>VOLUME-II</td>
<td></td>
</tr>
<tr>
<td>SECTION-I</td>
<td>INVITATION FOR BIDS</td>
</tr>
<tr>
<td>SECTION-II(A)</td>
<td>BIDDING DATA</td>
</tr>
<tr>
<td>SECTION-II (B)</td>
<td>CONTRACT DATA</td>
</tr>
<tr>
<td>SECTION-III</td>
<td>DESIGN DATA FOR FLYOVER / ROD / RIVER BRIDGE</td>
</tr>
<tr>
<td>SECTION-IV</td>
<td>SCOPE OF WORK</td>
</tr>
<tr>
<td>SECTION-V</td>
<td>EQUIPMENT FOR FIELD LABORATORY</td>
</tr>
<tr>
<td>SECTION-VI</td>
<td>AMENDMENTS TO PROVISIONS IN VOLUME I</td>
</tr>
</tbody>
</table>
Standard Contract Document For Construction of Road & Bridge Works
Volume – III (Financial Bid)

<table>
<thead>
<tr>
<th>NAME OF ITEM</th>
<th>VOLUME-III</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>(A) FOR ITEM RATE BID</td>
<td></td>
</tr>
<tr>
<td>1) PREAMBLE</td>
<td></td>
</tr>
<tr>
<td>2) FORM OF BID</td>
<td></td>
</tr>
<tr>
<td>3) ABSTRACT OF BOQ</td>
<td></td>
</tr>
<tr>
<td>4) BILL OF QUANTITIES (BOQ)</td>
<td></td>
</tr>
<tr>
<td>5) SCHEDULE OF SPECIFICATIONS</td>
<td></td>
</tr>
<tr>
<td>(B) FOR PERCENTAGE RATE BID</td>
<td></td>
</tr>
<tr>
<td>1) PREAMBLE</td>
<td></td>
</tr>
<tr>
<td>2) FORM OF BID</td>
<td></td>
</tr>
<tr>
<td>3) BILL OF QUANTITIES (BOQ)</td>
<td></td>
</tr>
<tr>
<td>4) SCHEDULE OF SPECIFICATIONS</td>
<td></td>
</tr>
<tr>
<td>(C) FOR LUMP SUM BID ON ALTERNATIVE DESIGN</td>
<td></td>
</tr>
<tr>
<td>1) PREAMBLE</td>
<td></td>
</tr>
<tr>
<td>2) FORM OF BID</td>
<td></td>
</tr>
<tr>
<td>3) BILLING SCHEDULE</td>
<td></td>
</tr>
<tr>
<td>4) SCHEDULE OF VARIATION</td>
<td></td>
</tr>
<tr>
<td>5) SCHEDULE OF SPECIFICATION FOR ITEMS UNDER VARIATION FOR EXTRA WORK</td>
<td></td>
</tr>
</tbody>
</table>

Standard Contract Document For Construction of Road & Bridge Works
Volume – IV (Specifications & Drawing)

<table>
<thead>
<tr>
<th>SECTION NO.</th>
<th>NAME OF ITEM</th>
<th>VOLUME-IV</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION-I (PART-A)</td>
<td>TECHNICAL SPECIFICATIONS MORT&amp;H FORTH REVISION AUGUST 2001</td>
<td></td>
</tr>
<tr>
<td>SECTION-II (PART-B)</td>
<td>ADDITIONAL SPECIFICATIONS</td>
<td></td>
</tr>
<tr>
<td>SECTION-I (PART-C)</td>
<td>ADDITIONAL CONDITIONS</td>
<td></td>
</tr>
<tr>
<td>SECTION-II</td>
<td>DRAWINGS</td>
<td></td>
</tr>
<tr>
<td>SECTION-III</td>
<td>GEOTECHNICAL INVESTIGATION REPORT</td>
<td></td>
</tr>
</tbody>
</table>
Annexure 2


Government observed that in the process of centralized purchase by the Central Stores G due to the centralized purchase process by stores, there was considerable delay in obtaining essential goods. As such, G.R. dated 18 March 1976 a committee was appointed to recommend decentralization, reorganize and simplify the purchase process. It was decided that, henceforth Central stores organisation would not enter into rate/quantity contracts, wherein more than one department requires items mentioned in Annexure I, the concerned Secretaries would form a committee to determine rate / quantity contract.

- Every dept. was to form a Purchase Committee to enter in to the rate/ quantity contract. If necessary, an officer from Central Stores Organisation would be appointed as a member.
- The recommendations of Lentin Commission are in the Annexure VI of the GR
- The “Manual of Office Procedures for Purchase of Stores by the Govt. Dept.” has all the details, about the procedures and the precautions to be taken by the departments, right from issuing tenders to receiving goods.
  - the duration of submitting bid from the date of advertisement, should be minimum three weeks.
  - In case the number of bids are not adequate, then re-tendering should be done twice which is not followed.
  - The rule of prior notice about the date, time and venue of the opening of tender in front of those present, is not followed.
  - It is imperative to buy from recognized cooperative stores goods worth less than Rs.500/- though three quotations are not necessary. This is rarely done.
  - In spite of three quotations being compulsory when total purchase is above Rs. 500/- or a particular item costs up to Rs. 20000/-, it is not done.
  - When the annual purchase of a particular item is Rs. 20000/- or more, the tender must be published in Gazette. This rule is also bypassed.
  - The tender fee shall depend on the approximate cost of the bid (vide the GR - SPC. 1088/(2512)/Industry-6, Industry, Energy, Labour Dept. Govt. of Maharashtra, dated 02 January, 1992.).
  - Guidelines in case of repeat-orders, are as mentioned in Annex VII in the GR.
  - It is recommended that there should be rate contract for the goods required through out the year but very often quantity contracts are entered into.
- It is mandatory for government departments to buy goods certified by Bureau of Indian Standards wide GR dated 14 Oct. 1986 but it is not done.
To encourage small scale industries in the state to get BIS certification, 5% price preference is accepted. So that government gets quality products.

- In case, BIS certified products are not available or not available in required quantity, uncertified products can be purchased, provided the purchasing department has to have on record, from the Central Purchase Organisation of Directorate, Industries, that the said product is uncertified by BIS.

- In such cases the purchasing department should verify the quality and if that is not possible, get the quality certified from recognized impartial institutions like SISI- Andheri, UDCT- Matunga, VJTI lab, and other institutions mentioned in the Annexure VIII of the GR. The supplier will have to pay all cost of this quality certification. Where the goods are of critical importance and or valuable 100% quality checks will have to be done by these recognized institutions, this should noted in the tender form.

- At present PWD and Irrigation departments are following the two bid system (Two Envelope System). It is recommended that for uncertain products with technical specifications the two bid system should be introduced.

**Envelope -1** this envelope is known as Technical Bid.

This first envelope must contain –
- DD of Earnest Money/ treasury challan/ exemption from depositing Earnest Money/ approved supplier certificate from central stores organisation or the concerned department.
- Details of the machinery and details of technical soundness to supply the required quantity.
- Experience certificate and Sales Tax no.
- Income Tax returns
- Details of additional bids applied for.

**Envelope - 2**
- Main tender form and related details.

Unless a bidder qualifies in technical bid, the second envelope is not opened.

**Precautions while receiving the goods:**

- Inspection and scrutiny of supplied goods as soon as they are received.
- Any discrepancy in supplied goods shall be informed within 15 days of delivery.
- Payment clause to be scrupulously followed.

**Submission to Treasury:**
The certificate as to actual goods received as per specifications as to quality, quantity and rate. Goods recorded in inward stock register and no prior advance made.
Principal of Parallel rate contract:

- There cannot be parallel rate contract for the 15 items stated in Annexure III of GR, which are to be purchased from MSSIDC only.
- For products which MSSIDC can supply 50% should be obtained from MSSIDC for which there will be a parallel rate contract.
- For items in Annexure IV of the GR, to be supplied by MSSIDC and MAVIM, the parallel rate contract will be entered into on the basis of the conditions mentioned in the GR.

10. Purchase priority and Price Preference to SSIs:
   - First generation of SSIs in areas other than Mumbai and Pune are developing.
   - It is hardly possible for SSIs to compete with big and medium scale industries.
   - To provide sales assistance to SSIs, Govt. of Maharashtra has established MSSIDC.
   - GR of 15 March 1969, Government announced Purchase priority and Price Preference to SSIs but seen that it is hardly followed.
   - SSI shall reap more from this priority and preference and produce quality products and on the other hand govt. will get continuous supply of quality products manufactured by SSIs.
   - The cost incurred by the SSIs for R&D and other certification will determine the price preference at various rates as mentioned in the GR.
   - Purchase priority and Price Preference to SSIs are mentioned in Annexure - X of GR.
   - Publicity of the tender should not only be in Gazette but also in Local, Regional and National newspaper.
   - The period of the rate contract is from 1st July to 30th June.

11. To simplify comparison of rate, the rate should be all inclusive.
   - As the product rates change due to variation in sales tax rates, the formulae for calculating cost before sales tax, is mentioned in the GR.

12. The details of “Special Incentive Schemes 1988” for units in zones B, C, D and pioneer units (other than, Pune, Pimpri Chinchwad, Mumbai, Thane,) are given in Annex XIII.

13. In case of any difficulties in tender, Price preference, Parallel rate contract and related matters in this GR, the concerned Official should refer to Development Commissioner (Industries) and follow their instructions.

14. This GR supercedes the earlier GRs mentioned in Annexure XIV.

15. This GR is issued with the concurrence of the finance dept. wide ref. no. CR-935/91(expences) Vyaya – 16.

Annexure 3

General Financial Rules 2005
Canons of Financial Propriety

Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Among the principles on which emphasis is generally laid are the following:

(i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
(ii) The expenditure should not be prima facie more than the occasion demands.
(iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
(iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless -
   (a) a claim for the amount could be enforced in a Court of Law, or
   (b) the expenditure is in pursuance of a recognized policy or custom.
(v) The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

Responsibility of Controlling Officer in respect of Budget allocation: The duties and responsibilities of a controlling officer in respect of funds placed at his disposal are to ensure:

(i) That the expenditure does not exceed the budget allocation.
(ii) That the expenditure is incurred for the purpose for which funds have been provided.
(iii) That the expenditure is incurred in public interest.
(iv) That adequate control mechanism is functioning in his department for prevention, detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money, and
(v) That mechanism or checks contemplated at
(iv) Above are effectively applied.

Rule 128.

General Rules: Subject to the observance of these general rules, the initiation, authorization and execution of works allotted to a particular Ministry or Department shall be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

Rule 129.

(1) No works shall be commenced or liability incurred in connection with it until, -
   (i) administrative approval has been obtained from the appropriate authority in each case;
   (ii) sanction to incur expenditure has been obtained from the competent authority;
   (iii) a properly detailed design has been sanctioned;
(iv) estimates containing the detailed specifications and quantities of various items have been prepared on the basis of the Schedule of Rates maintained by CPWD or other Public Works Organisations and sanctioned;
(v) funds to cover the charge during the year have been provided by competent authority;
(vi) tenders invited and processed in accordance with rules;
(vii) a Work Order issued.

(2) On grounds of urgency or otherwise, if it becomes necessary to carry out a work or incur a liability under circumstances when the provisions set out under sub rule 1 of rule 129 cannot be complied with, the concerned executive officer may do so on his own judgment and responsibility. Simultaneously, he should initiate action to obtain approval from the competent authority and also to intimate the concerned Accounts Officer.

(3) Any development of a project considered necessary while a work is in progress, which is not contingent on the execution of work as first sanctioned, shall have to be covered by a supplementary estimate.

Rule 130.
For purpose of approval and sanctions, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority to a project which consists of such a group of work should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. This provision, however, shall not apply in case of works of similar nature which are independent of each other.

Rule 131.
Any anticipated or actual savings from a sanctioned estimate for a definite project, shall not, without special authority, be applied to carry out additional work not contemplated in the original project.

Rule 132.
Procedure for Execution of Works:
The broad procedure to be followed by a Ministry or Department for execution of works under its own arrangements shall be as under :-
(i) the detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by the Central Public Works Department (CPWD);
(ii) preparation of detailed design and estimates shall precede any sanction for works;
(iii) no work shall be undertaken before Issue of Administrative Approval and Expenditure Sanction by the competent Authority on the basis of estimates framed;
(iv) open tenders will be called for works costing Rupees five lakhs to Rupees ten lakhs;
(v) limited tenders will be called for works costing less than Rupees five lakhs;
(vi) execution of Contract Agreement or Award of work should be done before commencement of the work;
(vii) final payment for work shall be made only on the personal certificate of the officer-in-charge of execution of the work in the format given below:

“I ……………………….., Executing Officer of (Name of the Work), am personally satisfied that the work has been executed as per the specifications laid down in the Contract Agreement and the workmanship is upto the standards followed in the Industry.”

**Rule 133.**
For original works and repair works entrusted to a 'Public Works Organisation' as defined in **Rule 126(2)**, the administrative approval and expenditure sanction shall be accorded and funds allotted by the concerned authority under these rules and in accordance with the Delegation of Financial Power Rules 1978. The Public Works Organisation shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organisation.

**Rule 134.**
**Review of Projects:**
After a project costing Rupees ten crores or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of a representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less that Rupees ten crores, it will be at the discretion of the Administrative Ministry / Department to set up a Review Committee on the above lines.

**Chapter-5 Works**

**Rule 123.**
**Original works** means all new constructions, additions and alterations to existing works, special repairs to newly purchased or previously abandoned buildings or structures, including remodeling or replacement.

**Repair works** means works undertaken to maintain building and fixtures.

**Rule 124.**
**Administrative control** of works includes:
(i) assumption of full responsibility for construction, maintenance and upkeep;
(ii) proper utilization of buildings and allied works;
(iii) provision of funds for execution of these functions.

**Rule 125.**
**Powers to sanction works:**
The powers delegated to various subordinate authorities to accord administrative approval, sanction expenditure and re-appropriate funds for works are regulated by the Delegation of Financial Powers Rules, 1978, and other orders contained in the respective departmental regulations.

**Rule 126.**
(1) A Ministry or Department at its discretion may directly execute repair works estimated to cost upto Rupees ten Lakhs after following due procedure indicated in Rule 132.

(2) A Ministry or Department may, at its discretion, assign repair works estimated to cost above Rupees ten Lakhs and upto Rupees thirty Lakhs to any Public Works Organisation, which includes State Public Works Divisions, other Central Government organizations authorised to carry out civil or electrical works such as Central Public Works Department (CPWD), Military Engineering Service (MES), Border Roads Organisation etc. or Public Sector Undertakings set up by the Central or State Government to carryout civil or electrical works.

(3) All original works costing upto Rupees ten Lakhs may be assigned by the Ministry or Department concerned to a Public Works Organisations as defined in Rule 126(2).

**Rule 126(2).**
(4) All original works estimated to cost above Rupees ten Lakhs and repair works estimated to cost above Rupees thirty Lakhs may be got executed through a Public Works Organisations as defined in Rule 126(2) after consultation with the Ministry of Urban Development.

**Rule 127.**
**Work under the administrative control of the Public Works Departments:**
Works not specifically allotted to any Ministry or Department shall be included in the Grants for Civil Works to be administered by Central Public Works Department. No
such work may be financed partly from funds provided in departmental budget and partly from the budget for Civil works as mentioned above.

**Rule 128.**

**General Rules:**
Subject to the observance of these general rules, the initiation, authorization and execution of works allotted to a particular Ministry or Department shall be regulated by detailed rules and orders contained in the respective departmental regulations and by other special orders applicable to them.

**Rule 129.**

(1) No works shall be commenced or liability incurred in connection with it until, -
    (i) Administrative approval has been obtained from the appropriate authority in each case;
    (ii) Sanction to incur expenditure has been obtained from the competent authority;
    (iii) A properly detailed design has been sanctioned;
    (iv) Estimates containing the detailed specifications and quantities of various items have been prepared on the basis of the Schedule of Rates maintained by CPWD or other Public Works Organisations and sanctioned;
    (v) Funds to cover the charge during the year have been provided by competent authority;
    (vi) Tenders invited and processed in accordance with rules;
    (vii) A Work Order issued.

(2) On grounds of urgency or otherwise, if it becomes necessary to carry out a work or incur a liability under circumstances when the provisions set out under sub rule 1 of rule cannot be complied with, the concerned executive officer may do so on his own judgement and responsibility. Simultaneously, he should initiate action to obtain approval from the competent authority and also to intimate the concerned Accounts Officer.

(3) Any development of a project considered necessary while a work is in progress, which is not contingent on the execution of work as first sanctioned, shall have to be covered by a supplementary estimate.

**Rule 130.**

For purpose of approval and sanctions, a group of works which forms one project, shall be considered as one work. The necessity for obtaining approval or sanction of higher authority to a project which consists of such a group of work should not be avoided because of the fact that the cost of each particular work in the project is within the powers of such approval or sanction of a lower authority. This provision, however, shall not apply in case of works of similar nature which are independent of each other.

**Rule 131.**

Any anticipated or actual savings from a sanctioned estimate for a definite project, shall not, without special authority, be applied to carry out additional work not contemplated in the original project.
Rule 132.
Procedure for Execution of Works:
The broad procedure to be followed by a Ministry or Department for execution of works under its own arrangements shall be as under :-
(i) The detailed procedure relating to expenditure on such works shall be prescribed by departmental regulations framed in consultation with the Accounts Officer, generally based on the procedures and the principles underlying the financial and accounting rules prescribed for similar works carried out by the Central Public Works Department (CPWD);
(ii) Preparation of detailed design and estimates shall precede any sanction for works;
(iii) No work shall be undertaken before Issue of Administrative Approval and Expenditure Sanction by the competent Authority on the basis of estimates framed;
(iv) Open tenders will be called for works costing Rupees five lakhs to Rupees ten lakhs;
(v) Limited tenders will be called for works costing less than Rupees five lakhs;
(vi) Execution of Contract Agreement or Award of work should be done before commencement of the work;
(vii) Final payment for work shall be made only on the personal certificate of the officer-in-charge of execution of the work in the format given below:

“I ……………………………, Executing Officer of (Name of the Work), am personally satisfied that the work has been executed as per the specifications laid down in the Contract Agreement and the workmanship is upto the standards followed in the Industry.”

Rule 133.
For original works and repair works entrusted to a 'Public Works Organisation' as defined in Rule 126(2), the administrative approval and expenditure sanction shall be accorded and funds allotted by the concerned authority under these rules and in accordance with the Delegation of Financial Power Rules 1978. The Public Works Organisation shall then execute the work entrusted to it in accordance with the rules and procedures prescribed in that organisation.

Rule 134.
Review of Projects:
After a project costing Rupees ten crores or above is approved, the Administrative Ministry or Department will set up a Review Committee consisting of a representative each from the Administrative Ministry, Finance (Internal Finance Wing) and the Executing Agency to review the progress of the work. The Review Committee shall have the powers to accept variation within 10% of the approved estimates. For works costing less that Rupees ten crores, it will be at the discretion of the Administrative Ministry / Department to set up a Review Committee on the above lines.
Chapter - 6
Procurement of Goods and Services

I. Procurement Of Goods

Rule 135.
This chapter contains the general rules applicable to all Ministries or Departments, regarding procurement of goods required for use in the public service. Detailed instructions relating to procurement of goods may be issued by the procuring departments broadly in conformity with the general rules contained in this Chapter.

Rule 136.
Definition of Goods:
The term 'goods' used in this chapter includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment,
industrial plant etc. purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc. for a library.

Rule 137.
Fundamental principles of public buying:
Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

The procedure to be followed in making public procurement must conform to the following yardsticks:

(i) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organisation without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;

(ii) Offers should be invited following a fair, transparent and reasonable procedure;

(iii) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;

(iv) The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;

(v) At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

Rule 138.
Authorities competent to purchase goods:
An authority which is competent to incur contingent expenditure may sanction the purchase of goods required for use in public service in accordance with Schedule V of the Delegation of Financial Powers Rules, 1978, following the general procedure contained in the following rules.

Rule 139.
Procurement of goods required on mobilisation:
Procurement of goods required on mobilisation and/or during the continuance of Military operations shall be regulated by special rules and orders issued by the Government on this behalf from time to time.

Rule 140.
Powers for procurement of goods:
The Ministries or Departments have been delegated full powers to make their own arrangements for procurement of goods. In case however, a Ministry or Department does not have the required expertise, it may project its indent to the Central Purchase Organisation (e.g. DGS&D) with the approval of competent authority. The indent form to be utilised for this purpose will be as per the standard form evolved by the Central Purchase Organisation.
Rule 141.

Rate Contract:
The Central Purchase Organisation (e.g. DGS&D) shall conclude rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and are needed on recurring basis by various Central Government Ministries or Departments.

Definition of Registered suppliers is given in Rule 142 below. The Central Purchase Organisation will furnish and update all the relevant details of the rate contracts in its web site. The Ministries or Departments shall follow those rate contracts to the maximum extent possible.

Rule 142.

Registration of Suppliers:
(i) With a view to establishing reliable sources for procurement of goods commonly required for Government use, the Central Purchase Organisation (e.g. DGS&D) will prepare and maintain item-wise lists of eligible and capable suppliers. Such approved suppliers will be known as "Registered Suppliers". All Ministries or Departments may utilise these lists as and when necessary. Such registered suppliers are prima facie eligible for consideration for procurement of goods through Limited Tender Enquiry. They are also ordinarily exempted from furnishing bid security along with their bids. A Head of Department may also register suppliers of goods which are specifically required by that Department or Office.
(ii) Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration.
(iii) The supplier(s) will be registered for a fixed period (between 1 to 3 years) depending on the nature of the goods. At the end of this period, the registered supplier(s) willing to continue with registration are to apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any time, provided they fulfil all the required conditions.
(iv) Performance and conduct of every registered supplier is to be watched by the concerned Ministry or Department. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration to any Government agency or for any ground which, in the opinion of the Government, is not in public interest.

Rule 143.

Enlistment of Indian Agents:
As per the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance, it is compulsory for Indian agents, who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with the Central Purchase Organisation (e.g. DGS&D). However, such enlistment is not equivalent to registration of suppliers as mentioned under Rule 142 above.

Rule 144.
Reserved Items:
The Central Government, through administrative instructions, has reserved all items of handspun and hand woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC).
It has also reserved all items of handloom textiles required by Central Government departments for exclusive purchase from KVIC and/or the notified handloom units of ACASH (Association of Corporations and Apex Societies of Handlooms). The Central Government has also reserved some items for purchase from registered Small Scale Industrial Units. The Central Departments or Ministries are to make their purchases for such reserved goods and items from such units as per the instructions issued by the Central Government in this regard.

Rule 145.
Purchase of goods without quotation:
Purchase of goods upto the value of Rs. 15,000/- (Rupees Fifteen Thousand) only on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority in the following format.
"I, ____________________, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

Rule 146.
Purchase of goods by purchase committee:
Purchase of goods costing above Rs. 15,000/- (Rupees Fifteen Thousand) only and upto Rs. 1,00,000/- (Rupees One lakh) only on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under.
"Certified that we ____________________, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question."

Rule 147.
Purchase of goods directly under rate contract:
(1) In case a Ministry or Department directly procures Central Purchase Organisation (e.g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other salient terms and conditions of the purchase should be in line with those specified in the rate contract. The Ministry or Department shall make its own arrangement for inspection and testing of such goods where required.

(2) The Central Purchase Organisation (e.g. DGS&D) should host the specifications, prices and other salient details of different rate contracted items, appropriately updated, on the web site for use by the procuring Ministry or Department.
Rule 148. A demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

Rule 149.  
**Purchase of goods by obtaining bids:**  
Except in cases covered under Rule 145, 146 and 147(1), Ministries or Departments shall procure goods under the powers referred to in Rule 140 above by following the standard method of obtaining bids in:  
(i) Advertised Tender Enquiry;  
(ii) Limited Tender Enquiry;  
(iii) Single Tender Enquiry.

Rule 150.  
**Advertised Tender Enquiry:**  
(i) Subject to exceptions incorporated under Rules 151 and 154, invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 25 lakh (Rupees Twenty Five Lakh) and above. Advertisement in such case should be given in the Indian Trade Journal (ITJ), published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily having wide circulation.  
(ii) An organisation having its own web site should also publish all its advertised tender enquiries on the web site and provide a link with NIC 60 web site. It should also give its web site address in the advertisements in ITJ and newspapers.  
(iii) The organisation should also post the complete bidding document in its web site and permit prospective bidders to make use of the document downloaded from the web site. If such a downloaded bidding document is priced, there should be clear instructions for the bidder to pay the amount by demand draft etc. along with the bid.  
(iv) Where the Ministry or Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or Department may send copies of the tender notice to the Indian embassies abroad as well as to the foreign embassies in India. The selection of the embassies will depend on the possibility of availability of the required goods in such countries.  
(v) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the department also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

Rule 151.  
**Limited Tender Enquiry:**  
(i) This method may be adopted when estimated value of the goods to be procured is up to Rupees Twenty-five Lakhs. Copies of the bidding document should be sent directly by speed post/registered post/courier/e-mail to firms which are borne on the
list of registered suppliers for the goods in question as referred under Rule 142 above. 
The number of supplier firms in Limited Tender Enquiry should be more than three. 
Further, web based publicity should be given for limited tenders. Efforts should be 
made to identify a higher number of approved suppliers to obtain more responsive 
bids on competitive basis.

(ii) Purchase through Limited Tender Enquiry may be adopted even where the 
estimated value of the procurement is more than Rupees twenty five Lakhs, in the 
following circumstances.

(a) The competent authority in the Ministry or Department certifies that the demand is 
urgent and any additional expenditure involved by not procuring through advertised 
tender enquiry is justified in view of urgency. The Ministry or Department should also 
put on record the nature of the urgency and reasons why the procurement could not be 
anticipated.
(b) There are sufficient reasons, to be recorded in writing by the competent authority, 
indicating that it will not be in public interest to procure the goods through advertised 
tender enquiry.
(c) The sources of supply are definitely known and possibility of fresh source(s) 
beyond those being tapped, is remote.

(iii) Sufficient time should be allowed for submission of bids in Limited Tender 
Enquiry cases.

**Rule 152.**
**Two bid system:**
For purchasing high value plant, machinery etc. of a complex and technical nature, 
bids may be obtained in two parts as under :-
(a) Technical bid consisting of all technical details alongwith commercial terms and 
conditions ; and

(b) Financial bid indicating item-wise price for the items mentioned in the technical 
bid.
The technical bid and the financial bid should be sealed by the bidder in separate 
covers duly superscribed and both these sealed covers are to be put in a bigger cover 
which should also be sealed and duly superscribed. The technical bids are to be 
opened by the purchasing Ministry or Department at the first instance and evaluated 
by a competent committee or authority. At the second stage financial bids of only the 
technically acceptable offers should be opened for further evaluation and ranking 
before awarding the contract.

**Rule 153.**
**Late Bids:**
In the case of advertised tender enquiry or limited tender enquiry, late bids (i.e. bids 
received after the specified date and time for receipt of bids) should not be 
considered.

**Rule 154.**
**Single Tender Enquiry:**
Procurement from a single source may be resorted to in the following circumstances :
(i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.

(ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.

(iii) For standardisation of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm.

Note : Proprietary Article Certificate in the following form is to be provided by the Ministry / Department before procuring the goods from a single source under the provision of sub Rule 154 (i) and 154 (iii) as applicable.

'(i) The indented goods are manufactured by
M/s…………………………
(ii) No other make or model is acceptable for the following reasons :
…………………………
…………………………
…………………………
(iii) Concurrence of finance wing to the proposal vide :
…………………..
(iv) Approval of the competent authority vide :…………………………
…………………………
…………………………

(Signature with date and designation
of the procuring officer)'

Rule 155.
Contents of Bidding Document:
All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters as below :-

Chapter – 1: Instructions to Bidders.
Chapter – 2: Conditions of Contract.
Chapter – 3: Schedule of Requirements.
Chapter – 4: Specifications and allied Technical Details.
Chapter – 5: Price Schedule(to be utilised by the bidders for quoting their prices).
Chapter – 6: Contract Form.
Chapter – 7: Other Standard Forms, if any, to be utilised by the purchaser and the bidders.

Rule 156.
Maintenance Contract:
Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the
supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

**Rule 157.**

**Bid Security:**

(i) To safeguard against a bidder’s withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except those who are registered with the Central Purchase Organisation, National Small Industries Corporation (NSIC) or the concerned Ministry or Department. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The exact amount of bid security, should be determined accordingly by the Ministry or Department and indicated in the bidding documents. The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the commercial banks in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

(ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract.

**Rule 158.**

**Performance Security:**

(i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status etc. Performance Security should be for an amount of five to ten per cent. of the value of the contract. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank in an acceptable form safeguarding the purchasers interest in all respects.

(ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.

(iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

**Rule 159.**

(1) **Advance payment to supplier:**
Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in the following types of cases:-

(i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.

(ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc. Such advance payments should not exceed the following limits:

(i) Thirty per cent. of the contract value to private firms;

(ii) Forty per cent. of the contract value to a State or Central Government agency or a Public Sector Undertaking; or

(iii) In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract. Ministries or Departments of the Central Government may relax, in consultation with their Financial Advisers concerned, the ceilings (including percentage laid down for advance payment for private firms) mentioned above. While making any advance payment as above, adequate safeguards in the form of bank guarantee etc. should be obtained from the firm.

2. **Part payment to suppliers:** Depending on the terms of delivery incorporated in a contract, part payment to the supplier may be released after it despatches the goods from its premises in terms of the contract.

**Rule 160.**

**Transparency, competition, fairness and elimination of arbitrariness in the procurement process:**

All government purchases should be made in a transparent, competitive and fair manner, to secure best value for money. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. Some of the measures for ensuring the above are as follows:-

(i) The text of the bidding document should be self-contained and comprehensive without any ambiguities. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the bidding document in simple language. The bidding document should contain, inter alia;

(a) The criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc.;

(b) Eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc which may required to be met by the successful bidder;

(c) The procedure as well as date, time and place for sending the bids;

(d) Date, time and place of opening of the bid;
(e) Terms of delivery;

(f) Special terms affecting performance, if any.

(ii) Suitable provision should be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/or rejection of its bid.

(iii) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.

(iv) The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.

(v) The bidders should be given reasonable time to send their bids.

(vi) The bids should be opened in public and authorised representatives of the bidders should be permitted to attend the bid opening.

(vii) The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry.

(viii) Pre-bid conference: In case of turn-key contract(s) or contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.

(ix) Criteria for determining responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding documents.

(x) Bids received should be evaluated in terms of the conditions already incorporated in the bidding documents; no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.

(xi) Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.

(xii) Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation against an ad-hoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder.
(xiii) In the rate contract system, where a number of firms are brought on rate contract for the same item, negotiation as well as counter offering of rates are permitted with the bidders in view and for this purpose special permission has been given to the Directorate General of Supplies and Disposals (DGS&D).

(xiv) Contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per the terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder.

(xv) The name of the successful bidder awarded the contract should be mentioned in the Ministries or Departments notice board or bulletin or web site

Rule 161.
Efficiency, Economy and Accountability in Public Procurement System:
Public procurement procedure is also to ensure efficiency, economy and accountability in the system. To achieve the same, the following keys areas should be addressed :-

(i) To reduce delay, appropriate time frame for each stage of procurement should be prescribed by the Ministry or Department. Such a time frame will also make the concerned purchase officials more alert.

(ii) To minimise the time needed for decision making and placement of contract, every Ministry / Department, with the approval of the competent authority, may delegate, wherever necessary, appropriate purchasing powers to the lower functionaries.

(iii) The Ministries or Departments should ensure placement of contract within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.

(iv) The Central Purchase Organisation (e.g. DGS&D) should bring into the rate contract system more and more common user items which are frequently needed in bulk by various Central Government departments. The Central Purchase Organisation (e.g. DGS&D) should also ensure that the rate contracts remain available without any break.

Rule 162.
Buy-Back Offer:
When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version, the department may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the
successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

II. PROCUREMENT OF SERVICES

Rule 163.
The Ministries or Departments may hire external professionals, consultancy firms or consultants (referred to as consultant hereinafter) for a specific job, which is well defined in terms of content and time frame for its completion or outsource certain services.

Rule 164.
This chapter contains the fundamental principles applicable to all Ministries or Departments regarding engagement of consultant(s) and outsourcing of services. Detailed instructions to this effect may be issued by the concerned Ministries or Departments. However, the Ministries or Departments shall ensure that they do not contravene the basic rules contained in this chapter.

Rule 165.
Identification of Work / Services required to be performed by Consultants:
Engagement of consultants may be resorted to in situations requiring high quality services for which the concerned Ministry/Department does not have requisite expertise. Approval of the competent authority should be obtained before engaging consultant(s).

Rule 166.
Preparation of scope of the required work / service:
The Ministries/Departments should prepare in simple and concise language the requirement, objectives and the scope of the assignment. The eligibility and pre-qualification criteria to be met by the consultants should also be clearly identified at this stage.

Rule 167.
Estimating reasonable expenditure:
Ministry or Department proposing to engage consultant(s) should estimate reasonable expenditure for the same by ascertaining the prevalent market conditions and consulting other organisations engaged in similar activities.

Rule 168.
Identification of likely sources:
(i) Where the estimated cost of the work or service is upto Rupees twenty-five lakhs, preparation of a long list of potential consultants may be done on the basis of formal or informal enquiries from other Ministries or Departments or Organisations involved in similar activities, Chambers of Commerce & Industry, Association of consultancy firms etc.
(ii) Where the estimated cost of the work or service is above Rupees twenty-five lakhs, in addition to (i) above, an enquiry for seeking ‘Expression of Interest’ from consultants should be published in at least one national daily and the Ministry's web site. The web site address should also be given in the advertisements. Enquiry for seeking Expression of Interest should include in brief, the broad scope of work or service, inputs to be provided by the Ministry or Department, eligibility and the pre-qualification criteria to be met by the consultant(s) and consultant’s past experience in similar work or service. The consultants may also be asked to send their comments on the objectives and scope of the work or service projected in the enquiry. Adequate time should be allowed for getting responses from interested consultants

Rule 169.
Short listing of consultants: On the basis of responses received from the interested parties as per Rule 168 above, consultants meeting the requirements should be short listed for further consideration. The number of short listed consultants should not be less than three.

Rule 170.
Preparation of Terms of Reference (TOR):
The TOR should include

(i) Precise statement of objectives;
(ii) Outline of the tasks to be carried out;
(iii) Schedule for completion of tasks;
(iv) The support or inputs to be provided by the Ministry or Department to facilitate the consultancy.
(v) The final outputs that will be required of the Consultant;

Rule 171.
Preparation and Issue of Request for Proposal (RFP):
The RFP is the document to be used by the Ministry / Department for obtaining offers from the consultants for the required work / service. The RFP should be issued to the short listed consultants to seek their technical and financial proposals. The RFP should contain:

(i) A letter of Invitation
(ii) Information to Consultants regarding the procedure for submission of proposal.
(iii) Terms of Reference (TOR).
(iv) Eligibility and pre-qualification criteria incase the same has not been ascertained through Enquiry for Expression of Interest.
(v) List of key position whose CV and experience would be evaluated.
(vi) Bid evaluation criteria and selection procedure.
(vii) Standard formats for technical and financial proposal.
(viii) Proposed contract terms.
(ix) Procedure proposed to be followed for midterm review of the progress of the work and review of the final draft report.

Rule 172.
Receipt and opening of proposals:
Proposals should ordinarily be asked for from consultants in ‘Two-bid’ system with technical and financial bids sealed separately. The bidder should put these two sealed envelops in a bigger envelop duly sealed and submit the same to the Ministry or Department by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Ministry or Department at the specified date, time and place.

**Rule 173.**
**Late Bids:**
Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

**Rule 174.**
**Evaluation of Technical Bids:**
Technical bids should be analysed and evaluated by a Consultancy Evaluation Committee (CEC) constituted by the Ministry or Department. The CEC shall record in detail the reasons for acceptance or rejection of the technical proposals analysed and evaluated by it.

**Rule 175.**
**Evaluation of Financial Bids of the technically qualified bidders:**
The Ministry or Department shall open the financial bids of only those bidders who have been declared technically qualified by the Consultancy Evaluation Committee as per

**Rule 174**
Above for further analysis or evaluation and ranking and selecting the successful bidder for placement of the consultancy contract.

**Rule 176.**
**Consultancy by nomination:**
Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.

**Rule 177.**
**Monitoring the Contract:**
The Ministry / Department should be involved throughout in the conduct of consultancy, preferably by taking a task force approach and continuously monitoring the performance of the consultant(s) so that the output of the consultancy is in line with the Ministry /Department’s objectives.
OUTSOURCING OF SERVICES

Rule 178.
Outsourcing of Services:
A Ministry or Department may outsource certain services in the interest of economy and efficiency and it may prescribe detailed instructions and procedures for this purpose without, however, contravening the following basic guidelines.

Rule 179.
Identification of likely contractors:
The Ministry or Department should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other Ministries or Departments and Organisations involved in similar activities, scrutiny of ‘Yellow pages’, and trade journals, if available, web site etc.

Rule 180.
Preparation of Tender enquiry:
Ministry or Department should prepare a tender enquiry containing, inter alia:

(i) The details of the work or service to be performed by the contractor;
(ii) The facilities and the inputs which will be provided to the contractor by the Ministry or Department;
(iii) Eligibility and qualification criteria to be met by the contractor for performing the required work / service; and
(iv) The statutory and contractual obligations to be complied with by the contractor.

Rule 181.
Invitation of Bids:
(a) For estimated value of the work or service upto Rupees ten lakhs or less : The Ministry or Department should scrutinise the preliminary list of likely contractors as identified as per Rule 179 above, decide the prima facie eligible and capable contractors and issue limited tender enquiry to them asking for their offers by a specified date and time etc. as per standard practice. The number of the contractors so identified for issuing limited tender enquiry should not be less than six.

(b) For estimated value of the work or service above Rupees ten lakhs: The Ministry or Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and web site of the Ministry or Department.

Rule 182.
Late Bids:
Late bids i.e. bids received after the specified date and time of receipt, should not be considered.

Rule 183.
Evaluation of Bids Received:
The Ministry or Department should evaluate, segregate, rank the responsive bids and select the successful bidder for placement of the contract.

**Rule 184.**
**Outsourcing by Choice:**
Should it become necessary, in an exceptional situation to outsource a job to a specifically chosen contractor, the Competent Authority in the Ministry or Department may do so in consultation with the Financial Adviser. In such cases the detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve shall form an integral part of the proposal.

**Rule 185.**
**Monitoring the Contract:**
The Ministry or Department should be involved throughout in the conduct of the contract and continuously monitor the performance of the contractor.

**CHAPTER - 7**
**INVENTORY MANAGEMENT**

**Rule 186.**
This chapter contains the basic rules applicable to all Ministries or Departments regarding inventory management. Detailed instructions and procedures relating to
inventory management may be prescribed by various Ministries or Departments broadly in conformity with the basic rules contained in this chapter.

**Rule 187.**

**Receipt of goods and materials from private suppliers:**

(1) While receiving goods and materials from a supplier, the officer–in-charge of stores should refer to the relevant contract terms and follow the prescribed procedure for receiving the materials.

(2) All materials shall be counted, measured or weighed and subjected to visual inspection at the time of receipt to ensure that the quantities are correct, the quality is according to the required specifications and there is no damage or deficiency in the materials. Technical inspection where required should be carried out at this stage by Technical Inspector or Agency approved for the purpose. An appropriate receipt, in terms of the relevant contract provisions may also be given to the supplier on receiving the materials.

(3) Details of the material so received should thereafter be entered in the appropriate stock register. The officer-in-charge of stores should certify that he has actually received the material and recorded it in the appropriate stock registers.

**Rule 188.**

**Receipt / issue of goods and materials from internal divisions of the same organisation:**

(1) The indenting officer requiring goods and materials from internal division(s) of the same organisation should project an indent in the prescribed form for this purpose. While receiving the supply against the indent, the indenting officer shall examine, count, measure or weigh the materials as the case may be, to ensure that the quantities are correct, the quality is in line with the required specifications and there is no damage or deficiency in the materials. An appropriate receipt shall also be given to this effect by the indenting officer to the division sending the materials.

(2) In the case of issue of materials from stock for departmental use, manufacture, sale, etc., the Officer-in-charge of the stores shall see that an appropriate indent, in the prescribed form has been projected by the indenting officer. A written acknowledgement of receipt of material issued shall be obtained from the indenting officer or his authorised representative at the time of issue of materials.

(3) In case of materials issued to a contractor, the cost of which is recoverable from the contractor, all relevant particulars, including the recovery rates and the total value chargeable to the contractor should be got acknowledged from the contractor duly signed and dated.

(4) If the Officer-in-charge of the stores is unable to comply with the indent in full, he should make the supply to the extent available and make suitable entry to this effect in the indentor’s copy of the indent. In case alternative materials are available in lieu of the indented materials, a suitable indication to this effect may be made in the document.

**Rule 189.**
Custody of goods and materials:
The officer-in-charge of stores having custody of goods and materials, especially valuable and / or combustible articles, shall take appropriate steps for arranging their safe custody, proper storage accommodation, including arrangements for maintaining required temperature, dust free environment etc.

Rule 190.
Lists and Accounts:
(1) The Officer-in-charge of stores shall maintain suitable item-wise lists and accounts and prepare accurate returns in respect of the goods and materials in his charge making it possible at any point of time to check the actual balances with the book balances. The form of the stock accounts mentioned above shall be determined with reference to the nature of the goods and materials, the frequency of the transactions and the special requirements of the concerned Ministries / Departments.

(2) Separate accounts shall be kept for (i) Fixed Assets such as plant, machinery, equipment, furniture, fixtures etc. in the Form GFR - 40.

(ii) Consumables such as office stationery, chemicals, maintenance spare parts etc. in the Form GFR - 41.

(iii) Library books in the Form GFR 35.

(iv) Assets of historical / artistic value held by museum / government departments in the Form GFR - 42.

Note: These forms can be supplemented with additional details by Ministries / Departments as required.

Rule 191.
Hiring out of Fixed Assets:
When a fixed asset is hired to local bodies, contractors or others, proper record should be kept of the assets and the hire and other charges as determined under rules prescribed by the competent authority, should be recovered regularly. Calculation of the charges to be recovered from the local bodies, contractors and others as above should be based on the historical cost.

Rule 192.
(1) Physical verification of Fixed Assets:
The inventory for fixed assets shall ordinarily be maintained at site. Fixed assets should be verified at least once in a year and the outcome of the verification recorded in the corresponding register. Discrepancies, if any, shall be promptly investigated and brought to account.

(2) Verification of Consumables:
A physical verification of all the consumable goods and materials should be undertaken at least once in a year and discrepancies, if any, should be recorded in the stock register for appropriate action by the competent authority.
(3) Procedure for verification:
(i) Verification shall always be made in the presence of the officer, responsible for the custody of the inventory being verified.

(ii) A certificate of verification alongwith the findings shall be recorded in the stock register.
(iii) Discrepancies, including shortages, damages and unserviceable goods, if any, identified during verification, shall immediately be brought to the notice of the competent authority for taking appropriate action in accordance with provision given in Rule 33 to 38.

Rule 193.
Buffer Stock:
Depending on the frequency of requirement and quantity thereof as well as the pattern of supply of a consumable material, optimum buffer stock should be determined by the competent authority. Note : As the inventory carrying cost is an expenditure that does not add value to the material being stocked, a material remaining in stock for over a year shall generally be considered surplus, unless adequate reasons to treat it otherwise exist.

Rule 194.
Physical verification of Library books:
(i) Complete physical verification of books should be done every year in case of libraries having not more than twenty thousand volumes. For libraries having more than twenty thousand volumes and upto fifty thousand volumes, such verification should be done at least once in three years. Sample physical verification at intervals of not more than three years should be done in case of libraries having more than fifty thousand volumes. In case such a verification reveals unusual or unreasonable shortages, complete verification shall be done.

(ii) Loss of five volumes per one thousand volumes of books issued / consulted in a year may be taken as reasonable provided such losses are not attributable to dishonesty or negligence. However, loss of a book of a value exceeding Rs. 1,000/- (Rupees One thousand only) and rare books irrespective of value shall invariably be investigated and appropriate action taken.

Rule 195.
Transfer of charge of goods, materials etc.:
In case of transfer of Officer-in-charge of the goods, materials etc., the transferred officer shall see that the goods or material are made over correctly to his successor. A statement giving all relevant details of the goods, materials etc., in question shall be prepared and signed with date by the relieving officer and the relieved officer. Each of these officers will retain a copy of the signed statement.

Rule 196.
Disposal of Goods:
(i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the Ministry or Department. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.

(ii) The competent authority may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.

(iii) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should also be worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question may be utilised. A report of stores for disposal shall be prepared in Form GFR - 17.

(iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Government servant, responsibility for the same should be fixed.

**Rule 197.**

**Modes of Disposal:**

(i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two Lakh should be disposed of by:
   a) Obtaining bids through advertised tender or
   b) Public auction.

(ii) For surplus or obsolete or unserviceable goods with residual value less than Rupees Two Lakh, the mode of disposal will be determined by the competent authority, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and, also, deterioration in value of goods to be disposed of.

(iii) Certain surplus or obsolete or unserviceable goods such as expired medicines, food grain, ammunition etc., which are hazardous or unfit for human consumption, should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and / or environmental pollution and also the possibility of misuse of such goods.

(iv) Surplus or obsolete or unserviceable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of / destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

**Rule 198.**

**Disposal through Advertised Tender:**

(i) The broad steps to be adopted for this purpose are as follows:
   a) Preparation of bidding documents.
   b) Invitation of tender for the surplus goods to be sold.
   c) Opening of bids.
   d) Analysis and evaluation of bids received.
   e) Selection of highest responsive bidder.
f) Collection of sale value from the selected bidder.
g) Issue of sale release order to the selected bidder.
h) Release of the sold surplus goods to the selected bidder.
i) Return of bid security to the unsuccessful bidders.

(ii) The important aspects to be kept in view while disposing the goods through advertised tender are as under:

(a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes, as relevant, should be clearly stated in the document.

(b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.

(c) The bidders should be asked to furnish bid security along with their bids. The amount of bid security should ordinarily be ten per cent. of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.

(d) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counter-offered to the next highest responsive bidder(s).

(e) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.

(f) Full payment, i.e. the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.

(g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.

(iii) Late bids i.e. bids received after the specified date and time of receipt should not be considered.

**Rule 199.**

**Disposal through Auction:**

(i) A Ministry or Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.

(ii) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be
auctioned and their location, applicable terms and conditions of the sale etc. should be
given wide publicity in the same manner as is done in case of advertised tender.

(iii) While starting the auction process, the condition and location of the goods to be
auctioned, applicable terms and conditions of sale etc., (as already indicated earlier
while giving vide publicity for the same), should be announced again for the benefit
of the assembled bidders.

(iv) During the auction process, acceptance or rejection of a bid should be announced
immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less
than twenty-five per cent. of the bid value) should immediately be taken on the spot
from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt
(DACR), drawn in favour of the Ministry or Department selling the goods. The goods
should be handed over to the successful bidder only after receiving the balance
payment.

(v) The composition of the auction team will be decided by the competent authority.
The team should however include an officer of the Internal Finance Wing of the
department.

Rule 200.
Disposal at scrap value or by other modes:
If a Ministry or Department is unable to sell any surplus or obsolete or unserviceable
item in spite of its attempts through advertised tender or auction, it may dispose off
the same at its scrap value with the approval of the competent authority in
consultation with Finance division. In case the Ministry or Department is unable to
sell the item even at its scrap value, it may adopt any other mode of disposal including
destruction of the item in an eco-friendly manner.

Rule 201.
A sale account should be prepared for goods disposed of in Form GFR 18 duly signed
by the officer who supervised the sale or auction.

Rule 202.
(1) Powers to write off:
All profits and losses due to revaluation, stock-taking or other causes shall be duly
recorded and adjusted where necessary. Formal sanction of the competent authority
shall be obtained in respect of losses, even though no formal correction or adjustment
in government accounts is involved. Power to write off of losses are available under

(2) Losses due to depreciation:
Losses due to depreciation shall be analyzed, and recorded under following heads, as
applicable:-
(i) normal fluctuation of market prices;
(ii) normal wear and tear;
(iii) lack of foresight in regulating purchases; and
(iv) negligence after purchase.

(3) Losses not due to depreciation:
Losses not due to depreciation shall be grouped under the following heads:-
(i) Losses due to theft or fraud;
(ii) Losses due to neglect;
(iii) Anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
(iv) Losses due to damage, and
(v) Losses due to extra ordinary situations under ‘Force Majeure’ conditions like fire, flood, enemy action, etc.;

CHAPTER - 8
CONTRACT MANAGEMENT

Rule 203.
(1) All contracts shall be made by an authority empowered to do so by or under the orders of the President in terms of Article 299 (1) of the Constitution of India.

(2) All the contracts and assurances of property made in the exercise of the executive power of the Union shall be executed on behalf of the President. The words “for and on behalf of the President of India” should follow the designation appended below the signature of the officer authorized in this behalf.

Note 1: The various classes of contracts and assurances of property, which may be executed by different authorities, are specified in the Notifications issued by the Ministry of Law from time to time.

Note 2: The powers of various authorities, the conditions under which such powers should be exercised and the general procedure prescribed with regard to various classes of contracts and assurances of property are laid down in Rule 21 of the Delegation of Financial Powers Rules, 1978.

Rule 204.
**General principles for contract:**
The following general principles should be observed while entering into contracts:

(i) The terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability, except in the case of a cost plus contract or where there is a price variation clause in the contract.

(ii) Standard forms of contracts should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice.

(i) In cases where standard forms of contracts are not used, legal and financial advice should be taken in drafting the clauses in the contract.

(iv) (a) A Ministry or Department may, at its discretion, make purchases of value up to Rupees one lakh by issuing purchase orders containing basic terms and conditions:

(b) In respect of Works Contracts, or Contracts for purchases valued between Rupees one lakh to Rupees ten lakhs, where tender documents include the General Conditions of Contract (GCC), Special Conditions of Contract (SCC) and scope of work, the letter of acceptance will result in a binding contract.

(c) In respect of contracts for works with estimated value of Rupees ten lakhs or above or for purchase above Rupees ten lakhs, a Contract document should be executed, with all necessary clauses to make it a self-contained contract. If however, these are preceded by Invitation to Tender, accompanied by GCC and SCC, with full details of scope and specifications, a simple one page contract can be entered into by attaching copies of the GCC and SCC, and details of scope and specifications, Offer of the Tenderer and Letter of Acceptance.

(d) Contract document should be invariably executed in cases of turnkey works or agreements for maintenance of equipment, provision of services etc.

(v) No work of any kind should be commenced without proper execution of an agreement as given in the foregoing provisions.

(vi) Contract document, where necessary, should be executed within 21 days of the issue of letter of acceptance. Non-fulfilment of this condition of executing a contract by the Contractor or Supplier would constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit.

(vii) Cost plus contracts should ordinarily be avoided. Where such contracts become unavoidable, full justification should be recorded before entering into the contract. Where supplies or special work covered by such cost plus contracts have to continue over a long duration, efforts should be made to convert future contracts on a firm price basis after allowing a reasonable period to the suppliers/contractors to stabilize their production /execution methods and processes. Explanation : A cost plus contract means a contract in which the price payable for supplies or services under the contract is
determined on the basis of actual cost of production of the supplies or services concerned plus profit either at a fixed rate per unit or at a fixed percentage on the actual cost of production.

(viii) (a) Price Variation Clause can be provided only in long-term contracts, where the delivery period extends beyond 18 months. In short-term contracts firm and fixed prices should be provided for. Where a price variation clause is provided, the price agreed upon should specify the base level viz, the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year.

(b) A formula for calculation of the price variations that have taken place between the Base level and the Scheduled Delivery Date should be included in this clause. The variations are calculated by using indices published by Governments or Chambers of Commerce periodically. An illustrative formula has been appended to these rules at Appendix -15 for guidance.

(c) The Price variation clause should also specify cut off dates for material and labour, as these inputs taper off well before the scheduled Delivery Dates.

(d) The price variation clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both. The buyer should ensure a provision in the contract for benefit of any reduction in the price in terms of the price variation clause being passed on to him.

(e) The clause should also stipulate a minimum percentage of variation of the contract price above which price variations will be admissible (e.g. where resultant increase is lower than two per cent. no price adjustment will be made in favour of the supplier).

(f) Where advance or stage payments are made there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment.

(g) Where deliveries are accepted beyond the scheduled Delivery Date subject to levy of liquidated damages as provided in the Contract, the liquidated damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price variation clause.

(h) No price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier.

(i) Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by Government.

(j) Where contracts are for supply of equipment, goods etc, imported (subject to customs duty and foreign exchange fluctuations) and / or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated, along with the
selling rate of foreign exchange element taken into account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and Foreign exchange rates and the documents to be produced in support of claims for such variations, should also be stipulated in the Contract.

(k) The clause should also contain the mode and terms of payment of the price variation admissible.

(ix) Contracts should include provision for payment of all applicable taxes by the contractor or supplier.

(x) “Lumpsum’ contracts should not be entered into except in cases of absolute necessity. Where lumpsum contracts become unavoidable, full justification should be recorded. The contracting authority should ensure that conditions in the lumpsum contract adequately safeguard and protect the interests of the Government.

(xi) Departmental issue of materials should be avoided as far as possible. Where it is decided to supply materials departmentally, a schedule of quantities with the issue rates of such material as are required to execute the contract work, should form an essential part of the contract.

(xii) (a) In contracts where government property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding government property (including insurance cover) and for recovery of hire charges regularly, should be included in the contracts.

(b) Provision should be made in the contract for periodical physical verification of the number and the physical condition of the items at the contractors premises. Results of such verification should be recorded and appropriate penal action taken where necessary.

(xiii) Copies of all contracts and agreements for purchases of the value of Rupees Twenty-five Lakhs and above, and of all rate and running contracts entered into by civil departments of the Government other than the departments like the Directorate General of Supplies and Disposals for which a special audit procedure exists, should be sent to the Audit Officer and/or the Accounts officer as the case may be.

(xiv) (a) The terms of a contract, including the scope and specification once entered into, should not be materially varied.

(b) Wherever material variation in any of the terms or conditions in a contract becomes unavoidable, the financial and other effects involved should be examined and recorded and specific approval of the authority competent to approve the revised financial and other commitments obtained, before varying the conditions.

(c) All such changes should be in the form of an amendment to the contract duly signed by all parties to the contract. (xv) Normally no extensions of the scheduled delivery or completion dates should be granted except where events constituting force majeure, as provided in the contract, have occurred or the terms and conditions include such a provision for other reasons. Extensions as provided in the contract may
be allowed through formal amendments to the contract duly signed by parties to the contract.

(xvi) All contracts shall contain a provision for recovery of liquidated damages for defaults on the part of the contractor.

(xvii) A warranty clause should be incorporated in every contract, requiring the supplier to, without charge, repair or rectify defective goods or to replace such goods with similar goods free from defect. Any goods repaired or replaced by the supplier shall be delivered at the buyers premises without costs to the buyer.

(xviii) All contracts for supply of goods should reserve the right of Government to reject goods which do not conform to the specifications.

Rule 205.
Management of Contracts:
(1) Implementation of the contract should be strictly monitored and notices issued promptly whenever a breach of provisions occur.

(2) Proper procedure for safe custody and monitoring of Bank Guarantees or other Instruments should be laid down. Monitoring should include a monthly review of all Bank Guarantees or other instruments expiring after three months, alongwith a review of the progress of supply or work. Extensions of Bank Guarantees or other instruments, where warranted, should be sought immediately.

(3) Wherever disputes arise during implementation of a contract, legal advice should be sought before initiating action to refer the dispute to conciliation and/or arbitration as provided in the contract or to file a suit where the contract does not include an arbitration clause. The draft of the plaint for arbitration should be got vetted by obtaining legal and financial advice. Documents to be filed in the matter of resolution of dispute, if any, should be carefully scrutinized before filing to safeguard government interest.

APPENDIX - 3
[ See Note below Rule 48 ]
INSTRUCTIONS FOR PREPARATION OF DETAILED ESTIMATES OF EXPENDITURE FROM THE CONSOLIDATED FUND

1. For purpose of Budget Estimates, expenditure from the Consolidated Fund falls in two categories - Non-Plan expenditure and Plan expenditure –each comprising expenditure on revenue account and on capital account including loans and advances.

A. NON-PLAN EXPENDITURE ESTIMATES
2. To facilitate appropriate scrutiny and consolidation of Expenditure Estimates for reporting to the Finance Ministry, the Financial Adviser in each Ministry / Department will obtain detailed estimates and other supporting data from each
of the estimating authorities under the control of the Ministry / Department, in appropriate forms, sufficiently in advance.

3. The framing of the Revised Estimates for the current year should always precede estimation for the ensuing year. The Revised Estimates should be framed with great care to include only those items which are likely to materialize for payment during the current year, in the light of (i) actuals so far recorded during the current year, compared with the actuals for corresponding period of the last and previous years, (ii) seasonal character or otherwise of the nature of expenditure, (iii) sanctions for expenditure and orders of appropriation of re-appropriation already issued or contemplated and (iv) any other relevant factor, decision or development. The Budget Estimate for the ensuing year should likewise be prepared on the basis of what is expected to be paid, under proper sanction, during the ensuring year, including arrears of previous years, if any. Due attention to considerations of economy must be paid and while all inescapable and foreseeable expenditures should be provided for, care should be taken that the estimate is not influenced by undue optimism.

4. No lump sum provision will be made in the Budget except where urgent measures are to be provided for meeting emergent situations or for meeting preliminary expenses on a project / scheme which has been accepted in principle for being taken up in the financial year. In latter cases Budget provision will be limited to the requirements of preliminary expenses and for such initial outlay, as, for example, on collection of material, recruitment of skeleton staff, etc. Provision for a 'token' demand should not be made in the Budget Estimates for the purpose of seeking approval in principle for big schemes without the full financial implications being worked out and got approved by the appropriate authorities. In accordance with instructions contained in Paragraph (vii) of Appendix (6), a 'token' demand can be made during the course of a year for a project / scheme when the details thereof are ready and funds are also available for undertaking it but it cannot be started without Parliament's approval, it being in the nature of a 'New Service / New Instrument of Services'.

5. All estimates should be prepared on gross basis and 'voted' and 'charged' portions must be shown separately; even expenditure met partly or fully from receipts taken in reduction of such expenditure or those counterbalanced by receipts credited as revenue to the Consolidated Fund, must be reported in such estimates on gross basis. Care should also be taken to ensure that all notional receipts reported in 'Receipt Estimates' (such as interest receipts fully or partly subsidized, loan repayment receipts partly or fully refinanced through further loans or conversions into equity, receipts of foreign grant assistance in the form of commodities or material, etc.) are properly matched by adequate provisions in expenditure estimates.

6. The estimates of Non-Plan expenditure should include all items which are fully accounted for in the accounts of the Ministry / Departments to which the estimating authority is subordinate; they shall also cover expenditure, if any, in Union Territories without Legislature, whether provided for in the demands
of the said Ministry / Department or in the 'Area' demand of the concerned Union Territory. Estimates of 'Works Expenditure', if any, against the provisions in the demands of the Ministry of Urban Development, as well as expenditure on pensions (including commutation payments, gratuity payments, pension contributions, etc.) interest payments, loans and advances to Government servants, etc., which are provided for in the centralized Grants / Appropriations controlled by the Finance Ministry should be furnished to the Ministry of Urban Development and the Finance Ministry.

7. The estimate of establishment charges should be framed taking into account the trends over preceding three years and other relevant factors like changes in rates of pay, allowances, number of posts and their filling and the economy instructions issued by the Ministry of Finance from time to time.

8. Expenditure estimates will be prepared with full accounts classification, i.e., by Major/Sub-Major Head, Minor Head, Sub-Head and Detailed Head and Object Head of Account. The correctness of accounts classification must be ensured in each case an in case of any doubt, cleared beforehand with the Ministry of Finance, Budget Division/CGA. The relevant Grant number and title of Appropriation should also be mentioned to facilitate identification of the provision in Budget Estimates for the current year.

9. Unless otherwise indicated by the Finance Ministry, estimates of Non-Plan expenditure (both Revised Estimates for the current year and Budget 140 Estimates for the ensuing year) should reach the Finance Ministry, Department of Economic Affairs, Budget Division, by the date prescribed by the Ministry of Finance, each year, in triplicate in Form GFR 7, a separate form being used for each Major Head of Account.

10. To facilitate appreciation and scrutiny of the estimates, any major variations between the Budget and Revised Estimates for the current year and also between the Revised Estimates for the current year and Budget Estimates for the ensuing year should be explained cogently. In particular, all Non-Plan provisions for subsidy, capital investment or loan to a Public Sector Undertaking, must be explained by indicating their purpose and the extent to which they are intended to cover losses, working capital needs, debt or interest liabilities of the undertaking.

11. Wherever the proposed estimates attract the limitations of 'New Service/New Instrument of Service', the fact must be specifically highlighted. The guidelines to be followed in this regard are indicated in Annexure - I to this Appendix. For all 'new' schemes, other than purely 'works' projects, the estimates proposed should be supported by details set out in Annexure - II to this Appendix. In the case of provisions of 'Grants-in-aid' to non-Government entities, the full purpose thereof and the nature of the grants, whether recurring or nonrecurring, should also be indicated.

12. All provisions for transfer of Government assets to Public Sector Undertaking and other non-Government entities must also be highlighted, indicating whether the transfer is by way of grants or by way of equity investment or
loan. Similarly, in the case of nationalization or take-over of any private sector assets, the related provisions in estimates must be supported by full details, such as the effective date of take-over, the agreed compensation amount and the manner of its payment, etc. In cases of takeover, where the assets are simultaneously transferred to a Public Sector Undertaking, it must be ensured that the estimates provide for (i) payment of compensation for the take-over, (ii) for transfer of assets to the Public Sector Undertaking, by means of recovery of compensation payment to be taken in reduction of expenditure, and (iii) provisions for equity or loan to the Public Sector Undertaking.
B. PLAN EXPENDITURE ESTIMATES

13. The Planning Commission prescribe each year the form and the manner in which proposals are required to be submitted to them for determining the Plan allocations for the ensuing year. The Financial Adviser in each Ministry / Department of the Central Government will accordingly call for requisite data from the estimating authorities, public sector and other enterprises under the control of the Ministry / Department, etc. The approved Plan allocations will be communicated by the Planning Commission to the Central Ministries / Departments, indicating the total Plan outlay approved for each scheme / organization and the extent to which it is to be met from extra-budget resources and from provisions in the Demands for Grants.

14. Subject to such directions as may be issued by the Finance Ministry from time to time, the Revised Estimates for the current year and Budget Estimates of the ensuing year, in respect of Plan provisions, are to be sent to the Finance Ministry in Form GFR 7. For furnishing these estimates, instructions for preparation and submission of Non-Plan Expenditure Estimates will apply to the extent relevant; in addition, the following points should also be borne in mind :-

(i) Such part of the approved budgetary support for Plan outlay as relates to 'works expenditure' and has been accepted by the Ministry of Urban Development for inclusion in their Demands for Grants should be excluded by the other Ministries / Departments in reporting the estimates to the Finance Ministry in Form GFR 7.

(ii) In the case of Plan, provisions for equity investments and loans to public sector and other enterprises, as well as those for grants-in-aid, specific schemes, for which the outlay is provided and the extent for each of them is also to be indicated clearly.

(iii) Provisions for Plan expenditure on Central and Centrally Sponsored Plan Schemes, including such expenditures in Union Territories, are to be included in the relevant demand of the Administrative Ministry / Department and not in 'Area' Demand of the concerned Union Territory.

FORM GFR 7

[See Paragraph 9 of Appendix - 3]

Statement of proposals for pre-Budget discussion Demand No.
(in crores of Rupees)

Part A-Non-Plan items

Sl. Description as Actuals Actuals B.E. Actuals upto R.E. B.E No. shown in the --------
------------- (current September (of (current (next Exp.Bud.Vol.2(SBE) For the last two year) current year) year) year) Preceding yeas1 2 3 4 5 6 7 8
Note: Salary component under any particular item may be indicated separately within brackets.

**Part B-Plan Items**

Sl. Description as Actuals Actuals B.E. Actuals upto R.E. B.E No. shown in the --------- (current September (of current (next Exp.Bud.Vol.2(SBE) For the last two year) current year) year) year) Preceding years 1 2 3 4 5 6 7 8

Note: Salary component under any particular items may be indicated separately within brackets.

**Part C-Object headwise summary of Non-Plan estimates** Sl. Object head Actuals Actuals B.E. Actuals upto R.E. B.E No. ----------------- (current September (of current (next For the last two year) current year) year) year)
Maintaining Contractors Bio-Data / Ranking

Contractor’s Bio Data and Ranking is very much useful to ascertain Good and Eligible contractors, so that work may not hamper bad practices of the contractor and to ensure Good Quality of work. Also it helps to keep watch on the performance of the contractor.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Items</th>
<th>Performance parameters</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Contractual information</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Name of the Contractor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Class of contractor and validity of the registration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Estimated cost of the work</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Cost put to tender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Accepted tender cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Contractual date of the Commencement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Actual date of the Commencement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Contractual date of the Completion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Actual date of the completion</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Delay in Commencement of the works(in days)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Delay in Completion of the works(in days)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Items</th>
<th>Performance parameters</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Signing of the Agreement</td>
<td>Promptly: within contractual requirement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delayed but within a weeks delay</td>
<td>Delay beyond seven days up to thirty days</td>
</tr>
<tr>
<td>2</td>
<td>Submission of the bank guarantee</td>
<td>Promptly: within contractual requirement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delayed but within seven days delay</td>
<td>Delay beyond seven days up to thirty days</td>
</tr>
<tr>
<td>3</td>
<td>Insurances</td>
<td>Promptly: within contractual requirement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delayed but within seven days delay</td>
<td>Delay beyond seven days up to thirty days</td>
</tr>
<tr>
<td>4</td>
<td>Workman compensation policy</td>
<td>Promptly: within contractual requirement</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Delayed but within seven days delay</td>
<td>Delay beyond seven days up to thirty days</td>
</tr>
<tr>
<td>5</td>
<td>Billing in proper format with</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Sr. No</td>
<td>Items</td>
<td>Performance parameters</td>
<td>Remarks</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------------------------------------</td>
<td>----------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>all supporting documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Items</th>
<th>Performance parameters</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Progress of work</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Mobilization i) Technical manpower</td>
<td>More than Contractual requirement 10</td>
<td>As per contract Insufficient Just deployed on stringent follow up</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) Technical manpower</td>
<td>More than Contractual requirement 10</td>
<td>As per contract Insufficient Just deployed on stringent follow up</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii) Machinery</td>
<td>More than Contractual requirement 10</td>
<td>As per contract Insufficient Just deployed on stringent follow up</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii) Setting of site laboratory and site office</td>
<td>Yes. With full set up Yes. But partialy set up No</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Submit the schedule/ Bar Chart</td>
<td>Within stipulated time</td>
<td>Delayed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Physical progress of the work</td>
<td>Ahead schedule as indicated in the bar chart</td>
<td>As per schedule Behind schedule Could never achieve the schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Financial progress of the work</td>
<td>Ahead schedule</td>
<td>As per schedule Behind schedule Could never achieve the schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Site visits of owner</td>
<td>Regular</td>
<td>Once a week Once a month No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Billing as per Physical progress</td>
<td>Within 30 days</td>
<td>Within 30 days to 60 days Within 60 to 90 days Beyond 90 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Items</th>
<th>Performance parameters</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Performance at Quality of the works</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Quality of the Material brought to site</td>
<td>Excellent</td>
<td>Not as per specifications</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Quality of workmanship</td>
<td>Excellent</td>
<td>Not as per specifications i.e. Reduced rates adopted</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Technical manpower deployed at site</td>
<td>More than Contractual requirement 10</td>
<td>As per contract Insufficient Nil</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Deployment of machinery/equipments</td>
<td>More than Contractual requirement 10</td>
<td>As per contract Insufficient Just deployed On stringent follow up</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr. No</td>
<td>Items</td>
<td>Performance parameters</td>
<td>Remarks</td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------------------------------------</td>
<td>-----------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>4</td>
<td>Contractor obeying the instructions</td>
<td>Always 10</td>
<td>Some times</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Casually obeys</td>
<td>Never</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Quality control tests</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-5</td>
</tr>
<tr>
<td></td>
<td>If Yes, Frequency of the tests conducted by the agency</td>
<td>More than the requirements of Standard specifications/BIS/MO</td>
<td>As per the requirements of standard specifications/BIS/MO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-5</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Completion of the work in time/Handing over</td>
<td>Completed ahead schedule</td>
<td>Completed as per schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4</td>
<td>-4</td>
</tr>
<tr>
<td></td>
<td>Handing over of site in time with proper cleanliness</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-5</td>
</tr>
<tr>
<td></td>
<td>Disputes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Arbitration or any court cases in respect of this contract.</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>-5</td>
</tr>
<tr>
<td>2</td>
<td>Do the contractor have an attitude to find out loops in contract and exploit the same to generate any extra items or to take a plea in the delay in completion of the works.</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>3</td>
<td>-5</td>
</tr>
<tr>
<td></td>
<td>Part of work not completed by the agency</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>2</td>
<td>-5</td>
</tr>
</tbody>
</table>

**Annexure - 5**

*Measurement Book*
<table>
<thead>
<tr>
<th>PER</th>
<th>RATE</th>
<th>TENDERED</th>
<th>PREPAID</th>
<th>CURRENT</th>
<th>UPTO DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cu.m</td>
<td>95.00</td>
<td>13800.00</td>
<td>0.00</td>
<td>8736.45</td>
<td>8736.45</td>
</tr>
<tr>
<td>Cu.m</td>
<td>94.00</td>
<td>13049.00</td>
<td>0.00</td>
<td>8736.45</td>
<td>8736.45</td>
</tr>
<tr>
<td>Cu.m</td>
<td>106.00</td>
<td>848.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cu.m</td>
<td>3550</td>
<td>3552.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cu.m</td>
<td>105.00</td>
<td>105.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cu.m</td>
<td>298.00</td>
<td>298.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cu.m</td>
<td>258.00</td>
<td>35840.00</td>
<td>0.00</td>
<td>2263.40</td>
<td>2263.40</td>
</tr>
<tr>
<td>Cu.m</td>
<td>301.00</td>
<td>10535.00</td>
<td>0.00</td>
<td>1405.60</td>
<td>1405.60</td>
</tr>
<tr>
<td>Cu.m</td>
<td>368.00</td>
<td>6658.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Cu.m</td>
<td>602.00</td>
<td>27900.00</td>
<td>0.00</td>
<td>20950.22</td>
<td>20950.22</td>
</tr>
<tr>
<td>Cu.m</td>
<td>820.00</td>
<td>27900.00</td>
<td>0.00</td>
<td>18534.80</td>
<td>18534.80</td>
</tr>
<tr>
<td>Cu.m</td>
<td>708.00</td>
<td>42480.00</td>
<td>0.00</td>
<td>2952.50</td>
<td>2952.50</td>
</tr>
<tr>
<td>Cu.m</td>
<td>828.00</td>
<td>8280.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Truck</td>
<td>520.00</td>
<td>36400.00</td>
<td>0.00</td>
<td>17600.00</td>
<td>17600.00</td>
</tr>
</tbody>
</table>
Construction Programme Activity Chart

The progress of the contract is monitored with reference to the approved contract programme, generally, monthly progress reports are prepared by the Contractor and submitted to the Engineer in multiple copies. The first report shall cover the period up to the end of the first calendar month following the Commencement Date. Reports are submitted monthly thereafter, each within 7 days after the last day of the period to which it relates. Reporting continues until the contractor has completed all work. Each report typically includes:

(a) Charts and detailed descriptions of progress, including each stage of design (if any), Contractor’s Documents, procurement, manufacture, delivery to Site, construction, erection and testing; and including these stages for work by each nominated Subcontractor

(b) Photographs showing the status of manufacture and of progress on the Site.

(c) For the manufacture of each main item of Plant and Materials, the name of the manufacturer location, percentage progress, and the actual or expected dates of: (i) commencement of manufacture, (ii) Contractor’s inspections, (iii) tests, and (iv) shipment and arrival at the Site;

(d) Details described in contract

(e) Copies of quality assurance documents, test results and certificates of Materials

(f) list of notices given under contract [Employer’s Claims] and notices given under contract [Contractor’s Claims]

(g) Safety statistics, including details of any hazardous incidents and activities relating to environmental aspects and public relations; and

(h) Comparisons of actual and planned progress, with details of any events or circumstances which may jeopardize the completion in accordance with the Contract, and the measures being adopted to overcome delays.
मुख्य अभियंता (पुणे विभाग)

महाराष्ट्र जीवन प्राधिकरण

डॉकेट शीट

तासांगाव तालुक्यािेता प्रादेशिक सावरकर वक्ता हे शासन, प्राधिकरण र विभागसेवक
विषय : सेर्यात्मक संगठन निर्माण, उद्योग, व्यवसाय आणि नागरिक सेवा
देखायल योजना - टायप: गट-2 (हेड ब्लॉक व पुणे मिशन-न्यासाची)
संचार : का.: ऑ. आ. जी प्रा. वादकार विभाग चीली निविलाक्षण २००३-२००८

जिल्हा - सूंगली
कार्यालयीन दिशणी

विधप - पूरक प्रा.सावधन व इतर ग्रामिण प्रादेशिक पाणी पुरवठा योजना.
(उद्देश्य - कृषि नदी)

निविदा क्र.1 गट क्र.2 - हेडवक्सें, ५०० मि.मी.स्थानीय एम.एस.उद्योगनिधि
(लोगे १५-२० कि.मि.) (त.त.मार्गार, जिल्हा संगमने)

प्रस्तावना -

प्रादेशिक सावधान व इतर ३ प्रादेशिक ग्रामिण पाणी पुरवठा योजनाोंसो निर्देशयोडो हा उद्देश्य धारणात आलो आहे. गेली काही वर्ष सातत्याने पर्यायवर्ती पाणी तरसणे निर्देश म्हणुन "निर्देशयोडो तलाव" पूर्णपणे कोरड धारणिला आहे. परिणामातः पंड योजनाने चारा पुर ज्या असून उद्देश्य योजना कार्योनित करणे शक्य होत नाही. त्यामुळे सर्व गावाना वेळा पुरवठा करावा लागत आहे म्हणून स्थानिक माणकीनुसार व मा.मंजी महादेव श्री.आर्य.आर.पाटी संस्थेनुसार कृषि नदी उद्देश्य धरण योजना आरंभित करणे आली.

त्यास शासन निर्णय क्र. २३०३/प्र.क्र.२२३/पापू-०६ दिव.१५/२०/२००३ नुसार प्रशासकीय मान्यता दिली आहे. योजनाचे विनंता क्र. २५.२०.२६ लक्ष आहे. सर्वसाधन योजनेय व कार्यालयाचे पत्र क्र.मुख्य आयुष्मान.पुढे तीन० दिव.२/२०/२००३ नुसार तांत्रिक मंत्री प्रवेश करण्याचे आदेश आहे.

सदर योजनेव सामान्या समावेश आहे.

भाग-१

१) वकों ग सत्ते
२) हेड वक्स (इनटेक वेल, कनेक्टिंग पाप, जेंकिंग, जोडपून)
३) अशुद्ध पाणी पंपचंग मशीनरी (जेंकिंग चीनील)
४) अशुद्ध पाणी बांगनलिका
५) डोली येथेवणे संप व पंपचर.
६) अशुद्ध पाणी पंपचंग मशीनरी (डोली सप्तवेबळ)
७) अशुद्ध पाणी बांगनलिका (डोली संप ते जी.एम.वी.आर)
८) वेळी सत्तूनन तावी(बसवड येथेवणे टेकडवर) क्षमता ८,००,००० लिट.
९) अशुद्ध पाणी ग्रामवाडिलिका
१०) विविध कार्य तारचे कुंपण, विविध तैक्य, टेलीफोन व्यवस्था, जीसवरता, पोंकर नुकसान भरपाई
११) भूमिशयान
१२) विविध जोडणी (एम.एस.ई.के.)
१३) चांचणी
भाग-२
प्र.मार्ग-ई-आरव योजनाची उपयोगे

1) अश्खप पानी उपसा यंत्रे.
2) अश्खप पानी दावननिकही.
3) जलनुसारकरण केंद्र.
4) शृङ्खप पानी उपसा यंत्र.
5) शृङ्खप पानी दावननिकही.
6) संगृहाळा टाकणे.
7) उल टाकणा (मांजरे, बस्तवडे).
8) शृङ्खप गृहननिकही.
9) विभाग व्यवस्था.
10) वायुस्फोट साडी पंत्रणा.
11) किर्कजेल करणे.
12) योजनाची चाचणी.
13) भौतिकपाद.

योजनाची तैयार कामांतूक भाग क्र. २ चा करणे हस्ती पण्याच्या दुर्दणी व करणे लवकर लवकर पूणे करण्याच्या दुर्दणी कामांची विभागणी चार गटात देणारी असंगन ती खालीलप्रमाणे -

गट क्र.२ - (लंबिक मानवता अ.क्र. ३ व ६)
1) पंपतांग मॉनिटरी (जॅक्वेल येथे व डॉपी संप येथे).

गट क्र.३ - (लंबिक मानवता अ.क्र. ४ (अ.ब.क्र. ३) व ४ चा काही भाग)
1) इन्सेंट चेल.
2) कमाँडिंग पाईप (१०० म.मी. सी.आय.एल.ओ.)
3) जेंकलन (१० म.व्यास) व पंपपर.
4) जोडीपाक व पंपतांग मॉनिटरीसाठी प्लांटकेंड (टून्सफेलमरसाठी)
   अश्खप पानी दावननिकही.

गट क्र.४ - (लंबिक मानवता अ.क्र. ५,७,८,९)
1) डोपी येथे संप (क्रमता १२ लक्ष लिख.) व पंपपर.
2) अश्खप पाण्याची दावननिकही मृदु लोबळी ५०० म.मी.व्यास लाती र०.५ किमी.
   (६ म.मी.जाडीचे).
3) बस्तवडे जोलिबाजी (क्रमता ४ लक्ष लिख.)
4) अश्खप पाण्याची मृदुननिकही मृदु लोबळी ३०० म.मी.व्यास, लाती ४.४ किमी.
   २०० म.मी.व्यास, लाती ३.४ किमी., पोली.सी.पाईप २५० म.मी.व्यास
   लाती ३.५ किमी.
या प्रस्तावासोबत निविदा क्र. 2 सादर करण्यात येत आहे. त्यातील अंतर्भूत कामे वरीलप्रमाणे आहे.
निविदेश अंतर्भूत न केलेली कामे.(तात्कालिक मान्यता (भाग 1) आ.क्र. १०, ११, १२, १३ व भाग २ ची सर्व कामे.

भाग १ पेक्षे पंपिंग मशीनरी, अंशत: ५०० मि.मी. एम.एम.वायरलिक्स व संप, पंपर व ४०० मि.मी. एम.एम.वायरलिक्स व गृहस्थलिक्ष्यम मान्यता निविदा स्वशस्त्रपणे करण्यात आल्या असुन तारीखकडून कुंपण, विधिनिर्देश, जोडरता, विक नुकसान म्हणून, भूसरतेश, एम.एम.डी.वी. जोडणी मान्यता समावेश केलेला नाही. तसेच योजनेतील भाग २ मधील कामे सर्वात अंतर्भूत करण्यात आलेला नाही.

प्रारूप निविदा पत्राने मंजुरी -
प्रारूप निविदा पत्राना मुख्य अभियंता, म.जी.पा. पुणे विभाग, पुणे यांनी त्यांचे पत्र क्र.म. #(पुणे)
तालाब-३/२९४ वि.११/११/२००३ नुसार मंजुरी दिली आहे.

1) निविदेशी विमल - र.६,६६,६६,६६,६६,६६,६६/-
2) इसारा रक्कम - र.३,३३,३३,३३/-
3) काम पुणे करण्याचा कालांक - ६ माहात.
4) निविदा देखरेख प्रायोगिक कालांक - १२० दिवस
5) सुरक्षा अनावरण रक्कम - २% सूचकालीन र.३,३३,३३,३३/-
6) निविदा सुचना प्रसिद्धी -
   १) डी.पुढळ - वि.३१-१०-२००३
   २) डी.हैड्स एक्सेस - वि.३१-१०-२००३
   ३) डी.महाराष्ट्र केंद्र्स - वि.२११-२००३.
7) को-या निविदा विचित्री - वि.३१-१०-२००३; वि.५१-१०-२००३.
8) निविदापूर्व वैटक - निविदापूर्व वैटक मुख्य अभियंता, पुणे यांचे कार्यालय वि.१६/११/२००३ रोजी चरणात आलेला नाही. निविदापूर्व वैटक यांनी इतिहास क्र.अ. म.जी.पा.विभाग, तासगंगा यांनी त्यांचे पत्र क्र.लेखा/निविदा/२४६३ वि.२०/२२/२००३ नुसार संबंधित ठेकेदाराना तारखेत असले.
1) पूर्व-अहंता

- खालील 9 कंज्युटरांगना निविदा विकत
चण्यसाठी पूर्वःअहंता देण्यात आली.
1) म.लक्ष्मी सिद्धीला इंजीनियरिंग सळ्यावेस ध्रुवकळ्यापुर.
2) म.एस.एम.सी. इंफ्रास्ट्रूक्चर ध्रुव.लिंगपेन.
3) डी.अ.विद्युत हूँयुम पाइप केंद्र-स्थानपुर.
4) म.धारापुरे इंज.अंदूल कन्स्ट्रक्षन ध्रुव.लिंगपेन.
5) शोभन इंज.वक्सेस, पुणे.
6) सुरुंगीता इंज.कं.तिल.मुंबई.
7) म.भ.कुमारी,चिरोट, पुणे.
8) आय.दी.आर.सी.एल.इंस्ट्रा.अंदूल प्रोजेक्ट लिंगपेन.
9) म.सूरत अंदूल सुरा इंजीनियरिंग पुणे.

10) निविदा विकत घेतलेले कंज्युटरां -

वरील 9 कंज्युटरांगना निविदा विकत घेतल्या.

11) प्राप्त निविदा व निविदा उघडणे -

दिव.1/12/2003 रोजी एकूण 3 निविदा प्राप्त झाल्या. त्या निविदा दिव.2/12/2003 रोजी मूळ 
भाषेता, म.जीप. पुणे विभाग, पुणे यांची उघडल्या.

12) प्राप्त देकर (निविदेची किंमत - र.6,66,66,466/-)

<table>
<thead>
<tr>
<th>अ.क्र.</th>
<th>कंज्युटरांगना नाव</th>
<th>देकराची %</th>
<th>देकराची किंमत</th>
<th>क्रमांक</th>
<th>निविदा प्राप्त झालेल्यांमध्ये विवरण</th>
</tr>
</thead>
<tbody>
<tr>
<td>1)</td>
<td>म.लक्ष्मी सिद्धीला इंजीनियरिंग कोल्पुर</td>
<td>१३.६०%</td>
<td>७,५०,३२,६७२/-</td>
<td>२</td>
<td>मु.अ.पुणे कार्यालय</td>
</tr>
<tr>
<td>2)</td>
<td>सुरुंगीता इंजीनियरिंग कं.मुंबई</td>
<td>१२.२५%</td>
<td>७,४८,२७,६६४/-</td>
<td>१</td>
<td>&quot;&quot;</td>
</tr>
<tr>
<td>3)</td>
<td>आयुष्मण हूँयुम पाइप कं. तिल.</td>
<td>१५.६३%</td>
<td>७,६९,२६,६६७/-</td>
<td>३</td>
<td>&quot;&quot;</td>
</tr>
</tbody>
</table>

1३) म.सुरुंगीता इंजीनियरिंग कं.मुंबई यांचा देकर सर्वांत कमी असून तो निविदेच्या किंमतीपेक्षा १२.२६% 
जादा दराने महाप्रशासन र.६,६८,२८,६६४/- इतका आहे.


14) कंप्रायदारामी वादाधारी -

प्राप्त ज्ञानेन्द्र देवकर हा जास्त वाटा असल्याने या कार्यालयाचे गोपनीय पत्र क्र.मृ.अ(पृणे)/
लाभा-3/ 2005 दिच्या 21/2005 नूसर देवकराचे समर्थन मागविले आहे. तसेच सर्व देवकर कमी
करण्यासाठी काज घरवाने आहे.

अध्याय संबंधित कंप्रायदारामीकडून प्रतिसाद प्राप्त ज्ञानेन्द्र नाही.

दि.29/11/2003 रोजी म.जि.प्रा.प्र.णा निविदा समिती यांच्या सदस्यांनी कार्यालयातही निविदयोग्य दाखवला असे मा.मंजीम्हाळेदर, पाणी पुरका व स्वच्छता विभाग यांनी सूचित केले असून
त्यांदरम्यान विरस पातळीच्या वाढणारी समस्यां कर्याचारी व्यवहार.

15) या निविदेशांकन कार्याची सन 2002-2003 दरसूचीकृत येणारी किंमत र.6.63.93.932/ आहे.

16) प्राप्त देवकराची चालू दरसूचीकृत येणार-वा किंमतीशी तुलना.

a) निविदेशी किंमत र.6.66.66.468/-
b) सर्वात कमी देवकर र.6.48.34.654/- (12.26% जास्त)
c) चालू दरसूचीकृत (2002-03)
बाजू आमलातील किंमत र.6.63.93.932/-
महाराष्ट्र मं.मुंबई बंडकं.बंड.मुंबई दोघांची सर्वात कमी देवकर असून तो निविदेशी किंमतीशी
तुलना करता 12.26% जास्त असून चालू दरसूचीचा किंमतीशी तुलना करता तो 12.26% जास्त
आहे.

17) प्राप्त ज्ञानेल्या निविदेशीमुळे होणारे आवर्जक परिणाम

1) प्रशासनकोष मंजुरी प्राप्त ज्ञानेल्या योजनेची किंमत र.2148.50 लक्ष
2) निविदेशी किंमत (गट क्र.2) र.666.66 लक्ष.
3) प्राप्त ज्ञानेला सर्वात कमी देवकर(गट क्र.2) र.648.39 लक्ष
4) प्राप्त ज्ञानेला गट क्र.1 चा देवकर र.391.86 लक्ष
5) प्राप्त ज्ञानेला गट क्र.3 चा देवकर र.561.33 लक्ष
6) प्राप्त ज्ञानेला गट क्र.4 चा देवकर र.497.67 लक्ष
७) योजनेतील भाग क्र. १ मध्ये निविदेन्त अत्यधिक न केलेल्या कामाची किमता

रु.१०१.०१ लक्ष

८) योजनेतील भाग क्र. २ मध्ये कामाची किमता

रु.११७.३२ लक्ष

१३) एकूण निविदेन्त खर्च (३+४+५+६+७)

रु.२२३७.४२ लक्ष

१४) अपेक्षित ढोकळ खर्च (१४.५% इंटी.पी.सह)

रु.२६२९.६२ लक्ष

योजनेच्या खर्चांचा विचार करता योजनेचा खर्च विहित मयादत नसल्याने योजनेफर मंजूर ढोकळ किमतावरून रु.१०१.०६ लक्ष जास्त खर्च होणार आहे असे प्राधिक अंदाजावर होते.

मं. सुरेंद्र इंज.प्रा.लि. मुंबई योजनेच्या खर्चाच्या संदर्भात अनुभव अनुसार ल्याच्या तरी योजनेच्या कार्यस्थानीची पुढील विविध निविदा आहे.

२२) निविदा स्वेच्छाने कार्यक्रमावलंबत असकला -

मं. सुरेंद्र इंज.प्रा.लि. मुंबई योजनेच्या संदर्भात कामी देखावा अनुसार तो देखावा रु.७६,४८,८६५७/-

असल्याने महाराष्ट्र जिल्ह्यात प्राधिकरणांकांनी निविदा सामतो सदृश देखाव व्यवस्थित संविदा असते. सदृश देखाव स्वयंकरताना २,६२% जाऊ दराचा सिमित करताना अशी शिफारस करण्यात येत आहे.

(संबंधित प्राधिक) संबंधित प्राधिक कार्यक्रम बाबासाहेब कार्यांमध्ये निविदा हूनीला वित्तीय संलग्न व मुख्य लेखाधिकारी यांच्यामध्ये सदस्य साधव योजना प्रस्ताव सादर करण्यासाठी शिफारस करण्यात येत आहे.
No. 12-02-1-CTE-6

Government of India
Central Vigilance Commission
(CTE’s Organisation)

Satarkata Bhavan, Block A,
4th Floor, GPO Complex,
INA, New Delhi – 110 023.
Dated: 7th May, 2004

OFFICE MEMORANDUM

Subject: - Pre-qualification Criteria (PQ).

Guidelines were prescribed in this office OM of even number dated 17/12/2002, on the above-cited subject to ensure that the pre-qualification criteria specified in the tender document should neither be made very stringent nor very lax to restrict/facilitate the entry of bidders. It is clarified that the guidelines issued are illustrative and the organizations may suitably modify these guidelines for specialized jobs/works, if considered necessary. However, it should be ensured that the PQ criteria are exhaustive, yet specific and there is fair competition. It should also be ensured that the PQ criteria is clearly stipulated in unambiguous terms in the bid documents.

(M.P. Juneja)
Chief Technical Examiner

To

All CVCs of Ministries/Departments/PSUs/Banks/Insurance Companies/ Autonomous Organisations/Societies/UTs.
Content Displaying Board

Name of the Yojana: Pradhan Mantri Gram Sadak Yojana

Scope of work: Developing cement concrete road

Start of the work:

Name of the Road:

Stretch of KMS:

Site Plan

Material Description:

Type of Material:

Quality of Material

Ratio of Mixtures

Target Date of Completion:

Estimated cost of the Project

Name of the Contractor and his telephone number

Name of the Executive Engineer and Telephone number for lodging complaint
Training Module
on
CONTRACTING

Sponsored by UNDP & Department of Personnel & Training Government of India

Anchor Institute Dr. MARRI CHANNA
REDDY HUMAN RESOURCE
DEVELOPMENT INSTITUTE OF
ANDHRA PRADESH ROAD NO.25,
JUBILEE HILLS HYDERABAD - 500
033 ANDHRA PRADESH

ANCHOR PERSON Smt. Usha Ashok
Kumar Financial Adviser & Chief Accounts
Officer Dr. MCR HRDIAP, Hyderabad

Phone Nos:040-23548487 Fax No:040-23548887/89 -23543462
TRAINER’S MANUAL
INDEX

1. TRAINER’S GUIDE GENERAL NOTES TO THE TRAINER
   Design Brief Design of Learning Units
   Course Schedule PRE COURSE PREPARATION COURSE GUIDE FOR PARTICIPANTS SESSION BRIEF TRANSPARENCIES PARTICIPANT EVALUATION FORMS CERTIFICATE (Specimen) EXERCISES AND CASELETS

2. BACKGROUND READING MATERIAL
INTRODUCTION

This training course module on ‘Contracting in Government’ has been prepared under a UNDP funded project for ‘Strengthening of State Administrative Training Institutes in India’ and is sponsored by the Department of Personnel and Training, Government of India. The module addresses the training needs of Indian government officials of the A, B and C levels in respect of entering into and enforcing contracts. Though it has been designed as a four-day course module, instruction sets for the trainer have been designed in a way that facilitates reduction or increase in the time frame to suit the specific requirements of the target participants. The reading material and exercises provided along with, have been developed as an easy reference and are not meant to be the last word in the matter of contracting. Most trainers would want to and perhaps need to add their own additional material, relevant to the rules and procedures obtaining in each state, to make their training relevant to their participants. The course design may also require to be modified and presented appropriate to the local situation.

ORGANISATION OF THE MATERIAL

To facilitate the above, the training course module consists of

(i) A Trainer’s Guide, and

(ii) Background Reading Material for the participants.

The Trainer’s Guide contains, in addition to a background note for the trainer, which explains the design, a master programme schedule and instructional material (session guide) to the trainer for the conduct of each session. This includes pointers to the trainer to facilitate the sessions and suggestive time allotments for each session. The Trainer’s Guide also includes handouts, sample case studies and exercises for the skill enhancing sessions wherever relevant and scheduled in the course module. Some areas of interest for group discussion have also been introduced. In addition, instructional material for use as visual aids for the theory sessions, have been provided.

It is expected that the instructor / trainer / resource person will incorporate his or her additional training material – be it case studies, discussion topics, visual aids or handouts - into the programme. The handouts identified are not background material, which provide the theoretical inputs for each session. They are such papers as the course guide for use by the trainer while calling for nominations / participants, evaluation forms and group discussion assignments.

The Background reading material consists mainly of brief write ups for the participants on each of the theory sessions. It is reiterated that the reading material is not exhaustive. Reference has been made to recommended reading material. As this is a generic course module on the subject, the reading material does not include any material on specific orders, rules or provisions obtaining in each state. It is considered
necessary or rather imperative, that this background reading material is amplified and supported with extracts of the extant rules, procedures, codal provisions or other government orders relevant to the programmes for each state.

GENERAL NOTES TO THE TRAINER

BACKGROUND AND CONTEXT

In a traditional sense, the term ‘contracting’ in the government context is by and large synonymous with and has been associated with the execution of public works in the nature of construction, infrastructure creation and repair activity. In a narrower sense, the term has also been applied to activity related to procurement of material, equipment and machinery by various government departments. However, with growing government commitment the world over to improve the quality of delivery of public services, but given the scarcity of public funds for both capital investments and qualitative service delivery, what we see today is a deliberate and radical though highly imaginative move towards Public Private Partnership contracts in Governments. The ultimate responsibility for quality delivery, however, continues to remain with the government.

NEED

In most state governments, the rules and regulations of contracting for public works, both for construction and repair, and the technical requirements of specifications and measurements are contained in the tenets prescribed in the Public Works Department Manuals or Codes. To a large extent these are supplemented by the regulations of the finance and accounts departments on procedural matters relating to tenders, accounting and budgetary requirements and well as delegation of financial powers.

In the context of expanding horizons in contracting in government today, it has become imperative and rather urgently so, that all levels of government functionaries associated with contracting are given adequate grounding in the generic principles and processes of contracting of varied nature.

PERFORMANCE PROBLEM

Contracts in government are made through agreements or purchase orders entered into with vendors or service providers. Contracts, as is commonly known, carry a lot of technical, financial and legal implications. The lack of adequately trained and competent personnel to handle contracts in and for government results in non-adherence to prescribed procedures, improper and inadequate drafting of contract documents and at times delay in execution of the contracts. This in turn causes tremendous loss of resources, both in terms of time and exchequer to the government, on account of disputes that have arisen between the parties to a contract during enforcement of the contract conditions. The plethora of objections raised by the Auditor General on contracting matters in government bears testimony to this problem.

DESIGN BRIEF

Aim
This training course on ‘Contracting’ has been designed as a generic module for a four-day programme. Its content is drawn from the rules, regulations and procedures obtaining in government presently. It aims at reinforcing and improving the skills and knowledge of participants in the basic principles, procedures and trends in contracting in government, so that

1. Contracts are made following prescribed procedures
2. The interest of the government is safeguarded in the best possible manner
3. Contract documents are drafted and contracts are enforced keeping rules, procedures, legal implications and government interest in mind, and
4. Requirements of reform are adequately addressed

**Training Objectives**

At the end of the course, the participants will be able to -

- Describe the relevant laws and principles governing contracting in government
- Describe tendering procedures and rules in government
- List the nature of government contracts
- Develop tender notices / Invitation for bids, tender schedules, comparative statements / Evaluation reports for bids
- Prepare contract documents such as Purchase orders, Agreements
- Conclude technically sound contracts in a manner free from procedural and legal lacunae
- Handle post contract developments
- Develop check lists for monitoring contract related processes
- Respond to on current models of contracting and their applicability
- Describe the dispute resolution methodologies in government contracts
- Identify reform enabling mechanisms at their work place

**Enabling Objectives**

1. Describe the relevant laws and principles governing contracting in government
   - To describe the principles of contracting in government
   - To define the constitutional responsibilities of government officials in contracting
   - To describe the relevant provisions of the Indian Contract Act, 1872 and other laws having implications on government contracts

2. Describe the tendering / contracting methods, rules and nature of contracts in government
   - List the main procedural and legal concerns of government in contracting
   - Detail the methods of contracting
Identify the different nature of contracts

3. Finalise contracts in a manner free from procedural and legal lacunae
   To draft tender schedule relevant to the need / work
   To prepare tender notice / tender enquiry / Invitation for bids document
   To describe the procedure of tender opening
   To list out the duties of tender opening officials
   To evaluate responses to tender / bids in terms of extant orders and provisions of government
   To prepare agreements and purchase orders in conclusion of contract
   To interpret the delegation of powers in respect of contractual matters – administrative and financial

4. Monitor post-contract developments with in the framework of the rules
   To review progress of contract with reference to contract terms
   To interpret variations in contract in terms of time, scope and resource implications
   To decide closure of contracts

5. Describe dispute resolution methodologies applicable in government contract
   To define the scope and powers of the arbitrator under the Arbitration & Conciliation Act, 1996
   To identify the relevant provisions of the contract with facilitate reference to arbitration
   To describe the procedure for arbitration
   To adjudge the reasons for increased reference to arbitration

6. Describe current developments in contracting methodology
   To assess the reasons for need for change in scope and methods of contracting
   To detail the various alternative models of contracting in use in government
   To analyse the merits, demerits and relevance of specific clauses contained in such contracts

7. Examine need for reform and improvements in contracting
   To assess the benefits of automation of contracting
   To identify concerns / areas for reform in contracting
   To establish public official responsibility
To review lacunae and areas of improvement in contract procedures

SCOPE

Thus, this training course covers the generic principles and process of contracting in Government, including evaluation of acceptance of offers and entering into agreements (whether for works or for procurement of stores or for outsourcing services), with a view to clearly establishing the responsibilities of each tier of the government machinery in the function of contracting.

While so doing, the course highlights the need for transparency in the contracting process, the methods of bringing about accountability at each level of functioning and the measures of ensuring both transparency and accountability.

It deals with the issues involved in enforcement of contracts and the role of arbitration in resolving contractual litigation.

The course also focuses on the changing perspectives in contracting methodologies in government in the current world economic scenario and stresses on the need for working out strategies and methods of building up acceptable and appropriate systems as well as organizational capabilities, in the discharge of functions in this field of working.

Care has been taken to ensure that the contents of the course are generic in nature and are applicable to government contracts of all nature. The content is drawn from the rules, regulations and procedures obtaining in government presently. Areas involving technical inputs such as preparation of plans or drawings, estimates, specifications, technical and administrative sanctions and project management techniques have not been covered in view of the need to develop a generic module. So too, measurements and inspections or matters of financial scrutiny of contracts, are not included within the scope of this course.

However, this does not in any way imply that the above areas are not pertinent to or relevant to the scope of this course. It is necessary that the course coverage be revisited by the trainer depending on the target participants for each programme and a fair degree of technical inputs relevant to such participants be incorporated, if necessary, by increasing the duration of the programme. For instance, for a target participation mainly consisting of engineers from the public works departments, it would be necessary to include sessions, wherever relevant, on the standard specifications of work and schedule of rates applicable in the state.

CONTENTS

• Contracting in Government – The Contract Law, Interest Act, Law of Limitation, Labour Laws
• Types of contracts – Nature of contracts in government
• Contracting through tenders - Pre-tender formalities such as preparation of tender notice / Invitation for bids, development of bid documents/ tender schedule
• The process of calling for tenders - tender opening and evaluation criteria - principles and procedures
• Drafting of tender committee recommendations
• Drafting and issue of acceptance letters and agreements / purchase orders - Standard /Mandatory/Desirable clauses
• Contract implementation – Post contract developments – Supplementary/Rider agreements – Variations in quantity and value – Extension of time for completion – Closure / Termination / Breach of contract
• Dispute resolution mechanisms - Arbitration – Role of government as a party to the contract – The Arbitration and Conciliation Act, 1996
• Current contracting models in government – international contracting practice
• Reform initiatives in contracting - public official responsibility to ensure transparency, speed and accountability in contracting.

CLIENT

The course has been designed as a generic and composite one for three target levels of participants, namely Groups A, B and C level officials, who discharge various responsibilities relating to contracting in all departments of government. While hitherto, contracting functions were discharged primarily by engineers responsible for execution of works contracts and by officials handling purchases in government in consultation with their associate finance department in some cases, such a distinction is no more relevant. Public private collaborations in large facets of functioning as well outsourcing of requirements of varied (especially ancillary) nature have become the norm and hence contracting has become a function inevitable to almost all departments.

Group A has been identified as the decision making level in the process of contracting in government. Groups B and C have been identified as the middle and first levels of management and the senior supervisory support level.

ENTRY BEHAVIOUR

The course keeps such developments in view and in addition recognizes that the entry behaviour of participants is likely to be

a) Heterogeneous as the functions and responsibilities associated with each level in government in the process of contracting are different.

b) Heterogeneous as they would belong to different age groups

c) Homogenous in the sense that all of them will be from Government Departments

d) All adult learners

Broadly, the course lays emphasis on
- Problem solving and interpretation for Group A
- Interpretation and Analysis/Evaluation of contracts for Group B
- Preparation of documents and Analysis/Evaluation of contracts for Group C.

It is acknowledged that the functional responsibilities of each of these levels are not distinct. Further depending on the value and nature of contract and the delegation of powers obtaining in any state government, it is possible that Group B officials also discharge responsibilities relating to decision making for lower value contracts in
addition to being responsible for initiating process related actions on higher value contracts. Regular monitoring of contracts on the basis of jurisdiction by and large falls under the responsibility of the middle management, i.e., level B officials.

On account of the varied functional responsibilities at each level, it is suggested or in fact it may be essential to ensure, that the participants are drawn from homogenous groups, and that the participant expectations and programme objectives are well synchronized. It is therefore suggested that the profiles of the participants are analyzed and that the suggestive programme schedule enclosed is revisited by the Course Director in order to draw up appropriate programme schedules within the ambit of the training objectives, keeping in mind the entry behavior of the participants.

To assist the Course Director in this effort, a sample questionnaire format - ‘How much do you know?’ - to be filled in by the participants prior to the programme by prospective participants while forwarding nominations, could be designed. This format would facilitate the Course Director to analyze the knowledge level of participants and draw up a suitable schedule to meet their requirements broadly. Alternatively, participant expectations in terms of anticipated inputs could be obtained through interaction with them after their registration for the course and prior to the commencement of the programme.

**COURSE DURATION AND DESIGN**

The course has been designed as a four-day program with approximately 20 hours of input. While this may be adequate for Group B and C levels for which the stress would be on procedural matters, the underlying assumption is that for the ‘A’ group, procedural issues need not be greatly stressed. Instead, the emphasis would need to be on systemic refinements in contracting, current practices and transparency and accountability issues. Any programme designed for just this group could be reduced to 3 days. This modification is in line with the roles and responsibilities assumed for this level, as detailed above.

There are 7 learning units, covered over 22 sessions. Each learning unit is completed in one or more than one sessions. There is also a definite linkage between the learning units. Each learning unit has a stated objective and it is necessary to keep this objective in mind throughout the conduct of the session. The module has been designed providing for equal number of sessions of instructional and practical nature. It is recommended that this balance be maintained between theory and practice. The course has been conceived in 45-minute modules that have been combined into longer periods wherever felt necessary. Where the theory input is followed immediately by a practice or practical session, such combination is worth considering. Sample case studies (case lets) and exercises have been identified and incorporated covering the process life cycle of contracting, to help the participants to identify gap areas of importance and concern. In addition to lecture cum discussion method, small group exercises followed by presentation, group discussions, case analysis and quiz methodologies, which would greatly encourage trainee participation, have been incorporated.

It will be obvious that the total duration has been tightly condensed and that only the minimum time limit has been allotted to each session. Wherever possible, and more important, wherever necessary, to meet the training requirements of each participant group, it may be necessary for the trainer / course director to extend or modify the
programme, in order to incorporate some technical sessions or topics appropriate to
the participants needs and concerns as elaborated above.

CONRAINTS
1 A large number of officials are required to be trained.
2 The target group is also highly heterogeneous in terms of age, responsibilities
   and nature of duties.
3 The course requires the active involvement of trainers who have in depth
   knowledge as well as adequate experience in contracting for government
   requirements. Such knowledge and experience is also likely to be different for
   engineering and other nature of contracts. This aspect has to be viewed from a
   long-range perspective of developing capacity among trainers, as the relevance
   of training programmes in contracting would continue on a permanent basis in
   any government.
4 The programme has been designed for a group of approximately twenty
   participants. In the event of increase in the number of participants, it may be
   necessary to incorporate additional group exercises and case studies.
5 The duration of the course, as earlier discussed, would require to be amplified
   to meet the specific technical training needs of each participant group.

VALIDATION
At the end of the course, an immediate reaction questionnaire will be given to the
participants to obtain their views on the extent to which the objectives envisaged were
achieved, the content, duration, methodology, sequencing of learning units and time
allotted for the individual topics in addition to the feedback on faculty (in house and
guest faculty).

ASSESSMENT
Assessment has been proposed at various stages:

The Nomination Form is designed to assess entry behaviour of participants so as to
facilitate changes or modifications in the course content, if necessary

Formative Assessments have been proposed in each learning unit through quiz,
questions, case let discussions and daily feedback of faculty members

The extent of transfer of learning to the workplace can be effectively gauged over a
period of time by obtaining feedback subsequent to the conduct of the course from the
same set of participants. A questionnaire shall be sent to all the participants as well as
the organizations / departments from which the trainee participants were deputed, say
after six months to elicit response on the extent to which the training programmed had
assisted in sorting out their performance problem. Reduction in the number of audit
references on improper contracting would also be a good parameter.

DESIGN OF LEARNING UNITS
The design of the learning units based on objectives discussed above and indicating
the sequence, method, media, performance aids, duration, resource person and method
of assessment of each, is tabulated hereunder.
<table>
<thead>
<tr>
<th>Day</th>
<th>Time</th>
<th>Topic / Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>10.00 am - 10.30 am</td>
<td>REGISTRATION Introductions, Participant Expectations from programme</td>
</tr>
<tr>
<td></td>
<td>10.30 am - 11.00 am</td>
<td>Programme Overview</td>
</tr>
<tr>
<td></td>
<td>11.00 am - 11.15 am</td>
<td>TEA BREAK</td>
</tr>
<tr>
<td></td>
<td>11.15 am - 11.30 am</td>
<td>How much do you know? – Questionnaire (or) CD’s feedback on participants expectations</td>
</tr>
<tr>
<td></td>
<td>11.30 am - 12.15 pm</td>
<td>Contracting in Government – Principles &amp; Constitutional provisions - Indian Contract Act</td>
</tr>
<tr>
<td></td>
<td>12.15 pm – 1.00 pm</td>
<td>Tenders and Contracts - Forms &amp; Nature of Tenders Quiz</td>
</tr>
<tr>
<td></td>
<td>1.00 pm - 1.15 pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.15 pm - 2.00 pm</td>
<td>LUNCH BREAK</td>
</tr>
<tr>
<td></td>
<td>2.00 pm – 2.45 pm</td>
<td>The tendering process – Principles -Invitation of tenders – Tender schedule preparation Exercise</td>
</tr>
<tr>
<td></td>
<td>2.45 pm - 3.30 pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3.30 pm - 3.45 pm</td>
<td>TEA BREAK</td>
</tr>
<tr>
<td></td>
<td>3.45 pm - 4.30 pm</td>
<td>Tender Notice – Tender opening</td>
</tr>
<tr>
<td></td>
<td>4.30 pm - 5.00 pm</td>
<td>Exercise Quiz Briefing for the following day’s schedule</td>
</tr>
<tr>
<td>Day</td>
<td>Time</td>
<td>Topic / Content</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Day 2</td>
<td>10.00 am - 10.30 am</td>
<td>Recap</td>
</tr>
<tr>
<td></td>
<td>10.30 am - 11.30 am</td>
<td>Consideration of tenders -</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Preparation of comparative statement –</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Briefing Note - Bid evaluation –</td>
</tr>
<tr>
<td></td>
<td>11.30 am - 11.45 am</td>
<td>Technical &amp; Financial, Cost of ownership</td>
</tr>
<tr>
<td></td>
<td>11.45 am - 1.15 pm</td>
<td>Evaluation of bids – Case studies for discussion</td>
</tr>
<tr>
<td></td>
<td>1.15 pm - 2.00 pm</td>
<td>LUNCH BREAK</td>
</tr>
<tr>
<td></td>
<td>2.00 pm – 2.45 pm</td>
<td>Award of contracts - Finalisation of agreements</td>
</tr>
<tr>
<td></td>
<td>2.45 pm – 3.30 pm</td>
<td>Standard, Mandatory, Desirable Clauses in Works / Purchases / Services / Maintenance / Labor contracts</td>
</tr>
<tr>
<td></td>
<td>3.30 pm - 3.45 pm</td>
<td>TEA BREAK</td>
</tr>
<tr>
<td></td>
<td>3.45 pm - 4.15 pm</td>
<td>Group Exercise on Award of contract – Discussion on Case lets</td>
</tr>
<tr>
<td></td>
<td>4.15 pm – 5.00 pm</td>
<td>Transparency &amp; Accountability in contracts – Public official responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Briefing for the following day’s schedule</td>
</tr>
<tr>
<td>Day 3</td>
<td>10.00 am - 10.30 am</td>
<td>Recap</td>
</tr>
<tr>
<td>Time</td>
<td>Topic</td>
<td></td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>11.30 am - 11.45 am</td>
<td><strong>TEA BREAK</strong></td>
<td></td>
</tr>
<tr>
<td>11.45 am - 1.00 pm</td>
<td>Post Contract Implementation – group exercise on case lets followed by discussion</td>
<td></td>
</tr>
<tr>
<td>1.00 pm - 2.00 pm</td>
<td><strong>LUNCH BREAK</strong></td>
<td></td>
</tr>
<tr>
<td>2.00 pm – 3.00 pm</td>
<td>Dispute resolution -Role of Arbitration in Government Contracts -The Arbitration and Conciliation Act, 1996</td>
<td></td>
</tr>
<tr>
<td>3.00 pm – 3.30 pm</td>
<td>Discussion – Arbitration – Reason for increase</td>
<td></td>
</tr>
<tr>
<td>3.30 pm - 3.45 pm</td>
<td><strong>TEA BREAK</strong></td>
<td></td>
</tr>
<tr>
<td>3.45 pm - 5.00 pm</td>
<td>Dispute Resolution – Group exercise on case lets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Briefing for the following day’s schedule</td>
<td></td>
</tr>
<tr>
<td>Day</td>
<td>Time</td>
<td>Topic / Content</td>
</tr>
<tr>
<td>-------</td>
<td>---------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Day 4</td>
<td>10.00 am - 10.30 am</td>
<td>Recap</td>
</tr>
<tr>
<td></td>
<td>10.30 am - 11.15 am</td>
<td>Current models in contracting in Government – PPP, DBFO, DBO, BOO models - their relevance and applicability in government</td>
</tr>
<tr>
<td></td>
<td>11.15 am - 11.30 am</td>
<td>TEA BREAK</td>
</tr>
<tr>
<td></td>
<td>11.30 am - 12.15 pm</td>
<td>International contracting procedures – World Bank Aided Contracts PPP – A Case study</td>
</tr>
<tr>
<td></td>
<td>12.15 pm – 1.00 pm</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00 pm - 2.00 pm</td>
<td>LUNCH BREAK</td>
</tr>
<tr>
<td></td>
<td>2.00 pm - 3.30 pm</td>
<td>Reforms in contracting – E procurement initiatives</td>
</tr>
<tr>
<td></td>
<td>3.30 pm - 3.45 pm</td>
<td>TEA BREAK</td>
</tr>
<tr>
<td></td>
<td>3.45 pm – 5.00 pm</td>
<td>Introducing systemic improvements in workplace – Discussion followed by group presentation</td>
</tr>
<tr>
<td></td>
<td>5.00pm to 5.30 pm</td>
<td>Validation &amp; valediction</td>
</tr>
</tbody>
</table>
### A. DESIGN OF LEARNING UNITS

The Training Objectives of the course are covered under the following modules:

- Contract – Acts, Rules & Regulations
- Contracting – Methodologies & Modalities
- Contracting process – Tendering & Agreements
- Contract enforcement
- Dispute resolution
- Current developments in contracting methodologies
- Reform initiatives & public official responsibility in contracting

| Module 1: Contracts – Acts, Rules & Regulations |
|--------------------------|-------------------|--------|-------|--------|------|-------|-------|
| 1 (a & b)               | Contracting in govt. | Principles of govt. contracts | Lecture | OHP/PPT | Handouts | 20m ts | IRP   | For Ass Interval |
|                         |                   | Constitutional responsibility of officials |       |         |          |       |       |       |
| 1 (c)                   | Contract Law       | The Indian Contract Law – Relevant provisions | Lecture Disc | OHP/PPT | Handouts | Copy of ‘The Indian Contract Act’ | 25m ts | IRP  | -do       |

| Module 2: Contracting – Nature, Methodologies and Modalities |
|--------------------------|-------------------|--------|-------|--------|------|-------|-------|
| 2(a & b)                 | Tendering methods, procedures & rules in government | Tenders & Contracts – Extant orders | Lecture Disc. Quiz | OHP/PPT FC | Handouts | 20 mts | IRP   | -do       |
|                         |                   | Methods of contracting in government |       |         |          |       |       |       |
| 2 ( c )                 | Types of tenders | Nature of tenders in govt | Lecture | FC | Handouts | 25 mts | IRP | -do |

<p>| Module 3: The contracting process – Tendering and Agreements |
|--------------------------|-------------------|--------|-------|--------|------|-------|-------|
| 3 (a)                   | Preparation for tendering – Tender schedule | Identification of Pre – tender requisites | Lecture Gp. Disc. Exer. | OHP/PP T FC | Handouts | 1.30 hrs | IRP | -do |
|                         |                   | Develop tender schedule Mandatory clauses and optional clauses |       |         |          |       |       |       |
| 3 (b, c, d)             | Tender Notice and Tender Opening | Preparation and issue of tender notice | Lecture Gp. Exer. | OHP/ PPT | Handouts | Checklist | 1.15 hrs | IRP/ ERP | -do |
|                         |                   | Procedure for tender opening Responsibility of tender opening officials Tender opening records to be |       |         |          |       |       |       |</p>
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Content</th>
<th>b. Sequence</th>
<th>Method</th>
<th>Media</th>
<th>Perform ance Aids</th>
<th>Dura tion</th>
<th>Facilitator</th>
<th>Ass</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 (e, g)</td>
<td>Evaluation of bids</td>
<td></td>
<td>Lecture Disc. Exer. – Case study</td>
<td>OHP/PP TFC</td>
<td>Handouts Checklist</td>
<td>2.30 hrs</td>
<td>IRP/ERP</td>
<td>-do</td>
</tr>
<tr>
<td></td>
<td>-Procedure for preparation of Comparative Statement - Briefing notes - Responsibilities in preparation of CS / Briefing notes Evaluate Tenders - Technical / Commercial bids - Assess Cost of maintenance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Assess Total cost of ownership Record of decisions / recommendations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objectives</td>
<td>Content</td>
<td>d. Sequence</td>
<td>Method</td>
<td>Media</td>
<td>Perform ance Aids</td>
<td>Dura tion</td>
<td>Facilitator</td>
<td>Ass</td>
</tr>
<tr>
<td>3 (f)</td>
<td>Entering into agreement</td>
<td></td>
<td>Lecture Gp. Disc on caselets</td>
<td>OHP/PP TFC</td>
<td>Handouts Checklists</td>
<td>1.30 hrs</td>
<td>IRP/ERP</td>
<td>-do</td>
</tr>
<tr>
<td>Module 4: Contract Enforcement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4 (a,b,c)  | Post contract monitoring                     | Variations in time and scope Termination – Determination of contracts | Lecture Gp. Exer. Case study | OHP/ PPT FC | Handouts Checklist | 2.30 hrs  | ERP         | -do |

Module 5: Dispute resolution                      |                          |                                 |                                 |             |                   |           |             |     |


Module 6: Current developments in contracting methodologies |                          |                                 |                                 |             |                   |           |             |     |
<table>
<thead>
<tr>
<th>Objectives</th>
<th>Content</th>
<th>b. Sequence</th>
<th>Method</th>
<th>Media</th>
<th>Performance Aids</th>
<th>Duration</th>
<th>Facilitator</th>
<th>Ass</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 (a, b)</td>
<td>Current models in contracting</td>
<td>Public Private Partnerships - DBFO, BOO, BOLT, BOOT - International Contracting practices World Bank Aided Contracts</td>
<td>Lecture Disc</td>
<td>OHP/PPT FC</td>
<td>Handouts</td>
<td>1.30 hrs</td>
<td>ERP</td>
<td>-do</td>
</tr>
<tr>
<td>6 (c)</td>
<td>Public Private Partnerships</td>
<td>Analysis of Provisions in contracts</td>
<td>Case study - Disc</td>
<td>OHP/PPT FC</td>
<td>Handouts</td>
<td>45 mts</td>
<td>ERP</td>
<td>-do</td>
</tr>
</tbody>
</table>

Module 7: Reform initiatives & public official responsibility in contracting

<table>
<thead>
<tr>
<th>7 (a)</th>
<th>Reforms in contracting</th>
<th>E procurement initiatives</th>
<th>Demo. Disc.</th>
<th>PPP</th>
<th>Handouts</th>
<th>1.30 hrs</th>
<th>ERP</th>
<th>-do</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 (b, c, d)</td>
<td>Public Official responsibility</td>
<td>Transparency &amp; Accountability mechanisms</td>
<td>Group Disc. Pres.</td>
<td>OHP/PPP</td>
<td>Handouts</td>
<td>1.15 hrs</td>
<td>ERP</td>
<td>-do</td>
</tr>
</tbody>
</table>