

PROCUREMENT PROCEDURE MANUAL

(Revised with the approval of 227th Governing Body
held on 15th September, 2017)



भारतीय पैकेजिंग संस्थान
Indian Institute of Packaging

Celebrating 50 years

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PROCEDURE OF PROCUREMENT

1. Introduction

The Indian Institute of Packaging was following a Purchase Procedure Manual which was formulated in 2015 for the procurement of Goods and Services including the work contracts. Recently, the Institute has been advised by the Department of Commerce, Ministry of Commerce & Industry, Govt. of India to follow GFR 2017 for the expenses of any items under the grant-in-aid of government of India. Due to this, the existing Purchase Procedure Manual is revised in 2017 in line with the guidelines of GFR and placed to the 227th governing body meeting of the Institute held on 15th September, 2017. On approval, this revised Purchase Procedure Manual will be followed for the procurement of goods and services including the work contracts where the expenses will be made from the development fund (IIP's own resources). However, for all the expenses under the grant-in-aid from govt. of India, the GFR 2017 will be strictly followed.

2. Standing Purchase Committees

There shall be two Standing Purchase Committees, namely Standing Purchase Committees -I (SPC-I) and Standing Purchase Committees-II (SPC-II) consisting of Group A & Group B officers of the Institute which will be constituted by the Director of the Institute and the senior most member will be its Chairman.

2.1 Standing Purchase Committees-I:

The role of this committee is to oversee the procurement and related activities like limited tender / quotations, collection of tender / quotations with required specifications, commercial evaluation of the quotations etc for a value of procurement up to the maximum limit of Rupees Five lakhs plus taxes for any kind of revenue expenses. However, for the capital expenses, the maximum limit will be upto the Rs. 2.50 Lakhs. The recommendation of the SPC I shall be submitted to the Director for approval within the approved annual budget duly approved by the governing body of the Institute.

2.2 Standing Purchase Committees-II

The role of this committee will be to oversee the procurement and related activities like tendering, evaluation of technical bid as per the specification etc for a value of procurement above Rupees Five lakhs related to all kind of capital expenditure. This capital expenditure will be either from development fund (IIP's own resources) and also from the grant-in-aid from government of India.

The recommendation of the SPC-II shall be submitted to the Director who in turn shall forward it with his recommendations to the Capital Goods Committee / Core cum Finance Committee duly constituted by Governing Body and final approval will be sought from governing body of the Institute.

3. Stages of Procurement.

The procurement of material or equipments will be done by considering the following distinct stages:

3.1 Budget/Fund provisions.

3.2 Placing of the Indent by the concerned departments / sections / divisions.

3.3 Consideration of indents by the respective Standing Purchase Committee (SPC-I & SPC-II)

3.4 Calling and processing of tender /quotations.

3.5 Evaluation of the tender/quotations by the respective SPC.

3.6 Placement of orders by Administration Department.

3.7 Receipt of materials and taking into stock, installation

3.8 Submission of bills for approval of payment.

3.1 Budget/Fund provisions :

Procurement shall be made only against specific budget provisions/Fund allocation. Processing of indents for procurement of equipments/material can be done without specific budget allocation in emergent cases, provided such cases are approved by the competent authority. However the Purchase Order / Work Order shall be issued only after making the necessary provision in the revised budget.

3.2 Placing of the Indent by the concerned departments / sections / divisions / centers.

The departments / sections / divisions / centers placing an indent for procurement have to ensure the following;

- i. A detailed description of the equipment/services with technical specifications if any; shall be submitted. The details, such as, the durability of the equipment, availability of spares, arrangement for maintenance etc. shall also to be highlighted.
- ii. The estimated cost of equipment / material with earlier purchase if any; may be given.
- iii. In case of item is of proprietary nature, separate justification has to be submitted along with the details of vendor, their addresses, other relevant documents etc., should be mentioned.
- iv. The space for installation of the equipment along with any additional requirement like electricity, water connection, air connection, civil works, etc. shall also to be mentioned.
- v. A tentative schedule for the open tendering process, selection of vendors and the placing of Purchase Order, delivery and installation etc., shall also to be submitted.

3.3 Consideration of indents by the respective Standing Purchase Committee (SPC-I & SPC-II)

- i. The respective department will submit the indent to the Director to obtain the in principle approval for the expenses of any item within the budget.
- ii. Depending on the cost of the indented material, the Director will forward this request to the respective standing purchase committee i.e, either SPC-I or SPC-II for taking further necessary action.

3.4 Inviting the tender /quotations.

Based on the administrative approval of the Director for procurement of a particular goods and services, Dy. Director (Admn & Accts) will prepare the tender documents in consultation with the indenting department.

One of the following three types of tender will be used for procurement.

- a. Open tender - by advertising in the web/news paper
 - b. Limited tender - by sending enquiries not less than 3 limited reputed suppliers to get the quotations.
 - c. Single tender - In case of a propriety items.
- The open tender method shall normally be followed for all kind of procurement for a worth of more than Rupees Five lakhs. Splitting of indents, in order to bring it outside the ambit of open tender method is not allowed.
 - Notice of inviting open tenders shall be given in at least one national news paper (all India) and Institutes website.
 - The notice of inviting tenders shall be short, clearly worded and unambiguous. It should give a brief description of the item / equipment to be procured, the qualification requirement for the supplier, the last date of receipt of completed tenders etc
 - Limited tender method shall only be followed in all procurements cases up to Rupees Five Lakhs
 - Single tender method shall be followed only in rare cases where it is in the sure knowledge of the SPC and the indenter that the equipment to be procured is manufactured only by a particular manufacturer and there is no other option expect to go in for this equipment.
 - However for the procurement of any item under the grant-in-aid from the government of India, GeM or e-tendering will be followed as per the laid down procedure given in the GFR 2017.
 - The following minimum time limit may be allowed to the bidders so that they can quote their best possible prices:
 - a. Open tender - Three weeks.
 - b. Limited tender - Two weeks.
 - Non refundable processing fee should not be less than Rs.1000/- towards the cost of the tender document and the processing charges.
 - In case of EMD (Earnest Money Deposit) amounting to 2% of the estimated value shall be collected along with the tender. However, this condition may

be waived or modified with the approval of competent authorities. The EMD amount of the successful bidder shall be adjusted against the security deposit.

- EMD amounting to 2% of the estimated value shall be collected along with the tender. However, this condition may be waived or modified with the approval of competent authorities. Offers received without EMD shall be summarily rejected. Firms registered with DGS&D, NSIC and Govt. Public Undertakings who are exempted from payment of EMD may be exempted from this.
- The tender documents comprises of the detailed technical specifications, conditions of contract, the prescribed proforma in which the tender is to be submitted in clear terms in order to avoid any kind of ambiguity for the evaluation of the tender. In case of Two Bid system, the tender should be submitted in two separate envelopes super scribing as Technical Bid and Commercial Bid. It should be specifically mentioned in the tender documents that the EMD shall be send along with Technical Bid. Technical Bid without EMD shall not be considered for evaluation.
- Purchase of imported equipment shall be made directly from the original manufacturer or their authorized agents in India. It shall not be procured from the sub-agents and it should be only from the authorized agents. It shall be clearly stated in the tender document that purchases made for scientific purpose are exempted from Customs / Excise duty.
- While Buy-back option may be considered in case of procurement of items like Computers, Scanners, Servers, laptop, LCD Projectors, Printers, Photocopies, Faxes, Refrigerators, Air conditioners etc.

3.5 Evaluation of the tender/quotations by the respective SPC.

- Tenders received shall be recorded in the receipt section as and when received. After the last date of submission of offer, Administration Department shall collect all the tender documents and shall be submitted to the Director. Director would mark those tenders to the concerned SPC committee for opening and evaluation of the offers. Tenders received after the specified time and date of opening shall not be considered for opening and evaluation.

- A committee consisting of representatives of SPC's shall open the tenders. In case of Two Bid System of tenders, first the technical bids are opened and evaluated. However, for the evaluation of tenders for any kind of capital expenses mainly the construction work, the committee may also take the help of the appointed architect / PMC if necessary. The recommendation of the SPC committee about the shortlisted parties shall be submitted to the Director for approval.
- On approval of the competent authority for the shortlisted offers based on the technical evaluation, the commercial bids shall be opened by the concerned SPC committee. EMD of the non qualified offers shall be returned to the party at the earliest.
- On evaluation of the commercial Bids, the concerned SPC shall send its recommendation of the lowest offers for the approval of the Director.
- All the pages of the tender have to be initiated by the SPC committee. Alterations / corrections in the tenders should be initiated legibly by the officers opening the tender. In addition, a list of the representatives of the bidders who would be present during the opening of the tender should be taken their attendance with the name, company name and signature. If there is any discrepancy between the price quoted in figures and words, whichever is the higher of the two shall be taken as the bid price.
- If the bidder has quoted certain optional items or conditions the same shall be taken into consideration for the evaluation of the bids.

3.6 Placement of orders by Administration Department.

- On approval of the Director / Competent authority, the file containing the tender document will be forwarded to the Administration department for the preparation of Purchase / Work order. Administration Dept. will prepare the PO/WO and send the file with document to the indenting department / section with copy of the PO for any corrections, if any before issuing the PO.
- The purchase order should contain the item with description, rate, quantity ordered, amount and terms & conditions like Delivery schedule, Place of Delivery, Payment terms, taxes & duties etc .

- Copies of all PO/WO shall be kept in Administration. department along with approval copies of the procurement.
- The indenting section /Dept. shall coordinate with the vendors to ensure prompt delivery / installation of the equipments / materials. In case of undue delay, the same may be taken up to the competent authority for advise and also to take necessary action including the blacklisting of such vendors.

3.7 Receipt of materials and taking into stock, installation

- The receipt of all ordered materials/equipment shall be acknowledged by the Administration Department / Indenting section promptly after proper verification of the documents. Any issue related transit of materials, clearance from Air / Sea port/ transporter etc. shall be brought to the notice of Admn. Section for settlement of the issues.
- The indenter shall inspect the materials as soon as they arrive and shall normally adhere to the schedule given by him the time of placing the indent. Normally the concerned indenting division should ensure completion of inspection within reasonable time. For imported equipments the packing may be opened in the presence of the Indian agent to avoid short/ damaged supply and the inspection shall be completed within the validity period of the insurance policy so that the claims for shortage/ damage if any, can be lodged with the insurance company. Failure to inspect the material within the time schedule shall make the Indenter and the concerned Project leader responsible for the loss. One the inspection is complete and the indenter certifies the inspection report. The items should also be taken into the stock of inventory.
- Indenter should ensure that the bill containing the stock entry reference and copy of the inspection report is sent to admin after the inspection is over. The Administration section shall check the bills with GST no. etc., for approval of competent authority.

3.8 Submission of bills for approval of payment.

- On approval of the bill by the Director, the administration and accounts section will be responsible to make the payment to the party after deducting the required amount. In case of capital items, only 85% of the payment will be released on installation and the balance 15% will be released to the party against the bank guarantee within a period of six months.

4. Additional norms of procurement

- Director may suitably decide about the composition of Standing Purchase Committee at Regional offices and its functioning.
- All existing rules and instructions on procurements shall be superseded on operation of the above manual.
- Various forms like Indents, Proprietary certificate, Bank Guarantee formats etc prescribed for procurement of Goods and services will be used by Institute also.
- If any rules/clauses are not specifically mentioned, rules of GFR 2017 will be followed.
- The procedure may be reviewed at suitable intervals if required.
- The Director, IIP may relax any of the provisions out lined in this manual.

Sd/-

Dy. Director (Admin & Accts)