Lack of competition shall not be determined solely on the basis of the no. of responses. Even when only one bid is received, the bidding process may be considered valid, if the bid was adequately advertised and the quoted prices are reasonable in comparison to the market prices.

However, if all bids are rejected, the causes justifying the rejection shall be given for revision of (a) conditions of contract or (b) design & specification or (c) scope of the contract or a combination of these aspects before inviting fresh bids. Any such changes in the bid document shall have the approval of the competent authority.

If the rejection of all bids is due to lack of competition wider advertising shall be considered.

If the rejection is due to most or all of the bids being non-responsive, new beds may be invited on limited tender basis.

Rejection of all bids and invitation of new bids on the same bidding documents solely for the purpose of obtaining lower prices should not be resorted to. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates, by a substantial margin, the causes for such excessive cost should be investigated and scope / spec. may be reviewed for the new bid.

Rejection of all bids, review of bid document / scope change and reinvitation of new bid, irrespective of value shall be referred to the competent authority for approval.

13. Negotiation

In general, negotiation after opening of tender shall be discouraged. However, in exceptional cases, in case the lowest bidder's price happens to be abnormally high or in a tender with a large no. of items, rates quoted by L1, bidder for some of items are irrational negotiation may be carried out only with the L1 bidder.

Further, (i) if the capacity of L1 bidder is limited & cannot meet the total requirement of the tender or (ii) in case it is considered necessary on strategic reasons to have a no. of suppliers as alternative sources for same items, negotiations may be carried out with L2, L3, L4 etc. bidders (depending on the no. of alternative sources to be retained) to bring down their prices to the level of or as near as the price quoted by the L1 bidder.

While fixing date for negotiation, sufficient time should be allowed to the bidders to attend the same.

Negotiation shall always be carried out by an authorized committee and not by an individual.

If the rates remain higher after negotiation fresh tenders should be invited.

14. Extension of Bid Validity

To the extent possible, the contract should be finalized within the original validity of the offers mentioned in the tender. However, an extension of bid validity, if justified by exceptional circumstances and with the approval of the competent higher authority, shall be requested in writing from all bidders with valid bids before expiry of the original bid validity. Bidders shall have the right to refuse to grant such an extension without forfeiting their Earnest Money and those who extend their bid validity shall be required to suitably extend their earnest money.

15. Pre-bid Conference

A pre-bid conference may be arranged for procurement of complicated equipment or systems, wherein the potential bidders can interact with the representatives of the implementing authority to understand the requirement and / or to seek clarifications on various technical as well as commercial issues. In such a case, date & venue of the pre-bid conference shall be mentioned in the bid document.

Minutes of Meeting of pre-bid conference shall be drawn and shall be furnished to all the bidders who have already purchased bid documents and shall be given along with bid documents to parties purchasing the document subsequent to pre bid conference.

16. Pre-qualification

The pre-qualifying criteria has been elaborated under tendering in 2-bid system in clause No. 8 (b).

17. Pre award Physical Assessment

Prior to award of the contract, if considered necessary, a team of 3-4 officers may be deputed to the premises of the manufacturer on whom the contract is proposed to be awarded, to physically verify the manufacturing facilities, quality testing & assurance facilities, resources etc. Based on the committee's report and approval of the competent authority the contract may be awarded to the successful bidders.

18. Notification of Award

After due approval of the competent authority and within the validity of the bids (or within the extended bid validity as the case may be), the contract shall be awarded to the technically acceptable lowest evaluated bidder i.e. the bidder who meets the tender

conditions in all respects, have necessary technical capability, financial resources, whose bid is substantially responsive and the lowest evaluated cost.

The successful bidder shall be notified in writing regarding acceptance of their bid and this notification shall form a part of the contract.

Upon the successful bidder's furnishing of the signed contract form and the performance security, each of the unsuccessful bidders shall be promptly notified about award of the contract also the bid security shall be discharged.

19. Debriefing

After notification of award it an unsuccessful bidder wish to ascertain the grounds on which his bid was not selected, he may send his request in writing to the purchaser. The purchaser shall promptly respond in writing to such unsuccessful bidder who request for a debriefing.

20. Signing of Contract

Immediately after notification to the successful bidder that his bid has been accepted, the contract form provided in the Bidding Document, incorporating all agreements between the parties shall be sent to him.

Within 28 days of receipt of the Contract form, the successful bidder shall sign and date the contract form and return it to the purchaser.

21. Performance Security

Within 28 days of the receipt of notification of award of contract, the successful bidder shall furnish the performance security in accordance with the conditions of the contract, using the Performance Security Form provided in the bid document.

22. Annulment of Award, Forfeiture & Fresh Award

Failure of the successful bidder to comply with the requirements of signing of contract and / or submission of performance security within the time schedule as stipulated above shall constitute sufficient grounds for the annulment of the award and forfeiture of the bid security.

Under such a situation, the proposal may be reviewed for award of the contract on the next lowest evaluated technically qualified bidder or go for a fresh bid depending on the circumstance. In case it is decided to go for the next lowest bidder, negotiation may be considered to bring down their price nearer to the originally evaluated & lowest bidder.

(37

23. Repeat Order

In cases of competitive bidding, the ordered quantities may be increased upto 50% of the quantity of the original order through Repeat Orders after recording reasons provided such orders shall be given before the expiry of contractual delivery date of the original order and subject to the condition that the prices have source not gone down during the intervening period and the items were required urgently.

24. Quality Assurance

a. Necessity-

- The quality of Drugs, Equipments, Surgicals and Consumables is a critical factor in safeguarding the health of the population. Poor quality of pharmaceuticals, vaccines & contraceptives etc. will not only defeat the very purpose of their use, rather those may be detrimental to the health of the users. In the procurement process, product quality is ensured through preparation of comprehensive technical specifications, purchasing from qualified manufactures & suppliers, appropriate testing and monitoring of the goods through out the chain of delivery, warehousing, and distribution.

For ensuring quality while in the distribution system a reliable system has to be implemented to monitor expiry dates and storage conditions along with reporting of product defects as well as adverse reactions.

In case internal / departmental delivery system is inadequate a qualified freight forwarder may be engaged on contract with suitable penal provision in the contract for failure to execute as per instruction & schedule.

b. Adherence to Good manufacturing practice-

- In line with Good Manufacturing Practices (GMP) of WHO the Drug Control Authority of India has laid down criteria for personnel, facilities, equipment, material, manufacturing operations, labeling, packaging, quality control & stability testing. Manufacturing licenses are issued on compliance of GMP & the same is enforced through periodic inspections & regulatory controls. Certificate of GMP for the National Drug Regulatory Authority may be a condition of qualifying criteria.

c. Testing-

- For products like drugs, vaccines & condoms, it is essential to test for quality before dispatch takes place from manufactures premises.

All products are to be tested for acceptance after receipt.

- Samples for testing and control samples will be drawn, batchwise, immediately on receipt of the stocks at the warehouses.
- These will packed in unmarked envelopes or other containers to the extent possible. The packaging is relabeled with a code number generated by computer.
- Testing will be done by a laboratory from among a panel of accredited private laboratories. Selection of the lab. is also randomized and the lab. is unaware of the identity of the sample. This testing is additional to the statutory testing by the Drugs Controller.
- Sutures and surgical instruments will be examined by a panel of Surgeons.
- Once the result came in the stock is utilized if the quality is acceptable. If not, the stock is frozen by sending a message to the warehouses and a second sample sent for testing to a different laboratory. A second failure in the testing leads to rejection.
- The payment for the frozen batch is not made to the manufacturers . Rejection invites the contractually agreed penalties in addition to non payment.
- All stocks and supplier's manufacturing facilities will be inspected at specified intervals of time.

The authority to conduct testing for quality assurance is to be specified in the tender document along with sample size, test procedure etc.

- Capital medical equipment should have Factory Acceptance Test (FAT) and also testing at site after proper installation, commissioning & calibration.

During the process of installation & commissioning at site technical personnel of the deptt. Is to be associated to take care of any minor problem that may occur subsequently.

d. Failure & Recall-

- In case there is failure of a drug / product, adverse reaction, or recall from the market, the supplier must promptly inform the purchaser of any such event & replace the affected item by an acceptable one.

e. Purpose of Quality Assurance-

- The purpose of Quality Assurance in the drug supply system is to ensure that each pharmaceutical, vaccine & contraceptive reaching the patient or the client is safe, effective & of standard quality. Without assured quality the products cannot fulfill the desired objective i.e. curing illness, preventing diseases or controlling fertility.

f. Scope of Quality Assurance-

The term "Quality Assurance" is not limited only to laboratory testing of samples but encompasses a much comprehensive area covering the entire system starting from selection to end use.

i. The characteristics of Drug Product Quality in general are as follows –

Identity	-	Presence of correct active ingredient
Purity	-	Not contaminated with other ingredients.
Potency	-	Correct amount of active ingredients.
Uniformity	-	Consistency of composition, shape, size and colour.
Bioavailability	-	Speed & completeness of action.
Stability	-	Activeness ensured till expiry.

ii. Product quality is dependent on the following parameters-

- Manufacturing facility consisting of equipment & maintenance, plant environment, in house keeping, manufacturing process, quality control programme.
- Product formulation consisting of active ingredients, inactive ingredients
- Packaging – immediate and external
- Handling & Storage conditions.

(34)

g. Quality Assurance plan in Technical Specification of Bid Document-

In order to ensure adherence to the Quality Assurance plan, the technical spec. in the bid document must contain adequate provisions such as –

- Pharmacopoeia reference standard
- Language & labeling,
- Shelf life
- Packaging
- Certificate of manufacturing facility like WHO's GMP
- Physical inspection with frequency
- Laboratory testing / analysis
- Storage & handling / transportation.
- Reporting system for suspect products.
- Labelling instruction
- Case identification
- Unique identification marks
- Standard of Quality Control
- Product qualification requirement
- Marking requirement
- Lot Traceability
- Quality Control Testing
- Sample & physical inspection of each batch
- From each batch received, a retention sample to be preserved
- Laboratory listing (e.g. 30% of batches to be reanalyzed at approved laboratory)

h) Responsibility of Quality Assurance:

Generally documents like GMP, Drug Licence etc. are verified at the tendering stage. Thereafter, when materials are supplied to the warehouses, the manufacturer's Q. C. document is checked & visual inspection of the supplied items alongwith packeging is carried out.

For the purpose of detail chemical / technical analysis, normally a no. of competent laboratories are empanelled on item rate contract basis, whose test results are accepted by both the purchaser & supplier. For conducting such tests, detail sampling procedure shall be drawn up.

However, in case of any dispute on the test results, samples are to be tested at the govt. laboratory and the results there from shall be accepted by both the parties.

(33)

25. Qualification & Monitoring of Bidders

Qualification of a bidder to supply certain goods & services is decided based on their technical and financial capability, past experience of similar supplies performance achieved

Sub-standard and spurious drugs have become a big menace throughout the world, more so in the developing countries. Therefore, it has become essential to qualify & monitor manufactures / suppliers of drugs so as to locate reliable suppliers with assured quality standards at optimum cost.

Prequalification of a manufacturer / supplier has got both advantages as well as disadvantages a few of which are enumerated below, -

Advantage	Disadvantage
- Eliminates submission of unacceptable / undesirable bids	The process is prolonged and may result in delay in delivery
- Promotes wider participation of capable bidders	Requires higher initial processing time
- Promotes competition among qualified bidders	May lead to collusion or cartel
- Allows decision on best procurement process & terms	
- Discourage unscrupulous bidders	

However, from wider experience of various agencies, it has been found that pre-qualification has far reaching advantages compared to a few disadvantage of minor consequence.

Therefore, barring a few exceptional circumstances and also single tender cases, it is advisable to follow the prequalification route, which in a simpler way is the 2-bid system as described earlier.

But it is to be borne in mind that in this system, the bid document must spell out in clear and unambiguous terms, the requirements of pre-qualification criteria which shall be adhered to for considering a bidder technically qualified or not.

26. Despatch of Materials:

a. Notification of Despatch / delivery of Consignment & Documents thereof:-

Upon dispatch or delivery, the supplier shall send the following documents-

- Packing slip quoting order No. & date of dispatch describing all the material, with full details of the contents of the packages, quantity dispatched.

- Test certificates from the manufactures / testing agency as per requirement of the contract.
- Guarantee / warranty certificates of the items dispatched.
- The bill or invoice for the items dispatched, along with Excise Duty Gate Pass.
- Railway Receipt / Consignment note in the form of Lorry Receipt or the Bill for loading (in case of import) drawn on the name of the consignee.

The above documents immediately after dispatch of materials should be sent by the suppliers to the consignee by registered post acknowledgement due or by speed post or in exceptional cases by courier service.

The supplier shall bear & reimburse to the purchaser, demurrage charge, if any, paid by the reason of delay on the part of the supplier in forwarding the above mentioned documents.

b. Clearance of Consignment

Imported Material: In case of imported materials, the consignment arriving at the port of import, has to be cleared through the customs authority, for which elaborate procedure exists. Since, the purchaser is not likely to have the expertise in this field, it is advisable to engage a custom clearing agency on contract basis. The customs clearing agent will be duly authorized by the purchaser to take all necessary action (viz. submission of documents, payment of duty, loading / unloading of consignment, handing over to the local transporter etc.) on behalf of the purchaser to the consignee.

c. Receipt of the Consignment

At the time of delivery of the materials at the designated destination or warehouse, the consignee should accept the materials with remarks "said to contain" and should issue provisional receipt certificate. Only after opening the packages and making detailed examination of the receive materials and test / guarantee / manufacturing certificate and after his full satisfaction with the quality of goods, the consignee will issue the final acceptance certificate. Notwithstanding the inspection / certificate of the goods by the inspection agency prior to despatch, the consignee has the right to further inspect & test the goods to his entire satisfaction but within a reasonable time (not more the 60 days) and if the goods fail to meet the specifications given in the contract, the consignee shall reject the goods and ask the supplier to replace the goods or rectify the defects, if feasible & acceptable.

The goods accepted on inspection shall be taken into stock. The rejected goods shall be kept separately in an easily identifiable location, away from the accepted / useful items. For each consignment an Acceptance / Rejection Report shall be generated & copy of which shall be sent to the purchaser, paying authority and the warehouse. Further proper records of

rejection of each individual supplier should be maintained in order to assess their quality performance to be reviewed for future supplies. (31

It is the responsibility of the supplier of defective materials to take back the rejected materials from the consignee's premises and to replace the same with materials of acceptable quality.

27. Warehousing / Storage

a. Moving to Warehouse accepted materials-

The materials received from the suppliers after inspection and acceptance are moved to the warehouse or to the store of the consignee.

From experience it has been observed that good quality goods, properly packed (except some drugs, vaccines & specific items), do not deteriorate when stored at average temperature found in tropical climates, without exposure to sun and rain.

Most commonly used pharmaceuticals in the form of tablets, capsules, syrups, & emulsion are stable if protected from light and direct heat and stored in a well-ventilated environment.

b. Ideal Storage condition-

The following are the ideal storage & transportation conditions required for most of the pharmaceuticals & vaccines as per technical data. Protection from excessive humidity is also important for most of the items, although these standards of humidity & temperature may be difficult to be achieved at many of the locations.

i) Common medicines (e.g. tablets, capsules, granules syrups & emulsions): To be stored in a cool dry place below 30°c. Can stand transit hazards for short period.

ii) Injectables, antibiotics, ophthalmic items, certain syrups & sterile ointments: To be stored in cool room at the temperature between 15°c to 25°c. To be delivered in special containerized vehicles.

iii) Most vaccines, sera, and immunabidogicals: To be stored between 2°c to 8°c. To be transported in cold boxes.

iv) Polio & measles vaccines, some Toxoid: To be stored below – 4°c in deep freezers. To be transported in freeze chambers or in refrigerated vehicles.

c. In-transit handling storage-

When products require special handling & during transit & subsequent storage including in-transit storage, these requirements must be clearly stipulated in the bidding documents.

The supplier should alert the transporter as well as the consignee to take adequate precautionary measures during transportation, handling & storage for such items.

If quality assurance measures are strictly followed during the manufacturing process and subsequent packaging, the conditions of handling transportation, warehousing & storage play a major role in ensuring that quality goods of desired efficacy reach the final user in good condition.

d. Arrangement of materials in warehouse, issue and accounting-

The storage and warehouse should be properly organized having different bins for different items and identified location for each items. For every item a bin card has to be maintained which shall record item description, code No. (if any) quantity received / issued / in stock, with batch Nos. which shall be updated after every transaction. The receipted items should be left in their original packaging while in storage. The batch no. & marking as the cartoons should be recorded to ensure that all batches are traceable. While distributing / issuing the items to the users, it is to be ensured that items with earlier expiry is issued first.

The items requiring special storage conditions like temperature control or humidity control should be stored in appropriate condition.

- Monitoring of expiry dates and issue to users accordingly must be done on continuous basis in order to avoid expiry of shelf-life resulting in avoidable expenditure.
- The stock of items in the warehouse has to be verified and updated on continuous basis. The discrepancies of quantities have to be justified & regularized with the approval of the competent authority. Statement of stock verification & adjustments, if any, are to be circulated to all concerned.
- The warehouse has to take the responsibility of disposal of expired / damaged items for which a separate procedure may be evolved depending on individual merits.

e. Monthly MIS-

- The warehouse shall generate monthly MIS of receipts, issues, stock & disposal highlighting major items reaching expiry of shelf-life in the next 2/3 months & also stock out situations.

28. Logistics

a. Necessity-

Logistics plays a very vital role in the supply chain of health sector goods. Vaccines are needed for prevention, pharmaceuticals for curing illnesses, contraceptives to meet reproductive health needs & nutritional supplements to improve nutrition. The distribution chain of these goods extends through central, state and / or district warehouses to reach the

users. Unless this distribution system is effectively and efficiently operated, the objective of any health project cannot be met.

b. Shelf-life vis-à-vis Logistic Efficiently-

As a result of weak management of logistics, poor communication facilities, and / or unrealiable transport system / arrangement it may take inordinate time for the goods to reach the user after they reach the central warehouse. For limited shelf-life items this is serious problem, especially if shelf-life standards are not rigidly enforced at the procurement stage. In such a situation, it may so happen that by the time the stock arrives at the site it has to be sent back to the central warehouse or destroyed because of expiry of shelf-life or there is lack of capacity to consume or store the large quantity received.

Stipulating that all products must have a specific period of shelf-life remaining upon at the port of entry in case of import or at the place of delivery, may mitigate a part of the consequences of distribution inefficiency. But this by itself will not solve of problem of expiry of shelf-life if the local logistics is inadequate.

c. Outsourcing of delivery and distribution-

If distribution problems relate to poor communication and management by the purchaser, delivery upto the district level may be entrusted to the supplier & thereafter by the deptt. Or a separate contract may be awarded for distribution from the central warehouse to the district & PHC/Sub-centre level.

Transportation & distribution of goods down the line from receipt points to various locations may be done departmentally, if departmental resources viz. vehicle & manpower are already available. Otherwise it will be advantageous to line up a competent contractor / agency for doing this job, under strict supervision & monitoring of the department. The terms & conditions of the contract should be suitably framed to obtain the desired services in an efficient & economic manner.

d. Adequate Storage Facility including cold chain-

Although pharmaceuticals & contraceptives should not be exposed to extended periods in extreme temperatures, vaccines, unlike most of the medicines & contraceptives must be kept within certain temperature ranges throughout the process of transportation from the manufacturer to the health centre. Availability and continuous proper operation of cold chain is essential in maintaining the efficacy of the vaccines. Therefore assessment of availability, condition of the cold chain prior to procurement of goods, and prevailing for rectification of deficiencies in the existing storage facility should be undertaken to safeguard a valuable investment in vaccines.

Satisfactory storage facility in terms of capacity and its suitability to protect & secure health sector goods is a vital component of logistics. The storage infrastructure at central as

well as at the district levels and below should be assessed and augmented, if necessary. Otherwise inadequate capacity at any level may expose supplies to adverse climatic conditions that may damage the goods. Further, in case of large procurements and procurement for extended periods may be phased into a no. of shipments to tide over the inadequate storage capacity at central level.

e) Review of Warehousing facility, stock position and stock transfer-

The distribution system for drugs / medicines, vaccines and contraceptives at various levels need to be reviewed in a comprehensive manner to arrive at on optimum solution for the entire network.

- As mentioned earlier above, the receipt of supplies may be decentralized to district / sub-centre level depending open the quantity / volume & value of the supplies. In such cases, the delivery points and quantities to be delivered at different points shall be highlighted in the contract itself.
- The stock level, uses and storage capacity of the commodity at various locations should be continuously monitored to avoid under stocking or overstocking.
- Depending on the review of the above data stock transfer should take place from overstocked locations to under stocked locations.

29. Laws Governing the Contract

- The contract shall be governed by the laws in force in India
- The courts of the place from where the acceptance of tender / award of contract has been issued shall alone have the jurisdiction to decide any dispute arising out of or in respect of the contract.
- 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 where the acceptances of the tenders have been issued.

30. Resolution of Disputes

a. Possible Causes of Disputes

The possible causes of dispute in a contract may be due to-

i) Interpretation of the terms and conditions of the contract
ii) Delay in delivery of goods or completion of works.
iii) Delay in release of payment.
iv) Laboratory test Results – In-house as well as Independent lab.
v) Condition of items on arrival of consignment and & after delivery.
vi) Rate of items, variation in quantity in case of works contracts

vii) Design / specification issues.

b.i) Dispute over Laboratory Results

Disputes over product acceptance usually arise when testing by an independent laboratory / agency determines that the product offered is not in compliance with the required specification or standard. The manufacturer may also dispute a decision made by the inspection agency regarding unacceptable product packaging or appearance.

ii) Umpire Analysis

In most cases, manufacturers accept the results of the independent laboratories and replace the rejected batches. When the manufacturers do not accept the test results, they normally present test results or other evidence to suggest that the results of the independent laboratory are not correct and do not accurately represent the quality of the product tested. In such an eventuality, a sample drawn jointly by the supplier and the purchaser or his authorized representative and authenticated by both, will be forwarded for Umpire analysis within 4 (four) weeks of the time the supplier contests to an independent agency neutrally agreed by the purchaser & the supplier. The umpires finding, which will be prompty obtained, will be final & binding on both the parties. The cost of umpire analysis will be borne by the losing party.

iii) Decision of Retesting / Umpire Analysis

Decision on retesting should be undertaken only after ascertaining possibility of a mistake made by the laboratory. Before considering retest, the following issues need to be reviewed –

- The margin by which the product has failed to comply.
- History of past performance / production of the manufacturer to the client.
- The nature of difference between the manufacturer's results & the laboratory test result. If possible, the laboratory should preserve failed samples of the goods for manufacturer to recheck / test.

c. Adjudication / Review Board

The dispute resolution methodology should be very clearly indicated in the contract document. As far as possible, it should be endeavored to resolve disputes with mutual agreement between the purchaser & the contractor / supplier through alternate dispute resolution mechanism in the form of Adjudication or review Board to avoid going through lengthy arbitration and litigation stage.

(26

d. **Arbitration**

In the event of any question, dispute or difference arising under the contract conditions or any special conditions of the contract, or in connection with the contract (except as to any matters the decision on which is specification provided for by these or the special conditions) which could not be resolved by the adjudication/ review board to the satisfaction of the parties concerned shall be referred to the sole arbitration of an officer, from a department other than the department who has decided the contract, having adequate knowledge of contract matters & law, appointed to be the arbitration by the purchaser. The award of the arbitrator shall be final and binding on the parties to this contract.

- In the event of death of the arbitrator or on his neglecting or refusing to act or an resigning or on being unable to act for any reason or on his award being set abide by a court of law for any reason, it shall be lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner mentioned in the previous para.
- It is further a term of the contract that no person other than the person appointed by the purchaser as aforementioned should act as an arbitrator and that, if for any reason that is not possible, the matter is not to be referred to arbitration at all.
- The arbitration may, from time to time, with the consent of the parties to the contract, extend the time for making the award.
- Upon every and any such reference, the assessment of the costs incidental to the reference and award respectively shall be at the discretion of the arbitrator.
- Subject as aforesaid, the Indian Arbitration & Conciliation Act, 1996, amended upto date and the rules there under and any statutory modifications thereof for the time being force shall be deemed to apply to the arbitration proceedings under this clause.
- If the value of the claim in a reference exceeds Rs. 1 lakh the arbitrator shall give reasoned award.
- The venue of the arbitrator shall be the place from where formal acceptance of tender is issued or such other place as the purchaser at his discretion may decide.

The clause on arbitration shall have the consent of the bidder.

(25

31. Vendor Rating System

This is an instrument to evaluate the performance of a supplier and an integral part of supplier selection and evaluation system. The parameters of evaluation should include product, process, quality & financial assessment. It helps in improving supplier's performance & also acts as a tool in prequalification process.

The rating system should include objective & measurable criteria and should avoid any subjective assessment.

A normal rating parameters may be as follows & may be modified depending on the nature of item or services required.

Criteria		**Maximum marks**
1. Quality of Material	Ordered vs. Actual	40
2. Quality of Delivery	Ordered vs. actual (packing etc.)	20
3. On time delivery		20
4. Price Competitiveness		10
5. Quality of Communication/Invoicing, shipping documents etc.		10
	Total	**100**

The overall assessment shall be as follows-

Marks obtained	**Rating**
80-100	Excellent
70-80	Very good
60-70	Good/Average
40-60	Below average
0-40	Poor

Since quality of supply is of paramount importance, in criteria (1) minimum acceptable score should be 30. A supplier obtaining less than 30 in Quality should be disqualified from future bidding. Such supplier may be put or Holiday for a certain period (say 6 months) and may be considered for sample orders to find out their improvement in Quality criteria.

32. Complaint Redressal Mechanism

In order to effectively deal with the complaints received from the contractors / suppliers, a complaint handling mechanism should be in place at state as well as local levels and immediate action should be initiated on receipt of complaints to redress the grievances. All complaints should be handled at a level higher than the level at which the procurement process is being undertaken and the allegations made in the complaints should be thoroughly inquired into. If found correct appropriate remedial measure should be taken. In case any individual staff is found to be responsible, suitable disciplinary proceedings should be initiated against such staff under Govt. conduct rule and also as per Indian law and instructions of the Central Vigilance Commission.

D. Audit

All actions taken and documents generated in procurement of goods & services are subject to post-audit with respect to procedural adherence and financial propriety by various agencies like State Audit Deptt, CAG & by Development partners providing the fund. Therefore, all documents pertaining to each case of procurement shall be filed systematically and preserved safely so that the same can be produced to the concerned authority as and when asked for.

In case, after scrutiny, observations are made by the audit agency, proper, appropriate and factual reply should be submitted within the stipulated time frame. Reply to audit queries must be given due cognizance in view of statutory nature of the audit bodies.

(23

Conclusion

While preparing the procurement procedure, it has been endeavored to adopt the best practices followed by the majority of the purchasers fulfilling the basic objectives of a sound procurement system i.e. efficiency, transparency & economy.

As already highlighted procurement of Health Sector Goods (HSG) has got certain inherent complicacies and therefore need to be handled in a highly professional manner as procurement encompasses purchase, transportation, warehousing and distribution. Each link in the supply chain is very vital with respect to the ultimate objective of delivering the required goods & services to the target population. It is more so in the Indian context due to vastness of the country and geographical as well as socio-cultural diversity.

Cost-wise procurement is one of the major components of any health programme and therefore an efficient procurement system is expected to be cost-effective.

In the decision making process for procurement of goods & services, the authority and accountability should be commensurate. The decisions are normally taken collectively with a committee approach and therefore prior to finalizing a decision, all the pros & cons of a procurement proposal should be discussed threadbare in order to take a equitable, judicious, transparent and above all, an economic decision. In order to achieve this, the approved procurement procedure should be followed with minimum of deviations. Deviations, if at all necessary, should be properly justified and should be approved by an authority empowerment to do so.

However, in case of frequent and repetitive nature of similar deviations, it may be worth while to review and amend the relevant clauses of the procedure. After all, like any other policy and procedure, this also has to follow the natural evolution process and therefore with the passage of time new issues/ ideas and situations shall develop which will have to be dealt with appropriately keeping in view the basic tenets of efficiency, transparency and economy.