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Guidelines on
Procurement Procedure for Health Sector Goods
and Services.

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Govt. of Assam
Dispur, Guwahati-6.

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A. INTRODUCTION:

Health care is a vital requirement of any country. Because of educational background & financial constraints, this assumes greater importance in developing economies. In the Indian context, majority of Indians lives in villages and therefore Rural Health care in the overall health scenario cannot be over emphasized.

Procurement encompasses a much wider horizon than purchase and procurement of goods and services constitute one of the single largest cost components of health services. Therefore DHS, Assam has considered it appropriate to formulate a common procedure for procurement of health sector goods & services for Assam under the broad framework of the standard procedures being followed nationally & also by international agencies. It is worthwhile to mention that Tamil Nadu Medical Services Corporation Ltd. (TNMSC) a Govt. of Tamil Nadu undertaking, has been responsible for procurement of health sector goods for all the Govt. run hospitals & medical institution of the State of Tamil Nadu. They have become a role model for the entire country in the field of health sector procurement by a Govt. / Public Sector Organization. The policies and procedures followed by TNMSC which are in conformity with the Central Govt. guidelines have been considered.

Efficiency, Transparency & Economy are the hallmark of a sound procurement system. Aim of good procurement is to receive value for money, with fairness & equity in dealings, in an efficient manner.

Efficiency leads to delivery of required goods & services at the right place, at the right time. Transparency means just & equitable action which stands any scrutiny. Economy means delivery of goods & services of right quality, right quantity & right price, with nil or negligible wastage / damage / pilferage and expiry / obsolescence.

Expenditure on procurement of Health Sector Goods (HSG) has increased significantly in the recent years and the trend is expected to continue.

Guideline and Procedure of Procurement have been considered essential in order to facilitate uniformity of approach in the procurement of HSG because HSG, especially pharmaceuticals, vaccines differ significantly from other commodities in terms of diversity,

the terminology used to express their specific chemical & generic characteristics, stability criteria, shelf life limitation, special storage requirements, susceptibility to heat & light, quick obsolescence & rigid quality control requirements. Significant price difference may exist between brand name & generic products. Procurement of medical equipment has its own inherent complications in view of fast developing technology & equally rapid obsolescence.

Quality, safety, efficacy and above all value for money are of prime importance in HSG procurement. The average Medical practitioner or Pharmacist does not have the expertise to independently assess the quality, safety & efficacy of a drug in the market. Moreover, substandard and counterfeit drugs are very difficult to detect but have potential to cause considerable harm. Therefore, it is imperative to be well-informed about available products and to have upto date knowledge of developments in order to ensure procurement of quality product.

Projects in the health sector are primarily meant to invest in people by way of quality health services efficiently, transparently and at the same time in a cost effective manner. For successful implementation of a project, an effective procurement procedure is essential.

It is to be borne in mind that the procedure enumerated here is to be followed in cases of direct procurement with Govt. funding.

B. Guidelines for Procurement of Health Sector Goods

1. Scope

The Guidelines for procurement enumerated in this document does not limit itself only to purchase of goods and services but includes subsequent activities like inspection / quality assurance, receipt / warehousing, accounting and distribution of the purchased goods till those reach the target population. Further award of service contract and works contracts also comes under the ambit of procurement.

2. Fund / Budget

For purchase of any item or service, specific budget provision should be available for meeting the expenditure in the financial year in which it is to be incurred.

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3. Procurement Plan

- i) Procurement plan for civil works equipment, goods, consultancy services & resource support are to be prepared on firm basis for 1st year of program & on tentative basis for the subsequent years.
- ii) To be prepared every year & individual contract wise.
- iii) Procurement should be strictly on actual need basis.
- iv) Method of procurement shall be generally based on estimated value of the contract, urgency of requirement, types of goods / services required availability of sources of supply etc.
- v) Limit of value per contract as applicable to a particular procurement mode shall be strictly adhered to.

4. Forecasting / Assessment of requirement

- i) Procurement cycle
- ii) Trend in usage / consumption pattern
- iii) Current stock, location of stock, expiry date, projected distribution time
- iv) Storage capacity for receipt in bulk (central)
- v) List of consignees with their storage capacity.
- vi) Phased delivery to take care of storage capacity & expiry date.
- vii) Feed back from past procurement & distribution.

5. Procurement Strategy:

To decide procurement strategy before initiating tendering which will depend on the nature / shelf life of the items being procured.

- a. Pre-qualification to reduce procurement cycle.
- b. Item rate contract vis-à-vis lump sum contract to be decided
- c. Key objectives of the procurement for the project.
- d. Procurement options
- e. Procurement mode (Open, limited, single, shopping)
- f. Availability of time for clarifications / negotiations.
- g. Proper specification.

6. General Procurement Notice:

Before proceeding with the tender, a General Procurement Notice may be issued in the news paper, giving brief background of the project with estimated cost, financing arrangement, time schedule, and nature of items likely to be procured and asking the interested parties to submit details of their firms for prequalification / registration. This will help in pre-qualifying & short listing of bidders. The list may be updated every 2 years.

7. Mode of Procurement

Depending upon nature of the item, estimated value, available sources and urgency of requirement, any of the following modes of procurement may be followed:-

- a) Global Tender / International Competitive Bidding (ICB)
- b) Open Tender / National Competitive Bidding (NCB)
- c) Limited Tender (national / international).
- d) Shopping (National / International)
- e) Single Tender / Direct Contracting.

b) Open Tender / National Competitive Bidding (NCB): Open tender or National Competitive Bidding is considered to be the most appropriate mode of procurement of goods & services which by their nature or scope, are unlikely to attract overseas competition because i) the contract value is small, ii) works are scattered geographically and / or spread over longer time frame, iii) works are labour intensive or iv) the goods & works are available locally at prices below the international market. However foreign bidders if desire so, can also participate in NCB.

The procedure shall provide for adequate competition in order to ensure reasonable prices, and the award of contract shall be transparent and made known to all bidders in the bidding documents & not to be applied arbitrarily.

Advertisement: IFB shall be published in English in widely circulated national dailies, 2/3 regional dailies along with website of the Govt. of Assam.

e) Single Tender / Direct Contracting: Single Tender or direct contracting without competition may be adopted in case of drugs & equipment which are specifically certified as proprietary in nature, or where only a particular firm is known to manufacture the required items or in case of extreme emergency.

8. **Centralized vis-a-vis Decentralized Procurement:**

Whether procurement of various commodities should be done in a centralized manner at the Regional / State level or decentralized at district/PHC level need to be decided depending upon factors like items & quantities to be procured, value of procurement and above all availability of resources at state or district/PHC level to carry out and / or monitor all phases of procurement activities, which includes manufacturing quality assurance / inspection, delivery, warehousing, distribution & contract administration.

a. Centralized Procurement:

Centralized procurement has a no. of potential advantage in lowering the cost of goods and optimally utilizing the technically skilled procurement personnel, Procurement in bulk and effective implementation of competitive procurement processes can lead to lower costs in case of centralized procurement. Total administrative costs for centrally managed procurement shall be lower than a no. of regional units in view of expertise available and also because of minimum requirement of financial and accounting management.

In case of centralized procurement, the purchaser must interact with all the service providers in the system / network to consolidate their requirements in a comprehensive manner while preparing the bid document & technical specification. One major disadvantage of centralized procurement may be difficulty in making the goods available to the consumer in a timely & efficient manner. Therefore, the purchaser must have a strong control over the distribution chain and also proper coordination between him and lower down the line of the system.

Centralized procurement is the preferred mechanism for large, fixed quantity purchase & also medical equipments procurement as a cost effective means.

In case of centralized procurement, it is to be ensured that though the ordering will be for the total requirement but location wise break down of quantities of various items shall be mentioned with the condition that the supplier shall deliver the items at specified locations.

b. Decentralized Procurement:

Decentralized procurement at lower levels may be beneficial for emergency requirement, products which are readily available from a no. of local sources and requirements are small.

Decentralized procurement shall offer opportunity for capacity building beyond the central level & staff at lower administrative level shall develop expertise.

However, at lower level personnel may not have expertise in procurement, quality assurance, monitoring physical & financial activities and the central unit shall have to augment the resources in such cases.

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There may be selective decentralization of certain procurement activities and retaining the others at central level in order to obtain the advantages of price, quality & prompt response etc. For example, after consolidation of requirement from various local units, bids may be issues & decided at the central level while district offices &/or PHC's can order the items of their requirement from the suppliers.

Previously selected through the centrally managed bid process at already agreed prices. The delivery to the units may be either through the prime supplier or can be contracted to other competent agencies.

In case of decentralized procurement, an information sharing mechanism need to be established by which each one of the procuring units get the details of procurement viz. item, quality, price & other terms & conditions from the other units. Compilation of these data may be done at central level and units may be kept informed so that supplier does not take undue advantage on price or on any other aspect.

9. Delegation of Authority (DOA)

a) Administrative & Financial Powers-

i) **Necessity:** Delegation of authority for exercising administrative & financial powers is essential for smooth functioning of an organization. The delegation of authority also imposes commensurate responsibility and accountability. While exercising the delegated authority one must observe all the laid down procedures and instructions.

ii) **Limitation:** The powers of the approving authority are limited to sanction of expenditure only in respect of those items which are included in the approved annual budget. The value of the orders should not be split up so as to keep within the sanctioning power of the delegated authority. There should not be any substitution of unbudgeted items against budgeted items.

iii) **Records:** In view of the fact that all transactions are, and will continue to be subject to close scrutiny, adequate records have to be maintained.

iv) **Exercising Powers:** Authorities covered in the DOA can be automatically exercised by officers higher up in the hierarchy in the related area but not the reverse. While deciding upon award of a contract there must be commercial prudence to ensure that there is fairness equity, transparency and above all to receive value for money.

v) **Factual data in Proposal:** In all proposals put up to the approving authority, all material facts should be mentioned and there should be no suppression/alternation/misrepresentation of any fact. The approving authority should be able to take a decision based on the records/data/facts placed before him. Any failure to report the proper facts would be construed as a lapse on the part of the committee member responsible for the item.

vi) **Note of Dissent:** In case of any dissenting note by any member of a committee the approving authority should ensure that the requirements shortcomings pointed out in the dissenting note are fully met before approval is accorded. However, in case the approving authority decides to overrule the dissenting views, he can do so by recording the justification(s).

The purchasing deptt. Shall put up all proposals as per Guidelines for Procurement and route those through Finance Deptt., who shall verify adherence to the procedural requirements.

e) **Delegated Administrative & Financial Powers:**

i) Delegation of Administrative and Financial Authority may be adopted for the normal procurement activities at the State level.

<u>Activity</u>	<u>Approving Authority</u>
a) Issue of Tender	
i) Open ICB / NCB	DHS Assam/DME, Assam/ MD, NRHM Health & FW Deptt. Govt. of Assam
ii) Limited Tender	do
iii) Single Tender	do
iv) Shopping	do
b) Extension Bid Submission date	do
c) Opening of Tender	do
d) Tender Opening Committee	do
e) Tender Evaluation / Negotiation Recommendation committee	do
f) Approving Authority	Purchase Board, Health & FW Deptt., Govt. of Assam
i) Upto Rs. 20 Crores /annum	
g) Extension of delivery period, acceptance of Deviation & closing	DHS Assam/DME, Assam/ MD, NRHM Health & FW Deptt. Govt. of Assam

10. **Standard Bid Document, General Conditions of Contract & Special Conditions of Contract**

a) **Usefulness:** The standard Bid Document, relevant GCC and SCC are the documents which are to be supplied to the intending bidders to make their bids. These documents contain all the information and data that are required to be made known to the prospective bidders.

These documents can be used in all modes of procurement as they contain comprehensive data to evaluate a bid. A set of sample Bid document along with General conditions of Contract & special conditions of contract is enclosed.

b) Relevant Information: The bid document shall contain all the relevant information necessary for a prospective bidder to prepare & submit a bid for the goods and services to be provided.

c) Clarity: The bid document shall furnish clearly and precisely the work/supply to be executed, location of work/supply, schedule of delivery/ completion, technical specification, performance requirements, guarantee/ warranty, safety & maintenance requirements, if any and also tender evaluation.

d) Criteria for Evaluation & Selection: The basis of tender evaluation and selection of the lowest technically evaluated tender shall be clearly outlined i.e. whether individual itemwise lowest or on overall / groupwise lowest basis shall be spelt out.

e) Price Basis – Firm or Variable: The bid document shall clearly spell out whether the bid prices shall be fixed till completion of the contract or whether price adjustment will be made to reflect any change in major cost components of the contract and if so, formula to arrive at the price change with an upper ceiling of variation in percentage.

f) Technical Specification: Unbiased generally accepted technical specification shall be prepared without mentioning brand names or catalogue nos. The functional performance, design, quality, packaging and additional requirements (if any) shall be clearly spelt out in the tender specification.

The specification should be generic and should not appear to favour any particular brand or supplier.

Technical specifications, bill of quantities, civil drawings (wherever applicable) shall be prepared before tendering. Clear specification for goods to be procured shall be drawn-up in each case before hand.

No deviation from the specifications shall be allowed after opening of tender and if any deviation in specification is required to be incorporated, the same shall be issued as corrigendum to all the prospective bidders.

g. General Conditions:

The bid document shall clearly define the scope of works to be performed, goods to be supplied, the obligations & responsibilities of the bidder, the rights & obligations of the owner and also the functions & authority of officials of the owner (if necessary), in execution of the contract. Special conditions related to specific items shall be clearly defined in the special conditions of the contract.

i) The process of advertisement in case of global Tender/International Competitive Bidding (ICB) and National Competitive Bidding (NCB) has already been explained under both modes of procurement.

The following procedure shall be followed for ICB and NCB after publication of Invitation for Bid explained earlier. For limited tenders also relevant steps (excluding those not required for limited tender e.g. ii, iii, v, vii) are to be followed:-

ii) Sale of Standard Bid Document only after publication of ICB/NCB.

Price of bid document should be fixed as a nominal amount to cover the expenses incurred & efforts put for preparation of the bid document & also to cover courier charges (if any).

iii) Sale period & closing of sale of Bid document to be specified.

iv) Bid due date should normally be 30 to 45 days in case of ICB & 21-30 days in case of NCB from the date of sale of bid document.

v) Earnest Money Deposit normally 2% of the estimated value of procurement.

vi) Last date & time of receipt of Bid to be one week after of closure of sale of bid document. Place of sale of Bid document and place of receipt of bids to be specified.

vii) Opening of bid normally immediately after receipt say after an hour of receipt of bids. Opening date, time & venue to be specified.

Bid documents may be on sale from different places but receipt should be at one place only (i.e. at place of opening)

viii) Normal bid validity period is 90 days.

ix) a. Performance security deposit @ 10% of the contract value to be given by the successful bidder either by D. D. by B. G. with validity of one month beyond the defect liability period or guarantee / warranty period as the case may be

b. The performances Security Deposit shall be released after one month of completion of the job or after one month of expiry of guarantee / warranty period.

c. The performance Security deposit shall be forfeited in case of infringement of any terms and conditions of contract or in case of failure to complete the job / supply within stipulated time schedule agreed in the contract.

x) **Retention Money:** In case of works contracts 10% of the contract value shall be retained from each R/A bills. 50% of this amount will be released on successful completion of the contract & balance 50% will be released within one month of expiry of defect liability period.

xi) **Delivery / Completion Period:** The bid document shall clearly specify the delivery period of the ordered items.

Keeping in view the importance of optimizing the remaining shelf life of most of the health sector goods after delivery, careful attention should be given to the delivery schedules specified in the bid document, wherever possible phased deliveries should be allowed, with the quantity covered by each partial dispatch commensurate with the capacity of the warehousing & logistics system and the estimated rate of consumption.

xii) **Price Reduction for Delay:**

For any delay on the part of the supplier / Contractor beyond the contractual delivery date as agreed in the contract, the contract price will be reduced by ½ per cent i.e. 0.5% for the delayed portion of the goods every week of delay or part thereof subject to a maximum of 10% of the total contract.

However, Bonus for early completion will not be considered unless specifically agreed in the contract. Bonus clause may be introduced only in the eventuality that early supply / completion will give tangible advantages / benefits which can be qualified.

xiii) **Force majeure:** The conditions of contract shall stipulate that failure on the part of the parties to perform their obligations under the contract will not be construed as a default giving rise to claims for damages, if such failure is the result of an event of force majeure as defined in the conditions of the contract.

For the purpose of this clause, force majeure shall mean an event beyond the control of the parties and not involving the parties fault or negligence and not foreseeable. Such events may include but are not restricted to Acts of god, war, civil disturbance riots fires, flood, epidemics, quarantine restrictions, freight embargoes, sabotage confiscation of facilities by govt. authorities, but shall not include power cut, labour unrest, failure of sub-vendor and increase in cost of raw materials.

xiv) **Terms of Payment:**

a. Under normal circumstances, no advance payment to any supplier / contractor shall be agreed to. Payment of 90% on receipt and acceptance of materials at the delivery point and 10% upon completion of ordered quality as per delivery schedule should be followed.

b. However, in exceptional cases (like supply of equipment or civil works), where advance payment cannot be avoided the following points to be considered –

1. Advance amount shall not be beyond 10% of contract value.
2. The advance has to be backed by a Bank Guarantee from a RBI approved scheduled Bank.

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3. The party must agree to (a) payment of interest @ 2% higher than the prime landing rate of SBI or (b) loading of their quote by the interest amount as above for arriving at comparable price.

xv) **Domestic / SSI / PSU Preference:** If any preference on purchase from a Public Sector Unit, price preference to SSI or domestic manufactures (in case of ICB) is applicable as per Govt. guideline, the same shall be highlighted in the bid documents

xvi) **Authority to Sign Bid Document:** the signatory to the bid document must have a power of Attorney under the common seal of the company to sign such documents. A certified copy of the Power of Attorney shall be enclosed with the bid.

xvii) **Fraud & Corruption:** The bidders, suppliers & contractors shall observe the highest standard of ethics during bidding and during performance of the contract.

For the purposes of this provision, the following acts shall be considered as corrupt and / or fraudulent practices -

1. "Corrupt Practice" means offering, giving, receiving, or soliciting directly or indirectly, of any thing of value to influence the action of an official in the procurement process or in contract execution.
2. "Fraudulent Practice" means misrepresentation or omission of facts in order to execution of contract.
3. "Collusive practice" means a scheme or arrangement between two or more bidders, with or without the knowledge of the purchaser, designed to establish bid prices at artificial, non-competitive level.
4. "Coercive Practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in a procurement process or in execution of a contract.

During the process of evaluation of a bid or proposal for award of a contract, if it is detected that a bidder directly or through agent has engaged in corrupt, fraudulent, collusive or coercive practice in competing for the contract in question, then a) the bid shall be rejected and b) declare the firm ineligible for a specific period or indefinitely to participate in a bidding process.

In the bid document itself, an undertaking from the bidders may be obtained as follows:

"We undertake that, in competing for (and, if the award is made to us, in executing) the subject contract, we will strictly observe the laws against fraud and corruption in force in the country".

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11. Tendering in Single Bid and 2-Bid System

Tenders can be invited either in Single-bid or 2-bid system.

a. Single Bid system

In Single-bid system, the bids are invited in a comprehensive manner i.e. confirmation of adherence to qualifying/technical criteria and the price are submitted in one bid. This system is adequate in case of single tender /direct contracting, shopping. Single bid can be resorted to the cases where the bidders are prequalified for those particular items of the bid.

b. Tendering in 2-Bid System

Normally under competitive bidding viz. ICB, NCB and limited tendering, offers shall be invited under 2-bid system i.e. unprice technical bid and price bid in 2 separate sealed covers.

In 2-bid system, the bids are invited in 2 parts i.e. part I covering qualification criteria of the bidders along with terms and conditions and part II, consisting the price only.

The qualification criteria are the yard sticks to allow or disallow a firm to participate in the bid and shall be unambiguous and transparent. The qualification criteria for evaluation / exclusion adopted in the bid must be made explicit at the time of inviting bids so that the basic concepts of transparency and the interests of equity and fairness are satisfied. The acceptance and rejection criteria of any bid should not be arbitrary but shall be on justified grounds as per laid down specifications, evaluation / exclusion criteria giving no scope for complaints.

Technical un-priced bid shall incorporate pre-qualification criteria, which are to be highlighted in the bid-document.

Generally following criteria may be considered for pre-qualification –

- i) Minimum Average Annual Turn over for last 3 years — Rs. 5.00 Crores
- ii) At least 3 similar contracts completed during the last 5 years.
- iii) Certificate of Good Manufacturing Practice from Controller of Drugs under provision of Drugs and Cosmetics Act, 1940 continuously for the previous 3 year period.
- iv) Should have manufactured & marketed the specific goods covered in the bid documents for at least three years and for similar goods for five years.
- v) The bidder shall provide proof of experience with & knowledge of modes of packaging, distribution & transportation of such items under monsoon condition.

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The unpriced technical bid shall spell out bidder's agreement to adhere to the terms & conditions of tender & also include all details regarding implication of taxes, duties, packing / forwarding, freight, transit insurance, delivery period, shelf life, packing size etc. except for the price of items under tender. The bid document EMD (if any) along with the above information shall be submitted in the Technical bid in a separate sealed cover prominently super scribing TECHNICAL BID along with bid-reference & due date.

The price bid shall contain the prices of the items and shall be submitted in another sealed cover super scribing PRICED BID alongwith reference & due date.

Both technical & priced bids shall then be put in one envelope, sealed, superscribed with bid reference due date and shall be submitted as per bid condition.

12) Tender Opening Procedure:

a. Under single Bid systems-

As mentioned in para 11 g (vii) the tenders should be generally opened after one hour from the deadline of receipt of tenders.

i) For opening of the tenders, a committee with representative of Finance and the Deptt. issuing tender shall be constituted.

ii) Tenders shall be opened in public i.e. in presence of the intending bidders or their authorized representative. In the bid opening statement signature of those present shall be taken.

iii) All tenders except the late ones shall be opened and at bid opening stage no tenders shall be rejected. Late tenders shall be returned to the bidders unopened. Unsolicited bids (in case of Limited Bids shall also not be considered).

iv) The name of the bidder (and total amount of each bid in case of single bid system) along with important terms & conditions like implication of Excise Duty, Sales Tax, Packing and forwarding charges, delivery period, transportation charges and special conditions, if any, shall be read out but offers shall not be handed over to bidders.

v) The bid opening officials shall number the offers with a serial no. in the numerator & total no. bids as denominator, shall sign each page of the bid and if there is any correction the same shall be rounded & initialed.

vi) Minutes of bid opening shall be prepared & signed by all the bid opening officials.

b. Scrutiny of Tenders for Completeness by Scrutiny Committee:

After opening of the Bids, the following aspects shall be scrutinized –

ii) Meeting the eligibility requirements specified

iii) Signed by authorized signatory

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iii) Signed by authorized signatory

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- iv) Accompanied by required Earnest Money and the same valid for the period specified in the bid document.
- v) Have financial & technical capability as specified in bid document.
- vi) Bid is substantially responsive i.e. there are no material deviations from or reservations to the terms, conditions and specifications in the tender documents.

In case the above condition are not fulfilled, the bid shall not be considered for further evaluation and the bidder shall not be permitted to correct or withdraw the material deviations or reservations after opening of the tender.

c. Bid Opening in 2 Bid System by Tender Opening Committee.

While opening the bids, the technical bids shall be opened first and then evaluated for technical acceptance. The Tender opening procedure shall be identical to the Bid opening procedure described above except in case (iv) i.e. reading out the total amount (as the price bid shall remain in sealed cover). The price bid opening shall take place separately as described in subsequent para. Only the bids meeting the prequalification criteria shall be considered technically acceptable and no deviation whatsoever, to such criteria shall be accepted and no change shall be allowed to be incorporated after bid opening.

In the public opening of technical bids, the data submitted by the bidders in respect of pre-qualification criteria along with other terms & conditions shall be read out.

The sealed cover containing the priced bid shall be numbered in the same seriatim as that of the technical and shall be kept in the safe custody of a senior officer of the procurement cell.

On the date / time & venue as notified earlier, the price bid opening shall take place.

The tender opening committee shall collect from the safe custody the serially numbered sealed covers of price-bids for opening in public i.e. in presence of bidders or their authorized representatives.

As in the case of technical bid-opening, in the bid opening statement, signatures of all those bidders / representatives present in opening shall be obtained.

The name of the bidder and total amount quoted along with important terms & conditions shall be read out.

d. Technical Evaluation of Tender

As in the case of scrutiny of tenders of completeness (in case of single Bid system), the technical bids of 2 bid systems shall be examined to ascertain whether-

- i. all pre-qualification criteria have been met.
- ii. Has been signed by authorized signatory & whether copy of Power of Attorney enclosed.

iii. Accompanied by Earnest Money as required & whether valid (in case of BG) for the specified period. (u2)

iv. Whether the bid is substantially responsive i.e. whether there deviations from or reservations to the terms and conditions, specifications in the bid document.

A comparative statement of technical bids shall be prepared and the technically acceptable bids shall only be considered for further price evaluation.

Bidders found to be technically acceptable i.e. those meeting the pre-qualifying criteria & making substantially responsive offer shall be informed of price-bid opening with date time & venue of such opening.

- Technical evaluation shall be strictly as per bid document & shall be unambiguous in its scope i.e. either the bid is acceptable or non acceptable.

- In case of any minor change in specification or scope of supply, subsequent to technical query or technical negotiation, only price implication in sealed cover, for such change and not revised price for the entire offer shall be asked for and accepted.

If the major scope/spec. change takes place after technical evaluation, the tender has to be cancelled and to be reflected with revised scope & specification.

In case a bid is found to be technically not acceptable, the relevant price bid shall not be opened and the EMD, if any, shall be returned.

Technical evaluation of the bids shall be tabulated w.r.t. the qualifying criteria set out in the bid document and technically acceptable bids shall be highlighted for opening of price bid.

e. Submission of Samples: Submission of samples is normally discouraged. However, in certain cases like surgical items & sutures, it may be necessary to ask the bidders to supply samples of the items they have offered. In such cases, bidders shall be advised to submit alongwith their technical bid, at least 3 pcs. of sample of each item with distinct identification marks. These samples shall be evaluated for acceptances along with the technical bid. Priced offers of the bidders whose samples have been found acceptable shall only be opened. The 2 of each accepted samples shall be retained in safe custody of the purchaser for future reference / comparison. No subsequent replacement, after submission of samples, shall be allowed.

f. Confidentiality:

After public opening of tenders, process of further evaluation of tenders and recommendations regarding award shall not be disclosed to the bidders or any other person not officially connected with the tenders until the successful bidders is notified of the award of the contract.

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g. **Commercial / Financial Evaluation of a Bid**

In case of subsequent price implication due to Tech. query / commercial query, the same shall be opened along with the original price offer.

After opening of the price bid in both Single Bid & 2 Bid systems a comparative statement shall be prepared in a standard format. After tabulation of the basic quoted rates of each item of each bidder, additional components having direct bearing on the cost shall be added to tendered cost. These components may be packing, forwarding, duties, taxes, freight, insurance etc.. Further, other conditions given by the bidders which have financial implications (like payment terms, rebate / discount etc.) are to be taken into account and the final comparable cost of each bidder shall be arrived at.

While tabulating the above implications are separately evaluated as a fraction of the basic price and the sum of the basic price as one and all these fractions of each bidder is taken as a loading factor for a particular bidder. The basic price multiplied by the loading factor shall give the comparable financial involvement of each bidder.

While preparing the comparative statement, if some discrepancies are found between the rates given in words and in figures, or the amount shown in the tender, the following procedure shall be followed:-

- When there is a difference between the rates in figures and words, the rate quoted in words which corresponds to the total amount worked out by the bidder shall be taken as correct.
- When the rate quoted by the bidder in figures & words tallies but the amount is not correct, the rate quoted by the bidder shall be taken as correct and not the amount.

If a bidder does not accept the correction of errors, its bid shall be rejected & bid money will be forfeited.

Comparison of price of all the bidders shall be on landed cost basis and shall include basic price, all taxes & duties, packing & forwarding, freight, transit insurance, handling & in case of equipment installation, commissioning training & annual maintenance cost for five years.

Conditional discount offered by a bidder shall not be taken into account for evaluation & price comparison. However, if such bidder happens to be the lowest bidder, the conditional discount shall be considered while awarding the contract.

h) **Rejection of All Bids**

Though the bid document usually has a provision for rejection of all bids, rejection of all bids is justified only when there is lack of adequate competition, or when none of the bids are substantially responsive or when bid prices are substantially higher than the budget and negotiations with L1 bidder fails to bring down the prices to an acceptable level.