

The Directors of all National Laboratories/Instts.

Sub : Amendments to Purchase Procedure 2002

Sir,

I am directed to inform you that the Governing Body in its 166th meeting held on 16th Feb 2006 have approved certain amendments to Purchase Procedure 2002 as detailed in Annexure "A". These amendments shall come into force with immediate effect.

It is requested that the contents of this letter may kindly be brought to the notice of all concerned.

Hindi Version is enclosed.

(R.K. RAO)
Controller of Stores & Purchase

Encl: As above.

Copy to:

1. All the Heads of Divisions at CSIR Hqrs.
2. All DSs/USs/Sr. Dy. FA/Dy. FAs/ FAOs/COSP/SPOs in CSIR Hqrs. and CSIR Complex, New Delhi.
3. Sr. COAs/COAs/AOs/Sr. COFAs/COFA/ FAOs /Sr. COSP/ COSPs/ SPOs/SO (S&P) in all the National Labs. /Instts.
4. Staff Officer to DG, CSIR for kind information.
5. US, Office of the JS (A), CSIR for kind information.
6. PA to FA for kind information.
7. PA to CVO for kind information.
8. PA to Legal Adviser for kind information.
9. Office Copy.

Review of Purchase Procedure

Annexure “A”

S. N o.	Purchase Procedure Clause	Amendments
1.	Clause 8.5.0 : For : The concerned SPO/SO(S&P) in charge is authorized to make local purchases of routine nature worth Rs. 5000.00 at a time without calling for quotations subject to a maximum expenditure of Rs. 1.00 lakh per annum and Rs. 2.00 lakhs per annum for labs. whose total budget is more than Rs. 15.00 crores. All such purchases will be made on emergent requirements and an abstract of such purchases will be submitted to Director for information every quarter.	Read: Purchases without calling for quotations up to Rs. 15,000/- without any ceiling on any occasion may be made by the Sr.COSP/COSP/SPO/SO(S&P) and the Project Leader. Further, these powers can be exercised without reference to SPC-I/SPC-II and the requisite certificate as per Annexure “A” should be furnished by the officer exercising these powers. However, the powers delegated may be exercised by the junior officers only in the absence of the senior officers of the S&P Cadre.
2.	Clause 9.9.0 : For : The SPC-II may authorize the Project Leader/Indenter to go in for local purchase up to Rs. 10,000.00 without calling for quotations subject to a limit of 10% of the budget allocation of the project for procurement or Rs. 1,00,000.00 for the whole project whichever is less, in rare cases, when there is a real emergency.	Read : For purchase of goods costing above Rs. 15,000/- and up to Rs. 1,00,000/- only on each occasion and without any ceiling may be made on the recommendations of a duly constituted local purchase committee consisting of three members of an appropriate level as decided by the Director. The requisite certificate as per Annexure “B” should be furnished and the project leader should ensure availability of funds before sanctioning the expenditure. PL must enclose the indent, quotation of the firm selected by the duly constituted Committee along with terms & conditions and the requisite certificate and forward to the Purchase Section for further necessary action. The Sr.COSP/COSP/SPO/SO (S&P) thereafter has to place purchase order as recommended without reference to SPC I/SPC-II.
3.	Clause 9.2.0: For : All emergent and breakdown purchases to be made at short	Read: Emergency purchases of items coming under the purview of

	notice and purchases of items for sponsored projects shall also be considered by this Committee <u>Clause 9.8.0: For:</u> The Committee may constitute a sub Committee to look into the emergency requirements of the Lab/Instt. The sub Committee may depending upon the urgency of the situation : 1. Survey the market, collect hand quotations and place them before the SPC-II for final decision. OR 2. Survey the market, collect hand quotation and finalize the purchase on the spot within the sanctioned amount after opening the quotations.	SPC-I will be handled by SPC-I and for items coming under the purview of SPC-II will be handled by SPC-II. <u>Read:</u> Emergency purchases valuing more than Rs. 15,000/- may be recommended by SPC-I/SPC-II by constituting a sub Committee either by collecting hand quotations and placing it before the SPC- I/ SPC-II or by deciding the purchase on the spot after surveying the market within the sanctioned amount. For this the sub Committee will be the user, representatives of member Finance and Stores & Purchase. For this purpose the Sub-Committee has to furnish a Certificate as per Annexure-C.
4.	<u>Clause 11.2.0: For:</u> The open tender method shall normally be followed for all procurement worth more than Rs. five lakhs. Splitting of indents, in order to bring it outside the ambit of open tender method is strictly prohibited	<u>Read:</u> Advertised or open tender must be resorted to when the purchase value is beyond Rs. 25.00 lakhs. Splitting of indents, in order to bring it outside the ambit of open tender method is strictly prohibited. <u>Add:</u> In addition, a demand should not be deliberately divided to avoid necessity of obtaining sanctions of higher authority.

5.	Clause 11.2.1 : For : Notice inviting tenders shall be given in at least two local dailies for procurement worth more than Rs. five lakhs but less than Rs. ten lakhs. Notice inviting tenders shall be given in at least two National Dailies and in the Indian Trade Journal; published by the DGCIS, Calcutta, for procurement worth Rs. ten lakhs and above. Clause 11.3.2: Global tenders may be issued by the SPC if it is felt that bidding from the indigenous source through open tendering shall not result in competitive prices. In such cases, in addition to the open tendering procedures, copies of the NIT may be sent to the embassies of the countries where such manufacturers are located by giving them at least six weeks time so that they can forward the notice to the prospective bidders in their countries. Clause 11.10.0: For: The following minimum time limit may be allowed to the bidders so that they can quote their best possible prices.	Read: With a view to effecting some economy, NIT must be hosted on the web site of the Lab. with pointer advertisement in a National daily only having wide circulation. The website must also contain the detailed bidding documents which can be downloaded by the prospective or interested bidders free of cost. The NIT published by the Labs./Instts. should provide a link with CSIR Website. Add: The NIT/suitable communication should also be sent through e mail to the Indian embassies abroad where potential sources exist Read : The following time limit may be allowed to the bidders so that they can quote their best possible prices. However, it should be ensured that adequate competition exists and fair chance is given to all the interested bidders to enable them submit their offers in time.
6.	Clause 11.3.0: For: Limited tendering method shall normally be followed in all procurements worth Rs. 5.00 lakhs or less. However, this method can be followed even in procurement of material worth more than five lakhs when: a) The Indenting Officer certifies that the demand is urgent and any additional expenditure incurred through open advertisement shall not be fruitful. OR b) When the sources of supply are	Read: Limited Tender Enquiry method may be adopted for purchases between Rs. 1.00 lakh to Rs. 25.00 lakhs and sent to the prospective bidders by speed post/registered post/courier/e mail. Details of Limited Tender Enquiry valuing beyond Rs. 10.00 lakhs must be hosted on the web site. Any Unsolicited bids received against such limited tender method which are hosted on the web should also be

	definitely known and the possibility of fresh sources of supply being available is remote. OR c) And it is not in public interest to adopt the open tender method. <u>Clause 11.5.0: For :</u>The Sr. SPO/SPO /Dy .SPO will call for tenders for items costing less than Rs. 5.00 lakhs on limited tender basis and items costing more than Rs. 5.00 lakhs on open tender basis. All other cases including cases of purchase through single tender will be put up to the SPC for the decision.	considered subject to fulfillment of the terms & conditions of the limited tender. However ,this method can be followed even in procurement of material worth more than twenty five lakhs when: a) The Indenting Officer certifies that the demand is urgent and any additional expenditure incurred through open advertisement shall not be fruitful. OR b) When the sources of supply are definitely known and the possibility of fresh sources of supply being available is remote. OR c) It is not in public interest to adopt the open tender method. However, such mode of procurement should be approved by the Director after the specific recommendations of SPC-I/SPC-II. <u>Read:</u> The Sr COSP/COSP/SPO/SPO /SO (S&P) will call for tenders for items costing less than Rs. 25.00 lakhs on limited tender basis and items costing more than Rs. 25.00 lakhs on open tender basis. All other cases including cases of purchase through single tender will be put up to the SPC for the decision.
7.	<u>Clause 11.4.0: For:</u> Single tender method shall be followed only in rare cases where it is in the sure knowledge of both the SPC and the indenter that the equipment to be procured is manufactured only by a particular manufacturer and there is no other option for the laboratory except to go for this equipment. Intentionally adding restrictive clauses to favor a single source should be avoided at all costs. All such	<u>Read:</u> All purchases made on proprietary basis are on single tender basis while items procured on single tender basis need not be necessarily proprietary in nature. <u>Purchases on proprietary basis:</u> Purchases on proprietary basis can be resorted to only when: (a)It is in the sure knowledge of the indenter that the item to be

cases of procurement on single tender basis must be approved by the competent authority on specific recommendations of the SPC, only after he satisfies himself that such procurement is unavoidable. Spare parts of equipments procured on single tender basis from the manufacturers or from their authorized dealers can be decided by the SPC.	procured is manufactured only by a particular manufacturer and there is no other option except to purchase this item. (b) Spares, accessories, consumables etc need to be procured which require to be compatible to the existing sets of equipment or for standardization of machinery. PAC form as per Annexure “D” should be signed by the indenter and submitted along with the indent. Quotations have to be called for by the Sr.COSP/COSP/ SPO/ SO (S&P) directly, without referring to SPC-I/ SPC II. Such quotations can be received by FAX/ e-mail, courier etc irrespective of value. The Sr.COSP/COSP/ SPO/ SO (S&P) can in the case of purchase of items which are proprietary in nature, can also download the price from the web site of the firm and process for further necessary action. <u>Purchases on single tender basis</u> Purchases on single tender basis can be resorted to only during emergency situations, when the required goods are necessarily to be purchased from a particular source. In such situations the reasons for such decision is to be recorded and approved by the Director. Purchases on single tender basis should be kept to the barest minimum and must be approved by the Director on specific recommendations of the SPC-I/SPC-II only after he satisfies himself that such procurement is unavoidable. The Indenter should furnish a certificate as per annexure “E” and submit it along with the indent.
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8.	<u>Clause 24.0.0:</u> Inspection of Materials:	<u>Add as Clause 24.1.0: Depending</u> upon the terms of the delivery incorporated in a contract, part payment to the supplier may be released after it dispatches the goods from its premises in terms of the contract subject to inspection. Sr.COSP//COSP/SPO/SO (S&P) may act as DDOs irrespective of the value once the expenditure is sanctioned by the sanctioning authority.
9.		<u>Add as 1.1.0 :</u>The items required to be purchased under the ambit of the rules & procedures outlined in the Purchase Procedure includes all articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant etc., purchased or otherwise acquired for the use of CSIR and its constituent Labs./Instts. but excludes books, publications, periodicals, etc. for a library.
10	Partly covered in clause 9.5.0, which is meant only for SPC-II.	<u>Add as 1.2.0:</u> The SPCI/SPCII in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. The procedure to be followed in making public procurement must conform to the following yard sticks. (i) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the Lab./Instt. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential

		features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory-carrying costs. (ii) Offers should be invited following a fair, transparent and reasonable procedure. (iii) The SPC-I/SPC-II should be satisfied that the selected offer meets the requirement in all respects and satisfy itself that the price of the selected offer is reasonable and consistent with the quality required. (iv) At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations, which weighed with it while taking the procurement decision.								
11	Clause 26.3.0: Rate contract should be placed only on registered and or reputed manufacturers or their authorized distributors who are capable of supplying the stores as required.	Add: Once the rate contract is finalized the same should be hosted on the web site of the Lab. /Instt. concerned, detailing the salient features.								
12	Clause 12.1.0: For : The tender documents which comprise the detailed technical specifications, conditions of contract, the proforma in which the tender is to be submitted and such other material as may be sold at the following rates for open tenders. <table><tr><td colspan="2"><u>Estimated value</u> <u>Cost</u></td></tr><tr><td>Rs.5 lakhs to Rs.10 lakhs</td><td>Rs.500.00</td></tr><tr><td>Rs.10 lakhs to Rs.50 lakhs</td><td>Rs.2000.00</td></tr><tr><td>Rs. 50 lakhs and above</td><td>Rs.5000.00</td></tr></table> These rates are <u>exclusive</u> of postage/courier charges and sales tax, if any, levied by the Govt.	<u>Estimated value</u> <u>Cost</u>		Rs.5 lakhs to Rs.10 lakhs	Rs.500.00	Rs.10 lakhs to Rs.50 lakhs	Rs.2000.00	Rs. 50 lakhs and above	Rs.5000.00	Read: The tender documents which comprise the detailed technical specifications, conditions of contract, the proforma in which the tender is to be submitted and such other material as may be, sold at the rate of Rs. 300/- irrespective of the estimated cost for open tenders which are <u>inclusive</u> of postage/courier charges and VAT, if any, levied by the Govt. In case tender document is downloaded directly by any prospective or interested bidder, then no tender document fee is leviable. All the terms, conditions, stipulations and information to be incorporated in the bidding document are to be shown in the appropriate chapters as below: Chapter 1- Instructions to bidders Chapter 2- Conditions of Contract Chapter 3- Schedule of Requirements
<u>Estimated value</u> <u>Cost</u>										
Rs.5 lakhs to Rs.10 lakhs	Rs.500.00									
Rs.10 lakhs to Rs.50 lakhs	Rs.2000.00									
Rs. 50 lakhs and above	Rs.5000.00									

		Chapter 4- Specifications and allied technical details Chapter 5- Price Schedule (to be utilized by the bidders for quoting their prices) Chapter 6- Contract form Chapter 7- Other standard forms, if any, to be utilized by the purchaser and the bidders. Further, SPC-I/SPC-II may decide on the merits of each case the need to conduct a pre bid conference and indicate accordingly in the tender documents.
13		<u>Add new Clause as 24.1.0 in PP 2002:</u> Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter in to maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.
14	<u>Clause 17.7.0:</u> For: It must be borne in mind that the margin of profit in scientific equipment is usually large and hence there is considerable scope for negotiation with the lowest bidder. Negotiations must only be done with the lowest bidder wherever necessary.	<u>Read:</u> There should not be any negotiations. Negotiations if at all shall be an exception and only in the case of proprietary items or in the case of items with limited source of supply. Negotiations shall be held with the lowest evaluated responsive bidder. Counter offers tantamount to negotiations and should be treated at par with negotiations. Negotiations can be recommended in exceptional

		circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. In case of inability to obtain the desired results by way of reduction in rates and negotiations proved in fructuous, satisfactory explanations are required to be recorded by the Committee who recommended the negotiations. The Committee shall be responsible for lack of application of mind in case its negotiations have only unnecessarily delayed the award of work/contract. The overall time frame for awarding the work/contract should be within the validity period of the tender/contract. In case L-1 backs out then re tendering should be done.
15	<u>Clause 21.1.0: For:</u> Buy-back of items like Computers, Scanners, Servers, Laptops, LCD Projectors, Printers, Photocopiers, Faxes Refrigerators and the like of five-year vintage or more can be made subject to the following conditions. (a)The approval of the competent authority for declaring the item as obsolete etc. has to be obtained as per the present practice. (b)Prices be obtained from various bidders as per para 11.0.0 and the bids should clearly mention that the offer is under buy-back scheme and the buy-back price be mentioned separately. (c)Once the purchase is completed, the original value of the item be written off from the books of the respective labs.	<u>Read:</u> With the approval of the Director, we may replace an existing old item (s) with a new and better version. The Lab/Instt. may trade the existing old item while purchasing the new one. For this purpose, a suitable clause should be incorporated in the bidding documents so that the prospective and interested bidders formulate their bids accordingly. Depending upon the value and the condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard be suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one. The mode of procurement should be in conformity with clause 11.0.0. The buy-back price should be indicated separately by the bidder

		and once the purchase is completed, the original value of the item be written off from the books of the respective labs.
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PURCHASE OF GOODS WITHOUT QUOTATIONS

(For Purchase of goods up to the value of Rs.15, 000 (Rupees Fifteen Thousand only.)

“I Shri/Ms. /Dr., am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”

Project Leader/SrCOSP/COSP/SPO/SO(S&P)

Date:

**PURCHASE OF GOODS BY DEPARTMENTAL/DIVISIONAL
COMMITTEE**

(For Purchase of goods valuing between Rs.15000/- to Rs.1.00 Lakh only)

“Certified that we, the members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question. Accordingly we enclose the quotation no. dated.....ofM/s.
..... for placing Purchase Order.

Member

Member

Member

Name:

Desig.:

Divn. :

Date :

Annexure 'C'

EMERGENCY PURCHASE CERTIFICATE

(For Purchase of goods valuing more than Rs. 15,000/- to be furnished by Sub-Committee)

“Certified that we, members of the purchase committee are jointly and individually satisfied that the goods purchased are of the requisite specification and quality, and have been purchased from a reliable supplier at a reasonable price”.

(Indentor) (Representative of Purchase) (Representative of Accounts)

Date:

PROPRIETARY ARTICLE CERTIFICATE (PAC)

(To be submitted by the indenter along with the indent)

Certified that to the best of our knowledge, the items indented vide indent No..... dated.....are manufactured by M/sonly. There is no other option for the Laboratory except to purchase this item(s). I/We shall be held responsible in case the certificate is found to be incorrect.

Signature of Indenting Officer
Designation:

Signature of Head of Division

Date : _____

SINGLE TENDER CERTIFICATE

(For procurement from a single source basis only during emergency)

The items indented are necessarily to be purchased from M/s.....for
the following reasons:.....

.....

Date :

(Signature with date and designation
of the Indenting Officer)

Signature of Head of Division