

## STORES PURCHASE MANUAL

Government as per G.O.(P)No.3/SPD/2013 dt. 21.06.2013 had issued orders revising the Stores Purchase Manual. The revised manual is having 18 Chapters and Annexures. It is appended with circulars of Central Vigilance Commission etc.

### Administrative Sanction

This is the sanction required for effecting any purchase. This can be issued by purchasing officers according to their delegation of powers. If the estimate is more than their financial powers obtain A.S. from higher authorities.

### Budget Sanction

Before issuing A.S., ensure that there should be provision in the budget.

Tender/quotation are to be obtained in all purchases except the following:

- i. Purchase of books and periodicals in all departments involving less than `15,000/- at a time. (discount may also be considered).
- ii. Petty purchases of less than `15,000/- at a time.
- iii. Purchase from Govt. Sources subject to the provisions in para 9.12 to 9.25.
- iv. Special purchases in which any other procedure is approved by Govt.
- v. Controlled items of stores from controlled stores.
- vi. Purchase of articles covered by Rate of running contracts settled by DGS & D, New Delhi or the SPD, Govt. Of Kerala. It should be indicated while issuing A.S.
- vii. During the instant of natural calamity or any other emergency as declared by Government.
- viii. Purchase of proprietary items.
- ix. Invite simple quotations from leading publishers and book sellers and place orders on the basis of competitive quotation so that maximum discount may be obtained, in case of purchase of books and periodicals above `15,000/-

### Purchase of stores without quotation

Purchase of stores up to a value of `15,000/- on each occasion may be made without inviting quotation/bids by the competent authority on the basis of a certificate to be recorded by him in the following format:

I..... am personally satisfied that the stores purchased are of the requisite ~~quantity~~ <sup>quality</sup> and specification and has been purchased from a reliable supplier at a reasonable price.

**Purchase of stores by Local Purchase Committee (By inviting quotation)**

Purchase of stores costing above `15,000/- and up to `1,00,000/- shall be made after inviting quotation, on the recommendation of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. Before recommending placement of the purchase order the members of the committee will jointly record a certificate as under:

Certified that we ..... members of the purchase committee are jointly and individually satisfied that the stores recommended for purchase are of the requisite specification and quantity, priced at the prevailing market rate and the supplier/s recommended is reliable and competent to supply the stores in question.

Copies of the quotation notice given in Ann.10 should be supplied to all firms. It is not obligatory to publish quotation notice in the Kerala Gazette. Short quotation notice as in Ann.11 may be published in the News paper and Govt. Website.

**Types of Tenders**

Tenders should be invited if the estimated value of stores to be purchased is `1,00,000/- or above.

1. Limited Tender.
2. Open Tender.
3. Single Tender (Private purchase).

**Limited Tender**

The limited tender system may be adopted whenever the estimated value of the order to be given is between `1,00,000/- to less than `10,00,000/-.

Copies of the tender documents should be sent free of cost directly by Speed post/Regd. Post/Courier/e-mail, simultaneously to all the firms on the list of registered suppliers for the stores in question. The number of supplier firms should be more than three. Website publicity should also be given for Limited tenders, however the Department can limit the access of the tender documents to only the selected prospective suppliers by issuing them password to have access to the documents.



### Advertised tenders (Open tenders)

The open tender system should be used as a general rule and must be adopted whenever the estimated value of the contract is `10,00,000/- or above.

In the case of purchase of manufactured goods or stores (e.g. purchase of printing paper) invitation of tenders can be restricted from manufacturers, provided the purchasing officer considers it necessary in the interest of the public and Dept. Purchase Committee approves.

In open tender system, it is essential that wide publicity is to be given to the tender notification. Short tender notices as in Annexure 12 should be published in Kerala Gazette and in the Govt. Website. Short tender notice may also be published in one or more leading regional language newspaper published in India having wide circulation in the area from where the supplies are normally obtained. In the case of heavy machinery, imported stores and other stores, the tender notice may be published in English National News Papers and in the Indian Trade Journal, published weekly from Calcutta by the Director General of Intelligence and Statistics. Tender notice should be sent to all registered firms.

The Heads of Departments and Officers may make arrangements with the Superintendent of Govt. Presses to get printed sufficient number of spare copies of tender forms (as in Annexure 2) containing details of specifications, conditions of supply etc. to be supplied to the intending purchasers. The Heads of Departments will incorporate specifications regarding quality also wherever possible in the tender forms and short tender/quotation notice. The Superintendents of Govt. Presses will print and supply the spare copies of the tender forms to the officers concerned within 8 to 10 days of requisition.

### Single Tender

Obtaining quotation by issuing single tender enquiry to a selected source amounts to purchase without generating competition. Therefore, this mode of purchase should be resorted to only in unavoidable situations. The single tender system may be adopted.

- i. In the case of a small order or when the articles required are of a proprietary character and competition is not expected to be advantageous. Small order means the value of items does not exceed `5,000/- or if more than one kind of articles the total value which does not exceed `10,000/-.
- ii. When, owing to greater promptitude of supply by particular agencies of the special manufacturer of some articles by certain firms substantial economy can be effected by deviating from the tender system. Officers may purchase direct such articles from firm or agencies concerned.

- iii. In a case of emergency, the required stores are necessary to be purchased from a particular source subject to the reasons for such decision being recorded and approval of the competent authority obtained.
- iv. For standardisation of machinery or components or spare parts compatible to the existing sets of machinery/equipment (on the advice of a competent authority) the required stores are to be purchased only from a selected firm.

When the bill for a purchase made under 'single tender' is sent for audit the drawing officer should record a statement explaining briefly the necessity for deviating from the open tender system.

For all purchase involving '1,00,000/- or more tender forms should ordinarily be prescribed and issued at prices according to the scale approved by Govt.

The cost of tender forms may be accepted in cash, DD, or by M.O only.

<sup>prescribed</sup> ~~Proceed~~ tender forms may ~~to~~ not be desirable in the case of fuel oils, motor vehicles, even through amount involved is more than '1,00,000/-

A tender<sup>or</sup> may download the tender form from the official website of Govt. of Kerala. In that case tender<sup>or</sup> should remit the cost by DD of Nationalized banks and should submit such tenders along with the cost.

### Invitation of Tenders

Whenever tenders are invited, the procedure in the following rules should be followed:

- i. Estimate the requirements and a phased programme may be drawn up for inviting the tenders.
- ii. Rush purchases towards the end of the financial year should be avoided.
- iii. The articles should properly be classified under different trade groups and tender should then be invited separately for each group.
- iv. The tenders should not be made unwieldy by including too many items of different kinds of materials in the same tender.
- v. Requirements should be correctly estimated.
- vi. Tender specification should be carefully and correctly drawn up. So that there is no ambiguity about the correct type, size, packing etc. of materials required. There should be no room for change in specification after inviting tender.



- vii. Comprehensive specification of plant, machinery and specialized equipments should be given with the term or 'similar' added wherever possible.
- viii. Tender should be allowed to quote for all the items or part of thereof. They should also be allowed to make suitable alternatives.
- ix. The place of delivery should be specified in the invitation of tender.
- x. Care should be taken to see that sufficient time is allowed to the tenders to submit their tender.

The following minimum are suggested:

- a. For ordinary stores which can be <sup>procured</sup> ~~produced~~ from Indian Market - 15 Days.
- b. For machinery and plant which have necessary to be imported two months.
- c. For heavy equipments involving foreign manufacture of plant and machinery, their import and erection - Three months.

The invitation should also specify a period of firmness of the rate.

Tender documents should preferably be sold up to one day prior to date of opening of tenders. The sale of tender documents against open tender should not be restricted.

### Text Of Tender Notice

The tender notice for an open tender should be carefully drafted. It should contain all the salient features of requirement in brief. Super flows or irrelevant details should not be incorporated. The tender notice should contains:

- i. Description and specification of the stores and quantity.
- ii. Period and terms of delivery.
- iii. Cost of the tender / bidding documents.
- iv. Place(s) and timing of sale of tender documents.
- v. Place and deadline for receipt of tenders.
- vi. Place time and date of opening of tenders.
- vii. Amount and form of bid security / EMD.
- viii. Any other important information.

### Modification of tender documents and extension of tender opening date

Some times, situation may arise necessitating modification of the tender documents already issued. After receiving the <sup>documents, a tender</sup> tender may point out <sup>some</sup> genuine mistakes in the tender documents. In such situations, it is necessary to amend /

modify suitably prior to the date of submission of bids. Copies of such amendments should be sent <sup>to</sup> all concerned.

#### Amendments / modifications by the tenders

The tenderer after submitting the tender is permitted to submit alterations / modification to its tender so long such alteration / modification are received duly sealed and marked like original tender, up to the date and time of receipt of tender.

#### Receipt and custody of tenders

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Receipt and custody of tenders shall be done in a transparent manner. (See Para: 7.41 & 7.42).

#### Opening of tenders

All the tenders received on time shall be opened in the presence of authorized representatives of tenders. (See Para: 7.44)

Responsibility of the tender opening officials (See Para: 7.47 & 7.48)

#### EMD

In order to safe guard against a bidder's withdrawing / altering its bid during the bid validity period in the case of open / Limited tender Earnest money deposit is to be obtained. The amount of EMD shall be one percent of the total cost of the articles tendered for subject to a minimum of Rs 1500/- (See Para 8.18, 8.19).

#### Exemption from payment of EMD

1. Firms who are registered with SPD or the DGS & D, New Delhi.
2. Micro and small enterprises and industrial co-operatives within the state which are certified as such by the director of industries and commerce or by the General Manager, District Industrial centre.
3. Govt. Institution / state PSU.
4. SIDCO.

#### Performance Security

To ensure due performance of the contract, performance security is to be obtained from the successful bidder for a contract value above Rs. 100000/- performance security should be equivalent to 5% of the total value of the contract.

Evaluation and ranking explained in Para: 9.14 to 9.48.



**Lack of competition**

Sometimes the purchase dept may not receive sufficient No. of tenders and situations may also arise, where after analyzing the tenders purchase dept ends up with one eligible tender. In such situation the purchase dept is first to check whether all necessary requirements like standard tender enquiry conditions, industry friendly specification, wide publicity sufficient time for formulation of tenders etc. were fulfilled. If not the tender is to be reissued after rectifying the defects. After that if it ends up with one eligible tender only, then contract may be placed on that tender<sup>or</sup> provided the quoted price is reasonable.

**Evaluation of tenders**

No tender should be<sup>be</sup> rejected by the tender opening officials at the opening stage.

Tenders which are in the prescribed form and are accompanied by the requisite EMD shall be included for consideration provided they have been received before the time (See Para: 9.7).

**Annual maintenance contracts**

Detailed in Para 9.63 to 9.72.

**Liquidated damage Para 10.30, 10.31 and 10.32.**

**Cancellation of contract Para 10.35.**

**Rate or Running Contract**

A running contract is a contract for the supply of an approximate quantity of articles at a specified rate during a certain period. Dietary articles, fire wood, charcoal, raw materials for Ayurvedic medicines etc. come under the group. (Para 13.2 & 13.3) It is settled by heads of departments and DPC.

A rate contract is a contract for the supply of stores at specified rate during the period covered by the contract. It is settled by the stores purchase Department only. The Directorate General of supplies and Disposals (DGS & D) New Delhi is concluding every year rate and /or running contract. This is known as R C concluded by DGS & D.

In case of items for which rate / running contract settled by the SPD exist or a running contract by the Head of Department exists, it is obligatory to avail of those contracts.

Performances security shall, however, not be demanded in the supply orders issued against rate contracts. (Para: 13.18)

Provision for buyback offer is included in the SPM (Para: 18.1)

**Cost of Tender forms**

Estimated cost of materials for which tenders are invited	Cost of tender forms	
	Original copy	Duplicate copy
Above ` 100000/- upto `1000000/-	0.2% of the cost rounded to the nearest multiple of 100 subject to a minimum of `400/- and maximum of `1500/- + VAT as applicable	50% of the cost of original copy upper rounded to the nearest multiple of 100+VAT applicable
Above `10/- lakh	0.15% of the cost rounded to the nearest multiple of 100 subject to maximum of `25000/- +VAT as applicable	50% of the cost of original copy upper rounded to the nearest multiple of 100+VAT applicable

**Special tenders with drawing etc, involving creations plant machinery**

Up to `10 lakhs	0.25% of the cost rounded to the nearest multiple of 100 + VAT as applicable	50% of the cost of original copy rounded to the nearest multiple of 100+VAT applicable
Above ` 10 lakhs	0.2% of the cost rounded to the nearest multiple of 100 + VAT	50% of the cost of original copy rounded to the nearest multiple of 100+VAT applicable

Prepared for CDC

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