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PROCUREMENT MANUAL For National AIDS Control Programme (NACP-III)

NACO

National AIDS Control Organisation
Ministry of Health and Family Welfare
Government of India
New Delhi

NATIONAL AIDS CONTROL PROGRAMME
(NACP-III)

MINISTRY OF HEALTH AND FAMILY WELFARE
GOVERNMENT OF INDIA

PROCUREMENT MANUAL

FOR

NATIONAL AIDS CONTROL PROGRAMME (NACP-III)

National AIDS Control Organization
Ministry of Health and Family Welfare
Government of India

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अपनी एचआईवी अवस्था जानें; निकटतम सरकारी अस्पताल में मुफ्त सलाह व जाँच पाएँ।
Know your HIV status; go to the nearest Government Hospital for free Voluntary Counselling and Testing.

LIST OF ABBREVIATIONS

A/c	Account
ADG	Assistant Director General
AMC	Annual Maintenance Contract
BIS	Bureau of Indian Standards
CBO	Community Based Organisation
CMO	Chief Medical Officer
CN	Consignment Note
CQS	Selection based on Consultant's Qualification
CST	Care, Support and Treatment
CV	Curriculum Vitae
CVC	Central Vigilance Commission
DGS&D	Director General of Supplies & Disposals
DGHS	Director General of Health Services
DC	Direct Contracting / Delivery Challan
DCA	Development Credit Agreement
DDG	Deputy Director General
EMD	Earnest Money deposit/ Bid Security
EPW	Empowered Procurement Wing
GMSD	Government Medical Stores Depot
GoI	Government of India
IEC	Information, Education and Communication
IBRD	International Bank for Rehabilitation and Development
IDA	International Development Association
ICB	International Competitive Bidding
IFB	Invitation For Bid
IP	Indian Pharmacopoeia

ITB	Instructions to Bidders
ITC	Information to Consultants
LCS	Least Cost Selection
LIB	Limited International Bidding
LOI	Letter of Invitation/ Letter of Intent
LR	Lorry Receipt
LT	Limited Tender (National/International)
MoH&FW	Ministry of Health & Family Welfare
NACP-III	National AIDS Control Programme - III
NGO	Non Governmental Organization
NCB	National Competitive Bidding
QCBS	Quality and Cost Based Selection
PRI	Panchayati Raj Institute
PSU	Public Sector Undertaking
PSA	Procurement Support Agent (Agency)
PAC	Purchase Advisory Committee
RC	Rate Contract
RFP	Request for Proposal
RR	Railway Receipt
SACS	State AIDS Control Society
SDS	State Drug Stores
SSS	Single Source Selection
TI	Targeted Intervention
TOR	Terms of Reference
TEC	Technical Evaluation Committee
UNDB	United Nation Development Business

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INTRODUCTION

The National HIV / AIDS Control Programme (NACP) places a high priority on procurement of goods & services, works and effective management of supply chain for successful implementation of the Project. The procurement guidelines have to ensure that necessary supplies are available for the project at right time, in right quantity, of right quality, at the right place, and at right cost.

These "Guidelines for Procurement" provide the essential information and step-by-step procurement procedures in brief to achieve these objectives. If necessary, the States may use the procedure described herein to develop a State specific Operation Manual to meet the requirements of existing system.

Manual of Office Procedure for Supplies, Inspection and Disposals, commonly known as DGS&D Manual, may also be referred to for additional guidance on this subject. DGS&D booklets containing the standard tender forms e.g. bank guarantee for EMD, bank guarantee for performance security, performance statement etc. are available on website www.dgsnd.gov.in As regards civil works, similar guidance could be obtained from CPWD manual.

The Procurement Guidelines and Consultants Guidelines of the World Bank (available at http://siteresources.worldbank.org/INTPROCUREMENT/Resources/ProcGuid-08-06-ev1.doc and http://siteresources.worldbank.org/INTPROCUREMENT/Resources/ConGuid-08-06-ev1) may also be referred for additional guidance. In case of any deviation between the provisions contained in this manual and Bank's guidelines, the provisions contained in Bank's guidelines would prevail.

This document is intended for procurement officers to achieve the uniform system of procurement in all the States. This document is also intended to guide the implementing agencies to understand the procedures to be followed for procurement. The rights and obligations of the purchaser and the contractor of goods and works are governed by the tender documents and by the contracts signed by the purchaser with the contractor and not by these guidelines.

PART A: GENERAL

APPLICABILITY

The procedures as contained in this procurement manual should be used for the procurement for the Goods and Works contracts having value below US$ 100,000 and consulting services contracts having value below US$ 50,000. Above these thresholds, the 'World Bank' procurement and consultant guidelines (dated May 2004 as updated subsequently) will be applicable.

USE OF PROCUREMENT AGENT

All ICB/ LIB procurement, NCB contracts estimated to cost more than US$ 100,000 for goods and works, Consultancy services for firms **together** estimated to cost more than US$ **150,000** and individual consultants costing more than US $ 50,000 will be carried out by NACO through a qualified procurement agent (to be internationally selected through Quality and Cost Based Selection procedure, or alternatively an appropriate UN Agency selected by negotiation to perform this function). **NACO will however be handling the procurement of services on its own for the time being without the involvement of either EPW or the procurement agent. This arrangement will be reviewed once the results of DIR and other reviews are available.**

PROCUREMENT OF DRUGS & MEDICAL SUPPLIES

The pooling partners (World Bank etc) will only finance procurement of drugs, pharmaceuticals or medical supplies procured either through ICB (International Competitive Bidding) or LIB (Limited International Bidding). NCB, (National Competitive Bidding) shopping or direct contracting for procurement of drugs and medical supplies are not allowed at this stage. NACO/SACS can however procure pharmaceuticals and medical supplies directly from UN Agencies with prior approval of the Bank.

DELEGATION OF THE PROCUREMENT TO SACS

The SACS, subject to the filling up of procurement related posts as sanctioned by NACO by October 31, 2007, will handle

- Only the procurement of goods/ works/ services up to an estimated value of US$ 50,000 except
- For TI and CST contracts issued to NGO/CBO where the ceiling will be US$ 75,00
- The duration of TI and CST contracts issued to NGO/CBO will initially be one year only. Once procurement capacities of SACS are assessed based on various reviews, the SACS having sufficient capacities may be assigned with higher ceilings. Limits of procurement by SACS will be increased upon review of the SACS abating to procure with due diligence.

All procurement above this threshold will be handled by NACO. Please see **Appendix I** for further details.

CONTRACTING OF NGO/CBO FOR HANDLING TI AND CST CONTRACTS

The basis for contracting services under TI & CST programmes procedure laid down in NGO/ CBO Guidelines prepared by NACO for conducting the due diligence will be the basis. The provisions

contained in NGO/CBO guidelines will be applicable for issuing the contracts to NGO/CBO. The procurement of pharmaceuticals and medical supplies by NGO/CBO under TI and CST contracts will be as per the format provided.

OTHERS

Methods of procurement to be adopted as well as procurement reviews by the Bank will based on the total value of the invitation for bids (IFB) rather than the value of each individual contract/ schedule/ lot/ slice.

The short list of consultants for services estimated to cost less than $500,000 equivalent per contract may comprise entirely of national consultants

PART B: PROCUREMENT OF GOODS AND WORKS

I. PROCUREMENT & SUPPLY MANAGEMENT STRATEGY

1. NEED FOR PROCUREMENT STRATEGY

An appropriate strategy for procurement and supply management should be formulated before initiating the procurement process. Such a strategy is considered essential for meeting the aims and objectives of the project, and to bring efficiency to the system. Key factors influencing the procurement strategy relate to the degree of complexity and uncertainty about the requirement, together with the time needed to achieve a successful outcome.

2. REQUIREMENTS OF A GOOD STRATEGY

- The foremost requirement of the strategy should be to ensure adherence to the norms laid down by the Government of India and the Development Partners. It should ensure:
  - Transparency of the process
  - Equality of opportunity
  - Accountability
  - Equitable treatment to the suppliers , contractors and service providers
  - Dispute Resolution System
- The second requirement should be capacity building for procurement and supply chain management operations and to decide on appropriate level of purchasing and supply chain activities at central, state and district levels.

  The available capacity in most of the states for procurement of drugs and other medical stores is not adequate; this has been established by the recent assessment conducted by an independent agency. The strategy ought to account for it, and organize procurement, as well as the supply chain, accordingly.
- Supply of goods under NACP II was out sourced to PSUs. Under NACP III this responsibility is to be undertaken by a qualified procurement agent selected through QCBS under World Bank guidelines. Till such time that a qualified procurement agent has been appointed, urgent procurement will be handled by the EPW under an oversight arrangement agreed by NACO with the pooling partners.

Methods of procurement to be adopted as well as procurement reviews by the World Bank will be decided based on the total value of the tender rather than the value of each individual contract/ schedule/ lot/ slice.

3. DECIDING ON PROCUREMENT STRATEGY

It is important to agree on the procurement strategy before initiating the tendering process.

For example, purchase of drugs having limited shelf life shall require different procurement strategy than the purchase of other durable goods. Similarly for civil works, options like work contract on lump-sum basis or based on bill of quantities could be explored. The procurement strategy should cover:

- key objectives of the procurement for the project;
- chosen of procurement option;
- Mode of procurement route (Open, Restricted/limited);
- key milestones (check that enough time will be allowed for various procurement steps);
- key documents e.g. requirements specification.
- Budget

Factors influencing the procurement strategy relate to the degree of complexity, innovation and uncertainty about the requirement, together with the time needed to achieve a successful outcome.

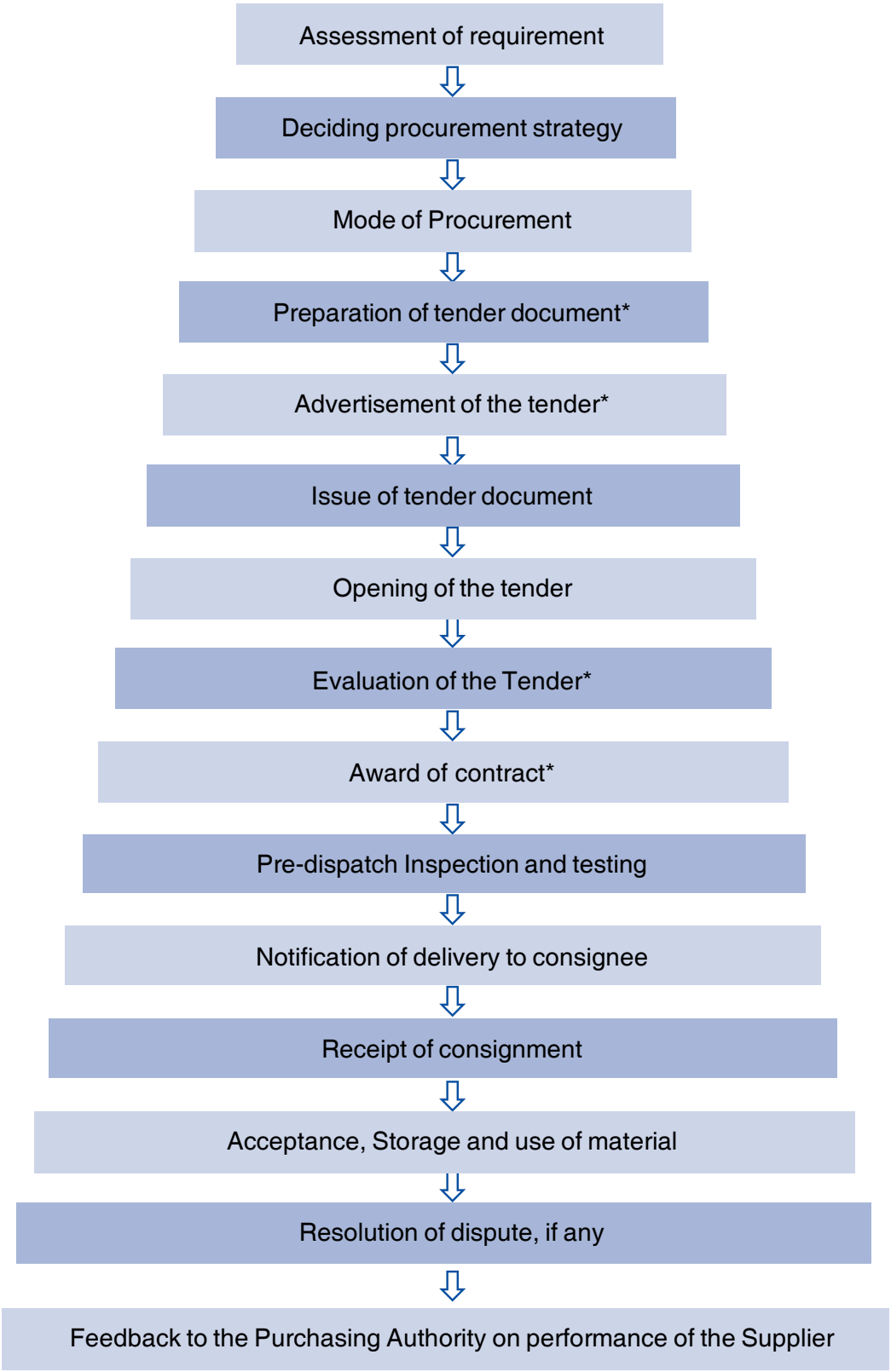
II. PROCUREMENT PLAN AND PROCEDURES

A plan for procurement should be prepared clearly laying down the budget required. The plans should cover.

a) Procurement Plan

- Plan for the project period 2007-2012 civil works, equipment, goods, consultancy services and resource support for the 18 months of the programme and project on a tentative basis for the subsequent years.
- Procurement plan shall be prepared every year for proper monitoring and execution.
- Annual Plan shall be prepared contract wise.
- Method of purchase shall primarily be based on the value of the contract (or as applicable). Other relevant factors are urgency of the demand, type of goods/ services and availability of different sources of supply etc.
- Limit of value per contract (or tender as applicable) applicable to the particular procurement procedure shall be strictly adhered to.
- It shall be ensured that the procurement is based strictly on actual need.

PROCUREMENT STEPS*



*Prior Clearance of World Bank to be obtained.

III. FORECASTING/ASSESSMENT OF THE REQUIREMENT

1.1 ASSESSMENT AND FORECASTING OF DEMANDS

Bulk requirement of the stores for the State level/ District level should be assessed prior to the beginning of the financial year. While forecasting the requirement the following factors should be considered;

1. Average time period required for the complete procurement cycle is usually 8 to 12 months. This process needs to be compressed. Hence, the process is required to be initiated well in advance based on the assessment of the following information.

    - Current stock of stores;
    - where the stock is located;
    - when is the product due to reach the expiry date;
    - what will be the stock at the expected time of receipt of new supplies;
    - and what is the projected time scale for distribution.

2. List of consignees and their storage capacity for receiving the bulk consignment. In case the storage capacity is limited, supply of commodities would require to be phased over a period of time rather than receiving as bulk as one consignment.

3. Any problem encountered with the procurement and distribution over the last few years should be taken into account and analyzed.

Consolidating requirement of several programmes can offer potential savings through price discounts and reduce the administrative cost associated with multiple orders processing.

States shall prepare annual procurement plan and budget estimates at the state and district levels based on the norms. The plan and budget after approval of concerned SACS will be sent to NACO. NACO will provide feedback to the States on the plans. States will manage their own logistics in terms of adequacy of requirement, storage, supply and monitoring of quality.

Major procurement of drugs, equipments etc. would be done by NACO at the national level and is to be carried out through a qualified procurement agent selected on QCBS procedure as per the World Bank guidelines. The requirements of items to be procured centrally for the country, delivery schedule, technical specifications and consignee details shall be approved by a Technical Committee of the Director General of Health Services.

1.2 IDENTIFYING SPECIFICATIONS

Technical Specification for the goods to be procured/Bill of Quantities should be drawn up with clarity, to achieve the following : -.

- to let the Procurement Wing understand exactly the features required in the item,
- to let the supplier know exactly what the buyer wants,

- to facilitate easier, quicker and accurate verification of items upon receipt.
- To evaluate the suppliers' performance in meeting the specifications

For the procurement of drugs, the specifications of drugs should be fixed and should be generic as given under IP. In case the item to be procured is not covered under BIS or I.P. and specifications are to be framed, the same may be prepared by a committee of experts associated with the trade, if required. Unbiased technical specifications shall be prepared with no mention of brand names and catalogue numbers. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. The specifications should be generic and should not favour a particular brand or supplier.

The specifications for drugs and other medical stores have already been identified at the time of state implementation plans. Indian Pharmacopoeia has been adopted wherever available. The demands forecast by SACS shall include relevant specifications.

MoHFW has compiled a compendium of technical specifications for equipment, which is available at http://mohfw.nic.in/listfac/Specialist%20List.htm

For non medical stores, e.g. computers, vehicles, office furniture etc, specification shall need to be framed.

Similarly for works and services, the specifications shall be framed for each individual case.

SACS shall identify or develop the specifications on its own or in consultation with the state government organizations like State Public Works Department. Outside consultants may be hired when needed.

1.3 DECIDING ON LOT SIZES

For all procurements at central level, the lot sizes shall be decided by NACO based on the market survey database of suppliers being prepared and other factors. After consolidating the demand, it shall make lots to achieve advantage of bulking and fair competition at the same time.

For procurements at state level, SACS shall decide the lot sizes based on considerations as above.

IV. MODE OF PROCUREMENT

The methods of procurement to be followed are:

A. International Competitive Bidding (ICB)

B. National Competitive Bidding (NCB)

C. Limited International Bidding

D. Limited Tender

E. Shopping

F. Single tender/ Direct Contracting

G. Force Account (for Civil Works through Public Works Department)

1. DECIDING WHO SHALL HANDLE PROCUREMENT

1.1 PROCUREMENT OF GOODS, EQUIPMENT, LABORATORY EQUIPMENT AND CONSUMABLES AND REAGENTS

Description	Action by	Mode of Tendering
Drugs, kits and medical supplies	NACO [1]	ICB/LIB/NCB/DC
Equipment	NACO	ICB/NCB
Chemicals / reagents	SACS	Shopping
Vehicles (4 wheelers-jeeps/vans)	SACS	Shopping/ DGS&D Rate contract
Office equipment viz. computers/fax m/c/ photocopier/ waste management supplies/ overhead projectors and accessories	SACS	Shopping/ DGS&D Rate contract
Vehicles-2 wheelers, furniture etc	SACS	Shopping/ DGS&D Rate contract
Emergency requirements of Drugs[2], Test Kits, where arrangements made by NACO through Procurement Agent does not materialized in time	SACS	Shopping/DC
Consumables, Lab supply, IEC Materials	SACS	Shopping/DC
Repair/ maintenance/ AMCs of assets[3] Printing of stationery items viz. treatment cards, patient I.D card, register, training modules, reports format etc.	SACS SACS	Shopping/DC Shopping/DC
TI and CST Services through NGO/CBO	SACS	CQS/Single source
Other Services	SACS	Single Source/QCBS/CQS/QBS/ Least Cost/service delivery contractors
Works - Modification/ alteration/ repair/ renovation/ up-gradation of Office/ stores/ lab	SACS	DC/Shopping/Force Account
Repair/Maintenance of furniture	SACS	DC/Shopping/Force Account

[1] NACO may appoint Procurement Agent to handle procurement.

[2] Drugs and medical supplies through NCB/Shopping/DC are not to be procured till the time the findings of DIR are incorporated in GAAP and the concerns regarding Schedule M are addressed

[3] SACS shall develop a mechanism to ensure timely repairs, regular maintenance of equipment and maintaining a buffer stock of spares like ribbons, toner ink etc. For maintenance of office equipment Annual Maintenance Contracts (AMCs) may be drawn up with an authorized dealer of such equipment on basis of shopping after obtaining at least 3 quotations to ensure competitive rates

Note: The civil work component mainly consists of small scale works scattered in the districts. The bulk of it consists of alterations to existing facilities to create adequate and well organized storage rooms to accommodate several months supply of drugs, to make the room airy and for availability of natural light, fitting the sink, providing overhead tank, plumbing and fitting of electrical points etc. This may also include providing small lab furniture.

For small works within the threshold value of USD 50,000, contracting on the basis of quotations from at least 3 contractors (shopping) to ensure competitive prices would be permissible.

1.2 CONSTITUTION OF EMPOWERED / PURCHASE / EXECUTIVE COMMITTEE FOR NACP III[1] (FOR EMERGENCY PURCHASES TILL THE PROCUREMENT AGENT IS IN PLACE)

1.2.1 CENTRAL LEVEL

The procurement at the Central level will be made through the qualified Procurement Agency and until such an agency has been appointed the procurement will be handled by EPW in MOHFW (under the oversight of the international consultant working for capacity building of EPW). An Integrated Purchase Committee (IPC) has been constituted for considering all proposals for procurement of goods up to a threshold value of Rs. 10 crore for NACO:

a)	Director General of Health Services	Chairman
b)	Additional Secretary & DG, NACO	Co-Chair
c)	Financial Advisor, H&FW	Member
d)	Joint Secretary (Health)-EPW	Member
e)	Additional Director - Procurement, NACO	Member Secretary

Recommendation of the above IPC will be submitted to Secretary (H&FW) for deciding all cases up to threshold value of Rs. 20 crore, and recommendations of the above IPC for all cases beyond a threshold value of Rs. 20 crore will be submitted to Health Minister.

1.2.2 STATE LEVEL

Similarly, a Standing Purchase Committee[1] consisting of following officials shall be constituted in the States for deciding the proposals relating to procurement of goods and services, which have been delegated to SACS.

a)	Additional Project Director/ Project Director	
b)	Representative from the Programme Division	Member
c)	Finance Controller/ Finance Officer	Member
d)	External Expert to the related field to be nominated by Secretary (H)	
e)	Procurement Officer (SACS)	Member Secretary

Annual Maintenance Contracts (AMCs) may be drawn up with an authorized dealer of such equipment on basis of shopping after obtaining at least 3 quotations to ensure competitive rates.

Constitution and functions of the committee at different levels may need review and decision of NACO.

The recommendations of the Purchase Committee will be put up to the Project Director for approval. All purchases above Rs. 50,000/- shall be done through the Purchase Committee.

1.3 PROCUREMENT THROUGH FRAMEWORK AGREEMENTS

Framework Agreements are rate and quantity contracts arrived through competitive bidding procedure. Subject to Bank clearance NACO / PA shall finalise rates and quantity for all items required at state and district levels under Framework Agreements to avoid duplication of efforts by each State and to take benefit of bulk purchase. Procurement at State level would therefore be limited to availing the allocated quantities of such items under Framework Agreements.

1.3.1 THRESHOLDS FOR VARIOUS METHODS OF PROCUREMENT

Category	Method of Procurement	Threshold (US$)	INR* Equivalent
Works	ICB NCB Shopping DC / Force Account	>2,000,000 50,000 to 2,000,000 Up to 50,000 Up to 10,000	>84,000,000 2,100,000 to 84,000,000 Up to 2,100,000 Up to 420,000
Goods (except Vehicles) (also applicable for non-intellectual services and the services contracted on the basis of performance of measurable physical outputs)	ICB LIB (wherever agreed by Bank) NCB Shopping (or DGS&D rate contract) DC	>1,000,000 >1,000,000 50,000 to 1,000,000 Up to 50,000 Up to 10,000	>42,000,000 >42,000,000 2,100,000 to 42,000,000 Up to 2,100,000 Upto 420,000
Goods (only Vehicles)	ICB NCB Shopping (or DGS&D rate contract)	>1,000,000 100,000 to 1,000,000 Up to 100,000	>42,000,000 4,200,000 to 42,000,000 Up to 4,200,000
Consultants' Services (except TI and CST contracts issued to NGOs/CBOs, Mass Media and IEC Services)	SSS/LCS/CQS	Up to 50,000	Up to 2,100,000
Consultants' Services (only for TI and CST contracts issued to NGOs/CBOs)	SSS/CQS*	Up to 150,000	Up to 6,300,000
Consultants' Services (only for Mass Media and IEC Services)	SSS/CQS	Up to 100,000	Up to 4,200,000
Consultants' Services (all cases not covered above)	QCBS (or QBS, where Bank agrees) (i) International Shortlist (ii) Shortlist may comprise national consultants only	Beyond above thresholds >500,000 Up to 500,000	 >21,000,000 Up to 21,000,000
Consultants' Services (Individuals)	Individual consultants selection procedure	Up to 50,000	Up to 2,100,000

*Rate of exchange US$ = INR Rs. 42/- per US$ approx.

* SACS will use the due diligence process given in NGO/CBO guidelines for identification of the NGOs/CBOs. For the purpose of the applicability of the procurement guidelines, the final selection will be treated as sole source selection is such acses. Alternatively, the Selection Based on consultants qualification(CQS) may be used for such cases.

In addition, Service Delivery Contractors can be selected as per para 3.21 of the World Bank Guidelines.

Invitation for Bids (IFB) for works, goods and equipment for all ICB contracts and advertisement for calling of Letters of Expression of Interest (EOI) for short listing of consultants for services costing more than $ 200,000 equivalent will be published in UNDB and dgMarket.

The contract award notice is to be published in UNDB and dgMarket in case of all SSS contracts (quarterly and in the format of a summarized table covering the previous period) and other consultancy contracts costing more than $ 200,000 equivalent. In case of goods and works, the publication of contract award notices in UNDB and dgMarket would be required in case of all DC (quarterly and in the format of a summarized table covering the previous period) and ICB/LIB contracts.

The applicable Procurement Procedures are described below:

A) INTERNATIONAL COMPETITIVE BIDDING (ICB)

This method is generally adopted where supplies cannot be met from indigenous sources and need import; and / or foreign firms are expected to participate and bring more competition.

REQUIREMENTS TO BE FOLLOWED

- Apart from wide publicity nationally, advertisement of Invitation for Bids (IFBs) shall be published in UNDB/ dg Market, as well as on the NACO web-site.
- Use of standard World Bank Bid Documents
- Domestic preference shall be allowed to domestic bidders with respect to foreign bidders as mentioned in the bid documents.

Other procedures shall be same as specified in World Bank procurement guidelines.

B) NATIONAL COMPETITIVE BIDDING (NCB)

i. NCB also known as Open Tender is the competitive bidding procedure normally used for public procurement of goods and civil works in the country. The procedures shall provide for adequate competition in order to ensure reasonable prices. The criteria to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and not be applied arbitrarily.

ii. Various steps involved in procurement under open tender procedure have been enumerated below :-

I. NOTIFICATION /ADVERTISING

Timely notification of bidding opportunities is essential in competitive bidding:-

(a) Invitation for bids(IFB) shall be published in daily newspapers with wide circulation all over India, at least in one national English and one regional language daily. If the advertisement is for more than one item, it should also be indicated whether the evaluation would be item-wise or as a package. The bidders shall be allowed the option to submit the bids for any one or more schedules specified in the 'Schedule of Requirements' and to offer discounts for combined schedules. The advertisement should also be placed at the website of the Department.

(b) Tendering period shall not be less than 30 days from the date of start of sale of tender documents, or publication of IFB in the newspapers which ever is later

(c) Rate contracts entered into by Directorate General of Supplies and Disposals, will not be acceptable as a substitute for NCB procedures;

(d) As per the paragraph 1.14(e) of the Bank's Procurement Guidelines dated May, 2004 relating to Bank's right requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records would need to be included in the bidding documents for the Project.

(e) If it is a condition in the invitation for tender that Earnest Money Or Bid security (it should be a specific amount rather than a %) is to be deposited by the supplier / contractor, the bid of a supplier / contractor not complying with this requirement, shall be rejected.

(f) In a package, the Earnest Money is indicated taking into account all the items. This cannot be changed later on. Once it is decided that the contract is for a package the Earnest Money for that package is to be indicated and the same cannot be changed according to each item.

(g) The last date for receipt of tender shall be the day following the date for close of the sale of tender documents.

(h) Tenders can be sold from different places but the tenders shall be received at one place to avoid problems arising out of late/delayed tenders. Tenders should normally be opened immediately after the deadline for receipt of bids on the notified day.

II. **(a) Tender Documents**: Standard Bidding Documents as amended from time to time for works/ goods (as acceptable to the World Bank as agreed by Bank with Government of India Task Force) will be used. Sale of tender document should begin only after the publication of notification for tender in newspaper. The tender documents shall furnish all information necessary for a prospective bidder to prepare a tender for the goods and works to be provided. Tender documents should be made available to all who seek them after paying the requisite fees, if any, regardless of registration status and they should be allowed to bid. No special preference shall be accorded to any bidder either for price or other items.

(b) Clarity of Tender Documents: Tender documents shall furnish clearly and precisely the work to be carried out, the location of the work, or the goods to be supplied, the place of delivery or installation, the schedule for delivery or completion, specification/ technical specification, minimum performance requirements, the warranty and maintenance requirements, if any, and the method of evaluation. The basis for tender evaluation and selection of the lowest technically suitable and evaluated tender shall be clearly outlined in the instructions to tenderers and/or in the specifications.

Tender documents should state clearly whether the bid prices will be fixed or price adjustments will be made to reflect any changes in major cost components of the contract.

No special preference will be accorded to any bidders, state owned enterprises, small scale enterprises or any other class of bidders.

III. STANDARDS AND TECHNICAL SPECIFICATIONS

The implementing agency shall specify the generally accepted standards of technical specifications. Unbiased technical specification shall be prepared with no mention of brand names and catalogue numbers. In case the item to be procured is not covered under BIS or I.P. and specifications are to be framed, specifications may be prepared by a committee of experts associated with the trade, if required. The functional performance, design, quality, packaging and additional requirements should be clearly spelt out in the specifications. The specifications should be generic and should not favour a particular brand or supplier.

Technical specifications, bill of quantities and civil drawings should be prepared before tendering. Specifications for the articles to be procured should be drawn up in every case with clarity. No deviations from the specifications after opening of tender should be allowed.

IV. VALIDITY OF TENDER

Bidders shall be required to submit tender valid for the period specified in the tender documents. Normally, the bid validity period shall not exceed 90 days.

V. EARNEST MONEY

Earnest Money of normally 2% of the estimated cost of the item or works shall be the appropriate amount, which should be indicated , as a specific amount. The earnest money shall be in the form of a demand draft / banker's cheque/bank guarantee from a scheduled bank, which should be valid up to 45 days beyond the validity period of the tender. The earnest money of unsuccessful bidders shall be refunded soon after the final acceptance of tenders. The earnest money shall be forfeited in the event of withdrawal of the tender within the original validity once submitted or in case a successful bidder fails to provide the performance security and fails to execute necessary agreement within the period specified.

VI. TERMS AND METHODS OF PAYMENT

Payment terms shall be in accordance with the practices applicable to the specific goods and works. Tender documents should specify the payment method and terms offered.

VII. CONDITIONS OF CONTRACT

The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the implementing agency and of the Supplier or Contractor, and the functions and authority of the engineer, architect, or construction manager (if one is employed by the implementing agency) in the supervision and administration of the contract. Special Conditions related to specific item should also be clearly specified in the tender document.

VIII. PERFORMANCE SECURITY DEPOSIT

(a) Tender documents for works and goods shall require security in an amount sufficient to protect the implementing agency in case of breach of contract by the Contractor. This shall be in the form of a bank guarantee or any other specified instrument and amount should be specified in the tender document. The amount of performance guarantee shall normally be 3-5% of contract price (valid till 28 days after the date of expiry of defect liability period or the guarantee/warranty period as the case may be).

(b) The performance security deposit shall be refunded within one month of the completion of supply of goods/works or after the expiry of defects liability/guarantee/warranty period (as mentioned above) where there is condition of guarantee/warranty.

(c) The performance security deposit may be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery/completion period agreed in the contract.

IX. RETENTION MONEY

In contracts for works, normally 5-10% of contract price shall be recovered as retention money. 50% of such retention money shall be repaid to the Contractor on completion of the whole of the works and balance 50% shall be repaid after the expiry of the defects liability period on certification by the Engineer that all defects notified to the contractor before the end of the period have been corrected.

X. LIQUIDATED DAMAGES

Provisions for liquidated damages at the rate of ½% per week of delay subject to maximum of 10% computed on the value of supplies/works delayed shall be included in the conditions of contract when delays in the delivery of goods, completion of works resulting in extra cost, or loss of revenue or loss of other benefits or inconvenience to the implementing agency.

XI. PRE BID CONFERENCE

A pre-bid conference (date/venue to be indicated in the bid document) may be arranged wherein potential bidders may meet with the representatives of the implementing authority to seek clarifications on the tender documents. Copy of minutes of the pre-bid conference should be furnished to the bidders who had already purchased the bid documents and also supplied along with the bid document sold to the parties purchasing the document subsequent to the pre-bid conference.

XII. TENDER OPENING:

(a) The time for the tender opening should be immediately after the deadline for receipt of bids/tenders.

(b) Tenders shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of bids.

(c) All tenders received should be opened. No bid should be rejected at bid opening except for late tenders. Late tenders shall be returned to the bidders unopened.

(d) The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions, if any, shall be read out at the time of bid opening.

(e) Spot comparative statement (minutes of bid opening) must be prepared by bid opening officials and should be signed.

XIII. CONFIDENTIALITY

After the public opening of tenders, information relating to the examination, clarification, and evaluation of tenders and recommendations concerning awards shall not be disclosed to bidders or other persons not officially concerned with this process until the successful bidder is notified of the award of the contract.

XIV. EXAMINATION OF TENDERS

(a) The Procurement Agency/State AIDS Control Society/Authorities entrusted with evaluation of tenders shall ascertain whether the tenders

- Meet the eligibility requirements specified;
- Have been properly signed;
- Are accompanied by the required earnest money and valid for the period specified in the tender document;
- Are substantially responsive to the tender documents; and
- Have the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract. For ensuring financial capacity a minimum turnover requirement should be indicated in bid document.
- Are otherwise generally in order.

(b) If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions, and specifications in the tender documents, it shall not be considered further. The bidder shall not be permitted to correct or withdraw material deviations or reservations once tenders have been opened.

XV. TENDER EVALUATION AND COMPARISON

(a) The purpose of tender evaluation is to determine the cost to the implementing agency of each tender in a manner that permits a comparison based on its evaluated cost. The tender with the lowest evaluated cost and substantially responsive (but not necessarily the lowest submitted price), should be selected for award.

(b) The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors for the purpose of evaluation.

(c) Evaluation of tenders should be made strictly in terms of the provisions in the tender documents to ensure compliance with the commercial and technical aspects.

(d) The **conditional discounts** offered by the bidder shall not be taken into account for evaluation. This however does not apply to cross-discounts.

(e) The past performance of the suppliers/ contractors should also be taken into account while evaluating the tenders. (This should also be indicated in bid document)

(f) The implementing agency shall prepare a detailed report on the evaluation and comparison of tenders setting forth the specific reasons on which the recommendation is based for the award of the contract.

XVI. EXTENSION OF VALIDITY OF TENDERS

As far as possible contract should be finalized within the original validity of the offers mentioned in the tender. An extension of bid validity, if justified by exceptional circumstances with the approval of next higher authority, shall be requested in writing from all bidders (of valid tenders only) before the expiry date. Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money, but those who are willing to extend the validity of their bid shall also be required to provide a suitable extension of Earnest Money. Prior concurrence of the Bank would be obtained if prior concurrence of the Bank (i) for the first request for extension if it is longer than four weeks; and (ii) for all subsequent requests for extension irrespective of the period (such concurrence will be considered by Bank only in cases of Force Majeure and circumstances beyond the control of the Purchaser/Employer).

XVII. POST-QUALIFICATION OF BIDDERS

If bidders have not been pre-qualified, the implementing agency shall determine whether the bidder whose bid has been determined to offer the lowest evaluated cost has the technical capability and financial resources to effectively carry out the contract as offered in the bid. **The criteria to be met shall be set out in the tender documents**, and if the bidder does not meet them, the bid shall be rejected. In such an event, the implementing agency shall make a similar determination for the next-lowest evaluated bidder and so on.

XVIII. NEGOTIATION

Except with the prior concurrence of the Bank, there shall be no negotiations of price with the bidders, even with the lowest evaluated bidder. Counter-offers and voluntary discounts tantamount to negotiations and should be treated at par with negotiation.

XIX. REPEAT ORDERS (GOODS/ EQUIPMENT)

Quantities in contracts awarded may be increased as per the prevailing State procedure up to 15% of the quantity originally ordered by repeat orders after recording reasons provided that such orders shall be given before the date of the expiry of last supply and also subject to the condition that prices have since not reduced and purchases were required on urgency basis. If the threshold of 15% is exceeded, prior concurrence of the Bank shall be obtained.

XX. REJECTION OF ALL TENDERS

(a) Tender documents usually provide that implementing agency may reject all tenders.

Rejection of all tenders is justified when none of the tenders are substantially responsive or when negotiations with the L1 bidder have failed. However, lack of competition shall not be determined solely on the basis of the number of bidders. If all tenders are rejected, the implementing agency shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new tenders.

(b) If the rejection of all tenders is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the tenders being non-responsive, new tenders may be invited.

(c) Rejection of all tenders and re-inviting new tenders, irrespective of value shall be referred to the **competent authority for approval after examining whether technical specifications need any change.**

(d) Rejection of tenders (ICB/NCB/LIB), irrespective of the value, will require World Bank's approval.

XXI. REBIDDING

Rebidding shall not be carried out without the prior concurrence of the Bank. The system of rejecting the bids falling outside a pre-determined margin or bracket of prices shall not be used.

C) LIMITED TENDER

Limited Tendering is nothing but NCB without advertisement and rather by inviting bids from qualified suppliers as per the short list and other known suppliers to ensure receipt of competitive bids.

This procedure could be adopted where

- there are only a limited number of suppliers of the particular goods or services
- demand is urgent in nature
- exceptional reasons exist justifying departure from full Advertised Open Tender,
- these facts should be placed on record and approval of competent authority taken.

Other procedures under Limited tender will be same, as that of Open advertised tender (NCB). Prior approval of the Bank shall be taken before using limited tender.

D) SHOPPING

(a) Shopping is a procurement method based on comparing price quotations obtained from several suppliers, usually at least three to ensure competitive prices.

(b) Goods including drugs[5] and equipment, and civil works estimated to cost the financial ceiling prevailing in States or less per contract (subject to a maximum value of US$ 50,000 equivalent) may be procured under Shopping.

[5] Drugs and medical supplies through NCB/Shopping/DC are not to be procured till the time the findings of DIR are incorporated in GAAP and the concerns regarding Schedule M are addressed

(c) It is an appropriate method for procuring readily available off-the-shelf goods or standard specifications commodities of small value or simple civil works of small value.

(d) Approval of competent authority of the implementing agency may be obtained for items to be purchased or civil works to be constructed/ renovated/ repaired along with specifications, estimated costs and agencies from which quotations should be invited.

(e) The requests for quotations shall be made indicating the description, specification, and quantity of the goods, terms of delivery or specifications of works, as well as desired delivery or completion of time and place. If the quotations are called for more than one item/works, it should also be indicated whether the evaluation would be for each item-wise or for civil works or as a package.

(f) Quotations could also be obtained by telex or facsimile. The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

(g) Rate contracts entered into by Directorate General of Supplies and Disposal (DGS&D) will be acceptable for procurement under shopping.

(h) State Government rate contracts shall be treated as one of the quotation.

(i) For small civil works, PWD can handle the shopping on behalf of SACS.

(j) The formats for inviting the quotations are enclosed at Appendix II (goods) and Appendix III (works)

E) SINGLE TENDER /DIRECT CONTRACTING

(a) The Single Tender system may be adopted in case of articles including drugs[6] and equipment, which are specifically certified as of proprietary in nature, or where only a particular firm is the manufacturer of the articles demanded or in case of extreme emergency.

(b) The single tender system without competition shall be an appropriate method under the following circumstances:

(i) Extension of existing contracts for works or goods awarded with the prescribed procedures, justifiable on economic grounds;

(ii) Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;

(iii) The required item is proprietary and obtainable only from one source.

(iv) Need for early delivery to avoid costly delays;

(v) Works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high; and

(vi) In exceptional cases, such as in urgent response required to meet natural disasters.

[6] Drugs and medical supplies through NCB/Shopping/DC are not to be procured till the time the findings of DIR are incorporated in GAAP and the concerns regarding Schedule M are addressed

(F) PROCUREMENT OF CIVIL WORKS THROUGH FORCE ACCOUNT

Force account, that is, construction by the use of the Borrower's own personnel and equipment may be the only practical method for constructing some kinds of works specially when works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices. Wherever justified, the SACS may decide to get small Civil Works upto a value threshold of $10,000 executed through its Public Works Department (PWD) wherever considered appropriate.

(V) AWARD OF CONTRACT:

Implementing agency shall award the contract, within the period of the validity of tenders, to the bidder who meets the tender conditions in all aspects, has the necessary technical capability and financial resources and whose bid is substantially responsive to the tender documents and has the lowest evaluated cost.

The purchaser can, if so desired depute a team of 3-4 officers to the premises of manufacturer to whom the contract is proposed to be awarded, to satisfy itself that the manufacturer has capability to produce the required quantity and also the necessary quality testing and assurance facilities to meet the required standards. Based on the report of this Committee, the purchaser may decide to award the contract to the successful bidder offering the lowest or reasonable price after approval of the appropriate authority.

Single bids should also be considered for award, if it is determined that publicity was adequate, bid specification/conditions were not restrictive or unclear and bid prices are considered reasonable.

(VI) DISCLOSURE

For central level procurements, information on pre-qualification and award of contract would be posted on the programme website. It is decided to put the following on programme division's website:

- Making publicly available, all annual procurement schedules promptly after finalization.
- Posting all bidding documents and requests for proposals.
- Making available to any member of the public, promptly upon request all shortlist of consultants and in case of pre-qualification, list of pre-qualified contractors and suppliers.
- The information on pre-qualified applicants and award of contracts.
- Posting annual progress and mid-term review reports of the programme.

For state level/district level procurements, the information would be shared with the public through appropriate means.

(VII) INSPECTION, SAMPLING AND TESTING PROCEDURE

The inspection authority and procedure for sampling and testing should be clearly specified in the tender document. The purchaser must select a set of accredited testing laboratories for testing the samples and choose an inspection agent qualified to conduct random sampling in accordance with ISO requirements. The purchaser should request a written confirmation

from the supplier that the results of the testing laboratory chosen for qualification and compliance testing will be accepted by the supplier. The name of the testing lab should be incorporated in the tender document. The authority to collect random samples should be specified. The purchaser may require verification of the WHO GMP certification of the winning supplier in case of procurement of drugs and medical supplies. The pooling partners will support procurement of drugs/pharmaceuticals and medical supplies under NCB, Shopping and DC only after concerns regarding revised Schedule M of the Drugs & Cosmetics Act & Rules have been addressed in a way that is satisfactory to the World Bank.

The purchaser will decide whether 100% pre-dispatch inspection is required at the manufacturers' premises, depending on the items to be purchased. Some times it is important to verify that each manufactured batch complies with the specifications before it is finally dispatched to the consignee. When a consignment is ready for dispatch, the supplier will inform the purchaser that the consignment is ready for the testing. Purchaser then instructs the inspection agency to carry out the inspection viz. visit the supplier's factory and draw samples from the batches offered for inspection, in accordance with sampling guidelines. The inspection agency will send the samples directly to the designated testing laboratory chosen by the purchaser for quality testing. Based on the results of the test, the batch may be cleared for dispatch. To avoid later dispute on the testing results, if feasible, a representative of the supplier may be invited to witness the testing of the sample at the laboratory.

In case of procurement of kits, where the kits are assembled by another party, before supplying the final kits to the purchaser, the inspection and quality control procedures should be clearly mentioned in tender document.

The above procedure applies mainly for procurement of drugs. In case of procurement of other goods, they may be inspected on arrival at purchaser's premises for any possible damage/defect either in manufacturing or in transit. In case of complex capital goods, the inspection at manufacturers' premises may also be required.

If the stores do not meet the performance requirement, they should not be accepted. If there are any disputes or doubts about the quality of the products, a procedure of resolution of dispute may be followed as per the terms of the contract.

(VIII) NOTIFICATION OF DELIVERY TO CONSIGNEE

Notification of delivery or dispatch in regard to each and every installment shall be made by the supplier to the Purchase Officer. The supplier shall further supply to the consignee a packing account quoting number of Supply Order and the date of dispatch of the stores. All packages, containers, bundles and loose materials part of each and every installment shall be fully described in the packing account and full details of the contents of the packages and quantity of materials shall be given to enable the consignee to check the stores on arrival at destination. The railway receipt, consignment note or the Bill of Lading, if any, should be drawn in the name of the consignee and should be sent to him by registered post acknowledgement due immediately on dispatch of stores, quoting the No.(s) and date(s) of the corresponding Inspection Note(s) in relation to the stores covered by the said Railway Receipt, the consignment note or the Bill of Lading, as the case may be. The contractor shall bear and reimburse to the purchaser, demurrage charges, if any, paid by the reasons of delay on the part of the supplier in forwarding the Railway Receipt, consignment note or Bill of Lading.

(IX) RECEIPT OF CONSIGNMENT

In case of imported stores, the purchaser should be aware of the Custom clearance requirement prior to issuing the contract. A clear procedure (i.e. who will clear the goods and pay the duties, loading and unloading of the consignment, transport of the consignment to the premises of the consignee etc.) for custom clearance should be specified in the contract.

At the time of the delivery of the stores, the consignee should accept the stores on "said to contain" basis and should issue the provisional receipt certificate in the standard format (sample attached). After opening the packages and detailed examination of the stores, the consignee will issue the final acceptance certificate, if he is satisfied with the quality of the goods. Notwithstanding the pre-qualification or the inspection of the goods/services by the inspection agency, consignee has the right to further inspect and test the goods but within a reasonable time (say upto 60 days) and if the goods fails to meet the specifications given in the contract, he should reject the goods and ask the supplier to replace the goods or rectify the defects.

(X) STORAGE AND DISTRIBUTION

Experience has demonstrated that properly packed, good quality goods (except some drugs and vaccines or specific items) do not deteriorate when stored at average temperatures found in tropical climates. Air-conditioning is generally not necessary if the goods are properly packaged and stored in a clean, dry and well-ventilated environment.

If quality assurance measures have been strictly followed during the manufacturing process the conditions of warehousing and storage play a major role in ensuring that quality goods received reach final users in good condition. They should be left in their original packaging while in storage. The batch number and marking on the cartons should be recorded to ensure that every batch is traceable and distributed on a first in/ first expiry basis. The drugs, which require special storage including maintaining proper temperature should be stored in appropriate condition.

If the items are issued to the entities in downstream supply chain or for the consumption of end-users (such as drugs), proper record of such distribution should be maintained.

(XI) RESOLUTION OF DISPUTES

The dispute resolution methodology should be very clearly indicated in the contract document. As far as possible, disputes may be resolved with mutual agreement between purchaser and buyer through alternate dispute resolution methods to avoid going through arbitration and litigation stage.

There are a number of possible causes of disputes during the execution of contract. These may involve:

- Interpretation of the terms and conditions of the contract
- Delay in delivery / completion of the works
- Delay in release of payment
- Independent laboratory test results

- Condition of the items on arrival at consignee and after delivery
- Rate of the items, variation in quantity in civil works contract etc.
- Design/specification issues.

DISPUTES OVER LABORATORY RESULTS:

Disputes over product acceptance usually arise when independent testing determines that the product is not in compliance with the required specification or standard. It is also possible for a manufacturer to dispute a decision made by the inspection agency regard-ing product packaging or appearance.

In most cases, manufacturers accept the results of independent laboratories and replace Batches that have been rejected. When the manufacturers do not accept the test results, they usually present test results or other evidence to suggest that the independent laboratory tests are incorrect and do not accurately represent the quality of the product tested. Procedures for dealing with such disputes should be covered in the contract.

DECISIONS ON RE-TESTING:

Re-testing should only be undertaken when there is reasonable evidence that the laboratory has made a mistake. Before considering a re-test all the available data should be reviewed. If a manufacturer disputes a test result, the following issues should be considered in deciding whether to allow a re-test:

- What is the margin by which the product has failed to comply?
- Is the manufacturer's history of production for the client a good one?
- What is the nature of the difference between the manufacturer's and the laboratory's test results? Where appropriate, the laboratory should keep the failed samples of goods so that the manufacturer can examine them.
- Samples of the failed batch could be sent to the designated appellate testing laboratory as specified in the contract.

  The amount of information available for review depends on the type of test. In all cases, the manufacturer should bear the cost of a re-test, unless it can be demonstrated that it is likely that the laboratory has made a mistake. To avoid the dispute over laboratory results, it is always desirable to invite the representative of the supplier to witness the testing of samples.

XII. LAWS GOVERNING THE CONTRACT

1. The contract shall be governed by the laws of India in force.
2. The courts of the place from where the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.
3. Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of tender, the contract shall be deemed to have been made at the place from where the acceptance of the tenders have been issued.

XIII. ARBITRATION

(i.) In the event of any question, dispute or difference arising under the contract conditions or any special conditions of contract, or in connection with the contract (except as to any matters the decision of which is specially provided for by these or the special conditions) the same shall be referred to the sole arbitration of an Officer, from the department other than the department who has decided the contract having sufficient knowledge of Law, appointed to be the arbitrator by the Purchaser. The award of the arbitrator shall be final and binding on the parties to this contract.

(ii.) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid,

(iii) It is further a term of the contract that no person other than the person appointed by the purchaser as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not to be referred to Arbitration at all.

(iv) The arbitrator may from time to time with the consent of all parties to the contract enlarge the time for making the award.

(v) Upon every and any such reference, the assessment of the costs incidental to the reference and award respectively shall be in the discretion of the arbitrator.

(vi) Subject as aforesaid, the Arbitration Act, amended up to date and the rules there under and any statutory modification thereof for the time being in force shall be deemed to apply to the Arbitration proceedings under this clause.

(vii) The arbitrator shall be requested to give reasoned award.

(viii) The venue of arbitration shall be the place from which formal Acceptance of Tender is issued or such other place as the purchaser at his discretion may determine.

Suitable clause may be incorporated in the Tender Enquiry to obtain the consent of the bidder to accept the arbitration clause.

XIV. EXTENSION OF CONTRACT (WORKS)

Purchases under open tender (NCB) method may be increased/decreased as per the prevailing procurement procedure/guidelines up to 15% of the quantity originally ordered by amending the order/contract after recording reasons provided that such orders shall be effected before the date of contractual completion and also subject to the condition that purchases were required on urgent basis. The variation of the requirement shall be appropriately indicated in the bid document. It should be justifiable on economic grounds without change in costs.

XV. COMPLAINT REDRESSAL MECHANISM (ALSO APPLICABLE TO SERVICE PROCUREMENT)

In order to deal with the complaints received from the contractors/ suppliers effectively, a complaint handling mechanism should be available at the national level as well as at state level, and immediate action should be initiated on receipt of complaints to redress the

grievances. All complaints should be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegations made in the complaints should be thoroughly enquired into. If found correct, appropriate remedial measures should be taken by the appropriate authorities.

In case any individual staff is found responsible, suitable disciplinary proceedings should be initiated against such staff under the applicable government conduct rules. The existing provisions under the Indian law including the instructions of central vigilance commission should be followed in this regard.

XVI. FRAUD AND CORRUPTION

The borrowers (including beneficiaries of Bank loans), as well as Bidders, Suppliers, Contractors, and Consultants under Bank-financed contracts shall observe the highest standard of ethics during the procurement and execution of such contracts. In pursuit of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

(i) "corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;

(ii) "fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;

(iii) "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the borrower, designed to establish bid prices at artificial, non competitive levels; and

(iv) "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the procurement process or affect the execution of a contract;

(b) will reject a proposal for award if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question;

(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation;

(d) will sanction a firm or individual, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that they have, directly or through an agent, engaged, in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract; and

(e) will have the right to require that a provision be included in Bidding Documents and in contracts financed by a Bank loan, requiring Bidders, Suppliers, Contractors and

Consultants to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

XVII. PROCUREMENT AUDIT (ALSO APPLICABLE TO PROCUREMENT OF SERVICES)

Post review of the contracts (covering at least 10% of the contracts) under the Programme shall be conducted in the following manner. All documents related to procurement should be filed and kept systematically and safely until specific instructions are received from NACO for their disposal.

I. For the State AIDS Control Society, by the CAG empanelled auditors who will be carrying out financial audit. Procurement audit will be included in their terms of reference.

II. At the Central level, by the auditors from the office of Comptroller Auditor General who will be carrying out financial audit. Procurement audit will be included in their terms of reference.

In addition, the World Bank will also have the right to conduct post review of the contracts from the central level, the states, and the districts. The relevant authorities will be required to supply the Bank with all relevant documentation.

XVIII. REVIEW BY THE WORLD BANK (ALSO APPLICABLE TO PROCUREMENT OF SERVICES)

(a) It is the Bank's policy to require that Borrower's, as well as bidders, suppliers, and contractors under Bank financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank will have the right to require that a provision be included in bidding documents and in contracts financed by a Bank loan, requiring bidders, suppliers, and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.

(b) Contracts which are (i) not subject to prior review by the Bank, and (ii) awarded following these guidelines will be post reviewed by the Bank.

(c) The Borrower shall retain all documentation with respect to each contract (excluding contracts subject to prior review by the Bank) during project implementation and up to two years after the closing date of the Loan Agreement. This documentation would include, but not be limited to, the signed original of the contract, the analysis of the respective proposals, and recommendations for award, for examination by the Bank or its Consultants. The Borrower shall also furnish such documentation to the Bank upon request. If the Bank determines that the goods, work or services were not procured in accordance with the agreed procedures, as reflected in the Loan Agreement and further detailed in the Procurement Plan approved by the Bank or that the contract itself is not consistent with such procedures, it may declare misprocurement as established in the procurement guidelines. The Bank shall promptly inform the Borrower the reasons for such determination.

PART C : PROCUREMENT OF SERVICES HIRING OF CONSULTANTS

BACKGROUND:

Definition of services includes training, workshops, IEC activities (printing or distributing material through an agency), contraceptive distribution services, research and studies, hiring of procurement agents, hiring of consultants, NGO services, PPP agreements and other similar contracting.

GENERAL CONSIDERATIONS

- High-quality services;
- Economy and efficiency;
- Give qualified consultants an opportunity to compete
- Encouraging the development and use of national consultants
- The importance on transparency in the selection process

The procedures to be followed in all cases are given below in brief.

STEPS

- Establish the need for the assignment and outsourcing the services
- Preparation of the Terms of Reference (TOR)
- Preparation of cost estimate and the budget
- Agreeing on the Contracting Strategy
- Advertising (for short listing of the firms when the purchaser has no knowledge about the firms who could take up the assignment)
- Preparation of the shortlist of consultants
- Preparation and issue of Request for Proposal (RFP) to shortlisted consultants containing
    - Letter of Invitation (LOI)
    - Information to Consultants (ITC) Standard form of Technical and Financial proposals.
    - Terms of Reference(TOR)
    - Standard Form of contract
- Receipt of proposals
- Opening and Evaluation of technical proposals
- Opening of financial proposals of Consultants scoring minimum qualification, and evaluation of final proposals.

- Combined evaluation of quality and cost
- Negotiations and award of the contract to the selected firm

1. PREPARATION OF THE TERMS OF REFERENCE (TOR)

The Terms of Reference should include:

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

2. PREPARATION OF COST ESTIMATE AND THE BUDGET

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

(a) Fee or remuneration;

(b) Reimbursable costs; and

(c) Miscellaneous expenses.

3. DECIDING CONTRACTING STRATEGY:

Before starting the tendering exercise, it is essential to agree on contract strategy viz. going for lump-sum or time based contract, individual vs. firm, advertising vs. internal short listing, terms of payment etc. Various selection methods alongwith the thresholds applicable to each of them are mentioned on page 15 of this manual.

4. ADVERTISING

In case a short list of 6 consultants cannot be drawn by the purchaser by its own knowledge, adverting through newspapers is the right way to compile the short list. Advertisement is issued asking the potential service providers to indicate their interest in the assignment and provide abridged CVs of the proposed team members, their previous experience in similar type of assignment and the financial statement of the organisation through last 3 years balance sheets. The advertising may be considered in the following media:

- Regional Newspapers;

- National Newspapers;
- International Newspapers;
- Technical Magazines; and
- Purchaser's Website.
- In United Nations Development Business (UNDB online) and dgMarket and NACO website for contracts estimated to cost more than US$ 200,000 equivalent.

5. SHORT LISTING

If the assignment has been advertised, the expressions of interest received shall be evaluated to arrive at shortlist of the consultants. In preparation of the shortlist first consideration shall be given to those firms expressing interest, which possess the relevant qualifications. The shortlists shall comprise six firms. In contracts below US$ 500,000 equivalent, shortlist may comprise national consultants only.

Govt. owned enterprises can be considered for award of consultancy assignment provided they are otherwise eligible as per the Bank's guidelines. However, such enterprises directly under the administrative control of the Purchasing Department/ Organisation should not be considered for such assignment.

6. CONTRACT AND RFP

(A) Various types of contracts are as under:

- **Lump Sum –** These contracts are used for assignments in which the content and the duration of the work is clearly defined. Payment is made upon delivery of outputs. The main advantage of this type of contract is that it is easy to administer. Examples of Lump Sum contracts include Feasibility Studies, Environmental Studies, Detailed design of a standard structure etc.
- **Time Based -** these contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed-upon unit prices. This type of contract provides for a maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc. Examples of Time Based contracts include Preparation of data, Complex Studies, Supervision of construction of civil works, Training assignments, Advisory services etc.
- Percent contracts relate to the fee paid to the consultant based upon the estimated or actual project construction cost or the cost of the goods to be procured or inspected. Percentage is established based upon market norm or standard practice in the industry. Examples of percent contracts include Architectural services, Engineering services, Procurement services, Inspection agents etc.

(B) Request for Proposals (RFPs)

The RFP shall include:

- A Letter of Invitation (LOI), which will include evaluation criteria
- Information to Consultants – Standard Form of Technical and Financial Proposals.
- Terms of Reference
- Standard Form of contract

A sample technical evaluation criteria is given below:

Evaluation Factors		Weightage (%)
Quality (Each should have a sub-criteria not exceeding three)	Experience	5 to10
	Methodology	20 to 25
	Key Personnel*	55 to 60
	Transfer of Knowledge (if required)	5
Total		**100**

Minimum qualifying marks (say 75%) for technical proposal should be indicated in the RFP document. In case of QCBS, weighting for financial proposal should also be indicated.

*The individuals shall be rated in the following three sub-criteria, as relevant to the task:

(a) General qualifications: General education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries and so forth;

(b) Adequacy for the assignment: Education, training, and experience in the specific sector, field subject, and so forth, relevant to the particular assignment; and

(c) Experience in the region: Knowledge of the local language, culture, administrative system government organization, and so forth.

7. OPENING AND EVALUATION OF PROPOSALS

The technical proposals are to be opened publicly and evaluated based on the evaluation criteria given in the RFP document. The financial proposals of only those bidders who secure minimum qualifying marks should be opened.

8. NEGOTIATIONS AND SIGNING OF CONTRACT:

The firm obtaining the highest total score (only based on quality in case of QBS and based on cost and quality in case of QCBS) should be invited for negotiations and discussions held with them in accordance with Bank's Consultancy Guidelines.

No penalties are imposed on the consultants, be it a firm or individual, for unsatisfactory performance or delay in completion of the assignment/ services in the agreed time frame. It is hence suggested to do the performance evaluation of the consultant on completion of each assignment and keep the same in view while short-listing them for any future assignment.

9. SINGLE SOURCE SELECTION (SSS)

SSS of firms may be appropriate only if it presents a clear advantage over competition and on account of the following reasons:

- For tasks that represent a natural continuation of previous work carried out by the firm.
- Where a rapid selection is essential (emergency operation).
- For very small assignments (as per the agreed threshold); or
- When only one firm is qualified or has experience of exceptional worth for the assignment.

10. INDIVIDUAL CONSULTANTS

Each contract for individual consultants is expected to cost below US $ 50,000 equivalent only. For hiring of individuals, it is necessary to finalise the job description, qualification and experience required and terms of engagement. Thereafter an advertisement (if the assignment is complex) may be put into the national/ regional newspapers indicating the above details. The applications received shall be scrutinized and ranking shall be prepared. Thereafter the top-ranked individual shall be invited for interviews/discussions and would be offered the assignment.

11. LEAST COST SELECTION

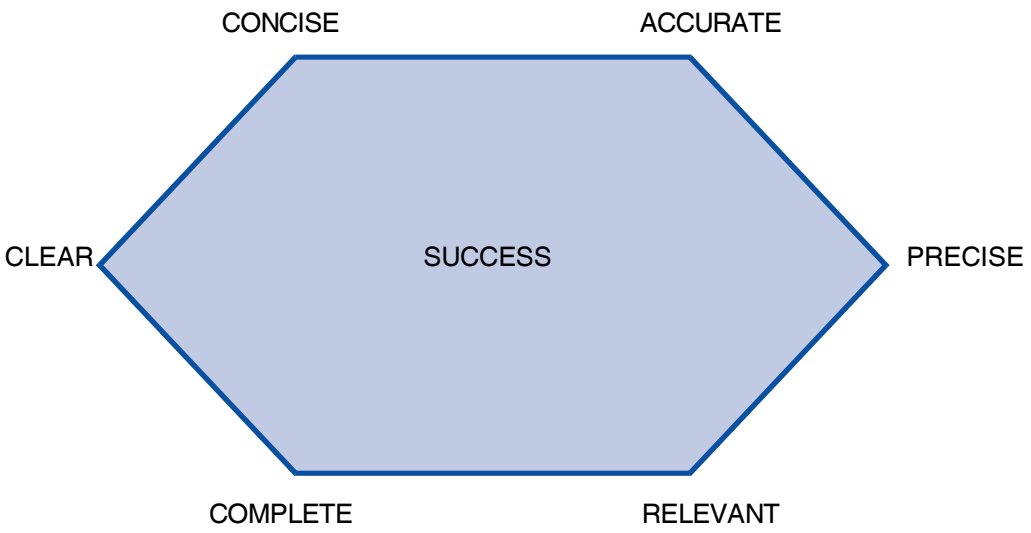
This method is only appropriate for selecting Consultants for assignments of a standard or routine nature (audits, engineering design of noncomplex works, and so forth) where well established practices and standards exist. Under this method a “minimum” qualifying mark for the “quality” is established.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

PART D: GENERAL ISSUES

1. COMMUNICATION

All communications by the Procurement Department \Contract Administrators have commercial implication and therefore must be carefully drafted.

The fundamental objective is that all such material must be CLEAR, CONCISE, PRECISE, ACCURATE, COMPLETE and RELEVANT and written in good unambiguous English.



The message in the contract is comprised of six features which might be paraphrased as follows:

THE WHAT	-	Definitions and specifications
THE WHEN	-	Timescale and timing of contract performance
THE WHERE	-	Destinations
THE HOW	-	Method of delivery
THE WHAT ELSE	-	Dependencies
THE HOW MUCH	-	Price and payments

2. TRAINING

The project officials who are involved with procurement shall need to be exposed to fundamentals of public procurement procedures. This shall be organized for NACO as well as state government officials at ASCI or NIFM.

Training classes of 2/3 days duration shall also be organized on this Procurement Manual.

All officials of NACO, state government and PA if any, shall be asked to compulsorily attend this course.

3. AUDIT BY COMPTROLLER AND AUDITOR GENERAL (CAG)

Besides the procurement audit specified at Part B para 2.18, all the procedures are subject to audit by Govt. of India who is the constitutional authority to audit all government expenditures and to ensure that procedures has been followed correctly.

Appendix - I

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits/Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
1.	Prevention					
1.1.	Targeted Intervention among HRGs	STD Drugs,		√		
		Condoms (Free & Social Mktg.),	√			
		IEC Materials		√	√	NGO can provide for local specific IEC materials but BCC materials should be centrally procured for achieving economies of scale
1.2.	Other Interventions (Truckers, Prison Inmates, Migrants, DICs etc.)	STD Drugs,		√		
		Condoms (Free & Social Mktg.),	√			
		IEC Materials		√	√	NGO can provide for local specific IEC materials but BCC materials should be centrally procured for achieving economies of scale
1.3	IEC	IEC & other promotional materials for general public and at facilities	√	√		
		IVRS Equipment etc		√		
		Media Time (TV, Radio, Print)	√	√		
		Cable TV and local narrowcast media		√	√	
		Male Condoms	√			
		Female Condoms	√			
		Lubricants		√		

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III *Contd...*

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
2.	**Basic Services**					
2.1.	STD Services	Equipments				
		Centrifuge Machine,		√		Procurement shall be done only in case there is a need which has been reflected in the Procurement Plan or with the consent of NACO
		Needle Destroyer,				
		VDRL Rotator,				
		BP Instrument,				
		Weighting Machine				
		Vaginal Speculum,			√	
		Medicine/Drugs/Test Kits				
		STD Medicine/Drugs,		√		Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification
		VDRL Kits,		√		
		Other Testing Kits like TPHA, etc.		√		Only as per requirement
		Consumables **like** Disposable Syringes, Sodium Hypochlorite Solution Disposable Gloves, Spirit, Cotton, Towels/Soaps, stationery			√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.
2.2.	ICTC (General)	Equipments (TV & DVD, Refrigerator, AC, computer, centrifuge, micropipettes, infantometer, etc)		√		

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III *Contd...*

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
	HIV Rapid Kit 1st Principle		√			
	HIV Rapid 2nd & 3rd Kit			√		
	Other Consumables like disposable gloves/syringes/ needles/hypo solution/ microtips for micro pittes			√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.
2.3	ICTC(PPTCT)	Furniture		√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.
		Equipments (TV & DVD, Refrigerator, AC, centrifuge, incubator, micropipettes, etc)		√		
		HIV Rapid Kit 1st Principle	√			
		HIV Rapid 2nd & 3rd Kit		√		
		Other Consumables like disposable gloves/syringes/needles/hypo solution/microtips for micro pittes, stationary		√	√	Depending on the volume. If the volume is negligible then the hospital/facility will do the procurement.
		Nevirapine (for mother)				UNICEF provides it
		Nevirapine (for Baby)				UNICEF provides it
2.4	ICTC(HIV/TB)	Motorcycles		√		Only for High Prevalence States under Round 3
2.5	Blood Banks	**Equipment** Equipment (ELISA Reader, BB Refrigerator, Component Separation Equipment, etc.)	√			

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III Contd...

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
		BB Equipment (To be Replaced), Centrifuge, Micro-pipettes, Incubator, ACs, etc.		√		To be reflected in the Procurement Plan and with the prior consent of NACO
		Consumables				
		Single Blood Bags	√	√		SACS are permitted to purchase emergency requirement only
		Multiple Blood Bags	√	√		
		Reagents for Grouping & Cross Matching		√		
		Laboratory Glassware		√	√	
		Chemicals			√	
		HIV Elisa Test Kits	√			
		HIV Rapid Test Kits Ist Antigon	√			
		HCV Elisa Test Kits	√			
		HCV Rapid Test Kits	√			SACS are permitted to purchase emergency requirement only
		HbsAg Elisa Test Kits		√		
		HbsAg Rapid Test Kits		√		
		VDRL Test Kits		√		
		Western Blot Kits			√	NRLs are authorised to procure the small quantities of kits required.

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III *Contd....*

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
		Emergency Drugs			√	Hospital Supplies should be used as far as possible.
3.0	**Surveillance & Estimation**					
3.1	HIV Kits for Surveillance	HIV Elisa 1st Kit	√			
		HIV Rapid 2nd & 3rd Kit		√		
		Consumables such as vaccutainers/syringes, vials, other glassware, disposable gloves etc.		√	√	
4.0	**Care, Support & Treatment**					
	ARV Centres					
4.1		**CD4 machine**	√			
4.2		**CD4 Kits, vacuttainers, sheath fluid and other consumables for CD4 machines**	√			
4.3		**ARV Drugs**	√			
4.4		**Office Equipment (Computer, AC, furniture, etc.)**		√		

PROCUREMENT RESPONSIBILITY AT DIFFERENT LEVELS OF NACP-III *Contd...*

Sl. No.	Name of Component	Name of Equipments/Medicines/Drugs/ Testing Kits//Consumables	RESPONSIBILITY			REMARKS
			NACO	SACS	GO/ Hospital/ District	
		OI Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification
		PEP Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification
	Community Care Centres					
4.5	OI Drugs	OI Drugs		√		Drugs shall be as per the Standard Treatment Protocol prescribed by NACO and shall be procured from manufacturers with valid WHO-GMP certification

APPENDIX-II

INVITATION FOR QUOTATIONS FOR SUPPLY OF GOODS UNDER SHOPPING PROCEDURES

Ref. No. Dated

To

_____

_____

_____

Dear Sir/Madam,

Sub.: INVITATION FOR QUOTATIONS FOR SUPPLY OF _____

_____

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

Brief Description Of the goods	Specifications*	Quantity	Delivery Period	Placeof Delivery	Installation Requirement if any
_____	_____	_____	_____	_____	

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

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

3. **BID PRICE**

a) The contract shall be for the full quantity as described above. Corrections, if any, shall be made by crossing out, initialing, dating and rewriting.

b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.

c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.

d) The prices shall be quoted in Indian Rupees only.

4. Each bidder shall submit only one quotation.

5. **VALIDITY OF QUOTATION**

Quotation shall remain valid for a period of not less than 15 days after the deadline date specified for submission.

6. **EVALUATION OF QUOTATIONS**

The purchaser shall evaluate and compare the quotations determined to be substantially responsive i.e. which

a. are properly signed; and

b. confirm to the terms and conditions and specifications.

The quotations would be evaluated for all the items together / would be evaluated separately for each item. [Select one of the options].

7. AWARD OF CONTRACT

The purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.

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

7.2 The bidder whose bid is accepted will be notified of the award of the contract by the Purchaser prior to the expiration of the quotation validity period. The terms of the accepted offer shall be incorporated in the purchase order.

8. Payment shall be made immediately after delivery of the goods.

9. Normal commercial warranty / guarantee shall be applicable to the supplied goods.

10. You are requested to provide your offer latest by _____hrs. on _____(date).

11. Quotations will be opened in the presence of the Bidders or their representatives who choose to attend at _____AM/PM on _____in the office of the _____

12. We look forward to receiving your quotations and thank you for your interest in this project.

(Employer)

Name: _____

Address: _____

_____

_____

Tel. No. : _____

Fax No. : _____

FORMAT OF QUOTATION*

Sl. No.	Description of goods	Qty.	Unit	Quoted Unit rate in Rs.	Total Amount	
					In figures	In words

Gross Total cost : Rs. _____

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

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

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

Signature of Supplier

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

APPENDIX-III

INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF CIVIL WORKS UNDER SHOPPING PROCEDURE

Ref. No. Dated

To,

_____

_____

_____

_____

Dear sir,

Sub.: INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF _____

1. You are invited to submit your most competitive quotation for the following works:- B r i e f Description Approximate value Period of

   Of the works of works (Rs.) Completion

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

3*. The _____ Project in _____state is being implemented by _____, which is an autonomous society registered under the Societies Registration Act.

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

   Layout drawing of the works;

   Structural Details;

   Detailed bill of quantities with estimated rates and prices;

   Technical Specifications;

   Instructions to bidders (in two sections).

   Draft Contract Agreement format which will be used for finalizing the agreement for this contract.

5. You are requested to provide your offer latest by ..... hrs. on .....

6. Quotations will be opened in the presence of Bidders or their representatives who choose to attend at _____ AM/PM on _____ in the office of _____.

7. We look forward to receiving your quotations and thank you for your interest in this project.

(Employer)

Name: _____

Address: _____

_____

_____

Tel. No: _____

Fax No. _____

INSTRUCTIONS TO BIDDERS

SECTION - A

1. SCOPE OF WORKS

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

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

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

2. QUALIFICATION OF THE BIDDER

The bidder shall provide qualification information which shall include :-

(a) total monetary value of construction works performed for each year of the last 3 years :

(b) Report on his financial standing; and

(c) Details of any litigation, current or during the last 3 years in which the bidder is involved, the parties concerned and disputed amount in each case.

3. TO QUALIFY FOR AWARD OF THE CONTRACT THE BIDDER:-

(a) should have satisfactorily completed as a prime contractor at least one similar work of value not less than Rs. 500,000 in the last three years;

(b) should possess valid electrical license for executing building electrification works (in the event of the works being sub - contracted, the sub-contractor should have the necessary license);

(c) should possess required valid license for executing the water supply/sanitary works (in the event of the works being sub-contracted, the sub-contractor should have the necessary license);

4. BID PRICE

a) The contract shall be for the whole works as described in the Bill of quantities, drawings and technical specifications. Corrections, if any, shall be made by crossing out, initialling, dating and re writing.

b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.

c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.

d) The rates should be quoted in Indian Rupees only.

5. SUBMISSION OF QUOTATIONS

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

5.2 Each bidder shall submit only one quotation.

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

(a) Quotation in the format given in Section **B**.

(b) Signed Bill of Quantities ; and

(c) Qualification information form given in Section B duly completed.

5.4 The bidder shall seal the quotation in an envelope addressed to the ..... (Purchaser). The envelope will also bear the following identification :-

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

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

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

6. VALIDITY OF QUOTATION

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

7. OPENING OF QUOTATIONS

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

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

9. EVALUATION OF QUOTATIONS

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

(a) meet the qualification criteria specified in clause 3 above;

(b) are properly signed; and

(c) confirm to the terms and conditions, specifications and drawings without material deviations.

10. AWARD OF CONTRACT

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

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

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

11. PERFORMANCE SECURITY

Within 15 days of receiving letter of acceptance, the successful bidder shall deliver to the ..... (Employer) the performance security (either a bank guarantee or a bank draft in favour of the Employer) for an amount equivalent of 3 % of the contract price. The Performance Security shall be valid till the expiry of the period of maintenance of the work, specified in clause 12.

12. PERIOD OF MAINTENANCE

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

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

SECTION - B

1. Format for Qualification Information.
2. Format for Submission of Quotation.
3. Format of Letter of Acceptance.

QUALIFICATION INFORMATION

1 FOR INDIVIDUAL BIDDERS

1.1 Principal place of business: _____

Power of attorney of signatory of Quotation.

[Attach copy]

1.2 Total value of Civil Engineering 19___ _____

construction work performed in the last 19___ _____

three years (in Rs. Lakhs) 19___ _____

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

Project Name	Name of Employer	Descrip-tion of work	Contract No.	Value of contract (Rs.Lakhs)	Date of issue of work order	Stipulated period of complet-ion	Actual date of compl-etion	Remarks explaining reasons for delay and work completed

Existing commitments and on-going works:

Description of Work	Place & State	Contract No. & Date	Value of Contract (Rs. Lakh)	Stipulated period of completion	Value of works* remaining to be completed (Rs. Lakhs)	Anticipated date of completion
(1)	(2)	(3)	(4)	(5)	(6)	(7)

* Enclose a certificate from Engineer concerned.

1.4 Proposed subcontracts and firms involved.

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

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

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

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

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

QUOTATION

*

Description of the Works :

To:

Subject : Construction of .....

.....

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

Sir,

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

Rs.** _____ [in figures]

Rs. _____ [in words].

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

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

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

Yours faithfully,

Authorized Signature: Date: _____

Name & Title of Signatory : _____

Name of Bidder : _____

Address : _____

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

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

LETTER OF ACCEPTANCE CUM NOTICE TO PROCEED WITH THE WORK (LETTERHEAD OF THE EMPLOYER)

Dated : _____

To : _____ [Name and address of the Contractor]

_____

_____

_____

_____

Dear Sirs,

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

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

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

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

Yours faithfully,

Authorized Signature
Name and title of Signatory

DRAFT AGREEMENT FORM FOR CONSTRUCTION THROUGH NATIONAL SHOPPING ARTICLES OF AGREEMENT

1. This deed of agreement is made in the form of agreement on _____ day _____ month _____ 199 ___, between the _____ (Employer) or his authorized representative (hereinafter referred to as the first party) and _____ (Name of the Contractor), S/O _____ resident of _____ (hereinafter referred to as the second party), to execute the work of construction of _____ (hereinafter referred to as works) on the following terms and conditions.

2. COST OF THE CONTRACT

The total cost of the works (hereinafter referred to as the "total cost") is Rs. ____ as reflected in Annexure - 1.

3. PAYMENTS UNDER ITS CONTRACT:

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

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

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

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

(a) on the second party submitting an invoice for an equivalent amount ;

(b) on certification of the invoice (except for the first installment) by the engineer nominated by the first party with respect to quality of works in the format in Annexure - 2; and

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

4. NOTICE BY CONTRACTOR TO ENGINEER

The second party, on the works reaching each stage of construction, issue a notice to the first party or the Engineer nominated by the first party (who is responsible for supervising the contractor, administering the contract, certifying the payments due to the contractor, issuing and valuing variations to the contract, awarding extensions of time etc.), to visit the site for

certification of stage completion. Within 15 days of the receipt of such notice, the first party or the engineer nominated by it, will ensure issue of stage completion certificate after due verification.

5. COMPLETION TIME

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

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

a) The first party does not give access to the site or a part thereof by the agreed period.

b) The first party orders a delay or does not issue completed drawings, specifications or instructions for execution of the work on time.

c) Ground conditions are substantially more adverse than could reasonably have been assumed before issue of letter of acceptance and from information provided to second party or from visual inspection of the site.

d) Payments due to the second party are delayed without reason.

e) Certification for stage completion of the work is delayed unreasonably.

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

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

8. DUTIES AND RESPONSIBILITIES OF THE FIRST PARTY

8.1 The first party shall be responsible for providing regular and frequent supervision and guidance to the second party for carrying out the works as per specifications. This will include written guidelines and regular site visit of the authorized personnel of the first party, for checking quality of material and construction to ensure that it is as per the norms.

8.2 The first party shall supply 3 sets of drawings, specifications and guidelines to the second party for the proposed works.

8.3 Possession of the site will be handed over to the second party within 10 days of signing of the agreement.

8.4 The Engineer or such other person as may be authorized by the first party shall hold meeting once in a month where the second party or his representative at site will submit the latest information including progress report and difficulties if any, in the execution of the work. The whole team may jointly inspect the site on a particular day to take stock of activities.

8.5 The Engineer shall record his observations/instructions at the time of his site visit in a site register maintained by the second party. The second party will carry out the instructions and promptly rectify any deviations pointed out by the engineer. If the deviations are not rectified, within the time specified in the Engineer's notice, the first

party as well as the engineer nominated by it, may instruct stoppage or suspension of the construction. It shall thereupon be open to the first party or the engineer to have the deviations rectified at the cost of the second party.

9. DUTIES AND RESPONSIBILITIES OF THE SECOND PARTY

9.1 The second party shall :

a) take up the works and arrange for its completion within the time period stipulated in clause 5;

b) employee suitable skilled persons to carry out the works ;

c) regularly supervise and monitor the progress of work ;

d) abide by the technical suggestions / direction of supervisory personnel including engineers etc. regarding building construction ;

e) be responsible for bringing any discrepancy to the notice of the representative of the first party and seek necessary clarification :

f) ensure that the work is carried out in accordance with specifications, drawings and within the total of the contract amount without any cost escalation ;

g) keep the first party informed about the progress of work ;

h) be responsible for all security and watch and ward arrangements at site till handing over of the building to the first party ; and

i) maintain necessary insurance against loss of materials/cash, etc. or workman disability compensation claims of the personnel deployed on the works as well as third party claims.

j) Pay all duties, taxes and other levies payable by construction agencies as per law under the contract (First party will effect deduction from running bills in respect of such taxes as may be imposed under the law).

10. VARIATIONS / EXTRA ITEMS

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

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

b) If the quotation given by the second party is unreasonable, the Engineer may order the Variation and make a change to the Contract Price which shall be based on Engineer's own forecast of the effects of the Variation on the Contractor's costs.

c) The second party shall not be entitled to additional payment for costs which could have been avoided by giving early warning.

11. SECURITIES

The Performance Security shall be provided to the Employer no later than the date specified in the Letter of Acceptance and shall be issued in an amount and form and by a bank or

surety acceptable to the Employer. The Performance Security shall be valid until a date 28 days from the date of issue of the Certificate of Completion in the case of a Bank Guarantee.

12. TERMINATION

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

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

(a) the contractor stops work for 28 days and the stoppage has not been authorized by the Engineer;

(b) the Contractor has become bankrupt or goes into liquidation other than for a reconstruction or amalgamation;

(c) the Engineer gives Notice that failure to correct a particular Defect is a fundamental breach of Contract and the Contractor fails to correct it within a reasonable period of time determined by the Engineer;

(d) the Contractor does not maintain a security which is required;

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

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

13. PAYMENT UPON TERMINATION

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

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

14. DISPUTE SETTLEMENT

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

In the event of agreement not being reached, the matter will be referred for arbitration by a Sole Arbitrator not below the level of retired Superintending Engineer, PWD to be appointed by the first party. The Arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996. The decision of the Arbitrator shall be final and binding on both the parties.

Annexure I

BILL OF QUANTITIES

Sl.No.	Description of Work	Qty.	Unit	Estimated Cost		Amount
				In figure (Rs.)	In Words	

Gross Total Cost : Rs. .....

We agree to execute the works in accordance with the approved drawings and technical specifications at ..... percentage above/below the estimated rates, i.e., for a total contract price of Rs. .....(amount in figures) (Rs. ..... amount in words).

Signature of Contractor

Annexure - 2

FORMAT OF CERTIFICATE

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

Signature
Name & Designation
(Official address)

Place :

Date :

Office seal

NACO

National AIDS Control Organisation
Ministry of Health and Family Welfare
Government of India
New Delhi