

Dairying through Cooperatives (DTC)
(Referred by JICA as “Project for the Dairy Development”)
Component B of NPDD scheme

**Procurement (Purchase) Guidelines for
Participating Institutions (PIs)**

National Dairy Development Board

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Abbreviations

BER	:	Bid Evaluation Report
CQS	:	Selection Based on Consultants Qualification
DC	:	Direct Contracting
DoP	:	Delegation of Power
EoI	:	Expression of Interest
ICB	:	International Competitive Bidding
IFB	:	Invitation for Bid
IMC	:	Implementation & Monitoring Cell
ITC	:	Instruction to Consultant
LCB	:	Local Competitive Bidding
JICA	:	Japan International Cooperation Agency
LIB	:	Limited International Bidding
LOI	:	Letter of Invitation
NCB	:	National Competitive Bidding
NDDB	:	National Dairy Development Board
ODA	:	Official Development Assistance
PI	:	Participating Institution
PP	:	Procurement Plan
PPR	:	Procurement Post Review
QBS	:	Quality Based Selection
QCBS	:	Quality and Cost- Based Selection
REOI	:	Request for Expression of Interest
RFP	:	Request for Proposal
SSP	:	Sub Project Plan
SSS	:	Single Source Selection
TOR	:	Terms of Reference

Preface

This Procurement (Purchase) Guidelines for the Project 'Dairying through Cooperatives (DTC) (also known as Project for the Dairy Development in JICA's document) has been prepared by the Implementation and Monitoring Cell (IMC) in NDDB for providing guidance to Participating Institutions (PIs), describing concepts related to procurement of goods, works and services under the Project.

These guidelines may be improved by the IMC (NDDB) as and when required, based upon learnings in the course of project implementation. All Participating Institutions (PIs) in this project are encouraged to share their learning and experiences in project implementation and contribute in improving this procurement guideline.

1 Introduction

1.1. Objective of the Project

- 1.1.1. The objective of the Project is “To increase sale of milk and dairy products by increasing farmers' access to organised market, upgrading dairy processing facilities and marketing infrastructure and enhancing the capacity of producers owned institutions, thereby contributing to increase in returns to milk producers in the project area”.

1.2. Activities under the Project

The project has following components:

- I. Strengthening of Milk Procurement Infrastructure
- II. Milk Processing Facilities and Manufacturing Facilities (*milk & milk products and cattle feed*)
- III. Support for Marketing Infrastructure
- IV. Support for ICT Infrastructure
- V. Productivity Enhancement
- VI. Project Monitoring and Studies
- VII. Training and Capacity Development

1.3. Procurement Arrangement

- 1.3.1. The PIs will submit sub project plans (SPP) that will include:
- a. Existing procurement arrangement and proposed procurement arrangement for implementation of sub project plan (SPP) including the details of the procurement staff and their brief qualifications and experience
 - b. Delegation of procurement powers for implementing the SPP
 - c. Procurement plan and procurement activity schedule as per the format attached (refer Annex I).
 - d. PI will submit its approved procurement policy and procedure.
- 1.3.2. Following process shall be followed in general for taking up procurement activities by PIs:
- PIs that wish to avail funds under the project for component(s)/ sub-component(s) would need to prepare a SPP and submit it to IMC (NDDDB) and State Level Technical Management Committee (SLTMC).

- The appraisal of a SPP would involve evaluation of whether the PI meets the required eligibility criteria (Institutional/ Governance and Financial criteria) applicable to a PI and the technical criteria applicable to the concerned component(s)/ sub-component(s) and the capability of the PI to achieve set targets/outputs as spelled out in the SPP.
- Apart from financial management & project implementation capabilities, each PI will have to satisfy the IMC (NDDDB) on procurement capabilities. These capabilities will be assessed by the IMC (NDDDB) during the appraisal of the SPP.
- Procurement related scope of responsibilities for a PI will include preparation of procurement plan of the approved SPP, specifications, Terms of Reference (TORs), call quotations/invite bids, bid evaluation, purchase committee review & recommendation of procurement proposals to approving authority, seek necessary approvals/clearances from approving authority and award contracts, review performance/assure quality and arrange for timely payment, ensure appropriate documentation/ records management/ audits/ utilisation of resources and accountability for these activities.
- Upon approval of the SPP and financial assistance, the IMC (NDDDB) would convey approval of the SPP and sanction of the financial assistance to the concerned PI by way of a Sanction Letter incorporating the terms & conditions and approved procurement plan.
- The disbursement under the SPP will start after the PI has executed all the required legal documents and complied with pre-disbursement terms & conditions.
- The PI should agree to regularly furnish information related to procurement under the SPP through IT based applications to the IMC (NDDDB) during the plan period and even thereafter, as may be required.

1.4. Objective and scope of the Guidelines

- 1.4.1. To provide general guidelines for procurement of goods, works and services by the PIs that will be involved in implementing the project.
- 1.4.2. To provide general checks and controls required to maintain economy, efficiency, transparency and fairness in the procurement process. .

2 Procurement Policy, Plan and Strategy

2.1. General

2.1.1. The aim of procurement is to obtain right quality of works, goods and services at the right time, and reasonable and competitive prices, giving equal opportunities to those individuals/ companies/ firms/ manufacturers/ builders who are capable of delivering the goods, works and services. Procurement policy also needs to provide encouragement for development of national institutions, consultancy firms, manufacturers, contractors, etc. Following are the main principles universally accepted and followed:

- Need for economy and efficiency
- Need for high quality services
- Fair opportunity to all eligible bidders
- Transparency in the procurement process

2.2. Procurement Plan

2.2.1. Procurement plans/schedules including the description of goods, works and services to be procured along with their value and consistent with technically & administratively approved estimate, are required to be prepared for the first 6 months and subsequently for each year based on the estimated requirements of each action item under the project, in accordance with the budgetary provisions. All Procurement Plans and their updates or modifications shall be subject to the IMC's (NDDB) prior review and no objection before implementation.

2.2.2. The procurement plan for SPP would be submitted for each SPP by the PI and the procurement plan for each sub project need to be finalised and communicated to PI after appraisal and approval of the SPP by IMC (NDDB). The actual procurement is to follow the approved plans in accordance with paragraph 4.2(a).

2.3. Methods of Procurement

2.3.1. Following methods based on nature of procurement are being generally followed:

(a) Consultancy Services:

- Quality and Cost - Based Selection (QCBS)
- Quality - Based Selection [QBS]
- Selection Based on the Consultants' Qualification (CQS)
- Single Source Selection (SSS)

(b) Goods or Equipment, Works and Services (Other than Consultancy Services):

- International Competitive Bidding (ICB)
- Limited International Bidding (LIB)
- Local/ National Competitive Bidding (LCB/ NCB)
- Shopping
- Direct Contracting (DC)

2.3.2. PI may follow the procurement method as per its approved procurement policy and procedure.

2.4. Delegation of Authority

- The PIs should have proper delegation of powers (DoP) approved from the Board of Directors/ Management Committee/ Board of Trustees in respect of authorisation matrix for the administrative and financial approvals.
- The power shall be exercised by the officers specifically authorised to do so through individual office orders to be issued by the competent authority of PIs in their respective designation/name in respect of the activities of their respective groups/teams.

2.4.1. Purchase Proposal and its Approval

- All contract proposals should be approved by the Competent Authority as per the DoP. It is to be mentioned in the DoP of PIs that the proposals for contracts of more than specific values should be routed through Purchase Committee of the PI.

2.4.2. The Constitution of Purchase Committee

- Each PI shall constitute its Purchase Committee for recommending purchase proposals above certain specific values to the competent authority for approval and consequent award of contracts to the successful bidder as per this Procurement Guideline.

2.5. Procurement Post Review (PPR)

2.5.1. PPR refers to review of procurement files and documents relating to contracts for procurement of goods, works and consultancy services. PPR will be carried out to ascertain whether the procurement procedures are correctly and completely followed, both in letter and spirit. The review is to bring out omissions/commissions or lapses, if any, whether on account of poor and inadequate understanding of the procedures or wilful negligence including fraud/corruption or lack of procurement management capability of PIs. The report and observations of

procurement review therefore, also serves as a guide for taking remedial measures to streamline and improve the procurement system.

- 2.5.2. The PPR will involve review of procurement procedures adopted for civil works, goods and consultancy services, by the auditors and it shall be ensured that the correct procurement procedure is followed. Further it shall be ensured that records of all procurement documents, works, purchase orders, all subsequent amendments or Addenda, the bids, the bid evaluation report (BER) and recommendation for award, invoices, receipts, stock registers, etc., are properly maintained, duly linked and retained.
- 2.5.3. Discrepancies noticed in the review shall be reported to the IMC in NDDDB and the concerned PI for taking necessary remedial measures.

2.6. Procurement Review Checklist

The following procurement checklist shall serve as a guide to PIs streamlining procurement procedures under the project:

- 2.6.1. Whether the procurement plan was prepared?
- 2.6.2. Whether the procurement was made as per the procurement plan?
- 2.6.3. Whether the method adopted for procurement was as per the specified limits mentioned in its procurement policy and procedure?
- 2.6.4. Whether the required committee was constituted and involved in the procurement procedure?
- 2.6.5. Whether the overall procurement was done within a reasonable time?
- 2.6.6. Whether there was any avoidable delay at any stage/ stages of the procurement process?
- 2.6.7. Whether the necessary approval was taken from appropriate authority wherever required?
- 2.6.8. Whether proper and adequate documents relating to procurement were maintained?
- 2.6.9. Whether the technical and financial evaluation was done properly and in a fair manner?
- 2.6.10. Whether the contracted firm, supplied the goods or executed the work as per the quality, quantity and price agreed upon?
- 2.6.11. Whether the goods were supplied or works executed on time and properly recorded in stock books/works registers after inspection?
- 2.6.12. Whether the payment was made to the supplier/contractor in time? If not, reasons for delay.

2.7. Mis-procurement

- 2.7.1. The IMC (NDDDB) would not finance expenditures for goods, works and consultancy services, which have not been procured/ contracted in accordance with this Procurement Guideline. In such cases, the IMC (NDDDB) will declare mis-procurement and cancel that portion of credit allocated to the goods, works, and consultancy services that have been mis-procured. Even when the contract is awarded after obtaining “No Objection” from the IMC (NDDDB), the IMC (NDDDB) may still declare mis-procurement, if it concludes that the “No Objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the PIs or the terms and conditions of the contract had been modified without IMC’s (NDDDB) prior approval.

2.8. Complaint/ Grievance Handling Mechanism

- 2.8.1. In order to deal with the complaints received from contractors/suppliers in respect of procurement activities, the PI’s vigilance shall scrutinize the complaints to ensure ethical and process compliances. On receipt of complaints, an acknowledgement will be sent to the complainant within 2 working days and immediate action is to be initiated to redress grievances.
- 2.8.2. Keeping in view of the extent of procurement activities envisaged under the project, PI shall enhance the complaint/ grievances handling mechanism for accepting complaints and their redressal processes. This activity shall be handled by a designated officer of the PI. If found correct, remedial measures are to be taken by the appropriate authorities.
- 2.8.3. In cases where an individual staff is found responsible, suitable disciplinary proceedings need to be initiated against the employee under the relevant provisions of conduct rules. The receipt of any illegal gratification by staff is to be considered as serious misconduct and disciplinary proceedings are to be initiated against the employee in addition to penalties under the law.
- 2.8.4. The existing provisions under the law, the discipline and appeal rules and the directives of the Central Vigilance Commission are to be strictly followed in dealing with the complaints of bidders/contractors/suppliers. If a bidder complains to the IMC (NDDDB), the IMC (NDDDB) may examine the complaint in consultation with the PI.

2.9. Corrupt or Fraudulent Practices

- 2.9.1. JICA & GOI’s policy require that consultants/bidders and Contractors, as well as Borrowers, under contracts funded with Japanese ODA Loans and GOI assistance, observe the highest standard of ethics during the procurement and execution of such contracts.

2.9.2. This provision shall be stated in the Request for Proposals (RFP)/ bidding documents.

2.10. Conflict of Interest

a. For Procurement of Consultancy Services:

A consultant shall not have a conflict of interest. A consultant shall not be employed under any of the circumstances set forth below, where it is determined to have a conflict of interest throughout the selection process and/or the execution of the contract unless the conflict has been resolved in a manner acceptable to IMC (NDDDB).

1. Conflict between consulting activities and procurement of goods or non-consulting services: A consultant that has been engaged to provide goods or non-consulting services for a project, or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that consultant, shall be disqualified from providing consulting services resulting from or directly related to those goods or non-consulting services. Conversely, a consultant hired to provide consulting services for the preparation or implementation of a project, or any affiliate that directly or indirectly controls, is controlled by, or is under common control with that consultant, shall be disqualified from subsequently providing goods or non-consulting services resulting from or directly related to the consulting services for such preparation or implementation. This provision does not apply to the various firms (consultants, contractors, or suppliers) only due to the reason that those firms together are performing the Contractor's obligations under a turnkey or design and build contract.
2. Conflict among consulting assignments: Neither consultant nor any affiliate that directly or indirectly controls, is controlled by, or is under common control with that consultant, shall be hired for any assignment that, by its nature, may be in conflict with another assignment of the consultant.
3. Relationship with PI's staff: A consultant that has a close business relationship with the PI's professional personnel who are directly or indirectly involved in any part of: (i) the preparation of the TOR for the assignment, (ii) the selection process for the contract, or (iii) the supervision of such contract, shall be disqualified.
4. Based on the "One Bid Per Bidder" principle, which is to ensure fair competition, a consultant, and any affiliate that directly or

indirectly controls, is controlled by, or is under common control with that consultant shall not be allowed to submit more than one proposal. A consultant (including its affiliate), if acting in the capacity of a sub-consultant in one proposal, may participate in other proposals, only in that capacity.

5. A consultant having any other form of conflict of interest other than (1) through (4) of this Section shall be disqualified.

b. For Procurement of Goods, Works and Services (Non-Consulting)

A Contractor shall not have a conflict of interest. A Contractor shall not be employed under any of the circumstances set forth below, where it is determined to have a conflict of interest throughout the bidding/selection process and/or the execution of the contract unless the conflict has been resolved in a manner acceptable to IMC (NDDDB).

1. A firm shall be disqualified from providing goods or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm. This provision does not apply to the various firms (consultants, contractors, or suppliers) only due to the reason that those firms together are performing the Contractor's obligations under a turnkey or design and build contract.
2. A firm that has a close business relationship with the Borrower's professional personnel, who are directly or indirectly involved in any part of: (i) the preparation of the bidding documents for the contract, (ii) the bid evaluation, or (iii) the supervision of such contract, shall be disqualified.
3. Based on the "One Bid Per Bidder" principle, which is to ensure fair competition, a firm and any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm shall not be allowed to submit more than one bid. A firm (including its affiliate), if acting in the capacity of a sub-contractor in one bid, may participate in other bids, only in that capacity.
4. A firm having any other form of conflict of interest other than (1) through (3) of this Section shall be disqualified.

3 Procurement of Consultancy Services

This section deals with detailed description of work processes & procedures involved in various modes of procurement of consultancy services.

3.1. General

- 3.1.1. Main considerations in selecting consultants are quality, efficiency, transparency in the selection process and non-discrimination among consultants eligible for contracts.
- 3.1.2. Need for Employment of a Consultant: In most cases, the need to employ a consultant will be established jointly by the PI and IMC (NDDB) and the Terms of Reference (TOR) for their services will be drawn up by PI and submitted to IMC (NDDB) for 'No Objection'. At the same time, the two parties will agree on the approximate amount of funds required for such services and the schedule of selection of consultants.
- 3.1.3. Responsibilities of the PI in Selection of a Consultant: The selection of a consultant for a sub project is the responsibility of the PI. In order to ensure the efficient and proper execution of the project, it is essential for the PI to note in the selection process that consultants employed on sub projects clearly possess the necessary competence.

3.2. Types of Assignment

- 3.2.1. In general, the services of consultants can be grouped into the following three broad categories:
 - (a) Pre-investment studies, including:
 - i. determination of the relative priority to be accorded to a project;
 - ii. preparation and comparison of alternatives, and recommendations as to the best solution;
 - iii. general engineering layout and preliminary design of major structures;
 - iv. estimates of costs, benefits and construction period;
 - v. evaluation of economic and technical soundness, financial and commercial viability, suitability of organizational and managerial arrangements and social and environmental impact;
 - vi. studies and/or recommendations related to environmental and social matters, including implementation/review of environmental impact assessments; and

- vii. other recommendations concerning implementation of the project.

(b) Preparation services, including:

- i. detailed investigations and review of pre-investment studies;
- ii. preparation of detailed designs, specifications and contract documents;
- iii. pre-qualification of contractors, suppliers or manufacturers (hereinafter collectively referred to as “Contractor(s)”);
- iv. evaluation of bids and recommendations regarding award of contract; and
- v. studies and/or recommendations related to environmental and social matters, including implementation/review of environmental impact assessments.

(c) Implementation services, including:

- i. supervision of construction work;
- ii. technical and administrative services for the implementation and management of the project; and
- iii. studies and/or recommendations related to environmental and social matters, including environmental management, monitoring and audit.

3.2.2. Taking into account the advantages of continuity of a basic technical approach, it is advisable that functions (b) and (c) above be carried out by the same consultant. If a consultant has already satisfactorily carried out function (a), it shall not be excluded from the short list for a consultant to carry out functions (b) and (c) because of its prior involvement in the project.

3.2.3. The PIs should first assess the need of the consulting assignment and then prepare the TOR and estimated cost consistent with objectives of the assignment. The cost of assignment may be estimated considering the fee and remuneration of specialists and support staff on man-months basis, reimbursable costs and miscellaneous expenses.

3.3. Contract types for procurement of Consultancy Services

3.3.1. Lump-Sum Contracts

- Lump-sum contracts are used mainly for assignments in which the content and duration of the services and the expected output of the consultancy are clearly defined. Under a lump-sum contract, the PI agrees to pay to the consultant a fixed sum of money for services given with up-front specified technical characteristics,

such as a study report, project design, and tender document (the quality of which can usually be readily assessed) to be delivered within a specified deadline. So, Lump-sum contracts leave the risk of assignment cost overruns with the consultant. Lump-sum contracts are often used in relatively simple and clearly defined assignments such as planning and feasibility studies, environmental studies, detailed design of infrastructures, preparation of databases, and surveys. The lump-sum contract is easy to administer and requires little technical supervision, because no matching of inputs to payments is required. A lump-sum contract transfers cost risk to the consultants.

3.3.2. Time-Based Contracts

- Under this type of contract, the consultant provides its services on a time basis according to the quality specifications, and the consultant's remuneration is based on (a) agreed unit rates for consultant staff multiplied by the actual time spent by the staff and (b) reimbursable expenses using actual expenses or agreed unit prices. Time-based contracts are suitable for long term assignments (one or more years).
- Time-based contracts are recommended in the following cases:
 - The nature and scope of the services are such that the TOR cannot be established with sufficient precision;
 - The duration and quantity of services (that is, the amount of staff-months) depend on variables that are beyond the control of the consultants, or the services are related to activities undertaken by third parties (for instance, supervision of implementation assignments);
 - The output required of the consultants is difficult to assess in advance;
 - A capacity building program forms part of the assignment;

3.3.3. Percentage contract

- Architectural services, engineering services, procurement services, etc. are suitable to be contracted on percentage basis where payment is agreed upon with the consultants to be paid at certain percentage of the actual cost of the project or goods as per market norm or standard practice of the industry.

3.4. Method of Selection

3.4.1. Any of the following methods appropriate in most cases for the selection of consultants under Japanese ODA Loans:

- Quality and Cost-Based Selection (QCBS), a method that takes into account the quality of the proposal and the cost of the services, is the commonly recommended method.
- Quality-Based Selection (QBS) is a method based on evaluating only the quality of the technical proposals and the subsequent negotiation of the financial terms and the contract with the highest ranked consultant.

QBS is applied only for the following types of assignments:

- (a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants;
 - (b) assignments where the downstream impact is so large that the quality of the service is of overriding importance for the outcome of the project (for example, engineering design of major infrastructure);
 - (c) assignments that can be carried out in substantially different ways such that financial proposals maybe difficult to compare; or
 - (d) assignments including supervision of large and complex construction works for which it is particularly important to take safety measures.
- Selection Based on the Consultants' Qualification (CQS) shall be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the PI shall prepare the TOR, request expressions of interest (EoI) and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.
 - Single-source selection (SSS) shall be used only in exceptional cases. The justification for SSS shall be examined in the context of the overall interests of the PI and the project, and PI's responsibility to ensure efficiency and transparency in the selection process and non-discrimination among eligible consultants for contracts. SSS may be appropriate only if it presents a clear advantage over competition:

- (a) for tasks that represent a natural continuation of previous work carried out by the consultant;
- (b) in emergency cases, such as in responses to disasters;
- (c) for very small assignments; or
- (d) when only one consultant is qualified or has experience of exceptional worth for the assignment.

3.4.2. The choice of the appropriate method will depend on the nature, size, and complexity of the assignment; the likely downstream impact of the assignment; and technical and financial considerations.

3.5. Quality and Cost-Based Selection (QCBS)

3.5.1. Suitability: This method is appropriate when the type of service required is common and not too complex; the scope of work of the assignment can be precisely defined and the TOR are clear and well specified; PIs can estimate with reasonable precision the staff time, the assignment duration, and the other inputs and costs required of the consultants; the risk of undesired downstream impacts is quantifiable and manageable; and the capacity-building program is not too ambitious and easy to estimate in duration and staff time effort.

3.5.2. The selection process shall include the following steps:

1. Preparation of the TOR;
2. Preparation of cost estimate and the budget;
3. Advertising;
4. Preparation of the short list of consultants;
5. Preparation and issuance of the Request for Proposal (RFP) which should include -> the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract.
6. Receipt and public opening of technical proposals;
7. Evaluation of technical proposals: consideration of quality;
8. Public opening of financial proposals;
9. Evaluation of financial proposal;
10. Final evaluation of quality and cost; and
11. Negotiations and award of the contract to the selected firm.

3.5.3. Preparation of Terms of Reference (TOR)

- a. Main considerations of TOR

- TOR shall describe the scope of the consulting services in as much detail as possible, especially as regards alternative solutions the consultant is expected to explore in the course of its work and as to how much authority will be delegated to it to act on the PI's behalf.
- In addition, the TOR shall provide information on the background of the project, on the availability of relevant basic data*, on national and/or other standards and the specifications to be used in the design of the project, and on the conditions under which the work shall be performed.
- In the case of projects classified into specific categories in accordance with the relevant environmental guidelines published by JICA, consulting services related to environmental consideration, such as those described in Section 3.2 (Types of Assignment), shall be included in the scope.
- Safety shall be emphasized in the implementation of the project. The consulting services related to safety measures shall be specified, if necessary, in the TOR.

** Coverage, scale and accuracy of the available maps and aerial photographs, data on climate, hydrology and subsoil, facilities available (office space, housing, transportation, counterparts), etc.*

- The following considerations should guide preparation of the TOR:
 - The TOR should contain sufficient background information on both the assignment and the project; to enable invited consultants to present responsive proposals;
 - The scope of work should be consistent with the available staff-month estimate or the estimated cost of the services;
 - The authors of the TOR should also be familiar with the main local conditions and seasonal variations, together with the peculiarities of the region where the assignment will take place.

b. Sections in TOR

- The TOR normally comprises the following sections:
 - Project background
 - Objectives of the assignment
 - Scope of work
 - Capacity-building program

- Final output (List of reports, schedule of deliveries, and period of performance) required from the consultant
 - Data, local services, personnel, and facilities to be provided by the PIs
 - Composition of the Review Committee to monitor consultants work
 - Key staff/professionals required, educational qualifications, general experience and specific experience required.
 - Procedure for review of Progress report, Inspection Report, Status and Final Draft and Final Report.
- c. List of Key Professionals of the consultants whose CV and experience are to be evaluated

3.5.4. Cost Estimate (Budget)

a. Followings are the main items of cost estimate

- Staff remuneration of the consultant
- Travel and transport
- Mobilization and demobilization
- Staff allowances
- Information systems
- Communications
- Office rent, supplies, equipment, shipping, and insurance
- Surveys
- Capacity building and training programs
- Report translation and printing
- Taxes and duties
- Contingencies

b. Cost estimates should include a break-up of the total costs of the assignment in foreign and local currency. Costs shall be divided into two broad categories:

- Fee or remuneration (according to the type of contract used) and
- Reimbursable

3.5.5. Advertising

a. Unlike in the procurement of goods and works in which all

interested bidders are publicly invited to present their bids; the consultant selection process is based on obtaining proposals from the firms short listed for consultancy. Based on the details of the consultants who have submitted EoI in response to the advertisement and from any other sources of reliable information, a short list of consultants is prepared and they are invited to submit the proposals.

- b. PIs shall advertise a Request for Expressions of Interest (REoI) for consulting firms for each contract in a national newspaper and in a freely accessible electronic portal.
- c. The requested information should include the following:
 - Core business and years in business;
 - Qualifications in the field of the assignment:- along with brochures, description of similar assignments, experience in similar conditions etc.;
 - Technical and managerial organization of the firm;
 - General qualifications and number of key staff.

3.5.6. Short List of Consultants

- Once the PI has finalised the TOR for the consulting services required, as described in Section 3.5.3, the PI shall prepare a Short List of Consultants to be invited to submit proposals, taking into account the factors mentioned above.
- Such a Short List shall normally consist of not less than three and not more than five consultants.

3.5.7. Preparation of the Request for Proposals (RFP):

- The RFP shall request consultants to cover at least the points specifically mentioned in the TOR.
- The RFP shall also stipulate the details of the selection procedure to be followed, including the evaluation criteria and include conditions of contract.
- The invitation shall, as a rule, allow 30 days from the date of the actual mailing of the RFP to the deadline for submission of proposals.
- The RFP shall also request consultants to notify the PI in writing within a specified time whether or not they intend to submit proposals.

- The RFP shall include
 - a. Letter of Invitation (LOI),
 - b. Instructions to Consultants (ITC),
 - c. the TOR, and
 - d. the proposed draft contract.
- a. Letter of Invitation (LOI)
 - The LOI shall state the intention of the PI to enter into a contract for the provision of consulting services, the source of funds, the details of the client and the date, time, and address for submission of proposals.
- b. Instructions to Consultants (ITC)
 - The ITC shall contain all necessary information that would help the consultants prepare responsive proposals, and shall bring as much transparency as possible to the selection procedure by providing information on the evaluation process and by indicating the evaluation criteria and factors and their respective weights and the minimum passing quality score. The ITC shall indicate an estimate of the level of key staff inputs (in staff time) required of the consultants or the total budget, but not both. Consultants, however, shall be free to prepare their own estimates of staff time to carry out the assignment and to offer the corresponding cost in their proposals. The ITC shall specify the proposal validity period, which should be adequate for the evaluation of proposals, decision on award, and finalization of contract negotiations.

3.5.8. Sending of the RFP to Consultants

- After preparing the Short List and the RFPs in accordance with the provisions of the foregoing Sections, the PI shall invite all the consultants on the Short List to submit proposals by mailing to them the RFP.

3.5.9. Receipt of Proposals

- The PIs shall allow enough time for the consultants to prepare their proposals. The time allowed shall depend on the assignment, but normally shall not be less than four weeks or more than three months. During this interval, the firms may request clarifications about the information provided in the RFP. The PIs shall provide these clarifications in writing and copy them to all the firms on the short list (who intend to submit proposals). If necessary, the PIs shall extend the deadline for submission of proposals.

- The technical and financial proposals shall be submitted at the same time. No amendments to the technical or financial proposal shall be accepted after the deadline. To safeguard the integrity of the process, the technical and financial proposals shall be submitted in separate sealed envelopes. The technical envelopes shall be opened in public by a committee of officials drawn from the relevant departments (technical, finance, legal, as appropriate), after the closing time for submission of proposals. The financial proposals shall remain sealed and shall be deposited with a reputable public auditor or independent authority until they are opened publicly. Any proposal received after the closing time for submission of proposals shall be returned unopened.

3.5.10. Evaluation of Technical Proposals

- Consultants shall be required to submit technical and financial proposals in separate sealed envelopes at the same time. The financial proposals shall remain sealed until evaluation of the technical proposals is completed. When QBS is applied, a financial proposal can be requested to submit only to the highest-ranked consultant for contract negotiation.
- Proposals received by the PI in response to the invitation shall be evaluated in accordance with the criteria stipulated in the RFPs concurred by IMC (NDDB).
- Such criteria shall normally include:
 - (a) The consultant's general experience and record in the field covered by the TOR;
 - (b) The adequacy of the proposed approach, methodology and work plan; and
 - (c) The experience and records of the staff members to be assigned to the work.
- The relative importance of the three above-mentioned factors will vary with the type of consulting services to be performed, but in the overall rating of the proposals most weight shall normally be given either to the qualifications of the staff members to be assigned to the project or to approach and methodology, rather than to the fame or reputation of the consultant.
- To assess the qualifications of the staff members to be assigned to the project, their curricula vitae shall be evaluated on the basis of the following three criteria:

- (a) General qualifications (education, length of experience, types of position held, length of service with the firm, etc.);
 - (b) Suitability for the project (experience of performing the duties which will be assigned to them in the project); and
 - (c) Familiarity with the language and the conditions of the country in which the work is to be performed or experience in similar environments.
- In its evaluation of technical proposals, the PI shall use numerical ratings and prepare an evaluation report including a summary evaluation sheet as soon as possible. The evaluation report shall normally give detailed information on the following items, supplementing the summary evaluation sheet:
 - (a) Selection Committee or other similar organization, if any, responsible for the evaluation, and the domestic laws, ordinances or orders which govern the establishment and/or functioning of the Committee or other similar organization;
 - (b) Selection criteria and relative weight distribution, with reasons for adopting each criterion and the basis for deciding the weight distribution;
 - (c) Rating: reason for arriving at the rating given for each item for each consultant.
 - After the technical quality is evaluated, consultants whose technical proposals did not meet the minimum qualifying score, or were considered non-responsive to the invitation requirements, will be advised and their financial proposals will be returned unopened.

The evaluation of the proposals shall be carried out in two stages: first the quality, and then the cost. Evaluators of technical proposals shall not have access to the financial proposals until the technical evaluation, is concluded. Financial proposals shall be opened only thereafter. The evaluation shall be carried out in full conformity with the provisions of the RFP.

a. Consideration of the Quality

- The PIs shall evaluate each technical proposal (using an evaluation committee of three or more specialists in the sector), taking into account several criteria: (a) the consultant's relevant experience for the assignment, (b) the quality of the methodology proposed, (c) the qualifications of the key staff proposed, (d) transfer of knowledge, if required in the TOR and (e) the extent of participation by nationals among

key staff in the performance of the assignment. Each criterion shall be marked on a scale of 1 to 100. Then the marks shall be weighted to become scores. The following weights are indicative. The actual percentage figures to be used shall fit the specific assignment and shall be within the ranges indicated below the proposed weights shall be disclosed in the RFP.

Particulars	Points Range
Consultant's specific experience	0 to 10
Methodology	20 to 50
Key personnel	30 to 60
Transfer of knowledge	0 to 10
Participation by nationals	0 to 10
Total	100

- The PIs shall normally divide these criteria into sub-criteria. For example, sub-criteria under methodology might be innovation and level of detail. However, the number of sub-criteria should be kept to the essential. The use of exceedingly detailed lists of sub-criteria that may render the evaluation a mechanical exercise more than a professional assessment of the proposals should be avoided. The weight given to experience can be relatively modest, since this criterion has already been taken into account when short-listing the consultant. More weight shall be given to the methodology in the case of more complex assignments (for example, multidisciplinary feasibility or management studies).
- Evaluation of only the key personnel is recommended. Since key personnel ultimately determine the quality of performance, more weight shall be assigned to this criterion if the proposed assignment is complex. The PIs shall review the qualifications and experience of proposed key personnel in their curricula vitae, which must be accurate, complete, and signed by an authorized official of the consulting firm and the individual proposed. The individuals shall be rated in the following three sub-criteria, as relevant to the task:
 - (a) General qualifications: general education and training, length of experience, positions held, time with the consulting firm as staff, experience in developing countries, and so forth;
 - (b) Adequacy for the assignment: education, training, and experience in the specific sector, field, subject, and so forth, relevant to the particular assignment; and

- (c) Experience in the region: knowledge of the local language, culture, administrative system, government organization, and so forth.
- The PIs shall evaluate each proposal on the basis of its responsiveness to the TOR. A proposal considered unsuitable shall be rejected at this stage if it does not respond to important aspects of the TOR or it fails to achieve a minimum technical score specified in the RFP. At the end of the process, the PIs shall prepare a Technical Evaluation Report of the “quality” of the proposals and in case of contracts subject to prior review, submit it to the IMC (NDDDB) for its review and no objection. The report shall substantiate the results of the evaluation and describe the relative strengths and weaknesses of the proposals. All records relating to the evaluation, such as individual mark sheets, shall be retained until completion of the project and its audit.

3.5.11. Public opening of Financial Proposal

(Applicable only to QCBS)

- Consultants that have secured the minimum qualifying technical score will be advised of the location, date, and time for opening of financial proposals.
- The name of the consultants, the technical quality scores, and the proposed prices shall be announced, and recorded when the financial proposals are opened.
- For the purpose of evaluation, “cost” shall exclude local identifiable indirect taxes (all indirect taxes levied on the contract invoices, at National, State (or Provincial) and Municipal levels) on the contract and income tax payable to the country of the PI on the remuneration of services rendered in the country of the PI by non-resident staff of the consultant.
- After the evaluation of quality is completed and the IMC (NDDDB) has issued its no objection, the PI shall inform the consultants who have submitted proposals, the technical points assigned to each consultant and shall notify those consultants whose proposals did not meet the minimum qualifying mark or were considered non-responsive to the RFP and TOR that their financial proposals will be returned unopened after the signature of the contract. The PI shall simultaneously notify the consultants that have secured the minimum qualifying mark, the date, time, and place set for opening the financial proposals. The opening date shall be defined allowing

sufficient time for consultants to make arrangements to attend the opening of the financial proposals.

The financial proposals shall be opened publicly in the presence of representatives of the consultants who choose to attend (in person or online). The name of the consultant, the technical points, and the proposed prices shall be read aloud (and posted online when electronic submission of proposals is used) and recorded when the financial proposals are opened. The PI shall also prepare the minutes of the public opening and a copy of this record shall be promptly sent to all consultants who submitted proposals.

3.5.12. Evaluation of Financial Proposals and Ranking of Proposals (*Applicable only to QCBS*)

- The PI shall review the congruency of the technical and financial proposals, make adjustments as appropriate, and correct arithmetical or computational errors.
- The total score shall be obtained by weighting and adding the technical and financial scores; this will determine the overall ranking of the consultants' proposals. The weight for the "cost" shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. It shall normally be 20%.
- The PI shall then review the financial proposals. If there are any arithmetical errors, they shall be corrected. For the purpose of comparing proposals, the costs shall be converted to a single currency selected by the PI (local currency or fully convertible foreign currency) as stated in the RFP. The PI shall make this conversion by using the selling (exchange) rates for those currencies quoted by an official source (such as Reserve Bank of India) or by an internationally circulated newspaper for similar transactions. The RFP shall specify the source of the exchange rate to be used and the date of that exchange rate, provided that the date shall not be earlier than four weeks prior to the deadline for submission of proposals, nor later than the original date of expiration of the period of validity of the proposal.
- For the purpose of evaluation, "cost" shall exclude local identifiable indirect taxes on the contract and income tax payable to the country of the PI on the remuneration of services rendered in the country of the PI by non-resident staff of the consultant. The cost shall include all consultants' remuneration and other expenses such as travel, translation, report printing, or secretarial expenses. The proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to

their prices. Alternatively, a directly proportional or other methodology may be used in allocating the marks for the cost. The methodology to be used shall be described in the RFP.

3.5.13. Final Evaluation of Quality and Cost

- The total score shall be obtained by weighting the quality and cost scores and adding them. The weight for the “cost” shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. Except for the type of services specified in paras 3.6.1 to 3.6.3 and 3.6.4, the weight for cost shall normally be 20 points out of a total score of 100. The proposed weightings for quality and cost shall be specified in the RFP. The firm obtaining the highest total score shall be invited for negotiations.

3.5.14. Negotiations and Award of Contract

- After evaluation of the proposals has been completed, the PI shall invite the highest-ranked consultant to enter into negotiations on the conditions of a contract between them. When QCBS is applied, proposed unit rates for remuneration shall not be altered since they have been factors in the selection process.
- When QBS is applied, discussions concerning costs and other financial matters shall be conducted only with a consultant who has been selected to be invited to enter into contract negotiations.
- If the two parties are unable to reach agreement on a contract within a reasonable time, the PI may terminate the negotiations with the highest-ranked consultant and invite the consultant who ranked second in the evaluation to enter into negotiations. The PI shall consult with IMC (NDDB) prior to taking this step. The consultant shall be informed of the reasons for termination of the negotiations. Once negotiations are commenced with the next ranked firm, the PI shall not reopen the earlier negotiations. After negotiations are successfully completed and the IMC (NDDB) has issued its no objection to the initialled negotiated contract, the PI shall promptly notify other firms on the short list that they were unsuccessful.
- While there should be some flexibility in work plans, staff assignment and major work inputs which have been previously agreed on as appropriate for the assignment shall not be materially modified to meet a budget.
- Negotiations shall include discussions of the TOR, the methodology, staffing, PI’s inputs, and special conditions of the contract. These

discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. Major reductions in work inputs should not be made solely to meet the budget. The final TOR and the agreed methodology shall be incorporated in “Description of Services,” which shall form part of the contract.

- The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified and the process continued with the next ranked firm. The key staff proposed for substitution shall have qualifications equal to or better than the key staff initially proposed.
- Financial negotiations shall include clarification of the consultants’ tax liability in the PIs’ country (if any) and how this tax liability has been or would be reflected in the contract. As Lump-Sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc.).
- Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of Time-based Contracts, payment is based on inputs (staff time and reimbursable items) and the offered price shall include staff rates and an estimation of the amount of reimbursable items. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts.
- Consequently, the prohibition of negotiation does not preclude the right of the PI to ask for clarifications, and, if fee are very high, to ask for change of fees. Reimbursable are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations. However, if the PI wants to define ceilings for unit prices of certain reimbursable (like travel or hotel rates), they should indicate the maximum levels of those rates in the RFP or define a per diem in the RFP.

3.5.15. Information to be Made Public

- After a contract is determined to be eligible for financing, the names of all consultants who submitted proposals, the technical points

assigned to each consultant, the offered prices of each consultant, the overall ranking of the consultants, the name and address of successful consultant concerning the award of contract, and the award date and amount of the contract may be made public by PI.

- The PI shall have all provisions and measures necessary to ensure that the above information shall be available for being made public incorporated in documents related to selection, such as the RFPs and contracts.
- After the award of contract, the PI shall publish in its website (a) the names of all consultants who submitted proposals; (b) the technical points assigned to each consultant; (c) the evaluated prices of each consultant; (d) the final point ranking of the consultants; (e) the name of the winning consultant and the price, duration, and summary scope of the contract. The same information shall be sent to all consultants who have submitted proposals.

3.5.16. Notification to Unsuccessful Consultants and Debriefing

- Promptly after completion of negotiations with the selected consultant, the PI shall notify the other consultants on the Short List that they have been unsuccessful.
- If any consultant who submitted a proposal wishes to ascertain the reasons why its proposal was not selected, such consultant may request an explanation from the PI. The PI shall promptly provide an explanation as to why its proposal was not selected.

3.5.17. Rejection of All Proposals, and Re-invitation

- The PI will be justified in rejecting all proposals only if all proposals are non-responsive because they present major deficiencies in complying with the TOR or if they involve costs substantially higher than the original estimate. In the latter case, the feasibility of increasing the budget, or scaling down the scope of services with the firm should be investigated in consultation with the IMC (NDDB). Before all the proposals are rejected and new proposals are invited, the PI shall notify the IMC (NDDB), indicating the reasons for rejection of all proposals, and shall obtain the IMC's (NDDB) no objection before proceeding with the rejection and the new process. The new process may include revising the RFP (including the short list) and the budget. These revisions shall be agreed upon with the IMC (NDDB).

3.5.18. Process to be Confidential

- No information relating to the evaluation of proposals and recommendations concerning award shall be disclosed to any persons not officially concerned with this process until a contract has been awarded to a consultant.

3.6. Other Methods of Selection

3.6.1. General

- This section describes the selection methods other than QCBS, and the circumstances under which they are acceptable. All the relevant provisions of Section on (QCBS) shall apply whenever competition is used.

3.6.2. Quality-Based Selection (QBS)

- QBS is appropriate for the following types of assignments:
 - (a) complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants;
 - (b) assignments where the downstream impact is so large that the quality of the service is of overriding importance for the outcome of the project (for example, engineering design of major infrastructure);
 - (c) assignments that can be carried out in substantially different ways such that financial proposals maybe difficult to compare; or
 - (d) assignments including supervision of large and complex construction works for which it is particularly important to take safety measures.
- In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide either the estimated budget or the estimated number of key staff time, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.
- If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the PI shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The PI and the consultant shall then negotiate the financial proposal and the contract. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract as described in

above paragraphs except that only the price of the winning firm is published. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the price proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

3.6.3. Selection Based on the Consultant's Qualifications (CQS)

- This method may be used for small assignments for which the need for preparing and evaluating competitive proposals is not justified. In such cases, the PI shall prepare the TOR, request expressions of interest and information on the consultants' experience and competence relevant to the assignment, establish a short list, and select the firm with the most appropriate qualifications and references. The selected firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract.

3.6.4. Single-Source Selection (SSS)

- SSS shall be used only in exceptional cases. The justification for SSS shall be examined in the context of the overall interests of the PI and the project, and its responsibility to ensure efficiency and transparency in the selection process and non-discrimination among eligible consultants for contracts. SSS may be appropriate only if it presents a clear advantage over competition:
 - (a) for tasks that represent a natural continuation of previous work carried out by the consultant;
 - (b) in emergency cases, such as in responses to disasters;
 - (c) for very small assignments; or
 - (d) when only one consultant is qualified or has experience of exceptional worth for the assignment.
- Single-Source Selection may be appropriate only if it presents a clear advantage over competition: (a) for tasks that represent a natural continuation of previous work carried out by the firm (see next paragraph), (b) in emergency cases, such as in response to disasters and for consulting services required during the period of time immediately following the emergency, (c) for very small assignments (with prior consent of IMC), or (d) when only one firm is qualified or has experience of exceptional worth for the assignment.
- When continuity for downstream work is essential, the initial RFP shall outline this prospect, and, if practical, the factors used for the

selection of the consultant shall take the likelihood of continuation into account. Continuity in the technical approach, experience acquired, and continued professional liability of the same consultant may make continuation with the initial consultant preferable to a new competition subject to satisfactory performance in the initial assignment.

- For such downstream assignments, PI shall ask the initially selected consultant to prepare technical and financial proposals on the basis of TOR furnished by the PI, which shall then be negotiated.
- If the initial assignment was not awarded on a competitive basis or was awarded under tied financing or if the downstream assignment is substantially larger in value, a competitive process shall normally be followed in which the consultant carrying out the initial work is not excluded from consideration if it expresses interest. The IMC (NDDB) will consider exceptions to this rule only under special circumstances and only when a new competitive process is not practicable.

4 Procurement of Goods, Works and Services (Non-Consulting)

This section deals with detailed description of work processes & procedure involved in various modes of procurement of goods, works and services (non-consulting).

4.1. General

These Guidelines set forth the general rules to be followed by PIs in carrying out the procurement of goods and services.

4.2. Procurement Plan and Procedures

Before undertaking procurement, specific budget provision should be available for meeting the expenditure in the financial year in which it is to be incurred.

a. Procurement Plan

- PI will prepare a tentative procurement plan (PP) for first 6 months based on projected activities which shall include the description of goods, works and services to be procured along with their value which is consistent with technically and administratively approved estimate, it will cover all the procurement activity milestones. Subsequently, these PPs shall be updated based on sub project proposal submitted by PIs and duly appraised and approved by IMC (NDDB). PPs for subsequent years after first 6 months shall be prepared by PI. All Procurement Plans and their updates or modifications shall be subject to the IMC's (NDDB) prior review and no objection before implementation.
- During preparation of the procurement plans, packaging should be appropriately done. Items of similar nature, which can be supplied by same set of firms, should be packaged together to achieve economies of scale. They should be evaluated on slice cum package basis after taking into account cross discounts offered. Aggregate value of total package will form the basis for determining the procurement method as well as the review requirement of the IMC (NDDB).
- Following points should be borne while preparing the Procurement plan
 - Procurement plan shall be prepared contract wise.
 - Method of purchase shall be based on the aggregate value of the package/lots, urgency of the demand, type of

goods/services and availability of different sources of supply etc.

- Limit of aggregate value of package/lots applicable to the particular procurement procedure shall be strictly adhered to.
- It shall be ensured that the procurement is based strictly on actual need.

b. Procurement Steps

The procurement procedure for procurement of goods and works broadly consists of the following Steps:

- Step 1: Assessment of requirements
- Step 2: Deciding procurement strategy
- Step 3: Mode of procurement
- Step 4: Preparation of Bid documents
- Step 5: Seeking IMC's (NDDB) 'No Objection' whenever applied
- Step 6: Advertisement for inviting bids
- Step 7: Issue or sale of Bid document
- Step 8: Pre Bid meeting
- Step 9: Receipt and opening of Bids
- Step 10: Evaluation of Bids
- Step 11: Seeking IMC's (NDDB) 'No Objection' to evaluation report when applicable
- Step 12: Notification of Award
- Step 13: Signing of contract
- Step 14: Send the signed contract to IMC (NDDB)
- Step 15: Inspection and quality control
- Step 16: Completion of works and handing over

4.3. Assessment of the Requirement

4.3.1. Bulk requirement of each sub project should be assessed prior to the beginning of the financial year. In order to obtain competitive prices, procurement action should be initiated in accordance with the purchase procedures. While forecasting the requirement, following factors should be considered:

- Average time period required in complete procurement cycle (4 to 5 months). Longer procurement cycle in exceptional circumstances

can take place. The trends in usage at the time of requirement have to be documented for record keeping purpose.

- For receiving the bulk consignment, it would be necessary that the procurement/ supply of commodities is phased over time rather than being received as a single consignment.

4.3.2. Consolidating several program procurement requirements can offer potential savings through price discounts and reduces the purchaser's administrative cost associated with having to process multiple bids and contracts.

4.4. Procurement Strategy

4.4.1. It is important to agree on the procurement strategy before initiating tendering. The procurement strategy should cover the following elements:

- Key objectives of the procurement for the project;
- Chosen procurement option;
- Chosen procurement route (Open, Restricted, Single Source)
- Key milestones (check that enough time is allowed)
- Key documents e.g. requirement specifications.
- Key factors influencing the procurement strategy relate to the degree of complexity, innovation and uncertainty about the requirement, together with the time needed to achieve a successful outcome.

4.4.2. It should be taken care of while raising indent and preparing tender document, if a project requires items of similar nature which may be supplied by the same suppliers, such items may be bundled together to form a package and rate for slices of items along with the bundle may be called with the same deadline and opened and evaluated simultaneously considering any discount on the package over slice so as best competitive price may be availed.

4.4.3. Goods procured under this project would include mainly SS milk collection accessories, testing equipment & furniture, AMCU, BMCU, Liquid Milk Plants, dryers, ice cream plants, flavoured milk plants, indigenous sweet manufacturing plants, cattle feed plants, bye-pass protein plants, mineral mixture plants, chaff cutter, fodder storage godown, silage, cold stores, marketing vans, visi coolers and civil works, etc.

4.5. Process Description of Modes of Procurement

4.5.1. Types of Contract

- Contracts may be concluded on the basis of unit prices for work performed or items supplied, a lump sum price, cost-reimbursable, or a combination thereof for different portions of the contract, depending on the nature of the goods or services to be provided. The bidding documents shall clearly state the type of contract selected.
- Cost-reimbursable contracts are not acceptable except in exceptional circumstances, such as conditions of high risk or where costs cannot be determined in advance with sufficient accuracy.
- Single contracts for engineering, supply of equipment and construction to be provided by the same party ("turnkey contracts") are acceptable if they offer technical and economic advantages to the PI, e.g. where a special process or considerable integration of the various stages is desirable.

4.5.2. Size of Contract

The size and scope of individual contracts will depend on the magnitude, nature and location of the project.

4.5.3. International Competitive Bidding (ICB)

In most cases International Competitive Bidding (ICB) is the best method for satisfying the requirements regarding procurement of goods and services for projects stated in Section 4.4 above.

ICB is the most efficient / economic method of procurement to be adopted, where import of goods or likely participation of foreign firm is involved.

4.5.4. Single-Stage Two-Envelope Bidding and Two-Stage Bidding

- For works, machinery and equipment for which complete technical specifications are prepared in advance, a single-stage two-envelope bidding procedure should be adopted. Under this procedure, bidders will be invited to submit technical and financial bids simultaneously in two separate envelopes. The technical bids are opened first and reviewed to determine that they conform to the specifications. After the technical review has been completed, the financial bids of the bidders whose technical bids have been determined to conform to the technical specifications are then opened publicly, with bidders or their representatives allowed to be present. Opening of financial bids shall follow the procedures stipulated in Section 4.5.25 of these Guidelines. Evaluation of financial bids shall be consistent with Section 4.5.29 of these Guidelines. The financial bids of the bidders

whose technical bids have been determined not to conform to the technical specifications shall promptly be returned unopened to the bidders concerned.

- In the case of turnkey contracts or contracts for large and complex plants or procurement of equipment which is subject to rapid technological advances, such as major computer systems, for which it may be undesirable or impractical to prepare complete technical specifications in advance, a two-stage bidding procedure may be adopted. Under this procedure, bidders will first be invited to submit technical proposals without prices on the basis of the minimum operating and performance requirements. After technical and commercial clarifications and adjustments, followed by amended bidding documents, the bidders will be invited to submit final technical bids and financial bids in the second stage. The use of this procedure must be agreed upon by IMC (NDDB) and the PI.

4.5.5. Advertising

In all cases of ICB contract, invitations to prequalification or to bidding shall be advertised in at least one newspaper of general circulation in the PI's country. The PI should also promptly send copies of such invitations (or the advertisement therefor) to IMC (NDDB).

4.5.6. Prequalification of Bidders

- Prequalification is in principle required in advance of bidding for large or complex works and, exceptionally, for custom-designed equipment and specialized services to ensure that invitations to bid are extended only to those who are technically and financially capable.
- Prequalification shall be based entirely upon the capability of prospective bidders to perform the particular contract satisfactorily, taking into account, inter alia, their: (a) experience of and past performance on similar contracts, (b) capabilities of construction or production capacity of plants, and (c) financial position. A clear scope of the contract and the requirements for qualification (criteria) shall be specified in the prequalification documents.
- All bidders meeting the criteria specified shall be allowed to bid.

4.5.7. Bidding Document

The bidding documents shall provide all information necessary to enable a prospective bidder to prepare a bid for the goods and services to be provided. While the detail and complexity of these documents will vary with the size and nature of the proposed bid package and contract, they

generally include: invitation to bid; instructions to bidders; form of bid; form of contract; conditions of contract (both general and special); technical specifications; list of goods or bill of quantities and drawings, as well as necessary appendices, detailing, for example, the type(s) of security required or acceptable. Guidelines on the principal components of the bidding documents are given in the following Sections.

If a fee is charged for the bidding documents, it shall be reasonable and reflect the cost of their production and shall not be so high as to discourage qualified bidders.

4.5.8. Bid Securities

Bid bonds or guarantees will usually be required, but they shall not be set so high as to discourage suitable bidders. Bid bonds or guarantees shall be released to unsuccessful bidders as soon as possible after the contract has been signed with the successful bidder.

4.5.9. Conditions of Contract

- The conditions of contract shall clearly define the rights and obligations of the PI and the Contractor, and the powers and authority of the consultant as the engineer, if one is employed by the PI, in the administration of the contract and any amendments thereto. In addition to customary general conditions of contract, some of which are referred to in these Guidelines, special conditions appropriate to the nature and location of the project may be included.
- In the conditions of contract, risks and liabilities among the parties shall be allocated in a balanced manner, and modification of such allocation in customary general conditions of contract shall be reasonable in view of smooth implementation of the project.
- Safety shall be emphasized in the implementation of the project. Safety measures taken by the Contractor shall be specified in the contract.

4.5.10. Clarity of Bidding Documents

- Specifications shall set forth as clearly and precisely as possible the work to be accomplished, the goods and services to be supplied and the place of delivery or installation. Drawings shall be consistent with the text of the specifications. Where drawings are inconsistent with the text of the specifications, the priority order shall be that specified in the conditions of contract used. The bidding documents shall specify any factors, in addition to price, which will be taken into account in evaluating and comparing bids, and how such factors will be quantified or otherwise evaluated. If bids based on

alternative designs, materials, completion schedules, payment terms, etc., are permitted, conditions for their acceptability and the method of their evaluation shall be expressly stated. Invitations to bid shall specify the eligible source countries and other eligibility provisions. The specifications shall be so worded as to permit and encourage the widest possible competition.

- Any additional information, clarification, correction of errors or alteration of specifications shall be sent promptly to all those who requested the original bidding documents. When original specifications are to be altered, added, or corrected due to reasons on the PI's side, notification of those modifications, etc., should be immediately sent to all the bidders, using an addendum, and if the change is considered to be major/substantial, bidders should be given additional time for the submission of their bids.

4.5.11. Standards

If specific national or other standards with which equipment or materials must comply are cited, the bidding documents shall state that equipment or materials meeting the Japan Industrial Standards or other internationally accepted standards which ensure quality equivalent to or higher than the standards specified will also be accepted.

4.5.12. Use of Brand Names

Specifications shall be based on relevant characteristics and/or performance requirements. Reference to brand names, catalogue numbers, or similar classification shall be avoided. If it is necessary to quote a brand name or catalogue number of a specific manufacturer for a specific reason, the specifications shall permit offers of alternative goods which have similar characteristics and provide performance and quality at least equal to those specified

4.5.13. Currency of Bids

Bid price should normally be stated in Indian Rupees. Whenever necessary, however, other international trading currencies may also be permitted.

The currency or currencies in which the bid price may be stated shall be specified in the bidding documents.

4.5.14. Currency Conversion for Bid Comparison

The bid price is the sum of all payments to be made to the bidder, in whichever currency.

For the purpose of comparing prices, all bid prices shall be converted to a single currency selected by the PI and stated in the bidding documents. The PI shall effect this conversion by using the exchange (selling) rates for those currencies quoted by an official source (such as the Reserve Bank of India), commercial banks, or newspapers circulated internationally for similar transactions on a date selected in advance and specified in the bidding documents, provided that such date shall not be earlier than thirty days prior to, nor later than, the date specified for the opening of bids.

4.5.15. Currency of Payment

Payment of the contract price shall be made in the currency or currencies in which the bid price is expressed in the bid of the successful bidder, except where a different arrangement is clearly justified and specified in the bidding documents.

Where the bid price is to be paid, wholly or partly, in a currency or currencies other than the currency of the bid, the exchange rate to be used for purposes of payment shall be that specified by the bidder in the bid so as to ensure that the value of the currency or currencies used in the bid is maintained without any loss or gain.

4.5.16. Price Adjustment Clauses

Bidding documents shall state clearly whether firm prices are required or adjustment of bid prices is acceptable. In appropriate cases, provision will be made for adjustment (upwards or downwards) of the contract price, should changes occur in the prices of major cost components of the contract, such as labour or important materials. (2) If the price is adjustable, the adjustment shall be carried out according to the adjustment formula or formulae indicated in the bidding documents.

4.5.17. Advance Payment

The percentage of the total payment to be made in advance, upon entry into effect of the contract, for mobilization and similar expenses shall be reasonable and specified in the bidding documents.

The bidding documents shall specify the arrangements for any security required for advance payments.

4.5.18. Performance Securities and Retention Money

Bidding documents for works shall require a security in an amount sufficient to protect the PI in case of breach of contract by the Contractor. This security should be a bank guarantee the amount of which will vary with the type and size of the work, but shall be sufficient to protect the PI in the case of default by the Contractor. A portion of this security shall

extend sufficiently beyond the date of completion of the works to cover the defects liability or maintenance period up to final acceptance by the PI. For such portion of the security extended beyond the date of completion of the works, contracts may provide for a percentage of each interim payment to be held as retention money until final acceptance. The amount of the security required shall be stated in the bidding documents.

In contracts for the supply of goods, the need for performance security depends on the market conditions and commercial practice for the particular kind of goods. Contractors may be required to provide a guarantee to protect the PI against non-performance of the contract. Such security in an appropriate amount may also cover warranty obligations. Alternatively, a percentage of the payments may be held as retention money to cover warranty obligations, and any installations or commissioning requirements. The security or retention money shall be of a reasonable amount.

4.5.19. Insurance

The bidding documents shall state precisely the types and terms of insurance (e.g. liabilities to be covered and duration of the insurance) to be obtained by the successful bidder.

4.5.20. Liquidated Damage and Bonus Clauses

Liquidated damage clauses shall be included in the bidding documents for delays in completion or delivery resulting in extra cost, loss of revenues or loss of other benefits to the PI.

4.5.21. Force Majeure

The conditions of contract included in the bidding documents shall, when appropriate, contain clauses stipulating that failure on the part of the parties to perform their obligations under the contract will not be considered a default under the contract if such failure is the result of force majeure as defined in the conditions of contract.

4.5.22. Settlement of Disputes

Provisions dealing with the settlement of disputes shall be included in the conditions of contract. International commercial arbitration administered by an international arbitration institution in a neutral venue has practical advantages over other methods for the settlement of disputes. Therefore, the use of this type of arbitration shall be stipulated as a condition of the contract. In case of works contracts, supply and installation contracts, and turnkey contracts, the dispute settlement

provision shall include mechanisms such as dispute boards or adjudicators, which are designed to permit a speedier dispute settlement.

4.5.23. Applicable Laws

The contract shall stipulate which laws shall govern its interpretation and performance.

4.5.24. Time Interval between Invitation and Submission of Bids

The time allowed for preparation and submission of bids shall be determined with due consideration of the particular circumstances of the project and the size and complexity of the contract. Generally, not less than 30 days shall be allowed for international bidding.

Where large civil works or complex items of equipment are involved, generally not less than 30 days shall be allowed to enable prospective bidders to conduct investigations at the site before submitting their bids.

4.5.25. Procedures relating to Opening of Bids

The date, hour and place for the latest receipt of bids and for the opening of bids shall be announced in the invitations to bid and all bids shall be opened publicly at the stipulated time and place. Bids received after this time shall be returned unopened.

The name of the bidder and total amount of each bid and of any alternative bids, if such have been requested or permitted, shall be read aloud and recorded when opened. This record shall be confirmed and signed by all bidders or their representatives present at opening of bids, and a copy of this record shall be promptly sent to IMC (NDDB).

4.5.26. Clarification or Alteration of Bids

No bidder shall be requested or permitted to alter his bid after the bids have been opened. Only clarifications not changing the substance of the bid are acceptable. The PI may ask any bidder for a clarification of the bid, but shall not ask any bidder to change the substance or price of the bid.

4.5.27. Process to be Confidential

No information relating to the examination, clarification and evaluation of bids and recommendations concerning awards shall be disclosed after the public opening of bids to any persons not officially concerned with this process until a contract has been awarded to a bidder.

4.5.28. Examination of Bids

Following the opening of bids, it shall be ascertained whether the bids are substantially responsive to the bidding documents, whether the required

securities have been provided, whether documents have been properly signed and whether the bids are otherwise generally in order.

If a bid does not substantially conform to the specifications, or contains inadmissible reservations or is otherwise not substantially responsive to the bidding documents, it shall be rejected.

A technical analysis shall then be made to evaluate each responsive bid and to enable bids to be compared.

4.5.29. Evaluation and Comparison of Bids

The purpose of bid evaluation is to compare bids which conform to the technical specifications and are responsive to the bidding documents on the basis of their evaluated cost. Among the bids which conform to the technical specifications, the bid with the lowest evaluated cost, not necessarily the lowest submitted price shall be selected for award. Even when there has been prequalification of bidders, technical factors shall be given their full importance when evaluating bids.

Bid evaluation shall be consistent with the terms and conditions set forth in the bidding documents.

The bidding documents shall specify provisions for adjustment of a bid price to correct any errors in computation, the relevant factors to be considered in bid evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated bid.

Factors other than price which may be taken into consideration include, inter alia, the payment schedule, the time of completion of construction or delivery, the operating costs, the efficiency and compatibility of the equipment, consumption (energy) efficiency, the availability of service and spare parts, the reliability of the quality control methods (including construction methods) proposed, safety, environmental benefits, and minor deviations, if any. To the extent practicable, these factors other than price shall be expressed in monetary terms according to criteria specified in the bidding documents.

Provisions for price adjustment included in a bid shall not be taken into consideration.

For the purposes of evaluation and comparison of bids for the supply of goods to be procured on the basis of international bidding:

Bidders will be required to state in their bids the CIP (place of destination) price for imported goods or the EXW (ex works, ex factory, or off-shelf) price plus cost of inland transportation and insurance to the place of destination for other goods offered in the bid;

Customs duties and other import taxes levied in connection with the importation or sales and similar taxes levied in connection with the sale or delivery of goods pursuant to a bid shall not be taken into account in the evaluation of that bid; and

The cost of inland freight and other expenditures incidental to the transportation and delivery of the goods to the place of their use or installation for the purposes of the project shall be included, if it is specified in the bidding documents.

Where Contractors are responsible for all duties, taxes and other levies under civil works contracts, bidders shall take these factors into account in preparing their bids. The evaluation and comparison of bids shall be on this basis.

Any procedure under which bids above or below a predetermined value are automatically disqualified is not permitted.

4.5.30. Post qualification of Bidders

If there has been no prequalification of bidders, the PI shall determine whether the bidder whose bid has been evaluated the lowest has the capability and resources to carry out the contract concerned effectively.

The criteria to be met shall be set out in the bidding documents and if the bidder does not meet them, the bid shall be rejected. In such an event, the PI shall then make a similar decision regarding the next-lowest evaluated bidder.

4.5.31. Evaluation Report

A detailed report on the evaluation and comparison of bids setting forth the specific reasons on which determination of the lowest evaluated bid was based shall be prepared by the PI or its consultants.

4.5.32. Award of Contract

The contract is to be awarded to the bidder whose bid has been determined to be the lowest evaluated bid and who meets the appropriate standards of capability and financial resources. A bidder shall not be required, as a condition of award, to undertake responsibilities or work not stipulated in the bidding documents or otherwise modify the bid as originally submitted.

4.5.33. Rejection of Bids

Bidding documents usually provide that the PI may reject all bids. Rejection of all bids may be justified when (a) the lowest evaluated bid exceeds the cost estimates by a substantial amount, (b) no bid is substantially responsive to the bidding documents or (c) there is a lack of competition. However, all bids shall not be rejected solely for the purpose

of obtaining lower prices in the new bids to be invited on the same specifications.

If all bids are rejected, the PI shall review factors that made such rejection necessary and consider either revision of the specifications or modification of the project (or the amounts of work or items in the original invitation to bid), or both, before inviting new bids.

Where exceptional circumstances justify it, the PI may, as an alternative to rebidding, negotiate with the lowest evaluated bidder (or, failing a satisfactory result of such negotiation, with the next-lowest evaluated bidder) to try to obtain a satisfactory contract.

4.5.34. Notification to Unsuccessful Bidders and Debriefing

Upon furnishing by the successful bidder of a performance security, the PI shall promptly notify the other bidders that their bids have been unsuccessful.

If any bidder who submitted a bid wishes to ascertain the reasons why its bid was not selected, such bidder may request an explanation from the PI. The PI shall promptly provide an explanation as to why its bid was not selected.

4.5.35. Information to be Made Public

After a contract is determined to be eligible for financing, the names of all bidders, their bid prices, the name and address of successful bidder concerning the award of contract, the name and address of supplier, and the award date and amount of the contract may be made public by PI.

The PI shall have all provisions and measures necessary to ensure that the above information shall be available for being made public incorporated in documents related to procurement, such as bidding documents and contracts.

4.6. Procedures Other than International Competitive Bidding (ICB)

There may be special circumstances in which ICB may not be appropriate, and PI may consider alternative procedures in cases of the following:

- (a) Where the PI wishes to maintain reasonable standardization of its equipment or spare parts in the interests of compatibility with existing equipment.
- (b) Where the PI wishes to maintain continuity of services related to goods and services provided under an existing contract awarded in accordance with procedures acceptable to IMC (NDDB).

- (c) Where the number of qualified contractors, suppliers or manufacturers (hereinafter collectively referred to as “Contractor(s)”) is limited.
- (d) Where the amount involved in the procurement is so small that foreign firms clearly would not be interested, or that the advantages of ICB would be outweighed by the administrative burden involved.
- (e) Where, in addition to cases (a), (b), (c) and (d) above, IMC (NDDDB) deems it inappropriate to follow ICB procedures, e.g. in the case of emergency procurement.

In the above-mentioned cases the following procurement methods, may, as appropriate, be applied in such a manner as to comply with the ICB procedures to the fullest possible extent:

4.6.1. **Limited International Bidding (LIB)**, which is essentially international competitive bidding by direct invitation without open advertisement.

Essentially LIB by direct invitation to selected bidders of proven capacity cum capability without any open advertisement.

To be adopted where:

- a) There are only a limited number of suppliers of the particular goods or services needed; or
- b) Other exceptional reasons justifying departure from full ICB procedures

Steps:

- Same as ICB except for advertisement and domestic preference which are inapplicable
- Publication of award as for ICB
- Bids must be invited from a list of potential suppliers broad enough to ensure receipt of competitive bids (two different countries).

4.6.2. **Local/National Competitive Bidding (LCB/NCB)**

In the case of procurement of goods and services which are, by nature or scope, unlikely to attract foreign firms and, thus, to be domestically procured. IMC (NDDDB) deems it appropriate that such procurement be effected through Local/National Competitive Bidding (LCB/NCB) in accordance with the following procurement procedures.

This is the most efficient and economical way of procurement followed in the country. This is followed for small works or when the item of procurement is of the nature that will not attract foreign competitors because of the followings:

- The contract value is small, or
- Works are scattered geographically or spread over time, or
- Works are labour intensive, or
- The item of procurement is available locally at a lower price than the international market
 - a. The method to be used in the evaluation of tenders and the award of contracts shall be made known to all bidders and shall not be applied arbitrarily.
 - b. Civil works and also goods could be procured under contracts awarded in accordance with the procedure prescribed under NCB.
 - c. Various steps involved in procurement under open tender procedure have been enumerated in para 4.2 (b).
 - d. **Notification/Advertising:** Timely notification of bidding opportunities is essential in competitive bidding:
 - Invitation to bid shall be published in at least one English newspaper with nationwide circulation and one regional language daily. If the advertisement is for more than one item, it should also be indicated whether the evaluation would be item-wise or as a package. The advertisement should also be placed on the website of the NDDB/PI.
 - If it is a condition in the invitation for Bid that Bid Security Money is to be deposited by the supplier/contractor, the bid of a supplier/ contractor not complying with this requirement, shall be rejected.
 - Bid Security Money shall be decided, taking into account all the items in a package. Once it is decided that the contract is for a package, the Bid Security Money for that package is to be indicated and will not be changed according to each item subsequently.
 - The last date for receipt of bid shall be the day following the date for close of the sale of bid documents.
 - Period for submission of bid shall not be less than 30 days from the date of start of sale of tender documents.
 - Bid documents can be sold from different places but shall be received at one place only. Tenders should normally be opened half an hour after the deadline for submission.

e. **Tender Documents:** Bid documents should contain following details:

- Name and scope of the work/ goods to be supplied,
- The type of contract to be entered into like lump sum, unit prices, reimbursable cost plus fees, or combinations thereof,
- Location and schedule of completion / delivery of the work/ goods,
- Technical specification (including of geological and environmental nature), drawing and design, and minimum performance requirement,
- After sale service, warrantee and maintenance requirement,
- Methods of evaluation and selection of lowest suitable and responsive bidder,
- Instructions to bidders, and necessary appendices, such as formats for various securities,
- Methods that will be employed to judge the conformity of equipment as delivered or quality of work the carried out,
- Any factors, in addition to price, which will be taken into account in evaluating bids, and how such factors will be quantified or otherwise evaluated,
- General and special conditions of contract specifications and drawings

f. **Standards and Technical Specifications:** Followings will be the salient features for technical specification and standard:

- It should be generic and unbiased,
- No brand name or catalogue number should be mentioned. However, wherever it is unavoidable to mention the brand name it should be suffixed with “ or equivalent”,
- If the specification is not standard, it should be drawn by a panel of experts,
- It should clearly specify the design / drawing, functional performance details, packaging and additional requirement,
- Since these details play very important role in evaluation of the bids and no deviation in this is allowed once the bids are opened, the specification should be drawn with utmost care.

Technical specifications, bill of quantities and civil drawings should be prepared before tendering. Specifications for the

articles to be procured should be drawn up in every case with clarity. No deviations from the specifications after opening of bids should be allowed.

g. Validity of Bid

- It should in normal condition be not more than 90 days and should clearly be stated in the bidding document.
- In exceptional circumstances, prior to expiry of the original time limit, bidder may be requested in writing to extend the period of validity for a specified additional period. A bidder may refuse the request without forfeiting his bid security.
- A bidder agreeing to the request will not be required or permitted to modify his bid, but will be required to extend the validity of his bid security for a period of the extension

h. Bid Security

- An amount 1% of the estimated cost should be mentioned in the bidding document as bid security. It should be deposited with the bid in the shape of demand draft/ Banker's Cheque/ Bank Guarantee from a scheduled Bank for a validity of 45 days beyond the validity of the bid, failing which the bid may be disqualified. If a bidder is unsuccessful, his bid security should immediately be refunded. The bid security shall be forfeited in the event of withdrawal of the bid within the original validity or if the successful bidder fails to execute necessary agreement within the period specified.

- i. **Pre-bid Conference:** For works or complex supply contracts, a pre-bid conference may be arranged at mid point whereby potential bidders may meet with the Project representative to seek clarifications.

Following are the salient features of pre-bid meeting:

- The time, date and venue of the meeting should be mentioned in the tender document.
- The bidder should submit any questions in writing not later than one week before the meeting.
- Minutes of the conference shall be provided to all prospective bidders with a copy to the funding agency.
- Any additional information, clarification, correction of errors, or modifications of bidding documents shall be sent to each

recipient of the original bidding documents in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline shall be extended.

- Non-attendance at the pre-bid meeting will not be a cause for disqualification of a bidder.
- Any modification in the bidding documents, which may become necessary as a result of the pre-bid meeting, shall be made exclusively through issuance of corrigendum (after getting the same cleared with the IMC) and not through the minutes of the pre-bid meeting.
- Before the deadline for submission of bids, the PIs may modify the bidding documents by issuing addenda (after getting the same cleared from the IMC). Any addendum thus issued shall be part of the bidding documents and shall be communicated in writing to all the bidders who have either purchased/downloaded the bidding documents.
- To give prospective bidders reasonable time in which to take an addendum into account in preparing their bids, the PI shall extend as necessary the deadline for submission of bids, with rights and obligation of the employer and bidders will then be subject to the new deadline. A time extension for the second time shall be done only with prior consent of IMC (NDDB).

j. Terms and Methods of Payment:

- Payment terms shall be in accordance with the specific goods and works. Bid documents should specify the payment method and terms offered.

k. Conditions of Contract:

- The contract documents shall clearly define the scope of work to be performed, the goods to be supplied, the rights and obligations of the PI and of the supplier or contractor and the functions and authority of the engineer, architect or construction manager, (if one is employed by the Participating Institution) in the supervision and administration of the contract. Special conditions related to specific items/ cases should be clearly included in the tender documents.

l. Performance Security Deposit:

- Bid document for works and goods shall require security in an amount sufficient to protect the PI in case of breach of contract by the contractor. This shall be in the form of a Bank guarantee or any other instrument specified in the tender document. The amount of performance guarantee shall normally be 5 /10 % of contract price (5% for works and 10% for goods) valid up to 30 days after the date of expiry of defects liability period/ warranty period, as applicable. The performance Bank guarantee, wherever felt necessary, may be asked either in the beginning of the contract i.e., along with acceptance of order/contract to cover performance of entire contract till completion of all contractual obligations by the supplier or at the time of completion of execution/delivery of material to cover the performance of the equipment/works during the guarantee/defect liability period.
- The performance security deposit shall be refunded within one month of the completion of supply of goods/works or expiry of guarantee/warranty/ defect liability period (as mentioned above).
- The performance security deposit shall be forfeited in case any terms and conditions of the contract are infringed or the bidder fails to make complete supply satisfactorily or complete the work within the delivery/ completion period.

m. Retention Money:

- The PI shall deduct @ 5 to 10 % from each bill subject to a maximum of 5% of final contract price. 50% of the amount retained shall be paid to the Contractor on completion of whole of work and balance 50% on expiry of defect liability period if the contractor has successfully completed his liabilities during these periods. On completion of the whole work the contractor shall have the option to claim the retention money (balance 50%) by submitting a Bank Guarantee from any Nationalised Bank or other Banks like IDBI Bank treated/ approved by RBI at par with Nationalised Banks for the limited purpose of acceptance of guarantee or a Foreign Bank having branches in India.

n. Liquidated Damages:

- Liquidated damages @ 0.50% per week for goods and 0.10% per day for works of the value of goods / works for which the

delay in completion of performance obligation with respect to committed date of supply/ completion shall be levied on the contractor subject to a maximum of 10% of final contract price.

- This shall not relieve the Contractor from his obligation to complete the work as per agreed construction program and milestones or from any of the obligations and liabilities of the Contractor under the contract.

o. Force Majeure

- The conditions of contract included in the bidding documents shall, when appropriate, contain clauses stipulating that failure on the part of the parties to perform their obligations under the contract will not be considered a default under the contract if such failure is the result of force majeure as defined in the conditions of contract.

p. Bid Opening:

- The time for bid opening should not be more than half an hour after the deadline for submission of bids. Tenders shall be opened in public. The bidders or their representatives shall be allowed to be present at the time of opening of bids. All bids received should be opened. No bid should be rejected at bid opening time except for late bids. Late bids shall be returned to the bidders unopened. The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions, if any, shall be read out at the time of bid opening. Spot comparative statement (minutes of bid opening) shall be prepared by the bid opening officials and should be signed. The bid opening minutes shall be sent to all the bidders.

q. Confidentiality:

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

r. Examination of bids:

Before considering the bids for evaluation following general points should be examined:

- Bids meet the eligibility requirements;
- Bids have been properly signed;
- Bids are accompanied by the required securities or required declaration signed;
- Bids are substantially responsive to the bidding documents, if the bidder meet qualification requirements of turnover and experience as laid down in the bidding document;
- The bidder shall not be permitted to correct or withdraw material deviations or reservations once bids have been opened and are otherwise generally in order
- If a bid is not substantially responsive, that is, it contains material deviations from or reservations to the terms, conditions and specifications in the tender documents, it shall not be considered further.

s. **Extension of validity of bids:**

If justified by valid reasons, this will not be allowed without approval of the next higher authority and without prior concurrence of the IMC (NDDB).

- For the request for first extension if it is longer than four weeks and
- For all subsequent requests for extension irrespective of the period.
- The bidder has right to refuse such extension for which his bid security shall not be forfeited.

t. **Bid evaluation and Comparison:**

Following points will be considered while evaluating a tender:

- The bid price read out at the bid opening shall be adjusted to correct any arithmetical errors and for any quantifiable nonmaterial deviations or reservations. Price adjustment provisions applying to the period of implementation of the contract shall not be taken into account in the evaluation.
- Other relevant factors in addition to price to be considered in bid evaluation like payment schedule, delivery time, operating costs, efficiency and compatibility of the equipment, availability of service and spare parts, and related training, safety, and environmental benefits if specified in the bidding documents should be considered.

- These factors to the extent practicable, be expressed in monetary terms, or given a relative weight in the evaluation provisions in the bidding documents.
- If time is a critical factor, the adjustment on the account of early or delayed completion may be taken into account according to criteria presented in the bidding documents, only if the conditions of contract provide for commensurate damages for delay in contract completion.
- The PI shall prepare a detailed report on the evaluation and comparison of bids setting forth the specific reasons on which the recommendation is based for the award of the contract.
- Any minor informality or unconformity or irregularity in a bid, which does not constitute a material deviation, may be waived, provided such waiver, does not prejudice or affect the relative ranking of bids.
- No bidder should be permitted to alter his bid after the bid has been opened. However, clarification, if any is required, the same can be called for in writing and no change in the price or substance of the bid shall be sought, offered or permitted.
- The most substantially responsive bid with lowest cost, not necessarily the lowest bid, should be considered as the successful bid for award of the contract.
- To qualify for a package of contracts made of other contracts for which bids are invited, the bidder must demonstrate having experience and resources sufficient to meet the aggregate of the qualifying criteria for the individual contracts.

u. Post Qualification of Bidders:

- In case bidders have not been pre-qualified, the PI shall determine whether the bidder whose bid has been determined to be the lowest evaluated bid, has the capability and resources to effectively carry out the contract, and if the bidder does not meet the specified criteria, the bid shall be rejected. In such an event, the PI shall make a similar determination for the next-lowest evaluated bidder and so on.

v. **Rejection of All bids:**

The basis of rejection may be

- Non substantially responsive bids - Fresh bids shall not be invited on the same bidding and contract document and the document should be revised for conditions of contract, design, specification and scope of contractor/ and a combination of all the above so as the limitations resulted in earlier rejection may be avoided.
- Lack of competition - number of bids only may not be the basis of deciding lack of competition. Wider publicity may be one of the measures to ensure better competition.
- Unreasonably high price - In the case of receipt of unreasonably high prices, the bidders shall be requested to furnish breakdown of unit rates providing justification for higher bid prices. If the justification, after review, is determined rational, contract should be awarded to the lowest evaluated responsive bidder. If not, these bidders shall be declared as ineligible from bidding in the re-bid for that contract.

w. **Subcontracting**

The Contractor may not assign the sub contract without the approval of the PI in writing and this does not alter obligations.

- There may be three circumstances declaring sub-contracting by the contractor:
- In the bid - if the proposed sub-contracting elements amounts more than 20% of the Bid Price, the qualification and experience of the identified sub-contractor in relevant field shall be furnished along with the bid to ascertain about their qualification and capacities.
- Cases when no approval is required -
 1. Sub-contracting any part of works for which the Sub-contractor is named in the contract;
 2. The provision of labour; and
 3. The purchase of materials that are made in accordance with the standards specified in the contract.
- During execution of works - if the sub-contracting is because of some unforeseen circumstances and to enable him to complete the work in time as per terms of the

contract, following points should be considered before agreeing on the subcontracting:

- The whole of the work should not be sub-contracted,
- The contractor shall take prior consent of the Engineer, the experience, qualification and equipment of the sub-contractor for the job proposed should be entrusted.
- If payments are to be made directly to that sub-contractor, specific authorization should be obtained from the prime contractor and this should not alter his liability or obligation under the contract.
- The Contractor may cooperate and share the site with other contractors, public authorities, utilities, and the Employer between the dates given in the Schedule of Other Contractors.

x. **Single Bid**

- In case a single bid is received and it is determined that bid specifications are not restrictive and prices quoted are reasonable and bid is technically and commercially responsive, the single bid shall be considered for award.

4.6.3. **Shopping**, which is a procurement method based on comparing price quotations obtained from several (at least three) foreign and/or local suppliers to ensure competitive prices.

- It is an appropriate method for procuring readily available off-the-shelf goods or standard specification commodities that are small in value and are ordinarily available from more than one source.
- Approval of competent authority may be obtained for items to be purchased along with specifications, estimated costs and agencies from which quotations should be invited.
- The requests for quotations shall be made indicating the description, specifications, quantity time and place of delivery.
- If the quotations are called for more than one item, it should also be indicated whether the evaluation would be item-wise or as a package.

4.6.4. **Direct Contracting (Single Tender).**

The Single Tender system may be adopted in case of articles which are specifically certified as of proprietary nature or in case of extreme emergency. The Single Tender system without competition shall be an appropriate method under the following circumstances:

- Extension of an existing contract for goods or works awarded in accordance with the prescribed procedure for additional goods or works;
- Standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier;
- The required item is proprietary and obtainable only from one source;
- Need for early delivery to avoid costly delays;
- In exceptional cases, such as in response to natural disasters; and

4.7. Award of Contract

4.7.1. PI shall award the contract, within the period of the validity of tenders, to the bidder who meets the bid conditions in all aspects, has the necessary technical capability and financial resources and whose bid is substantially responsive to the tender documents and has the lowest evaluated cost. The PI can, if it so desires, satisfy itself that the manufacturer to whom the contract is proposed to be awarded, has the capability to produce the required quantity and also of required standards.

4.8. Resolution of Disputes

4.8.1. Dispute during the execution of contract and may occur due to various reasons like:

Interpretation of the terms and conditions of the contract are as follows:

- Delay in delivery/ completion of work.
- Delay in handing over possession of site.
- Delay in release of payment
- Rates of the items, variation in civil works contract
- Condition of the items on arrival at consignee site and after delivery.
- Design and specification issues.

4.8.2. As far as possible, dispute may be resolved with mutual agreement with the Contractor/ Supplier and arbitration and litigation should be avoided. Dispute resolution methodology should be very clearly indicated in the contract document.

4.9. Laws Governing the Contract

4.9.1. The contract shall be governed by the laws of India in force

- 4.9.2. Any dispute arising out of or in respect of the contract shall be decided by the court of the place as mentioned in the tender document.
- 4.9.3. Irrespective of the place of delivery, the place of performance or place of payment under the contract or the place of issue of advance intimation of acceptance of tender, the contract shall be deemed to have been made at the place from where the tender has been issued (PI headquarter).

4.10. Arbitration

- 4.10.1. In the event of any question, dispute or difference arising under the contract conditions or any special conditions of contract or in connection with the contract (except as to any matters the decision of which is specially provided for by these or the special conditions), the same shall be referred to the sole arbitrator appointed by agreement between PI and the contractor / supplier. The arbitrator should be having sufficient knowledge of law and shall be appointed as per the laid down procedure. The award of the arbitrator shall be final and binding on the parties to this contract.
- 4.10.2. In the event of the arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his award being set aside by the court for any reason, it shall be lawful for the purchaser to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.
- 4.10.3. It will be a term of the contract that no person other than the person appointed by the PI as aforesaid should act as arbitrator.
- 4.10.4. The arbitrator may from time, with the consent of all parties to the contract, enlarge the time for making the award.
- 4.10.5. 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.
- 4.10.6. Subject to as aforesaid, The Arbitration and Conciliation Act, 1996 as amended up to date and the rules there under and any statutory modifications thereof for the time being in force, shall be deemed to apply to the Arbitration proceedings under this clause.

4.11. Variation and Extension of Contract

- 4.11.1. Normally contract once awarded should not be extended. Under exceptional circumstances, extension of existing contracts or variations up to 15% of the original contract value may be considered, if it is justifiable on economic grounds, subject to approval of the competent Authority as per the Schedule of Delegation of Powers.

4.12. Complaint Redressal Mechanism (In conjunction with Para 2.8)

- 4.12.1. In order to deal with the complaints from the contractors / suppliers and public effectively, a complaint handling mechanism shall be set up and immediate action shall be initiated within 2 working days on receipt of complaints to redress the grievances.
- 4.12.2. All complaints shall be handled at a level higher than that of the level at which the procurement process is being undertaken and the allegation made in the complaints should be thoroughly enquired into, and if found correct, appropriate remedial measures shall be taken by the appropriate authorities. A register of the complaint redressed shall be prepared at each level and shall contain the following information:
- Serial number of the complaints,
 - Date on which the complaint was made,
 - Particular of the person making the complaint, Nature of the complaint,
 - Complaint against whom if a person or against a work,
 - Detail of action taken and subsequent follow ups specifying on which date the action and follow ups were taken,
 - Whether the complaint has been satisfied, if not why? Action taken against the guilty, general remarks.

5 Specific Requirements for all PIs

This section deals with detailed description of operational requirement related to procurement process which are likely to be encountered by PIs, normal timelines for various milestone activities involved in procurement process as well as recommended procurement methods for each category of items which are eligible for funding under the project.

5.1. General

5.1.1. Each PI would have dedicated procurement/purchase cell/department/section to be headed by a designated Officer/Manager to handle the procurement function

5.1.2. The procurement/purchase cell/department/section shall ensure the following:

- The specification of the type, quality and quantity of goods to be procured, shall be based on specific needs of the user PI. The specifications so worked out should meet the basic needs 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 the requirement to avoid carrying costs and wastages.
- Offers should be invited following a fair, transparent and reasonable procedure.
- The procuring authority should be satisfied that the bid of the selected bidder is responsive both technically and commercially and adequately meets the requirement in all respects.
- The procuring authority should be satisfied that the price of the selected offer is reasonable and consistent with the quality required.
- 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 particular procurement decision.

5.1.3. Specific areas for dissemination of information by Procurement/purchase cell/department/section are:

- Compilation of list of items to be procured with full nomenclature, specifications and brand names only if unavoidable and in such cases bids should be invited mentioning specifically the specified 'brand names or equivalents'.
- Circulation of cases of poor performance of suppliers/contractors.

- Suspension of business dealings or debar of suppliers / contractors in appropriate cases, such as fraud, corruption, non-performance, misrepresentation, collusive bidding, etc.
- Circulation of cases of supply of sub-standard quality of material/works and rejections.

5.2. Prior Review

- Goods & non-consulting services:
First ICB, first LIB, first NCB/LCB and first two shopping contracts and first contract following Direct Contracting procedure.
- Works and supply and installation contracts:
First ICB, first LIB, first NCB/LCB and first two shopping contracts and contract following Direct Contracting procedure
- Consultancy Services: First consultancy contract.
- In case of contract to individuals, the qualifications, experience, terms of reference and terms of employment shall be subject to prior review by PI

5.3. Post Review

- All contracts not covered under prior review will be subject to post award review. The TOR for the independent PPR consultant, to be engaged by the project, would include procurement review of selected contracts.
- PI will provide support and information to IMC (NDDB) for the Ex-Post Procurement Audit of the project which will be carried out during/after the implementation stage.

5.4. Procurement Timelines (Suggestive)

5.4.1. Procurement Timelines for Goods and Works

No.	Procurement Steps	Shopping		NCB/LCB		ICB	
		Prior	Post	Prior	Post	Prior	Post
1	Preparation of Specifications, cost estimates, Sanction/approval and Bid documents	2 W	2 W	4 W	4 W	4 W	4 W
2	Transmit Bid documents/RFQ to IMC (NDDB)	1 W	NA	1 W	NA	1 Week	NA
3	IMC (NDDB) clearance of Bid documents/RFQ	1 W	NA	1 W	N/A	1 W	NA
4	Issue invitation for Bid/RFQ	1 W	1 W	2 W	2 W	2 W	2 W
5	Bid Opening Date	2 W	2 W	30 D	30 D	6 W	6 W
6	Preparation of BER and send it to IMC if required	1 W	1 W	4 W	4 W	6 W	6 W
7	IMC (NDDB) clearance of BER	1 W	N/A	2 W	N/A	2 W	NA
9	NoA (Notification of Award)	ASAP	ASAP	1 W	1 W	2 W	2 W
10	Contract Signed Date	1 W	1 W	2 W	2 W	3 W	3 W

W – Weeks, D - Days

5.4.2. Procurement Timelines for Employment of Consultants

No.	Consultancy Steps	QCBS	CQS	SSS
1	Preparation of TOR, cost estimate, sanction etc.,	3 W	3 W	2 W
2	Transmit TOR and cost estimate to IMC (NDDB)	1 W	1 W	1 W
3	IMC (NDDB) clearance of TOR and Cost estimate	1 W	1 W	1 W
4	Transmit EOI for publication to IMC and Publication by PIs	2 W	2 W	NA
5	REOI (Closing Date)	14 D	14 D	NA
6	Transmit Shortlist and RFP to IMC (NDDB)	3 W	2 W	NA
7	IMC (NDDB) Clearance of short-list and RFP	2 W	1 W	NA
8	Issue of RFP	1 W	1 W	1 W
9	Opening of RFP (Technical Proposal)	4 W	4 W	2 W
10	Transmit the TER (Technical Evaluation Report) to IMC (NDDB)	4 W	NA	NA
11	IMC (NDDB) Clearance of TER	1 W	NA	NA
12	Opening of Financial Proposal	1 W	NA	NA
13	Transmit CER (Combined Evaluation Report), Negotiation minutes and Draft Contract to IMC (NDDB)	2 W	2 W	1 W
14	IMC (NDDB) clearance of draft contract	1 W	1 W	1 W
15	Signing of Contract	3 W	3 W	2 W

W – Weeks, D - Days

Annex I: Procurement Plan and Procurement Schedule

A. Procurement Plan

No.	Item	Numbers	Unit Rate (Rs.)	Total estimated cost (Rs in lakhs)	Method of procurement	Review
1						
2						
3						
4						
5						
	Total					

B. Procurement Schedule

No.	Item	Quantity (nos.)	Total estimate cost (Rs in lakh)	Method of procurement	Issuance of IFB	Receipt and opening of bids	Evaluation of bids and approval of competent Authority	Issuance of Purchase Order	Start of supply	Completion of supply
1										
2										
3										
4										
5										
	Total									