

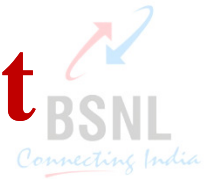
E4-E5 (MANAGEMENT)

BSNL Procurement Policy

INTRODUCTION

- Organization needs various resources - Men, machine, material.
- Many of these resources have to be procured from various suppliers.
- In BSNL procurement is done at two levels:
 - a) **Centralized** items are procured by the BSNL Corporate Office.
 - b) **Decentralized** items are procured by the Circles.
 - c) Other items not falling under a & b above procured by SSA and other field units (**Local Purchases**).

Types of Materials for Procurement



- **Stocked Items**

- Which are stocked in the Telecom Stores

- Supplied to the Indenting unit by store organization

- **Non-Stocked Items**

- Which are not stocked in the Telecom Stores

- Centralized, Decentralized & Local Purchases

- Contingent Items

- Mostly purchased by the SSA(Petty Local Purchase)

Sources of Procurement



- Telecom Store Organisation
 - Circle Telecom Stores
 - Telecom Factories
 - CGM Telecom Stores Kolkata
 - Telecom PSUs
 - ITI, HTL, HCL, TCIL
 - DGS & D
 - Kendriya Bhandar & NCCF
 - Private Sources
 - Indian & MNCs
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Type Approval, Inspection & Testing



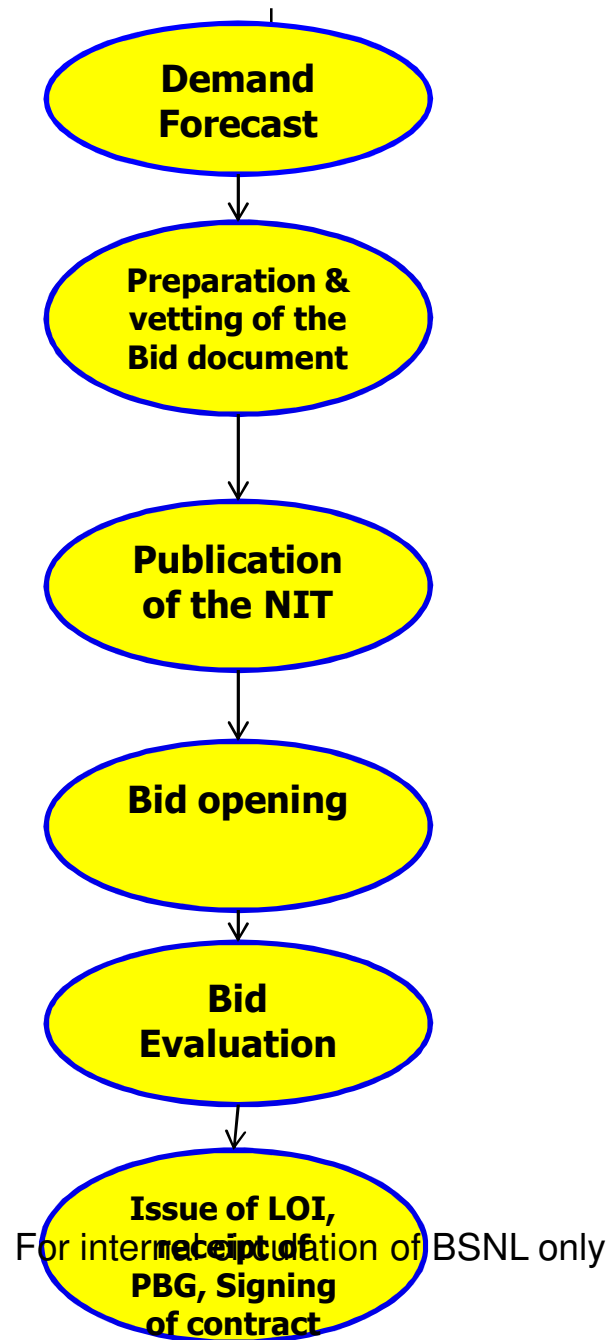
- Telecom Equipment to be procured must be type approved by the Telecom Engineering Centre (TEC), DOT
 - Deliveries of purchased items accepted after appropriate Inspection & Testing by the Quality Assurance (Q.A.) wing of BSNL
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PROCUREMENT METHODS



- Limited Tender
 - Up to Rs.2 lakh
- Open Tender
 - Beyond Rs. 2 Lakh
- Single Tender
 - For proprietary items
- Expression of Interest (EOI) Route
- Negotiations Route
- Local Purchase
 - **With Quotation**
 - **Without Quotation**

Tendering System Flow Chart



Demand Forecast



Need

The starting point of the procurement process for any item is estimation or forecast of its requirements to be reflected in the tender document.

Forecasting Methods

For all items being procured by MM Cell, the forecast of the equipment is obtained from the concerned user branches who plan for the induction of such equipment into the network. The requirement of the equipment against each project or by each Circle is worked out after discussion with the concerned Head of the circle and finalized by the Planning Branch.

Parameters based on which forecast is made



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- Target of gross DELs, WLL, Cellular Mobile to be provided.
 - Target of gross switching equipment, WLL, Cellular Mobile equipment to be installed.
 - Target of village public Telephones to be provided.
 - Requirement of transmission media, Power Plants, Batteries and Terminal Equipment.
 - Requirement under “New Programmes/Services”.
 - Special up-gradation requirements, specially where electronic exchanges or digital transmission systems are planned.
 - Maintenance Requirements.
 - Spares.
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The Bid Document or Tender Document

- The Tender or Bid document which includes conditions, specifications, quantities etc, would require the approval of the authority not lower than that which is empower to accept the tender.
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The Bid document includes:

- Notice Inviting Tender
 - Instructions to Bidders
 - General (Commercial) Conditions of Contract
 - Special conditions of Contract, if any
 - Schedule of Requirements
 - Technical Specifications
 - Bid Form and Price Schedules
 - Bid Security Form
 - Performance Security Bond Form
 - Letter of authorization to attend bid opening.
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Bid Systems

■ Single Bid Systems

- Technical & Financial Bid evaluated **simultaneously**

■ Two Bid System

- Technical & Financial Bid evaluated **separately**

Notice Inviting Tender (NIT)

Following information are to be provided in the NIT:

- Date of issue of NIT
- Tender No
- Date & Time of Receipt & Opening of Tender
- Details & Quantities of Materials to be procured.
- Specifications of materials
- Amount of Bid Security/Earnest Money (*Whether in shape of B/G or by DD is to be specified*)
- Date and time of sale of Bid Documents.
- Price of Bid Documents.

Precautionary conditions in NIT



The competent authority approving the NIT can make necessary conditions as follows:

- 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.
- 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
- 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



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- 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/equipments 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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Clarification of Bid Documents



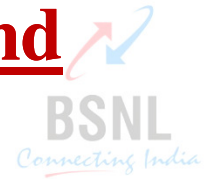
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- The Purchaser shall respond in writing to any request for the clarification of the Bid Documents, which it receives **not later than 21 days prior to the date of opening of the Tenders.**
 - Copies of the query (without identifying the source) and clarifications by the Purchaser shall be sent to all the prospective bidders who have received the bid documents.
 - 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.

Amendment of Bid Documents



- 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.
- 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.
- 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.

Documents Establishing Bidder's Eligibility and Qualification



- Certificate of incorporation.
- Article or Memorandum of Association or partnership deed or proprietorship deed as the case may be.
- Registration certificate from State Director of Industries or from Secretariat for Industrial Approval (SIA) , Ministry of Industries, Government of India.
- Approval from Reserve Bank of India /SIA in case of foreign collaboration.
- Latest and valid NSIC Certificate duly certified by NSIC.
- Type Approval Certificate given by Telecom Engineering Centre (TEC).
- Inspection Certificate issued by BSNL (QA) for execution of Educational/Commercial Order.

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Pricing of the tender documents

<u>S.N.</u>	<u>Estimated cost of tender</u>	<u>Bid document price</u>
i.	Upto Rs 1 Lakh	Rs 100/-
ii.	Above Rs 1 Lakh and upto Rs 50 Lakh	Rs 500/-
iii.	Above Rs 50 Lakh and upto Rs 1 Crore	Rs 1,000/-
iv.	Above Rs 1 Crore and upto Rs 10 Crores	Rs 2,000/-
v.	Above Rs 10 Crores and upto Rs 50 Cr.	Rs 4,000/-
vi.	Above Rs 50 Crores and upto Rs 150 Cr.	Rs 8,000/-
vii.	Above Rs 150 Crores	Rs 10,000/-

Slide 19

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Bid documents for Limited Tenders of estimated cost of upto Rs. 50,000/- may be issued free of cost.

JS, 10/27/2010

Bid Security

- The purpose of the bid security is to get a commitment by the bidder to honour his bid during the validity of the bid.
- The value of the bid security will be equal to 2% of the estimated cost of the equipment/goods proposed to be procured subject to maximum of 2 crore rupees.
- The validity of the bid security bond is kept 30 days beyond the bid validity.
- 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.

Release of bid security

- The bid security of the unsuccessful bidder will be discharged/returned as promptly as possible but not later than **30 days** after the expiry of the period of the bid validity prescribed by the purchaser.
- The successful bidder's bid security will be discharged upon the bidder's acceptance of the advance purchase order satisfactorily and furnishing the performance security.

Forfeiture of bid security

The bid security may be **forfeited** :

- If the bidder withdraws his bid during the period of bid validity specified by the bidder in the Bid form or
- In the case of successful bidder, if the bidder fails:
 - (i) to sign the contract.
 - (ii) to furnish performance security

Period of Validity of Bids



- 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**
- 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 shall also be suitably extended.
- The bidder may refuse the request without forfeiting his bid security.

Formation of Bid opening team (TOC)



Estimate value of the tender	Level of the Bid opening officer	Other members of the bid opening team
3 crores and above	D.E. or equivalent	A.E. or Equivalent + One dealing Asstt.
Less than 3 crores	A.E. or equivalent	A.O. + One dealing Asstt.

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Preparations by the bid opening team

- Attendance register of the bidders.
- List of bidders who purchased the bid document.
- Majdoor, Security Guard etc.
- P.A. system.
- Sealing, un packing, and binding/tagging arrangements etc.
- Seating arrangements for the bidders or their representatives

Information to be read out in bid opening



- Name of the bidder.
- Name of the item.
- Quantities/ prices quoted in the bid.
- Discount if offered.
- Tax & levies.
- Bid opening official should politely and firmly tern down queries of any other nature from any bidder.
- No argument should be entertainment on this account by the bid opening officer.

Minutes of the bid opening

- Bid opening is completed on the same calendar day.
- Bid opening officer is responsible for preparation of the minutes on the same day or maximum next day of the bid opening with reasons recorded.

It should contain:

- (a) List of participants.
- (b) Report duly signed by bid opening team certifying that only eligible participants were allowed.
- (c) Information regarding item read out.
- (d) Submission of Bid documents, bidder-wise were as per bid conditions.
- (e) Steps taken to preserve the sanctity of the bids.
- (f) Proper storage of bids after the bid opening.

Constitution of the TEC

Technical	Planning / service/technology cell	Convener
Commercial	MM cell	Member
Finance	Finance cell	member

In addition depending upon the nature of the tender, officers from TEC / Operation Branch could also form part of the CET.

Level of Committee for Evaluation of Tender

Value of the tender	Members		
	Technical	Commercial	Finance
Upto Rs. 10 crores	DGM	AGM	AGM
>Rs.10 Cr. & upto Rs. 50 Cr.	DGM	DGM	DGM
>Rs. 50 Cr & upto Rs. 100 Cr.	CGM/PGM/ GM	DGM	DGM
>Rs.100 Cr.	CGM/PGM/ GM	GM	GM

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Tender Evaluation



Objectives

- 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:
 - a) General Check
 - b) Technical Evaluation
 - c) Financial Evaluation

Tender Evaluation



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

Tender Evaluation



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

Tender Evaluation

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

Guidelines to Committee for Evaluation of Tender (CET)



- Correct evaluation decision will continue to depend upon the experience and good judgment of those who are responsible for evaluation.
- The following documents are needed for evaluation:
 - (a) all bids accepted at the time of bid opening.
 - (b) bid document along with technical specs.
 - (c) guidelines for CET.
 - (d) minutes of bid opening, if any.
- Where there is any variation technical compliance statement.

CET...Contd...

- Determination of bid responsiveness based on contents of bid itself.
 - (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.
- Quarries to or from bidders should generally be avoided.
- No document should be asked which impacts on price.
- Only responsive bids should be evaluated in detail.
- CET should hold a preliminary meeting within one week of handing over of the tender documents.
- CET formulate its recommendation within a reasonable time frame.

CET...Contd...

- The technical evaluation and preparation of comparative statement of value of bids is to be carried out by the technical branch representatives on the CET & its vetting will be done by the finance representative on CET.
- Commercial evaluation – by MM Cell representative in CET & vetted by finance representative.
- Vetting of comparative statement of bid & commercial evaluation – finance representative on the CET.
- CET should clearly spell out its recommendation in its report about technically acceptable bids, listed out in orders starting from the lowest technically acceptable bid (L-1) upwards. With all technical, commercial & financial appraisal.
- After consideration of all the above aspects the CET shall determine the ordering price of the equipment with reasonableness of this price.

CVC Guidelines



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- NIT should be published in newspapers
 - BSNL website.
 - Govt. tender link (www.tenders.gov.in)
 - **Negotiation:**
 - No post tender negotiation with L-1 except in certain **exceptional situations.**
 - Proprietary items, items with limited sources of supply
 - Item where there is a suspicion of cartel formation.
 - Where Re-Tendering will harm the interest of the purchaser
 - The justification and details of such negotiation should be duly recorded.
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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:

- Purchase without quotation
- Purchase with quotations
- Purchase through limited or open tender
- Purchase through DGS&D
- Purchase through Civil or Electrical Wings
- Purchase through supplier approved by BSNL C.O.

Local Purchase Procedure



Purchase without quotation

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”

Local Purchase Procedure



Purchase with quotation

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”

Procurement : Procedural Lapses



- Irregular operation on Tender Rates of other units
 - Purchase without sanctioned Estimate
 - Purchase of Decentralized items by the SSA or centralized item by circle
 - Purchase through Quotation where Tender was mandated
 - Purchase beyond the delegated financial powers by splitting of the purchases
 - Purchase on unique commercial conditions or non standard technical specifications
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SUM UP



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- BSNL has clearly enumerated procurement policy & Manual
 - Procurement at 3 levels : **Centralized, De-centralized & Local**
 - There are multiple routes/method of procurement
 - Essence of all these methods is **financial prudence, transparency,** and **efficiency**
 - Procurement should be of '**Right**' **Quantity**, of '**Right**' **Quality**, at '**Right**' **time**, from '**Right**' **Source**, and at '**Right**' **Price**
 - Officials dealing in MM & Procurement must follow all the guidelines, rules & procedures of DOT/BSNL/CVC
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Thanks