

## **Chapter 16**

# **BSNL Procurement Policy**

## Procurement policy

### Introduction:

BSNL's aim is to procure the material of the specified quality, at the most competitive rates, in a fair, just and transparent manner. Procurement is an important activity in BSNL as about 50% of its budget is used for procurement of materials. Consequent upon corporatization of Department of Telecom Services & Department of Telecom Operations into a Corporate Entity i.e. BSNL, a need has been felt to modify the existing procurement procedure being followed by BSNL Corporate Office as well as by Telecom Circles so as to cut down the procurement time in the present liberalized telecom market. This is all the more necessary as BSNL is facing increasing competition in all types of services and has to respond quickly for procurement of materials as well as its utilization so as not only to keep its market share in the emerging telecom scenario but also to expand and acquire new market segments.

**The procurement of materials in BSNL is done by inviting tenders and also through PSUs against their reservation quota. The procurement is done at two levels viz.**

- BSNL Corporate Office
- Telecom Circle H/Q

Apart from this, SSA and other field units under the telecom circle do the procurement of goods/materials at local level. Procedures for such **local purchases** are given at the last of the document.

The procurement of materials in BSNL Corporate Office is done for high value critical equipment such as large size switching equipment, transmission equipment, PIJF U/G Cables, WLL equipment & terminals, new technology equipment etc. A list of items being procured at the BSNL Corporate Office is enclosed at **Annex-1.1**.

Items not covered in the list given at **Annex-1.1** stands decentralized for procurement by Telecom Circles. In addition, CGM Telecom Stores, Calcutta has been entrusted with the procurement of:

- Batteries & power plants for North Eastern-I, North Eastern-II, North Eastern Task Force, Assam and Andaman & Nicobar Circles.
- Line & Wire materials for the above five circles, Kolkata Telecom District and West Bengal Circle.

Until now, the Government Procurement Policy was being followed i.e. procurement was done either through DG S&D in case items are on the approved list of DG S&D or by calling for limited tenders if the cost of the material being procured was **within Rupees Two Lakh or through open tenders if the cost of material being procured was exceeding Rupees Two Lakh.**

However, with the formation of BSNL as a corporate entity in a Liberalized Telecom Market where BSNL has to compete with a large number of competitors, it is imperative for BSNL to serve in the competitive environment. For such a scenario,

it is essential not only to see the cost of materials being procured but also the time required for its procurement as well as successful implementation so as to make its presence felt among various competitors. Thus, not only the cost and time factor is required to be taken into consideration but at the same time the cost of opportunity lost due to long gestation period of procurement and implementation is also to be taken into consideration i.e., the business opportunity is also one of the most important factors for implementation of any such venture/project. Hence, under such circumstances, it is essential to take an overall view for cost of material, time for procurement, method of procurement as well as business opportunity for any such venture/project. In such a situation, the Management Committee / BSNL Board may decide the methodology to be adopted for such procurement taking into consideration cost, time as well as business opportunities as situation warrants. In addition to open tendering, the following methodologies can be adopted:

**Negotiations Route:**

In a situation where the requirement is of an immediate nature and it is necessary to ensure continued supplies from the existing vendors, the BSNL management committee may decide to place repeat orders upto 100% of the quantities contained in the running contract and at a rate negotiated with the existing vendors considering the prevailing market conditions. Depending upon the total value of additional procurement, the negotiation committee can be constituted with the approval of competent authority of BSNL. This route will however be resorted to in exceptional circumstances.

**Limited tender Route:**

There are certain specific provisions for calling the limited tender appearing in para 31 to 36 under Rule 128 in the General Financial Rules (GFRs). The limited tender option has to be exercised in specific circumstances as already provided.

In some cases the equipment is sophisticated and requires thorough technical screening, testing and prototype approval by the Telecom Engineering Centre/Quality Assurance to ensure that these equipment are of sufficient quality level to be used in public Telecom Network. In such cases an open tender may result in the participation of unknown bidders in open tenders, whose capability in making such equipment is yet to be established. They may submit unrealistic bids which may cause major difficulties in the tender evaluation process. In such cases, it would be necessary to screen out such bidders so that BSNL could interact only with bidders who have intrinsic capability as well as proven track record of supplying such sophisticated equipment. Where such equipment are required, it would be worthwhile restricting Bids by issue of limited tenders only to those parties who have proven expertise in manufacture and supply of such equipment and who have prototype approval and production clearance. In such tenders it is essential that the reasons for limiting the tenders to proven suppliers needs to be brought out in the NIT itself so that such an action would stand justified. The issue of such limited tender should have the concurrence of Financial Advisor and personal approval by the head of the unit.

**Single Tender:** Single tender system may be adopted in case of article's which are specifically certified as of proprietary nature by the intending department (and

approved by head of the department) or when it is to knowledge of the procuring agency that only a particular firm manufactures the stores in demands.

**Expression of Interest (EOI) Route:**

In situations where BSNL proposes to induct new technology/equipment/new service and the specifications of the new technology/equipment/new service are not firmed up, BSNL may invite Expression of Interest (EOI) from the available vendors of that technology/equipment/new service. Based on the offers received from the bidders who choose to participate in the EOI, the bidders satisfying the terms of EOI will be short-listed. Before short listing the participants for handing over the tender documents, BSNL may freely interact with them, obtain clarifications and feed back on the delivery of similar equipment/services elsewhere. The short listed bidders will be given the tender document containing detailed technical, commercial and financial conditions. After evaluation by a designated committee, the contract shall be awarded with the approval of competent authority to the successful bidder(s) as per the terms and conditions stipulated in the EOI and the technical, commercial and financial bid

This manual contains the detailed procedures, guidelines to be followed by BSNL Corporate Office as well as by Telecom Circles to ensure smoother and faster decision making.

**THE TENDERING SYSTEM:** The salient points of the procedures adopted in tendering are given below:

**THE BID DOCUMENT OR TENDER DOCUMENT:** The Tender documents which includes conditions, specifications, quantities etc, would require the approval of the authority not lower than that which is empowered to accept the tender.

**NOTICE INVITING TENDER (NIT):** Following information are to be provided in the NIT:

- a) Date of issue of NIT
- b) Tender No
- c) Date & Time of Receipt & Opening of Tender
- d) Details & Quantities of Materials to be procured.
- e) Specifications of materials (of TEC/if not other details)
- f) Amount of Bid Security/Earnest Money (Whether in shape of B/G or by DD is to be specified)
- g) Dated and time of sale of Bid Documents.
- h) Price of Bid Documents.

**Precautionary conditions in NIT:**

- i. The competent authority approving the NIT can make necessary conditions individual cases, as follows, as enjoined in DGW OM No. DG W/con/9793/596.

- ii. The competent authority does not bind itself to accept the lowest or any other tender, and reserves its right to reject or all of the tenders received without the assignment of a reason.
- iii. The competent authority also reserves its right to allow to the Central Government Public Sector Enterprises a purchase preference with reference to the lowest valid price bid where the quoted price is within 10% of such lowest price, other things being equal, as amended from time to time by the Govt.
- iv. All tenders, in which any of the prescribed conditions are not fulfilled or are incomplete in any respect, are liable to be rejected.

**Advertisement of NIT in Newspaper:** The procedure for publication of NIT in concise format in one national daily with wide publication and Indian Trade Journal, Kolkata along with display in detail on BSNL website having a link with NIC will be mandatory for a tender for and above threshold value of Rs. 25 lakhs in case of procurement of goods/materials/equipment and Rs.10 lakhs in case of tender for hiring of services. For tenders below Rs.25 lakhs in case of procurements and below Rs. 10 lakhs in case of hiring of services, display of NIT on BSNL websites with form downloadable facility and sending it to minimum six eligible bidders will be mandatory.

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## **THE BID DOCUMENTS**

### **1. DOCUMENTS REQUIRED**

The goods required to be supplied; bidding procedures and contract terms and conditions are prescribed in the Bid Documents. The Bid documents include:

- (a) Notice Inviting Tender
- (b) Instructions to Bidders
- (c) General(Commercial) Conditions of Contract
- (d) Special conditions of Contract, if any
- (e) Schedule of Requirements
- (f) Technical Specifications
- (g) Bid Form and Price Schedules
- (h) Bid Security Form

- (i) Performance Security Bond Form
- (j) Letter of authorization to attend bid opening.

## **2. CLARIFICATION OF BID DOCUMENTS**

- 2.1 A prospective bidder, requiring any clarification on the Bid Documents shall notify the Purchaser in writing or by FAX at the Purchaser's mailing address indicated in the invitation of Bid. The Purchaser shall respond in writing to any request for the clarification of the Bid Documents, which it receives **not later than 21 days prior to the date of opening of the Tenders**. Copies of the query (without identifying the source) and clarifications by the Purchaser shall be sent to all the prospective bidders who have received the bid documents.
- 2.2 Any clarification issued by BSNL in response to query raised by prospective bidders shall form an integral part of bid documents and it may amount to an amendment of relevant clauses of the bid documents.

## **3. AMENDMENT OF BID DOCUMENTS**

- 3.1 At any time, prior to the date of submission of Bids, the Purchaser may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective bidder, modify bid documents by amendments.
- 3.2 The amendments shall be notified in writing or by FAX to all prospective bidders on the address intimated at the time of purchase of the bid document from the purchaser and these amendments will be binding on them.
- 3.3 In order to afford prospective bidders a reasonable time to take the amendment into account in preparing their bids, the purchaser may, at its discretion, extend the deadline for the submission of bids suitably.

## **4. DOCUMENTS ESTABLISHING BIDDER'S ELIGIBILITY AND QUALIFICATION**

The bidder shall furnish, as part of the bid documents establishing the bidder's eligibility, the following documents or which ever is required as per terms and conditions of Bid Documents.

- I. Certificate of incorporation.
- II. Article or Memorandum of Association or partnership deed or proprietorship deed as the case may be.

- III. Registration certificate from State Director of Industries or from Secretariat for Industrial Approval (SIA) , Ministry of Industries, Government of India.
- IV. Approval from Reserve Bank of India /SIA in case of foreign collaboration.
- V. Latest and valid NSIC Certificate duly certified by NSIC.
- VI. Type Approval Certificate given by Telecom Engineering Centre (TEC).
- VII. Inspection Certificate issued by BSNL (QA) for execution of Educational/Commercial Order.

## 5. BID SECURITY

- I. The bidder shall furnish, as part of his bid, a bid security for an amount of Rs\_\_\_\_\_ (Rupees\_\_\_\_\_ ) (Calculated @2% of estimated tender value). The bidders (small scale units) who are registered with National Small Scale Industries Corporation UNDER SINGLE POINT REGISTRATION SCHEME are exempted from payment of bid security up to the amount equal to their monetary limit. In case of bidders having monetary limit as “NO LIMIT”, the exemption will be limited to Rs.50,00,000/- (Rupees Fifty Lakhs) only as per existing policy of BSNL. A proof regarding current registration with NSIC for the TENDERED ITEMS will have to be attached along with the bid.
- II. The bid security is required to protect the purchaser against the risk of bidder’s conduct, which would warrant the forfeiture of bid security pursuant to para 12.7.
  - a. The bid security shall be in the form of a bank Guarantee/DD issued by a scheduled bank in favour of the purchaser, valid for a period of **180 days from the date of tender opening.**
- III. **A bid not secured in accordance with para 12.1 & 12.3 shall be rejected by the Purchaser being non-responsive at the bid opening stage and returned to the bidder unopened.**
- IV. The bid security of the unsuccessful bidder will be discharged/returned as promptly as possible as but not later than 30 days after the expiry of the period of the bid validity prescribed by the purchaser pursuant to clause 13.

- V. The successful bidder's bid security will be discharged upon the bidder's acceptance of the advance purchase order satisfactorily in accordance with clause 27 and furnishing the performance security.
- VI. The bid security may be forfeited:
- (a) If the bidder withdraws his bid during the period of bid validity specified by the bidder in the Bid form or
  - (b) In the case of successful bidder, if the bidder fails :
    - 1. to sign the contract in accordance with clause 28 or
    - 2. to furnish performance security in accordance with clause 27.
  - (c) In both the above cases, i.e 12.7 (a) & (b), the bidder will not be eligible to participate in the tender for same item for one year from the date of issue of APO. The bidder will not approach the court against the decision of BSNL in this regard.

## 6. PERIOD OF VALIDITY OF BIDS

- I. Bid shall remain valid for **150 days** from the date of opening of bids as prescribed by the purchaser. **A bid valid for a shorter period shall be rejected by the purchaser being non-responsive.**
- II. In exceptional circumstances, the purchaser may request the consent of the bidder for an extension to the period of bid validity. The request and the response thereto shall be made in writing. The bid security provided under clause 12 shall also be suitably extended. The bidder may refuse the request without forfeiting his bid security. **A bidder accepting the request and granting extension will not be permitted to modify his bid.**
- 14.2 The original and all copies of Bid shall be typed or printed and all the pages numbered consecutively and shall be signed by the bidder or a person or persons duly authorized to bind the bidder to the contract. The letter of authorization shall be indicated by written power-of-attorney accompanying the bid. **All pages of the original bid, except for un-amended printed literatures, shall be signed by the person or persons signing the bid. The bids submitted shall be sealed properly.**
- 14.3 The bid shall contain no interlineations, erasures or overwriting except as necessary to correct errors made by the bidder in which case such corrections shall be signed by the person or persons signing the bid.

## D. SUBMISSION OF BIDS

### 15. SEALING AND MARKING OF BIDS

- 15.1 The bid should be submitted in two covers. The first cover shall contain the original and four copies of the bid duly marked 'ORIGINAL' & 'COPY'. The



second cover shall contain documents establishing bidder's eligibility as per Clause 2 along with Bid Security as per Clause 12 (refer clause 3.1 of Section-IV of the Bid Document). Both the covers should be sealed separately by the personal seal of the bidder.

15.2 (a) The envelopes shall be addressed to the purchaser at the following address:

Jt.DDG (MMT),  
Bharat Sanchar Nigam Limited (Corporate Office),  
12<sup>th</sup> Floor, Statesman House, Barakhamba Road, New Delhi-110001.

(b) The envelope shall bear (the project name), the tender number and the words 'DO NOT OPEN BEFORE' (due date & time).

(c) The inner and outer envelopes shall indicate the name and address of the bidders to enable the bid to be return unopened in case it is declared 'late' or rejected.

(d) Tender may be sent by registered post or delivered in person on above mentioned address (address is given in Clause 15.2 (a) above). The responsibility for ensuring that the tenders are delivered in time would vest with the bidder.

(e) Bids delivered in person on the day of tender opening shall be delivered upto 11.30 Hrs. to Section Officer (MMT) {at the venue (address is given in clause 15.2 (f) below} of the tender opening. The purchaser shall not be responsible if the bids are delivered elsewhere.

(f) Venue of Tender Opening: Tender will be opened in Conference Hall, 1<sup>st</sup> Floor, Statesman House, Barakhamba Road, New Delhi-110001 at 12.00 Hrs. on the due date. If due to administrative reason, the venue of Bid opening is changed, it will be displayed prominently on 1<sup>st</sup> Floor at reception office of Statesman House, and notice board on 12<sup>th</sup> Floor.

**15.3 If both the envelopes are not sealed and marked as required at para 15.1 and 15.2 , the bid shall be rejected.**

## **16. SUBMISSION OF BIDS**

**16.1 Bids must be received by the Purchaser at the address on due date upto specified time.**

- 16.2 The Purchaser may, at its discretion, extend this deadline for the submission of bids by amending the Bid Documents in accordance with clause 6 in which case all rights and obligations of the purchaser and bidders previously subject to the deadline will thereafter be subjected to the deadline as extended.
- 16.3 The bidder shall submit his bid offer against a set of bid documents purchased by him for all or some of the systems/equipment as per requirement of the Bid Documents. He may include alternate offer, if permissible as per the bid. However not more than one independent and complete offer shall be permitted from the bidder.

## 17. LATE BIDS

Any bid received by the purchaser after the deadline for submission of bids prescribed by the purchaser pursuant to clause 16, **shall be rejected and returned unopened to the bidder.**

## 18. MODIFICATION AND WITHDRAWAL OF BIDS

- 18.1 The bidder may modify or withdraw his bid after submission provided that the written notice of the modification or withdrawal is received by the purchaser prior to the deadline prescribed for submission of bids.
- 18.2 The bidder's modification or withdrawal notice shall be prepared, sealed, marked and dispatched as required in the case of bid submission in accordance with the provision of clause 15. A withdrawal notice may also be sent by FAX but followed by a signed confirmation copy by post **not later than the deadline for submission of bids.**

## E. BID OPENING AND EVALUATION

### 19. OPENING OF BIDS BY PURCHASER

- 19.1 The purchaser shall open bids in the presence of bidders or their authorized representatives who chose to attend, at 12:00 hrs on due date. The bidder's representatives, who are present shall sign in an attendance register. Authority letter to this effect shall be submitted by the bidders before they are allowed to participate in bid opening (A Format is given in section X ).
- 19.2 A maximum of two representatives of any bidder shall be authorized and permitted to attend the bid opening.
- 19.3 The bidder's names, Bid prices, modifications, bid withdrawals and such other details as the purchaser, at its discretion, may consider appropriate will be announced at the time of opening.

- 19.4 The date fixed for opening of bids, if subsequently declared as holiday by the BSNL, the revised date of schedule will be notified. However, in absence of such notification, the bids will be opened on next working day, time and venue remaining unaltered.

## 20. CLARIFICATION OF BIDS

To assist in the examination, evaluation and comparison of bids, the purchaser may, at its discretion ask the bidder for the clarification of its bid. The request for the clarification and the response shall be in writing. **However, no post bid clarification at the initiative of the bidder shall be entertained.**

### 2. Objectives of Tender Evaluation:

Following are the Key objectives of Tender Evaluation

- Compliance to stipulated technical and commercial conditions
- Evaluate the bids for selecting reasonable and competitive rates
- Follow the evaluation in a very objective and transparent manner
- Ensure compliance to CVC guidelines
- Complete the evaluation process in defined time frame while ensuring checks like:

#### General Check

Unconditional clause-by-clause compliance of:

- General Conditions of the Contract
- Special Conditions of the Contract
- Clarifications/ amendments issued after NIT
- AMC Conditions
- Technical Specifications

#### Technical Evaluation

- All technical specifications are complied
- All items have been quoted as per schedule of requirements
- Bill of materials submitted with the bid meets our requirement and there is no under-provisioning

#### Financial Evaluation

- Arithmetical errors to be rectified
- Discrepancy between the unit price and total price, the unit price shall prevail
- Discrepancy between words and figures, the amount in words shall prevail
- Evaluation and comparison bids on the price of the goods offered inclusive of Levies & Taxes i.e., Sales Tax & Excise Duty, packing, forwarding, freight and insurance etc. but exclusive of octroi/ entry tax
- Duties/ taxes quoted are not more:
  - Concessional Sales Tax
  - Service Tax

- Custom Tariff Head in case of import content
- Credit of CENVAT/ MODVAT availed
- Ranking on the basis of corrected price schedule

### **3.0 FORMATION OF BID OPENING TEAM**

Since bid opening is an important responsibility, it is necessary that a bid opening team be formed formally, commensurate with the estimated value of the tender. It is recommended that composition of the bid opening team be as follows:

<b>Estimated value of the tender</b>	<b>Level of the bid opening officer</b>	<b>Other members of the bid opening team</b>
3 crore and above	Divisional Engineer or equivalent	Asstt. Engineer or equivalent + one dealing Asstt.
Less than 3 crore	Asstt. Engineer or equivalent	Accounts officer + one dealing Asstt.

Proposal for formation of bid opening team would be approved by the Jt DDG (MMT) in charge of the tendering, well in advance of the bid opening. Any change in the constitution of the Committee would need the approval of CGM/DDG(MM). The officer nominated for the bid opening is normally different from the officer who has to process the procurement case.

### **3.1 Preparations By the Bid Opening Team**

The Bid Opening Team should equip itself adequately in advance, to enable it to carry out its function efficiently during bid opening. These advance preparation would comprise of the following:

- a) Preparing Attendance Register for recording attendance of Bidders.
- b) Preparing list of bidders who have purchased the bid documents.
- c) Providing adequate number of mazdoors for shifting the documents form the point of acceptance to the bid opening venue.
- d) Ensuring security at the bid opening venue.
- e) Making adequate arrangements for issue of passes to enable smooth entry of the bidders to the bid opening venue.
- f) Ensuring provision of public address system to enable the bidders to hear information being read out.
- g) Making suitable sealing arrangements
- h) Making suitable arrangement for receipt, recording and stocking of the documents.
- i) Preparing formats in advance for recording information to be read out at the time of opening of Bids and preparing its minutes.
- j) Preparing direction pointers, notice etc. for display at prominent location to guide bidders to Bid Opening venue.

### **3.2 Information to be read out in Bid Opening**

The following information should be read out in the bid opening.

- a) Name of the Bidder
- b) Name of the item
- c) Quantities/prices quoted in the bid
- d) Discount, if offered
- e) Taxes and levies

The Bid Opening Official should politely and firmly turn down queries of any other nature from any bidder. No argument should be entertained on this account by the Bid Opening Officer. Before outright rejection of the Bid by Bid-opening team for noncompliance of any of the provisions (i) if covers are not properly sealed by bidder.(ii) Bid security is not submitted in required manner/lesser validity period, the bidder company is given opportunity to explain their position. However if the person representing the company is not satisfied with the decision of the Bid opening team, he/they can submit the representation to Bid-opening team immediately but in no case after closing of the tender process with full justification quoting specifically the violation of the tender conditions if any.

### 3.3 Minutes of the Bid Opening

In all cases, it should be ensured that the bid opening is completed on the same calendar day. The bid opening official would be responsible for preparation of the minutes on the same day of the bid opening or maximum the next day to the bid opening, in case the bid opening drags on well beyond the closing hours of the office. In case the minutes are issued the next day, reason should be recorded by the Bid Opening Officer for examination and acceptance by his superior officer.

The bid opening minutes should comprise of the following:

- (a) List of participants who attended the bid opening.
- (b) Report on the bid opening duly prepared by the bid opening official and signed by him along with other members of the bid opening team certifying that only those bidders who were eligible to participate, were allowed to participate.
- (c) Information regarding item read out.
- (d) Submission of Bid documents, bidder-wise were as per Bid conditions to be indicated.
- (e) Statement that all steps taken to preserve the sanctity of the Bids.
- (f) Certificate regarding proper storage of Bids, after the Bid opening, in secured area.

### 4.0 Constitution of Committee for Evaluation of Tender (CET)

Technical	Planning/Service/technology cell	Convener
Commercial	MM cell	Member
Finance	Finance Cell	Member

In addition depending upon the nature of the tender, officer(s) from TEC/Operation Branch could also form part of the Committee for Evaluation of Tender.

### 5.1 Level of Committee for Evaluation of Tender

The level of the Committee for Evaluation of Tender depends upon the value of the Tender. The levels for different value are given below:

Value of the Tender	Members	
	Technical Finance	Commercial
UptoRs 10 Crores	DGM	AGMAGM
>Rs 10 Cr & uptoRs 50 Cr	DGM DGM	DGM
>Rs 50 Cr & uptoRs 100 Cr	CGM/PGM/GM DGM	DGM
>Rs 100 Cr	CGM/PGM/GM GM	GM

### 5.2 Guidelines to committee for evaluation of tender (CET)

The Guidelines provide broad procedures to enable the evaluation process. Correct evaluation decision will continue to depend upon the experience and good judgment of those who are responsible for evaluation.

1. The following document should be handed over to the CET members by MM/tender processing Cell:
  - a) All bids accepted at the time of bid opening.
  - b) Bid document along with technical specification(s).
  - c) Guidelines for CET.
  - d) Minutes of the bid opening, if any.

The above document should be received by CET members personally.

2. Wherever there is any variation between the Technical Compliance Statement and the Drawings / Literature attached in support of or merely with Technical Compliance Statement the bidders should be asked to clarify/confirm specifically the technical compliance. In cases where offered product is under-provided the CET should load the quoted price appropriately so as to bring it to the desired level of technical compliance.
3. Determination of the bid's responsiveness is to be based on the contents of the bid itself without recourse to extrinsic evidence. Queries to or from bidders should generally be avoided.
4. Any document which has an impact on price of the bidders and which is submitted by the bidder after opening of the tenders should not be considered and should be ignored.
5. Only responsive bids should be evaluated in detail. A responsive bid is a bid which satisfies following conditions of the bid documents:
  - a) It meets all the major technical clauses.
  - b) It meets commercial clauses.
  - c) The offer is accompanied by a bid security deposit on the prescribed

Proforma as indicated in the bid document and valid for 30 days beyond the validity of the bid. The validity of the bid as per current tender documents is 210 days from the date of bid opening.

- 6.1 The CET should hold a preliminary meeting within one week of handing over of the tender Documents. The activity as per 6.2.1, 6.2.2 and 6.2.3 below should commence immediately. The convener of the CET may coordinate to ensure that the statements relating to 6.2.1, 6.2.2 & 6.2.3 are handed over to the Finance representative so that finance vetting can start.
- 6.2 In order to help the Committee for Evaluation of Tender to formulate its recommendations within a reasonable time frame the following allocation of responsibilities for different actions are indicated herein.
  - 6.2.1 The technical evaluation and preparation of comparative statement of value of bids is to be carried out by the technical branch representative(s) on the CET. The technical comparative assessment of the material list is required to be done along with the corresponding prices to be taken for evaluation. Vetting of such comparative list will be done by the Finance representative on CET.
  - 6.2.2 Commercial Evaluation is to be carried out by the MM Cell representative in CET and vetted by the Finance representative.
  - 6.2.3 Vetting of the comparative statements of bids and commercial evaluation statement is to be done by the Finance representative on the CET.
7. Once finally vetted statements become available (within per-determined time frame), CET may finalize its recommendations within further TEN days.
8. In case the committee has listed out major technical and commercial conditions as evaluation criteria, the same should be clearly indicated in the report.
9. The CET should clearly spell out its recommendations in its report about technically acceptable bids, listed in an order starting from the lowest technically acceptable bid(L-1) upwards or as per vendor rating starting from V-1. The report should contain complete technical, commercial and financial appraisal, the logic leading to the recommendations themselves and reason for rejecting bids lower than the lowest technically acceptable bids.
10. After consideration of all the above aspects the CET shall determine the ordering price of the equipment and take into consideration the reasonableness of this price.
11. The tender shall be evaluated for the quantities indicated in the schedule of requirements. In normal purchase procedure, the orders will go in favour of the lowest acceptable bidder for the full quantity. Apportioning the quantities may arise due to certain limitations or considerations. As most of the items procured by the BSNL are specialized products it becomes necessary to sustain multiple vendors/suppliers through distribution of quantities.
12. Distribution of the tendered quantities amongst the various suppliers:

The total quantity of the order should be distributed amongst different bidders who meet the technical and commercial specifications when such distribution is in the long term interest of the company. It is desirable that the BSNL sustains multiple vendors through distribution of order to promote competition as in most of the cases the Department is the sole user of such equipment/materials.

It may not be practicable to distribute the orders to all the bidders who meet the technical specifications and commercial conditions, as in some case the quantity ordered on each supplier will be too small to be viable, both for supply and use by the Department. The distribution of orders, therefore should normally be restricted to the bidders who are within 50 to 60% of the lowest bid. It is, however, to be conceded that where the quantity to be ordered is very large or very small the number of bidders to be accommodated may have to be worked out differently.

The quantity to be allocated to L-1 and number of suppliers on whom orders shall be placed would be specified in the tender document. The CET thus should act as per these guidelines for distribution of the quantities amongst the various eligible suppliers. In case no mention is made in the documents then, it should be in the inverse ratio of their price quotation. This will ensure that there is incentive for the bidders to quote their lowest price from tender to tender. While deciding the quantities technical feasibility of distribution and the capability of each of the suppliers has to be kept in view. All the bidders should be offered uniform price for supply.

13. The recommendations of the Committee for Evaluation of Tender are essentially internal document. Final decisions are taken by the competent authority on the basis of CET recommendation. The confidentiality of the CET document from outsider is, therefore, to be maintained. No information to substance, examination, clarification or evaluation of bids and recommendations should be communicated to persons other than those officially concerned.
14. **All the pages and enclosures of the CET report should be numbered consecutively and signed by all CET members.**
15. The CET recommendations in duplicate should be received in MM Cell within 4 to 6 weeks of handing over the documents to the CET members. The responsibility for ensuring this vests with Chairman / Convener of the CET.
16. If CET needs additional time to complete the work, permission of extension may be obtained from competent authority by the Chairman of CET specifically indicating the reason for the same. Permission of extension, if granted, may be intimated to MM cell/processing section for the purpose of record and taking further suitable action.
17. The meetings of Committee for Evaluation of Tender should be fixed with prior consultation with its members. They should be contacted on telephone as well. If any of the members appointed to the committee for tender evaluation fails to attend the meetings for more than one occasion consecutively the chairman of CET should bring it to the notice of concerned Member of the Commission.

The Chairman/Convener of the Committee for Evaluation of Tender should formally submit the report of the committee to the MM Branch.

18. Evaluation of Single responsive bid: Such cases are not to be treated as single tender. CET is allowed to evaluate such responsive bid and competent authority can decide in consultation with IFA by satisfying that:
  - a) Wide publicity was given for the subject tender
  - b) Tender specifications are generic in nature.
  - c) Qualified bidder satisfies all tender specifications, terms & conditions



- d) Rates are reasonable.
- e) All the policies/guidelines regarding procurement of Telecom equipment and stores in BSNL are observed.

### **CVC Guidelines**

CET should confirm that Notice Inviting Tenders was published in appropriate newspapers, put on BSNL websites and also on main website of NIC. (Also downloadable Tender document, if it does not require Non disclosure agreement)

### **Negotiation**

- As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1, except in certain exceptional situations. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
- In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity should, however, be procured expeditiously through a re-tender, following the normal tendering process.
- Negotiations should not be allowed to be misused as a tool for bargaining with L1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalized within their validity period.

## **AWARD OF CONTRACT**

### **24. PLACEMENT OF ORDER**

The Purchaser shall consider placement of orders for commercial supplies only on those eligible bidders whose offers have been found technically, commercially and financially acceptable and whose goods have been type approved/validated by the purchaser. **The Purchaser reserves the right to counter offer price(s) against price(s) quoted by any bidder.**

### **25. PURCHASER'S RIGHT TO VARY QUANTITIES**

- (a) **BSNL will have the right to increase or decrease up to 25% of the quantity of goods and services specified in the schedule of requirements without any change in the unit price or other terms and conditions at the time of award of contract.**
- (b) In exceptional situation where the requirement is of an emergent nature and it is necessary to ensure continued supplies from the existing vendors, the purchaser reserves the right to place repeat order up to 50% of the quantities of goods and services contained in the running tender /contract within a period of twelve months from the earliest date of acceptance of APO at the same rate or a rate negotiated (downwardly) with the existing vendors considering the reasonability of rates based on prevailing market conditions and the impact of reduction in duties and taxes etc.

### **26. PURCHASER'S RIGHT TO ACCEPT ANY BID AND TO REJECT ANY OR ALL BIDS**

**The Purchaser reserves the right to accept or reject any bid, and to annul the bidding process and reject all bids, at any time prior to award of contract without assigning any reason whatsoever and without thereby incurring any liability to the affected bidder or bidders on the grounds of purchaser's action.**

### **27. ISSUE OF ADVANCE PURCHASE ORDER**

- 27.1 The issue of an Advance Purchase Order shall constitute the intention of the Purchaser to enter into contract with the bidder.
- 27.2 The bidder shall within 14 days of issue of the advance purchase order, give his acceptance along with performance security in conformity with section IX provided with the bid document.

**28. SIGNING OF CONTRACT**

28.1 The issue of Purchase order shall constitute the award of contract on the bidder.

28.2 Upon the successful bidder furnishing performance security pursuant to clause 27, the Purchaser shall discharge the bid security in pursuant to clause 12.

**PURCHASE ORDER****Conditions for issue**

The issue of Purchase Order in any procurement is contingent to the following conditions being met:

1. The Committee for Evaluation of Tender recommendations, including any modifications, where felt necessary, being approved by the competent authority.
2. The purchase proposal being approved and concurred by the competent administrative authority and finance advice.
3. The successful bidder/bidders accepting the Letter of Intent/Advance Purchase order containing all the commercial clauses and prices unconditionally.
4. The successful bidders providing the required Bank Guarantee from the Nationalised/ Scheduled Bank.
5. The issue of Purchase Order, in the approved format being approved by the Jt.DDG/DGM in charge of procurement.
6. The Purchase Order shall be issued on firm prices only.

**Competent Authority to Issue Purchase order**

On the fulfilment of the conditions necessary to issue the Purchase Order, the designated ADG of the MM Branch would be competent authority to issue the Purchase Order.

**TERMS AND CONDITIONS OF THE PURCHASE ORDER****1.0 Payment Terms :**

1.1 Payment of 95% of the price shall be made on receipt of goods by consignee. For claiming this payment the following documents are to be submitted to the paying authority.

- (i) Invoice
- (ii) Delivery Challan
- (iii) Supplier certificate for dispatch
- (iv) Excise Invoice or equivalent document
- (v) Inspection certificate of QA
- (vi) Consignee receipt
- (vii) The sea freight receipt as per the rates approved by the Ministry of Water and Surface Transport, if any

(viii) Proof of payment of octroi/entry tax etc., if any

1.2 (i) The balance 5% payment shall be released within 6 months from the date of supply of the equipment in case there are no damage/shortages. In those cases where such shortages/damages are intimated to the supplier in writing, the balance payment shall be released only after the cases are settled in accordance with the provision of the P.O.

- (ii) 100% payment (in place of 95%) may be made on delivery, provided that an additional Bank Guarantee for an amount equivalent to 5% of the value of supplies valid for a minimum period of seven months is furnished by the supplier along with an undertaking that the equipment/stores supplied shall be free from damages/ shortages. In those cases, where such shortages/damages are intimated to the supplier in writing, the Bank Guarantee shall be extended without fail by the supplier for a suitable period at the request of purchaser in writing. Failure to do so shall result in forfeiture of Bank Guarantee. The Bank Guarantee shall be accepted at Circle Head Quarter and shall be released only after the cases are settled in accordance with the provisions available in the Bid Document/Purchase Order. In case, where the additional Bank Guarantee for 5% is not provided, then the payment will be settled as per clauses 1.1 & 1.2 (i) mentioned above.

*[Hint: The actual payment conditions for new products or procurements having installation and AMC services may be decided on case to case basis and incorporated in special conditions of the contract]*

1.3 Form C and also a certificate stating that the tendered item (stores) are meant for the use of BSNL shall be provided by the purchaser on the request of the bidder as and when asked for.

1.4 Any increase in taxes and other statutory duties/levies after the expiry of the delivery date shall be to the Supplier's account. However, benefit of any decrease in the taxes/duties shall be passed on to the purchaser by the supplier.

### Local Purchase Procedure

Based on the type of goods/services to be procured, estimated cost, provisions contained in the GFR-2005 and schedule of financial powers for officers of BSNL, the procuring section in the BSNL field offices shall adopt any one of following method for the procurement of goods/services:-

(i) **Purchase without quotation:** Based on the market enquiry, the procuring section shall collect the lowest rate quotation from the supplier through whom goods/services are proposed to be procured. The proposal in this regard shall be submitted to the competent authority for his approval as per the guidelines contained in GFR-2005 and schedule of financial powers of BSNL officers. After the approval of the competent authority, JTO/SDE in-charge shall place an order on the supplier for delivery of the goods/services. On receipt of goods/services, the JTO/SDE in-charge/Store in-charge shall make an entry in the stock register and shall also record a certificate in the file regarding receipt of goods/services of requisite specifications, quality and quantities. The bill passing authority shall pass the bill after ascertaining that such a certificate has been placed in the file.

**Such purchases are done under GFR 2005 (Rule 145) and the competent authority shall record a certificate in the following format :**

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

(ii) **Purchase with quotations:** In such cases, the procuring section shall get an appropriate committee constituted under the approval of competent authority. This committee shall collect quotations from the open market after doing market survey/enquiries and will give its recommendations. The report of the committee shall be

processed by the procuring section for the consideration and approval of the competent authority. After the approval of the competent authority, JTO/SDE in-charge of the section shall place an order on the supplier for delivery of the goods/services. On receipt of goods/services, the JTO/SDE in-charge/Store in-charge shall make an entry in the stock register and shall also record a certificate in the file regarding receipt of goods/services of requisite specifications, quality and quantities. The bill passing authority shall pass the bill after ascertaining that such a certificate has been placed in the file.

**Such purchases are done under GFR 2005 (Rule 146) and the members of the purchase committee shall jointly record a certificate in the following format :**

*“Certified that we, ....., members of the purchase committee are jointly and individually satisfied that these goods recommended for purchase are of the requisite specification and quality , priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question”*

- (iii) **Purchase through limited or open tender :** In such cases, the procuring section shall prepare a tender document covering specification of goods/services to be procured, general conditions, special conditions, price schedule, NIT etc. The tender document is to be prepared as per the provisions contained in the BSNL procurement manual, instructions issued from DoT / CVC / BSNL Corporate Office on the subject from time to time. The tender document shall be submitted to competent authority for approval. In case of open tendering, the NIT shall be published in Newspapers as per policy of BSNL while in case of limited tendering, the document shall be sent to prospective suppliers through speed/registered post. In case of limited tender, the tender document can also be given to a supplier who makes a written request on his own. In both cases, the NIT shall be uploaded on the BSNL website and placed on notice boards for wider publicity. The procuring section shall also constitute the Tender Opening Committee and Tender Evaluation Committee under the approval of competent authority. The Tender Opening Committee and Tender Evaluation Committee shall carry out their jobs as per provisions contained in BSNL procurement manual, instructions issued from DoT/CVC/BSNL Corporate Office on the subject from time to time. The recommendations of the Tender Evaluation Committee shall be examined by the procuring section and processed further for approval of the competent authority. After approval of the tender by competent authority, JTO/SDE of the section shall convey the approval of the tender and rates to the

concerned supplier and ask the supplier to complete other departmental formalities like deposit of requisite security amount, agreement etc. After completion of necessary formalities, the JTO/SDE in-charge of the procuring section shall place a work order or Advance Purchase Order (to be converted later into Purchase Order after completion of other requisite formalities by the supplier) for provisioning of goods/services by the supplier as per the terms and conditions of the tender. On receipt of goods/services, entries shall be made in the stock register/works register. The JTO/SDE In-charge/Store In-charge shall also record a certificate in the file regarding receipt of goods/services of requisite specifications and quantities. The bill approving / passing authority shall approve / pass the bill after ascertaining that such a certificate has been placed in the file. In case the goods/services are to be received / utilized by users/faculties directly then the concerned JTO/SDE of the faculty shall receive/utilize the goods/services and record entries in the stock register/works register. A similar certificate as described above shall also be placed in the file and bill approving/passing authority shall approve/pass the bill after ascertaining that such certificate has been placed in the file. Records of all payments made shall also be kept by the concerned section/faculties in a register.

- (iv) **Purchase through DGS&D:** BSNL Corporate office has authorized field units for procurement of certain items through approved suppliers on DGS&D rate contract. In such cases, the concerned section shall choose a supplier from the approved rate contract list for supply of goods/services. This decision may be based on the recommendations of a committee formed by the section for this purpose or repute & credibility of the supplier or the ability of the supplier to supply requisite goods/services or as per any guideline/orders by the BSNL Corporate Office. After selection of the supplier, the concerned section shall submit a proposal to the competent authority for his approval. After approval of the competent authority, formalities if any shall be completed before issue of the Advance Purchase Order/Purchase Order by DE in-charge of the section. The further procedure is similar to as described in (iii) above.
- (v) **Purchase through Civil or Electrical Wings:** Many a times, there is a requirement to purchase goods/services through civil or electrical wing. For procurement of goods/services of purely civil or electrical nature, the user wing/section shall submit their requirements along with specifications to Civil or Electrical wing. The civil/electrical wing shall procure the goods/services and deliver it to respective user faculties. The user faculties shall record the receipt of goods/services in the stock register and keep a certificate as prescribed in (iii) above. All necessary records shall

be provided by the executing agency and maintained thereafter by ultimate receiving section.

- (vi) **Purchase through supplier approved by BSNL Corporate Office:** In BSNL Field units, switching/transmission equipments are generally being procured the BSNL Corporate Office. The BSNL Corporate Office, in due course of time, finalizes the supplier of such items. The BSNL Corporate Office may procure the item and supply it to concerned field units otherwise it may ask the concerned field units to place a purchase order directly to the supplier. In such cases, the respective field units shall prepare the purchase order and after approval of competent authority shall place the purchase order on the supplier as per directions issued by BSNL Corporate Office in this regard. The rest of the method is similar as described in (iii) above.

**Sources / Acknowledgements:**

1. BSNL Procurement manual with amendments
2. A handbook on Telecom Material management & Tendering Procedure (With Reference to BSNL) by C.V.R.Reddy 2001 Edition
3. Relevant paras of GFR 2005
4. Local Purchase procedure in ALTTC : From ISO documents



**Annex-1.1****Centralized Items to be procured by BSNL Corporate Office**

<b>S.N.</b>	<b>Item</b>
1	Digital Wave Division Multiplexing (DWDM) equipment and associated test and measuring instrument
2	Synchronous Transport Mode (STM)-1,4,16 Equipment and associated test and measuring instrument
3	Digital cross connect systems.
4	Cellular Mobile Service Expansion Equipment
5	Extra Large Digital Switches, C-DOT MAX-XL & TAX including RSUs & RLUs
6	PIJF Cables except 5 Pair Cables
7	National Internet Backbone Equipment(NIB)-II
8	WLL Service Expansion Equipment
9	Voice Over Internet Protocol(VOIP) Equipment
10	International Gateway Equipment
11	Optical Fibre Cables. 24 Fibre & higher
12	Any new Technology or new services items
13	Digital Satellite Public Phone(DSPT)
14	Digital Loop Carrier(DLC)
15	Line Multiple Distribution System(LMDS)
16	Digital Circuit Multiplexing Equipment(DCME)
17	Intelligent Network(IN)
18	Managed Leased Line Network (MLLN) Equipment

19	Any New Technology or New Services Item or Item not established in the network being introduced for the first time and items for which quality has not stabilized
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Questions:

1. List out the salient points of BSNL's Procurement Policy.
2. List and describe various ways through which procurement is done in BSNL
3. List and explain various routes/ways through which Local Purchases are done in BSNL.
4. What is the constitution of Tender Opening and Tender Evaluation committee? List out their roles and responsibilities.
5. What are the CVC guidelines pertaining to procurements and Tendering?
6. List out the common lapses in carrying out procurement. How can we avoid those?
7. Explain the local purchase procedure through GFR 145 and 146. State the major differences between the two ( Local purchase through GFR 145 and 146)
8. What do you understand by decentralised procurement? Is SSA head competent to procure decentralised items?

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