



GOVERNMENT OF KERALA

STORES PURCHASE MANUAL

Revised Edition

2013

(Revised as per G.O (P) No.3/2013/SPD, dated 21.06.2013)

Issued by

The Authority of the Government of Kerala

Stores Purchase Department

Official Website: www.kerala.gov.in (Link: Reports & Manuals)

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Government of Kerala

2013

PREFACE TO THE REVISED STORES PURCHASE MANUAL

Stores Purchase Manual forms the basis for the procurement system of Government Departments, Public Sector Undertakings, Local Self Government Institutions, Universities and Autonomous Bodies. The Stores Purchase Manual being followed in the State is a publication as amended upto 1989. However there are orders and instructions issued thereafter. It has become necessary to revise the Manual incorporating all amendments and orders issued so far and modifying the same to take care of the latest technological and procedural advancements in making purchase decisions. Accordingly, this Manual has been prepared taking into account the need for making purchases efficiently, economically and following a transparent procedure.

This Manual is meant for official use and is not intended for the use of non-officials or private parties. Nothing contained in this Manual shall be construed as a presentation meant for contractors or other members of the public having dealings with the Purchasing Departments. The provision in this Manual, therefore, shall not modify in any way the incidence of any existing or future contracts.

Any errors or omissions noticed may be brought to the notice of the Stores Purchase Department for correction/inclusion as the case may be.

Dr. V.P. JOY

Principal Secretary to Government

Finance & Stores Purchase Department

Thiruvananthapuram
21-06-2013.



GOVERNMENT OF KERALA

Abstract

Stores Purchase Department - Revision of Stores Purchase Manual-
Approved - Orders issued

STORES PURCHASE (A) DEPARTMENT

G.O.(P)No. 03/2013/SPD Dated, Thiruvananthapuram, 21-06-2013.

Read: 1. G.O.(Rt)No.2/2010/SPD dated 02-01-2010.
2. G.O.(Rt)No. 7286/2012/Fin. dated 03-08-2012.
3. G.O.(Rt)No.7679/2012/Fin. dated 22-08-2012.

ORDER

Stores Purchase Manual forms the basis for the procurement system of Government Departments, Public Sector Undertakings, Local Self Government Institutions, Autonomous Bodies and Universities. The Stores Purchase Manual being followed in the State is a publication as amended upto 1989 . However there are orders and instructions issued thereafter. Government have been considering the revision of the Stores Purchase Manual for the last several years. As per Government Order read 1st above, administrative sanction was issued for the preparation of the revised Stores Purchase Manual. Consequently, as per Government Orders read 2nd and 3rd above, a committee was constituted at Government level to vet the provisions of the Revised draft Stores Purchase Manual.

2. The Revised draft Stores Purchase Manual vetted by the committee was published in the official website www.kerala.gov.in (Link: Reports & Manuals) for eliciting the views/suggestions from the public, Government Departments, Public Sector Undertakings, Local Self Government Institutions , Autonomous Bodies and Universities.

3. Government have considered the Revised draft Stores Purchase Manual, 2013 in detail along with the views and suggestions received and are pleased to approve, effective from the date of this order, the Revised Stores Purchase Manual, 2013 as annexed to this Government Order.

4. Consequent amendments shall be made in the Kerala Financial Code consistent with the provisions of this Revised Stores Purchase Manual.

By Order of the Governor
Dr. V.P. JOY
Principal Secretary to Government

To

The Additional Chief Secretaries/Principal Secretaries/Secretaries/
Special Secretaries.
The Secretary, Kerala Legislature Secretariat, Thiruvananthapuram
(with C/L)
All Heads of Departments/Offices/Public Sector Undertakings/
Autonomous bodies/ Local Self Govt. Institutions /Universities etc.
The Registrar, High Court, Ernakulam (with C/L)
The Advocate General, Ernakulam (with C/L)
The Registrar, Kerala Administrative Tribunal (with C/L)
All Enquiry Commissioner and Special Judges Court, EC & SJ Courts.
The Vigilance Tribunal, Kozhikode, Ernakulam, Thiruvananthapuram
& Kottayam
The Director of Printing, Thiruvananthapuram (with C/L)
The Principal Accountant General (Audit), Kerala,
Thiruvananthapuram.
The Accountant General (A& E) Kerala, Thiruvananthapuram.
Information & Public Relations Department (for publishing in the
Government Website)
General Administration (SC) Department
All Departments in the Secretariat including Law and Finance.
The Stores Purchase (B, IW -I & IW-II) Departments.
Secretariat Library
The Stock file/Office Copy.

Forwarded/By Order


Section Officer

CONTENTS

	<i>Page No.</i>
CHAPTER 1 INTRODUCTION	1
Transparency, Competition, Fairness and Elimination of Arbitrariness	1
Efficiency, Economy and Accountability	3
Guidelines for Public Procurement	4
Present Manual	4
E-Procurement	5
Definition of "Stores"	8
Standard Tender Enquiry Documents	8
CHAPTER 2 AUTHORITIES COMPETENT TO PURCHASE STORES	9
CHAPTER 3 GENERAL PRINCIPLES OF ENTERING INTO CONTRACTS	10
Introduction	10
Elementary Legal Practices	10
Competency of Parties	11
Consent of both Parties	12
Free Consent of both Parties	13
Consideration	13
Lawfulness of Object	13
Communication of an Offer or Proposal	14
Communication of Acceptance	14
Acceptance to be Identical with Proposal	14
Withdrawal of an Offer or Proposal	15
Withdrawal of Acceptance	15
Changes in terms of a Concluded Contract	15
Discharge of Contracts	16
Stamping of Contracts	16
Contract Effective Date	17
CHAPTER 4 SPECIFICATION AND ALLIED TECHNICAL PARTICULARS OF STORES	18
Basic Guidelines	18
Essential Technical Particulars	19
Certification	20
CHAPTER 5 SOURCES OF SUPPLY AND REGISTRATION OF	21

	SUPPLIERS	
	Eligible and Qualified Supplier	21
	Registration of Suppliers - Basic Guidelines	21
	Registration of Firms	22
	Authorities Competent to deal with the applications for registration and grant of Registration	24
	Application for Registration	24
	Registration Fee	25
	Procedure for Registration	25
	Printing of Lists of Approved Firms	26
	Refusal of Registration	26
	Communication of Deficiencies to Firms	27
	Performance of Contracts	27
	Renewal of Registration	28
	Cancellation of Registration	29
	Printing of Lists of Approved Firms	29
	Blacklisting and Banning of Business with Firms	29
	Grounds for Suspension of Business Dealings with Firms	30
	Grounds for Banning of Business Dealings	30
CHAPTER 6	FORECAST OF REQUIREMENTS, ASCERTAINMENT OF SURPLUS STORES, PREPARATION OF INDENTS AND ADMINISTRATIVE SANCTION	32
	Forecast of Requirements	32
	Ascertainment of Surplus Stores	33
	Preparation of Indents	33
	Administrative Sanction	33
CHAPTER 7	MODES OF PURCHASE, RECEIPT AND OPENING OF TENDERS	35
	General	35
	Dividing Demand into Smaller Quantities	35
	Purchase of Stores without Quotation	35
	Purchase of Stores by Local Purchase Committee	35
	Purchase of Stores by Obtaining Tenders/Quotations	36
	Types of Tenders	37
	Limited Tender	37
	Advertised Tender (Open Tender)	38
	Single Tender (Private Purchase)	40
	Format for Tenders	41
	Cost of Tender Documents	42

Invitation of Tenders	43
Text of Tender Notice	49
Sale of Tender Documents	50
Pre-bid Conference	50
Sealing and Marking of Tenders	50
Modification of Tender Documents and Extension of Tender Opening Date	51
Amendments/Modifications to Tenders by Tenderers	52
Receipt and Custody of Tenders	52
Late Tender	53
Opening of Tenders	53
Responsibility of the Tender Opening Officials	54
Two Bid System	55
CHAPTER 8 EARNEST MONEY AND PERFORMANCE SECURITY	56
Earnest Money Deposit	56
Exemption from Payment of EMD	56
Payment of EMD	57
Validity of EMD	58
Forfeiture of EMD	58
Refund of EMD	58
Performance Security	59
Forfeiture of Performance Security	61
Verification of the Bank Guarantees	61
Safe Custody and Monitoring of EMDs, Performance Securities & Other Instruments	61
CHAPTER 9 RECEIPT AND EVALUATION OF TENDERS, FORMULATION OF PURCHASE PROPOSAL AND PLACEMENT OF CONTRACT	63
Introduction	63
Receipt and Opening of Tenders	63
Preliminary Examination and Consideration of Tenders	65
Non-conformities between the Figures and Words of Quoted Prices	68
Discrepancies between Original and Additional Copies of a Tender	69
Acceptance of Tenders	69
Price Preference	70
Purchase from Government Sources	73
Price Variation Clause	76
Conversion of Currencies	80

Evaluation and Ranking	80
Reasonableness of Price	81
Dividing the Quantity	83
Award of Contract and Communication of Acceptance	83
Tolerance Clause	85
Publication of Tender Result	85
Tenderer's Right to Question Purchaser	86
Extension of Tender Validity Period	86
Agreement	86
Annual Maintenance Contract	87
CHAPTER 10 DELIVERY PERIOD, TERMS OF DELIVERY, TRANSPORTATION, TRANSIT INSURANCE, DELAY IN SUPPLY, CANCELLATION OF CONTRACT	90
Delivery Period	90
Terms of Delivery	90
Specification of Stores	90
Sample	91
Packing	92
Delivery	92
Extension of Delivery Period	92
Delay in Supplies for which Supplier is not Responsible	93
Despatch of Stores after Expiry of Delivery Period	94
Linkage between Terms of Delivery and Date of Delivery	94
Instructions for Transportation of Imported Stores	95
INCOTERMS	96
Air Consignment	97
Insurance	97
Insurance of Imported Stores	97
Insurance on Railways or Lorry Transport or Inland Water Transport	98
Distribution of Despatch Document for Clearance/ Receipt of Stores	98
For Domestic Stores	98
For Imported Stores	98
Instalment Delivery	99
Force Majeure	100
Remedies to Purchaser for Delay in Supply - Non- Supply for which Supplier is Responsible	100
Liquidated Damages	101
Token Liquidated Damages	101

	Performance Notice	102
	Correspondence with the Supplier after Breach of Contract	102
	Cancellation of Contract for Default	103
	Termination of Contract for Insolvency	103
	Termination of Contract for Convenience	103
	Claims in Respect of Imported Stores lost or Damaged	104
CHAPTER 11	QUALITY CONTROL AND INSPECTION OF ORDERED STORES	105
	Introduction	105
	Stages and Modes of Inspection	105
	Inspection Procedure	106
	Inspection Document	106
	Outside Testing Laboratories	107
	Handling of Inspection Stamps / Inspection Documents	107
	Custody of Inspection Notes	108
	Inspection of Stores tendered at the Fag End or on the Last Date of the Contract Delivery Period	108
	Acceptance of Stores against Suppliers In-house Inspection Report and Warranty	109
	Purchaser's Right of Rejection	109
	Acceptance of Stores Vis-à-vis Warranty Provisions	110
	Joint Investigation against Complaints relating to Quality of Stores	110
	Measures to curb the menace of counterfeit and refurbished IT products	110
CHAPTER 12	ELEMENTS OF PRICE AND TERMS OF PAYMENT	111
	Introduction	111
	Firm Price vis-à-vis Variable Price	111
	Exchange Rate Variation (ERV)	112
	Duties and Taxes on Domestic Stores	113
	Levies of Local Bodies	114
	Custom Duty on Imported Stores	114
	Duties/Taxes on Raw Materials	115
	Terms of Payment for Imported Stores	115
	Payment of Air Freight Charges	116
	Advance Payment to Supplier	116
	Documents for Payment	117
	Modes of Payment	117

	Payment for Stores Purchased in India	117
	Payment to Foreign Suppliers	119
	Payment by Letter of Credit	121
	E - Payment	121
	Deduction of Income Tax, Service Tax, etc. at Source from Payments to Suppliers	122
	Recovery of Public Money from Supplier's Bill	122
	Refund from Supplier	122
	Payment against Time Barred Claims	122
CHAPTER 13	OTHER MODES OF PURCHASE	123
	Rate or Running Contract	123
	Bringing more and more Common User Items on the Rate Contract	125
	Conclusion of Rate Contracts for Automobiles, Sophisticated Equipment, Machinery etc., on the basis of discounts on Net Dealer Price	125
	Period of Rate Contract	126
	Criteria for Award of Rate Contract	126
	Special Conditions Applicable for Rate Contract	127
	Fall Clause	127
	Performance Security for Rate Contract	128
	Placement of Supply Orders for Rate Contract	128
	Renewal of Rate Contracts	129
	Negotiated Contracts	129
	Supply of Articles in the High Ranges	130
	Purchase of Furniture	130
	Examination of Contracts by Accountant General	130
CHAPTER 14	CONTRACT MANAGEMENT	131
	Introduction	131
	Text of Contract	131
	Performance Security	131
	Acknowledgement of Contract	131
	Coordination	131
	Amendment to Contract	132
	Payment to the Supplier	132
	Monitoring of Securities and other Instruments	133
	Closure of Purchase File	133
CHAPTER 15	SETTLEMENT OF DISPUTES	134
	General	134
	Mode of Settlement	134
	Venue of Arbitration	134

	Applicable Law	135
	Legal Advice	135
	Panel of Arbitrators	135
CHAPTER 16	PURCHASE POWERS OF HEADS OF DEPARTMENTS AND CONSTITUTION OF DEPARTMENTAL PURCHASE COMMITTEES	136
	Introduction	136
	Purchase Powers	136
	Departmental Purchase Committees	137
	Functions of the Departmental Purchase Committees	138
CHAPTER 17	STORES PURCHASE DEPARTMENT	142
	Responsibilities of the Department	142
CHAPTER 18	MISCELLANEOUS	143
	Buy Back Offer	143
	Turnkey Contract	143
	Disposal of Surplus Stores	144
	Price Negotiation/Counter-Offer	144
	Cartel Formation /Pool Rates	144
	Training	145
	Beyond the Manual	145

LIST OF ANNEXURES

		<i>Page No.</i>
Annexure 1	An illustrative List of Local Bodies, Autonomous Bodies and Public Sector Undertakings	146
Annexure 2	Form of Tender	152
Annexure 3	Form of Application for Registration	164
Annexure 4	List of Stores Usually Ordered	167
Annexure 5	Form of Register of Approved Suppliers	182
Annexure 6	Form for Certificate of Registration	184
Annexure 7	Form of Certificate of Renewal of Registration	185
Annexure 8	Form of Annual Indent for Stores	186
Annexure 9	List of Heads of Departments	188
Annexure 10	Form of Quotation Notice	190
Annexure 11	Form of Short Quotation Notice	193
Annexure 12	Form of Short Tender Notice	194
Annexure 13	Procedure for Utilizing the Services of the Indian Standards Institution	195
Annexure 14	Procedure for Utilizing the Services of the Central Purchase Organisation	196
Annexure 15	Model Bank Guarantee Format for Furnishing EMD	197
Annexure 16	List of Government Owned Manufacturing Institutions	200
Annexure 17	Supplemental Agreement	201
Annexure 18	Form of Register of Tenders	202
Annexure 19	List of Items Reserved for Exclusive Purchase from the Micro, Small & Medium Enterprises	203
Annexure 20	List of Stores on the Cost of which Variations are to be Allowed	212
Annexure 21	Extract from The Companies Act, 1956	214
Annexure 22	Form of Supply Order	216
Annexure 23	Form of Agreement	219
Annexure 24	Notification on Rules for Shipping of Imported Stores Issued by Ministry of Surface Transport dated 27.02.1996	223
Annexure 25	Notification on Rules for Shipping of Imported Stores Issued by Ministry of Surface Transport dated 11.02.1998	226
Annexure 26	Model Amendment Letter for Extension of Delivery Period for FOB/ FAS/ CIF Contract	229
Annexure 27	Model Amendment Letter for Extension of Delivery Period for Contract other than FOB/FAS/ CIF Contract	231
Annexure 28	Model Format For Performance Notice	233
Annexure 29	Model Format for Correspondence with Supplier after Breach of Contract	234
Annexure 30	Form of Security Bond for Advance Payment	235
Annexure 31	Extracts of Articles 14 and 50 of the Kerala Stamp Act, 1959 (Act 17 of 1959)	237
Annexure 32	Form of Agreement	238

APPENDIX

		<i>Page No.</i>
Appendix-1	No. 98/ORD/1 (Office Order No.44/9/03), dated 04.09.2003 Sub: Irregularities in the award of contracts	243
Appendix-2	No.98/ORD/1, dated 18th December, 2003 Sub: Improving Vigilance Administration: Increasing Transparency in Procurement/ Sale etc.	244
Appendix-3	No.98/ORD/1(Office Order No. 20/4/04), dated 6th April, 2004 Sub: Improving Vigilance Administration: Increasing Transparency and cutting delays by e-payments and e-receipt by Govt. Organisations, etc.	246
Appendix-4	No.12-02-6-CTE-SPI(I)-2, dated 21 st April 2004 (Office Order No. 25/04/04 Sub: Consideration Indian Agents	248
Appendix-5	No. 05-04-1-CTE-8, dated: 8.6.2004 Sub: Receipt and Opening of Tenders	249
Appendix-6	No. OFF-1-CTE-1(Pt) V (Office Order No. 15/3/0), dated 24.03.2005 Subject: Notice inviting tenders - regarding	250
Appendix-7	005/VGL/66 (Office Order No. 71/12/05), dated 9/12/2005 Subject: Undertaking by the Members of Tender Committee/ Agency	251
Appendix-8	No.02-07-01-CTE-30, Circular No. 01/01/08, dated 31st Dec. 2007 Sub: Acceptance of Bank Guarantees	252
Appendix-9	No.007/CRD/008, Circular No. 07/02/08, dated 15th February 2008 Sub: Measures to curb the menace of counterfeit and refurbished IT products - regarding	254
Appendix-10	No.008 /CRD/008, Circular No. 22/07/08, dated 24th July 2008 Sub: - Referring cases of Procurement to the Commission	258
Appendix-11	No.008/VGL/083, Circular No.31/11/08, dated 6 th November 2008 Subject: Time bound processing of procurement	259
Appendix-12	No.005/VGL/4, CIRCULAR No. 17/7/09, dated 14th July, 2009 Subject: Posting of details on award of tenders/contracts on websites	260
Appendix-13	No.011/VGL/014, Circular No. 01/02/11, dated 11 th February, 2011 Sub: Transparency in Tendering System	261

CHAPTER 1

INTRODUCTION

1.1 Various Departments under the Government have to purchase different types of Stores to discharge the duties and responsibilities assigned to them. It is therefore imperative that uniform, systematic, efficient and cost effective procedures, in accordance with the relevant rules and regulations of the Government, are available to the Departments. The delegated powers for procurement of Stores have to be exercised in conformity with the orders and guidelines issued by competent authorities coverings financial, vigilance, security, safety, countertrade and other regulatory aspects. This Manual is intended to serve as the basic norms and practices governing public procurement.

Transparency, Competition, Fairness and Elimination of Arbitrariness

1.2 Public procurement activities should be conducted in a transparent manner ensuring competition, fairness and elimination of arbitrariness in the system, so as to enable the prospective tenderers to formulate competitive tenders with confidence. Some of the important measures to achieve the same and, thus, secure best value for the money spent are:

- (i) The text of the tender document should be user-friendly, self-contained, comprehensive, unambiguous, and relevant to the objective of the purchase. The use of terminology used in common parlance in the industry should be preferred.
- (ii) The specifications of the required Stores should be framed giving sufficient details in such a manner that it is neither too elaborately restrictive as to deter potential tenderers or increase the cost of purchase nor too sketchy to leave scope for sub-standard supply. The specifications must meet the essential requirements of the user department. Efforts should also be made to use standard specifications, which are widely known to the industry.
- (iii) The tender document should clearly mention the eligibility criteria to be met by the tenderers such as minimum level of experience, past performance, technical

capability, manufacturing facilities, financial position, ownership or any legal restriction, etc.

- (iv) Restrictions on who is qualified to tender should conform to the Government policies and be judiciously chosen so as not to stifle competition amongst potential tenderers.
- (v) The procedure for preparing and submitting the tenders; deadline for submission of tenders; date, time & place of public opening of tenders; requirement of earnest money and performance security; parameters for determining eligibility of tenders; evaluating and ranking of tenders and criteria for full or partial acceptance of tender and conclusion of contract should be incorporated in the tender enquiry in clear terms.
- (vi) Tenders should be evaluated in terms of the criteria already incorporated in the tender document, based on which tenders have been received. Any new condition, which was not incorporated in the tender document, should not be brought into consideration while evaluating the tenders.
- (vii) Sufficient time should be allowed to the tenderers to prepare and submit their tenders.
- (viii) Suitable provisions should be kept in the tender document allowing the tenderers reasonable opportunity to question the tender conditions, tendering process, and/or rejection of its tender and the settlement of disputes, if any, emanating from the resultant contract.
- (ix) It should be made clear in the tender document that tenderers are not permitted to alter or modify their tenders after expiry of the deadline for receipt of tender till the date of validity of tenders and if they do so, their earnest money will be forfeited.
- (x) Negotiations with the tenderers must be severely discouraged. However, in exceptional circumstances, where price negotiations are considered unavoidable, the same may be resorted to, but only with the lowest evaluated

eligible tenderer, and that too with the approval of the competent authority, after duly recording the reasons for such action.

- (xi) The name of the successful tenderer to whom the supply contract is awarded should be appropriately notified by the purchase department for the information of general public, including display at notice board, periodical bulletins, website, etc.
- (xii) The Central Vigilance Commission (CVC) has issued various circulars/guidelines/instructions in order to promote transparency, improve competition and ensure equity among participants. It is instructed by the CVC that if any organization faces difficulty in the application of any of the circulars/guidelines/instructions issued by the Commission, then it may approach the Commission bringing out the difficulties along with a proposed generic solution listing out the ingredients of the special circumstances for examination and review by the Commission. It is also instructed that references of a general nature having elements of managerial decision making and concerning a particular procurement should be avoided (refer Circular No. 22/07/08 of CVC, dated 24th July 2008, in Appendix). In such cases in the State, the concerned Department/Organisation may approach the Stores Purchase Department for clarifications and advice, which may in turn approach the CVC, if required.

Efficiency, Economy and Accountability

- 1.3 Public procurement procedures must conform to exemplary norms of best practices to ensure efficiency, economy and accountability in the system. To achieve this objective, the following key areas should be taken care of:
 - (i) To reduce delays, each Department should prescribe appropriate time frame for each stage of procurement; delineate the responsibility of different officials and agencies involved in the purchase process and delegate, wherever necessary, appropriate purchase powers to the lower functionaries with due approval of the competent authority.

- (ii) Each Department should ensure conclusion of contract within the original validity of the tenders. Extension of tender validity must be discouraged and resorted to only in absolutely unavoidable, exceptional circumstances with the approval of the competent authority after duly recording the reasons for such extension.

Guidelines for Public Procurement

- 1.4 At the apex of the legal framework governing public procurement is Article 299 of the Constitution, which stipulates that contracts legally binding on the Government have to be executed in writing by Officers specifically authorized to do so. Further, the Indian Contract Act, 1872 and the Sale of Stores Act, 1930 are major legislations governing contracts of sale/purchase of Stores in general. There is no law exclusively governing public procurement of Stores. However, related rules and directives in this regard available in the various statutes, Government orders regarding price or purchase preference or other facilities to sellers in identified sectors/organizations and the guidelines issued by the Central Vigilance Commission to increase transparency and objectivity in public procurement shall be applicable.

Present Manual

- 1.5 To achieve what has been stated in the above paragraphs, it is essential that the purchase officials be provided with all the required rules, regulations, instructions, directives, and guidance on best practices in the form of a Manual. This Manual is intended to serve this objective.
- 1.6 This manual contains the General rules applicable to all Departments regarding purchase of stores required for use in the public service. In regard to particular classes of articles, such as books and periodicals, stationery and printing stores, clothing and liveries, etc., these will be supplemented by the instructions in the book of financial powers to be issued by the Finance Department. In the case of Public Works, Irrigation, Forest, Stationery, Police, Local Self Government Institutions and other special Departments, these rules should be supplemented by the special rules contained in the Codes and Manuals of the Departments concerned, e.g. P.W.D. code, Forest Code, Stationery Manual, Police Manual, etc.

- 1.7 These rules and instructions also apply to the purchase of stores by Government servants on behalf of local funds administrated by the Government, if such purchase is authorized by Government. The rules and instructions in this Manual shall be followed by heads of aided schools while utilizing Public Funds for the purchase of articles for their schools. This will apply to purchase from Special Fees Fund also. The Kerala Sahitya Academy, The Kerala Sangeetha Nataka Academy, The Kerala Lalithakala Academy and The Kerala Kalamandalam shall observe the Rules and Instructions in this Manual while making purchase of Stores.
- 1.8 These rules and instructions will also apply to purchase of all items of stores, materials, machinery, equipments, vehicles, etc., by Autonomous Bodies, Aided institutions and all institutions Under Government and Public Sector Undertakings. An illustrative list of Autonomous Bodies and the Public Sector Undertakings under Government is incorporated as Annexure 1 to the Manual.

E-Procurement

- 1.9 The Government had decided to implement the centrally financed e-Government Procurement (e-GP) Mission Mode Project in the State and constituted various committees for monitoring it (G.O.(Rt). No. 131/2008/ITD dated 26.06.2008) and issued directions (G.O. (Ms). No. 17/2011/ITD dated 17.06.2011) to all State Government departments to adopt the same, which is being implemented with the GepNIC solution of NIC. The Government approved the decisions of the meetings (19/07/2011 and 27/09/2011) of the State Level Empowered Committee (SLEC) headed by the Chief Secretary in connection with implementation of e-Government Procurement (e-GP) in the State. The decisions include:
- (a) **Committees:** The Empowered Committee constituted vide G.O. (Rt) No. 131/2008/ITD dated 26/06/2008, shall function as the Core Committee for implementation of Centrally financed e-procurement MMP (Orders vide G.O.(Rt.). No. 176/2011/ITD dated 30.09.2011).
- (b) **Department readiness:** The following activities needs to be mandatorily ensured by each department prior to adoption of the e-procurement solution:

- (i) Nominate a Nodal Officer for coordinating the implementation of the project within the respective department. The Nodal Officer should be able to give the hierarchical and functional details of the department.
 - (ii) Prioritize & Identify Department users for training, in batches, in consultation with Kerala State Information Technology Mission.
 - (iii) Prioritize & Identify Department users for issuance of Digital Signature Certificates (DSC).
 - (iv) Identification of officials to be trained as “Master Trainers” who in turn shall train other officials of the respective department.
 - (v) Strengthening of IT infrastructure viz., adequate PCs, constant internet connectivity (preferably, a dedicated high-speed connection), etc., of all departmental offices publishing tenders using e-Procurement system.
- (c) **Standard Bid Document (SBD):** In order to follow a uniform procedure, a Standard Bidding Document (SBD) to be prepared for all the Departments of the State.
- (d) **Domain name registration:** <http://www.etenders.kerala.gov.in> is approved as the URL for the e-procurement site of Kerala.
- (e) **Digital Signature Certificate (DSC):** The manual signature is proposed to be replaced by the Digital Signature Certificate and such usage is valid and the respective DSC user shall be responsible & accountable for any approvals given using his/her DSC. Necessary orders shall be issued for usage of Digital Signatures replacing the manual signatures in e-Procurement system.
- (f) **Project Management Unit (PMU):** As per one of the requirements of NIC for expediting & streamlining the implementation of the project, the Project Management Unit, constituted vide G.O.(Ms) No. 31/2009/ITD dated 23/10/2009, shall be retained. The implementation of e-Government Procurement MMP project across the State shall be managed by this PMU which shall be established with funding from the State Government.
- (g) **Common e-mail-ID:** etendershelp@kerala.gov.in is approved as the common e-mail-id for addressing all queries/grievances pertaining to e-Procurement project.

- 1.10 e-Government procurement shall be followed in all Government Departments/ Boards/ Public Sector Undertakings for all tenders above ₹ 25 lakh (G.O.(MS)No. 18/2012/ITD dated 08.10.2012) by 31st March 2013.
- 1.11 Kerala State IT Mission (KSITM) shall be the implementing agency for e-Government procurement project across the State. Kerala State IT Mission shall extend all possible assistance towards:
- (a) Training of Nodal Officer & users nominated by the department by a dedicated Helpdesk cum Training centre
 - (b) Obtaining Digital Signature Certificates for users
 - (c) Preparation and publishing of the online tender
 - (d) Issue of Public notice/Intimation to bidders (adoption and training)
 - (e) Kerala State IT Mission shall have a dedicated Programme Management Unit (PMU) team looking after this project and there shall be 1 Programme Implementation Officer (e-Government procurement) who shall be the application Administrator for this project.
- 1.12 Departments/Boards/Public Sector Undertakings can contact the Programme Implementation Officer (e-Government procurement) KSITM (etendershelp@kerala.gov.in) or the helpdesk nos. 0471-2577088/188) for adopting e-Tendering System for their procurements and for clarification of all queries and doubts.
- 1.13 All user departments/PSUs shall complete Vendor/Contractor registration in the web portal etenders.kerala.gov.in with the assistance of NIC.
- 1.14 In order to ensure complete confidentiality and anonymity in tendering activities, payment towards EMD and cost of tender form shall be collected online using the payment gateway of State Bank of Travancore (SBT). The bidders will have the freedom to use either online payment through SBT's Internet Banking or make payment through the bank of their choice through RTGS/NEFT platform facilitated by SBT. The amount collected towards tender document fees and EMD of tenders shall be deposited into two pooled accounts of SBT (one for Government Departments and the other for PSUs), opened for the purpose at SBT Treasury Branch, Thiruvananthapuram. The Amount collected into this account by way of

cost of tender forms shall be transferred to Treasury/PSUs on the very next day after opening the bid. The amount received under EMD in respect of L1 bidder of Government Departments shall also be transferred to Treasury/PSUs concerned in very next day after opening the bid. The amount of EMD of all unsuccessful bidders shall be refunded automatically to the bidder's account without delay. The SBT shall make available payment scroll of transaction on this account to Finance (Secret) Department on daily basis. National Informatics Centre (NIC) shall customize e-procurement software to enable the provision for online payment in consultation with SBT.

- 1.15 An e-tender Cell in Finance department shall closely monitor all e-tender activities of Government departments/PSUs implemented through the website etenders.keral.gov.in. A Under Secretary/Deputy Secretary level officer shall be given additional charge of the Cell along with one Assistant Engineer/Assistant Executive Engineer level officer each from Public Works Department and Water Resources Department as domain experts and one representative from IT department.

Definition of "Stores"

- 1.16 The term "Stores" means all articles and materials (other than cash and documents) which come into the possession of a Government servant for use in the Public Service. This will also include Annual Maintenance Services/Contract for maintenance of machinery/equipment, computers, etc. This term does not, however, include items, like dietary articles of the animals in zoos, sundry articles like fuel, dietary products, etc.

Standard Tender Enquiry Documents

- 1.17 The Departments should use standard forms of tender enquiry documents and contracts in line with the existing rules, regulations, directives, procedures, etc. The standard formats are given as Annexure 2 to this Manual. Supervisory authorities may prescribe the kind of alterations permitted in the standard formats and the cases where deviations from the standard provisions can be made with appropriate legal and financial advice.

CHAPTER 2
AUTHORITIES COMPETENT TO PURCHASE STORES

- 2.1 Expenditure on stores is included under contingent expenditure (except where it is treated otherwise, e.g., stores relating to works expenditure) and is, therefore, subject generally to the rules contained in Chapter VI of the Kerala Financial Code, Volume I, which govern such expenditure.

- 2.2 A Government servant who is competent to incur contingent expenditure may purchase directly from firms in India, or through the agency of the Central Purchase Organisation of the Government of India or direct from manufacturers abroad, such stores as he requires for the use of his Department or his office subject to Stores Purchase Rules and also subject to funds being available by budget appropriation. Such purchases made in India are also subject to any money limits and other conditions prescribed generally or with regard to specific articles or classes of articles.

- 2.3 A demand for purchase should not be split into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase of the original demand.

CHAPTER 3
GENERAL PRINCIPLES OF ENTERING INTO CONTRACTS

Introduction

- 3.1 The elements and principles of contract law and the meaning and import of various legal terms used in connection with the contracts are available in the Indian Contract Act, 1872 read with the Sale of Goods Act, 1930. Some of the salient principles relating to contracts are set out briefly in this chapter.

Elementary Legal Practices

- 3.2 **Contract:** The proposal or offer when accepted is a promise, a promise and every set of promises forming the consideration for each other is an agreement, and an agreement if made with free consent of parties competent to contract, for a lawful consideration and with a lawful object is a contract.
- 3.3 **Proposal or Offer:** When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of the other to such act or abstinence, he is said to make a proposal or offer. In a sale or purchase by tender, the tender signed by the tenderer is the proposal. The invitation to tender and instructions to tenderers do not constitute a proposal.
- 3.4 **Acceptance of the Proposal:** When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a promise.
- 3.5 **Conditions for an agreement to be a contract:** An agreement is a contract enforceable by law when the following are satisfied. A defect affecting any of these renders a contract un-enforceable.
- (i) Competency of the parties
 - (ii) Freedom of consent of both parties
 - (iii) Lawfulness of consideration
 - (iv) Lawfulness of object

Competency of Parties

- 3.6 Under law any person who has attained majority and is of sound mind or not debarred by law to which he is subject, may enter into contracts. It, therefore, follows that minors and persons of unsound mind cannot enter into contracts nor can insolvent person do so.
- 3.7 Categories of persons and bodies who are parties to the contract may be broadly subdivided under the following heads: -
- (i) Individuals
 - (ii) Partnerships
 - (iii) Limited Companies
 - (iv) Corporations other than limited companies
- (a) **Contracts with Individuals:** Individuals tender either in their own name or in the name and style of their business. If the tender is signed by any person other than the concerned individual, the authority of the person signing the tender on behalf of another must be verified and a proper power of attorney authorizing such person should be insisted on. In case, a tender is submitted in a business name and if it is a concern of an individual, the constitution of the business and the capacity of the individual must appear on the face of the contract and the tender signed by the individual himself as proprietor or by his duly authorized attorney.
- (b) **Contracts with Partnerships:** A partnership is an association of two or more individuals formed for the purpose of doing business jointly under a business name. It is also called a firm. It should be noted that a partnership is not a legal entity by itself, apart from the individuals constituting it. A partner is the implied authority to bind the firm in a contract coming in the purview of the usual business of the firm. The implied authority of a partner, however, does not extend to enter into arbitration agreement on behalf of the firm. While entering into a contract with partnership firm care should be taken to verify the existence of consent of all the partners to the arbitration agreement.
- (c) **Contracts with Limited Companies:** Companies are associations of individuals registered under Companies Act in which the liability of the members

comprising the association is limited to the extent of the shares held by them in such companies. The company, after its incorporation or registration, is an artificial legal person which has an existence quite distinct and separate from the members of shareholders comprising the same. A company is not empowered to enter into a contract for purposes not covered by its memorandum of association; any such agreement in excess of power entered into the company is void and cannot be enforced. Therefore, in cases of doubt, the company must be asked to produce its memorandum for verification or the position may be verified by an inspection of the memorandum from the office of the Registrar of Companies before entering into a contract. Normally, any one of the Directors of the company is empowered to present the company. Where tenders are signed by persons other than Directors or authorized Managing Agents, it may be necessary to examine if the person signing the tender is authorized by the company to enter into contracts on its behalf.

- (d) **Corporation other than Limited Companies:** Associations of individuals incorporated under statutes such as Trade Union Act, Cooperative Societies Act and Societies Registration Act are also artificial persons in the eye of law and are entitled to enter into such contracts as are authorized by their memorandum of association. If any contract has to be entered into with any one or such corporations or associations, the capacity of such associations to enter into contract should be verified and also the authority of the person coming forward to represent the said Association.

Consent of both Parties

3.8 Two or more persons are said to consent when they agree upon the same thing in the same sense. When two persons dealing with each other have their minds directed to different objects or attach different meanings to the language which they use, there is no agreement. The misunderstanding which is incompatible with agreement, may occur in the following cases: -

- (i) When the misunderstanding relates to the identity of the other party to the agreement;
- (ii) When it relates to the nature or terms of the transactions; (c) When it related to the subject matter of the agreement.

Free consent of both Parties

- 3.9 The consent is said to be free when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake. Consent is said to be so caused when it would not have been given but for the existence of coercion, undue influence, fraud, misrepresentation or mistake. When consent to an agreement is caused by coercion, undue influence, fraud or misrepresentation, the agreement is a contract voidable at the option of the party whose consent was caused. A party to a contract, whose consent was caused by fraud or misrepresentation, may, if he thinks fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.
- 3.10 In case consent to an agreement has been given under a mistake, the position is slightly different. When both the parties to an agreement are under a mistake as to a matter essential to the agreement, the agreement is not voidable but void. When the mistake is unilateral on the part of one party only, the agreement is not void.
- 3.11 Distinction has also to be drawn between a mistake of fact and a mistake of law. A contract is not void because it was caused by a mistake as to any law in force in India but a mistake as to law not in force in India has the same effect as a mistake of fact.

Consideration

- 3.12 Consideration is something which is advantageous to the promisor or which is onerous or disadvantageous to the promisee. Inadequacy of consideration is, however, not a ground avoiding the contract. But an act, forbearance or promise which is contemplation of law has no value is no consideration and likewise an act or a promise which is illegal or impossible has no value.

Lawfulness of object

- 3.13 The consideration or object of an agreement is lawful, unless it is forbidden by law or is of such a nature that if permitted, it would defeat the provisions of any law, or is fraudulent or involves or implies injury to the fraudulent property of another or the

court regards it as immoral or opposed to public policy. In each of these cases the consideration or object of an agreement is said to be unlawful.

Communication of an Offer or Proposal

- 3.14 The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. A time is generally provided in the tender forms for submission of the tender. Purchaser is not bound to consider a tender, which is received beyond that time.

Communication of Acceptance

- 3.15 A date is invariably fixed in tender forms upto which tenders are open for acceptance. A proposal or offer stands revoked by the lapse of time prescribed in such offer for its acceptance. If, therefore, in case it is not possible to decide a tender within the period of validity of the offer as originally made, the consent of the tenderer firm should be obtained to keep the offer open for further period or periods.
- 3.16 The communication of an acceptance is complete as against the proposer or offerer, where it is put in the course of transmission to him, so as to be out of the power of the acceptor, and it is complete as against the acceptor when it comes to the knowledge of the proposer or offerer. The medium of communication in government contracts is generally by post and the acceptance is, therefore, complete as soon as it is posted. So that there might be no possibility of a dispute regarding the date of communication of acceptance, it should be sent to the correct address by some authentic foolproof mode like registered post acknowledgement due, etc.

Acceptance to be identical with Proposal

- 3.17 If the terms of the tender or the tender, as revised, and modified, are not accepted or if the terms of the offer and the acceptance are not the same, the acceptance remains a mere counter offer and there is no concluded contract. It should, therefore, be ensured that the terms incorporated in the acceptance are not at variance with the offer or the tender and that none of the terms of the tender are left out. In case,

uncertain terms are used by the tenderers, clarifications should be obtained before such tenders are considered for acceptance. If it is considered that a counter offer should be made, such counter offer should be carefully drafted, as a contract is to take effect on acceptance thereof. If the subject matter of the contract is impossible of fulfillment or is in itself in violation of law such contract is void.

Withdrawal of an Offer or Proposal

- 3.18 A tenderer firm, who is the proposer, may withdraw its offer at any time before its acceptance, even though the firm might have offered to keep the offer open for a specified period. It is equally open to the tenderer to revise or modify his offer before its acceptance. Such withdrawal, revision or modification must reach the accepting authority before the *date and time of opening of tender*. No legal obligations arise out of such withdrawal or revision or modification of the offer as a simple offer is without a consideration. Where, however, a tenderer agrees to keep his offer open for a specified period for a consideration, such offers cannot be withdrawn before the expiry of the specified date. This would be so where earnest money is deposited by the tenderer in consideration of his being supplied the subsidiary contract and withdrawal of offer by the tenderer before the specified period would entitle the purchaser to forfeit the earnest money.

Withdrawal of Acceptance

- 3.19 An acceptance can be withdrawn before such acceptance comes to the knowledge of the tenderer. A telegraphic revocation of acceptance, which reaches the tenderer before the letter of acceptance, will be a valid revocation.

Changes in terms of a concluded Contract

- 3.20 No variation in the terms of a concluded contract can be made without the consent of the parties. While granting extensions or making any other variation, the consent of the contractor must be taken. While extensions are to be granted on an application of the contractor, the letter and spirit of the application should be kept in view in fixing a time for delivery.

Discharge of Contracts

3.21 A contract is discharged or the parties are normally freed from the obligation of a contract by due performance of the terms of the contract. A contract may also be discharged: -

- (i) **By mutual agreement:** If neither party has performed the contract, no consideration is required for the release. If a party has performed a part of the contract and has undergone expenses in arranging to fulfill the contract it is necessary for the parties to agree to a reasonable value of the work done as consideration for the value.
- (ii) **By breach:** In case a party to a contract breaks some stipulation in the contract which goes to the root of transaction, or destroys the foundation of the contract or prevents substantial performance of the contract, it discharges the innocent party to proceed furtherwith the performance and entitles him to a right of action for damages and to enforce the remedies for such breach as provided in the contract itself. A breach of contract may, however, be waived.
- (iii) **By refusal of a party to perform:** On a promisor's refusal to perform the contract or repudiation thereof even before the arrival of the time for performance, the promisee may at his option treat the repudiation as an immediate breach putting an end to the contract for the future. In such a case the promisee has a right of immediate action for damages.
- (iv) **In a contract where there are reciprocal promises:** If one party to the contract prevents the other party from performing the contract, the contract may be put to an end at the instance of the party so prevented and the contract is thereby discharged.

Stamping of Contracts

3.22 Under entry 5 of Schedule I of the Indian Stamp Act, an agreement or memorandum of agreement for or relating to the sale of Stores or merchandise exclusively is

exempt from payment of stamp duty. (A NOTE OR MEMORANDUM sent by a Broker or Agent to his principal intimating the purchase or sale on account of such principal is not so exempt from stamp duty.)

- 3.23 The Stamp Act provides that no Stamp Duty shall be chargeable in respect of any instrument executed by or on behalf of or in favour of the Government in cases where but for such exemption Government would be liable to pay the duty chargeable in respect of such instrument. (Cases in which Government would be liable are set out in Section 29 of the Act).

Contract Effective Date

- 3.24 The date of commencement of the obligations under the contract on the parties to a contract is referred as the contract effective date. This date should be invariably indicated in each contract, as per agreed terms and conditions. The Ministries/Departments are advised to set the effective date to be a date after the following:

- (i) Date of signing of the contract.
- (ii) Furnishing of performance bond in terms of performance security.
- (iii) Receipt of Bank Guarantee for advance payment.
- (iv) Obtaining Export License for supply of stores by seller and confirmation by the buyer.
- (v) Receipt of End User's Certificate. The supplier shall provide the End User's Certificate within 30 days of the signing of the contract.

CHAPTER 4

SPECIFICATION AND ALLIED TECHNICAL PARTICULARS OF STORES

Basic Guidelines

- 4.1 The important aspects to be kept in view while formulating the specifications and other technical particulars of the Stores to be purchased are indicated in the following paragraphs. The specifications of the Stores shall meet only the actual and essential needs of the user because “over-specification” will unnecessarily increase the cost and may stifle competition. Specifications should aim at procuring the latest technology and avoid procurement of obsolete Stores. Specifications should have emphasis on factors like efficiency, optimum fuel/power consumption, use of eco-friendly materials, reduced noise and emission levels, low maintenance cost, etc. Further, the specifications should not be too restrictive as the aim should be to attract reasonable number of competitive tenderers. The specifications should also take care of the mandatory and statutory regulations, if any, applicable for the Stores to be purchased. Wherever Indian Standards exists for the required Stores, the same should be adopted. Preference should be given to procure the Stores, which carry BIS (Bureau of Indian Standards) mark. For any deviations from Indian Standards or for any additional parameters for better performance, specific reasons for deviations / modifications should be duly recorded with the approval of the competent authority. Some Departments publish their own standards, which, apart from specifying the technical parameters also specify special requirements of packing, marking, inspection etc. The technical parameters in such cases may be marginally different from the Indian Standards. In such cases, the general principle shall be to adopt Indian Standards and the departmental specifications could cover only such additional details as packing, marking, inspection etc. as are specially required to be complied for a particular end use. In cases where Indian Standards do not exist or, alternatively, decision has been taken to source the foreign markets also, International Standards (like ISO etc.) may be adopted. Where no widely known standards exist, the specifications shall be drawn in a generalized and broad based manner to obtain competitive bids from different sources. Except in case of proprietary purchase from a selected single source, the specifications must not contain any brand name, make or catalogue number of a particular manufacturer

and if the same is unavoidable due to some compelling reasons, it should be followed by the words “or equivalent”.

- 4.2 All dimensions incorporated in the specifications shall be indicated in metric units. If due to some unavoidable reasons, dimensions in FPS (Foot, Pound, Seconds) units are to be mentioned, the corresponding equivalents in the metric system must also be indicated.
- 4.3 The specifications and the technical details should be expressed with proper clarity without any ambiguity or double meaning. Wherever necessary, the written specifications should be supplemented with drawings for additional clarity. As far as possible, items with standard specifications only should be stipulated in the bid documents. In case items of non standard specifications are to be procured, reasoning for procuring such items should be recorded and reasonability of rates may be checked before placing order.
- 4.4 Deciding tender on the basis of tendered sample is too subjective. Therefore, unless specifically decided due to some reasons duly recorded with the approval of competent authority, tender sample clause shall not be incorporated in the specifications. If necessary, suitable stipulations for submission of advance sample (before starting bulk production) by the successful bidder may be incorporated in the specifications.

Essential Technical Particulars

- 4.5 Technical particulars to be specified in the tender document shall include the following to the extent applicable for a particular purchase:
 - (i) Scope of supply including quantity required and, also, end use of the required Stores.
 - (ii) Specifications, technical parameters and product requirements, expressing the requirement in terms of functional characteristics.
 - (iii) Drawings.
 - (iv) Requirement of BIS mark, where applicable.

- (v) Requirement of advance sample, if any, at post contract stage before bulk production.
- (vi) Special requirements of packing and marking, if any.
- (vii) Inspection procedure for Stores ordered and criteria of conformity.
- (viii) Requirements of special tests, if any.
- (ix) Requirement of type test certificate, if any.
- (x) Requirement of type approval for compliance of statutory requirements w.r.t. pollution, emission, noise, etc.
- (xi) Training, technical support, after sales service and annual maintenance contract requirements, if any.
- (xii) Warranty requirements.
- (xiii) Qualification criteria of the tenderers.
- (xiv) Any other aspects peculiar to the Stores in question like shelf life of the equipment etc.

Certification

- 4.6 The official/authority formulating the specifications should ensure and also certify that the specifications and the allied technical details are complete and correct to meet the user's requirements fully.

CHAPTER 5
SOURCES OF SUPPLY AND REGISTRATION OF SUPPLIERS

Eligible and Qualified Supplier

- 5.1 Contract for supply of Stores is to be placed on a supplier who is eligible to receive the contract, and, also capable, i.e. qualified in all respects to 'deliver the Stores'. The supplier is required to fulfil and follow all applicable rules, regulations and conditions to transact business with the Government and it should be technically capable and financially sound to deliver the required Stores. There are thus two basic criteria to be fulfilled by the supplier to receive a government contract - Eligibility Criteria and Qualification Criteria. The suppliers/firms with whom government transactions have been banned/black listed/suspended due to any reason will not be eligible to receive government contract.
- 5.2 Further, if the purchasing department engages a consultant to prepare a project report, that consultant will not be eligible to quote against the tender enquiry subsequently floated by that Department for purchase of Stores for that project.

Registration of Suppliers - Basic Guidelines

- 5.3 With a view to establish reliable sources for procurement of Stores commonly required for government use, the Stores Purchase Department will prepare and maintain item-wise Register of eligible and qualified (i.e., capable) suppliers. Such approved suppliers will be known as "Registered Suppliers". All Departments may utilise the services of the Registered Suppliers as and when necessary. Such registered suppliers are prima facie eligible for consideration for procurement of Stores through Limited Tender Enquiry. They are also ordinarily exempted from furnishing earnest money deposit/bid security with their tenders. Credentials, manufacturing capability, quality control systems, past performance (for the Stores in question), facility for after-sales service, financial background, etc., of the supplier(s) should be carefully verified before registration.
- 5.4 Any firm, situated in India or abroad, who are in the business of manufacturing, stocking or marketing of Stores and operating operator of services of specified categories, shall be eligible for registration. Where registration is granted based on

partly outsourced arrangements/agreements, it shall be the responsibility of the registered unit, to keep such arrangements/agreements renewed/alive at all times, to keep their registration valid for the period for which, it has been granted. Any failure in this regard may make the registration null and void/ineffective retrospectively, from any such dates, which the registering authority considers appropriate. Firm, against whom any punitive action has been taken, shall not be eligible for re-registration for a period of three years or as prescribed. Registration requests may not be entertained from such firms, stake holders of whom have any interest in deregistered/banned firms.

- 5.5 The supplier(s) will be registered for a fixed period of two years. At the end of this period, the registered supplier(s), who are willing to continue with registration, are to apply afresh for renewal of registration. New supplier(s) may also be considered for registration at any point of time, provided they fulfill all the required conditions. Performance and conduct of every registered supplier is to be observed by the concerned Department. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration.

Registration of Firms

- 5.6 The Stores Purchase Department will maintain a Register of approved suppliers giving the names of firms who are registered with the Department as approved suppliers of stores.
- (i) Classes of firms to be registered: Firms are classified into three groups according to the nature of their business. The groups are Manufacturers (including service providers), Stockists and Commission Agents. Only Manufacturers and Stockists are eligible for registration, by the Stores Purchase Department.
- (a) In excluding Commission Agents, care should be taken not to exclude agents of manufacturers who may not necessarily be stockists.
- (b) The refusal to register commission agents does not amount to a denial of their right to submit tenders. They will remain free to participate in any tender.

- (ii) Manufacturers are divided into Micro, Small & Medium Enterprises. A certificate issued by the Director of Industries and Commerce or other appropriate authority will be accepted for purpose of this classification. Industrial co-operatives will also be included in the above classification, if they are certified as such by appropriate authority.

NOTE 1: Definition of Manufacturer, Stockist, Commission Agent.

- i. **Manufacturer:** A firm that makes or process goods, especially in large quantities and by means of industrial machines/industrial operation.
- ii. **Stockist:** One who undertakes to maintain stocks of a specified product at or above a certain minimum in return for favourable buying terms granted by the manufacturer of the product.
- iii. **Commission agent:** Any person who acts on behalf of another person and causes sale or purchase of goods, or provision or receipt of services, for a consideration, and includes any person who, while acting on behalf of another person:
 - deals with goods/services/ documents of title to such goods/services; or
 - collects payment of sale price of such goods/services; or
 - guarantees for collection or payment for such goods/services; or
 - undertakes any activities relating to such sale or purchase of such goods/ services.

NOTE 2: The classification of enterprises into Micro, Small & Medium Enterprises shall be as per Micro, Small & Medium Enterprises Development Act 2006. The classification based on investment excluding land and building as per the Act is as follows:

Manufacturing Enterprises:

Micro Enterprises – Investment upto ₹ 25 lakh

Small Enterprises – Investment above ₹ 25 lakh & upto ₹ 5 crores

Medium Enterprises – Investment above ₹ 5 crores and upto ₹ 10 crores

Service Enterprises:

Micro Enterprises – Investment upto ₹ 10 lakh

Small Enterprises – Investment above ₹ 10 lakh & upto ₹ 2 crores

Medium Enterprises – Investment above ₹ 2 crores and upto ₹ 5 crores

NOTE 3: Procedures for registration of firms under the e-procurement system shall be notified separately.

Authorities competent to deal with the applications for registration and grant registration

- 5.7 The Department shall notify the authorities competent to deal with the applications and grant registrations. The Appellate Authority shall be at least one level above the Registering authority or as designated by the Department. The Stores Purchase Department shall issue “guidelines” containing all relevant details to enable the interested firms to apply for registration.
- 5.8 The application form, complete in all respects and accompanied with the requisite processing fee and prescribed documents shall be submitted by the firms to the registering authority. Registration shall be granted to the firms, who fulfill all the specified requirements. Registration Certificates shall be issued to the firms with the approval of competent authority.

Application for Registration

- 5.9 Every firm which wants to register its name should apply for registration in the form prescribed in Annexure 3. The application fee will be ₹ 500/- (Rupees five hundred only) plus taxes as applicable. The fee can be paid by DD or in cash, directly or through money order. Alternatively, the format may also either be typed or downloaded from the web site of Stores Purchase Department. In such cases also the application fee with taxes will be payable.
- 5.10 Every applicant is required to produce the following documents along with his application:-
- (i) Latest annual returns filed before Income Tax Authorities.
 - (ii) Latest VAT clearance certificate.
 - (iii) Registration Certificate (if registered under Companies Act or Partnership Act).
 - (iv) Memorandum and Articles of Association.
 - (v) Copies of supply orders placed by the Government of Kerala or other Government/Local Bodies/Central and State PSUs (minimum 5 numbers of supply orders).
 - (vi) Complete list of stores in which registration is sought.

NOTE 1: Public Undertaking fully owned by Government of Kerala or in which the Government have more than 50 per cent of shares are exempted from producing the documents mentioned as (i) to (v) above.

NOTE 2: If only copies of the documents mentioned as (i) to (v) above are produced they should be attested either by a Gazetted Officer or by a Notary Public.

Registration Fee

- 5.11 Stores usually purchased for Government Departments are classified into nine groups (Annexure 4). Registration is effected in groups of stores. Every applicant has to pay a prescribed fee of ₹ 5000/- for each group along with the application. However, in the case of Micro, Small & Medium Enterprises, the fee payable is only ₹2500/- for each group. No refund of Registration fee will be made if a firm is denied Registration on valid grounds.

Procedure for Registration

- 5.12 Every application for Registration is to be considered on merits. Each applicant is required to furnish all the information required in the form and all the documents required. If the application received is in order and if the prescribed fee has been received, confidential enquiries about the financial status, business capacity, relation with foreign firm, etc., will be made through Bank, Police, Revenue Authorities and through other State Governments or Local Bodies. If the results of the various enquiries prove satisfactory, the applicant's name may be registered. In the case of firms who are registered with the Directorate General of Supplies & Disposals, New Delhi, and are borne on the current list of the Director General, enquiries through Bank, etc., can be dropped. A reference to the Director General to ascertain whether the applicant is borne on their current list will be sufficient. No performance security is fixed for Registration of firms. Normally, the formalities and procedure for registration should be completed within three months.

NOTE: In the case of Public Undertakings fully owned by Government of Kerala or in which the Government have more than 50 per cent of shares, confidential enquiries regarding financial status, business capacity, etc., are not necessary.

- 5.13 A register of approved suppliers (Annexure 5) should be maintained by the Stores Purchase Department for entering the details of registration. When the registration is decided on, the necessary entries should be made in the Register. Simultaneously, a Registration Certificate in the prescribed form (Annexure 6) should be issued to the applicant.
- 5.14 A Registration number will also be assigned to each firm. This number will indicate at once the category of the firm (i.e., the manufacturer or stockists and class according to financial status) in which it is included, e.g. - No. 123/12/M/MSME/III, where 123 is the serial number, 12 the year 2012; M, the manufacturer; MSME, Micro, Small & Medium Enterprises and III, the class of the firm.
- 5.15 For the purpose of classification according to Financial Status, firms are divided into four classes as follows:-
- (i) Firms who can take up contracts above ₹ 50 lakh.
 - (ii) Those who can take up contracts worth above ₹ 25 lakh but below ₹ 50 lakh.
 - (iii) Those who can take up contracts worth above ₹ 10 lakh but below ₹ 25 lakh.
 - (iv) Those who can take up contracts below ₹ 10 lakh only.

Printing of Lists of Approved Firms

- 5.16 List of firms registered during each quarter should be prepared with sufficient details, got printed and circulated to all Heads of Departments by the Stores Purchase Department. In addition, the name of each firm as soon as it is registered should be communicated to the Departments concerned. The updated list of registered firms should be put in the website of Stores Purchase Department.

Refusal of Registration

- 5.17 Registration should be refused to the following categories of firms:
- (i) Firms who have been blacklisted by the Central Government or any State Government.
 - (ii) Registration may be deferred in the case of newly formed companies who have not commenced any business in supplying stores.
 - (iii) Firms who do not furnish the required documents or other information.
 - (iv) Those without any financial status or permanent address.
 - (v) Commission agents other than sole distributors or territorial agents.

Communication of Deficiencies to Firms

- 5.18 Firms whose registration is refused should be informed of the fact, by registered post with acknowledgement due, stating briefly the reasons thereof. Such firms can apply for re-verification and review along with a fee of ₹ 1000/-, within three months from the date of receipt of communication. Requests for re-verification after expiry of the said period would be treated as fresh application and should be accompanied by the prescribed fee of ₹ 5000, for each group.

Performance of Contracts

- 5.19 Once a firm is registered, it is necessary to verify its competence to remain on the Register with reference to its performance in the fields of tenders and contracts. This can be done only by watching the tender invitations and purchases made by all the Departments. To enable the Stores Purchase Department to do this, the following procedure should be adopted:

- (i) Registered firms should be asked to quote without fail their registration numbers in all their tenders and quotations to the several Departments of the State.
- (ii) All Purchasing Departments should furnish to the Stores Purchase Department the following items of information:-
 - (a) List of registered firms who have been specifically invited to quote in each instance.
 - (b) List of registered firms who have submitted tenders against enquiries.
 - (c) List of registered firms who have won contracts and who did not.
 - (d) Those who have performed contracts satisfactorily and those who failed.
- (iii) The above information should be submitted at the appropriate time in each case to the Stores Purchase Department.
- (iv) The registered firms themselves should be asked to submit, at the end of one year, details of their attempts and success.

- 5.20 The reports from the Departments and the firms should be compared to assess the fitness of the latter to remain on the Register, at the end of the expiry of the

registration period. Those who prove fit should be allowed to renew registrations and the others refused renewal.

Renewal of Registration

- 5.21 All registered firms should renew their registration on expiry of the period of current registration. The fee for renewal is fixed at ₹ 2500/- for each group.
- (i) Payment of renewal fee should be made within one month from the date of expiry of the previous registration or renewal. The fee will be accepted for a period of two years with a penalty of ₹ 150/- per month. Thereafter the firm will forfeit its claim for renewal of registration and will have to apply for registration afresh as detailed in paragraphs 5.5 to 5.10 of the Stores Purchase Manual.
 - (ii) Application for renewal should be made in simple letter form, should be preceded by payment of prescribed fee and accompanied by the following documents duly attested by a Gazetted Officer or Notary Public.
 - (a) Latest copies of annual returns filed before Income Tax authorities.
 - (b) Latest VAT Clearance Certificate.
 - (c) List of contracts won and executed during the current registration period (within and outside the State).
 - (d) List of contracts/supply orders at least three or four orders/contracts won and executed during the current registration period (within and outside the State).
 - (e) Changes in ownership, constitution etc., if any.
 - (f) Attested copy of the Latest registration/renewal certificate.
 - (iii) Firms who prove to be good at work or worthy of retention in the Register should be given Renewal Certificates in the prescribed form (Annexure 7).
 - (iv) If the formal application for renewal with the prescribed fee is received in the Stores Purchase Department by the appointed date, it should be deemed that the firm has applied in time.
 - (v) No refund of renewal fee will be made if firm is denied renewal of registration on valid grounds.

Cancellation of Registration

- 5.22 In case of violation of terms and condition of the registration, the registration of the firm will be cancelled by giving prior notice. A registered firm is liable to be removed from the list of approved contractors, when,
- (i) fails to renew registration within the prescribed time
 - (ii) fails to abide by the terms and conditions under which the registration has been given.
 - (iii) fails to secure a contract consecutively for three years
 - (iv) makes any false declaration to Government
 - (v) supplies Stores of inferior quality or uninspected Stores
 - (vi) renders services (including after sales services and maintenance services) of inferior quality than the contracted ones
 - (vii) fails to execute a contract or fails to execute it satisfactorily
 - (viii) the required technical/operational staff or equipment are no longer available with the firm or there is change in its production/service line affecting its performance adversely
 - (ix) is declared bankrupt or insolvent
 - (x) fails to submit the required documents/information for review of registration, where required
 - (xi) adopts unethical business practices, not acceptable to the government, and
 - (xii) any other ground which, in the opinion of the registering authority, is not in public interest
- 5.23 Firms whose names have been removed from the Register for any of the above reasons will be allowed to re-register after two years, if an assurance is forthcoming that the failure will not be repeated.

Printing of Lists of Approved Firms

- 5.24 List of firms registered during each half year should be prepared with sufficient details, got printed and circulated to all Heads of Departments by the Stores Purchase Department. In addition to the above the name of each firm as soon as it is registered shall be hosted in the website of Stores Purchase Department.

Blacklisting and Banning of Business with Firms

- 5.25 Business dealings with a firm, whether it is registered or not registered, may be ordered to be suspended or banned, in public interest by the competent authority. In accordance with the provisions in the Standardised Code of Blacklisting prescribed

by the Government of India which is adopted on a reciprocal basis by the State Government, Government can impose on a firm penalties such as Blacklisting, Banning and Suspension of Business, and Removal from the list of approved suppliers according to the magnitude of the irregular performance of their contracts. Such orders will be issued from the Stores Purchase Department on the recommendations of the Purchasing Officers. The Purchasing Officers should bring to the notice of the Stores Purchase Department, cases of default, supply of defective materials, irregular supply and all cases of breach of the terms of contract. A detailed report explaining the nature and extent of default of breach should be sent in each such case. A show cause notice shall be served to the firm before final orders are issued. The list of firms blacklisted/banned shall be displayed in the website of Stores Purchase Department

Grounds for Suspension of Business Dealings with Firms

- 5.26 Suspension of business dealings may be ordered where pending full enquiry into the allegation, it is considered not desirable that business with the firm should continue. Such an order may be passed: -
- (i) If the firm is suspected to be of doubtful loyalty to India.
 - (ii) If the Central Bureau of Investigation or any other investigating agency recommends such a course in respect of a case under investigation and
 - (iii) If a prima- facie case is made out that the firm is guilty of an offence involving moral turpitude in relation to business dealings which, if established, would result in business dealings with it being banned.

Grounds for Banning of Business Dealings

- 5.27 The grounds on which banning may be ordered are: -
- (i) If security considerations including question of loyalty to the State so warrant.
 - (ii) If the proprietor of the firm, its employee, partner or representative is convicted by a court of law following prosecution for offences involving moral turpitude in relation to the business dealings.
 - (iii) If there is strong justification for believing that the proprietor or employee or representative of the firm has been guilty of malpractice such as bribery, corruption, fraud, substitution of tenders, interpolation, mis-representation, evasion or habitual default in payment of any tax levied by law; etc.

- (iv) If the firm continuously refuses to return government dues without showing adequate cause and the Government are satisfied that this is not due to reasonable dispute which would attract proceeding in arbitration or court of law, and
- (v) If the firm employs a government servant, who has been dismissed or removed on account of corruption or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt government servant.

CHAPTER 6

FORECAST OF REQUIREMENTS, ASCERTAINMENT OF SURPLUS STORES, PREPARATION OF INDENTS AND ADMINISTRATIVE SANCTION

Forecast of Requirements

- 6.1 A Government servant who has to purchase stores for the Public Service should estimate his requirements for the year so far as they can be foreseen. At the end of the each financial year, he should prepare a list of articles required during the next financial year. The list may be prepared on the basis of the consumption during the previous 3 to 5 years and with reference to factors if any, which justify an increase or decrease compared with the average. The lists should also be based on the probable budget estimate for the next year and should be prepared duly allowing for the carrying over of stock for at least one quarter of the succeeding year. As far as possible, a purchasing officer should lay in sufficient stock during the cheapest season. When necessary, he should get advice about the best time for making purchases and assistance in obtaining tenders from Government servants of other Departments who are in close touch with the market for the articles required and know the usual course of their price. For example, it is usually advantageous to buy food grains required for rations just after the harvest and the Civil Supplies Department is likely to be able to give useful advice and assistance in regard to such purchases. Articles which are likely to depreciate or deteriorate during storage should not, however, be bought long in advance of requirements. It should also be remembered that the purchase of any article in advance of requirements involves the locking up of Government money and is, therefore not desirable unless it is reasonably likely to prove advantageous in regard to price.
- 6.2 The following formula may be applied for calculating the future requirements of each item of articles in the Stationery Department.

$$F = S + I(S - E)$$

Where F = Forecast for the next year,

S = Sanctioned quantum for last year

I = Imponderable factor, and

E = Estimate (or Forecast) of the last year

The imponderable factor will always remain as 0.1.

Ascertainment of Surplus Stores

6.3 Before orders are placed, the surplus stock of articles, if any, available with other Departments of the Government should first be utilized, irrespective of the cost at which it is available. The following instructions should be observed in regard to the utilization of the surplus stores in the Departments of the Government:

- (i) Each Head of Department should circulate from time to time lists of all usable stores found surplus to the requirements of his Department to other Heads of Departments as soon as the surpluses are noticed.
- (ii) Every head of Department should see from the list received by him under instruction (i) above whether he can utilize the stores available with the other Departments before he places, or allows his subordinates to place orders for the purchase of such stores in the open market, or submits proposal to the Government for such purchases. Even in cases where no list has been received by him covering the particular articles required by him, he should make enquiries of the Heads of Departments with whom such stores may be available ordinarily.
- (iii) When proposals are submitted to Government or any authority authorized by Government for according sanction to the purchase of any stores it should invariably be stated whether action was taken with reference to instruction (ii) above and if so, with what result.

Preparation of Indents

6.4 After the list of articles required for the year is got ready, an annual indent of stores in Form No. 13 of Kerala Financial Code (KFC), Volume II (Annexure 8) should be prepared in accordance with the instructions contained in article 139 of the KFC, Volume I. The indent should show the approximate cost of articles to be purchased including incidental expenses and should be got sanctioned by competent authority.

Administrative Sanction

6.5 It is the duty of each purchasing officer to satisfy himself that funds are available for meeting the expenditure in respect of purchase of stores and that there is valid administrative sanction for effecting the purchase.

- 6.6 Heads of Departments and other Officers empowered on this behalf are competent to accord administrative sanction for all purchases up to the limit of financial powers vested on them. For purchases involving higher amounts, the sanction of Government is necessary.
- 6.7 Heads of Departments (Annexure 9) are themselves competent to accord administrative sanction for recurring supplies required for the normal running of their Departments for which funds are provided in the Budget. Heads of Departments are empowered to accord administrative sanction for purchase of other items subject to the limits mentioned in the paras 16.3 to 16.8 in Chapter 16 and provisions in the budget. The Head of Department may get approval of the Government for the purchase of special/luxury articles, identified as necessary for the normal running of the Department.
- 6.8 Administrative sanction for a project in which the component items and their cost are listed out in detail will be taken as equivalent to administrative sanction for the purchase of components.
- 6.9 While issuing or recording administrative sanctions, mention should not be made of makes, specifications, rate contracts and such other details relating to the stores, the purchase of which is administratively sanctioned.

CHAPTER 7
MODES OF PURCHASE, RECEIPT AND OPENING OF TENDERS

General

- 7.1 Depending on the nature of the required Stores, the quantity & value involved and the period of supply, the competent authority is to decide the appropriate mode of purchase. The various modes of purchase to be adopted for this purpose are indicated in the subsequent paragraphs.

Dividing Demand into Smaller Quantities

- 7.2 Demand for Stores should not be divided into smaller quantities for making piece meal purchases for the sole purpose of avoiding the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

Purchase of Stores without Quotation

- 7.3 Purchase of Stores upto a value of ₹ 15,000/- (Rupees Fifteen Thousand only) on each occasion may be made without inviting quotations/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 these Stores purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

Purchase of Stores by Local Purchase Committee

- 7.4 Purchase of Stores costing above ₹ 15,000/- (Rupees Fifteen Thousand only) and upto ₹1,00,000/- (Rupees One lakh only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department shall be made after inviting quotations. The committee will survey the market to

ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. 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 quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the Stores in question."

Purchase of Stores by obtaining Tenders/Quotations

7.5 Except for the purchase of Stores through the methods given in the preceding paragraphs, a Purchasing Officer should obtain stores by inviting tenders/quotations in all cases except the following:

- (i) The purchase of books and periodical in all departments involving less than ₹15,000/- at a time, subject to conditions in items (ix) below
- (ii) Petty purchases of less than ₹ 15,000/- at a time
- (iii) Purchase from Government sources subject to the provisions contained in paragraphs 9.21 to 9.25.
- (iv) Special purchases in which any other procedure is approved by Government.
- (v) Controlled items of Stores from controlled stocks.
- (vi) Purchase of articles covered by rate or running contracts settled by Director General of Supplies and Disposals, New Delhi or the Stores Purchase Department, Government of Kerala, by operating such contracts. It should be indicated while issuing Administrative Sanction.
- (vii) During the instant of natural calamity or any other emergency as declared by Government.
- (viii) Purchase of proprietary items where no alternative or substitute exists, on the recommendations of a technical expert from a Government organisation in such line and the approval of Government.
- (ix) All the rules relating to the purchase of stores need not strictly be applied to the purchase of books and periodicals. In the case of purchase of books and periodicals above ₹ 15,000/- at a time, the Purchasing Officer shall, however, invite simple quotations from leading publishers and book sellers and place orders on the basis of competitive quotations so that maximum discount may

be obtained. In cases of such purchases, where advance payment is insisted on, the purchasing officer shall obtain beforehand a written undertaking from the selected firm/contractor to the effect that they shall supply the books and periodicals ordered in time and in satisfactory condition, with a view to securing the interest of Government against any loss.

- 7.6 Quotations may be invited if the estimated value of the stores is between ₹ 15,000/- to less than ₹ 1,00,000. Copies of Quotation Notice regarding the general conditions of the supply, specification of article etc., should be supplied to all firms to whom enquiries were/are sent. A specimen form of Quotation Notice is given in Annexure 10. It is not obligatory to publish quotation Notices in the Gazette. Short Quotation Notice as in Annexure 11 may, however, be published in the newspapers and Government Website.

Types of Tenders

- 7.7 Tenders should be invited, if the estimated value of the stores to be purchased is ₹1,00,000/- or above, through any one of the three types of the Tender mentioned below, as the case may be.

- (i) Limited Tender
- (ii) Advertised Tender (Open Tender)
- (iii) Single Tender (Private Purchase)

Limited Tender

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

- 7.9 The limited tender system may also be adopted instead of the open tender system even when the estimated value of the stores to be purchased is above ₹10,00,000/- in the following cases:-

- (i) When there are sufficient reasons for holding that it is not in the public interest to call for tenders by advertisement. In every such case the purchasing officer

must record the reasons and communicate them to the Accountant General, confidentially, if necessary.

- (ii) When the Purchasing Officer is satisfied that there is serious risk or inconvenience or loss to the public service by arranging the purchase by the Open Tender system or when the articles are urgently required. In every such case the Purchasing Officer must place on record the nature of the urgency and the reasons why a deviation from the general rule has been rendered necessary.

7.10 Copies of the bidding document should be sent, free of cost, directly by speed post/registered post/courier/e-mail, simultaneously to all the firms, which are borne on the list of registered suppliers for the Stores in question. The number of supplier firms in Limited Tender should be more than three. Efforts should be made to identify a higher number of approved suppliers to obtain more eligible bids on competitive basis. 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 document.

Advertised Tender (Open Tender)

7.11 The open tender system, i.e., invitation to tender by public advertisement, should be used as a general rule and must be adopted, subject to the exceptions mentioned in paragraphs below, whenever the estimated value of the contract is ₹ 10,00,000/- or more.

7.12 In the case of purchases of manufactured goods or stores (eg. 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 the Departmental Purchase Committee approves.

7.13 In all cases of open tender, it is essential that wide publicity is given to the tender notification. Short tender notices as in Annexure 12 should be published in the Stores Purchase Sheet of the Kerala Gazette and in the Government website. If the nature of the articles required is such that better results can be obtained by advertisement, short tender notices may also be published in one or more leading

regional language newspapers and also in one or two issues of a leading English newspaper published in India having wide circulation in the area from where the supplies are normally obtained.

- 7.14 In the case of purchases of heavy machinery, imported Stores and other stores which cannot be obtained without wide publicity at all India level, the tender notices may be published in English National Newspapers, in addition to their publication in the Government Gazette and Website. The same may also be published in the Indian Trade Journal, published weekly from Calcutta by the Director General of Intelligence and Statistics.
- 7.15 In addition to the publication, the short tender notices, should be sent to all registered firms in the line and also to other reputed dealers.
- 7.16 For the purpose of notifying dealers and contractors a list of approved firms both Indian and Foreign of known reliability should be maintained in the Office of every purchasing officer. The list should be prepared commodity-wise on the basis of the list of registered firms maintained by Stores Purchase Department. The list will be examined and revised periodically. Applications from firms received by the several departments for inclusion in the approved lists should be forwarded by them to the Stores Purchase Department. There is no objection to sending enquires to firms outside the Approved List.
- 7.17 There are items for which there is no list of registered firms in the Stores Purchase Department, e.g. bottles, earthenware jars, Ayurveda medicines, food materials etc. In such cases when tenders are invited the Purchasing Departments should see that notices are sent direct to all known suppliers, particularly to reputed manufacturers and stockist and any others who might ask to be intimated especially when such notices are published only in the Gazette/Website and not in newspapers.
- 7.18 The Heads of Departments and offices may make arrangements with the Superintendent, Government 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. To facilitate matters,

particulars regarding the quality are quite essential. The Heads of Departments will incorporate specifications regarding quality also in addition to quantity wherever possible in the tender forms and short tender/quotation notices. The Superintendent of Government Presses will print and supply the spare copies of the Tender Forms to the Officers concerned within 8 to 10 days of requisition from the Heads of Departments.

- 7.19 Where a Department feels that the Stores of the required quality, specifications, etc., may not be available in the country and/or it is also necessary to look for suitable competitive offers from abroad, the Department may send copies of the tender notice to the Indian Embassies abroad as well as to the Foreign Embassies in India requesting them to give wide publicity of the requirement in those countries. They may also be requested to put the tender notice in their web sites. The selection of the Embassies will depend on the possibility of availability of the required Stores in such countries. Publicizing the requirement globally as above is also known as *Global Tender Enquiry*.

NOTE: Under the e-procurement system, the invitation to tender is only to registered vendors. The tender notifications, bid clarifications, corrigendum and addendum, minutes of the pre-bid meeting, etc., will be published in the eGP portal and shall be the sole mode of official communication to the vendors. However, consolidated advertisements in one regional and one national daily may be issued for e-procurement. Short tender notices should also be published in the Stores Purchase Sheet of Kerala Gazette.

Single Tender (Private Purchase)

- 7.20 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. For this purpose, a small order means an order the value of which does not exceed ₹

5000/- or, if more than one kind of article is ordered at one time, the total value of which does not exceed ₹ 10000/-.

NOTE: The word proprietary is defined as an item which is manufactured by one and only one manufacturer and/or which is a patent or speciality to which tender system cannot be applied with advantage.

- (ii) When, owing to the 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 the firms or agencies concerned.
- (iii) In a case of emergency, the required Stores are necessarily to be purchased from a particular source subject to the reason for such decision being recorded and approval of the competent authority obtained.
- (iv) For standardization of machinery or components or spare parts to be compatible to the existing sets of machinery/equipment (on the advice of a competent technical expert and approved by the competent authority), the required Stores are to be purchased only from a selected firm.

7.21 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.

Format for Tenders

7.22 Every Officer who proposes to purchase materials by the open tender system should obtain tenders in a prescribed format issued by him or on commercial letter papers of the tendering firms. For all purchases involving ₹ 1,00,000/- or more, Tender forms should ordinarily be prescribed and issued by the purchasing officer at prices according to the scale approved by Government.

7.23 The tenderers are to furnish their quotations as per the prescribed format and also as per the instructions incorporated in the tender documents. Quotations sent by telex, cable or facsimile are to be ignored and rejected.

NOTE: Under e-procurement the tender forms can be downloaded from the Library of eGP portal and Department Website. The tender forms can be downloaded by all the registered vendors free of cost.

Cost of Tender Documents

7.24 Price of the tender document should take care of the preparation and delivering cost only. If it is too high, it will discourage the prospective bidders to purchase the document and participate in the bidding process.

7.25 The following scales of prices (exclusive of VAT) are prescribed by Government for tender forms to be issued by Government Departments.

(i) Ordinary tenders involving supply of stores:

Estimated cost of materials for which tenders are invited	Cost of tender forms	
	Original copy each (₹)	Duplicate copy each (₹)
Above ₹1,00,000/- upto ₹10.00 lakh	0.2% of the cost of tender rounded to the nearest multiple of 100, subject to a minimum of ₹ 400/- and maximum ₹ 1500/- + VAT as applicable	50% of the cost of the original copy, upper rounded to the nearest multiple of 100 + VAT as applicable
Above ₹10.00 lakh	0.15% of the cost of tender rounded to the nearest multiple of 100, subject to a maximum of ₹ 25000/- + VAT as applicable	50% of the cost of the original copy, upper rounded to the nearest multiple of 100 + VAT as applicable

(ii) Special tenders with drawing, etc., involving erection of plant and machinery.

Estimated cost of materials for which tenders are invited	Cost of tender forms	
	Original copy each (₹)	Duplicate copy each (₹)
Upto ₹ 10 lakh	0.25% of the cost of tender rounded to the nearest multiple of 100 + VAT as applicable	50% of the cost of the original copy rounded to the nearest multiple of 100 + VAT as applicable
Above ₹ 10 lakh	0.20% of the cost of tender rounded to the nearest multiple of 100 + VAT as applicable	50% of the cost of the original copy rounded to the nearest multiple of 100 + VAT as applicable

- 7.26 General conditions of the contract for plant, machinery and manufactured equipment should be usually supplied with the special tender form and extra copy at ₹ 200 per copy.
- 7.27 Ordinarily duplicate copies of tender forms should be issued only to firms or individuals who have purchased the original copy. But in the case of special tenders duplicate can be issued to applicants for reference even if they have not purchased the original copy. But in such cases care should be taken to see that the tenders are submitted only in original copies.
- 7.28 The cost of tender forms may be accepted in cash, DD or by M.O. only. Postal orders, postal stamps or bank cheques should not be accepted. No forms should be sent by V.P.P. or in advance.
- 7.29 In certain other cases even though the amount involved is more than ₹ 1,00,000/- priced tender forms may not be desirable e.g., fuel oils, motor vehicles, etc.
- 7.30 In all cases of Rate/Running contracts priced tender forms are essential irrespective of the amount involved unless otherwise decided by Government.
- 7.31 Free tenders (or quotations) may be invited in all cases of Limited Tender or Single Tender system. In such cases, the tendering firms can submit their tenders in their own commercial letter papers.
- 7.32 A tenderer may download the tender form from the official website of Government of Kerala. In that case the tenderer should remit the cost of the tender form by Demand Draft of Nationalised Banks and should submit such Tenders along with the cost as detailed in para 7.26 of the Manual.

Invitation of Tenders

- 7.33 Whenever tenders are invited, the procedure in the following rules should be followed. This procedure will apply to all Departments except those for which special rules have been laid down in their Codes or Manuals.

- (i) Before inviting tenders every officer should estimate his requirements for the year as far as he can foresee and regulate the time of his purchases according to the state of market and stock position of stores of his Department. A phased programme may be drawn up for inviting the tenders so that there is no rush of tenders at any time and priority is given to articles which are in urgent need.
 - (a) Tenders can be invited even during the previous financial year for normal and recurring supplies likely to be required by various Departments in the succeeding year. But actual financial commitment should be entered into only after the Budget is passed by the Legislature.
 - (b) In the case of requirements of bulk or costly machinery for which competitive quotations can be obtained for forward delivery, tenders should be invited well in advance of the requirements so that stock purchases at prohibitive prices are avoided.
 - (c) Rush purchases towards the end of the financial year should be avoided. The Financial Rules require that expenditure which might otherwise be postponed should not be incurred in the last month of the financial year solely with a view to prevent lapses of the budget grants. Such rush purchases have an undesirable effect; in that the strict observance of the rules regarding invitation of the tenders, proper scrutiny of offers, etc., are rendered impossible at such high pressure and leads to waste, confusion and delay.

- (ii) The articles should properly be classified under different trade groups according to the approved classification (See Annexure 4). Tenders should then be invited separately for each group.
 - (a) The tenders should not be made unwieldy by including too many items of different kinds of materials in the same tender. Where purchases are large one tender notice should normally contain only one kind or class of articles.
 - (b) Requirements should be correctly estimated. After inviting tenders the quantity should not be varied materially. It is wrong economy to purchase bulk quantities at retail prices.
 - (c) Indents of the different institutions or sections under the same Head of Department should be classified and bulked into a single list. They need not be shown separately in the tender list or schedule.

Example: Laboratory glassware is required for the Physics, Chemistry, Botany and Zoology Laboratories of a College. Each of these Departments should not invite tenders separately, nor should the Principal invite tenders separately for each Department. On the other hand the requirements of all the four Departments should be properly classified and bulked. If, for example, each of the four Departments requires 2 beakers with spout 500 c.c., the quantity should be mentioned as 8 Nos. and this should occur only at one place in the tender notice.

- (d) The names of Stores should be arranged in a clear, intelligible manner. Alphabetical arrangement is desirable. Each item should be given correct and adequate specifications. Mere reference to catalogue numbers and mention of patent/brand names should be avoided.

- (iii) The requirements of the same or similar materials should be consolidated and tenders invited in order to secure the advantage of competitive prices for bulk supply. Tenders should not be invited by the same Department for the same class of materials several times during the same year. Apart from losing the advantage of bulk purchases, piecemeal purchase results in avoidable work and delay.
- (iv) Tender specifications 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 changes in specification after inviting tenders.
- (v) (a) Indenting Department should endeavour to adopt the Indian Standard Specifications wherever available and where such specifications have not been laid down, should consistent with the requirements of safety, security and use of the stores, permit relaxation of standard, having regard to technical limitations in indigenous production (Annexure 13).
(b) In respect of articles purchased by Government, other things being equal, preference will be given to goods bearing Indian Standards Institution certification mark or agmarking and to products conforming to I. S. I. specifications.
- (vi) (a) Comprehensive specifications of plant, machinery and specialized equipment should be given with the term "or similar" added wherever possible.

- (b) Where there is lack of experience of any particular type of equipment and full specifications cannot be furnished, preliminary enquiries should be made in the first instance and the offers got examined by technical experts who should then draw up comprehensive specification for inviting the formal tender.
- (c) Tenderers should be allowed to quote for all the items included in a tender or a part thereof. They should also be allowed to make suitable alternative offers.
- (vii) A Purchasing Officer who invites tenders for the supply of stores may exercise full discretion regarding the place of delivery to be specified in the invitation of tender. The conditions should as far as possible be such as to give all tenderers equal opportunities of tendering at their lowest rates. He may stipulate for delivery cost, insurance and freight (c.i.f.) or free on board (f.o.b.) at an Indian Port or free on rail (f.o.r.) at the place of despatch in India or f.o.r. destination or for free delivery at the receiving stores/ office. When tenders are invited for the supply of plant and equipment and the successful tenderer is to erect the plant at site, the appropriate conditions in regard to delivery at site should be included in the invitation of tender or in the general specifications.
- (viii) As provided in Article 148 (b) of Kerala Financial Code, Volume I, all articles required for use in the public service shall be purchased on the condition that delivery shall be made in India for payments in Rupees in India. Except in special cases, full payment should not be made for any stores against shipping or railway documents, and payment should be completed only after the Receiving Officer has taken delivery of stores and found them to be satisfactory in every respect.
- (ix) In all cases of invitation of tenders, care should be taken to see that sufficient time is allowed to the tenderers to submit their tenders. In fixing the date for the receipt of tenders, the Purchasing Officer should take into account the time required for publicity, for the receipt of the tender forms by the tenderers and the preparation and despatch of the tenders. He may exercise his discretion about the last date for the receipt of tenders keeping in mind the nature and

supply position of the articles required to be purchased. The following minima are suggested:-

- (a) For ordinary stores which can be procured from the Indian Market - 15 days.
- (b) For machinery and plant which have necessarily to be imported-Two months
- (c) For heavy equipment involving foreign manufacture of plant and machinery, their import and erection - Three months.

NOTE 1: Under the e-procurement system the bids shall be submitted online and parallel submission of bids through paper format is not allowed. Virtual Tender Box shall be treated at par with the physical Tender Box. Time for submission of the bids online will be as given under the particular tender notice.

NOTE 2: The CVC has issued guidelines on publishing details of tender documents in the web site of the department/organisation with a view to providing widest possible publicity. The instructions issued are with regard to all cases where open tender system is resorted to for procurement of goods and services or for auction/sale, etc., of goods and services. This may be followed (refer CVC Order No.98/ORD/1, dated 18th December, 2003). The CVC has also issued guidelines to be followed while implementing e-tendering solutions to contain the security related loopholes (refer Circular No. 29/9/09, dated 17th September, 2009 and Circular No. 18/04/2010, dated 26th April, 2010, given in Appendix). These may be considered by the authority responsible for e-tendering solutions.

(x) The invitation should also specify a period of firmness during which the tenderers are to keep their rate firm. The time fixed for firmness of offers should be enough to cover the normal delay expected in placing supply orders after going through all the formalities. It is necessary that regard should be had to the fluctuating nature of the markets in fixing these periods. Long firmness periods such as 6 or 8 months should be avoided. The following periods of firmness may generally be prescribed:-

- (a) All ordinary items of stores-Two months.
- (b) Important tenders involving manufacturer, supply and erection such as heavy electrical plants, machinery, steel structures etc.-Three months.

- (c) For stores which are in short supply in the country and the prices of which are subject to violent fluctuations, a maximum period of one month or even less may be fixed. A week or two is better.
- (d) It is important that in all cases decisions regarding the selection of offers are taken promptly and acceptances communicated to, or supply orders placed with the selected firms before the period of firmness expires.

NOTE: All Purchasing Officers who: (i) fail to draw up a suitable time schedule as required under sub para (ix) for each tender and fail to scrupulously adhere to it; and (ii) fail to specify a validity period as required under sub para (xi), will be held personally responsible for the lapse, loss, if any, sustained by Government due to such non-specification of the firmness period or non-adherence of the time schedule will be recoverable from the officers concerned.

- (xi) In all cases, tenders should be obtained in sealed envelopes. In special cases tenders in duplicate may be called for or even in triplicate. The tender invitation should include the general conditions of tender, and a list of the materials required, each item carrying full specifications and special conditions, if any. The tenderers should be asked to superscribe the name and number of tender as well as their own name, on the envelopes containing the tenders. The advertisement should specify the price of tender forms and state the place, the date and the time when the tenders are to be submitted, and will be opened. The tenderers or their authorized representatives may be invited to be present at that time to scrutinize the several competitive tenders received.
- (xii) Tenders shall be invited in India and when considered desirable also from abroad for the supply of articles in order to obtain adequate publicity and to ensure that the purchase is made to the best advantage. These considerations apply mainly to the categories of stores which have usually been obtained in the past by import.
- (xiii) The service of the Central Purchase Organisation (Directorate General of Supplies & Disposals, New Delhi), the India Store Department, London or India Supply Mission, Washington may be utilized to the extent necessary. The

procedures for utilizing the service of Central Purchase Organisation are contained in Annexure 14.

- (xiv) The Stores Purchase Department should publish in their website an updated list of registered and blacklisted/banned firms for reference to other departments.
- (xv) The CVC has issued clarification with regard to a clause that is normally included in the Notice inviting tenders that the 'tender applications could be rejected without assigning any reason'. Though the CVC has not objected to having this clause in the Notice inviting tenders, it has made clear that the said clause in the bid document does not mean that the 'tender accepting authority is free to take decision in an arbitrary manner. He is bound to record clear, logical reasons for any such action of rejection/recall of tenders on the file' (refer Office Order No. 15/3/05 dated, 24th March 2005 in Appendix).
- (xvi) The CVC has also instructed that pre-qualification criteria, performance criteria and evaluation criteria should be incorporated in the bid documents in clear and unambiguous terms as these are very important to evaluate bids in a transparent manner. The CVC has also advised that, whenever required, the departments/organisations should follow the two-bid system, i.e. technical bid and price bid. The price bids should be opened only of those vendors who are technically qualified by the Department/Organisation (refer Order No. 98/ORD/1 (Office Order No.44/9/03), dated 04.09.2003, in Appendix).

Text of Tender Notice

7.34 The tender notice for an Open Tender should be carefully drafted. It should contain all the salient features of the requirement in brief to give a clear idea to the prospective tenderers about the requirements. Superfluous or irrelevant details should not be incorporated in the tender notice, as it will increase the cost of the advertisement. The Tender Notice should contain:

- (i) Description and specification of the Stores and quantity
- (ii) Period and terms of delivery
- (iii) Cost of the tender/bidding document

- (iv) Place(s) and timing of sale of tender documents
- (v) Place and deadline for receipt of tenders
- (vi) Place, time & date for opening of tenders
- (vii) Amount & Form of Bid Security/Earnest Money Deposit
- (viii) Any other important information

Sale of Tender Documents

- 7.35 Tender documents should preferably be sold upto one day prior to date of opening of tenders and the same should be clearly indicated in the documents. The organization should also post the complete tender document in the website and permit prospective tenderers to make use of the document downloaded from the website. If the tender document is a priced one, there should be clear instructions for the tenderers in the document (which has been downloaded) to pay the amount along with the tender, prepared in the downloaded document.
- 7.36 The sale of tender documents against Open Tender should not be restricted. The purchase department shall maintain proper records about the number of tender documents sold, list of parties to whom sold, details of the amount received through sale and, also, the number of unsold tender documents, which are to be cancelled after the opening of the tenders.

Pre-bid Conference

- 7.37 In case of turn-key contract or contract of special nature for purchase of sophisticated and costly equipment, a suitable provision is to be kept in the tender enquiry document for a pre-bid conference for clarifying issues and clearing doubts, if any, about the conference for clarifying specification and other allied technical details of the plant, equipment and machinery projected in the tender enquiry document. The date, time and place of pre-bid conference should be indicated in the tender enquiry document for information of the interested tenderers. This date should be sufficiently ahead of the tender opening date.

Sealing and Marking of Tenders

- 7.38 The tender document is to indicate the total number of tender sets (e.g., in duplicate or in triplicate, etc.) required to be submitted. The tenderer is to seal the original and

each copy of the tender in separate envelopes, duly marking the same as “original”, “duplicate” and so on and also putting the address of the purchase office and the tender reference number on the envelopes. Further, the sentence “NOT TO BE OPENED” before (due date & time of tender opening) are also to be put on these envelopes. The inner envelopes are then to be put in a bigger outer envelope, which will also be duly sealed marked, etc., as above. If the outer envelope is not sealed and marked properly as above, the purchaser will not assume any responsibility for its misplacement, premature opening, late opening, etc. All the above instructions are to be suitably incorporated in the tender documents.

Modification of Tender Documents and Extension of Tender Opening Date

7.39 Sometimes, situations may arise necessitating modification of the tender documents already issued (Limited Tenders) or already put on sale (Open Tenders). Also, after receiving the documents, a tenderer may point out some genuine mistakes necessitating amendment in the tender documents. In such situations, it is necessary to amend/modify the tender documents suitably prior to the date of submission of bids. Copies of such amendment/modification should be simultaneously sent to all the selected suppliers by registered/speed post/courier/e-mail in case of Limited Tender. In case of Open tender, the copies of such amendment/modification are to be simultaneously despatched, free of cost, by registered/ speed post/courier/e-mail, to all the parties who have already purchased the tender documents and copies of such amendments are also to be prominently attached in the unsold sets of the tender documents (which are available for sale), including the tender documents put in the website. When the amendment/modification changes the requirement significantly and/or when there is not much time left for the tenderers to respond to such amendments, and prepare revised tender, the time and date of submission of tenders are also to be extended suitably, along with suitable changes in the corresponding time-frames for receipt of tender, tender validity period, etc., and validity period of the corresponding EMD/bid security. Depending on the situation, such an amendment may also need fresh publication adopting the same procedure as for publication of the original tender enquiry.

Amendments/Modifications to Tenders by Tenderers

- 7.40 The tenderer, after submitting its tender, is permitted to submit alterations/modifications to its tender so long such alterations/modifications are received duly sealed and marked like original tender, upto the date & time of receipt of tender. Any amendment/modification received after the prescribed date & time of receipt of tenders are not to be considered. Para 8.15 (Forfeiture of EMD) of Chapter 8 also refers in this regard.

Receipt and Custody of Tenders

- 7.41 Receipt and custody of tenders shall be done in a transparent manner. Tenders are to be received through tender box and, in its absence, by hand delivery to the nominated officials of the purchasing authority. The tender box should be located in a place, which is easily accessible to the parties for dropping their tenders. The tender box shall have two locks. Key of one lock will be with the Head of the Office and the other key with the official nominated by him. On each occasion of tender opening, the tender box will be opened by two officials at the prescribed date and time (as per the date & time specified for receipt of tenders) and the relevant tenders will be taken out. In the tender box, there may be tenders for other cases due for opening later; such tenders are to remain in the tender box under lock and key. The tenders so taken out are to be entered in a challan in duplicate, duly signed with date and time by the two officials and sent to the officials authorized to open the tenders. Signatures of the receiving officials will be obtained on the duplicate copy of the challan for record.

- 7.42 There may be cases where the tenders are too bulky to be put in the tender box or the purchase office is yet to install tender box and, therefore, the tenders are to be submitted by hand. In such cases, it should be ensured that names and designations of at least two officers, who will receive the tenders, are prominently mentioned in the tender documents. The information about these officers should also be displayed at the entrance/reception of the premises where tenders are to be deposited. The officer receiving a tender is to give the bearer of the tender a receipt duly signed by him with date and time of receipt of the tender. A separate register is to be

maintained for keeping records of the bids, received by hand. Such bids will be kept in safe custody with the head of the office or his authorized representative till the date & time of bid opening and then such bids will be handed over to the bid opening officer through challan, in identical manner as mentioned in the previous paragraph. Sometimes, tenders are also received by post. Such tenders shall be received and documented in identical manner as applicable for tenders received through hand delivery.

Late Tender

- 7.43 In the case of Open Tenders or Limited Tender, late tenders (i.e., tenders received after the specified date and time for receipt of tenders) should not be considered.

Opening of Tenders

- 7.44 All the tenders received on time shall be opened in the presence of authorized representatives of the tenderers (who have submitted regular tenders) at the prescribed time, date and place. The authorized representatives, who intend to attend the tender opening, are to bring with them letters of authority from the corresponding tenderers. Tenders should be opened immediately after the deadline of receipt of tenders with minimum time gap in between. At least two duly authorized officials of the Department should jointly open the tenders. The tender opening officials are to announce the salient features of the tenders like description and specification of the Stores, quoted price, terms of delivery, delivery period, discount if any, whether EMD furnished or not and any other special feature of the tender for the information of the representatives attending the tender opening. After opening, every tender shall be numbered serially, initialed, and dated on the first page by all the officials authorized to open the tenders. Each page of the price schedule or letter attached to it shall also be initialed by them with date, particularly the prices, delivery period etc., which shall also be circled and initialed with date. Blank tenders, if any, should be marked accordingly by the tender opening officials.
- 7.45 The original, duplicate, triplicate copies in a tender set are to be marked accordingly by the tender opening officials. Alterations in tenders, if any, made by the tenderers, shall be initialed with date & time by the officials opening the tenders to make it

perfectly clear that such alterations were present on the tenders at the time of opening. Wherever any erasing or cutting is observed, the substituted words should also be encircled and initialed with date & time to make clear that such erasing/cutting of the original entry was present on the tender at the time of opening.

- 7.46 In order to maintain the sanctity of tendering system, the CVC has advised that the purchases should preferably be made directly from the manufacturers. Either the Indian Agent on behalf of the foreign principal or the foreign principal directly could bid in a tender but not both. Further, in cases where an agent participates in a tender on behalf of one manufacturer, he should not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent/parallel tender for the same item (refer Office Order No. 25/04/04, dated the 21st April, 2004, in Appendix).

Responsibility of the Tender Opening Officials

- 7.47 In addition to what has been mentioned in paragraphs 7.42 and 7.43, the tender opening officials will prepare a list of the representatives attending the tender opening and obtain their signatures on the same. The list will also contain the representatives' names and the corresponding tenderers' names & addresses. The authority letters brought by the representatives will be attached with this list. This list will be signed by both the tender opening officials with date & time. An on-the-spot report containing the names of the tenderers (serial number wise) salient features of the tenders, as read out during public opening of tenders will be prepared by the tender opening officers duly signed by them with date & time.
- 7.48 The tenders, which have been opened, the list of the representatives attending the tender opening and the on-the spot report are to be handed over to the nominated purchase officer and acknowledgement obtained for the same.
- 7.49 The CVC has advised that the members of the Tender Committee should give an undertaking at the appropriate time, that none of them has any personal interest in the Companies/Agencies participating in the tender process. It has instructed that

any Member having interest in any Company should refrain from participating in the Tender Committee (refer Order No. 005/VGL/66, (Office Order No. 71/12/05), dated the 9/12/2005, in Appendix).

Two Bid System

7.50 For purchasing capital equipment, high value plant, machinery, etc., of complex and technical nature, tender enquiry document, complete in all respects, may be issued as usual. However, the tenderers should be asked to bifurcate their quotation in two parts. The first part is to contain the relevant technical specifications and allied commercial details as required in terms of the tender enquiry documents and the second part should contain only the price quotation. The first part is commonly known as 'Technical Bid' and the second part 'Financial Bid'. The technical bid and the financial bid should be sealed by the tenderer in separate covers duly superscribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly superscribed following similar procedure as prescribed under para 7.39 of this chapter. The technical bids are to be opened in the first instance, at the prescribed time & date and the same will be scrutinized and evaluated by the competent committee/authority with reference to parameters prescribed in the tender documents and the offers received from the tenderers. Thereafter, in the second stage, the financial bids of only the technically acceptable offers (as decided in the first stage above) are to be opened for further scrutiny, evaluation, ranking and placement of contract.

Note: The CVC while noticing instances where the equipment/plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of the various technical solutions, has advised that it would be prudent to invite expression of interest and proceed to finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner. The CVC suggests two stage tendering process in such cases (refer Circular No. 01/02/11, dated 11th February, 2011 in the Appendix).

CHAPTER 8
EARNEST MONEY AND PERFORMANCE SECURITY

Earnest Money Deposit

- 8.1 In order to safeguard against a bidder's withdrawing /altering its bid during the bid validity period in the case of Open or Limited tender enquiry, Earnest Money Deposit (EMD) is to be obtained from the bidders.
- 8.2 The bidders are required to furnish EMD along with their bids. Earnest money should ordinarily be taken for every tender involving ₹ 1,00,000/- or more and for special tenders [vide also article 132(b) of the Kerala Financial Code, Vol. I]. The amount of EMD shall be one percent (rounded to the nearest rupees) of the total cost of the articles tendered for. This is subject to a minimum of ₹ 1,500/-.
- 8.3 In certain special cases, a lumpsum earnest money may be prescribed with reference to the nature of articles required and to the extent of possible competition.
- 8.4 Heads of Departments may by general or special orders dispense with EMD in the case of firms of established repute.
- 8.5 Government or any authority authorized by Government may by general or special orders exempt any firm of repute and standing from furnishing earnest money.

Exemption from payment of EMD

- 8.6 Firms who are registered with the Stores Purchase Department or the Directorate General of Supplies & Disposals, New Delhi are exempted from furnishing Earnest Money for tenders in respect of Stores for which they have registered as suppliers of stores. However, this exemption is not applicable to tenders for Rate/Running Contracts.
- 8.7 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 Industries Centre, are exempted in respect of certified items from furnishing earnest money deposits in support of tenders submitted by them to Government Departments.

- 8.8 The Khadi and Village Industries Co-operative Societies and the institutions registered under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 within the State which are certified as such by the Secretary, Kerala Khadi and Village Industries Board are exempted from furnishing earnest money deposits in support of tenders submitted by them to Government Departments.
- 8.9 Micro, Small & Medium Enterprises registered with the National Small Industries Corporation Limited, New Delhi and in respect of which competency certificates are issued by the Corporation will be exempted from payment of earnest money deposits. Micro, Small & Medium Enterprises having DGS &D Registration will also be exempted from payment of performance security. This will not, however, apply in the matter of purchase of stores on Rate or Running Contract basis.
- 8.10 Government institutions/State Public Sector Undertakings which manufacture and supply stores are exempted from furnishing earnest money for tenders.
- 8.11 Kerala State Small Industries Development Corporation Ltd., when it participates in tender on behalf of Small Scale Units will be exempted from furnishing Earnest Money. This concession will not apply in the matter of purchase of stores on Rate or Running Contract basis.

NOTE: Under e-procurement system the authorized exemption list will be published in the e-procurement portal.

Payment of EMD

- 8.12 Earnest money may be accepted either in cash or crossed Bank Drafts or Treasury Savings Bank Deposits or Government Promissory Notes or Bank Guarantee or National Savings Certificate. A model format for the same is provided in the Annexure 15. The tenderers should be specially instructed in the advertisement not to enclose in the envelope any Earnest Money in cash, but only in crossed drafts. Fixed deposit in the State Bank of Travancore, in the name of the Purchasing Officer or in the name of the depositor with due endorsement thereon to the Purchasing Officer, may also be accepted provided the period is not less than six months.

Note: The CVC has advised all organizations to streamline the system of acceptance of bank guarantees from contractors/suppliers to eliminate the possibility of acceptance of any forged/fake bank guarantees. The organizations have been instructed to frame their own detailed guidelines to ensure that BGs are genuine and encashable. CVC has suggested that the guidelines issued by Canara Bank in this matter could be utilised for the purpose (refer Circular No. 01/01/08, dated 31st Dec. 2007 in Appendix).

- 8.13 In the case of firms doing business within the State, cash remittance of earnest money should be made into any of the Government Treasuries and the receipted Chelan produced with the tender.

NOTE: Under e-procurement system the tender submission fees and earnest money deposit will be through modes other than cash/DD/MO/cheque. Electronic mode of payment as defined in the tender notice will be applicable.

Validity of EMD

- 8.14 The EMD should remain valid for a period of 45 days beyond the final tender validity period.

Forfeiture of EMD

- 8.15 EMD of a tenderer will be forfeited, if the tenderer withdraws or amends its tender or impairs or derogates from the tender in any respect within the period of validity of its tender. Further, if the successful tenderer fails to furnish the required performance security within the specified period, its EMD will be forfeited.

Refund of EMD

- 8.16 EMD furnished by all unsuccessful tenderers should be returned to them without any interest whatsoever, at the earliest after expiry of the final tender validity period but not later than 30 days after conclusion of the contract. EMD of the successful tenderer should be returned, without any interest whatsoever, after receipt of performance security from it as called for in the contract.

Performance Security

- 8.17 To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder who is awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status, etc., for a contract value above ₹ 1,00,000/-. Performance Security may be furnished in the form of an Account payee Demand Draft, Fixed Deposit Receipt from a Commercial bank or Bank Guarantee from a Commercial bank. A sample format for performance security is included in the Annexure 15.
- 8.18 Performance Security is to be furnished by a specified date (generally 21 days after notification of the award) and it should remain valid for a period of 60 days beyond the date of completion of all contractual obligations of the supplier, including warranty obligations.
- 8.19 The Performance Security should be equivalent to 5% of the total value of the contract rounded to the nearest rupee. The security may be taken in any of the following forms.
- (i) By Cash
 - (ii) Demand Draft from Nationalised Banks
 - (iii) Bank Guarantee from Scheduled Banks in India
 - (iv) Government Promissory Notes
 - (v) Stock Certificates of the Central or State Governments.
 - (vi) National Savings Certificates, Government of India 12 years National Plan Savings Certificates and 10 year Treasury Savings Certificate
 - (vii) Treasury Savings Bank Deposits
 - (viii) Post Office Savings Bank Deposits
 - (ix) Post Office Cash Certificates
 - (x) Deposit receipts of recognized bank and co-operative societies approved by Government for the purpose
- 8.20 The personal securities of two persons of known probity and substance may also be accepted in exceptional case when there are special reasons for doing so.

- 8.21 The Government or any authority authorized by Government may, when desirable, exempt a firm of established repute from the obligation to furnish security in respect of all contracts or for a particular contract or class of contracts made with any Department of Government.
- 8.22 No security should be demanded or taken from any Government institutions or any institutions listed in Annexure 16, which supply stores. This provision will apply in the matter of purchase of stores from Government of India undertakings as well.
- 8.23 Micro and Small Enterprises and Industrial Co-operatives within the State, which have been registered as such with the Industries Department/Directorate of Industries and Commerce, on furnishing proof of such registration are exempted from furnishing performance security against contracts for supply of stores manufactured by them, provided that an officer of and above that the rank of Deputy Director of Industries and Commerce having jurisdiction over the area also certifies to the soundness and reliability of the concerns to undertake the contracts.
- 8.24 The Khadi and Village Industries Co-operative Societies within the State which have been registered as such with the Kerala Khadi and Village Industries Board and the institution registered under The Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act, 1955 and which are financed by the Board within the State on furnishing proof of such registration are exempted from furnishing performance security against contracts for supply of stores manufactured by them provided that the Secretary, Kerala Khadi and Village Industries Board also Certifies to the soundness and reliability of the concerns to undertake the contracts.
- 8.25 In the matter of purchase of stores by the State Government Departments, Micro, Small & Medium Enterprises sponsored by the National Small Industries Corporation Ltd., New Delhi and in respect of which competency certificates are issued by the Corporation will be exempted from furnishing performance security. This will not, however, apply in the matter of purchase of stores on rate or running contract basis.
- 8.26 No fresh performance security need be demanded from firms for extended period of the rate contract originally concluded with them. The performance security obtained

against the original rate contract may be considered as security for the extended period of the rate contract. In all such cases a Supplemental Agreement should be entered into with the rate contract holder for the satisfactory fulfillment of the extended contract. A standard form of supplemental agreement is given in Annexure 17.

- 8.27 All the small scale industrial units that are registered with the Stores Purchase Department of Kerala and working within the State of Kerala will be exempted from payment of EMD and performance security.
- 8.28 The Public Sector Undertakings that are working on competitive basis need not allow the above exemption to Micro and Small Enterprises. These exemptions will be allowed only by the State Government Departments, Local Self Government Institutions, Development Authorities, Kerala Khadi and Village Industries Board, KINFRA, KSEB and Kerala Water Authority.
- 8.29 The earnest money deposit may be treated as part of performance security of the successful bidder and only the balance amount of performance security need be called for from the firm.

Forfeiture of Performance Security

- 8.30 Performance security is to be forfeited and credited to the Government in the event of a breach of contract by the supplier, in terms of the relevant contract.

Verification of the Bank Guarantees

- 8.31 Bank Guarantees submitted by the tenderers/suppliers as EMD/Performance Security need to be immediately verified from the issuing Bank before acceptance.

Safe Custody and Monitoring of EMDs, Performance Securities & Other Instruments

- 8.32 Suitable mechanism for safe custody and monitoring of EMDs and Performance Securities and other Instruments should be evolved and implemented by each

Department. The Departments shall also make institutional arrangements for taking all necessary actions on time for extension or encashment or refund of EMDs and Performance Securities, as the case may be. Monitoring should also include a monthly review of all Bank Guarantees and other instruments expiring after 3 months, along with a review of the progress of the corresponding contracts. Extension of Bank Guarantees and other instruments, where warranted, should be sought immediately and implemented within their validity period.

CHAPTER 9
RECEIPT AND EVALUATION OF TENDERS,
FORMULATION OF PURCHASE PROPOSAL
AND PLACEMENT OF CONTRACT

Introduction

- 9.1 Evaluation of tenders is one of the most significant areas of Purchase Management. The entire process of tender evaluation and placement of contract must be transparent. All the aspects, which are to be taken into account for evaluating the tenders including the method to be adopted for evaluation of tenders and the techniques for determining the lowest evaluated eligible tender for placement of contract are to be incorporated in the tender enquiry document in clear and comprehensive manner without any ambiguity and/or confusing stipulations therein, so that the interested tenderers can formulate their competitive offers in a meaningful manner and participate in the tendering process with confidence. The Purchase Officer should prepare a comparative statement of quotations received in the order in which tenders were opened. This statement will have information about specifications of the material offered by the tenderer, rates quoted (including taxes or otherwise), discount, if any, delivery schedule, earnest money deposit, validity of the offer, payment schedule, etc. This action should be taken before preliminary examination of the tenders. The comparative statement so prepared should be signed by the concerned officers. All the tenders are to be evaluated strictly on the basis of the terms & conditions incorporated in the tender enquiry document (based on which offers have been received) and the terms, conditions, etc., stipulated by the tenderers in their tenders. No new condition should be brought in while evaluating the tenders. Similarly, no tender enquiry condition (specially the significant/essential ones) should be over looked while evaluating the tenders. Aim should be to ensure that no tenderer gets undue advantage at the cost of other tenderers and/or at the cost of the purchaser.

Receipt and Opening of Tenders

- 9.2 All Departments shall maintain a register in Form No. 15 of the Kerala Financial Code, Volume II (Annexure 18) to show the details of the tenders invited; the names

of tenderers, the date of receipt, date of opening, etc., of tenders and quotations. The tenders received should be serially numbered and entered in this register and then kept under lock and key by the Head of Office until taken out on the opening date. Late tenders should also be entered in the Register and the reason for their inclusion or exclusion recorded in the remarks column.

9.3 The tenders should be opened (in the presence of any of the tenderers who may be present) by the Head of Office or by other Responsible Officer but not by subordinates. The tenders should be taken out from lock and key by the Officer opening the tender at the appointed hour only. Each tender/quotation opened should be serially numbered and initialed by the Officer with date and time. The names of the representatives of tenderers present should be entered in the appropriate column of the Register referred to above.

9.4 The envelope in which tenders are received should be preserved along with the tenders for the purpose of record. The file of tenders and the envelopes with the orders of the Purchasing Officer or of Government accepting one or more tenders should be carefully preserved for five years at the least.

NOTE: Under e-procurement system, the system of receipt of tender will be as follows:

- a) The bids received online in response to a tender shall be locked unless it is unlocked by the designated tender opening authority using Digital Signature Certificate, on or after the bid opening date and time.
- b) Details of the bid opening authority, including date and time shall be visible to all bidders who submitted their bids.
- c) The system shall also facilitate tender opening responsibility to two or more individuals using their Digital Signature Certificates together (as an additional safeguard and may be prescribed for tenders above certain amount).
- d) In case the bids are not opened within 24 hours from the lapse of predefined bid date and time, the system shall lock the tender activity. The System shall capture the reasons for delays in opening the tender and then allow the bid opening authority to open the tender.

- e) In case of multi-cover tenders the system shall ensure that technical bids are not opened prior to completion of pre-qualification evaluation; financial bids are not opened prior to technical evaluation.
 - f) The system shall maintain audit trails for entire tender life-cycle.
 - g) The system shall protect the submitted bids from being viewed/edited (even by System Administrators) before the bid opening date and time prescribed.
- 9.5 The CVC while stressing the need to maintain transparency in receipt and opening of the tenders has advised that the receipt of tenders should be through tender boxes and in cases where the tenders are required to be submitted by hand, it is advised that the names and designation of atleast two officers are mentioned in the bid documents, whose details are displayed at the entrance/reception of the premises (refer Order No. 05-04-1-CTE-8, dated: 8.6.2004, in Appendix).

Preliminary Examination and Consideration of Tenders

- 9.6 The purchase officer nominated for handling the tenders for initial scrutiny, etc., will receive the tenders along with other documents from the tender opening Officials. In this context, it should be ensured that no tender is rejected by the tender opening Officials at the tender opening stage; they are to open all the tenders as received and send them to the Purchase Officer.
- 9.7 (i) Tenders which are in the prescribed form where forms are prescribed and are accompanied by the requisite earnest money (if earnest money is prescribed) shall be included for consideration provided they have been received before the time prescribed for their receipt. Tenders shall be excluded in the following cases:-
- (a) Where the tenders are not in the prescribed form (where forms are prescribed).
 - (b) When the tender is not accompanied by requisite earnest money (where earnest money is prescribed).
 - (c) When the tender is not signed by the tenderer.
 - (d) The tenderer is ineligible.
(Example: The tender enquiry condition says that the bidder has to be a registered Micro and Small Enterprises; but the tenderer is a, say, a Large Scale Unit).
 - (e) When the tender is from a black-listed or a banned firm
 - (f) When the tender is received late.

- (1) On no account tenders received after the time fixed for the opening of the tenders shall be considered.
- (2) Tenders received by post after the date and time fixed for their receipt, but before the time fixed for opening of the tenders shall also be considered, provided the officer concerned is satisfied that the delay occurred in postal transit.
- (ii) No tender may be rejected for quoting for a part only, unless it is otherwise demanded in the tender notice.
- (iii) The tender validity is shorter than the required period.
- (iv) The tenderer has quoted for Stores manufactured by a different firm without the required authority letter from the proposed manufacturer.
- (v) Tenderer has not agreed to give the required performance security.
- (vi) The Stores quoted are sub-standard, not meeting the required specification, etc.
- (vii) Against a schedule in the List of Requirement (incorporated in the tender enquiry), the tenderer has not quoted for the entire requirement as specified in that schedule.
- (Example: In a schedule, it has been stipulated that the tenderer will supply the equipment, install and commission it and also train the purchaser's operators for operating the equipment. The tenderer has however, quoted only for supply of the equipment).
- (ix) The tenderer has not agreed to some essential condition(s) incorporated in the tender enquiry.
- (Example: Some such important essential conditions are - terms of payment, liquidated damages clause, warranty clause, dispute resolution mechanism, applicable law and any other important condition having significant bearing on the cost/utility/performance of the required Stores, etc.
- (x) The tenderers who do not meet the required qualification criteria are to be declared ineligible and not to be considered further.
- (Example: The qualification criteria incorporated in the tender enquiry document stipulates, *inter alia*, that the tenderer should have successfully manufactured and supplied 150 pieces of the required Stores during the last one year from the date of tender opening. A tender during the initial scrutiny is found to be eligible; however, thereafter, while scrutinizing the data furnished by it with reference to qualification criteria, it is observed that they had manufactured and supplied only, say, 100 pieces

of the required item during the last one year. This tender will, therefore, become ineligible).

NOTE: Under e-procurement system the tenders shall be submitted online through the official e-procurement system.

- 9.8 Where an advance sample is required to be submitted along with tender, the tendering firm shall submit the sample along with the tender or immediately after the opening of the tenders within the time specified, if any. In such cases, tenders not accompanied by sample (s) are liable to be rejected. All samples thus required shall be supplied by the firm free of cost unless the special conditions of the tender provide otherwise. Where the sample which is supplied free is rejected after examination and/or test, will be returned to the tenderers at their cost on request made within a reasonable time of the date of rejection.

NOTE 1: The Officer who receives the samples should acknowledge receipt of the samples. The officer who is authorized to inspect the sample should be furnished with a list of all samples received and he should also acknowledge receipt of the list. The Inspecting Officer should be made aware of the price of each item quoted in the tender before the inspection of the samples. The inspecting officer shall inspect each item and assess their suitability with respect to quality of materials used, size, conformity to specifications in the tender, etc. He should offer his specific remarks in respect of each item mentioned in the list of samples acknowledged by him considering the prices also.

- 9.9 In respect of rate contracts settled by the Stores Purchase Department of Officer who is authorized to inspect the samples should inspect each item and record in the inspection report that all items of samples received have been inspected by him. The Stores Purchase Department will verify the list of samples and the inspection report and record that all items of samples have been inspected.

NOTE 2: Indian Standard Institution certified goods will be exempted from examination and/or test. "However the Purchasing Officers/Departments may if considered necessary, arrange for examination and/or test of ISI certified goods

when such goods are offered to be supplied by sellers who are not established manufacturers or Suppliers of reputation”.

9.10 Tenders not stipulating the period of firmness or tenders with price variation clause and/or ‘subject to prior sale’ condition may also be rejected since in these case contracts for purchase of Stores may sometimes have to be dissolved. Such dissolution will be to the disadvantage of Government from the points of view of both economical and timely purchase.

9.11 During the preliminary examination, the purchaser may also find some minor informality and/or irregularity and/or non-conformity in some tenders. The purchaser may waive the same, provided the same does not constitute any material deviation and financial impact and, also, does not prejudice or affect the ranking order of the tenderers. Wherever necessary, the purchaser is to convey his observation on such ‘minor’ issues (as mentioned above) to the tenderer by registered letter/speed post, etc. asking the tenderer to respond by a specified date also mentioning therein that, if the tenderer does not confirm the purchaser’s view or does not respond at all by that specified date, its tender will be liable to be rejected. Depending on the outcome, such tenders are to be rejected or considered further.

(Example: A tender enquiry stipulates, as an essential condition, that the tenderer, along with its quotation, must also submit a certified copy of its latest income tax clearance certificate (ITCC). If a tenderer does not provide this document, the purchaser may ask for it with target date as above. If, the tenderer does not respond by that target date, its offer will be liable to be rejected).

9.12 **Non-conformities between the figures and words of the Quoted Prices:** Sometimes, non-conformities/errors are also observed between the quoted prices in figures and that in words. The same is to be taken care of as indicated below:

(i) If, in the price structure quoted for the required Stores, there is discrepancy between the unit price and the total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly, unless in the opinion of the purchaser there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern and the unit price corrected accordingly.

- (ii) If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
 - (iii) If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to (i) and (ii) above.
- 9.13 If there is such discrepancy in an offer, the same is to be conveyed to the tenderer with target date on the above lines and if the tenderer does not agree to the observation of the purchaser, the tender is liable to be rejected.
- 9.14 **Discrepancies between original and additional copies of a Tender:** Sometimes discrepancies are also observed between the original copy and the other copies of the same tender set. In such a case, the text, etc., of the original copy will prevail. Here also, this issue is to be taken up with the tenderer in the same manner as above and subsequent actions taken accordingly.
- 9.15 Details of all tenders, which are rejected, shall be recorded in the purchase file along with the grounds for rejection.

NOTE: However, in case of Two Bid System (as described under para 7.49), the technical acceptability of the offers are first determined and, thereafter, the financial bids of only the technically acceptable offers are opened for further scrutiny and processing for placement of contract.

Acceptance of Tenders

- 9.16 After the tenders/quotations are opened, quick action has to be taken to tabulate the rates, make the selections and finalise the acceptance. Since the markets for almost all kinds of Stores are unsteady, quick action is of vital importance. In any case, the acceptance should be finalised within the period for firmness agreed to by the tenderers.
- 9.17 Tabulation statement of rates quoted should be correct, complete and informative and should be authenticated by the competent purchasing or recommending officer. Errors and omissions should be carefully avoided. The statements should be neat

and easy to handle. When the number of items is large, it is preferable to tabulate the rates for each item in a separate sheet.

9.18 The following rules should be adhered to in the acceptance of tenders:

- (i) In selecting the tenders to be accepted, the financial status of the tenderers should be taken into consideration in addition to all other relevant factors. When a tender which appears to be satisfactory is received from an unknown firm, steps should be taken before any order is placed, to ascertain whether the firm is capable of executing the contract in a proper manner. If the result of the enquiry proves satisfactory, the order or a portion of it may be placed with the firm. If any firm is to be ignored on grounds of unsatisfactory performance, the decision should be taken by the Government.
- (ii) The various tenders should be compared in respect of price, quality, terms of delivery, terms of payment, etc. Other conditions being equal, the lowest tender should be accepted and in cases where the lowest tender is not accepted the reasons thereof should be recorded.
- (iii) When there are two or more offers for an article at the same rate and governed by similar conditions, the contract may be divided equally among the tenderers provided they are all well known. Otherwise, the previous contractor whose performance was satisfactory should be preferred.
- (iv) In selecting offers the cheapness, etc., of each individual item should be taken into account.
- (v) In the case of purchase of costly, sophisticated machinery/instruments, arrangements should be made for pre-supply inspection of the machinery/instruments by the Purchasing Officers or by the technical experts authorized for the purpose by the Purchasing Officers.

NOTE: Under the e-procurement system the process regarding acceptance of tender will be as follows:

- a) Once the tenders are opened, the bid documents related to the current tender evaluation stage will be accessible only to the authorized users.
- b) If an external person is part of the evaluation committee, system shall facilitate creation of user profiles for them as guests and such guest users shall have limited access to the system for specific activities.

- c) All members of the evaluation committee shall be able to see the tender documents based on the current stage of bid evaluation.
- d) System shall sign off tender results using digital signatures by the Chairman of the Evaluation Committee and send automatic alerts to all the Members of the Evaluation Committee and the bidders after the final sign off.
- e) In case of L1 based selection, the technical evaluation shall be based on the aggregated scores given by the evaluators for the pre-defined criteria. Such ranking shall be done only for bidders who qualify above the cut-off.
- f) If two or more Tenders have the same score, the Evaluation Committee may decide.
- g) System shall allow online negotiations with the vendors through sending online requests for negotiation. Based on the negotiation request, bidders shall be able to resubmit their commercial quotation in the system. System shall ensure that all the activities related to the negotiation including negotiation request, negotiated bid submitted by the bidder, approval, etc., are captured and necessary audit trails are maintained in the system.
- h) The system facilitates auto-ranking of the bidders based on the vendor selection criteria defined for the bid (i.e. L1, QCBS, etc.)

Price Preference

9.19 In accepting tenders as above, indigenous producers and manufacturers should be given preference. Government purchase policy generally permits a price preference up to 15 per cent or even up to 25 per cent or even higher in special cases, for indigenous products over imported stores. In giving price preference as mentioned above, the prices for comparison should be taken at the landed cost exclusive of VAT.

NOTE: As far as possible purchase will be made locally unless the prices are substantially higher and the quality unsatisfactory. The choice will however be subject to the price preference limits prescribed.

- 9.20 The following price preference may be allowed for products of private industries within the State of Kerala over the products made outside the State, as a measure of encouragement to local cottage industries.
- (i) 15 per cent for industries in which Government have taken shares.
 - (ii) 10 per cent for other industries.
 - (iii) 15 per cent for industries of Charitable Institutions registered under the Travancore-Cochin Literary, Scientific and Charitable Societies Registration Act XII of 1955, within the District of their location.
- 9.21 The following price preference shall be allowed for products of Micro, Small & Medium Enterprises, within the State of Kerala as a measure of encouragement to local Micro, Small & Medium Enterprises.:-
- (i) 5 per cent over the products of medium and large scale industries in the private sector within the state.
 - (ii) 2 per cent additional price preference shall be given to the products of Micro and Small Enterprises having ISI certification marks over the products of Micro and Small Enterprises without ISI certification marks.

NOTE 1: The items of stores mentioned in Annexure 19 of the Stores Purchase Manual are reserved for procurement exclusively from the small scale sector in the State of Kerala and in case not available within the State, from the small scale sector outside Kerala.

NOTE 2: a) All State Government Departments, Public sector Undertakings, Corporations, Quasi Government Institutions, Co-operatives, Statutory Bodies and other undertakings over which Government have control by way of share capital, investment or financial assistance, loans with Government guarantee, etc., shall purchase their stores and ancillaries from the products of Micro, Small & Medium Enterprises within the State, provided that in the case of any product the capacity for the production of the articles is existent in the State and actual manufacture is made within the State.

b) Wherever the price quoted by local Micro, Small & Medium Enterprises is considered exorbitant (after allowing for the prescribed price preference allowed to them) when compared to products of Industries outside the State or the quality of the article is considered decidedly unsatisfactory, purchase from outside the State can be

resorted to. When such outside the State purchase are considered necessary, the Purchasing Department should refer the matter for decision to a committee consisting of the Finance Secretary (Chairman), Secretary to Government of the concerned Administrative Department and the Director, Industries Department.

c) While it is necessary to ensure that the goods purchased are of requisite quality, too high specifications should not be resorted to.

d) The local Micro, Small & Medium Enterprises will not be eligible for any price preference over products of Government units and State Government's Public Sector Undertakings.

Purchase from Government Sources

9.22 Products manufactured by State Government Institutions/Departments and State Public Sector Industries and institutions will be purchased from them exclusively without tenders for the first five years after they have gone into production, the prices being fixed by negotiation. Prior to such negotiation the purchasing authority should ascertain the normal market prices by enquiry from as large a number of suppliers as possible. If the price required by the State Government Departmental Unit and State Public Sector Industry and Institution is over 25 per cent above the normal market prices, the price to be reviewed and finalized by the Minister in charge of the organization/by the Minister in charge of the department which makes the purchase respectively. If even after such review the cost and the prices are over 25 per cent above the normal market prices, the purchase should be finalized only after consideration by the Council of Ministers. The list of Government Institutions/State Public Sector Industries/State Government Departmental Units which manufacture and supply stores is given in Annexure 16.

9.23 In the case of products of State Government Departmental Units and State Public Sector Industries and institutions which have been in production for more than five years, tenders should be invited as laid down in this Manual and purchase should be finalized giving the concerned State Government Departmental Unit and State Public Sector Industry and Institution/Government of India Departmental Unit and Public Sector Industry and institution within the State of Kerala a price preference of 10 per cent as against firm manufacturing outside the State and 5 per cent as against firms manufacturing within the State.

- 9.24 In respect of purchase to be made from the institutions listed in Annexure 16, all purchasing officers should see that only those items are purchased which are normally manufactured by them. In the case of Micro, Small & Medium Enterprises under the Kerala State Small Industries Development Corporation Limited, in order to show that a particular item is normally manufactured by a particular unit, such unit should produce a certificate to that effect from the Managing Director, Kerala State Small Industries Development Corporation Limited, Trivandrum.
- 9.25 As regards direct purchase without calling for tenders or purchases on price preference from Public Sector Units of the Government of India the orders issued by the Government from time to time in respect of individual units will be followed.
- 9.26 Subject to the general price preference formula enunciated in respect of indigenous products in para 9.19 above, a price preference up to 10 percent may be allowed to products of Micro, Small & Medium Enterprises within the State, over those of similar industries outside the State, in the matter of purchase of stores for Governmental use, subject to the provisions in para 9.21. While comparing prices for the purpose of giving price preference under this Manual the basic price, namely, the price exclusive of VAT alone shall be considered. This concession will not however apply in the following cases:
- (a) Where purchases are made on the basis of separate agreements entered into by industrial concerns with the State Government.
 - (b) Where pool prices for products have been fixed by the Government of India.
 - (c) Where a concern is making a reasonable profit. A concern may be deemed to be working with reasonable profit, if it is able to declare dividend of at least 5 per cent to its share-holders.
- 9.27 Where separate agreements exist with government or pool prices have been fixed by the Government of India for products, the purchases of such products will be made according to the terms of the agreement or the pool prices fixed by the Government of India as the case may be.

- 9.28 Purchasing Departments will observe the above principles while accepting tenders and report to the Stores Purchase Department the additional amount involved in such purchases made by giving details of price preferences on a periodical basis (quarterly) to the Stores Purchase Department.
- 9.29 When the conditions regarding quality, price, terms of delivery, terms of payment, etc., are equal, preference in making purchases should be given in the following order:
1. To articles which are produced in Kerala
 2. To articles which are produced in India in the form of raw materials or are manufactured in India from materials produced in India
 3. To articles wholly or partially manufactured in India from imported materials
 4. To articles of foreign manufacture held in stock in India
 5. To articles manufactured abroad, which need to be specially imported
- 9.30 With a view to applying the principles of preference given above, a purchasing officer who invites tenders for supplying stores should instruct the tenderers to furnish information as to the country of origin in the case of a raw material and as to both the country of manufacture and the country of origin of the materials used for a manufactured article. Other things being equal, preference may be given to products of private units in Industrial Estates over those outside the Estates except wherein Industries in which Government have taken shares and Industrial co-operatives are involved.
- 9.31 Purchase exceeding ₹ 2.50 crores made by Government Departments, Government Companies and Statutory Corporations from outside Kerala, when the same product is being manufactured by one or more units in the State, will be made only after approval by a Committee consisting of the Chief Secretary as Chairman and the Finance Secretary, the Secretary (Industries) and the Secretary of the Department concerned as convener. The expenditure limit indicated will apply to total purchases during the financial year concerned and not to any particular purchase or purchases.
- 9.32 The tender accepting authority can reject all the tenders at any time before passing an order on ground of changes in the requirement, failure of anticipated resources,

calamities or any other ground with which the procurement is impossible. The authorities shall communicate the fact of rejection to the Tenderers.

- 9.33 Price variation conditions need be accepted only in very special cases and in unavoidable circumstances. In the case of articles which are usually subject to price variation, necessary conditions should be stipulated in the tender notice itself.

Price Variation Clause

- 9.34 The following is the text of the standard price variation clause applicable to contracts for supply of stores by import from overseas sources, where the offers as finally accepted, are subject to price revision. This clause should be incorporated in the formal contract only in such cases where placing of contracts with the price variation clause appears to be inescapable. Where the Purchasing Department is of opinion that variation in f.o.b. prices is inescapable from past experience, etc., in such invitations to tender, this clause should be included. If, on the other hand, this clause has not been included in the invitation to tender, but it is found necessary to allow the same, the firm's confirmation should be obtained before the order is placed. It must be ensured that the percentage for the ceiling is stipulated by the firm before the clause is accepted. The ceiling as far as possible should not exceed 10 percent of the net f.o.b. prices.

- (i) Tenderers who claim variation in net f.o.b. prices (that is to say a price exclusive of the contractor's profit, rebate, remuneration or commission called by any name whatsoever) should give detailed information in respect of each of the constituent items, e.g., labour, material, etc., for which variations may arise in the items mentioned below:-

(A) Net f.o.b. price of store/equipment on which the tendered price is based
..... (as
on 20.....)

(B) Rates of labour and raw materials on which the quotation is based.

Element of cost	Basic Rate	Percent of Total f.o.b. Cost
I Labour		
II (a) Raw materials (Variable)		
(i)		
(ii)		
(iii)		
(b) Raw materials (Non-Variable)		
(i)		
(ii)		
(iii)		

- (ii) If at any time after the submission of the tender, an increase or decrease takes place in the net f.o.b. price, an adjustment will be made in the contract price but only in respect of such portion of the net f.o.b. prices as represents the change therein on account of the two factors cost of labour and/or materials properly required for the manufacture of the contract stores, on account of any reason or cause beyond the control of the manufactures. The contractor may, after due completion of the contract and subject to and in accordance with the provisions of this clause, make proposals in writing to the Government for the adjustment in the contract price setting out the increases/decreases in the cost of labour and/or materials, the adjustment in respect of net increases being, however, limited to per cent of the net original f.o.b. prices. This percentage should be furnished by the tenderer at the time of his tender.
- (iii) A claim by the contractor for the finalization of price shall be accompanied by the invoice and the document containing the original quotation of the foreign Principal/Manufacturer and supported by a certificate of the chartered or incorporated accountant of the Principal/Manufacturer, or if there is no qualified accountant of such foreign Principal/Manufacturer, the certificate of such other accountant as may be approved for the purpose by the Director General, India Store Department, London or India Supply Mission, Washington, etc., showing the increases/decreases in the cost of labour and/or material between the date of tender and the date of shipment together with the basic rates of materials and labour and their estimated and final cost and certify that they do not include any sum on account of profit or overheads.

- (iv) Upon receipt of the Contractor's claim, it shall be lawful for the Government to make such inquiry as they may deem fit through the Director General, I.S.D., London/I.S.M., Washington or any trade association or other authority nominated by the Director General, I.S.D., London/I.S.M., Washington for verification and certification of the claim and it shall further be lawful for the Government to require the manufacture's/foreign Principal's account's relating to the increase claimed to be examined by the Director General, I.S.D. London/I.S.M., Washington or other authority nominated by the Director General, I.S.D., London/I.S.M., Washington.
- (v) The decision of the Government as to the increase or decrease in price under this clause shall be final and binding on the parties.
- (vi) Any change in the customs duty payable by reason of and corresponding to the account of the change in the f.o.b. price shall be to the buyer's account.
- (vii) No charges other than customs duty shall be affected by the change in the f.o.b. price.
- (viii) This clause shall remain in operation only up to the date of shipment corresponding to the delivery period specified in the schedule to the acceptance of tender and notwithstanding any extension of time nothing contained herein shall entitle the contractor to an increase in the contract price where the increase in net f.o.b. price occurs after expiry of the said date of shipment unless the contractor proves to the satisfaction of the Government that the delay in shipment was due entirely to causes beyond the control of the foreign Principal/Manufacturer, and the decision of the Government in this behalf shall be final and binding.
- (ix) Tenders should declare that in addition to the profit, commission, rebate, etc., specified, they do not get any other discount or any credit to their account or to any other account in their behalf adjusted either immediately or at the end of the year on the gross turnover for the year.

9.35 In contracts for imported stores incorporating the above price variation clause, the Officer should ensure that an automatic check is carried out immediately after placement of the contract, of the net f.o.b. price prevailing at the time of placement of the contract through the Director General, I.S.D., London or Director, I.S.M., Washington as the case may be, where the value of the contract is over ₹ 1 lakh. A

list of stores on the cost of which variations are to be allowed is given in Annexure 20.

- 9.36 The acceptance or rejection of a tender is a matter entirely within the discretion of the officer responsible for the purchase of the material, but a superior authority or the Accountant General may require him to justify the manner in which he has used his discretion and give his reasons for rejecting any tender. However, the reasons for rejection need not be communicated to any tenderer, unless requested for.
- 9.37 No Government servant shall deal with a tender in which he or any of his relations has any pecuniary or other interest. If any such case comes before him in the course of his official duties, he should refrain from dealing with the case and should submit the case to the next higher authority for passing orders, indicating at the same time that he is not dealing with the case because of the interest. The relationship for the purpose of rule will be as specified in section 6 of the Indian Companies Act, 1956 (extract given as Annexure 21). If any violation of this rule is detected it will be dealt with severely.
- 9.38 When owing to inadequate publicity or some other reason, no satisfactory tender is received in response to an invitation to tender, fresh tenders should be invited and the invitation to tender should be specially brought to the notice of all possible tenderers. If considered desirable, the services of the Director General Supplies and Disposals, New Delhi, may be requested.
- 9.39 When the total cost of the articles to be purchased at a time is beyond the financial powers of the Purchasing Officer, he should forward the tenders received and other relevant record together with his recommendations to the higher authorities or the Departmental Purchase Committee or Government (Stores Purchase Department) as the case may be, for orders. The Head of the Department or the Purchasing Officer while submitting to the Stores Purchase Department or any other authority authorized by Government his recommendation about the offers to be accepted should furnish a certificate in the following form:-

“I Certify that the purchase of the goods proposed in this report has been administratively sanctioned by Competent Authority (here mention the sanctioning authority with the Order No. and date) and that funds are available to meet the expenditure during the current financial year.”

Conversion of Currencies

- 9.40 If offers have been received containing different currencies (as in the case of purchasing imported Stores), all the quoted prices (with different currencies) are to be converted into a single currency for evaluation and comparison of offers on equitable basis. For this purpose, all such quoted prices are to be converted into Indian rupees, as per the selling exchange rates established by a competent authority (like RBI/SBI) as prevailing on a particular date to be specified in the tender enquiry. Generally, this date is the date of tender opening.

Evaluation and Ranking

- 9.41 Depending on the terms of delivery and the projected requirement, all the applicable components of the costs, as quoted in the eligible tenders, are to be added to work out the ultimate evaluated costs of the tenders. The evaluation is also to include applicable taxes, duties, etc., in the tender prices. Further, if the tender enquiry document provides for any price preference and/or purchase preference for Micro, Small & Medium Enterprises/PSU, etc., the same is also to be kept in view while evaluating such tenders.
- 9.42 Sometimes, while purchasing sophisticated and costly equipment, machinery, etc., the purchase department also gives special importance to factors like high quality performance, environmental friendly features, low running cost, low maintenance cost, etc. To take care of the same, relevant details are to be incorporated in the tender enquiry document and the criteria adopted to assess the benefit of such features while evaluating the offers are also to be clearly stipulated in the tender enquiry document so that the tenderers are aware of the same and quote accordingly. While evaluating such offers, these aspects are also to be taken into account. Such details, whenever considered necessary, should be evolved by competent technical

authority for incorporation in the tender document, so that there is no ambiguity and/or vagueness in the same.

- 9.43 After completing the entire evaluation process for the eligible tenders on equitable basis as above, they are to be entered into a ranking statement in ascending order of the evaluated prices (like L1, L2, L3...etc) along with other relevant details, so that a clear picture of their standing as well as comparative financial impact is available at a glance.
- 9.44 If the schedule of requirements contains more than one schedule, then offers for each schedule are to be evaluated and ranked separately in a self contained manner on above lines. In case a tenderer offers special discount if more than one schedule is ordered on it (and if the same is permissible as per terms of the tender enquiry document), the same should also be taken note of in the ranking statement.
- 9.45 If the item/store to be procured is of a sophisticated technical nature or needs technical evaluation, a technical committee with sufficient members for evaluating the articles/stores should be constituted and report of the committee should be made available for consideration by the Departmental Purchase Committee. In order that sufficient number of competent technical experts are included in the technical committee (refer circular No. 150/B1/10/SPD, dated 20.01.2010), an updated list of technical experts available in Government departments, PSUs, LSG institutions, Autonomous bodies, etc. may be published in the website of Stores Purchase Department.

Reasonableness of Price

- 9.46 Before placing the contract on the lowest evaluated eligible tender (L1), the purchase department is to ensure that the price to be paid is reasonable.
- 9.47 The broad guidelines for judging the reasonableness of price are as under:
- (i) Last purchase price of same (or, in its absence, similar) Stores
 - (ii) Current market price of same (or, in its absence, similar) Stores
 - (iii) Price of raw materials, which go into the production of the Stores

- (iv) Receipt of competitive offers from different sources
- (v) Quantity involved
- (vi) Terms of delivery
- (vii) Period of delivery
- (viii) Cost analysis (material cost, production cost, over-heads, profit margin)

NOTE: Price paid in an emergency purchase or purchase price of Stores offered by a firm through 'distress sale' (i.e. when the firm clears its excess stock at throw away prices to avoid further inventory carrying cost etc.) are not accurate guidelines for future use.

9.48 **Price not Reasonable** – If L1's price is not reasonable, then, in the first place, the purchase department is to review its own data & details to recheck whether the reasonable price so arrived is correct or not. If it is correct, the purchase department may, strictly as an exception, negotiate the price only with the lowest evaluated eligible tender (L1) in an attempt to bring down the same. If L1 reduces the price to the desired level, contract may be placed on it but if it does not agree, then further action like re-tendering, etc., may be decided by the purchase department depending on the merits of the case.

9.49 **Lack of Competition** – Sometimes the purchase department may not receive sufficient number of tenders. A situation may also arise where, after analyzing the tenders, the purchase department ends up with one eligible tenderer. In such situations, the purchase department is first to check whether, while floating/issuing the tender enquiry, 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 re-issued/re-floated after rectifying the deficiencies. However, if after scrutiny it is found that all such aspects were fully taken care of and in spite of that the purchaser ends up with one eligible tender only, then contract may be placed on that tenderer provided the quoted price is reasonable.

Dividing the Quantity

- 9.50 As per standard procedure, each schedule of requirement incorporated in the tender enquiry document is to be covered on the lowest eligible tenderer for that schedule without dividing the same. The tenderer who does not quote for the complete schedule as required is normally to be treated as ineligible and ignored. However, there may be special occasions of purchase of very large quantities of Stores which are beyond the capacity of a single tenderer and the lowest eligible tenderer is unable to take the load of the entire quantity. In such cases, the remaining quantity may be ordered on the second lowest eligible tenderer (L2) at the rates offered by the lowest eligible tenders (L1), as far as feasible and for this purpose negotiation may be held with the above tenderer (viz. L2). In such cases, it may also become necessary to divide the requirement under a schedule by placing multiple contracts for part quantities on more than 2 eligible tenderers. Such eventuality should normally be foreseen and provided for in the notice inviting tenders. The formula proposed to be adopted for allocation of orders to multiple (eligible) tenderers should be clearly brought out in the notice inviting tenders. The splitting of order by purchasing organization should be an exception rather than a rule.

Award of Contract & Communication of Acceptance

- 9.51 When tender has been once accepted finally such acceptance shall be communicated to the successful tenderer in the most expeditious manner and in any case before the period of firmness expires, if such period of firmness exists, by suitable foolproof method, that its tender (briefly indicating therein relevant details like quantity, specification of the Stores ordered, prices etc.) has been accepted. In the same communication, the successful tenderer is to be instructed to furnish the required Performance Security within a specified period (generally 21 days). Promptly after the above notification, the purchase department is also to issue the contract to the successful tenderer asking therein, *inter alia*, to send its unconditional acceptance of the contract within fifteen days. It should also be made known to the successful tenderer that in case, it does not furnish the required performance security or does not accept the contract within the stipulated target dates, such non-compliance will constitute sufficient ground for forfeiture of its EMD and processing the case for

further action against it (the successful tenderer). A formal supply order should also be placed with the successful tenderer simultaneously (Annexure 22). The supply order should furnish the description, quantity and price of the articles to be supplied. It should also prescribe the terms of delivery and the terms of payment. Clear despatch instructions should also be given to the supplying firm.

- 9.52 In cases where railway freight to be borne by Government the stores should be got down by goods train. In exceptional cases, transport by passenger train, lorry transport or by post may be resorted to, but the purchasing officer should record the reasons for adopting such a course.
- 9.53 Copies of the supply orders should be forwarded to the Accountant General, to the Officer who actually receives the stores and to the Sales Tax and Income Tax authorities.
- 9.54 When the supply of Stores is subject to the condition that the Department should produce Import license, formal supply order should be placed only after receipt of the license.

NOTE: Under the e-procurement system the process regarding communication of acceptance of tender will be as follows:

- a) The e-procurement system shall facilitate sending the results to all bidders who have qualified for technical/commercial bid evaluation.
- b) The e-procurement system shall facilitate sending online notification to the successful bidder on the outcome of the bid evaluation and the selection of the vendor.
- c) The e-procurement system shall facilitate issue of the Letter of Acceptance (LoA) online to the successful to the bidder on the ward of the contract.
- d) The e-procurement system shall facilitate provide delivery schedule (Supply Order) along with the letter of award and shall also facilitate obtaining sign-off on the LoA and the delivery schedule.
- e) The system shall facilitate the successful supplier/contractor to respond to the LoA using his DSC authentication.

Tolerance Clause

- 9.55 To take care of any change in the requirement during the period starting from issue of tender enquiry till placement of the contract, a plus/minus tolerance clause is incorporated in the tender document, reserving purchaser's right to increase or decrease the quantity of the required Stores upto that limit without any change in the terms & conditions and prices quoted by the tenderers. While awarding the contract, the quantity ordered may be increased or decreased, if necessary, within the prescribed plus/minus tolerance limit. The tolerance limit should be reasonable. Higher the tolerance limit more is the uncertainty for the tenderers in formulating their prices. Therefore, higher the tolerance limit more is the chance of loading on the prices quoted by the tenderers to take care of such uncertainties. Generally, the tolerance limit should not be more than plus/minus fifteen percent. The practice of incorporating in the tender document a tolerance clause reserving purchaser's right to increase the ordered quantity upto a specified percentage with same terms & conditions and prices during the currency of the contract creates much more uncertainty for the tenderers due to such long stretch of time. In such cases, the tenderers tend to put much higher cushion in their quoted prices, which is not a healthy sign. Therefore, *generally* such tolerance clause running through the tenure of the contract should not be incorporated in the tender document.

Publication of Tender Result

- 9.56 The name of the successful tenderer awarded the contract should be mentioned in the notice board/bulletin/web site of the concerned Department. The Central Vigilance Commission has given directions on posting of details of all the contracts/purchases made above a threshold value (to be fixed by the departments/organisations) in their websites. Further CVC has also instructed that the departments/organisations may post the summary of details of contracts/purchases awarded so as to cover 75% of the value of the transactions (refer Order No.005/VGL/4 (CIRCULAR No. 17/7/09), dated the 14th July, 2009, in Appendix). In the State, the Departments/Organisations may publish in their website details of all purchases of value above ₹ 25 lakh.

Tenderer's Right to Question Purchaser

- 9.57 A tenderer shall have the right to be heard in case it feels that proper procurement process is not being followed and/or its tender has been rejected wrongly. The tenderer is to be permitted to send its representation in writing, which is to be examined by appropriate administrative authority of the purchasing department. But, such representation has to be sent within one month from date of placement of contract and to be replied (by the Department) within one month from date of receipt of the representation.

Extension of Tender Validity Period

- 9.58 The entire process of scrutiny & evaluation of tenders, preparation of ranking statement and notification of award must be done within the original tender validity period. The validity period should not be unreasonably long as keeping the tender unconditionally valid for acceptance for longer period entails the risk of getting higher prices from the tenderers. Generally, the validity period should not be more than three months from the date of tender opening.
- 9.59 If however, due to some exceptional and unforeseen reasons, the purchase department is unable to decide placement of the contract within the original validity period, it should request, before expiry of the original validity period, all the eligible tenderers to extend their tenders upto a specified period. While asking for such extension, the tenderers are also to be asked to extend their offers as it is, without any changes therein. They may also be told to extend the validity of the EMD for the corresponding additional period (which is to be specified in the request). A tenderer may not agree to such a request and this will not tantamount to forfeiture of its EMD. But the tenderers, who agree to extend the validity, are to do so without changing any terms, conditions, etc., of their original tenders.

Agreement

- 9.60 An agreement should be entered into with the successful tenderer for the satisfactory fulfillment of the contract embodying the conditions of the order and providing for the necessary penal clauses for any breach of the conditions of the contract. The

agreements are liable to stamp duty but registration is optional. A standard form of Agreement is given in Annexure 23.

- 9.61 In the case of purchase costing above ₹ 1,00,000/-, the purchasing officer shall forward a draft agreement to the firms along with the supply order directing them that the consignments need be sent only after execution of the agreements. If any firm despatch the goods before the execution of the agreement, they should be held liable for the demurrage charges, if any.
- 9.62 The following rules are laid down for the destruction of agreement relating to Stores Purchase Contracts:
- (i) Agreement relating to plant and machinery will be destroyed after a period of 30 years after the date of the agreements if the rights, duties under the agreements have been settled; and
 - (ii) Other agreements will be destroyed after a period of ten years after the rights and duties under the agreements have been settled.

Annual Maintenance Contract

- 9.63 Some goods, especially sophisticated equipment and machinery (like Machineries, Electric/Electronics equipment, Computer Hardware, Software, all kinds of vehicles, etc.), need proper maintenance for trouble free service. For this purpose, the purchase department may enter into maintenance contract. It must however be kept in mind that maintenance contract is to start after the expiry of the warranty period, during which period the goods are to be maintained free of cost by the supplier.
- 9.64 Maintenance contract may be entered into either with the manufacturer/supplier of the goods or with a competent and eligible firm, not necessarily the manufacturer/supplier of the goods in question. The purchase department should decide this aspect on a case to case basis on merit. If the contractor is not a manufacturer/supplier, the Purchasing Officer should verify whether the contractor is an authorized one/ reputed for the service and the maintenance contract is inclusive of the cost of consumables and spares or not.

- 9.65 If the maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose are to be incorporated in the tender enquiry document itself and while evaluating the offers, the cost component towards maintenance of the goods are also to be added in the evaluated tender value on overall basis to decide the inter se ranking of the eligible tenderers. An equipment with a lower quoted price may carry a higher maintenance liability. Therefore, total cost on purchase and maintenance of the equipment over its projected lifecycle should be assessed to consider its suitability for purchase. However, if the maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of maintenance contract. Here, the supplier of the goods may also quote and its quotation, if received, is to be considered along with other quotations received. While evaluating the tenders for maintenance of goods covering a longer period (say, more than one year), the quoted prices pertaining to maintenance in future years are to be discounted to the net present value (NPV) as appropriate for comparing the tenders on equitable basis and deciding the lowest evaluated eligible tender.
- 9.66 The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms & conditions including payment terms are to be incorporated in the tender enquiry document. The terms of payment for the maintenance service will depend on the nature of the goods to be maintained as well as the nature of the services desired. Generally, payments for maintenance are made on half-yearly or quarterly basis.
- 9.67 A suitable provision should be incorporated in the tender enquiry document and in the resultant maintenance contract indicating that the prices charged by the maintenance contractor should not exceed the prevailing rates charged by it from others for similar services. While claiming payment, the contractor is also to give a certificate to this effect in its bill.
- 9.68 If the goods to be maintained are sophisticated and costly, the tender enquiry document should also have a provision for obtaining performance security. The

amount of performance security should be 2.5 % of the value of the equipment to be maintained.

- 9.69 Sometimes, the maintenance contractor may have to take the goods or some components of the goods to its factory for repair, etc. On such occasions, before handing over the goods or components, suitable bank guarantee/other guarantee is to be obtained from the firm to safeguard purchaser's interest.

NOTE: Sometimes, during the tenure of a maintenance contract, especially with a longer tenure, it may become necessary for the purchase department to withdraw the maintenance contract due to some unforeseen reasons. To take care of the same, there should be a suitable provision in the tender document and in the resultant contract. A model clause to this effect is provided below:

“The purchaser reserves its right to terminate the maintenance contract at any time without assigning any reason. The contractor will not be entitled to claim any compensation against such termination. However, while terminating the contract, if any payment is due to the contractor for maintenance services already performed in terms of the contract, the same would be paid to it as per the contract terms”.

- 9.70 Depending on the cost and nature of the goods to be maintained, suitable notice period for such cancellation to come into effect is to be provided in the documents.
- 9.71 The Administrative Department of the Secretariat may without previous consultation with Finance Department sanction expenditure related to Annual Maintenance Contract up to a limit of ₹ 3,00,000/- subject to the rules in force. In case of AMC of IT related items, for eg. computer and peripherals, other hardware, software and other programmes, concurrence of IT Department shall be required. In the case of other equipment/machineries, concurrence of PWD or accredited agencies shall be required.
- 9.72 With respect to Annual Maintenance Contract for computer, printer, photocopiers, machinery, lab equipment, AC & all other electronic & electrical equipment used for the functioning of the offices, Heads of Departments is delegated financial power upto ₹ 2 lakh subject to observance of Rules & procedures and subject to budget provision. In case of other equipment/machineries, concurrence of PWD or accredited agencies shall be required.

CHAPTER 10

DELIVERY PERIOD, TERMS OF DELIVERY, TRANSPORTATION, TRANSIT INSURANCE, DELAY IN SUPPLY, CANCELLATION OF CONTRACT

Delivery Period

- 10.1 The period for delivery of the ordered Stores and completion of any allied service(s) thereof (like installation and commissioning of the equipment, operators' training, etc.) are to be properly specified in the contract with definite dates and the same shall be deemed to be the essence of the contract. Expressions such as 'immediate', 'ex-stock', "as early as possible", 'off the shelf', etc., shall not be used to indicate contractual delivery period. The Central Vigilance Commission has advised the departments/organizations concerned to fix a reasonable time for the bids to remain valid while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking the approval of the Competent Authority, etc., and to ensure the finalization of tender within the stipulated original validity. It has instructed that any delay, which is not due to unforeseen circumstances, should be viewed seriously and prompt action should be initiated against those found responsible for non-performance (refer Order No.008/VGL/083, (Circular No.31/11/08), dated 6th November 2008, in Appendix).

Terms of Delivery

- 10.2 The terms of delivery is decided depending on the nature of Stores to be purchased, transportation facility available, location of the user, location of the prospective suppliers etc. Terms of delivery *inter alia* determine the delivery point of the ordered Stores from where the purchaser is to receive/collect the Stores. Terms of delivery have direct bearing on the quoted prices.

Specification of Stores

- 10.3 Generally the stores shall be of the best quality and workmanship and comply with the contract and in all respects be to the satisfaction of the purchaser.

- 10.4 In particular and without prejudice to the foregoing condition and in addition thereto, when tenders are called for in accordance with particulars like specification, drawing pattern, proprietary make denoting product of an individual firm, etc., the contractor's tender to supply in accordance with such particulars shall be deemed to be an admission on his part that he has fully acquainted himself with the details thereof and no claim on his part which may arise on account of non-examination or insufficient examination of the "particulars" should in any circumstances be considered. The Contractor shall supply the stores in accordance with the particulars, unless any deviation is authorized as an exceptional case and expressly specified in the acceptance of tender.
- 10.5 If a specification and/or drawing exists, then the sealed pattern or certified sample thereof will govern supply only to the extent of workmanship and finish. If neither a specification nor a drawing exists, then the sealed pattern or certified sample thereof will govern supply in all respects. When specification, drawing nor pattern is available to govern supply, the supply must be quality material, pattern and workmanship which the purchaser has agreed to and the contractor has undertaken to supply. And when under these circumstances a contractor's sample has been approved the stores supplied must be equal in all respect to such sample.

Sample

- 10.6 Where an advance sample is required to be approved under the terms of the contract, the contractor shall submit the sample to the purchaser within the time specified in the acceptance of Tender. If the contractor is unable to do so, he must apply immediately to the Officer issuing the acceptance of tender for extension of time, stating the reasons for the delay. If the Officer is satisfied that a reasonable ground for an extension of time exists, he may allow such additional time as he considers to be justified without altering the delivery period stipulated in the acceptance of tender. In the event of the failure of the contractor to deliver the advance sample by the date specified in the acceptance of tender or any other date to which the time may be extended as aforesaid, the Officer shall be entitled cancel the contract and if so desired purchase the stores at the risk and cost of the contractor.

- 10.7 All samples required for test shall be supplied by the contractor free of cost unless the contract provides otherwise. Where the sample which is supplied free is rejected after examination and test, the same or whatever remains of the sample after examination and test will be returned to the contractor at his cost on request made within a reasonable time of the date of rejection.
- 10.8 **Packing:** The contractor will be held responsible for the stores being sufficiently and properly packed for transport by rail, road and sea so as to ensure their being free from loss or injury on arrival at their destination. The packing of the stores shall be done by and at the expense of the contractor unless otherwise stated in the acceptance of tender. All packing cases, containers, packing and other similar materials shall be supplied free by the contractor and the same will not be returned unless otherwise stated in the acceptance of tender.

Delivery

- 10.9 The term "delivery" shall mean delivery by the dates specified in the acceptance of tender of stores which are found acceptable by the purchaser, and not the submission of stores which are not of the required standard or which are not delivered by due dates.

Extension of Delivery Period

- 10.10 The time and the date for delivery of the stores stipulated in the acceptance of tender shall be deemed to be of the essence of the contract, and delivery must be completed not later than the dates specified. If the supplier is unable to complete the supply within the stipulated delivery period for which the supplier is responsible, the supplier is required to request for extension of delivery period. If the officer is satisfied that a reasonable ground for an extension of time exists, and if such an extension is in the interests of Government, he may allow such extension, provided he is competent to do so. In case the reasons stated by the firm are not acceptable in public interest, appropriate penalty as the Purchasing Officer deems fit can be imposed on the firm, for the belated supply. If not, the sanction of the competent authority should be taken.

- 10.11 If the purchase department agrees to extend the contractual delivery schedule, the same may be done by issue of an amendment to the contract with suitable denial clauses and with imposition of liquidated damages for delay. The amendment letter is to mention, *inter alia* that, in addition to imposition of liquidated damages, no extra price or additional cost for any reason whatsoever beyond the contractual cost will be paid to the supplier for the delayed supply; at the same time, if for any reason, whatsoever the cost of the Stores to be supplied/services to be performed by the supplier decreases that benefit will be passed on to the purchaser. Supplier's unconditional acceptance of the amendment by a specified date is to be watched and if the supplier does not agree to accept the amendment letter, further action is to be taken against the supplier in terms of the contract. Two model amendment letters for extension of contract delivery period on above lines for Free on Board (FOB)/FAS (Free Alongside Ship)/CIF (Cost, Insurance and Freight) contract and other forms of contract are given at Annexures 26& 27.
- 10.12 Heads of Departments can accept late supplies after recording the reasons therefore upto three months after the prescribed date of delivery provided no loss on account of such extension of time is incurred by the Government. For further period in the case of purchases costing below ₹ 40 lakh the orders of the Secretary to Government of the concerned department should be taken and in the case of purchases costing above ₹ 40 lakh the proposals should be send to the concerned Departmental Purchase Committee.

Delay in Supplies for which Supplier is not responsible

- 10.13 Normally, in the following circumstances, the contractual delivery period needs to be re-fixed to take care of the lost period, without imposing any penalty to the supplier.
- (i) Cases where the manufacture of stores is dependent on the approval of the advance sample and delay occurs in approving the sample though submitted by the supplier in time.
 - (ii) Where extension in delivery period is granted on account of some omission on the part of the purchaser which affects the due performance of the contract by the supplier.

- (iii) Cases where the purchaser controls the entire production, the delivery cannot be re-fixed to make a contract a 'severable' contract without the specific agreement of the supplier, if the delivery originally stipulated in the contract was in the form of an 'entire' contract.

Despatch of Stores after expiry of Delivery Period

- 10.14 As per the contract terms, the supplier is not to supply the Stores when there is no valid delivery period. In case the supplier makes any supply after expiry of delivery period, the purchaser/consignee can reject the supplies and inform the supplier accordingly; the purchaser shall also have the right to cancel the contract (w.r.t. unsupplied Stores) in terms of the contract. If, however, the purchaser/consignee requires the Stores (which has been supplied after expiry of the delivery period), the purchaser may accept the Stores and issue a delivery extension letter with usual Late Delivery clause and denial clauses, as mentioned earlier, to regularize the transaction.¹

Linkage between Terms of Delivery & Date of Delivery

- 10.15 Delivery dates in respect of contracts incorporating standard and commonly used terms of delivery shall be deemed to be as follows:
- (i) Terms of Delivery
 - (ii) Date of Delivery
 - (iii) Ex-Works: The date the supplier delivers the Stores to the purchaser at its (supplier's) factory/premises.
 - (iv) FOR, Station of Despatch (FOR stands for Free on Rail): The date on which the Stores are placed by the supplier on rail with clear RR (Rail Receipt).
 - (v) FOR, Destination: The date on which the ordered Stores reach the destination railway station specified in the contract.
 - (vi) CIP, Destination (CIP stands for Carriage and Insurance Paid): The date on which the delivery is effected at the destination mentioned in the contract.
 - (vii) Local Delivery at Site: The date on which the delivery is made at the consignee's site mentioned in the contract.

- (viii) FAS, port of shipment (FAS stands for Free Alongside Ship): The date on which the supplier deliver the Stores alongside the vessel at the specified port of shipment. This date is reflected in the Bill of Lading.
- (ix) FOB, port of shipment (FOB stands for Free on Board): The date on which the supplier delivers the Stores on vessel's board at the specified port of shipment. This date is reflected in the Bill of Lading.
- (x) CIF, port of destination (CIF stands for Cost, Insurance and Freight): The date on which the Stores arrived at the destination port.

NOTE: The FAS, FOB & CIF terms of delivery are applicable for Stores which are directly imported from foreign countries against the subject contract and not imported already by the supplier under its own arrangement. The CIP terms of delivery may be applied both for domestic as well as imported supplies.

Instructions for Transportation of Imported Stores

10.16 As per the general policy of Government of India, all import contracts are to be concluded on FOB/FAS basis. In case a Department desires any departure from the above policy including placement of contracts for import of foreign Stores on CIF Indian Port/CIP Destination Basis, prior permission is required to be obtained from Ministry of Surface Transport. In case of FOB/FAS contracts, shipping arrangements shall be made by the Shipping Co-ordination and Chartering Division/Shipping Co-ordination and Officer, Ministry of Surface Transport, New Delhi, India. Notice about the readiness of Cargo for shipment shall be given by the supplier from time to time at least 6 (six) weeks in advance for finalising the shipping arrangement, through Fax/Telex and courier, to the Chief Controller of Chartering, Shipping Co-ordination Officer, Ministry of Surface Transport, Government of India, New Delhi. Within 3 (three) weeks of receipt of the advance notice, as above, the said Chief Controller of Chartering, Shipping Coordination Officer will advise the supplier, through Fax/Telex and courier when and on board what vessels, these Stores or such part thereof are to be delivered. If the advice for shipping arrangement is not furnished to the supplier within 3 (three) weeks as aforesaid or if the vessel arranged is scheduled to arrive at the specified port of loading later than 15 (fifteen) days of the date of readiness of cargo, as aforesaid, the supplier may arrange for such transport on alternative carriers with the prior written consent of the purchaser.

Where the supplier is required under the contract to deliver the Stores on FOB/FAS basis and to arrange on behalf and at the expense of the purchaser for ocean transportation on Indian flag vessels or vessels of conference lines in which India is a member country, the supplier may arrange for such transportation on alternate carriers if the specified Indian flag vessels or conference vessels are not available to transport the Stores within the time period(s) specified in the contract, with the prior written consent of the purchaser. Should the Stores or any part thereof be not delivered on the nominated vessel (except in case where prior written consent of the purchaser was obtained), the supplier will be liable for all payments and expenses that the purchaser may incur or be put to, by reason of such non-delivery including dead and extra freight, demurrage of vessels and any other charges, whatsoever incurred by the purchaser. The supplier shall not arrange part-shipments and/or transshipment without the express/prior written consent of the purchaser. Where the supplier is required under the contract to deliver the Stores under CIF/CIP terms, no further restriction shall be placed on the choice of the ocean carrier except that the shipment shall be made by Indian flag vessel or by vessels belonging to the conference lines in which India is a member country. The relevant rules etc. for shipping of imported Stores are contained in the notifications dated 27.02.1996 and 11.02.1998 issued by Ministry of Surface Transport (chartered wing). Copies of the same are provided at Annexures 24 & 25. Before processing any case for placement of contract on FAS/FOB/CIF/CIP basis for imported Stores, the purchase department should check the contemporary government instructions in this regard.

INCOTERMS

- 10.17 Unless otherwise specifically agreed to by the purchaser and the supplier and incorporated in the contract, the applicable rules & regulations for transportation of Stores from foreign countries will be as per the contemporary version of International Commercial Terms (INCOTERMS) evolved by International Chamber of Commerce, Paris. INCOTERMS are the official rules for worldwide interpretation about the duties, obligations, etc. of the buyer and the seller for transportation of the Stores from seller's country to buyer's country. INCOTERMS are recognised by the United Nations Commission on International Trade Law 57 (UNCITRAL) as the

global standard for such interpretation. The purchasing Departments, while ordering Stores for importation from foreign countries, are to take note of the same.

Air Consignment

- 10.18 As per the extant directive of the Government, airlifting of the imported goods from abroad will be done only through the National Carrier i.e. Air India wherever applicable. However, before processing any contract involving import of goods through air, contemporary instructions in this regard should be followed.

Insurance

- 10.19 Wherever necessary, the Stores supplied under the contract, shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the contract. If considered necessary, the insurance may be done for coverage on "all risks" basis including war risks and strike clauses. The amount to be covered under insurance should be sufficient to take care of the overall expenditure to be incurred by the purchaser for receiving the Stores at the destination.

Insurance of Imported Stores

- 10.20 In the case of goods imported from a broad, insurance charges are payable by Government, when the purchase price includes cost, insurance and freight of the goods as delivered at any port of entry in the State. In free on board or free alongside ship contracts insurance charges are payable by Government. In all cases of contracts where the supplying firm do not undertake insurance at their cost, the purchasing officer should arrange for insurance himself against risks in transit, such as loss, damage, etc.
- 10.21 Insurance is essential in the case of fragile goods, costly machinery, equipment, delicate machines and instruments and such articles which deteriorate or otherwise become useless in transit.

Insurance on Railways or Lorry Transport or Inland Water Transport

- 10.22 When the terms of delivery accepted by the purchasing officer are ex-factory or ex-godown or free on rail/free on board place of dispatch, the charges for onward transmission including freight and insurance have to be borne by Government. Insurance of articles supplied from sources in India is optional, but in all cases in which damage is likely, insurance is advisable.

Distribution of Despatch Documents for Clearance/Receipt of Stores

- 10.23 The supplier shall send all the relevant despatch documents well in time to the purchaser to enable the purchaser clear or receive (as the case may be) the Stores in terms of the contract. Necessary instructions for this purpose are to be incorporated in the contract. The usual documents involved and the drill to be followed in general for this purpose are as follows:

For Domestic Stores

- 10.24 Within 24 hours of despatch, the supplier shall notify the purchaser, consignee and others concerned, the complete details of despatch and also supply following documents by registered post/speed post (or as instructed in the contract):
- (i) Supplier's Invoice indicating, *inter alia* description and specification of the Stores, quantity, unit price, total value;
 - (ii) Packing list;
 - (iii) Certificate of country of origin;
 - (iv) Insurance certificate;
 - (v) Railway receipt/Consignment note;
 - (vi) Manufacturer's guarantee certificate and in-house inspection certificate;
 - (vii) Inspection certificate issued by purchaser's inspector and
 - (viii) Any other document(s) as and if required in terms of the contract.

For Imported Stores

- 10.25 Within 24 hours of despatch, the supplier shall notify the purchaser, consignee and others concerned, the complete details of despatch and also supply following documents by air mail/courier (or as instructed in the contract):

- (i) Supplier's Invoice giving full details of the Stores including quantity, value, etc.;
- (ii) Packing list;
- (iii) Certificate of country of origin;
- (iv) Manufacturer's guarantee and Inspection certificate;
- (v) Inspection certificate issued by the Purchaser's Inspector;
- (vi) Insurance Certificate;
- (vii) Name of the Vessel/Carrier;
- (viii) Bill of Lading/Airway Bill;
- (ix) Port of Loading;
- (x) Date of Shipment;
- (xi) Port of Discharge & expected date of arrival of Stores and
- (xii) Any other document(s) as and if required in terms of the contract.

Installment Delivery

10.26 The Stores ordered in a contract to be delivered by installments may be an "entire" contract or a "severable" contract as per illustrations given below:

- (i) Entire Contract: Total number of units of the required Stores is 100.
Delivery Schedule: Delivery to commence after 30 days of placement of contract and to be completed within 4 months @ 25 units per month i.e., completion by 30.06.2006 or earlier.
- (ii) Severable Contract: Total number of units of the required Stores is 100.
Delivery Schedule: 25 units by 31.03.2006; 25 units by 30.04.2006; 25 units by 31.05.2006; 25 units by 30.06.2006. In the case of a severable contract, each instalment constitutes a separate contract and extension in delivery period, if needed is to be done for each installment separately. If Stores are accepted after expiry of the delivery date of a particular installment without extension in delivery period being given with reservation of right to liquidated damages etc., the purchaser will not be legally entitled to claim the liquidated damages etc. Therefore, in case of severable contract, the purchaser should watch delivery position of each installment as per the specified date for that installment, and, whenever necessary, extend the corresponding date for the installment in question or cancel that installment, in which there is delay in supply.

Force Majeure

- 10.27 Force Majeure means an event beyond the control of the supplier and not involving the supplier's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, earthquake, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, and freight embargoes. If there is delay in performance or other failures by the supplier to perform its obligation under its contract due to event of a Force Majeure, the supplier shall not be held responsible for such delays/failures.
- 10.28 If a Force Majeure situation arises, the supplier shall promptly notify the purchaser in writing of such conditions and the cause thereof within twenty one days of occurrence of such event. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side. There may be a Force Majeure situation affecting the purchase department only. In such a situation the purchase department is to take up with the supplier on similar lines as above for further necessary action.

Remedies to Purchaser for delay in Supply/Non-Supply for which Supplier is responsible

- 10.29 The purchaser has the following options depending upon the circumstances of the case:
- (i) Extend the delivery with imposing of liquidated damages and other denial clauses
 - (ii) Forfeit the performance security
 - (iii) Cancel the contract
 - (iv) Impose other available sanctions/penalties

Liquidated Damages

10.30 There should be a suitable provision in the terms & conditions of the contract for claiming liquidated damages of appropriate amount from the supplier to take care of delays in supplies and performance, for which the supplier is responsible. Such recovery through liquidated damages should be without prejudice to the other remedies available to the purchaser under the terms of the contract. Depending on the nature and value of the Stores to be ordered and the urgency of the requirement, a specific percentage of the delivered price of the delayed Stores (or delayed services) for each week or part thereof delay, is to be incorporated in the contract terms. Generally, the percentage is 0.5% per week or part thereof. There should also be an appropriate maximum limit of such deduction, to be shown as a specific percentage of the contract value of delayed supplies/services and incorporated in the contract terms. This percentage is generally 10%. Any lower ceiling should be clearly justified while formulating the contract.

10.31 If the contractor fails to deliver all or any of the stores or perform the service within the time/period(s) specified in the contract, and do not intimate the purchase officer satisfactory reasons for the same or apply for extension of delivery period, the purchaser shall without prejudice to its other remedies under the contract, deduct from the contract price as liquidated damages, a sum equivalent to 0.5% to 1% of the delivered price of the delayed stores or unperformed services for each week of delay until actual delivery or performance, upto a maximum deduction of 10% of the contract prices of the delayed stores or services. Once the maximum is reached, the purchaser may consider termination of the contract at the risk and cost of the contractor.

Token Liquidated Damages

10.32 There may be situations when charging full Liquidated Damages may not be justified as the reasons for delay in delivery by the supplier may be largely due to circumstances well beyond under his control but nevertheless these may not considered adequate to waive off liquidated damages altogether or there may be such deficiencies in service for which quantification may not be feasible and no other remedy may be available. In such cases, Token Liquidated Damages upto 10% of the

normal Liquidated Damages may be imposed by the Competent Authority. Stipulations to this effect, prescribing the kind of deficiencies and scale of Token Liquidated Damages chargeable should be clearly brought out in the tender documents. This provision should be consistent with the provisions of Performance Security (para 8.17 to 8.30 of this Manual).

Performance Notice

10.33 A situation may arise where the supply/services has not been completed within the stipulated period due to negligence/fault of the supplier; however the supplier has not made any request for extension of delivery period but the contracted Stores/services are still required by the purchaser and the purchaser does not want to cancel the contract at that stage. In such a case, a Performance Notice (also known as Notice-cum-Extension Letter) may be issued to the supplier by suitably extending the delivery date and by imposing liquidated damages with denial clauses, etc., on identical lines as in para 10.30 above. Supplier's acceptance, etc. of the performance notice and further action thereof should also be processed in the same manner as mentioned above. The text of the Performance Notice will be on similar lines to the model extension letters available at Annexures 26 & 27 with suitable modifications as required. First two paragraphs of a model Performance Notice is given at Annexure 28.

Correspondence with the Supplier after Breach of Contract

10.34 The purchaser or its authorized representative is not to enter into correspondence after expiry of the delivery date stipulated in the contract because such a correspondence will make the contract alive. This situation will not allow the purchaser to cancel the contract straight away without first serving a performance notice to the supplier. However, even after expiry of the delivery period of the contract, the purchaser may obtain information regarding past supplies, etc., from the supplier, simultaneously making it clear to the supplier that calling of such information is not intended to keep the contract alive and it does not amount to waiving the breach and that it is without prejudice to the rights and remedies available to the purchaser under the terms of the contract. A model communication

which may be issued by the purchaser to ascertain the supply position, etc., after expiry of the delivery period is given at Annexure 29.

Cancellation of Contract for Default

- 10.35 The purchaser may, without prejudice to any other remedy for breach of contract, by written notice of default sent to the supplier, terminate the contract in whole or in part:
- (i) if the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted by the Purchaser; or
 - (ii) if the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted by the purchaser.
- 10.36 In the event the purchaser terminates the contract in whole or in part; the purchaser may take recourse to any one or more of the following action.
- (i) the Performance Security is to be forfeited;
 - (ii) the purchaser may procure, upon such terms and in such manner as it deems appropriate, stores similar to those undelivered, and the supplier shall be liable for all available actions against it in terms of the contract.
 - (iii) however, the supplier shall continue to perform the contract to the extent not terminated.

Termination of Contract for insolvency

- 10.37 If the supplier becomes bankrupt or otherwise insolvent, the purchaser may, at any time, terminate the contract, by giving written notice to the supplier, without compensation to the supplier provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

Termination of Contract for Convenience

- 10.38 After placement of contract, there may be some unforeseen situation compelling the purchaser to cancel the contract. In such a case, the purchaser is to send a suitable notice to the supplier for cancellation of the contract, in whole or in part, for its (purchaser's) convenience, *inter alia*, indicating the date with effect from which the

termination is to become effective. Suitable provisions to this effect are to be incorporated in the tender document as well as in the resultant contract.

Claims in respect of Imported Stores Lost or Damaged

- 10.39 Purchasing Officers should see that in the case of loss or damages of imported stores, claims are promptly made against the shippers, the landing and clearing contractors or the suppliers, according to circumstances or the Marine Insurance Company. A loss will be chargeable against Marine Insurance only when the responsibility for the loss or damage cannot be fixed on the shippers, the landing contractors or the suppliers and recoveries should be made accordingly. In any case, loss or damage has to be reported promptly to the authorities concerned.
- 10.40 The report of loss or damage should show the particulars contained in the instructions in the packing account viz., description of stores, details of numbers and, where necessary sizes and quantities, and when articles are missing the gross weights of packages as received. In all cases where defects noticed can be rectified locally the probable cost of such local repairs should be specified. The “details of recoveries” already effected or proposed to be effected should also be mentioned. If no recovery has been made the fact and reasons therefore should also be reported.
- 10.41 Marine Insurance does not cover risks after the moment when the stores leave the Ship’s side i.e., during landing, and it is, therefore, essential that brittle stores such as stoneware, pipes, R.C. pipes, glassware etc. should be landed at places of safety. Such stores should be landed at the ports only when the risk of breakage is at a minimum. Indenting Officers should clearly indicate in their indents whether any of the indented articles should be so delivered.
- 10.42 In all cases in which stores from foreign countries are purchased, arrangements shall be forwarded at the earliest possible date to receiving agents or clearing agents if such agents are appointed; one set will be caused to be similarly sent to the indenting officer and the third set to the Secretary, Stores Purchase Department or the Head of the Department. On receipt of the shipping documents, the indenting officer will issue necessary instructions to the receiving agents in the matter of transmission of packages etc., copies of such correspondence being simultaneously forwarded to the Secretary, Stores Purchase Department or the Head of the Department.

CHAPTER 11
QUALITY CONTROL AND INSPECTION OF ORDERED STORES

Introduction

- 11.1 Before accepting the ordered Stores, it must be ensured that the Stores have been manufactured as per the required specifications and are capable of performing the functions as specified in the contract. To achieve the same, the tender document and the subsequent contract should specify the details of inspection and tests to be carried and stages and manner for carrying out the same. When required (stores of sophisticated nature, machinery, equipment, etc.), the inspections and tests should be carried out by the technically qualified and competent personnel. If the purchasing Department does not have such qualified personnel, it may engage competent professionals from outside agencies. The Officer authorized to receive stores should himself verify the articles received with reference to the approved samples if any and take them to stock soon after they are received. Any article which is not new, or which does not conform to standard specification or to approved samples or which is different from those ordered for or which is damaged or defective in any respect should not be accepted.
- 11.2 Stores which arrive by ship or railway or any other mode of transport should be taken delivery of immediately after arrival to avoid demurrage etc. Sanction of Government is necessary to pay demurrage, subject to however, the powers delegated to the Purchasing Officers.
- 11.3 Any loss, shortage or damage or any defects noticed on checking stores should be promptly brought to the notice of all concerned. Any claim for loss etc., should be preferred on the suppliers or transporting agents or insurance company as the case may be, immediately after the stocks are received.

Stages and Modes of Inspection

- 11.4 The stages and modes of inspection will depend on the nature of the Stores, total value of the contract, location of the supplier, location of the user, etc. Usually, following types of inspection are adopted:

- (i) **Pre-despatch Inspection:** This type of inspection is conducted during the manufacturing process (which is known as Stage Inspection) and on the finished products before despatch of the Stores from supplier's premises.
- (ii) **Inspection of Stores on receipt at consignee's / user's site:** Such inspection is done on receipt of Stores at site before accepting the same.
- (iii) **Inspection after Installation & Commissioning of the equipment at site:** This method is adopted to check the performance and output of the equipment/ machinery after the same is commissioned at site.

Inspection Procedure

- 11.5 The inspection procedure will be as per the provisions contained in the contract.
- 11.6 After satisfactory inspection and tests, the acceptable Stores shall be stamped, labelled, marked or sealed, according to the circumstances in such a way as to make subsequent identification of accepted lots easy for the consignee/user. For Stores, not meeting the contract requirements the rejection inspection notes shall be issued immediately. A time limit shall be fixed for issue of inspection documents. Facsimile of the inspection stamps and their position should be put on the inspection notes to help identifying the inspected Stores at the consignee's end.
- 11.7 Departmental instructions should be followed in this regard. Departmental instructions should invariably prescribe that paying authorities will keep a record of specimen signature of authorized Inspecting Authorities for verifying the same with the signature in the inspection note while authorizing payment.

Inspection Document

- 11.8 Inspection notes in the form prescribed by the Department shall be issued in significance of the acceptance of the Stores. Inspection note should have provision for entering consignee's receipt certificate (confirming receipt of Stores) on it. Consignee's receipt certificate portion of the inspection notes shall be filled by the consignee after receipt of the Stores, verification of quantity and inspection marks on the accepted Stores and taking the supplies in its stocks, signifying its (i.e. consignee's) acceptance. Inspection note shall also indicate the validity period, by which period the supplier must despatch the accepted Stores to the consignee in

terms of the contract. The number of copies of the inspection notes and their distribution for different types of inspections will be as prescribed by the Department. Each inspection note issued shall invariably bear the name, stamp with designation and code No. of the officer authorized to sign and issue inspection documents.

Outside Testing Laboratories

- 11.9 Sometimes it becomes necessary for the purchase department to conduct type test, acceptance test or special test at outside laboratories, when facilities for these tests are not available in-house with the supplier or carrying out of confirmatory tests is considered desirable before accepting the Stores. Purchasing department should draw up a list of approved laboratories for this purpose, to whom the samples drawn from the lots offered by the supplier can be sent for tests. The list should also contain approved laboratories, which can be used as referral/appellate laboratories for retest, when samples tested at one laboratory are decided to be re-tested. The Department shall lay down a Liability Statement for cost of samples expended in tests, despatch of samples, transportation costs, test charges etc. in respect of samples tested at outside laboratories as applicable in various situations. In cases where the samples are to be tested at supplier's cost on account of non-availability of their own testing arrangements, the responsibility of depositing the testing fee, etc. would rest with the supplier.

Handling of Inspection Stamps/Inspection Documents

- 11.10 Each Inspecting Officer shall be supplied with Acceptance stamps, Lead Seals, Pliers, Rubber Stamps, Stencils, Labels, Stickers, Holograms, etc., according to the requirements, for sealing and marking the inspected Stores in terms of the contract. He will be responsible for safe keeping of these articles and shall ensure that they are not misused by unauthorized persons. Unserviceable Seals, Pliers, Stamps, stickers, Holograms etc. shall be returned to the concerned issuing official. The Purchasing Department shall lay down detailed guidelines covering all these aspects, with the approval of Stores Purchase Department.

Custody of Inspection Notes

- 11.11 For reasons of security and to avoid irregular or incorrect issue, the inspection notes should be machine numbered and wherever possible different colour copies marked for each user. An account of the inspection notes issued with serial number wise details shall be maintained in an appropriate register. The Purchasing department should also develop a foolproof system to avoid any fraudulent and unauthorized use of the inspection notes, with the approval of Stores Purchase Department.

Inspection of Stores tendered at the fag end or on the last date of the Contract Delivery period

- 11.12 As far as possible, the inspection should be commenced and finished and inspection notes issued during the validity period of the contract so that the contract is not kept alive after expiry of delivery period. In cases where the supplier offers stores for inspection during the last few days of the contract delivery period or even on the last day of the contract delivery period, efforts should be made by the Inspecting Officer to commence the inspection before the expiry of the delivery period. In cases where it is not possible to commence/conclude the inspection before the expiry of the delivery period, the Inspecting Officer should immediately on receipt of the intimation or request for inspection of the stores, bring to the notice of the supplier orally as well as in writing that the stores have been submitted for inspection at the very late stage and that it is not possible to commence/conclude the inspection before the expiry of the delivery period.
- 11.13 The supplier should also be informed that the Stores offered for inspection will, however, be inspected till the completion of the inspection which can be after the expiry of the delivery period and such an inspection continuing after the expiry of the delivery period is neither intended nor is to be construed as keeping the contract alive. The Inspecting Officer should invariably issue such notice to avoid the contract being kept alive after the expiry of the delivery period. In a case, where the inspection is commenced before the expiry of the delivery period and the Inspection Note is issued after the expiry of the delivery period, the Inspection Note, whether accepting or rejecting the Stores, shall be duly franked as per the standard franking clause as given below as an abundant precaution against keeping the contract alive:

a) Franking Clause to be adopted in the case of Acceptance of Stores

“The fact that the Stores have been inspected after the delivery period and passed by the Inspecting Officer will not have the effect of keeping the contract alive. The Stores are being passed without prejudice to the rights of the purchaser under the terms and conditions of the contract.”

b) Franking Clause in the case of Rejection of Stores

“The fact that the Stores have been inspected after the delivery period and rejected by the Inspecting Officer will not bind the purchase in any manner. The Stores are being rejected without prejudice to the rights of the purchaser under the terms and conditions of the contract.”

Acceptance of Stores against Supplier’s In-house Inspection Report and Warranty

11.14 In case of Stores to be imported from abroad, pre-despatch inspection of Stores at supplier’s premises involves considerable expenditure to the purchaser. In such a situation, the purchaser may substitute pre-despatch inspection by its own inspector with manufacturer’s in-house inspection report and warranty. However, before adopting this procedure, the nature and cost of the Stores ordered, the reputation of the supplier, etc. should also be kept in view and appropriate decision taken. For checking the reputation and background of the supplier, the purchase department may also request the Indian Embassy located in that country for a report on the technical and financial competence of the firm. Further, trustworthy publications like ‘Thomas Register’, ‘Dun and Brad Street Register’, etc. are also available in USA and Europe which provide authentic technical & financial data and details of the manufacturing companies located in those countries. Such publications may also be referred to this purpose.

Purchaser’s Right of Rejection

11.15 Purchaser has the right to reject the Stores on receipt at site during final inspection though the Stores have already been inspected and cleared at pre-despatch stage by the purchaser’s inspector. However, such rejection should be strictly within the

contractual terms & conditions and no new condition should be adopted while rejecting the Stores during final inspection.

Acceptance of Stores vis-à-vis Warranty Provisions

- 11.16 Stores accepted by the purchaser at initial inspection and in final inspection in terms of the contract shall in no way dilute purchaser's right to reject the same later, if found deficient in terms of the warranty clause of the contract.

Joint Investigation against Complaints relating to Quality of Stores

- 11.17 In case a written complaint is received from the supplier disputing rejection of Stores by the purchaser's inspecting officer, the same should be jointly investigated by a team consisting of an authorized representative of the purchase department, a senior representative of the inspecting agency, who is well conversant with the Stores and an authorized representative of the supplier. Detailed procedure to be followed in this regard and the format of the joint inspection report (to be signed by all the team members) are to be prescribed by the purchasing Department and the matter processed accordingly for further necessary action.

Measures to curb the menace of counterfeit and refurbished IT products

- 11.18 The CVC has issued advisory checkpoints to identify fraudulent practices in the supply of computer hardware and software and help guard against spurious and refurbished/duplicate/second hand components/parts/assembly/software being received by purchasers and consignees who may not have much technical knowledge. The advisory may be followed in the State, except in the case of Operating System (refer CVC Order No.007/CRD/008 (Circular No. 07/02/08), dated the 15th February 2008, in Appendix).

CHAPTER 12

ELEMENTS OF PRICE AND TERMS OF PAYMENT

Introduction

- 12.1 The elements of price included in the quotation of a tenderer depend on the nature of the Stores to be supplied and the allied services to be performed, location of the supplier, location of the user, terms of delivery, extant rules and regulations about taxes, duties, etc. of the seller's country and the buyer's country.
- 12.2 In case of indigenous Stores, the main elements of price are raw material price, production cost, overhead, packing & forwarding charges, margin of profit, transit insurance, excise duty and other taxes and duties as applicable.
- 12.3 In case of imported Stores, in addition to similar elements of price as above (other than excise duty and taxes), there may be elements of custom duty, import duty, landing and clearing charges and commission to Indian agents. Further, depending on the nature of the Stores (whether domestic or imported), there may be cost elements towards installation & commissioning, operator's training etc. It is, therefore, necessary that, to enable the tenderers to frame their quotations properly in a meaningful manner, the tender documents should clearly specify the desired terms of delivery and, also the duties and responsibilities to be performed by the supplier in addition to supply of Stores. Where the price has several components like price of the Stores, costs for installation & commission, operators' training etc. the tenderers should be asked to furnish the cost break-up indicating the applicable prices for each such component (as specified and desired in the tender enquiry document) along with the overall price.

Firm Price vis-à-vis Variable Price

- 12.4 For short term contracts where delivery period does not extend beyond 18 months, contract should be concluded with firm and fixed price by inviting tenders accordingly. Where it is decided to conclude the contract with variable price, an appropriate clause incorporating, *inter alia*, suitable price variation formula should also be provided in the tender enquiry documents. In the price variation clause, the

price agreed upon should specify the base level viz, the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year. A formula for calculation of price variation that has taken place between the base level and the scheduled delivery date is to be included in the price variation clause. The variations are to be calculated by using indices published by Governments/Chamber of Commerce periodically. Suitable weights are to be assigned to the applicable elements viz. fixed overheads & profits, material and labour in the price variation formula. If the production of the Stores needs more than one raw material, then the input cost of material may be further sub-divided for different categories of material, for which cost indices are published. The price variation formula is also to stipulate a minimum percentage of variation of the contract price, only above which the price variation will be admissible (e.g., where the resultant increase is lower than, say, 2% of the contract price, no price adjustment will be made in favour of the supplier).

- 12.5 The price variation formula, as and if necessary, should be formulated by a competent authority before incorporating the same in the tender enquiry document.

Exchange Rate Variation (ERV)

- 12.6 In case of a contract involving substantial import content(s) and having a long delivery period (exceeding one year from the date of contract), an appropriate Foreign Exchange Variation clause may be formulated by the Stores Purchase Department in consultation with the Finance Department, as needed, and incorporated in the Tender Enquiry Document. In that clause, the tenderers are to be asked to indicate import content(s) and the currency(ies) used for calculating the value of import content(s) in their total quoted price, which (i.e. the total quoted price) will be in Indian Rupees. The tenderers may be asked to indicate the Base Exchange Rate for each such foreign currency used for converting the foreign exchange content into Indian Rupees and the extent of foreign exchange rate variation risk they are willing to bear. To work out the variation due to changes (if any) in the exchange rate(s), the base date for this purpose can be the due date of opening of tenders. The variation may be allowed between the above base date and the date of remittance to the foreign principal. The applicable exchange rates as

above will be according to the Trade Terms Selling Rates of Exchange as quoted by authorized Exchange Bankers approved by the Reserve Bank of India on the dates in question. No variation in price in this regard will be allowed if the variation in the rate of exchange remains within the limit of plus/minus 5 percent. Any increase or decrease in the Customs Duty by reason of the variation in the rate of exchange in terms of the contract will be to the buyer's account. In case delivery period is refixed/ extended, ERV will not be admissible, if this is due to default of the supplier. The purchase department may formulate an appropriate ERV clause on similar lines as above in consultation with their Finance Wing." The following documents should be furnished by the supplier for claiming ERV:

- (i) A bill of ERV claim enclosing working sheet
- (ii) Banker's Certificate/debit advice detailing foreign exchange paid, date of remittance and exchange rate
- (iii) Copies of import order placed on supplier
- (iv) Invoice of supplier for the relevant import order

Duties and Taxes on Domestic Stores

- 12.7 The duties and taxes including excise duty and VAT levied by the Government on domestic Stores vary from product to product. As a general policy, the statutory variations in such duties & taxes are to be allowed during the period from the date of tender to the date of acceptance of the tender (i.e. placement of contract) and during the original/re-fixed delivery period of the contract so that both the supplier and purchaser are equally compensated for rise or fall in the prices of the Stores on account of such statutory variations. (Note: Re-fixed delivery period means the fresh delivery period which is arrived at by recasting the original contractual delivery period after taking care of the lost period, for which the supplier was not responsible. In the tender enquiry conditions, the tenderers, wherever applicable, should be asked to specifically state in their offer whether they intend to ask for the duties and taxes as extra over and above the prices being quoted. In the absence of any indication to this effect by the tenderers, it is to be assumed that the prices quoted include these elements and no claim for the same will be entertained after opening of tenders and during the currency of the resultant contract. However, where the tenderer in its

quotation mentions that the prices are exclusive of statutory duties & taxes and the same will be payable extra, this condition should be incorporated in the resultant contract in clear terms. At times, the tenderer, in its tender, mentions that its quotation includes current rates of taxes and duties as applicable and that statutory variations, if any at the time of supply, will be applicable. This condition may be acceptable. However, correctness of the taxes and duties quoted by a tenderer as applicable during that period is to be verified while considering its tender. Also, only statutory variations, and not any other type of variations are allowed.

NOTE: VAT is not leviable on transactions of sale in the course of import. Categories of cases constituting sale in course of Import are:

- a) Where the movement of Stores from the foreign country to India is occasioned directly as a result of the sale.
- b) Where there is a privity of contract between the foreign supplier and the purchase department.
- c) Where the Indian supplier acts as the agent of the foreign manufacturer in the agreement of the sale.

Levies of Local Bodies

- 12.8 The Stores supplied against contracts placed by Departments are generally exempted from Levies of local bodies. The suppliers should be informed accordingly by incorporating suitable instructions in the tender enquiry document and in the resultant contract. Wherever required, the suppliers should obtain the exemption certificate from the purchase department to avoid payment of such levies and taxes. In case, where the municipality or the other local bodies insist upon such payments (in spite of purchase department's exemption certificate), the supplier should make the payment to avoid delay in supplies and forward the receipt of the same to the purchase department for reimbursement and, also, for further necessary action by the purchase department.

Custom Duty on Imported Stores

- 12.9 In respect of imported Stores, the tenderers shall also specify separately the total amount of custom duty included in the quoted price. The tenderers should also

indicate correctly the rate of custom duty applicable for the Stores in question and the corresponding Indian Customs Tariff Number. Where customs duty is payable, the contract should clearly stipulate the quantum of duty payable etc. in unambiguous terms. The standard clauses to be utilized for this purpose are to be incorporated in the tender enquiry documents. The Government of India has allowed exemption from payment of customs duty in respect of certain types of Stores for use by the following organizations:

- (i) Scientific and technical instruments imported by Research Institutes.
- (ii) Hospital equipment imported by Government Hospitals.
- (iii) Consumable Stores imported by a public funded Research Institution or a University.

12.10 However, to avail of such exemptions, the organizations are required to produce "Custom Duty Exemption" certificate and "Not Manufactured in India" certificate at the appropriate time. The relevant contemporary instructions covering these aspects should be incorporated in the tender enquiry document and in the resultant contract.

Duties/Taxes on Raw Materials

12.11 The purchaser is not liable to any claim from the supplier on account of fresh imposition and/or increase (including statutory increase) of excise duty, custom duty, sales tax etc. on raw materials and/or components used directly in the manufacture of the contracted Stores taking place during the pendency of the contract, unless such liability is specifically agreed to in terms of the contract.

Terms of Payment for Imported Stores

12.12 **Cases where Installation, Erection and Commissioning (if applicable) are not the responsibility of the Supplier** - 100 % net FOB/FAS price is to be paid against invoice, shipping documents, inspection certificate (where applicable), manufacturers' test certificate, etc.

12.13 **Cases where Installation, Erection and Commissioning are the responsibility of the Supplier** - 80% - 90% net FOB/FAS price will be paid against invoice, inspection certificate (where applicable), shipping documents etc. and balance within 21 - 30

days of successful installation and commissioning at the consignee's premises and acceptance by the consignee.

- 12.14 **Payment of Agency Commission against FOB/FAS Contract** – Entire 100% agency commission is generally paid after all other payments have been made to the supplier in terms of the contract.

Payment of Air Freight Charges

- 12.15 Stores that are required to be air lifted are to be despatched through Air India/Indian Airlines only on a 'Charge forward basis'. All air freight charges, which are shown on the relevant consignment note as chargeable to the consignee, are to be paid to Air India/Indian Airlines in Rupees.

Advance Payment to Supplier

- 12.16 Ordinarily, payments for supplies made or services rendered should be released to the supplier only after the supplies have been made or services have been rendered. However, it may become necessary to make advance payments in the following types of cases: -

- (i) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
- (ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts, etc.

Such advance payments should not exceed the following limits:

- a) Thirty per cent of the contract value to private firms;
- b) Forty per cent of the contract value to a State or a Public Sector Undertaking;
- c) In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.

- 12.17 In exceptional cases, the Departments may, in consultation with Finance Department, relax the ceilings mentioned above. However, while making any such advance payment, adequate safeguards in the form of bank guarantee etc. should be obtained from the supplier. Further, such advance payments should be *generally* interest bearing, suitable percentages for which are to be decided on case to case basis.

Documents for Payment

12.18 The documents, which are needed from the supplier for release of payment, are to be clearly specified in the contract. The paying authority is also to verify the documents received from the supplier with corresponding stipulations made in the contract before releasing payment. The important documents, which the supplier is to furnish while claiming payment, are:

- (i) Original Invoice
- (ii) Packing List
- (iii) Certificate of country of origin of the Stores to be given by the seller or a recognized Chamber of Commerce or other agency designated by the local Government for this purpose.
- (iv) Certificate of pre-despatch inspection by purchaser's representative
- (v) Manufacturer's test certificate
- (vi) Certificate of Insurance
- (vii) Bill of lading/ Airway bill/Rail receipt or any other despatch document, issued by a government agency (like the Department of Posts) or an agency duly authorized by the concerned Department.
- (viii) Product is new, un-used and also meets the other relevant contractual requirements. While claiming payment, the supplier is also to certify in the bill that the payment being claimed is strictly in terms of the contract and all the obligations on the part of the supplier for claiming this payment has been fulfilled as required under the contract. There should also be a suitable provision for verification of the authenticity of the person signing the invoice etc. for claiming the payment.

Modes of Payment

Payment for Stores Purchased In India

12.19 As a general rule payment for supplies is not permissible unless stores have been received, verified and taken to stock and provision for the observance of this rule should ordinarily be made in all contracts for the supply of goods.

- 12.20 Payment prior to verification of quantity and quality of material is permissible only in very exceptional cases in which the operation of the rule in the above paragraph might result in hardship, as for example when costly stores are ordered from a distant firm and delay in payment is anticipated. In such cases a part of the cost of the consignments not exceeding 90 percent to a distant firm may be paid in advance on receipt of the railway receipt for despatch or bill of lading provided the firm or contractor is of well-known standing and provided a security bond is taken beforehand, with the contractor or firm to secure Government against all loss in the event of materials being found short or defective on checking. A standard form of security bond is given in Annexure 30. The said security bond is chargeable with stamp duty as provided in Article 50 of the Schedule to the Kerala Stamp Act, 1959 (Act 17 of 1959) as amended from time to time which is given as Annexure 31.
- 12.21 In very exceptional cases, payment up to the full value against proof of despatch may be made with the prior sanction of Government subject to the conditions mentioned in 12.9 above. Heads of Departments may however effect 100 per cent payment in very exceptional cases provided the amount involved is less than ₹ 50000/- and subject to the conditions mentioned in 12.9 above.
- 12.22 The Officer who maintains the stock register must himself receive new stock. Whenever a new purchase had been sanctioned and the bill for drawing the money required is ready, it must be forwarded to the officer entrusted with the maintenance of the stock register, who should certify on the office copy of the bill that the new purchase in question has been duly taken on to the stock account. In those rare cases in which, it is not possible to receive stock before payment is made, e.g. when articles are received by rail, or post and payment is made against documents, the officer-in-charge of stock accounts should verify the new stock on receipt and furnish a certificate of verification which should be filed with the office copy of the bill concerned.
- 12.23 Payment should be made immediately after the stores are taken to stock. In no case should the payment be delayed for more than two months from the date of receipt of stores. If in any case delay in payment is anticipated, the paying officer should intimate the supplier concerned the reasons for such delay. It is important that payment of bills should be made as expeditiously as possible after their presentation,

as otherwise claims for interest might arise ending in litigation. Also, firms have to incur some expenditure for financing a transaction and to the extent they are able to effect a saving of financing cost by getting prompt payment, they would be able to pass on the saving to the purchaser. Inordinate delays in payment affect the fair name of the administration and the firms also tend to quote harsher terms and higher prices where they anticipate delay. Prompt payment is, therefore, very important in bringing about economy in purchases.

NOTE: In the case of MSME units the payment should be effected within 30 days, from the date of receipt of stores.

- 12.24 The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the bank (i.e., counterfoils of payment-in-slips issued by the bank) alone may be accepted as a valid proof for the payment made.

Payment to Foreign Suppliers

- 12.25 Payments to foreign suppliers should be made in rupees in India. Payment in any other currency and in any other country requires prior sanction of Government. The payments may be effected as per the provisions given below:
- (i) Payment to firms abroad is made by the Accountant General through the State Bank of India or any other Bank on production of invoices, etc., supported by the certificates of the inspection agents if any. The invoice received by the Purchasing Officer will be transmitted to the Accountant General after countersignature by competent authority with the stock certificates and the head of debit noted thereon.
 - (ii) Payment for supplies arranged by India Store Department, London or the India Supply Mission, Washington will be made in accordance with the terms of payment agreed to by those bodies with the contractors. All such payments will be arranged by the Accountant General.

- (iii) In respect of foreign orders in which payment of a portion or full value of the articles against shipping documents or on arrival of the goods at the port is stipulated in the contract, under proper authority, such payments will be authorized by the Accountant General immediately on receipt of information from the purchasing officer that the documents have been received by the bank from the suppliers or that the goods have arrived at the port. The balance value, if any, will be arranged to be paid on receipt by the Accountant General on a requisition from the purchasing officer with the necessary certificates in the invoice.
- (iv) In the case of balances withheld in the first instance from the firms' invoices and which have to be authorized for payment after verification of the materials by Departments, the Officers concerned should see that the materials are verified immediately on receipt and that requisitions to the Accountant General for the payment of the balances withheld are issued not later than a month from the date of receipt of the materials.
- (v) In cases in which there is no agreement regarding payment in advance, payment will be arranged only after the articles have been actually received and brought to account.
- (vi) In the case of advance payment to be made with order or during the course of manufacture or before despatch of materials the prior sanction of Government is necessary.
- (vii) Since payments in any foreign currency require the sanction of the Government of India, no Purchasing Officer should make any commitments to pay in foreign currency before obtaining such sanction.
- (viii) The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the bank (i.e. counterfoils of pay-in-slips issued by the Bank) alone may be accepted as a valid proof for the payment made.

Payment by Letter of Credit

- 12.26 Payment to foreign suppliers are ordinarily made by Letters of Credit (LC) opened by the State Bank of India/State Bank of Travancore /authorized Bank as decided by the purchasing department. While opening the Letters of Credit, the Department should follow the provision of Uniform Customs and Practices for Documentary Credit (UCPDC). If Letter of Credit is not opened, payment can also be made to the seller through Direct Bank Transfer for which buyer has to ensure that payment is released only after the receipt of prescribed documents.
- 12.27 Two banks are involved for payment to the supplier by Letter of Credit – purchaser's bank and supplier's bank. The purchaser is to forward the request to its bank in the prescribed format as formulated by State Bank of India/State Bank of Travancore, along with all relevant details including authenticated copy of the contract. Based on the same, the purchaser's bank opens letter of credit on behalf of the purchaser for transacting payment to the supplier through the supplier's bank. Care should be taken to ensure that the payment terms and the documents to be produced for receiving payments through letter of credit are identical with those shown in the contract. Generally, irrevocable letter of credit is opened so that the supplier is fully assured of its payment on fulfilling its obligations in terms of the contract. In case, the delivery date of the contract is extended to take care of delay in supply, for which supplier is responsible, the tenure of the letter of credit is also to be extended, but the expense incurred for such extension (of letter of credit) is to be borne by the supplier.

E - Payment

- 12.28 E - Banking and E - Payments are now used by various banks by adopting Electronic Clearing System (ECS) and Electronic Fund Transfer (EFT) procedure. Payments to suppliers may be made through such mechanism where such facilities are available. The Central Vigilance Commission has also instructed that the payment to all suppliers/vendors, refunds of various nature, and other payments shall be made through electronic payment mechanism at all centres where such facilities are available in the banks, so as to avoid delay and curb malpractices (refer Order No. 98/ORD/1 (Office Order No. 20/4/04), dated the 6th April, 2004, given in Appendix).

Deduction of Income Tax, Service Tax, etc. at Source from Payments to Suppliers

- 12.29 This will be done as per the existing law in force during the currency of the contract.

Recovery of Public Money from Supplier's Bill

- 12.30 Sometimes, requests are received from a different Department for withholding some payment of a supplier out of the payment due to it against a contract. Such requests are to be examined by the Department (which has received the request) on the merits of the case for further action. It will however, be the responsibility of the Department asking for withholding of payment to defend the Government against any legal procedure arising out of such withholding as also for payment of any interest thereof.

Refund from Supplier

- 12.31 Sometimes, the suppliers, after claiming and receiving reimbursements for sales tax, excise duty, custom duty etc. from the purchaser, applies to the concerned authorities for refunds, on genuine grounds, of certain portions of such duties and taxes paid by it and receives the allowable refunds. Such refunds contain the purchaser's share also (out of the payments already made by the purchaser to that supplier). The tender enquiry document and the contract are to contain suitable provisions for obtaining such refunds from the supplier.

Payment against Time Barred Claims

- 12.32 Payment against Time Barred Claims will be settled as per the provisions under Article 56, Volume 1 of the Kerala Financial Code.

CHAPTER 13
OTHER MODES OF PURCHASE

Rate or Running Contract

- 13.1 All Stores of standard types other than those required in small quantities only, which are in common and regular demand and the prices of which are not subject to appreciable market fluctuations may be purchased on the basis of a Rate or Running Contract, whichever is most suited to the circumstances of each particular case.
- 13.2 In the case of articles which cannot be stocked conveniently in the departmental store with safety and convenience, the system of Running Contracts should be adopted. A **Running Contract** is a contract for the supply of an approximate quantity of stores at a specified price during a certain period. The approximate requirements of a number of indenters for the period in question are combined by the Department and the contracts provides that any of these indenters may demand his requirements at any time or at specified periods during the currency of the contract either direct from the firm or by indent on the Department. In terms of the conditions governing these contracts the purchaser has the right to take a certain quantity (usually 25 per cent) over or below the approximate quantity mentioned in the contract. Drawals against these contracts should be carefully watched and the guaranteed quantity (usually 75 per cent of the contractual quantity) taken at before the expiry of contract.
- 13.3 Running contracts may be settled for the supply of articles at intervals during a whole year or a part thereof. Dietary articles, firewood, charcoal, raw materials for Ayurvedic medicines etc. come under the group. In settling running contracts all the rules relating to the ordinary contracts like invitation of tenders, earnest money., etc., should be followed, and in addition special provision should be made to safeguard Government interests and to ensure regular supplies. It is important that for all running contracts, tenders with earnest money should be invited irrespective of the amount involved and that performance security are also furnished by the Contractors.
- 13.4 A **Rate Contract** is a contract for the supply of stores at specified rates during the period covered by the contract. No quantities are usually mentioned in the contract,

and the contractor is bound to accept any order which may be placed upon him at the rates specified within the contract period. As a reciprocal consideration, the Government undertakes to order from the contractor all stores under the contract which are required to be purchased, subject to certain reservations for submitting prices to competition and for dividing the contract between one or more contractors.

- 13.5 Rate contracts should be settled for such articles as are required frequently by many Departments during the course of a year for which the quantity cannot be forecast. Rate contracts also may be settled for one year or shorter definite period. Indenting Officers can draw their requirement direct from the contractors as and when required. Steel furniture, steel cupboards and safes, Motor Truck batteries and Tubular batteries of UPS, Tyres of Motor Vehicles, etc., are some of the items coming under this group. No exemption from earnest money deposit or performance security will be granted in respect of rate contract, irrespective of the amount involved.
- 13.6 Running contracts may be settled by Heads of Departments and Departmental Purchase Committees, but rate contracts will be settled by the Stores Purchase Department only.
- 13.7 The Directorate General of Supplies & Disposals (DGS&D), New Delhi is concluding every year rate and/or running contract for a number of articles. Purchasing Officers can avail themselves of these contracts, wherever it is economical and easier to do so. They should keep themselves conversant with the rules and procedure of the D.G.S. & D Rate Contracts. The Stores Purchase Department is also concluding every year rate contract for a number of articles. In respect of purchase as per rate contracts settled by the Director General Supplies and Disposals and the State Government, purchase sanction from Government is not necessary even if the value of the purchase exceeds the purchase power of the Purchasing officer provided that it is specified while issuing administrative sanction that the purchase will be made as per D.G.S. & D./State Rate Contracts. In such cases, the selection of the type and make of the articles to be purchased will be made by the Purchasing Officers. It is not necessary to mention the name of the firm or description of stores, etc., in the administrative sanction issued for the purchase.

13.8 In respect of the rate contracts concluded by Directorate General of Supplies & Disposals, the Departments of the State Government are entitled to operate as Direct Demanding Officers. If any of the State Government Departments are interested in availing these facilities they may address the Directorate General of Supplies & Disposals intimating the names of officers along with designations and addresses for declaring them as Direct Demanding Officers and also indicate the items of rate contract in which they are interested. The names and full address of the Accounts Officers with whom the accounting has to be done by the Controller of Accounts should also be indicated. The State Government undertakings can also make their purchases, through the Directorate General of Supplies & Disposals either as pre-deposit parties or as revolving deposit parties. Otherwise they have to place their indents on Directorate General of Supplies & Disposals along with Demand Drafts in favour of the Controller of Accounts concerned towards the estimated cost of stores + 1 per cent departmental charges.

13.9 In the case of items for which rate/running contracts settled by the Stores Purchase Department exist or a running contract settled by the Head of a Department exists, it is obligatory for Government Departments to avail themselves of those contracts. The agreement form to be used in the case of running rate contract is given in Annexure 32.

Bringing more and more common user items on the Rate Contract

13.10 The Stores Purchase Department shall bring more and more common user items on rate contracts. For this purpose, regular interactions should be held by Stores Purchase Department with the trade and the user departments. There shall be a Standing Review Committee (SRC), coordinated by the Stores Purchase Department consisting of representatives of major indenting departments, trade organizations, prospective suppliers, etc., to consider bringing new items on rate contracts.

Conclusion of Rate Contracts for Automobiles, sophisticated Equipment, Machinery, etc., on the basis of discounts on Net Dealer Price

13.11 The Departments will conclude rate contracts for Automobiles, Machine Tools, Information Technology Products, OEM & Ancillary Spares and similar products where the design feature, performance parameters, etc., of such products/goods

differ significantly among the products of different manufacturers and even between different models of the same manufacturer and where equitable comparison of prices of such products is not feasible. Such Rate Contracts are to be concluded on discount on Net Dealer Price (NDP) basis.

Period of Rate Contract

- 13.12 The period of a Rate Contract should normally be one year for stable technology products. However, in special cases, shorter or longer period may be considered. As far as possible, termination period of rate contracts should be fixed in such a way as to ensure that budgetary levies would not affect the price and thereby frustrate the contracts. Attempts should also be made to suitably stagger the period of rate contracts through out the year.

Criteria for Award of Rate Contract

- 13.13 Rate Contracts shall be awarded to the firms who are registered for the goods in question and fulfill the laid down eligibility and qualification criteria including availability of ISI mark, service centres across the country, etc. Suitable stipulations are to be incorporated in the tender enquiry documents to this effect. In respect of new items being brought on rate contract for the first time where there is no registered supplier (for the subject items), the requirement of registration can be relaxed with the approval of competent authority. The award of such rate contracts will, however, be subject to the suppliers' satisfactory technical and financial capability.
- 13.14 Some of the tenderers (who are otherwise registered for the subject goods) may also be holding current rate contracts and/or held past rate contracts for the required goods. Their performance against such earlier/current rate contracts shall be critically reviewed before they are considered for award of new rate contracts. Specific performance and achievement criteria as on a selected cut-off date is to be evolved for this purpose and incorporated in the tender enquiry document. The tenderers will be asked to furnish the relevant details (along with their tenders) to enable the purchaser to judge their performance and achievement against the past/current rate contracts. These criteria are to be evolved and decided by the

purchase department during procurement planning stage for incorporation in the corresponding tender enquiry documents.

Special Conditions Applicable for Rate Contract

13.15 Some conditions of rate contract differ from the usual conditions applicable for ad hoc contracts. Some such important special conditions of rate contract are given below:

- (i) In the Schedule of Requirement, no quantity is mentioned; only the anticipated drawal may be mentioned without any commitment.
- (ii) The Store Purchase Department reserves the right to conclude more than one rate contract for the same item.
- (iii) The Store Purchase Department as well as the supplier may withdraw the rate contract by serving suitable notice to each other. The prescribed notice period is generally thirty days.
- (iv) The Store Purchase Department has the option to renegotiate the price with the rate contract holders.
- (v) In case of emergency, the Purchasing department may purchase the same item through ad hoc contract with a new supplier.
- (vi) Usually, the terms of delivery in rate contracts are FOR despatching station. This is so, because the rate contracts concluded by Stores Purchase Department are to take care of the users spread all over the state.
- (vii) Supply orders, incorporating definite quantity of goods to be supplied along with all other required conditions following the rate contract terms, are to be issued for obtaining supplies through the rate contract.
- (viii) The purchaser and the authorized users of the rate contract are entitled to place supply orders upto the last day of the validity of the rate contract and, though supplies against such supply orders will be effected beyond the validity period of the rate contract, all such supplies will be guided by the terms & conditions of the rate contract.
- (ix) The rate contract will be guided by "Fall Clause" (as described in para 13.18).

Fall Clause

13.16 Fall clause is a price safety mechanism in rate contracts. The fall clause provides that if the rate contract holder reduces its price or sells or even offers to sell the rate contracted goods following conditions of sale similar to those of the rate contract, at a price lower than the rate contract price, to any person or organization during the

currency of the rate contract, the rate contract price will be automatically reduced with effect from that date for all the subsequent supplies under the rate contract and the rate contract amended accordingly. Other parallel rate contract holders, if any, are also to be given opportunity to reduce their price as well, by notifying the reduced price to them and giving them 15 (fifteen) days time to intimate their revised prices, if they so desire, in sealed cover to be opened in public on the specified date and time and further action taken as per standard practice. On many occasions, the parallel rate contract holders attempt to grab more orders by unethical means by announcing reduction of their price (after getting the rate contract) under the guise of Fall Clause. This situation is also to be dealt with in similar manner as mentioned in the preceding paragraph.

- 13.17 It is however, very much necessary that the purchase departments keep special watch on the performance of such rate contract holders who reduce their prices on one pretext or other. If their performances are not upto the mark, appropriately severe action should be taken against them including deregistering them, suspending business deals with them, etc.

Performance Security for Rate Contract

- 13.18 Depending on the anticipated overall drawal against a rate contract and, also, anticipated number of parallel rate contracts to be issued for an item, the Department shall consider obtaining performance security of reasonable amount from the rate contract holders. A suitable clause to this effect is to be incorporated in the tender enquiry documents. Performance Security shall, however, not be demanded in the supply orders issued against rate contracts.

Placement of Supply Orders for Rate Contract

- 13.19 Supplies are to be obtained against a rate contract by placing on the rate contracted firm supply order containing the quantity of the goods to be supplied and incorporating the prices and other relevant terms and conditions of the rate contract. The officials placing such supply orders should be duly competent and authorized to do so. Copies of supply order are to be endorsed to all concerned. A supply order should generally contain the following important details:

- (i) Rate Contract No. and date.
- (ii) Quantity (where there is more than one consignee, the quantity to be despatched to each consignee is to be indicated).
- (iii) Price.
- (iv) Date of Delivery by which supplies are required.
(In the supply order, a definite delivery date based on the delivery period stipulated in the rate contract is to be provided).
- (v) Full address of the purchase department along with telephone. No., Fax No. and E. mail address.
- (vi) Complete and correct designation and full postal address of the consignee(s)/goods receiving officer(s) along with telephone No., Fax No. and E-mail address.
- (vii) Nearest Railway Siding (NRS) of the consignee(s).
- (viii) Despatch instructions
- (ix) Designation and address of the inspecting officer.
- (x) Designation and address of the paying authority to whom the bills are to be raised by the supplier

Renewal of Rate Contracts

13.20 It should be ensured that new rate contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new rate contracts due to some special reasons, timely steps are to be taken to extend the existing rate contracts with same terms, conditions etc. for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extension are to be left out. Period of such extension should generally not be more than three months. Also, while extending the existing rate contracts, it shall be ensured that the price trend is not lower.

Negotiated Contracts

13.21 When owing to greater promptitude of supply, by particular agencies of special manufacturer of some articles by certain firms, substantial economy can be effected by deviating from the tender system. Officers, may, after negotiation, purchase direct such articles from the firms or agencies concerned. This rule will apply only to patents and specialties to which tender system cannot be applied with advantage.

Supply of Articles in the High Ranges

- 13.22 The Supply of articles in the High Range may be arranged locally or otherwise as considered best by the authorities concerned.

Purchase of Furniture

- 13.23 Heads of Departments and Offices should see that the wooden furniture required for the offices and the institutions under their control is made of superior wood only, such as teak, hard wood, processed rubber wood, etc.
- 13.24 Officers authorized to make local purchase of furniture, when satisfied that such a measure is justified, arrange the supply of furniture locally up to the extent they have been empowered. Care should be taken to see that orders for the requirements of any one year are not split up with a view to place the order locally.

Examination of Contracts by Accountant General

- 13.25 The Accountant General in the exercise of his functions in audit can examine contracts settled by the Department and report to the Government the facts of any case that come to his notice, in which competitive tenders were not invited though they should have been invited under the rules or a tender other than the lowest was accepted without sufficient justification or any other material irregularity which has been committed in connection with a contract.

CHAPTER 14

CONTRACT MANAGEMENT

Introduction

- 14.1 Contract Management involves monitoring the implementation of a contract after it is placed to ensure timely completion of all the supplies and related services shown in the contract as per terms & conditions incorporated therein.

Text of Contract

- 14.2 The essential requirement for ensuring a trouble free contract management is placement of contract with unambiguous and transparent terms & conditions, which have already been agreed to by both the purchaser and the supplier in writing.

Performance Security

- 14.3 The purchaser is to ensure that the supplier receiving the contract furnish the required Performance Security in the prescribed form by the specified date, failing which necessary action including forfeiture of the Earnest Money Deposit is to be taken against the supplier.

Acknowledgement of Contract

- 14.4 The supplier should acknowledge and unconditionally accept the contract within the specified days from the date of issue of contract. While acknowledging the contract, the supplier may raise some issues and/or ask for some modifications against some entries in the contract; such aspects shall be immediately looked into for necessary action and, thereafter, supplier's unconditional acceptance of the contract obtained. If both the parties (viz. the purchaser and the supplier) simultaneously sign the contract across the table, further acknowledgement from the supplier is not required.

Coordination

- 14.5 All the authorities, who are entrusted with some responsibilities and also to perform some duties in terms of the contract are to work in unison in a coordinated manner to ensure completion of the contract without any time overrun, cost overrun and

related legal complication. It is, therefore, necessary for the purchase department to keep a proper watch and coordinate all such activities to avoid any bottleneck or problem in the passage of the contract.

Amendment to Contract

- 14.6 Many a time, due to various reasons, changes and modifications are needed even in a duly concluded contract. Requests for such changes and modifications mostly emanate from the supplier. Immediately on receiving such a request, the purchase department shall examine the same and take action as necessary with the approval of the Stores Purchase Department. Any amendment to contract terms requested by the supplier may have, *inter alia*, financial impact and/or technical impact and/or legal impact. Therefore, before agreeing to the request of the supplier, the purchase department should scrutinize the issue on its merits to ensure that the requested amendment will not have any adverse effect on the purchase department. Financial concurrence should be obtained before issuing any amendment having financial implications/repercussions. Further, there may be an occasion where consultation with Government will be necessary before issuing the proposed amendment. The Department/Officer should process such issues, as deemed fit, depending on the merit of the case.

Payment to the Supplier

- 14.7 Purchase department shall ensure that all the payments due to the firm including release of EMD/performance security are made on priority basis without avoidable delay after the contract has been fulfilled. An appropriate time schedule may be prescribed by the Stores Purchase Department for this purpose to be acted upon by the concerned purchase officers (refer para 8.16 also).
- 14.8 After a contract has been fulfilled and payment made, the performance security should be released or refunded to the contractor/firm without delay. As a rule, the performance security should be released or refunded within a period of three months of the expiration of the contract. In case of Rate Contract/Running contract Performance security should be released only after the Guarantee period and

performance security will be released only after assessing the liabilities if any due to the defective supply/non supply or violation of any of the terms and conditions of the agreement.

Monitoring of Securities and other Instruments

- 14.9 Proper procedure for safe custody and monitoring of bank guarantees and other instruments should be laid down by the Stores Purchase Department and all purchasing departments should follow the procedures.

Closure of Purchase File

- 14.10 On completion of all activities against a contract, the purchase file should be preserved in the record room and destroyed after expiry of the applicable mandatory retention period with the approval of the competent authority.

CHAPTER 15

SETTLEMENT OF DISPUTES

General

- 15.1 Normally, there should not be any scope of dispute between the purchaser and the supplier after entering into a mutually agreed valid contract. However, due to various unforeseen reasons, problems may arise during the progress of the contract leading to disagreement between the purchaser and the supplier. Therefore, the conditions governing the contract shall contain suitable provision for settlement of such disputes/differences binding on both the parties.

Mode of Settlement

- 15.2 Mode of settlement of such disputes/differences shall be through Arbitration. However, when a dispute/difference arises, both the purchaser and the supplier shall first try to resolve the same amicably by mutual consultation. If the parties fail to resolve the dispute by such mutual consultation within twenty-one days, then, depending on the position of the case, either the purchaser or the supplier shall give notice to the other party of its intention to commence arbitration as hereinafter provided:
- (i) When the contract is with domestic supplier, the applicable arbitration procedure will be as per Indian Arbitration and Conciliation Act, 1996.
 - (ii) When the contract is with foreign supplier, the supplier has the option to choose either Indian Arbitration and Conciliation Act, 1996 or Arbitration in accordance with the provision of UNCITRAL (United Nations Commission on International Trade Law) Arbitration Rules.

Venue of Arbitration

- 15.3 The venue of arbitration shall generally be the place from where the contract has been issued except when foreign supplier opts for Arbitration, in accordance with the provision of UNCITRAL, Arbitration Rules, the venue can be a neutral country.

Applicable Law

- 15.4 The contracts shall be interpreted in accordance with the laws of the Union of India.

Legal Advice

- 15.5 While processing a case for arbitration, the purchase department is to take legal advice, at appropriate stages from competent authorities like the Department of Law.

Panel of Arbitrators

- 15.6 For quick settlement of disputes the State Government shall constitute a panel of arbitrators and an updated list may be published in the website of Stores Purchase Department.

CHAPTER 16
PURCHASE POWERS OF HEADS OF DEPARTMENTS
AND CONSTITUTION OF DEPARTMENTAL PURCHASE COMMITTEES

Introduction

- 16.1 The Heads of Departments (HODs) are classified into 3 groups on the basis of the approximate value of the purchases they are making each year.

Group I	Heads of Departments who usually purchase stores worth ₹ 1 crore or more in a year
Group II	Heads of Departments who usually purchase stores worth between ₹ 20 lakh to ₹ 1 crore a year
Group III	Heads of Departments who usually purchase stores worth below ₹ 20 lakh a year

Purchase Powers

- 16.2 The Administrative Department of the Secretariat may without previous consultation with Finance Department sanction expenditure, which does not exceed ₹ 100 lakh in respect of purchase of stores other than for works, computer & peripherals and furniture and in the case of Computer and peripherals (except laptop computers) sanction expenditure which does not exceed ₹ 50 lakh subject to budget provision being available and Stores Purchase Rules being observed (large scale purchase of computers is to be effected only after ensuring that all requirements for computerization with respect to both software and hardware are fully satisfied following the guidelines issued on the basis of the recommendations of the PAC vide Circular No.25/2006/Fin. Dated 01.06.2006).
- 16.3 The Administrative Department of the Secretariat may without previous consultation with Finance Department sanction expenditure for the purchase of furniture upto ₹ 5 lakh subject to budget provision being available and observing Stores Purchase procedures and as per G.O. (P) 224/2000/Fin dated 27-1-2000.
- 16.4 The Administrative Department of the Secretariat may without previous consultation with Finance Department sanction repair of equipment and small machineries upto ₹3 lakh subject to production of essentiality certificate from the respective Engineer as the case may be. The Administrative Department of the Secretariat may without consultation with Finance Department sanction Temporary Advance up to ₹ 10,000/- subject to the condition stipulated in Article 99 KFC Vol. I.

- 16.5 HODs in the Group I are authorized to purchase stores other than computers and peripherals and furniture upto ₹ 20 lakh at a time and ₹ 10 lakh for Heads of Departments in Group II and III. The Heads of Departments are also authorised to purchase stationery upto ₹ 1 lakh. With respect to purchase of furniture, Group I HODs are authorised to sanction upto ₹ 2 lakh and ₹ 1 lakh for HODs in Group II and III, subject to budget provision (Head of Department may obtain administrative sanction and purchase sanction as per G.O. (P) No. 224/2000/Fin. Dated 27-1-2000).
- 16.6 The Controller of Stationery and the Superintendent of Government Presses is authorized to purchase stores upto ₹ 10 lakh at a time without reference to the Government or the Departmental Purchase Committee.

Departmental Purchase Committees

- 16.7 Departmental Purchase Committees shall be constituted for each Purchasing Department (Non-Secretariat). The constitution of the Departmental Purchase Committees is as follows:

No.	Value of Purchase	Departmental Purchase Committee
1	Purchase above ₹ 6 crore	1. Concerned Secretary to Government (Chairman and Convener)
		2. One of the Secretaries of Finance Department
		3. Secretary, Stores Purchase Department or his nominee not below the rank of Additional Secretary/ Joint Secretary
		4. Concerned Head of Department
2	Purchase between ₹60 lakh and ₹ 6 crore	1. Concerned Secretary to Government (Chairman and Convener)
		2. Secretary, Finance Department or his nominee not below the rank of Joint Secretary
		3. Secretary, Stores Purchase Department or his nominee not below the rank of Joint Secretary
		4. Concerned Head of Department

3	Purchase between ₹40 lakh and ₹ 60 lakh	1. Concerned Secretary to Government (Chairman and Convener
		2. Joint Secretary/Deputy Secretary, Finance Department (nominated by Finance Secretary)
		3. Additional Secretary/Joint Secretary, Stores Purchase Department
		4. Concerned Head of Department
4	Purchase upto ₹40 lakh	1. Concerned Secretary to Government (Chairman and Convener
		2. Deputy Secretary/Under Secretary, Finance Department (nominated by Finance Secretary)
		3. Deputy Secretary/Under Secretary, Stores Purchase Department
		4. Concerned Head of Department

NOTE 1: In order to co-ordinate the production programme and the purchase policy and to ensure that the concessions given to MSME are fully implemented, the Chairman of the Departmental Purchase committee shall invite the Director of Industries and Commerce or his representative to attend the meetings of the Departmental Purchase Committees in cases where Micro, Small & Medium Enterprises in the State also participate in the tenders.

Functions of the Departmental Purchase Committees

16.8 All Purchase proposals which do not fall within the powers of the Head of the Department will be considered by the appropriate Departmental Purchase Committee. The factual accuracy of the materials placed before the Committee and the observance of the rules in undertaking the various steps before bringing the proposals before the Committee will be the sole responsibility of the Head of the Department. The Committee will scrutinize the proposals and take/make appropriate decision/recommendations. Any variation in the original sanction will require further reference to the Departmental Purchase Committee who made the original decision/recommendation of purchase sanction. The sanction for the purchase should show the actual specifications quoted in the tender.

- 16.9 Purchase proposals exceeding ₹ 6 crores up to ₹ 10 crores after being considered by the concerned Departmental Purchase Committee, should have the approval of the Minister concerned, whereas purchase proposals above ₹ 10 crores should be approved by both the Minister Concerned and the Minister in charge of the Stores Purchase Department, through the Principal Secretary, Stores Purchase Department. In all cases, the sanction will be issued by the Administrative Department.
- 16.10 The Departmental Purchase Committee may meet whenever necessary and at such time and place as may be decided by the Chairman. For effecting the Purchases needed for a year, the Committee should meet as far as possible before the commencement of that year. The steps necessary for this should be taken by the Head of the Department sufficiently early.
- 16.11 Subject to the condition that the reasons, in each case, should be clearly recorded and that the orders of the Minister concerned should be taken, the Departmental Purchase committee is authorized to exempt firms of established repute and standing from furnishing performance security, in special circumstances.
- 16.12 In respect of purchases costing below ₹ 60 lakh, the Secretary to Government and Chairman of the Departmental Purchase Committee is authorized:
- (i) to cancel orders or unexecuted portion of orders and to order the invitation of fresh tenders or quotations
 - (ii) to extend the period of delivery and accept late supplies
 - (iii) to order forfeiture of earnest money and performance security, etc.
- 16.13 The minutes of the Departmental Purchase Committee should contain the following:
- (i) Details of the Publicity given to the tender notices;
 - (ii) Number of tender notices taken by prospective bidders;
 - (iii) Number of tenders received;
 - (iv) Number of bids received in proper order;
 - (v) Number of bids rejected and reason thereof (reason for rejection of each bid may be given separately);

- (vi) Among the valid bidders the details of the lowest quotation received, bidder details and the quoted amount;
- (vii) Whether lowest quotation/tender has been accepted;
- (viii) If not, the reasons for rejecting the lowest quotation (and other quotations lower than the one ultimately accepted by the Departmental Purchase Committee);
- (ix) Details of bidder and quotation ultimately accepted and the difference between the lowest quotation and the accepted quotation;
- (x) Views of the Departmental Purchase Committee as to whether retender is desirable and could lead to substantially lower bids;
- (xi) Specific Remarks on Guarantee/Warranty/Annual Maintenance Contract, etc.
- (xii) Any other relevant facts.

16.14 In addition to the above, the Administrative Department/Purchasing Officer should take care of the following points also:

- (i) The D.P.C. Meeting Notes must be in full satisfaction of all the points mentioned above.
- (ii) Ensure the availability of the Officer from Stores Purchase Department and Finance Department before deciding the date and time of the meeting.
- (iii) Notes for the DPC meeting must reach SPD at least three days before the meeting for scrutiny. Otherwise it will be difficult to attend the DPC meeting.
- (iv) Copy of the Administrative Sanction and minutes/report of Technical Evaluation Committee, if any, should be furnished.
- (v) Copy of the Tender Notification both English and Malayalam should be made available.
- (vi) Post tender, negotiation may be made only with the LI Tenderer.

16.15 The notes for the Departmental Purchase Committee may also inter alia, contain information on the following:

- (i) Whether the Purchasing Officer has compared the existing prevalent market rates of the Stores/items for which the quotation/tender has been floated and if so, whether it is economical when compared with the bid amount;
- (ii) Whether samples have been insisted in the tender schedule and if not, the reasons therefore;

- (iii) If the item/store to be procured is of a sophisticated technical nature or needs technical evaluation, whether a technical committee with sufficient members for evaluating the articles/stores has been constituted? If so, whether the specific report of the committee has been made available for consideration by the Departmental Purchase Committee.
- (iv) Whether the Purchasing Officer has recorded the absolute necessity for procurement of the store/item particularly taking into account the average consumption use of the items/stores for the past 3 years.
- (v) Whether the Purchasing Officer has taken necessary steps to forecast the requirements in full for a definite period for 3 months, 6 months, one year and so as to avoid piece meal purchases and to observe Stores Purchase Rules strictly;
- (vi) Action taken by the Purchasing Officer to keep open the firmness period, if the same has not been kept open for acceptance and confirmation;
- (vii) Whether the Purchasing Officer has made any attempt to inspect and satisfy himself about the working of the unit/items/store which has been supplied by the bidder if any, on earlier occasion;
- (viii) Whether the Purchasing Officer has made any specific recommendation for consideration of the Departmental Purchase Committee; and
- (ix) Whether the tabulation statement containing full essential data/details of the tenders/quotations received vis-à-vis the evaluation report of the Purchasing Officer authenticated by the Purchasing Officer has been enclosed with the notes for the Departmental Purchase Committee.

CHAPTER 17
STORES PURCHASE DEPARTMENT

Responsibilities of the Department

- 17.1 The Stores Purchase Department of the Secretariat shall deal with the following:
- (i) The recommendations of the Departmental Purchase Committees are to be dealt with in the Stores Purchase Department in the following cases:
 - a) Where the finance member disagrees with the other members
 - b) Cases in which there is any special relaxation from Stores Purchase Rules or Provisions of the Kerala Financial Code
 - (ii) Preparation of the Statements of:
 - a) Directory of Purchases (half yearly)
 - b) List of purchases of I.S.I. certified goods (quarterly)
 - c) Preparation of the list of products offered by Government Undertaking
 - (iii) All correspondence relating to import licenses and release of foreign exchange.
 - (iii) Blacklisting, banning and other penalties.
 - (iv) Registration of firms, re-registration & verification of competence of registered firms.
 - (v) General questions relating to stores purchase like correspondence with the Government of India and the D.G.S. & D., issue of general instructions and orders on stores purchase from time to time.
 - (vi) Setting up and organizing Price Fixation Committees for fixing the price of products to be supplied by Public Sector and Cooperative Enterprises in the State.
 - (vii) Issue clarifications on provisions in the Stores Purchase Manual, as required.
 - (viii) Make arrangements for modifying provisions in the Stores Purchase Manual, when required.
- 17.2 The Stores Purchase Department may also publish in their website an updated list of the following for ready reference to the other departments:
- (i) The list of approved and blacklisted/banned firms
 - (ii) Latest guidelines of Central Vigilance Commission applicable to the State
 - (iii) Other relevant orders issued by the Government related to Stores Purchase
- 17.3 The Stores Purchase Department will conduct inspection of purchase files of Government Offices/PSUs/Autonomous Bodies/Local Bodies/Universities and institutions utilises grant-in-aid of Government. The purchasing officers/department shall make available all relevant records to the inspection team and shall render all possible assistance as required by them.

CHAPTER 18
MISCELLANEOUS

Buy Back Offer

- 18.1 When it is decided with the approval of the competent authority to replace some existing old Stores with their newer and better versions/substitutes, the department may trade the existing old Stores while purchasing the new ones. For this purpose, suitable clauses are to be incorporated in the tender enquiry document so that the interested tenderers formulate and submit their tenders accordingly. Provision should also be kept in the tender documents to permit the interested tenderers to inspect the old Stores to be traded through this transaction.
- 18.2 Appropriate provision should also be kept in the tender document allowing the purchase department to reserve its right to trade or not to trade the old Stores while purchasing the new ones and the tenderers are to be asked to frame their quotations accordingly covering both the options. Depending on the value and condition of the old Stores to be traded, the time frame for as well as the mode of handing them over to the successful tenderer should be decided and relevant details in this regard suitably incorporated in the tender document.

Turnkey Contract

- 18.3 A turnkey contract is a mix of Stores contract and works contract. Generally, in the tender enquiry documents for a turnkey contract, the purchase department specifies the performance and output required from the plant proposed to be set up and broadly outlines the various parameters it visualizes for the desired plant. The inputs and other facilities, which the purchase department will provide to the contractor are also indicated in the tender enquiry document. The contractor is to design the plant and quote accordingly. The responsibility of the contractor will include supplying the required stores, machinery, equipment etc. needed for the plant; assembling, installing and erecting the same at site as needed; commissioning the plant to meet the required output etc., as specified in the tender enquiry documents. While entering into a turn-key contract, Department/Organization is to follow the relevant instructions prescribed in the Stores Purchase Manual as well as in relevant other Manuals.

Disposal of Surplus Stores

- 18.4 With the passage of time, many of the Stores purchased by the Departments become unserviceable or obsolete. Such Stores are classified as surplus Stores. The Ministries/Departments should dispose off such surplus Stores at the earliest, to avoid unnecessary inventory carrying cost, decrease in resale price of those Stores etc. Detailed comprehensive instructions for disposal of surplus Stores are to be issued by the Stores Purchase Department in consultation with the Financial Department.

Price Negotiation/Counter-Offer

- 18.5 Price Negotiation with the tenderers should be severely discouraged. However, in case the price quoted by the lowest eligible tenderer (L1) is not reasonable and acceptable, the price may be negotiated with L1 only and, if it reduces the price to the desired level, rate contract may be concluded with L1.
- 18.6 There may also be a situation where even the price of the lowest eligible tenderer (L1) is not reasonable. In that case, price negotiation may be conducted with L1 in the first instance. If L1 agrees to bring down the price to the desired level, rate contract may be concluded with it and that price counter offered to other eligible tenderers under intimation to L1 for further action in identical manner as indicated in the above paragraph. If, however, L1 does not agree to reduce its price in the first instance itself, then the price, which has been decided as reasonable may be counter offered to all the eligible tenderers (including L1) for further action on above lines.

Cartel Formation/ Pool Rates

- 18.7 Sometimes a group of tenderers quote identical rates against a rate contract tender. Such Pool/Cartel formation is against the basic principle of competitive bidding and defeats the very purpose of open and competitive tendering system. Such practices should be severely discouraged with strong measures. Suitable administrative actions like rejecting the offers, reporting the matter to Registrar of Companies, Monopolies Commission, National Small Industries Corporation etc. should be initiated against such firms, on case to case basis, as decided by the competent

authority. Ministries/Departments may also bring such unhealthy practice to the notice of the concerned trade associations like FICCI, ASOCHAM, NSIC, etc. requesting them, inter alia, to take suitable strong actions against such firms. The Ministries/ Departments may also encourage new firms to get themselves registered for the subject goods to break the monopolistic attitude of the firms forming cartel.

Training

- 18.8 Purchase management is a specialized subject and, therefore, the officials entrusted with purchase work should be adequately trained at the entry level itself to avoid mistakes in tender evaluation, placement of contract, contract management etc., because any mistake in public procurement may cause financial repercussions, operational hold-ups, and unwarranted legal complications for the Departments. In addition to entry level training, the purchase officials should also be sent for in-service training periodically to keep them abreast with the changing scenario and latest techniques of Purchase Management taking place within as well as outside the country.

Beyond the Manual

- 18.9 The important and significant areas of Public Procurement have been covered in this Manual. A situation may, however crop up in a purchase case for which no solution may be readily available in this Manual. In such a situation, the Departments may seek advice and guidance from the Stores Purchase Department. The matters related to DGS&D rate contract may be obtained directly from DGS&D.
- 18.10 The guidelines issued by the Central Vigilance Commission, relevant to the purchase of stores in the State have been included in the appropriate sections of the Manual. The future guidelines of the CVC which are applicable to the State may also be incorporated in the Manual as required by inserting the particular Order/Circular in the Appendix (list of relevant Orders/Circulars of CVC) at the end of the Manual.

ANNEXURES

**AN ILLUSTRATIVE LIST OF
AUTONOMOUS BODIES AND PUBLIC SECTOR UNDERTAKINGS**

(I) COMMISSIONS

1. Central Administrative Tribunal, Ernakulam
2. Commission for Taxation Laws, Thiruvananthapuram
3. Kerala Commissions for Backward Classes, Thiruvananthapuram
4. Kerala Public Men's Corruption (Investigation & Inquiries) Commission, Thiruvananthapuram
5. Kerala Public Service Commission, Pattom, Thiruvananthapuram
6. Kerala State Consumer Disputes Redressal Commission, Thiruvananthapuram
7. Official Language (Legislative) Commission, Kerala, Thiruvananthapuram
8. State Finance Commission, Palayam, Thiruvananthapuram

(II) AUTONOMOUS BODIES

1. Agency for Development of Aquaculture, Kerala, Thiruvananthapuram
2. Agency for Non-Conventional Energy & Rural Technology (ANERT), Thycaud, Thiruvananthapuram
3. Agricultural Prices Board, Thiruvananthapuram
4. Centre for Development of Imaging Technology, Chithranjali Studio Compound, Thiruvallam, Thiruvananthapuram
5. Centre for Development Studies, Thiruvananthapuram
6. Centre for Earth Science Studies, Thiruvananthapuram
7. Centre for Land Use and Environment Studies, Vikas Bhavan, Thiruvananthapuram
8. Centre for Taxation Studies, Thiruvananthapuram
9. Centre for Water Resources Development and Management, Kozhikode
10. Gurugopinath Natana Grama Society, Vattiyookavu, Thiruvananthapuram
11. Handloom Training Institute, Kizhunna, Kannur
12. Institute of Human Resources Development for Electronics, Vazhuthacaud, Thiruvananthapuram
13. Institute of Management in Government, Thiruvananthapuram
14. Kerala Aviation Training Centre, Thiruvananthapuram
15. Kerala Books and Publication Society, Kakkanad, Ernakulam
16. Kerala Coir Workers Welfare Fund Board, Alappuzha
17. Kerala Construction Workers Welfare Fund Board, Thiruvananthapuram
18. Kerala Forest Research Institute, Peechi, Thrissur
19. Kerala Head Load Workers Welfare Board, Ernakulam
20. Kerala Health Research and Welfare Society, Thiruvananthapuram
21. Kerala Institute of Labour and Employment, Thiruvananthapuram
22. Kerala Institute of Local Administration, Mulamkunnathukavu, Thrissur
23. Kerala Institute of Tourism and Travel Studies, Residency Compound, Thiruvananthapuram
24. Kerala Kalamandalam, Cheruthuruthy, Thrissur
25. Kerala Khadi Workers Welfare Fund Board, Vazhuthacaud, Thiruvananthapuram
26. Kerala Lalithakala Academy, Thrissur

27. Kerala Mineral Exploration and Development Project, Kesavadasapuram, Thiruvananthapuram
28. Kerala Motor Transport Workers Welfare Fund Board, Kollam
29. Kerala Press Academy, Kochi, Ernakulam
30. Kerala Rural Development and Marketing Society, Opposite Tagore Theatre, Vazhuthacaud, Thiruvananthapuram
31. Kerala Rural Employment and Welfare Society, Thiruvananthapuram
32. Kerala Sahithya Academy, Thrissur
33. Kerala Sangeetha Nataka Academy, Thrissur
34. Kerala Sports Council, Thiruvananthapuram
35. Kerala State Anganwadi Workers' and Helpers' Welfare Fund, Thiruvananthapuram
36. Kerala State Council for Child Welfare, Thiruvananthapuram
37. Kerala State Export Trade Development Council, Thiruvananthapuram
38. Kerala State Legal Aid and Advice Board, Kochi
39. Kerala State Library Council, Thiruvananthapuram
40. Kerala State Nirmithi Kendra, Thiruvananthapuram
41. Kerala State Pollution Control Board, Thiruvananthapuram
42. Kerala State Science & Technology Museum, Thiruvananthapuram
43. Kerala State Social Welfare Advisory Board, Kozhikode
44. Kerala State Youth Welfare Board, Thiruvananthapuram
45. Kerala Water Authority, Thiruvananthapuram
46. LBS Centre for Science & Technology, Thiruvananthapuram
47. Medical Council, Thiruvananthapuram
48. National Transportation, Planning & Research Centre, Thiruvananthapuram
49. People's Action for Development, Kerala, Thiruvananthapuram
50. Rajiv Gandhi Centre for Development of Education, Science & Technology, Thycaud, Thiruvananthapuram
51. Regional Cancer Centre, Thiruvananthapuram
52. Society for Preservation of Hill Palace Premises, Thrippunithura, Ernakulam
53. State Advisory Contract Labour Board, Thiruvananthapuram
54. State Institute of Children's Literature, Thiruvananthapuram
55. State Institute of Encyclopedia Publications, Thiruvananthapuram
56. State Institute of Languages, Thiruvananthapuram
57. Tropical Botanical Garden and Research Institute, Palode, Thiruvananthapuram
58. Vasthuvidya Gurukulam, Aranmula, Pathanamthitta

(III) CO-OPERATIVE INSTITUTIONS

1. All Kerala Cottage Match Industries Federation, Kollam
2. Alleppey Co-operative Spinning Mills Ltd., Kayamkulam, Kollam
3. Cannanore Co-operative Spinning Mills Limited, Kannur
4. Kerala Kerakarshaka Sahakarana Federation, Thiruvananthapuram
5. Kerala State Cashew Workers Apex Industries Co-operative Society Limited (CAPEX), Kollam
6. Kerala State Co-operative Agricultural and Rural Development Bank, Thiruvananthapuram
7. Kerala State Co-operative Bank, Thiruvananthapuram
8. Kerala State Co-operative Cashewnut Federation, Kochi
9. Kerala State Co-operative Coir Marketing Federation Limited (COIRFED), Alappuzha
10. Kerala State Co-operative Housing Federation Ltd., Kaloor, Ernakulam
11. Kerala State Co-operative Marketing Federation Limited, Kochi, Ernakulam

12. Kerala State Co-operative Rubber Marketing Federation Ltd., Kochi, Ernakulam
13. Kerala State Co-operative Textile Federation Limited (TEXFED), Thrissur
14. Kerala State Federation of Scheduled Castes and Scheduled Tribes Development Co-operative Limited, Thiruvananthapuram
15. Kerala State Handloom Weavers Co-operative Society Ltd., Thiruvananthapuram
16. Kerala State Rural Women's Electronics Industrial Co-operative Federation Limited, Thiruvananthapuram
17. Quilon Co-operative Spinning Mills Limited, Kollam
18. Thrissur Co-operative Spinning Mills Limited, Thrissur.

(IV) UNIVERSITIES

1. Cochin University of Science & Technology, Kochi, Ernakulam
2. Kannur University, Kannur
3. Kerala Agricultural University, Thrissur
4. Mahatma Gandhi University, Kottayam
5. Medical University, Thrissur
6. Sree Sankaracharya University of Sanskrit, Kalady, Thrissur
7. University of Calicut, Malappuram
8. University of Kerala, Thiruvananthapuram

(V) PUBLIC SECTOR UNDERTAKINGS

1. Kerala State Industrial Development Corporation Limited
2. Kerala State Industrial Enterprises Limited
3. Kerala Financial Corporation
4. Kerala Tourism Development Corporation Limited
5. Kerala Urban & Rural Development Finance Corporation Limited
6. The Kerala Land Development Corporation Limited
7. Kerala Small Industries Development Corporation Limited
8. Kerala State Film Development Corporation Limited
9. Kerala State Warehousing Corporation
10. The Kerala State Financial Enterprises Limited
11. Kerala Industrial Infrastructure Development Corporation
12. Tourist Resorts (Kerala) Limited
13. Bakel Resorts Development Corporation Limited
14. Kerala Transport Development Finance Corporation Limited
15. Kerala State Power and Infrastructure Finance Corporation Limited
16. Kerala Police Housing and Construction Corporation Limited
17. Roads & Bridges Development Corporation of Kerala Limited
18. Vizhinjam International Seaport Limited
19. Kerala Construction Components Limited
20. The Kerala Ceramics Limited
21. Kerala Clays & Ceramic Products Limited
22. The Kerala Minerals & Metals Limited
23. Kerala State Detergents & Chemicals Limited
24. Kerala State Drugs & Pharmaceuticals Limited
25. Kerala Soaps & Oils Limited
26. Kerala State Salicylates & Chemicals Limited

27. Malabar Cements Limited
28. The Pharmaceutical Corporation (IM) Kerala Limited
29. The Travancore Cements Limited
30. The Travancore-Cochin Chemicals Limited
31. Travancore Titanium Products Limited
32. Kerala State Mineral Development Corporation Limited
33. Kerala Electrical & Allied Engineering Company Limited
34. United Electrical Industries Limited
35. Traco Cable Company Limited
36. Transformers and Electricals Kerala Limited
37. Kerala State Electronics Development Corporation Limited
38. Keltron Counters Limited
39. Keltron Electro Ceramics Limited
40. Keltron Crystals Limited
41. Keltron Magnetics Limited
42. Keltron Resistors Limited
43. Keltron Component Complex Limited
44. The Metal Industries Limited
45. Steel Complex Limited
46. Kerala Agro Machinery Corporation Limited
47. Steel Industrials Kerala Limited
48. Kerala State Construction Corporation Limited
49. Kerala Automobiles Limited
50. Steel and Industrial Forgings Limited
51. Autokast Limited
52. The Kerala Agro Industries Corporation Limited
53. Kerala Forest Development Corporation Limited
54. Kerala Livestock Development Board Limited
55. Meat Products of India Limited
56. Oil Palm India Limited
57. The Plantation Corporation of Kerala Limited
58. Rehabilitation Plantations Limited
59. The State Farming Corporation of Kerala Limited
60. The Travancore Sugars & Chemicals Limited
61. Kerala State Horticultural Products Development Corporation Limited
62. Kerala State Poultry Development Corporation Limited
63. Kerala Feeds Limited
64. Kerala Garments Limited
65. Kerala State Textile Corporation Limited
66. Sitaram Textiles Limited
67. Trivandrum Spinning Mills Limited
68. Forest Industries (Travancore) Limited
69. Kerala State Wood Industries Limited
70. Travancore Plywood Industries Limited
71. Foam Mattings (India) Limited
72. Handicrafts Development Corporation of Kerala Limited
73. Kerala State Bamboo Corporation Limited

74. Kerala State Handloom Development Corporation Limited
75. The Kerala State Coir Corporation Limited
76. Kerala Khadi & Village Industries Board.
77. The Kerala State Cashew Development Corporation Limited
78. The Kerala State Civil Supplies Corporation Limited
79. Kerala State Beverages (M&M) Corporation Limited
80. Kerala Artisans Development Corporation Limited
81. Kerala School Teachers & Non Teaching Staff Welfare Corporation Limited
82. Kerala State Development Corp. for Christian Converts from SC & RC Limited
83. The Kerala State Development Corporation for SC & ST Limited
84. The Kerala State Handicapped Persons' Welfare Corporation Limited
85. Kerala State Palmyrah Products Dev. & Workers' Welfare Corporation Limited
86. Kerala State Women's Development Corporation Limited
87. Kerala State Backward Classes Development Corporation Limited
88. Kerala State Ex-servicemen Development & Rehabilitation Corporation
89. Kerala State Maritime Development Corporation Limited
90. Kerala Shipping & Inland Navigation Corporation Limited
91. Kerala State Electricity Board
92. Kerala State Road Transport Corporation
93. Kerala Water Authority
94. Kerala State Housing Board
95. Overseas Development & Employment Promotion consultants Limited
96. Kerala Medical Services Corporation Limited
97. Indian Institute of Information Technology and Management- Kerala
98. Kerala State Information Technology Infrastructure Limited
99. Norka Roots Limited
100. Malabar Distilleries Limited
101. Aralam Farming Corporation of (Kerala) Limited

(VI) WELFARE FUND BOARDS

1. Chief Executive Officer
Kerala Bamboo, Kattuvally & Pandanus Leaf Worker's Welfare Fund Board,
Angamaly South PO, Pin 683 573
2. The Chief Executive
Kerala Handloom Workers' Relief and Welfare Fund Board, Thalikavu, Kannur
3. The Chief Executive
Kerala Cashew Workers' Relief and Welfare Fund Board, Kollam – 691 101
4. The Chief Executive Officer
Kerala Motor Transport Workers' Welfare Fund Board, Kollam – 691 101
5. The Chief Welfare Fund Inspector
Kerala Toddy Workers' Welfare Fund Board
Thiruvananthapuram – 695 011

6. The Chief Executive
Kerala Shops & Commercial Establishment Workers' Welfare Board,
Thiruvananthapuram
7. The Labour Welfare Fund Commissioner
Kerala Labour Welfare Fund Board, Thiruvananthapuram
8. The Chief Executive Officer
Kerala Agricultural Workers' Welfare Fund Board, Thrissur
9. The Chief Executive Officer
Kerala Beedi Cigar Workers' Welfare Fund Board, SPCA Road, Kannur - 2
10. The Secretary, Kerala Buildings and Other Construction Workers Welfare Board
Thycaud, Thiruvananthapuram
11. The Chief Executive Officer
Kerala Head Load Workers' Welfare Fund Board, SPM Road, Ernakulam
12. The Chief Executive Officer
Kerala Tailoring Workers' Welfare Fund Board, Thycaud
Thiruvananthapuram - 695 014
13. The Chief Welfare Fund Inspector
Kerala Abkari Workers' Welfare Fund Board, Power House Road
Thiruvananthapuram

(VII) DEVELOPMENT AUTHORITIES

1. Thiruvananthapuram Development Authority
2. Greater Cochin Development Authority
3. Goshree Island Development Authority

FORM OF TENDER

From

To

Sir,

I/We hereby tender to supply, under the annexed general conditions of contract; the whole of the articles referred to and described in the attached specification and schedule, or any portion thereof, as may be decided by Government, at the rates quoted against each item. The articles will be delivered within the time and at the places specified in the schedule.

*I/We am/are remitting/have separately remitted the required amount of ₹ (Rupees only) as earnest money.

Yours faithfully

Signature

Address... ..

Date:

*(To be scored in cases where no earnest money deposit is furnished)

(General Conditions on the reverse)

GENERAL CONDITIONS

Sealed tenders are invited for the supply of the materials as specified in the schedule below/attached.

1. The tenders should be addressed to the officer mentioned below in a sealed cover with the tender number and name shown below duly superscribed on the cover.
2. The tenders should be in the prescribed form which can be obtained from the officer mentioned below on payment of the price which is also noted below. Duplicate copies of tender forms will also be issued at the rate specified below. The cost of tender forms once paid will not be refunded. Tenders which are not in the prescribed form are liable to be rejected. The rates quoted should be only in Indian currency. Tenders in any other currency are liable to rejection.
3. Intending tenderers should send their tenders so as to reach the Officer mentioned below, on due date and time (noted below). No tender received after the specified date and time will be accepted on any account. The rates will be considered firm for acceptance till the date mentioned below. Tenders not stipulating period of firmness and tenders with price variation clause and/or 'subject to prior sale' condition are liable to be rejected.
4. (a) Every tenderer who has not registered his name with the state Government (Stores Purchase Department), should send along with his tender, an earnest money of one per cent of the total cost of the articles tendered for (rounded to the nearest rupee) subject to a minimum of ₹ 1500, if the amount calculated at one per cent of the value of the articles tendered for falls below ₹ 1500. The amount may be paid either by remittance into any Government Treasury in chalans in duplicate, duly countersigned by the officer mentioned below or by Demand Drafts (crossed) on the local branch of State Bank of Travancore/State Bank of India drawn in favour of the officer mentioned below. In the case of remittance into the treasury, chalan receipt should be forwarded along with the tender. Cheques will not be accepted. The earnest money of the unsuccessful tenderers will be returned within a period of one month after the tenders are settled; but that of the successful tenderers will be adjusted towards the security that will have to be deposited for the satisfactory fulfillment of the contract. "If the Earnest Money Deposit of the successful tenderer is not refunded within three months of finalization of the contract interest at the rate of interest paid for S.B. accounts by nationalized banks will be paid on the Earnest Money Deposit".

(b) Tenderers whose names are registered with Government (Stores Purchase Department) are generally exempted from furnishing earnest money for such articles for which they have registered their names. If they tender for stores other than those for which they have registered their names, they will have to furnish earnest money as in the case of unregistered firms. Registered firms will have to quote invariably in

every tender they submit the registration number assigned to them by the Stores Purchase Department.

(c) (i) Micro, Small & Medium Enterprises and Cottage Industries and Industrial co-operatives within the State which are certified as such by the Director of Industries and commerce or by the Regional Joint Directors of Industries and Commerce will be exempted from furnishing earnest money deposits in support of tenders submitted by them to Government Departments. The Khadi and village Industries Co-operative Societies and the institutions registered under the Literary, Scientific and Charitable Societies Act and financed by the Kerala Khadi and Village Industries Board within that State which are certified as such by the Secretary, Kerala Khadi Village Industries Board will be exempted from furnishing earnest money deposits in support of tenders submitted by them to Government Departments. Government Institutions/State Public Sector Industries which manufacture and supply stores will also be exempted from furnishing earnest money for tenders submitted by them.

(ii) Micro and Small Enterprises and Industrial Co-operatives within the State which have been registered as such with the Industries Department (Department under the control of the Director of Industries and Commerce) on furnishing proof of such registration will be exempted from furnishing security deposit against contracts for supply of stores manufactured by them provided that an officer of and above the rank of Deputy Director of Industries and commerce having jurisdiction over the area also certifies to the soundness and reliability of the concerns to undertake the contracts. The Khadi and Village Industries Co-operative Societies within the State which have been registered as such with the Kerala Khadi and Village Industries Board and the institutions registered under the Literary, Scientific and Charitable Societies Act and which are financed by the Board within the State on furnishing proof of such registration will be exempted from furnishing security deposits against contracts for supply of stores manufactured by them provided that the Secretary, Kerala Khadi and Village Industries Board also certifies to the soundness and reliability of the concerns to undertake the contracts. Government Institutions or any Institutions listed in Annexure 16 which supplies stores, and Government of India Undertaking will also be exempted from furnishing security in respect of contracts for supply of stores.

(d) In the matter of purchase of stores by the State Government Departments, Small Scale Industrial Units sponsored by the National Small Scale Industries Corporation Limited, New Delhi and in respect of which competency certificates are issued by the Corporation will be exempted from payment of Earnest Money Deposits and Security Deposits.

(e) The exemption stipulated in clauses (b), (c) and (d) above will not however, apply to tenders for the supply of raw materials or dietary articles or stores on rate or running contract basis.

5. The tenders will be opened on the appointed day and time in the office of the undersigned, in the presence of such of those tenderers or their nominees who may be present at that time.

6. If any tenderer withdraws from his tender before the expiry of the period fixed for keeping the rates firm for acceptance, the earnest money if, any, deposited by him will be forfeited to Government or such action taken against him as Government think fit.
7. Tenderers shall invariably specify in their tenders the delivery conditions including the time required for the supply of articles tendered for.
8. (a) The tenderer shall clearly specify whether the articles offered bear Indian Standards Institution Certification Mark or not. In such cases, they shall produce copies of Certification mark along with their tender in support of it.
(b) Tenderers shall clearly specify whether the goods are offered from indigenous sources, from imported stocks in India or from foreign sources to be imported under a license. Government reserves the right to reject offers for import of goods if the Import Trade Control Policy in force at the time of award of the contract prohibits or restricts such imports.
9. The final acceptance of the tenders rests entirely with the Government who do not bind themselves to accept the lowest or any tender. But the tenderers on their part should be prepared to carry out such portion of the supplies included in their tenders as may be allotted to them.
10. In the case of materials of technical nature the successful tenderer should be prepared to guarantee satisfactory performance for a definite period under a definite penalty.
11. Communication of acceptance of the tender normally constitutes a concluded contract. Nevertheless, the successful tenderer shall also execute an agreement for the due fulfillment of the contract within the period to be specified in the letter of acceptance. The contractor shall have to pay all stamp duty, lawyer's charges and other expenses incidental to the execution of the agreement. Failure to execute the agreement within the period specified will entail the penalties set out in para 12 below.
12. (a) The successful tenderer shall, before signing the agreement and within the period specified in the letter of acceptance of his tender deposit a sum equivalent to 5 per cent of the value of the contract as security for the satisfactory fulfillment of the contract less the amount of money deposited by him along with his tender. The amount of security may be deposited in the manner prescribed in clause 4 supra or in Government Treasury Savings Bank and the Pass Book pledged to Purchasing Officer or in Fixed Deposit Receipts of State Bank of Travancore/State Bank of India endorsed in favour of the above officer. Letters of guarantee in the prescribed form for the amount of security from an approved Bank will also be considered enough at the discretion of government. If the successful tenderer fails to deposit the security and execute the agreement as stated above, the earnest money deposited by him will be forfeited to Government and contract arranged elsewhere at the defaulter's risk and any loss incurred by Government on account of the purchase will be recovered from

the defaulter who will, however, not be entitled to any gain accruing thereby. If the defaulting firm is a registered firm their registration is liable to be cancelled.

(b) In cases where a successful tenderer, after having made partial supplies fails to fulfil the contracts in full, all or any of the materials not supplied may at the discretion of the Purchasing Officer, be purchased by means of another tender/ quotation or by negotiation or from the next higher tenderer who had offered to supply already and the loss, if any, caused to the Government shall thereby together with such sums as may be fixed by the Government towards damages be recovered from the defaulting tenderer.

(c) Even in cases where no alternate purchases are arranged for the materials not supplied, the proportionate portion of the security deposit based on the cost of the materials not supplied at the rate shown in the tender of the defaulter shall be forfeited and balance alone shall be refunded.

(d) If the contractor fails to deliver all or any of the stores or perform the service within the time/period(s) specified in the contract, the purchaser shall without prejudice to its other remedies under the contract, deduct from the contract price as liquidated, damages, a sum equivalent to 0.5% or 1% of the delivered price of the delayed stores or unperformed services for each week of delay until actual delivery or performance, upto a maximum deduction of 10% of the contract prices of the delayed stores or services. Once the maximum is reached, the purchaser may consider termination of the contract at the risk and cost of the contractor.

13. The security deposit shall, subject to the conditions specified herein, be returned to the contractor within three months after the expiration of the contract, but in the event of any dispute arising between the Department concerned and the contractor, the Department shall be entitled to deduct out of the deposits or the balance thereof, until such dispute is determined the amount of such damages, costs, charges and expenses as may be claimed. The same may also be deducted from any other sum which may be due at any time from Government to the contractor. In all cases where there are guarantee for the goods supplied the security deposit will be released only after the expiry of the guarantee period. If the Security is not released even after the completion of one year, from the date of expiry of the period of contract provided there are no complaints against the contractor. Interest at the rate of interest paid for S.B. accounts by nationalized banks will be paid on the Security Deposit.

(a) "If the Earnest Money Deposit/Security Deposit is not released within the period specified for no fault of the Contractor, the loss incurred to Government shall be made good from the Officer responsible for the belated release of the Earnest Money deposit/Security Deposit."

14. (a) All payments to the contractors will be made by the Purchasing Officer in due course:-
 - (i) either by Departmental cheques payable at the Kerala Government Treasuries; or
 - (ii) by cheques or drafts on the Reserve Bank of India, State Bank of India and State Bank of Travancore (at any of their Principal Branches in India).

- (iii) In the case of supplies from abroad by drafts as may be, arranged between the contracting parties.
- (b) All incidental expenses incurred by the Government for making payments outside the district in which the claim arises shall be borne by the contractor.
15. The tenderers shall quote also the percentage of rebate (discount) offered by them in case the payment is made promptly within fifteen days/within one month of taking delivery of stores.
16. Ordinarily payments will be made only after the supplies are actually verified and taken to stock but in exceptional cases, payments against satisfactory shipping documents including certificates of Insurance will be made up to 90 percent of the value of the materials at the discretion of Government. Bank charges incurred in connection with payment against documents through bank will be to the account of the contractor. The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the Bank (i.e., counterfoils of pay-in-slips issued by the Bank) alone may be accepted as a valid proof for the payment made.
17. The contractor shall not assign or make over the contract on the benefits or burdens thereof to any other person or body corporate. The contractor shall not underlet or sublet to any person or persons or body corporate the execution of the contract or any part thereof without the consent in writing of the purchasing officer who shall have absolute power to refuse such consent or to rescind such consent (if given) at any time if he is not satisfied with the manner in which the contract is being executed and no allowance or compensation shall be made to the contractor or the sub-contractor upon such rescission. Provided always that if such consent be given at any time, the contractor shall not be relieved from any obligation, duty or responsibility under this contract.
18. (a) In case the contractor becomes insolvent or goes into liquidation, or makes or proposes to make any assignment for the benefit of his creditors or proposes any composition with his creditors for the settlement of his debts, carries on his business or the contract under inspection on behalf of or his creditors, or in case any receiving order or orders, for the administration of his estate are made against him or in case the contractor shall commit any act of insolvency or case in which under any clause or clauses of this contract the contractor shall have rendered himself liable to damages amounting to the whole of his security deposits, the contract shall, thereupon, after notice given by the purchasing Officer to the contractor, be determined and the Department/ Government may complete the contract in such time and manner and by such persons as the Department/Government shall think fit. But such determination of the contract shall be without any prejudice to any right or remedy of the Government against the contractor or his sureties in respect of any breach of contract

therefore committed by the contractor. All expenses and damages caused to Government by any breach of contract by the contractor shall be paid by the contractor to Government, and may be recovered from him under the provisions of the Revenue Recovery Act in force in the State.

(b) The persons/contractors submitting tenders should produce a solvency certificate, clearly indicating to what extent they are solvent from the Tahsildar of the Taluk where they reside along with their tenders.

NOTE: The solvency certificate referred to above will apply only in the case of supply of the following articles viz., dietary articles, fuels, raw materials like roots, creepers, flowers etc., and provisions to hospitals and hostels, sundry articles etc.

19. (a) In case the contractor fails to supply and deliver any of the said articles and things within the time provided for delivery of the same, or in case the contractor commits any breach of any of the covenants, stipulations and agreements herein contained, and on his part to be observed and performed, then and in any such case, it shall be lawful for Government (if they shall think fit to do so) to arrange for the purchase of the said articles and things from elsewhere or on behalf of the Government by an order in writing under the hand of the Purchasing Officer put an end to this contract and in case the Government shall have incurred, sustained or been put to any costs, damages or expenses by reason of such purchase or by reason of this contract having been so put an end to or in case any difference in price, compensation, loss, costs, damages, expenses or other money shall then or any time during the continuance of this contract be payable by the contractor to the Government under and by virtue of this contract, it shall be lawful for the Government from and out of any moneys for the time being payable or owing to the contractor from the Government under or by virtue of this contract or otherwise to pay and reimburse to the Government all such costs, damages and expenses they may have sustained, incurred or been put to by reason of the purchase made elsewhere or by reason of this contract having been so put an end to as aforesaid and also all such difference in price, compensation, loss, costs, damages, expenses and other moneys as shall for the time being be payable by the contractor aforesaid.

(b) In case any difference or dispute arises in connection with the contract, all legal proceeding relating to the matter shall be instituted in the Court within whose jurisdiction the Purchasing Officer voluntarily resides.

20. Any sum of money due and payable to the contractor (including security deposit returnable to him) under this contract may be appropriated by the Purchasing Officer or Government or any other person authorized by Government and set off against any claim of the Purchasing Officer or Government for the payment of a sum of money arising out of or under any other contract made by the contractor with the Purchasing Officer or Government or any other person authorized by Government. Any sum of money due and payable to the successful tenderer or contractor from Government shall be adjusted against any sum of money due to Government from him under any other contracts.

21. Every notice hereby required or authorized to be given may be either given to the contractor personally or left at his residence or last known place of abode or business, or may be handed over to his agent personally, or may be addressed to the contractor by post at his usual or last known place of abode or business and if so addressed and posted, shall be deemed to have been served on the contractor on the date on which, in the ordinary course of post, a letter so addressed and posted would reach his place of abode or business.
22. The tenderer shall undertake to supply materials according to the standard sample and/or specifications.
23. (a) No representation for enhancement of rates once accepted will be considered. However, in exceptional cases if Government is convinced of any compelling need for enhancement of rate, it may do so.
(b) In the case of imported goods, when the price accepted is the ex-site price quoted by the tenderer, the benefit of any reduction in the c.i.f. price should accrue to the purchasing Department of Government.
24. Any attempt on the part of the tenderers or their agents to influence the Department/Stores Purchase Department in their favour by personal canvassing with the Officers concerned will disqualify the tenderers.
25. Tenderers should be prepared to accept orders subject to the penalty clause for forfeiture of security in the even of default in supplies or failure to supply within the stipulated period.
26. Samples should be forwarded if called for and unapproved samples go back by the tenderers at their own cost. Samples sent by V.P. Post or 'freight to pay' will not be accepted. The approved samples may or may not be returned at the discretion of the undersigned. Sample sent by post, railway or plane should be so despatched as to reach the Purchasing Officer not later than the date on which the tenders are due. In the case of samples sent by railway the receipt should be sent separately and not along with the tender since the tender will be opened only on the appointed day and demurrage will have to be paid if the railway parcels are not cleared in time. Government will not be responsible if any sample is found missing at any time due to the non-observance of the provisions of this clause. Tenderers whose samples are received late will not be considered. Samples should be forwarded under separate cover duly listed and the corresponding number of the item in the tender schedule should also be noted in the list of samples. Tenders for the supply of materials are liable to be rejected unless samples, if called for, of the materials tendered for are forwarded.
27. Telegraphic quotations will not be considered unless they give details of prices and are immediately followed by confirmation with full relevant details posted before the due date of the tender.

28. (a) The prices quoted should be inclusive of all taxes, duties cesses, etc., which are or may become payable by the contractor under existing or future laws or rules of the country of origin/supply or delivery during the course of execution of the contract.
 (b) In case payment of customs/excise duty is to be made by the Purchasing Officer, the Purchasing Officer will pay the duty on the “unloaded invoice price” only in the first instance, any difference being paid when the tenderer produces, the final assessment orders later.
29. The tenderer will invariably furnish the following certificate with their bills for payment:-
- “Certified that the goods on which sales tax has been charged have not been exempted under the Central Sales Tax Act or States Sales Tax Act or the Rules made thereunder and the charges on account of sales tax on these goods are correct under the provisions of the relevant Act or the rules made thereunder, Certified further that we (or our Branch or agent) (Address)..... are registered as dealers in the State of under Registration No. for purposes of sales tax.”
30. Special conditions, if any, of the tenderers attached with the tenders will not be applicable to the contract unless they are expressly accepted in writing by the purchaser.
31. (This applies only to the case of supply contracts where works such as erection and construction have also to be done. This may be scored out when not applicable). In the event of any question or dispute arising under these conditions or any special conditions of this contract or in connection with this contract the same shall be referred to the award of an arbitrator to be nominated by the purchasing officer and an arbitrator to be nominated by the contractor or in case of the said arbitrators not agreeing then to the award of an umpire to be appointed by the arbitrators in writing before proceeding on the reference and the decision of the arbitration or in the event of their not agreeing of the umpire appointed by them shall be final and conclusive and the provision of the Indian Arbitration Act, 1940 and of the rules thereunder and any statutory modifications thereof shall be deemed to apply to and be incorporated in this contract. Upon every and any such reference the assessment of the costs incidental to their reference and award respectively shall be in the discretion of the arbitrators or in the event of their not agreeing of the umpire appointed by them. The venue of arbitration shall be the place from which the acceptance of tender is issued or such other place as the purchaser at his entire discretion may determine.
32. The tenderer should send along with his tender an agreement executed and signed in Kerala Stamp Paper of value ₹ 15 purchased in the Kerala State. Stamp Paper will be supplied to firms outside Kerala along with the tender forms on payment of ₹ 20 (₹ 15 being the value of the stamp paper and ₹ 5 incidental charges) which may be remitted

by money order in advance. A specimen form of agreement is also given in this Annexure. Tenders without the agreement in stamped paper will be rejected outright. But in deserving cases where agreement has not been received, the purchasing officer may exercise his discretion and call upon such tenderer to execute the agreement within a period of ten days from the date of issue of such intimation, if the Purchasing Officer is satisfied that the omission to forward the agreement along with the tender was due to causes beyond the control of the tenderer and was not due to any negligence on his part. Agreement received from a tenderer after the above time limit will not be considered.

Superscription - Tender No..... for.....	
Due date and time for receipt of tender	
Date and time for opening of tender	
Date upto which the rates are to be firm	
Price of tender form	
Price of duplicate copy	
Address of Officer from whom tender forms are to be obtained and to whom tenders are to be sent:	

Name of Office:

(Name & designation of Purchasing Officer)

Station and date:

SCHEDULE OF MATERIALS

Sl. No.	Specifications	Quantity	Unit	Rate (Rs. P.)	Total (Rs. P.)	Remarks
1	2	3	4	5	6	7

Whether samples essential:

Period within which goods should be delivered:

Rates should be quoted for delivery f.o.r
 at Departmental Stores

Other special conditions:

AGREEMENT

Articles of agreement executed on this the day of between the Governor of Kerala (hereinafter referred to as "the Government") of the one part and Shri..... (H.E. name and address of the tenderer) (hereinafter referred to as "the bounden") of the other part.

WHEREAS in response to the Notification No..... dated the bounden has submitted to the Government a tender for the specification therein subject to the terms and conditions contained in the said tender;

WHEREAS the bounden has also deposited with the Government a sum of ₹..... as earnest money for execution of an agreement undertaking the due fulfillment of the contract in case his tender is accepted by the Government.

NOW THESE PRESENTS WITNESS and it is hereby mutually agreed as follows:

1. In case the tender submitted by the bounden is accepted by the Government and the contract for is awarded to the bounden, the bounden shall withindays of acceptance of his tender execute an agreement with the Government incorporating all the terms and conditions under which the Government accepts his tender.
2. In case the bounden fails to execute the agreement as aforesaid incorporating the terms and conditions governing the contract, the Government shall have power and authority to recover from the bounden any loss or damage caused to the Government by such breach as may be determined by the Government by appropriating the earnest money deposited by the bounden and if the earnest money is found to be inadequate the deficit amount may be recovered from the bounden and his properties movable and immovable in the manner hereinafter contained.
3. All sums found due to the Government under or by virtue of this agreement shall be recoverable from the bounden and his properties movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of land revenue and in such other manner as the Government may deem fit.

In witness whereof Shri..... (H.E. name and designation) for and on behalf of the Governor of Kerala and Shri. Bounden have hereunto set their hands the day and year shown against their respective signatures.

Signed by Shri. (date)

In the presence of witnesses:

1.

2.

Signed by Shri. (date)

In the presence of witnesses:

1.

2.

FORM OF APPLICATION FOR REGISTRATION
APPLICATION FOR REGISTRATION OF FIRMS IN THE APPROVED LIST
STORES PURCHASE DEPARTMENT
GOVERNMENT OF KERALA

N.B. - (i) Unless complete and definite answers are given to the questions below, the application is liable to be ignored.
(ii) Separate sheets may be used where the space provided is not sufficient.

1. Name of firm (in block letters)
2. (a) Address
Head Office
Branches
(b) Name and address of allied or associated firms
3. Telegraphic address (if any)
4. (a) Date of commencement of business
(b) Working capital
5. Is your firm registered under
 - (a) The Indian Companies Act, 1913 or 1956
 - (b) The Indian Partnership Act, 1932
 - (c) Any Act-If not who are the owners
(Please give full address - see also declaration below)
 - (d) The Indian Factories Act

*Replies to questions at 5 (a) (b) and (d) must be substantiated by ..

- (a) Copy of Memorandum of Association
- (b) Statement in Register of Firms showing names of partners (Attested copy)
- (c) Registration number and date

6. Are you a manufacturer?

If so, please give ...

- (i) Details of stores manufactured, specifying each item separately
- (ii) Full address of factory or workshop owned by you (with documentary proof of ownership)

7. Are you a manufacturer's agent?

If so, please give

- (i) Name and address of each manufacturer
- (ii) Stores manufactured by each
- (iii) Letter of authority appointing you as Agents, in original, which must indicate whether the manufacturers will also deal with Government director only through your agency.

If so, please give ..

- (i) Items of stores stocked
- (ii) The quantity and value of stocks held at present and of which you are the owner
- (iii) Addresses of godown (s) where stocked

8. Are you a stockist only?

9. Names and permanent addresses of the Proprietors or Partners or Directors, etc.

- (a) Name, designation and addresses of the persons signing this application.

10. Name and full address of your bankers stating the name in which the account stands.

11. Are you on the list of approved contractors of the following and if so, give details of Registration:-

- (i) Director General of Supplies and Disposals
- (ii) Any State Government
- (iii) Any other authority

12. Did you apply for registration with his Department before; if so, with what result.

13. Has anyone in the Kerala Government Service any interest in the business (other than being a share-holder in the case of joint stock companies).

14. Give details of any contracts executed during the last two years for any Government Department.

15. Give details of the stores against which your name is to be registered (give the list of stores in triplicate).

16. Have you remitted the prescribed registration fee? If so, give amount and date of remittance.

17. Where you or any other persons interested in the business removed/black-listed from the list of approved suppliers of this or any other Government.
18. Have you been paying Income tax and Sales tax regularly?
If so, attach certificates to that effect from the authorities concerned

DECLARATION TO BE MADE BY THE APPLICANT
(Vide Question 5 (c))

We.....
(name of *Partners/Proprietors/or Directors) do hereby declare that the entries made in this application form are True to the best of our knowledge and also that we shall be bound by the acts of our duly, constituted Attorney Mr. who has signed this application and of any other person who in future may be appointed by us in his stead to carry on the business of the concern whether an intimation of such change is given to you or not.

We have read the conditions of registration and have accepted them.

Signature of Partners, Proprietors or
Directors of unregistered firms

Signature and designation
of persons signing this application

Place
Date

.....
Note: All subsequent changes in constitution of a firm, affecting the accuracy of the answers now given should be promptly communicated to the Secretary, Stores Purchase Department, Government Secretariat, Thiruvananthapuram.

* Strike out items not applicable

LIST OF STORES USUALLY ORDERED

(The list is tentative and mentions important items only)

GROUP I

A. STATIONERY AND PRINTING

I List of Standard Items of Paper and Boards

- 1 Art card board white
- 2 Art Paper
- 3 Azurelaid ledger paper
- 4 Bond paper
- 5 Cartridge paper/Drawing paper
- 6 Cheque paper
- 7 Cloth lined paper
- 8 Colour printing paper
- 9 Cover paper
- 10 Cream wove paper
- 11 Cream wove super calendered paper
- 12 Duplicating paper
- 13 Colour wove paper
- 14 Ivory card
- 15 Craft paper
- 16 Maplitho printing paper
- 17 Manifold paper
- 18 Pulp board white and coloured
- 19 Photocopying paper
- 20 Straw board
- 21 Typewriting paper
- 22 White printing paper
- 23 Unbleached printing/semi bleached printing paper
- 24 Computer printing paper
- 25 Computer printer ribbon
- 26 Computer stencil paper (digital)
- 27 Floppy disc
- 28 C.D.
- 29 Printer cartridge
- 30 USB flash drive (Pen Drive)

II LIST OF STANDARD MISCELLANEOUS ITEMS OF STATIONERY

Annual Items

- 1 Adhesive office paste

Binding Materials

- 2 Book binding leather
- 3 Book binding cloth (calico)
- 4 Rexine vinyl coated art fabric
- 5 Morooco leather
- 6 Cambric cloth
- 7 Carbon paper
- 8 Carbon paper pencil
- 9 Invitation cover
- 10 Common cover

Drawing materials

- 11 Drawing pin brass
- 12 Indian ink stick
- 13 Typewriter eraser

File Board

- 14 Handmade file board
- 15 Millmade file board
- 16 File book
- 17 Gum Arabic (Acacia)
- 18 Glue
- 19 Duplicating ink
- 20 Writing ink
- 21 Numbering ink
- 22 Stamp pad ink
- 23 Registration ink
- 24 Printing ink
- 25 Oil for typewriters
- 26 Oil cloth
- 27 Page cord
- 28 Pin sheet
- 29 Gem clip
- 30 Pencils
- 31 Stamp pad
- 32 Ribbon for Typewriter
- 33 Stencil paper
- 34 Laundry soap
- 35 Tag
- 36 Twine
- 37 Tracing paper
- 38 Tracing film
- 39 Write tape

- 40 Coloured tape
- 41 Sealing wax
- 42 Computer stationery

Non Annual Items

- 1 Auto writing sheet (Stylus plate)
- 2 Bound books
- 3 Brush, dust cleaning
- 4 Brush, typewriter cleaning
- 5 Ball point pen with jotter refill
- 6 Call bell spring nickel plated
- 7 Cello-tape
- 8 Drawing pen
- 9 Binder's needle
- 10 Paper weight (Rubber Glass)
- 11 Pin cushion
- 12 Stationery punch single hole pliers
- 13 Sewing thread
- 14 Stapler
- 15 Stapling wire
- 16 Binding scissors
- 17 Stationery scissors
- 18 Stylus pen
- 19 Writing pad
- 20 Table cloth
- 21 Pen stand
- 22 Correcting fluid
- 23 Instantaneous binder
- 24 Finger print ink black
- 25 Pen stand
- 26 File book
- 27 Ward book
- 28 Letter weighing balance (brass)
- 29 Metric weights (brass)

Office Machines

- 1 Typewriter - brief & policy size
- 2 Duplicator thin cylinder - Hand operated & electric
- 3 Numbering machine

Items specially indented by the Office of the Ministers and Chief Secretary

- 1 File cover
- 2 Plastic file folder
- 3 Chelpark ink (various colours)
- 4 Brill ink (various colours)
- 5 Refills for Reynolds ball pen
- 6 Reynolds ball pen
- 7 Jolter ball pen
- 8 Refill for other ball pen

- 9 Rubber piece, eraser and type eraser
- 10 Ribbon cassettes
- 11 Correction tape
- 12 Correction fluid
- 13 Glory (Office paste)

B DRAWING MATERIALS

- 1 Blue printing machine
- 2 Blue printing materials
- 3 Crow quills
- 4 Drawing Papers
- 5 Drawing pen
- 6 Drawing brushes
- 7 Drawing pencils
- 8 Drawing instruments and accessories
- 9 Footrule, set square, etc.
- 10 Indian ink
- 11 Tracing cloth and paper
- 12 Water colours
- 13 Polyester tracing and Drafting films

C MATHEMATICAL AND SURVEYING INSTRUMENTS

- 1 Engineer's measuring instruments
- 2 Measuring tapes
- 3 Marine instruments
- 4 Surveying instruments
- 5 Surveying Chains
- 6 Surveying accessories

D MISCELLANEOUS

- 1 Balance other than Laboratory balances
- 2 Bicycles
- 3 Beltings-cotton, canvas, etc.
- 4 Clocks and timepieces
- 4(a) Coir rope
- 5 Corks sheets, fiber sheet etc.
- 6 Cotton clean for stuffing
- 7 Cotton ropes
- 8 Cotton wastes
- 9 Fireclay
- 10 Fire extinguishers
- 11 Fire fighting equipment
- 12 Fish oil
- 13 Fixograph boards
- 14 Glass plater and sheet
- 14(a) Glassware other than Laboratory Glassware
- 15 Gauge glass
- 16 Hurricane lanterns, petromax, blow lamps
- 17 Manilla ropes, Sisal rope, etc.

18	Plywood and Hardboard
19	Packing boxes
20	Packing-Shemb, asbestos, rubber etc.
21	Rubber goods-Sheets, tubes, etc.
22	Shellac
23	Sewing machine
24	Soaps
25	Stoves
26	Sports goods
27	Weighing machine
28	Maps and Charts, etc.
29	Models
30	Musical Instruments
31	Laundry and Drycleaning equipments

GROUP II

A TEXTILE AND UNIFORM MATERIALS

1	Badges buckles, button etc.
2	Bandage, cloth and gauze
3	Bannath, blazer etc.
4	Blankets and Jamakals
5	Gold and silver laces
6	Hats and Caps
7	Haversacks, water bottles
8	Hosiery, cotton and woolen
9	Miscellaneous textiles
10	Mosquito curtains, nets
11	Raincoats
12	Span yarn
13	Towels, dusters, dungry, etc
14	Uniform cloths and materials
15	Woolen fabrics and goods
16	Yarn-Cotton, wool and silk

B JUTE AND HESSIAN GOODS

1	Canvas
2	Filter cloth for Ceramic Factory
3	Gunnies
4	Hessian cloth
5	Hemp
6	Jute and hessian threads
7	Tarpaulins
8	Waterproof of canvas, etc.

C LEATHER AND LEATHER GOODS

1	Boots
2	Chamois leather
3	Foot-wear (Shoes, Chappals etc.)
4	Hides and skins (raw and tanned)

- 5 Leather grindery
- 6 Leather belts, scabbards, etc.
- 7 Leather beltings
- 8 Leather washers
- 9 Leather bags and case
- 19 Murocco leather
- 11 Saddlery

D UPHOLSTERY MATERIALS

- 1 Upholstery cloth and leather cloth or Rexene
- 2 Plastics

GROUP III

A PAINTS, POLISHES, ETC.

- 1 Abrasives
- 2 Bees wax
- 3 Boot polish
- 4 Cuttlefish bones
- 5 Dubbin
- 6 Destempers
- 7 Enamels
- 8 French polish
- 9 Lacquers, diluents, thinners, etc.
- 10 Linseed oil
- 11 Metal polish, floor polish, etc.
- 12 Painting brushes
- 13 Paints R.M. and stiff
- 14 Turpentine
- 15 Varnishes
- 16 Wood oil

B MINERAL OILS, ETC.

- 1 Fuel oils (Petrol, Kerosene, Diesel oil, etc.)
- 2 Lubricants
- 3 Transformer oil
- 4 Furnace oil

C VEGETABLE OILS

- 1 Coconut oil
- 2 Gingelly oil
- 3 Castrol oil
- 4 Groundnut oil
- 5 Others

GROUP IV

A MEDICAL

- 1 Antibiotics
- 2 Artificial limbs and rehabilitation aids
- 3 Ayurveda superior medicines for preparation of drugs
- 4 Chemicals
- 5 Bottles, corks, etc.
- 6 Chemicals (other than Heavy Chemicals)
- 7 Disinfectants
- 8 Drugs
- 9 Enamelware
- 10 Fungicide
- 11 Glassware
- 12 Hospital furniture and equipment
- 13 Insecticides, larvicides, etc.
- 14 Injectibles
- 15 Laboratory equipment
- 16 Oils (medical)
- 17 Pharmaceutical Products
- 18 Specialties patents
- 19 Sera and vaccines
- 20 Spirits
- 21 Surgical instruments
- 22 Surgical appliances
- 23 Surgical dressings
- 24 Tinctures, liniments, syrups
- 25 Veterinary and Horticultural Medicines

B ELECTRO MEDICALS

- 1 X-ray apparatus
- 2 X-ray accessories
- 3 Other electro-medical equipment
- 4 Radium
- 5 Photographic materials-miscellaneous

C PHOTOGRAPHIC MATERIALS

- 1 Cameras, lenses, etc.
- 2 X-ray films, plates, etc.
- 3 Photo blocks
- 4 Photographic chemicals including X-ray chemicals
- 5 Photographic materials - miscellaneous
- 6 Plates, films, papers, etc.
- 7 Sound projectors

D CHEMICALS, LABORATORY EQUIPMENT

- 1 Apparatus and fittings
- 2 Balances and weights

- 3 Chemicals fertilizers
- 4 Chemical dyes
- 5 Colours
- 6 Heavy chemicals
- 7 Hoses for oils, etc.
- 8 Plant protection chemicals
- 9 Pure and fine chemicals
- 10 Laboratory chemicals and equipment in general
- 11 Quart, feldspar and gypsum
- 12 Soda ash and caustic soda
- 13 Sulphate of alumina

E EXPLOSIVE, AMMUNITION, ETC.

- 1 Ammunition
- 2 Explosive for rock drilling
- 3 Explosive for earth moving

F MINERAL PRODUCTS

- 1 Quartz, F and G
- 2 Graphite
- 3 Plumbago

GROUP V

A HARDWARE

- 1 Bearings
- 2 Bolts and nuts, rivets
- 3 Builders hardware
- 4 Buckets
- 5 Barbed wire
- 6 C.I. scraps
- 7 C.I. pipes, bends and other castings
- 8 G.I. sheets and wire
- 9. Expanded metal
- 10 Fabrications and fittings
- 11 G.I. wire netting, webbing, etc.
- 12 G.I. fittings for electric transmission lines, etc.
- 13 Handcuffs
- 14 Iron chains
- 15 M.S. rounds, flats, angle, channels, hoops, etc.
- 16 Iron safes, cash boxes, etc.
- 17 M.S. washers
- 18 Locks
- 19 Nails and screws
- 20 Non-ferrous metals, alloys, ingots, sheets, wires, rods, pipes, etc.
- 21 Pig iron
- 22 Pully blocks
- 23 Rails, fish-plates, etc.
- 24 R.S. girders, joints, etc.

25	Stay tighteners
26	Spring steel
27	Springs
28	Type metal
29	Tin containers
30	Tool steel
31	Turn buckles
32	Utensil - brass, copper, aluminium, etc.
33	Wire brushes
34	Wire ropes

B TOOLS AND IMPLEMENTS

1	Bill books, choppers, etc.
2	Drills and reamers
3	Electricians' tools
4	Felling axe
5	Garden tools
6	Hand tools
7	Jacks
8	Knurling tools
9	Mammatties, spades, pickaxes, shovels, etc.
10	Mortar pans
11	Metal working tools
12	Wood working tools
13	Wrenches, spanners, etc.
14	Agricultural implements (hand operated)
15	Areacanut/Coconut/Palm Climber
16	Areacanut/Coconut De-husker
17	Cono Weeder
18	Cage Wheel
19	Cultivator
20	Rotavator
21	Backhoe
22	Front End Loader
23	Disc Plough
24	Disc Harrow
25	Ridger
26	Mould Board Plough
27	Post Hole Digger
28	Sub Soiler
29	Leveller
30	Laser Leveller
31	Rotary Tiller
32	Fertilizer cum Seed Drill
33	Seeding/Pot Trays
34	Safety Equipments (Helmet, Glouse, Gum Boot, Belt etc.)
35	Measuring materials (Pressure gauge, altimeter, moisture meter, etc.)
36	Ultra Light Pole
37	Feramon Trap/Light Trap
38	Trays for Nursery Raising
39	Milk Can, Ear tag, Rubber mat etc.

C WATERWORKS AND SANITARY GOODS

- 1 Asbestos cement pipes
- 2 C.I. pipes
- 3 G.I. pipes and fittings
- 4 Hose pipes-rubber, canvas, armoured, etc.
- 5 Stoneware pipes and fittings
- 6 Sanitary ware and fittings
- 7 Sluice valves
- 8 Venturimetres
- 9 Water metres
- 10 Water works fittings
- 11 PVC/FRP water tanks
- 12 RCC spun pipe and fittings
- 13 RCC/PVC sewage/septic tanks
- 14 Gun metal/CI cast iron/PVC valves
- 15 PVC/RCC/GI/CI/HDPE/PPr/ASTM/uPVC/cPVC Pipes & Accessories
- 16 Sprinkler/Drip materials
- 17 Water Purifier

GROUP VI

A GENERAL MACHINERY

- 1 Air compressors
- 2 Boilers, etc.
- 3 Bitumen boilers, concrete mixtures, etc.
- 4 Concrete mixers, vibrators, etc.
- 5 Ceramic machinery
- 6 Cranes, winches, derricks, etc.
- 7 Dam and barrage equipment-gates, control, etc.
- 8 Diesel locomotives
- 9 Earthmoving machinery
- 10 Electric blowers
- 11 Electrodes
- 12 Filter plant
- 13 Filter-streamline for oils
- 14 Gas, steam and oil engines
- 15 Granulators
- 16 Ice plant
- 17 Laboratory Engines
- 18 Machines, tools and accessories
- 19 Metal working machinery
- 20 Marine engine
- 21 Machinery for smithy shop
- 22 Poultry farm equipment
- 23 Pneumatic tools and accessories
- 24 Machinery for milk and milk products
Trailer Pumps
- 25 Pumpsets and accessories
- 26 Road making and dressing machinery
- 27 Road rollers

28	Stone crushers
29	Tipping wagons
30	Textile machinery
31	Trailer pumps
32	Welding sets
33	Well drilling equipment
34	Wood working machinery
35	Wheel barrows
36	Coir Rat Machinery
37	Weed Cutter/Brush Cutter
38	Garden Tiller/Mini Tiller
39	Earth Augur
40	Lawn Mover
41	Tea Plucker
42	Power Weeder
43	Chain Saw
44	Pole Pruner
45	Hedge Trimmer
46	Fogging Machine
47	Uruli Roaster
48	Vacuum Cleaner
49	High Pressure Cleaner
50	Shreader
51	Rubber Roller
52	Paddy Thresher
53	Paddy Winnover
54	Paddy Thresher cum Winnover
55	Copra Drier
56	Chaff Cutter
57	Pulveriser
58	Rice Huller
59	Oil Expeller/Filter press
60	Freezer
61	Plastic Shredding Machine
62	Sanitary Napkin Vending Machine/Destroyer
63	Leaf cup/plate making machine
64	Machineries/equipments for slaughter house
65	Paper carry bag/cup/plate/envelop making machine
66	Potato chips making machine
67	Pappad/Chapati making machine
68	Vermicelli making machine
69	Pet bottle/Pouch/bottle making machine
70	Banana fibre extracting machine
71	Coir de-fibering machine
72	Power laundry machinery
73	Packing/sealing machine
74	Electric Motors
75	Diesel/Petrol Engines
76	Petty and para with accessories
77	Alternators
78	Cream separator
79	Egg incubator/hatcher

80 Baling machine

81 Baling press

B MOTOR VEHICLES, TRACTORS, ETC.

1 Agricultural -Tractors

2 Vehicles petrol driven

3 Vehicles, diesel driven

4 Cars

5 Jeeps

6 Garage tools and equipment

7 Tyres, tubes and flaps

8 Motor spares

9 Trailers

10 Power sprayer for plant protection work

11 Manually operated compression sprayer for plant protection work

12 Combine harvester

13 Paddy transplanter

14 Power tiller

15 Nursery raising machines

16 Seedling machine

17 Mini tractors with accessories

18 Trailer for Tractor/Tiller/Jeep

19 Garbage trailer/Tipping trailer

20 Trailer mounted water tanks with pump

21 Paddy reaper

C GASES AND GAS PLANTS

1 Oxygen - Industrial and Medical

2 Acetylene

3 Ammonia

4 Gas plants

5 Gas fittings

6 Nitrous oxide

7 Carbon dioxide

8 Chlorine (liquid and gas)

9 Others

10 PVC/FRP Biogas Plants

11 Bio gas stove and fittings

12 PVC Pipe composting units

13 PVC/Terracotta vermi compost units

14 PVC/GI/MS waste bin

15 Incinerators

16 Crematorium

GROUP VII

A SUB GROUP A - ELECTRICAL ITEMS

- 1 Accumulator cell
- 2 A.C.S.R. conductors and Accessories
- 3 Air conditioning equipment
- 4 Amplifiers
- 5 Batteries for vehicles, etc.
- 6 Battery plates
- 7 Cells, Dry
- 8 Copper conductors
- 9 Cables - V.I.R., C.T.S. weather proof P.V.C. etc.
- 10 Cables underground
- 11 Conduits and accessories
- 12 Carbon brushes
- 13 Electric lifts
- 14 Electric motors
- 15 Electric fractional
- 16 Electric appliances-stoves, heaters, ironing box, etc.
- 17 Electric bulbs
- 18 Flashlights, cells, bulbs
- 19 Flood lights
- 20 Fans-table, ceiling, exhaust and others
- 21 Generating sets
- 22 Hydro-electric machinery
- 23 Insulators L.T.
- 24 Insulators H.T.
- 25 Insulating materials
- 26 Lamps - General service and others
- 27 Lighting arresters
- 28 P.A. equipment
- 29 Meters and other measuring instruments
- 30 Penstock lines
- 31 Power packs
- 32 Radios
- 33 Rectifiers
- 34 Refrigerators, cold storage, etc.
- 35 Shades, globes, etc.
- 36 Storage batteries
- 37 Steel windows, ventilators, rolling shutters, etc. for power house
- 38 Siren
- 39 Street light, reflectors, etc.
- 40 Switchgear
- 41 Transformers
- 42 Telephone and accessories
- 43 Transmission line towers
- 44 Transmission line materials
- 45 Turbines, water wheels
- 46 Water coolers
- 47 Wires-enameled, fuse, etc.
- 48 Wiring accessories

- 49 LED Products (LED Lighting System)
- 50 Solar energy/lighting systems and accessories
- 51 CFL Road Lighting Luminaries
- 52 Fluorescent Fixtures
- 53 Electrical Spares
- 54 Electronic Brackets
- 55 Mounting Brackets
- 56 LED Street Light
- 57 Sodium Vapour Lamp Fittings
- 58 Control Panel Board

SUB GROUP B-ELECTRONIC EQUIPMENTS

- 1 Electronic Typewriter
- 2 Electronic Tape recorder
- 3 Computer and computer peripherals
- 4 Telecommunication equipments and micro processor development system

GROUP VIII

A BUILDING MATERIALS

- 1 Asbestos, cement sheets, pipes, etc.
- 2 Bricks, wire cut
- 3 Bricks, others
- 4 Cement and cement products
- 5 Surkie
- 6 Tiles - roofing, flooring, etc.

B ROAD DRESSING MATERIALS

- 1 Asphalt (Bitumen)
- 2 Tar (Coal or wood)
- 3 Other road dressing materials

C FUELS

- 1 Charcoal
- 2 Coal and coke
- 3 Firewood

GROUP IX

A OFFICE - FURNITURE

- 1 Cane furniture
- 2 Steel furniture
- 3 Wooden furniture

B HOSPITAL FURNITURE - STEEL FURNITURE

- 1 Bedsteads
- 2 Beside lockers
- 3 Instruments tools
- 4 Exam. Table
- 5 Trolleys'
- 6 Stretchers, etc.

GROUP X

OTHERS

- 1 Bicycles/Tricycles
- 2 Tender coconut parlour/elaneer pandal
- 3 Bio fertilizers/bio pesticides
- 4 Honey bee colony with extractor
- 5 Seeds and seedlings
- 6 Rain water harvesting system
- 7 Shade net
- 8 UV film
- 9 Tarpaulin
- 10 Green House, Poly house, glass house, mist chamber etc.
- 11 Solar battery, solar drier, solar water heater, solar panel, solar lantern, solar cooker
- 12 Grow bags

FORM OF REGISTER OF APPROVED SUPPLIERS

Serial No.	
Date of application	
Registration No.	
Date of receipt of application	
Whether Manufacturer, Stockist, Agent, Others	
Full Address	
Cable/Grams	
Telephone No.	
E mail address	
Web site address	

Final status (Confidential)

.....

Stores handled (Group, sub-group and item Nos.):

Person authorized to enter into contracts and sign agreements

1. Name
 Designation

2. Name
 Designation

3. Name
 Designation

Secretary, Stores Purchase Department

Renewal of Registration

Year of Period	Date of Renewal	Initials	Year or Period	Date of Renewal	Initials

Change of Address	Orders Placed (Number and Date of Order and Name of Materials)

Details of Defaults, Punishments, etc.
(Nature of default or punishment and
Number and date of communication)

Remarks

FORM FOR CERTIFICATE OF REGISTRATION

CERTIFICATE OF REGISTRATION
STORES PURCHASE DEPARTMENT, GOVERNMENT OF KERALA

Registration No.....

Messrs.....
is/are registered as approved suppliers to the Government of Kerala in respect of the Stores specified below. The registration is subject to the conditions stipulated overleaf.

The registration is valid till unless terminated earlier.

Name and Signature of the Officer

Thiruvananthapuram

Date:

CONDITIONS OF REGISTRATION

1. The registration should be renewed before the validity expires. This certificate should be returned with the application for renewal.
2. Application for renewal will be accepted without penalty till the last date of validity mentioned obverse, and with penalty fee of ₹25 upto one month thereafter. The application should be supported by the prescribed fee and necessary tax clearance certificates.
3. Any change of address should be notified promptly.
4. The registration No. should be quoted in all tenders/quotations submitted by the firm. They should also certify that they are registered for the articles tendered for.
5. Registration may be cancelled for any of the following reasons:-
 - i) Failure to renew registration within the prescribed time.
 - ii) Failure to observe the instructions given in the tender notices including schedule.
 - iii) Failure to quote in response to invitations to tender on four successive occasions.
 - iv) Submission of four successive quotations all of which are 50% or more above the quotation ultimately accepted.
 - v) Failure to secure a contract during the first three year period after registration.
 - vi) Failure to perform a contract or contracts satisfactorily and in accordance with the obligations of the contract.
 - vii) Any grounds which in the opinion of Government render the retention of the contractor's name on the list of approved contactors undesirable in public interest.

FORM OF CERTIFICATE OF RENEWAL OF REGISTRATION
CERTIFICATE OF RENEWAL OF REGISTRATION
STORES PURCHASE DEPARTMENT, GOVERNMENT OF KERALA

Registration No.
Thiruvananthapuram

Date:

The registration of Messrs (Registration No.dated) as approved suppliers to the Government of Kerala is renewed for the period fromto subject to the conditions of registration specified in the original certificate. The new number assigned to you is

Signature of the Officer

To

Messrs.....
.....
.....

NOTE:

- (1) New number assigned to you should be quoted as the Registration Number in all tenders submitted by you to the Officers of the Kerala Government.
- (2) Application for further renewal should be made before the validity of this renewal expires, accompanied by the prescribed fee and documents.
- (3) Failure to renew the Registration within a period of two years from date of expiry will entail automatic cancellation of the Registration.

FORM OF ANNUAL INDENT FOR STORES
Kerala Financial Code, Vol. II, Form No. 13

General Details

Department	
Indent No:	
Date:	
Reference, if any:	
Has the required funds been provided for in the budget for the year?	
If funds not budgeted, give details of sanction for expenditure for the purchase	

Purchase Details

Sl. No.	Particulars	Details
1	Sanction order details	
2	Address to which stores indented are to be consigned (nearest Railway Station should be mentioned)	
3	Name & designation of officer who will inspect the consignment	
4	Any other special instruction	

I hereby certify that the purchase of the Stores included in this indent is within my administrative powers/has been sanctioned by competent authority vide the sanction order noted in the remarks column of the indent.

Station:

Date:

Signature and
Designation of Indenting Officer

Note: Annexure 8 has been modified. The modification need to be incorporated in Form No. 13 of the Kerala Financial Code, Vol. II.

REVERSE OF K.F.C. FORM 13

Sl. No.	Articles with full description and accurate specification, etc.	Stock on hand after verification	Purchase of the year including goods on order	Quantity required for the year	Rate at which last purchased or estimated cost if fresh purchase (which should be specified)			Name of last supplier	Purpose for which articles are required to guide supply	Place at which delivery is sought	Classification number	Remarks
					Unit	Amount						
						Rs.	Ps.					
1	2	3	4	5	6	7		8	9	10	11	12

LIST OF HEADS OF DEPARTMENTS

- 1 Secretaries, Additional Secretaries and Joint Secretaries to Government (including Secretary to the Legislative Assembly)
- 2 Director of Agriculture, Vikas Bhavan, Thiruvananthapuram
- 3 Director of Animal Husbandry, Vikas Bhavan, Thiruvananthapuram
- 4 Director of Archaeology Department, Thiruvananthapuram
- 5 Director of Archives Department, Thiruvananthapuram
- 6 Director of Ayurveda Medical Education Department, Thiruvananthapuram
- 7 Chief Chemical Examiner, Chemical Examiner's Laboratory, Thiruvananthapuram
- 8 The Director, Commissionerate of Civil Supplies, Thiruvananthapuram
- 9 The Commissioner of Commercial Taxes, Thiruvananthapuram
- 10 The Commissioner of Excise, Thiruvananthapuram
- 11 The Commissioner of Land Revenue, Thiruvananthapuram
- 12 The Commissioner of Rural Development, LMS Compound, Thiruvananthapuram
- 13 The Registrar of Co-operative Societies, Thiruvananthapuram
- 14 The Director of Culture, Thiruvananthapuram
- 15 The Director of General Prosecution, Ernakulam
- 16 The Director, Dairy Development Department, Thiruvananthapuram
- 17 The Drugs Controller, Thiruvananthapuram
- 18 The Director, Economics & Statistics Department, Vikas Bhavan, Thiruvananthapuram
- 19 The Director of Collegiate Education, Vikas Bhavan, Thiruvananthapuram
- 20 The Director, Technical Education Department
- 21 The Director of Public Instructions, Thiruvananthapuram
- 22 The State Project Director, S.S.A., Thiruvananthapuram
- 23 The Commissioner for Entrance Examinations, Thiruvananthapuram
- 24 The Director Higher Secondary Education, Thiruvananthapuram
- 25 The Director of Vocational Higher Secondary Education, Thiruvananthapuram
- 26 The Chief Electrical Inspector, Thiruvananthapuram
- 27 The Director, Employment & Training Department, Thiruvananthapuram
- 28 The Director of Factories & Boilers Department, Thiruvananthapuram
- 29 The Commandant General, Home Guard, Civil Defense, Fire & Rescue Services, Thiruvananthapuram
- 30 The Director, Fisheries Department, Vikas Bhavan, Thiruvananthapuram
- 31 The Principal Chief Conservator of Forests, Thiruvananthapuram
- 32 The Director, Ground Water Department, Thiruvananthapuram
- 33 The Chief Engineer, Harbour Engineering Department, Thiruvananthapuram
- 34 The Director, Health Service Department, Thiruvananthapuram
- 35 The Director, Homoeopathy Department, Thiruvananthapuram
- 36 The Director of Indian System of Medicine Department, Thiruvananthapuram
- 37 The Director, Industries & Commerce Department, Thiruvananthapuram
- 38 The Director Coir Development, Thiruvananthapuram
- 39 The Director Handlooms & Textiles, Thiruvananthapuram
- 40 The Director, Insurance Medical Services Department, Thiruvananthapuram
- 41 The Director General of Police (Prisons), Thiruvananthapuram
- 42 The Director, Kerala State Insurance Department, Thiruvananthapuram
- 43 The Commissioner, Kerala State Land Use Board, Vikas Bhavan, Thiruvananthapuram
- 44 The Commissioner, Labour Department, Thiruvananthapuram

- 45 The Secretary, Land Board, Thiruvananthapuram
- 46 The Controller of Legal Metrology, Thiruvananthapuram
- 47 The Director, Local Fund Audit Department, Thiruvananthapuram
- 48 The Transport Commissioner, Motor Vehicles Department, Thiruvananthapuram
- 49 The Director, Urban Affairs Directorate, Thiruvananthapuram
- 50 The Director, Museum & Zoo Department, Thiruvananthapuram
- 51 The Director General, N.C.C. (K&L), NCC Directorate, Thiruvananthapuram
- 52 The Director, National Savings Department, Thiruvananthapuram
- 53 The Director, Panchayat Department, Thiruvananthapuram
- 54 The Director General of Police, Thiruvananthapuram
- 55 The Director of Printing, Government Central Press, Thiruvananthapuram
- 56 State Librarian, Public Library, Thiruvananthapuram
- 57 The Chief Engineer, (Roads & Bridges), P.W.D., Thiruvananthapuram
- 58 The Chief Engineer, (Bldgs. & Local Works) P.W.D., Thiruvananthapuram
- 59 The Chief Engineer (National Highway & Admn.), P.W.D., Thiruvananthapuram
- 60 The Chief Engineer (DRIQ Board, Thiruvananthapuram)
- 61 The Chief Architect, Public Works Department, Thiruvananthapuram
- 62 The Director, Scheduled Caste Development Department, Thiruvananthapuram
- 63 The Director, Social Welfare Department, Thiruvananthapuram
- 64 The Director, State Water Transport Department, Alappuzha
- 65 The Controller of Stationery, Thiruvananthapuram
- 66 The Director, Survey & Land Records Department, Thiruvananthapuram
- 67 The Chief Town Planner, Town & Country Planning Department, Thiruvananthapuram
- 68 The Director, Tourism Department, Thiruvananthapuram
- 69 The Director, Treasuries Department, Thiruvananthapuram
- 70 The Inspector General of Registration, Vanchiyoor, Thiruvananthapuram
- 71 The Director, Information Public Relations Department, Thiruvananthapuram
- 72 The Chief Engineer (Mechanical), Irrigation Department, Thiruvananthapuram
- 73 The Chief Engineer (Irrigation & Admn.), Thiruvananthapuram
- 74 The Director, Kerala State Lotteries, Thiruvananthapuram
- 75 The Director, Sainik Welfare, Thiruvananthapuram
- 76 The Director, Sports & Youth Affairs Department, Thiruvananthapuram
- 78 The Director, Medical Education Department, Thiruvananthapuram
- 79 The Director, Mining & Geology Department, Thiruvananthapuram
- 80 The Director of Ports, Thiruvananthapuram
- 81 The Director, Scheduled Tribes Development Department, Vikas Bhavan,
Thiruvananthapuram
- 82 The Director Vigilance & Anti Corruption Bureau, Kerala, Thiruvananthapuram

FORM OF QUOTATION NOTICE

Quotation Number	
Due date and time for receipt of quotations	
Date and time for opening of quotations	
Date up to which the rates are to remain firm for acceptance	
Designation and address of officer to whom the quotation is to be addressed	
Superscription: Quotation for	

Sealed quotations are invited for the supply of the materials specified in the schedule attached below/overleaf. The rates quoted should be for delivery of the articles at the place mentioned below the schedule. The necessary superscription, due date for the receipt of quotations, the date up to which the rates will have to remain firm for acceptance and the name and address of officer to whom the quotation is to be sent are noted above. Any quotation received after the time fixed on the due date is liable to be rejected. The maximum period required for delivery of the articles should also be mentioned. Quotations not stipulating period of firmness and with price variation clause and/or 'subject to prior sale' condition are liable to be rejected.

The acceptance of the quotations will be subject to the following conditions:

1. Acceptance of the quotation constitutes a concluded contract. Nevertheless, the successful tenderer must within a fortnight/a month after the acceptance of his quotation furnish 5 per cent of the amount of the contract as security deposit and execute an agreement at his own cost for the satisfactory fulfillment of the contract, if so required.
2. Withdrawal from the quotation after it is accepted or failure to supply within a specified time or according to specifications will entail cancellation of the order and purchases being made at the offerers expenses from elsewhere, any loss incurred thereby being payable by the defaulting party. In such an event the Government reserves also the right to remove the defaulter's name from the list of Government suppliers permanently or for a specified number of years.

3. Samples, duly listed, should be forwarded if called for under separate cover and the unapproved samples got back as early as possible by the offerers at their own expenses and the Government will in no case be liable for any expenses on account of the value of the samples or their transport charges, etc. In case, the samples are sent by railway; the railway receipt should be sent separately, and not along with the quotation since the quotation will be opened only on the appointed day and demurrage will have to be paid if the railway parcels are not cleared in time. Quotations for the supply of materials are liable to be rejected unless samples, if called for of the materials tendered for are forwarded. The approved samples may or may not be returned at the discretion of the undersigned. Samples sent by V.P. Post or "freight to pay" will not be accepted.
4. No representation for enhancement of price once accepted will be considered during the currency of the contract.
5. Any attempt on the part of tenderers or their agents to influence the Officers concerned in their favour by personal canvassing will disqualify the tenderers.
6. If any license or permit is required, tenderers must specify in their quotation and also state the authority to whom application is to be made.
7. The quotation may be for the entire or part supplies. But the tenderers should be prepared to carry out such portion of the supplies included in their quotation as may be allotted to them.
8. (a) In cases where a successful tenderer, after having made partial supplies fails to fulfill the contracts in full, all or any of the materials not supplied may, at the discretion of the Purchasing Officer be purchased by means of another tender/quotation or by negotiation or from the next higher tenderer who had offered to supply already and the loss, if any, caused to the Government shall thereby together with such sums as may be fixed by the Government towards damages be recovered from the defaulting tenderer.
(b) Even in cases where no alternate purchases are arranged for the materials not supplied, the proportionate portion of the security deposit based on the cost of the materials not supplied at the rate shown in the tender of the defaulter shall be forfeited and balance alone shall be refunded.
(c) Any sum of money due and payable to the contractor (including Security Deposit returnable to him) under this contract may be appropriated by the Purchasing Officer or Government or any other person authorized by Government and set-off against any claim of the Purchasing Officer or Government for the payment of a sum of money arising out of or under any other contract made by the contractor with the Purchasing Officer or Government or any other person authorized by Government.

9. The prices quoted should be inclusive of all taxes, duties, cesses, etc., which are or may become payable by the contractor under existing or future laws or rules of the country of origin/supply or delivery during the course of execution of the contract.
10. (a) Ordinarily payments will be made only after the supplies are actually verified and taken to stock but in exceptional cases, payments against satisfactory shipping documents including certificates of Insurance will be made up to 90 per cent of the value of the materials at the discretion of Government. Bank charges incurred in connection with payment against documents through bank will be to the account of the contractor. The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through Banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the Bank (i.e. counterfoils of pay-in-slips issued by the Bank) alone may be accepted as a valid proof for the payment made.
(b) The tenderers shall quote also the percentage of rebate (discount) offered by them in case the payment is made promptly within fifteen days/within one month of taking delivery of stores.
11. Any sum of money due and payable to the successful tenderer or contractor from Government shall be adjusted against any sum of money due to Government from him under any other contracts.
12. Special conditions, if any, printed on the quotation sheets of the tenderer or attached with the tender will not be applicable to the contract unless they are expressly accepted in writing by the purchases.

Place:

Date:

(Designation)

FORM OF SHORT QUOTATION NOTICE

No. Department:

Sealed quotations are invited for the supply of the following stores:

(Here mention the stores briefly with quantity and wherever possible quality also.)

The envelopes containing the quotation should bear the superscription “ ” and should be addressed to (H. E. Designation of Purchasing Officer). Intending tenderers may submit the quotations on their own papers.

Last date for receipt of quotations is Late quotations will not be accepted. The quotations will be opened at on in the presence of such of the tenderers or their authorized representatives who may be present at that time. The maximum period required for delivery of the articles should also be mentioned.

Details of the requirements and the conditions governing their supply can be obtained free on request from (H.E. Designation of Purchasing Officer) till

Place:
Date: (Name and Designation of Issuing Officer)

FORM OF SHORT TENDER NOTICE

No.

Department:

Sealed tenders are invited for the supply of the following stores:

(Here mention the stores briefly with quantity and wherever possible quality also.)

The envelopes containing the tender should bear the superscription
“ ”
and should be addressed to (H. E. Designation of Purchasing Officer).

Last date for receipt of tenders will be Late tenders will not be accepted.
The tenders will be opened at on
..... in the presence of such of the tenderers or their authorized
representatives who may be present at that time.

Intending tenderers may, on application to the (H.E. Designation of the Purchasing Officer)
obtain the requisite tender forms on which tenders should be submitted. Application for the
tender form should be accompanied by a cash remittance of ₹
which is the price fixed for a form/set of forms and which is not refundable under any
circumstances. The tender forms are not transferable. Sale of tender forms will be closed at
..... on Cheques, postage stamps, etc., will not be
accepted towards the cost of forms, nor will the forms be sent per V.P.P. Duplicate tender
forms, if required will be issued at ₹ per copy.

Place:

Date:

(Name and Designation of Issuing Officer)

**PROCEDURE FOR UTILIZING THE SERVICES OF
THE INDIAN STANDARDS INSTITUTION**

There is a system whereby the Indian Standards Institution, New Delhi issue licenses to approved manufacturers for the I.S.I Certification mark to be used in their manufacture as a stamp that they are approved quality. It is assumed that in such cases the goods bearing I.S.I mark would conform to the standard specification of the Indian Standards Institution. In accordance with the agreement between the Indian Standards Institution and the licensees it is obligatory that they (the licensees) should replace free of cost all I.S.I. marked products which are found to be sub-standard at the user's end. Therefore, if any complaint is brought to their notice they would make the organization to replace the stocks by materials of standard quality free of cost. However in order for the I.S.I. to take effective action the information in regard to the quality of the I.S.I. marked material should be sent soon after the receipt of the materials. It is suggested therefore that full advantage should be taken of the good offices of the Indian Standards Institution and in the case of I. S. I. marked goods where they are not of standard quality, it should be promptly reported to the Indian Standards Institution by the concerned Departments through Government.

The I. S. I. periodically publish the list of manufacturers holding valid licenses to use their Certification marks showing the products for which the licenses are granted.

**PROCEDURE FOR UTILIZING THE SERVICES OF
THE CENTRAL PURCHASE ORGANISATION**

When tenders are invited from abroad, the following instructions should be observed.

1. A sufficient supply of tender forms with the relevant documents, specifications and drawings should be sent as soon as possible to the wing of the Central Purchase Organisation concerned which will give such publicity to the invitation to tender as it considers to be most suitable for the purposes, either by advertisement in the newspapers or otherwise. It will, as a rule, advertise the invitation to tender in the newspapers if the value of the articles required is estimated at ₹ 1,00,000 or more. It will also instruct intending tenderers outside India to apply to it for the tender forms and will supply copies on payment in Sterling of the charges (if any) to be fixed by it in each case. It will at the same time instruct the tenderers to submit their tenders direct to the Purchasing Officer in India and not to them. The Purchasing Officer in India will place the order direct with the successful tenderer.
2. When it is desired to have the recommendation of the technical advisers of the Central Purchase Organisation, i.e., the Consulting Engineers, the Naval Architects etc., on the tenders before the order is placed, the Purchasing Officer should stipulate in the invitation to tender that a complete duplicate of the tender should be delivered to them, on the date as that fixed for the receipt of the tenders in India. The Central Purchase Organisation will then arrange for the examination of the tenders by the appropriate technical authority and will convey by the easiest means its recommendation to the Purchasing Officer in India.
3. The Purchasing Officer should make it clear in every tender form that the articles concerned must be delivered in India, that payment will be made in Indian Rupees, and that any tender which does not comply with these conditions will not be considered. Tenderers abroad should also be required to specify their agents in India through whom delivery will be arranged and payment received and who when so required, will arrange for the erection of the plant at the site and for the carrying out of such tests on completion as may be specified in the contract.
4. It is important that purchasing officers should bear in mind, when considering the desirability of calling for tenders abroad, the need for allowing sufficient time for the receipt and publication of invitations to tender, the receipt of the tender forms by the tenderers, and the preparation and despatch of the tenders to India.

A. MODEL BANK GUARANTEE FORMAT FOR FURNISHING EMD

GUARANTEE BOND PRESCRIBED BY THE GOVERNMENT OF KERALA

(To be used by Nationalised and Scheduled Commercial Banks)

Whereas (hereinafter called the "tenderer") has submitted their offer dated for the supply of (hereinafter called the "tender") against the purchaser's tender enquiry No..... KNOW ALL MEN by these presents that WE of having our registered office at are bound unto(hereinafter called the "Purchaser") in the sum of for which payment will and truly to be made to the said Purchaser, the Bank binds itself, its successors and assigns by these presents. Sealed with the Common Seal of the said Bank this day of 20.....

The conditions of this obligation are :

- (1) If the tenderer withdraws or amends, impairs or derogates from the tender in any respect within the period of validity of this tender.
- (2) If the tenderer having been notified of the acceptance of his tender by the Purchaser during the period of its validity:-
 - a) If the tenderer fails to furnish the Performance Security for the due performance of the contract
 - b) Fails or refuses to accept/execute the contract.

WE undertake to pay the Purchaser upto the above amount upon receipt of its first written demand, without the Purchaser having to substantiate its demand, provided that in its demand the Purchaser will note that the amount claimed by it is due to it owing to the occurrence of one or both the two conditions, specifying the occurred condition or conditions.

This guarantee will remain in force upto and including 45 days after the period of tender validity and any demand in respect thereof should reach the Bank not later than the above date.

.....
(Signature of the authorized officer of the Bank)

.....
Name and designation of the Officer

.....
Seal, name & address of the Bank and address of the Branch

**B. MODEL BANK GUARANTEE FORMAT FOR FURNISHING
PERFORMANCE SECURITY DEPOSIT**

GUARANTEE BOND PRESCRIBED BY THE GOVERNMENT OF KERALA

(To be used by Nationalised and Scheduled Commercial Banks)

In consideration of the Governor of Kerala (hereinafter called the "Government") having agree to exempt (H.E. name and address) [Hereinafter called "the said Contractor(s)"] from the demand, under the terms and conditions of an agreement dated..... made between and for (hereinafter called "the said Agreement") of security deposit for the due fulfillment by the said contractor(s) of the terms and conditions contained in the said Agreement, on production of a bank guarantee for ₹..... [Rupees.....(in words)only]. We Bank Limited (hereinafter referred to as "the Bank" do hereby undertake to pay to the Government an amount not exceeding ₹..... (Rupees in words) against any loss or damage caused to or suffered or would be caused to or suffered by the Government by reason of any breach by the said contractor(s) of any of the terms or conditions contained in the said Agreement

2. We Bank Limited do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Government stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by the Government by reason of any breach by the said contractor(s) of any of the terms or conditions contained in the said Agreement or by reason of the contractor's failure to perform the said Agreement. Any such demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding ₹(Rupees in words).....

3. We Bank Limited further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said agreement and that it shall continue to be enforceable till all the dues of the Government under or by virtue of the said Agreement have been fully paid and its claims satisfied or discharged of till(Office/Department) certified that the terms and conditions of the said Agreement have been fully and properly carried out by the said contractor(s) and accordingly discharges the guarantee. Unless a demand or claim under this guarantee is made on us within one year from the period fixed or extended (if the agreement/supply order specifically provide for such extension of time) for the due performance of the contract by the contractor we shall be discharged from all liability under this guarantee thereafter.

4. We..... Bank Limited further agree with the Government that the Government shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time of performance by the said contractor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by the Government against the said contractor(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement and we shall not be relieved from our liability by

reason of any such variation or extension being granted to the said contractor(s) or for any forbearance act or omission on the part of the Government or any indulgence by the Government to the said contractor(s) or by any such matter or thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us.

5. To give effect to this guarantee it shall be competent for the Government to act as though the Bank, were the principal debtor.

6. It is hereby expressly agreed and declared that this guarantee and the powers and provisions herein contained are in addition to and not by way of limitation of or substitution for any former or other guarantees or guarantee heretofore given by the Bank to the Government and now existing uncanceled and that this guarantee is not intended to and shall not revoke or limit such other guarantee or guarantees.

7. We.....Bank Limited lastly undertake not to revoke this guarantee during its currency except with the previous consent of Government in writing

Dated..... day of one thousand.....for Bank Limited

LIST OF GOVERNMENT OWNED MANUFACTURING INSTITUTIONS

1. State Government Departments manufacturing products for sale
2. Fully State Government owned companies
3. Government Companies (State)
4. Companies where the Kerala State Industrial Development Corporation holds 51 per cent or more of the share capital.
5. Companies where the Government and Kerala State Industrial Development Corporation together held more than 51 per cent of the share capital, and
6. Government Industrial Units transferred to Kerala State Small Industries Corporation, viz.
 - (i) Service Workshops, Ollur (Service Scheme)
 - (ii) Wood Workshops, Kozhikode (Service Scheme)
 - (iii) Ceramic Service Centre, Mangattuparambu (Service Scheme)
 - (iv) Straw Board Factory, Perumala
 - (v) Kerala Water Proof Products (Holdal Unit), Pappanamcode
 - (vi) Pressure Die Casting Unit, Pappanamcode
 - (vii) Government Instrument Workshop, Pappanamcode
 - (viii) Small Industries Machine Tool Factory, Pappanamcode
 - (ix) Tile Factory, Amaravila
 - (x) Wood Workshop, Kollakadavu

SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT executed on day of between (hereinafter called the "the Contractor") of the one part and the Governor of Kerala (hereinafter called "the Government") of the other part.

WHEREAS the contractor has offered as per the letter No.....dated.....to extend the period of the existing 'rate contractor' for the supply of articles mentioned in the order no.....dated..... at the same rates terms and conditions of the existing agreement executed between the aforesaid parties on the (hereinafter called the principal agreement) for a further period of fromto

AND WHEREAS the Government have in their order dated agreed to extend the period of the principal agreement for a further period of from to

NOW THESE PRESENTS WITNESS AND IT IS HEREBY MUTUALLY AGREED between the Government and the contractor to extend the period of the principal agreement for further period of from to on the same terms and conditions enumerated in the principal agreement.

Save as varied as aforesaid all the terms and conditions of the principal agreement shall remain in full force and effect.

IN WITNESS WHEREOF the contractor and Shri..... (here enter the name and designation) for and on behalf of the Governor of Kerala hereinto set their hands.

Signed, sealed and delivered by Shri.....for and behalf of the contractor.

In the presence of witnesses

1.....

2.....

Signed, sealed and delivered by(here enter the designation) for and on behalf of the Governor of Kerala.

In the presence of witnesses:

1.....

2.....

FORM OF REGISTER OF TENDERS
(K.F.C. Vol. II, Form 15)

Number and name of Tender/Quotation..... Due date.....

Sl. No.	Name of Tender	Due Date	Date of Receipt	Initials of Head of Office	Date of Opening	Amount and nature of earnest money if any	Initials of Head Office

Names of tenderers or their representatives present at the time of opening

Signature of Head of Office

**LIST OF ITEMS RESERVED FOR EXCLUSIVE PURCHASE FROM
THE MICRO, SMALL & MEDIUM ENTERPRISES**

A list of items reserved for procurement from the Micro, Small & Medium Enterprises within the State and if not available within the State, from the Micro, Small & Medium Enterprises outside the State is given below:-

- 1 Anklets Web Khaki
- 2 Ammunition Boxes Wooden
- 3 Attache Cases
- 4 Automobiles Headlight
- 5 Automobiles tail light, lamp assembly (for civil requirement only)
- 6 Ammeters/cum metre
- 7 Battery Charger Engine Driven only (for civil requirement only)
- 8 Blotting paper
- 9 Badges, cloth, embroidered and metal
- 10 Bags ice head (civil requirement only)
- 11 Balloons rubber
- 12 Barbed wire (excepting concertina, Barbed wire square Hexagonal Head)
- 13 Basket cane
- 14 Bath Tub G.I.
- 15 Belt Leather
- 16 Belt leather and strips
- 17 Bench Vices (ordinary)
- 18 Bensol Benet's
- 19 Blacksmith Hearth
- 20 Bone Meal
- 21 Boots and Shoes of all types excluding canvas shoes (civil requirement only)
- 22 Boot polish
- 23 Boxes made of metal (civil requirements only)
- 24 Boxing boots
- 25 Brass dampers
- 26 Brief cases
- 27 Brooms
- 28 Brushes
- 29 Buckle
- 30 Button metal
- 31 Buckets G.I.
- 32 Cans (made of G.I. sheet of Milk and measuring) 3
- 33 Cans Tin unprinted upto 4 gallon capacity (other than cap OTS)
- 34 Cash Bags
- 35 Caps woolen
- 36 Caps cotton
- 37 Caps waterproof
- 38 Casing and capping
- 39 Ceiling roses upto 15 amps
- 40 Centrifugal steel plate blowers
- 41 Chain lashing
- 42 Chappals and sandals

43	Coir fibre and coir yarn
44	Coir mattresses and cushions
45	Coir mattress and matting
46	Community receivers
47	Cones and Valves (for water fitting only)
48	Conduit pipes (Metallic)
49	Copper sulphate
50	Cotton card twine (other than Defence)
51	Cotton wool (Non-absorbent)
52	Cotton Hosiery (civil requirement only)
53	Crates wooden
54	Cumblies
55	Curtain mosquito (civil requirement only)
56	Copper napthenate
57	Corrugated board paper
58	Centrifugal pumps, suction and delivery 150mm x 150mm
59	Crucibles upto and including 31 kg. capacity
60	Domestic electric appliances, toasters electric, electrical iron, hot plate, electric mixer and grinder, juice mixer and grinder, juice extractor, electric lighter, electric oven
61	Distribution boards upto 15 amps
62	Drums and barrels
63	Dusters cotton all types except the items required in Khadi
64	Dust bins (civil requirements only)
65	Dust shield leather
66	Electric call bell
67	Electric buzzers
68	Electric soldering irons
69	Expanded metal
70	Eyelets
71	Film spools and cans
72	Film polythene
73	Football boots
74	French polish
75	Garments (civil requirement only)
76	Gas mantles
77	Gause cloth
78	Gauze surgical all types (civil requirements only)
79	Ghamellas (civil requirements only)
80	Glass ampoules
81	Graphite crucibles upto No. 200 (deleted)
82	Grease nipples and grease guns
83	Gun cases
84	Gun metal bushes
85	Glue
86	Gum tape
87	Hand drawn carts all types (civil requirements only)
88	Hand numbering machines
89	Handless wooden and bamboo
90	Hair passum wool
91	Hand gloves
92	Hand presses
93	Hide and country leather or all types (for civil requirements only)

94	Hob nails
95	Holdalls
96	Horse and mule shoes
97	Insecticides dust and sprayers (Manual only)
98	Invalid wheeled chairs
99	Iron clade switches (upto 30 amps)
100	Keys wooden
101	Kit bags
102	Kodali
103	Kullahs
104	L.T. Porcelain insulators Fuse Grip
105	Laces leather
106	Lanterns Posts and bodies
107	Latex form sponge
108	Lathies
109	Lamps hand
110	Lamp signal
111	Lamp holders
112	Leather bags
113	Leather boxes (not Army type)
114	Leather harness
115	Low cost radios (Medium wave band community rado receivers to Indian Standard Specification No. Sl.705-1955, IS. 706-1955 and IS. 1036-1957)
116	Magnesium sulphate
117	Metal clad switches
118	Mail bags, canvas, dassouti and jute
119	Manhole covers
120	Matches safety (except for defense)
121	Metal polish
122	Metric weights
123	Miniature bulbs (for torches only)
124	Nail cutters
125	Nail tip heal rustless
126	Newer (other than defense)
127	Ovens electric (domestic type)
128	Plastic cane
129	Playing cards
130	Pad locks, brass
131	Pad locks, G.I.
132	Paints remover
133	Palm rosa oil
134	Paper conversion products
135	Patient coats and pyjama
136	File fabric
137	Pillows (cotton)
138	Plaster of Paris
139	Plugs
140	Plugs-wooden
141	Polythene bags
142	Postal lead seals
143	Postal weighing scales
144	Pouches

- 145 Pumps-hand
- 146 PVC footwear
- 147 Quilts, razaise (cotton)
- 148 Bags cotton (for civil requirements only)
- 149 Railway platform drinking water trolleys (for civil requirements)
- 150 Razors
- 151 Rivets of all types including bifurcated (except for defence requirements)
- 152 Soap soft (for civil requirements only)
- 153 Soap Liquid (for civil requirements)
- 154 Soap yellow (for civil requirements)
- 155 Sanitary towels
- 156 Storeware jares
- 157 Scientific laboratory glasswares (barring sophisticated items)like beakers, burette, pipette, conical glasses, round flasks, measuring cylinder, filter funnel, reagent bottle
- 158 Squirrel cage induction motors upto and including 10 KW 440 Volts 3 phase
- 159 Scales beam (upto 30 Kgs)
- 160 Scissors cutting (ordinary scissors)
- 161 Screws machine
- 162 Screws wood (except for defence requirement)
- 163 Shellac
- 164 Shutters rolling
- 165 Shelve steel
- 166 Shoe laces
- 167 Sign boards-painted
- 168 Skin sheep - all types (for civil requirements only)
- 169 Silk ribbons
- 170 Skiboats and shoes
- 171 Snap fasteners (excluding for pcs.onse)
- 172 Sole leather (for civil requirements only)
- 173 Sodium silicate
- 174 Sanitary plumbing fittings (1. Toilet shelf, 2. Soap tray, 3. Robe hook, 4. Towel rail, 5. Toilet paper holder, 6. Laboratory sink, 7. Drawing board, 8. Mosaic washbasin, 9. Wall hung closet, 10. Wall hung bidet, 11. Taps, 12. Stop cock, 13. Knob, 14. Scout, 15. Waste bottle, 15. Ball cock, 17. Ball mixer, 18. Bath shower)
- 175 Soap washing or laundry soap (for civil requirements only)
- 176 Sockets
- 177 Spectacle frames
- 178 Spiked boots
- 179 Stapling machines
- 180 Steel desks
- 181 Steel racks
- 182 Steel stools
- 183 Steel trunks (for civil requirements only)
- 184 Steel wool
- 185 Stockimetta (for civil requirements only)
- 186 Stone curry and stone curry roller
- 187 Stoves oil (wick stoves only)
- 188 Street light fittings
- 189 Suit cases
- 190 Surgical gloves (except plastic)
- 191 Tracks (mettallics)
- 192 Tape cotton(for civil requirements only)

- 193 Tarpaulins (for civil requirements only)
- 194 Teak fabricated round blocks
- 195 Tent poles
- 196 Tentage Civil/Military and Salitah Jute for Tentage. The first refers to Tentage for civil or military use and the second refers to Salitah Bags and Sheets for packing Military Tents and Accessories)
- 197 Tip boots
- 198 Tin trays
- 199 Tyres and tubes (Cycle)
- 200 Tiles
- 201 Toilet rolls
- 202 Transistor insulation testers
- 203 Umbrellas
- 204 Utensils aluminium
- 205 Utensils cooking (except stainless utensils and vessels pressure cookers) (for civil requirements only)
- 206 Utensils domestic (other than aluminium and stainless steels)
- 207 Wooden chairs
- 208 Waxed paper
- 209 Waterproof papers
- 210 Washers-leather
- 211 Welded wire mesh
- 212 Wheel barrows
- 213 Wicks cotton (for civil requirements only)
- 214 Wire adjusting screws
- 215 Wire nails and horse shoe nails
- 216 Wooden halves
- 217 Wooden packing cases of all sizes (for civil requirements only)
- 218 Wood wool
- 219 Woolen hosiery (for civil requirements only)
- 220 Electric transmission line hardware like steel crossbars, cross arms, clamps, arching harm, brackets, etc.
- 221 Domestic (house wiring) PVC cables and wires (aluminium) conforming to the prescribed ISI specifications and upto 10.00 mm sq. nominal cross section. However, this would not be applicable to Defense requirements.
- 222 Angur (Carpenters)
- 223 Wire netting and Gauze thicker than 100 mesh size
- 224 Steel Windows and Ventilators
- 225 M.S. Plain Washers
- 226 Wire Brushes and Fibre Brushes
- 227 AAC and ACSR conductors up to 19 strand. This is subject to observance of necessary discipline by trade for two years in the first instance after which the position would be revived further
- 228 Exhaust Mufflers (except in the case of original Equipment Manufacturers)
- 229 Wind Shield Wipers (Arms and Blades only) (except in the case of original Equipment Manufacturers)
- 230 Room Coolers (Desert Type)
- 231 Machine Shop Vices
- 232 Hypodermic Needles
- 233 Student Microscope
- 234 Stranded Wire
- 235 Absorbent Cotton (Wool)

- 236 Chaff Cutter Blade
- 237 Agricultural Implements
 - a) hand operated tools and implements
 - b) Animal driven implements
- 238 Blow Moulded Containers
- 239 Safety Pins (and other similar products like paper pins, staple pins etc)
- 240 A.C. Conductors-upto and including 19 strands
- 241 Adjustable beds
- 242 Agarbathies
- 243 Alums including Aluminium Sulphate-Industrial-Grade (deleted)
- 244 Aluminium builders and hardware hinges
- 245 Ambulance Stretcher
- 246 Alunimum Sulphate-Laboratory Reagent
- 247 Ammonium Carbonate - Laboratory Reagent
- 248 Ammonium Sulphate - Laboratory Reagent
- 249 Ammonium Fluride - Laboratory Reagent
- 250 Ammonium Solution - Laboratory Reagent
- 251 Asbestos pipes and fittings for household purpose only and according to ISI specification
- 252 Battery Eliminators
- 253 Badges-Cloth (including embroidered)
- 254 Bells-Bicycles
- 255 Biscuits
- 256 Boxes-Kit
- 257 Builders Hardware
- 258 Cable drums
- 259 Calcium Chloride-Laboratory Reagent
- 260 Camel back-tyre retreading material
- 261 Capital square
- 262 Carrier-Bicycles
- 263 Cashew shell oil
- 264 Chalks including tailors chalk and crayons
- 265 Chain covers-Bicycle
- 266 Chisels
- 267 Chokes for light fittings
- 268 Chrome tanned leather (semi finished)
- 269 Circlips
- 270 Cloth covers
- 271 Cocks and valves - Water pipe fittings
- 272 Coffee percolator up to 1.5 litres
- 273 Confectionary (except chocolate)
- 274 Compass prismatic
- 275 Collars
- 276 Cotton belting
- 277 Cotton cases
- 278 Cotton packs
- 279 Cotton pouches
- 280 Cotton carriers
- 281 Cotton bags
- 282 Cotton canvas bag

283	Cotton sling
284	Cotton straps
285	Cotton socks-Knitted
286	Cotton under garments - Knitted
287	Cotton vests-Knitted
288	Crow bars
289	Cupric nitrate-Laboratory Reagent
290	Cycle frames
291	Disinfectant fluid
292	Dividers
293	Door windows and ventilators - Metallic
294	Drawing Board
295	Drawing and mathematical instruments except drafting machines
296	Drinking water straws
297	Dry distempers
298	Dumpy levels
299	Emergency lamps
300	Fibre glass-Reinforced plastic products
301	Fire clay bricks and blocks
302	Fire works
303	Floor polishes
304	Flooring tiles
305	Forks cutlery
306	Fork handles - Cycles
307	Funnels
308	Fuse cutouts
309	Fuse units
310	Glass beads
311	Glass hallow wears by month blown/semi-automatic process
312	Graphite crucibles upto 500 nos
313	Hair oils
314	Hammers
315	Hand shovels
316	Handle bar grips
317	Handle-Bicycle
318	Haver sacks
319	Heaters and convectors upto 3 K.W.IS 4283/67
320	Helmet-Non-metallic
321	Hinges (other than door fittings)
322	Hose pipe clips (50% reservation)
323	Hot water bags-Rubber
324	Hurricane lantern
325	Ice bags-Rubber
326	Iron-dhobi
327	Industrial knives
328	Industrial leather gloves
329	Industrial adhesives based on starch, gum dextrine and silicates
330	Insecticide fluids
331	Industrial Items from Engineering Plastics
332	Immersion water heaters upto 3 K.W.
333	Kattai and bunwar-Leather
334	Laminations-Straight and sand witched

335	Lemon grass oil
336	Letter boxes-Round
337	Link Clip
338	Luggage carrier
339	Machine screws-except socket lead and special types
340	Measuring chains
341	Measuring tapes and sticks
342	Microcellular sheets
343	M.S. and CI glanges
344	M.S. Pipe fittings upto 100 mm dia
345	M.S Tubers
346	Mudguards-Bicycle
347	Mugs and bowls - Ceramics
348	Nail pullers
349	Naphthalene Balls
350	Non-mechanical toys
351	Office gum paste
352	Oil seals rubber
353	Other dipped latex products except contraceptives
354	Other natural essential oils
355	Other hand tools for blacksmithy, Carpentry, Hand forgings foundry etc.
356	Paint brushes
357	Panel pins
358	Paper tapes - Gummed
359	Paper twines, stringes and ropes
360	Poultry equipments
361	Pencils
362	Pedale assembly - cycle
363	Pickles and chutnees
364	Pilfer proof caps
365	Plastic buttons
366	Plastic combs
367	Plastic bottle caps
368	Plastic products (other thermo welded plastic products)
369	Plywood tea chest
370	Protractors
371	RCC Poles-Pre-stressed
372	Rivets of all types including bifurcated
373	Roof light fittings
374	Roofing tiles
375	Rolling shutters
376	Rubber card
377	Rubber Hoses - Armoured (unbraided)
378	Rubber Battery containers (hard)
379	Rubber Hose Pipes (excepting wire braided high pressure hydraulic process)
380	Rubbersied canvas hose pipes - excepting wire braided high pressure hydraulic process
381	Rubber thread
382	Rubber tubes
383	Rubber washers
384	Safe-Meat and milk
385	Safety matches

386	Standard wood oil
387	Screw Drivers
388	Screw spikes
389	Scales - weighing
390	Sealing wax
391	Seats for buses and trucks
392	Seed bins
393	Seasoned wood
394	Set square
395	Spanners
396	Sports nets - all types
397	Soap carbolic
398	Spices guard & processed
399	Spoons-cutlery
400	Shovels
401	Stand-cycle
402	Sterilisers-Stainless steel and aluminium
403	Stone ware jars and bowls - Kandies
404	Sweetened cashew nut products
405	Table knives/household knives
406	Tin trays
407	T-Squares
408	Trays for postal use
409	Wax candle
410	Water proof bags
411	Water proof covers
412	Weighting machine/Weigh bridges
413	Wire fencing and fittings
414	Writing inks and fountain pen inks
415	Woolen socks-knitted
416	Woolen vests-knitted
417	Woolen under garment-knitted

RCC pipes upto 1200 mm diameter

- Note:-1 Even though the RCC pipes upto 1200 mm diameter is included in the above list, the Public Works Department and the local bodies in the State will purchase 50 percent of their requirement of pipes of the type manufactured by the Kerala Premo Pipe Factory Ltd., from the above factory and the rest from S.S.I. Section in Kerala.
- Note:-2 Even though the AC Conductors upto and including 19 strands is included in the above list all State Government Departments, Kerala State Electricity Board and other State Public Sector Undertakings in the State may purchase their requirements of the item from Micro and Small Enterprises Units in the State as well as from Traco Cable Company Ltd.
- Note:-3 Even though the items, Fuse units, Fuse cutouts, Distribution Boards (upto 15 amps) Iron Clad Switches (upto 30 amps) and Metal Clad Switches are included in the above list, all State Government Departments, Kerala State Electricity Board and other Public Sector Undertakings in the State may purchase their requirements of the items from Small Scale Industries Unit in the State as well as from Kerala Electrical and Allied Engineering Co. Ltd.

LIST OF STORES ON THE COST OF WHICH VARIATIONS ARE TO BE ALLOWED

1. Copper and lead used in the manufacture of power cables
2. V.I.R. cables
3. Railway signaling cables
4. Copper strip for overhead transmission line equipment
5. Shunt and clip for traction motor
6. Hard draw high conductivity electrolytic copper wire
7. Bush bars
8. Brass tubes
9. Copper tracks
10. Brass split pins
11. Copper sheets
12. Brass sheets
13. Rivets copper
14. Brass bolts and nuts
15. Copper washers
16. Weighing Machines, Weighing bridge
17. Zinc for galvanizing
18. Aluminium ingots
19. Antimony ingots
20. Brass bars
21. Copper bars
22. Copper ingots
23. Copper tubes
24. Pig lead
25. Lead sheets
26. Phosphor bronze
27. Phosphor sheet
28. Zinc ingots
29. Zinc sheets
30. Tin ingots
31. White metal ingots

32. Bronze rods
33. Nickel alloy
34. Gun metal rods
35. Solder
36. Nickel
37. Lead pipes etc.
38. Lead seals
39. Link and strap clips
40. Paper insulated cables
41. A.C.S.R. Conductors
42. Winding Wire
43. Renewals for Cells like Zinc Rod
44. Plates, Boiler, Copper
45. Non-ferrous loco and Wagon Components such as Brass safety valves, Bearing bushes, Bronze Axles boxes wherein materials like Bronze, Nickel, Copper are involved and copper fire boxes where copper is involved.

EXTRACT FROM THE COMPANIES ACT, 1956

Meaning of "Relative"

A person shall be deemed to be a relative of another if, and only if,

- a) they are members of Hindu undivided family or;
- b) they are husband and wife; or
- c) the one is related to the other in the manner indicated in Schedule 1-A

Schedule 1 A
List of Relatives

- 1) Father
- 2) Mother (including step-mother)
- 3) Son (including step-son)
- 4) Son's wife
- 5) Daughter (including step-daughter)
- 6) Father's father
- 7) Father's mother
- 8) Mother's mother
- 9) Mother's father
- 10) Son's son
- 11) Son's son's wife
- 12) Son's daughter
- 13) Son's daughter's husband
- 14) Daughter's husband
- 15) Daughter's son
- 16) Daughter's son's wife
- 17) Daughter's daughter
- 18) Daughter's daughter's husband
- 19) Brother (including step-brother)
- 20) Brother's wife
- 21) Sister (including step-sister)
- 22) Sister's husband
- 23) Husband's father
- 24) Husband's mother
- 25) Husband's sister
- 26) Wife's father
- 27) Wife's mother
- 28) Wife's brother
- 29) Wife's sister
- 30) Wife's sister's husband

- 31) Father's brother
- 32) Father's sister
- 33) Mother's brother
- 34) Mother's sister
- 35) Father's sister's husband
- 36) Father's brother's wife
- 37) Mother's brother's wife
- 38) Mother's sister's husband
- 39) Brother's son
- 40) Brother's son's wife
- 41) Brother's daughter
- 42) Sister's son
- 43) Sister's daughter
- 44) Father's brother's son
- 45) Father's brother's daughter
- 46) Father's sister's son
- 47) Father's sister's daughter
- 48) Mother's brother's son
- 49) Mother's brother's daughter

FORM OF SUPPLY ORDER

SUPPLY ORDER
GOVERNMENT OF KERALA

No. Office:
Station: Date:
Telephone/Fax: Post Box No.

From

To

Subject:

Reference:

Dear Sirs,

Your offer to supply the materials as detailed in the list appended is accepted subject to the conditions mentioned therein. Please effect the supply according to the special conditions given below, the instructions in the notes below and in accordance with the list of materials appended. The special conditions, if any, printed on your quotation sheets or attached with your tender will not be applicable to this order unless they have been expressly accepted in the list appended.

An agreement has to be executed by you in the prescribed form on stamp paper of value rupees fifteen purchased in the Kerala State after furnishing a security of ₹..... within a month/fortnight for the due fulfillment of the contract. The Kerala Stamp paper is obtainable from any licensed Vendor in the State. Stamp paper will however be supplied to you, if your firm is situated outside Kerala, on payment of ₹ 20 (₹ 15 being the value of the Stamp Paper and ₹ 5 incidental charges) Which may be remitted by money order in advance. Payment on account of supplies against this order is liable to be withheld until the agreement is executed. The earnest money will be refunded on furnishing the required Security Deposit for the contract. Bank draft for the security should be drawn in favour

..... Cheques are not acceptable. The Security Deposit may be made in cash also and in such cases the cash should be remitted in the nearest Government Treasury under 'Security Deposit' account by Chalans countersigned by the Purchasing Officer.

Yours faithfully

(Signature and Designation of Purchasing Officer)

Special Conditions
.....
.....

Notes

1. The packages should be marked meaning
.....
2. They should be insured to destination viz.....
3. They should be despatch FREIGHT PAID TO
..... To whom all shipping/ railway documents should be sent.
4. The materials shall be dispatched by goods train. If this is found not possible the prior approval of the officer mentioned in clause 6 below is to be obtained before despatch by passenger train.
5. The contents of the packages should be STRICTLY CONFINED to this order.
6. INVOICES IN TRIPLICATE SHOULD BE DRAWN ON AND FORWARDED FOR PAYMENT TO
7. Acknowledgement of and all other communications regarding this order may be sent to the purchasing officer who has placed this order.
8. In all future correspondence and bills relating to this order the number and date at the top should INVARIABLY be quoted.
9. SEPARATE BILLS SHOULD BE SENT FOR EACH ORDER
10. The consignment will be paid for only AFTER RECEIPT AND SURVEY of the articles by the Department.
11. The firms will produce stamped pre-receipt invoice in all cases where payments (advance/final) for release of railway receipt/shipping documents are made through Banks. In exceptional cases where the stamped receipts of the Firms are not received for the payment (in advance) the unstamped receipt of the bank (i.e. counterfoils of pay-in-slip issued by the Bank) alone may be accepted as a valid proof for the payment made.

List of materials accepted and to be supplied

Item No.	Specifications	Quantity	Unit	Rates		Remarks
				Rs.	Ps.	
1	2	3	4	5		6

N.B: The specifications, quantities, price, etc., are subject to correction. Errors or omissions, if any, will be intimated to or by the contractor within ten days from this date.

FORM OF AGREEMENT

(For contracts for supply of specific quantities)

AGREEMENT executedday ofbetween (hereinafter called “the Contractor”) and the Governor of Kerala (hereinafter called “the Government).

WHEREAS the Contractor has tendered for the supply of articles for the use of the Government as per tender Notification No.dated published at pages of partof the Kerala Government Gazette dated which tender notification shall form part of this Agreement as if incorporated herein.

“AND WHEREAS the Government/Purchasing Officer have/has been pleased to accept the offer subject to the conditions stipulated in the Supply Order No..... dated (which shall form part of this agreement as if incorporated herein) in respect of the articles mentioned therein.”

AND WHEREAS the contractor has as security for the due fulfillment of his obligations under this deed deposited ₹..... being per cent of the estimated value of the contract in Treasury as per Pass Book No..... Chalan No..... and pledged the Pass Book to the/- as per draft onBank duly approved by the Government/in the form of a letter of guarantee for such amount from Bank approved by the Government.

NOW THESE PRESENTS WITNESS AS FOLLOWS

- 1.(a) In cases where along with the tender samples have been forwarded to the Government and the samples approved, the Contractor agrees to supply the materials according to the approved sample. In other cases the Contractor agrees to forward samples to Government for approval if so required and then to supply materials according to such approved samples. When the samples are not required, the Contractor agrees to supply according to standard specifications.

Samples forwarded by the Contractor to the Government will not be paid for and shall be the property of Government but the Government are at liberty to return them to the Contractor on the completion of his contract or to pay for them at agreed

rates if they so choose. All samples must be clearly labeled showing to what particular items tendered for they relate and they should be of sufficient size and quantity to enable the Government to see if the supplies made are according to the approved samples.

- (a) The Contractor hereby declares that the goods sold to the buyer under this contract shall be of the best quality and workmanship and shall be strictly in accordance with the specifications and particulars contained in the copy of the order attached herewith and the contractor hereby guarantees that the said goods would continue to conform to the description and quality aforesaid for a period ofdays/months from the date of delivery of the said goods to Government and that notwithstanding the fact that the Government may have inspected and/or approved the said goods, if during the aforesaid period ofdays/months the said goods be discovered not to conform to the description and quality aforesaid or have deteriorated (and the decision of the Government in that behalf will be final and conclusive) the Government will be entitled to reject the said goods or such portion thereof as may be discovered not to conform to the said description and quality. On such rejection the goods will be at the contractor's risk and all the provisions herein contained relating to rejection of goods, etc., shall apply. The contractor shall if so called upon to do replace the goods, etc., or such portion thereof as is rejected by the Government. Otherwise the Contractor shall pay to the Government such damages as may arise by reason of the breach of the condition herein contained. Nothing herein contained shall prejudice any other right of the Government in that behalf under this contract or otherwise.
2. Requests for enhancement of rates once accepted will not be considered except where Government have prior to the actual supplies, expressly agreed in writing for any price variation under specified circumstance, conditions of sale or other special terms and conditions, if any, printed on the quotation sheets of the Contractor or attached with the contractors' tender or any other letter or paper from the Contractor will not govern this contract nor bind the Government in any manner whatsoever unless such terms have been expressly accepted by the Government in writing.
3. The articles and quantities to be supplied are shown in the copy of the supply order, No..... and date..... attached herewith. The contractor agrees to Supply the quantities of the articles shown in the order at the rate tendered by him for each article within the time fixed.
4. In the case of goods delivered by shipment, the Contractor, shall where the expected tonnage of goods is more than 200 tons, deliver the goods through the Trivandrum Port if so required by the Government.
5. The Contractor agrees that time is the essence of this contract.
- 6(a) If the Contractor defaults in the supply of all or any of the articles correctly and promptly as above the Government are at liberty to procure the same from elsewhere without cancelling the contract as a whole. If Government incur, in thus procuring such materials a higher cost than the agreed rate such excess cost may be deducted by the Government from the contractor's bill or adjusted or otherwise realized from his security deposit or recovered from him by other means. The contractor agrees that he shall not be entitled to claim the excess, if any, of the tendered rate over such cost to Government.

- (b) If the contractor fails to deliver all or any of the stores or perform the service within the time/period(s) specified in the contract, the purchaser shall without prejudice to its other remedies under the contract, deduct from the contract price as liquidated damages, a sum equivalent to 0.5% or 1% of the delivered price of the delayed stores or unperformed services for each week of delay until actual delivery or performance, upto a maximum deduction of 10% of the contract prices of the delayed stores or services. Once the maximum is reached, the purchaser may consider termination of the contract at the risk and cost of the contractor.
- 7(a) All payments to the Contractor for supplies effected satisfactorily will be made after scrutiny of his bills -
- (i) either by departmental cheques payable at the Government Treasuries.
 - (ii) or by cheques or drafts on the Reserve Bank of India, State Bank of India and State Bank of Travancore (at any of their principal branches in India):
 - (iii) Or in the case of supplies from abroad by drafts or otherwise as may be agreed to.
- (b) The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through Banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the bank (ie counterfoils of pay-in-slips issued by the Bank) alone may be accepted as a valid proof for the payment made.
8. All incidental expenses incurred by the Government for making payment outside the District in which the claim arises shall be borne by the contractor.
9. The contractor shall not assign or make over in part or wholly the contract or the benefits or burdens thereof. The contractor shall not underlet or sublet the execution of the contract or any part thereof without the consent in writing of the Government. The Government shall have absolute power to refuse such consent or rescind such consent (if given) at any time. The contractor shall not be relieved from his obligation, duty or responsibility under this contract even if consent to let or subject is given by the Government.
10. NOTWITHSTANDING the provisions contained in clause 5, the Government shall have the right to cancel the contract for any default on the part of the contractor in due performance thereof.
11. It shall be lawful for the Government from and out of any money for the time being payable or due to the Contractor from the Government under this contract or otherwise to set off any loss or expense, cost or damages sustained or incurred by the Government by reason of the cancellation of the contract.
12. The security deposit shall subject to the conditions specified herein be returned to the contractor within three months after the expiration of the contract. In all cases where there are guarantee for the goods supplied the security deposit will be released only after the expiry of the guarantee period.
13. The contractor agrees that any communication addressed to him may be handed over to him or his agent personally or left at his residence or place of business or may be sent by prepaid post to his address as mentioned in this deed.

14. In case the supply of articles involves erection of machinery the contractor agrees that the machinery will be erected within the time and at the place specified by the Government/Purchasing Officer in that behalf. It shall also be the duty and responsibility of the contractor to see that the machinery thus erected is in good working condition to the satisfaction of the person duly authorized by the Government/Purchasing Officer in that behalf and to ensure the proper functioning of the machinery till the guarantee period is over.

NOTE: In the event of failure of the contractor to erect the machinery within the time and at the place specified by the Government/Purchasing Officer or in the event of the machinery failing to function properly during the guarantee period the amount spent by the Government and the loss sustained by the Government on this account by making alternative arrangements shall be recoverable from the contractor in the manner provided in Clause 15 hereunder.

15. The Contractor agrees that all sums found due to the Government under or by virtue of these presents shall be recoverable from him and his properties, movable and immovable, under the provisions of the Revenue Recovery Act, for the time being in force as though they are arrears of land revenue or in any other manner and within such time as the Government may deem fit. In deciding what sum of money is due to Government under or by virtue of this deed, the contractor agrees that the decision of the Government shall be final and conclusive and shall be binding on the contractor.
16. The Contractor agrees that any Sum of money due and payable to him from Government shall be adjusted against any sum of money due to Government from him under any other contracts.

IN WITNESS WHEREOF the Contractor and Shri
..... (H.E. name and designation) for and on behalf of the
Governor of Kerala have hereunto set their hands.

Signed, sealed and delivered by.....

(Contractor)

In the presence of witness (1)

(2)

Signed, sealed and delivery by Shri (H.E.
name and designation) for and on behalf of the Governor of Kerala.

In the presence of witness (1)

(2)

**GOVERNMENT OF INDIA
MINISTRY OF SURFACE TRANSPORT**

No.SC - 11011/1/94-ASO.II/Vol.III

New Delhi, the 27th February, 1996

OFFICE MEMORANDUM

Sub: Ocean transportation of cargo under the control of Government/Public Sector Undertakings - Review of the Policy regarding.

The undersigned is directed to say that as per the existing policy of Government of India all import contracts are to be finalized on FOB (Free on Board)/FAS (Free Alongside Ship) basis and those for exports on C&F (Cost and Freight)/CIF (Cost, Insurance, Freight) basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them and in case of any departure therefrom, prior permission is required to be obtained from the chartering Wing of the Ministry of Surface Transport on a case to case basis. The shipping arrangements are centralized in the Ministry of Surface Transport. These instructions about FOB/FAS purchases and C&F/CIF sales and entering into contracts where the elements of foreign exchange expenditure is minimum already stand incorporated in the General Financial Rules of the Government.

2. Based on the difficulties/problems, as intimated by certain Government Departments/Public Sector Undertakings in the changed context of economic liberalization, the thrust on performance improvement and competitiveness of Public Sector Undertakings, decentralization of certain cargoes, Government has undertaken a thorough review of the above policy at various levels and it has now been decided by the Government that :-
 - i) Government policy for import contracts to be finalized on FOB/FAS basis and for exports on CIF basis in respect of Government owned/controlled cargoes on behalf of Central Government Departments/State Government Departments and Public Sector Undertakings under them and centralized shipping arrangements

through the Ministry of Surface Transport (Chartering Wing) in association with the concerned user Ministry/Department/PSU may continue.

- ii) Prior permission is required to be obtained from Ministry of Surface Transport on a case to case basis in case of any departure from the above policy. However, Ministry of Surface Transport shall ensure disposal of such requests within four working days on receipt of the complete information/request from the concerned Ministry/PSU.
 - iii) Ministry of Surface Transport, Chartering Wing to ensure full utilization of suitable Indian vessels in case they are able to meet the indenter's requirements at competitive rates and are able to maintain the schedule.
 - iv) In case of import of bulk quantities like fertilizers, coal, food grains etc., where freight element is substantial, a representative from Ministry of Surface Transport may be invited to participate in the discussions for advising on the shipping aspects of import/export contracts.
 - v) Ministry of Surface Transport should make all out efforts to finalise vessels, Indian or foreign, at the most competitive rates and before fixing the vessels, prior approval of the indenting department/PSU should be obtained.
 - vi) In order to make imports and exports cost-effective and for judicious use of foreign exchange, Ministries/Departments should ensure imports on FOB/FAS and exports on CIF basis failing which necessary No Objection Certificate (NOC) should be obtained from Ministry of Surface Transport (Chartering Wing) while applying for release of necessary foreign exchange for the purpose of chartering foreign vessels and for making freight payment in foreign currency.
 - vii) The tendering system to be followed by Ministries/Departments/PSUs will be standardized. The Cabinet Secretariat will initiate appropriate action in this regard.
3. It is requested that above decision taken by the Government of India may kindly be brought to the notice of all the Public Sector Undertakings/Projects/Autonomous Bodies/Purchasing & Selling Organisations under the administrative control of Ministries and Departments concerned and they may be advised to follow the prescribed procedure for arranging shipment of their cargoes through Chartering Wing (popularly known by its Cable Address: "TRANSCHART" in the shipping circle, the world over) of this Ministry and incorporating the prescribed Shipping Clauses in the purchase orders/contracts. They may also be instructed to send each of the contracts in respect of both exports as well as imports, along with cargo

particulars like weight, volume, loading port, discharging port, loading rate, discharging rate, period of shipment, parcel size and any other specific condition relating to shipment of cargoes etc., to this Ministry as soon as the same are finalized, for taking further necessary action with regard to the shipping arrangements.

4. A copy of the instructions issued may please also be endorsed to this Ministry.

Sd/-
(T.V. SHANBHAG)
Chief Controller of Chartering

To

1. All Ministries/Departments of Government of India2 copies
2. The Chief Secretary to all the State Governments including the Union Territories

**GOVERNMENT OF INDIA
MINISTRY OF SURFACE TRANSPORT
(Chartering Wing)**

No.SC - 18013/1/98-ASO.II

New Delhi, the 11th February, 1998

OFFICE MEMORANDUM

Sub: Govt. Departments/Public Sector Projects/Undertakings Contracting of FOB/FAS import and CIF exports - shipping arrangement through the Ministry of Surface Transport (Chartering Wing) from various sectors - procedure regarding.

1. The undersigned is directed to say that as per general policy of Government of India, all import contracts have to be concluded on FOB/FAS and those for exports on CIF basis in respect of Government owned and controlled cargoes and shipping arrangements are centralized with Chartering Wing of Ministry of Surface Transport. For any departure from the above policy, prior approval of this Ministry is required. The policy provides for grant of waivers in suitable cases where it is found it is not possible to follow the said policy.
2. The shipping arrangements are being made by Chartering Wing, Ministry of Surface by using Indian flag vessels and if no suitable Indian vessels are available in the required position, foreign flag vessels are chartered. Shipping arrangements in respect of Government general liner cargoes are being made by this Ministry through respective Government of India's freight forwarders like M/s. Schenker International, Humburg, M/s. OPT, USA etc. Shipment of general liner cargo is not restricted to Indian flag vessels and it is shipped by any vessel belonging to Conference member lines which are operating from various sectors.
3. The Government of India has an agreement with India-Pakistan-Bangladesh-Ceylone and Burma Freight Conference (INDPAKCON) FMC Agreement No.7690) covering the trade from US Atlantic and Gulf ports to India through the vessels belonging to the Member lines of this Conference only and as per the agreement all Government of India/State Government Departments/PSUs/Projects cargoes are to be shipped only through the vessels of Member Lines belonging to this Conference.

4. Similarly, the Government of India has another agreement with India - Pakistan Bangladesh Conference (IPBC) covering the trade from ports in the United Kingdom including Northern Ireland, North Continent of Europe (Germany, Holand, Belgium, Norway, Sweden, Denmark, Finland) and from parts on the continental sea boards of the Mediterranean (ie., French and Western Italian Port) to ports in India. It is obligatory on the part of Government to ship all Government liner cargoes through the vessels belonging to this Conference.

5. In order to ensure smooth and timely shipment of governmental general liner cargoes, the Government of India, Ministry of Surface Transport has appointed freight forwarding agents from various areas as mentioned below:

1. M/s. Schenker International Deutschland GmbH
Postfach 11 03 13, 20403 Hamburg
Dei den Muhren 5, 20457 Hamburg
Tel: (040) 36135-537, Fax: (040) 36135-509, Tlx: 21700 sh d
(In respect of government general liner cargoes emanating from UK/North Continent as indicated in para (2) above).
2. M/s. OPT Overseas Project Transport Inc.,
(A Thyssen Haniel Logistic Co.)
46, Sellers St., Kearny, N.J. 07032, USA
Tel: (201) 998 771, TLX: 673-3586, Fax: (201) 998 7833
(In respect of cargoes emanating from US Gulf, Canada & South America)
3. Embassy of India
2-11, Kudan Minami 2 - Chome, Chiyoda-ku, TOKYO 102
Tlx: 2324886, INDEMB J, Phone : 03 (3262) 2391, Fax: 03 (3234) 4866
(In respect of government general liner cargoes emanating from Japan)
4. Embassy of India
San-2-1, Bokwang-Doong, Youngsan-ku (Heband Bewling Centre)
Seoul, South Korea (CABLE IND EMBASSY, SEOUL, SOUTH KOREA)
Telex: K211641, Tele. 793-4142, 704159
(In respect of cargoes emanating from South Korea)
5. Shipping Corporation of India Ltd.
Shipping House, 245, Madame Cama Road, Mumbai
Tlx: 011 2214/2371 SCI IN), Phone: 2026666, 2026785
(In respect of cargoes being shipped from all other areas which are not covered from (1) to (4) above).

6. In order to ensure compliance with the transportation agreement with INDEPAKCON, IPBC, M/s Opt, USA and M/s Schenker International, Hamburg, all the Public Sector Undertakings, Projects are requested to prescribe in their purchase

contracts that all booking must be made through Government of India's respective freight forwarders as indicated above and the same may also be incorporated in the letter of credit to ensure shipping arrangements through the vessels of Members of the Conference and appointed freight forwarders.

7. It has been brought to the notice of this Ministry that some of the Public Sector Undertakings are not following the above policy and shipping arrangements are made through other than GoI appointed freight forwarders. It has been further brought to the notice of this Ministry that some of the Indian freight forwarding companies are claiming to have been appointed as freight forwarders by M/o Surface Transport which is not correct. Therefore, it is advised that Government of India and State Government Departments and Public Sector Undertakings should ensure (as indicated above) only and should not entertain any other freight forwarder in this regard.
8. It is requested that the above may kindly be brought to the notice of all the Public Sector Undertakings/projects/purchase and selling organizations under the administrative control of the Ministries/Departments concerned and they may be advised to follow the prescribed procedure for arranging shipment of their cargoes through Chartering wing (Transchart) of this Ministry and incorporate the prescribed shipping clauses in the import/export contracts.

Sd/-
(T.V. SHANBHAG)
Chief Controller of Chartering

To

1. All Ministries/Departments of Government of India2 copies
2. The Chief Secretary to all the State Governments

MODEL AMENDMENT LETTER FOR EXTENSION OF DELIVERY PERIOD FOR FOB/FAS/CIF CONTRACT

Registered Acknowledgement Due

Address of the purchaser

.....
.....
.....

To
M/s.
.....

Sub: This office contract no..... dated..... placed on you for supply of
Ref: Your letter no.....dated.....

Dear Sirs,

You have failed to deliver the goods/entire quantity of the goods within the contract deliver period/delivery period as last extended up to In your above referred letter, you have asked for extension/further extension of time for delivery. In view of the circumstances stated in your above referred letter, the time of delivery is extended from (last delivery period) to (presently agreed delivery period).

- 2. Please note that in terms of clauseof the contract, a sum equivalent to% (.....per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable) viz. will be recovered from you as liquidated damages.
- 3. The above extension of delivery date will also be subject to the further condition that, notwithstanding any stipulation in the contract for increase in price on any ground, no such increase, whatsoever, which takes place after shall be admissible on such of the said goods as are delivered after the said date. But, nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on any ground (including the impact of the price variation clause, if incorporated in the contract), which takes place after the expiry of the above mentioned date namely
- 4. You are also required to extend the validity period of the performance guarantee for the subject contract from(present validity date) to(required extended date) within fifteen days of issue of this amendment letter.

5. Please intimate your unconditional acceptance of this amendment letter within ten days of the issue of this letter failing which the contract will be cancelled at your risk and expense without any further reference to you.

All other terms & conditions of the contract remain unaltered.

Yours faithfully,

(.....)
For and on behalf of

Copy to:

.....
.....
.....
(All concerned)

.... Original delivery date or the last unconditionally re-fixed delivery date (as the case may be)

NB: The entries which are not applicable for the case under consideration are to be deleted.

**MODEL AMENDMENT LETTER FOR EXTENSION OF DELIVERY PERIOD
FOR CONTRACT OTHER THAN FOB/FAS/CIF CONTRACT**

Registered Acknowledgement Due

Address of the purchase office

.....
.....
.....

To
M/s.
.....

Sub: This office contract no..... dated.....placed on you for supply of
Ref: Your letter no.....dated.....

Dear Sirs,

You have failed to deliver the goods/entire quantity of the goods within the contract deliver period/delivery period as last extended up to In your above referred letter, you have asked for extension/further extension of time for delivery. In view of the circumstances stated in your above referred letter, the time of delivery is extended from (last delivery period) to (presently agreed delivery period).

2. Please note that in terms of clauseof the contract, a sum equivalent to% (.....per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable) viz. will be recovered from you as liquidated damages.

3. The above extension of delivery date will also be subject to the following further conditions:-

- i) That no increase in price on account of any statutory increase in or fresh imposition of custom duty, excise duty, sales tax or on account of any other tax or duty leviable in respect of the goods specified in the said contract, which take place after shall be admissible on such of the said goods as delivered after the said date.
- ii) That notwithstanding any stipulation in the contract for increase in price on any ground, no such increase, whatsoever, which takes place after shall be admissible on such of the said goods as are delivered after the said date.

iii) But, nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of custom duty, excise duty, sales tax or on account of any other tax or duty or any other ground whatsoever, including the impact of price variation clause (if incorporated in the contract), which takes place after the expiry of the above mentioned date namely

4. You are also required to extend the validity period of the performance guarantee for the subject contract from(existing date) to(required extended date) within fifteen days of issue of this letter.
5. Please intimate your unconditional acceptance of this amendment letter, to reach this office within ten days of the issue of this letter, failing which the contract will be cancelled at your risk and expense without any further reference to you.

All other terms & conditions of the contract remain unaltered.

Yours faithfully,

(.....)
for and on behalf of

Copy to:

.....
.....
.....
(All concerned)

..... Original delivery date or the last unconditionally re-fixed delivery date (as the case may be)

NB: The entries which are not applicable for the case under consideration are to be deleted.

MODEL FORMAT FOR PERFORMANCE NOTICE

Registered Acknowledgement Due

To

M/s.
.....

Sub: Contract no..... dated.....placed on you for supply of

Dear Sirs,

Your attention is invited to the acceptance of tender cited above, according to which suppliers ought to have been completed by you on or before..... In spite of the fact that the time of delivery of the goods stipulated in the contact is deemed to be of the essence of the contract, it appears that are still outstanding even though the date of delivery has expired.

2. Although not bound to do so, the delivery date is hereby extended toand you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods at your risk and cost.

- 3.
- 4.
- 5.
- 6.

Yours faithfully,

(.....)

for.....

..... Details of outstanding goods

**MODEL FORMAT FOR CORRESPONDENCE WITH SUPPLIER
AFTER BREACH OF CONTRACT**

Registered Acknowledgement Due

To

M/s.
.....

Sub: Contract no..... dated..... for supply of

Dear Sirs,

The date of delivery of the subject contract expired on As supplies against the same have not yet been completed, there is a breach of the contract on your part. As information is required regarding past supplies against this contract, you are requested to send the particulars regarding the quantity so far supplied and, also, the quantity so far inspected but not yet dispatched and the quantity so far not tendered for inspection before the expiry of the date of delivery. The above information is required for the purpose of verification of our records and is not intended to keep the contract alive and does not waive the breach.

This is without prejudice to the rights and remedies available to the purchaser in terms of the contract and law applicable in this behalf.

Yours faithfully,

(.....)

for

FORM OF SECURITY BOND FOR ADVANCE PAYMENT

Know all MEN BY THESE PRESENT THAT I/WE
..... (here enter name(s) and address(es) of the person or persons)
(hereinafter called "the Contractor") bind myself/ourselves to the Governor of Kerala
(hereinafter called "the Government") for the payment to the Government of the sum of
₹.....(Rupees in words also.)

Signed by Shri.....
Shri..... in the presence of witnesses.

1.....

2.....

WHEREAS by Security bond executed on theday of
.....
BETWEEN the Government and the Contractor (hereinafter called "the said Agreement")
the Contractor has agreed to supply to the Government of Kerala(here
enter the name of material) (hereinafter collectively called as "the materials") in pursuance of
supply Order No..... dated.....

WHEREAS one of the conditions of the said security bond is that all payments to the
Contractor for supplies effected satisfactorily will be made after scrutiny of the bills;
WHEREAS the Contractor has requested the Government to make advance payment on the
basis of railway receipt for dispatch/or bill of lading or against proof of dispatch of the
..... (here enter details of materials) before actual receipt and
verification of the materials agreed to be supplied as per the said agreement.

AND WHEREAS Government have agreed to advance to the Contractorper cent
of the value of the materials agreed to be supplied;

AND WHEREAS for the purpose of security and indemnifying the Government against all loss or damage which the Government may suffer in the event of materials supplied being found short or defective on checking and in consideration of the said advance payment of ₹..... (in words also) by the Government to the Contractor it has been agreed by the Contractor to execute this bond subject to the conditions hereinafter contained.

NOW THE CONDITION of the above written Bond is such that if the Contractor supplies the materials mentioned in the said agreement in complete satisfaction of the Government and in conformity with the provisions of the said security bond the above written bond shall be void otherwise the same shall be and remain in full force and effect.

All sums found due to the Government from the Contractor under or by virtue of this deed shall be recoverable from the Contractor and his/their properties both movable and immovable under the provisions of the Revenue Recovery Act for the time being in force as though such sums are arrears of land revenue and in such other manner and within such time as the Government may deem fit. "In deciding what sum of money is due to Government under or by virtue of this agreement the Contractor agrees that the decision of the Government shall be final and conclusive and shall be binding on the Contractor".

IN WITNESS WHEREOF Shri..... has signed this day of

Signed by Shri.

In the presence of witnesses:

- 1.
- 2.

**EXTRACTS OF ARTICLES 14 AND 50 OF THE KERALA STAMP ACT, 1959
(ACT 17 OF 1959)**

Description of instrument	Proper stamp duty
<p>50. Security bond or mortgage deed executed by way of security for the due execution of an office or to account for money or other property received by virtue thereof or executed by a surety to secure the due performance of a contract--</p> <p style="padding-left: 40px;">(a) When the amount secured does not exceed ₹ 1,000</p> <p style="padding-left: 40px;">(b) In any other case</p>	<p>Five rupees for every ₹ 100 or part thereof the amount secured.</p> <p>Sixty rupees</p>

FORM OF AGREEMENT

(For Rate or Running Contracts)

Agreement executed the day of between (hereinafter called "the Contractor") and Governor of Kerala (hereinafter called "the Government").

WHEREAS the Contractor has tendered for the supply of articles for the use of the Government as per tender Notification No. dated Published at pages of part of the Kerala Government Gazette dated Which tender notification shall form part of this Agreement as if incorporated herein;

"AND WHEREAS the Government/Purchasing Officer have/has been pleased to accept the offer subject to the conditions stipulated in the supply order No. Dated (which shall form part of this agreement as if incorporated herein) in respect of the articles mentioned therein".

AND WHEREAS the Contractor has as security for the due fulfillment of his obligations under this deed deposited ₹..... being per cent of the estimated value of the contract in Treasury as per Pass Book No. /Chalan No. and pledged the Pass Book to the/ as per draft on Bank duly approved by the Government/ in the form of a letter of guarantee for such amount from Bank approved by the Government.

NOW THESE PRESENTS WITNESS AS FOLLOWS

1. (a) In cases where along with the tender samples have been forwarded to the Government and the sample approved the Contractor agrees to supply the materials according to the approved samples. In other cases the Contractor agrees to forward samples to Government for approval if so required and then to supply materials according to such approved samples. When samples are not required, the Contractor agrees to supply according to standard specifications.

Samples forwarded by the Contractor to the Government will not be paid for and shall be the property of the Government but the Government are at liberty to return them to the Contractor on the completion of his contract or to pay for them at agreed rates if they

so choose. All samples must be clearly labeled showing to what particular items tendered for they relate and they should be of sufficient size and quantity to enable the Government to see if the supplies made are according to the approved samples.

(b) The contractor hereby declares that the goods sold to the buyer under this contract shall be of the best quality and workmanship and shall be strictly in accordance with the specifications and particulars contained in the copy of the order attached here with and the Contractor hereby guarantees that the said goods would continue to conform to the description and quality aforesaid for a period of days/ months from the date of delivery of the said goods to Government and that notwithstanding the fact that the Government may have inspected and/or approved the said goods, if during the aforesaid period of days/month the said goods be discovered not to conform to the description and quality aforesaid or have deteriorated (and the decision of the Government in that behalf will be final and conclusive) the Government will be entitled to reject the said goods or such portion thereof as may be discovered not to conform to the said description and quality. On such rejection the goods will be at the Contractor's risk and all the provisions herein contained relating to rejection of goods, etc., shall apply. The contractor shall, if so called upon to do replace the goods, etc., or such portion thereof as is rejected by the Government. Otherwise the contractor shall pay to the Government such damages as may arise by reason of the breach of the condition herein contained. Nothing herein contained shall prejudice any other right of the Government in that behalf under this contract or otherwise.

2. Requests for enhancement of rates once accepted will not be considered except where Government have, prior to the actual supplies, expressly agreed in writing for any price variation under specified circumstances. Conditions of sale or other special terms and conditions, if any, printed on the quotation sheets of the Contractor or attached with the Contractor's tender or any other letter or paper from the Contractor will not govern this contract nor bind the Government in any manner whatsoever unless such terms have been expressly accepted by the Government in writing.
3. The approximate quantities to be supplied are shown in the copy of the supply order herewith attached, but it is agreed that they are only estimates of and not the actual quantities required by the Government. The Government however are not obliged to purchase the entire quantity mentioned in the order or even any portion of such quantity during the period of contract, in case no actual need arises therefore. The Contractor however agrees to supply the quantity required (even if it be in excess of the quantity estimated in the order but not exceeding the estimated quantity beyond per cent) of any article at the rate tendered by him for that article within the time fixed.
4. In the case of goods delivered by shipment, the Contractor, shall where, the expected tonnage of goods is more than 200 tons, deliver goods through the Trivandrum Port, if so required by Government.

5. The Contractor agrees that time is the essence of this contract.
6. (a) If the contractor defaults in the due supply of all or any of the articles correctly and promptly as above the Government are at liberty to procure the same from elsewhere without cancelling the contract as a whole. If Government incur, in thus procuring such materials, a higher cost than the agreed rate such excess cost may be deducted by the Government from the Contractor's bill or adjusted or otherwise realized from his security deposit or recovered from him by other means. The contractor agrees that he shall not be entitled to claim the excess, if any, of the tendered rate over such cost to Government.
- *6 (b) If the Contractor fails to deliver all or any of the Stores or perform the service within the time/period(s) specified in the contract, the purchaser shall without prejudice to its other remedies under the contract, deduct from the contract price as liquidated damages, a sum equivalent to 0.5% or 1% of the delivered price of the delayed stores or unperformed services for each week of delay until actual delivery or performance, upto a maximum deduction of 10% of the contract, prices of the delayed stores or services. Once the maximum is reached, the purchaser may consider termination of the contract at the risk and cost of the contractor.
7. (a) All payments to the Contractor for supplies effected satisfactory will be made after scrutiny of his bills-
 - (i) either by departmental cheques payable at the Government Treasuries'
 - (ii) or by cheques or drafts of the Reserve Bank of India, State Bank of India and State Bank of Travancore (at any of their principal branches in India);
 - (iii) or in the case of supplies from abroad by drafts or otherwise as may be agreed to.(b) The firms will produce stamped pre-receipted invoices in all cases where payments (advance/final) for release of railway receipts/shipping documents are made through Banks. In exceptional cases where the stamped receipts of the firms are not received for the payments (in advance) the unstamped receipt of the bank (i. e. counterfoils of pay-in-slips issued by the Bank) alone may be accepted as a valid proof for the payment made.
8. All incidental expenses incurred by the Government for making payments outside the District which the claim arises shall be borne by the contractor.
9. The contractor shall not assign or make over in part or wholly the contract or the benefits or burdens thereof. The contractor shall not underlet or sublet the execution of the contract or any part thereof without the consent in writing of the Government. The Government shall have absolute power to refuse such consent or rescind such consent (if given) at any time. The contractor shall not be relieved from his obligation, duty or responsibility under this contract even if consent to let or subject is given by Government.

* Inserted by G. O. 9ms.) No. 8/96/SPD, dated 9-8-1996.

10. NOTWITHSTANDING the provisions contained in clause 5, the Government shall have the right to cancel the contract for any default on the part of the contractor in due performance thereof.
11. It shall be lawful for the Government from and out of any money for the time being payable or due to the Contractor from the Government under this contract or otherwise to set off any loss or expense, cost or damages sustained or incurred by the Government by reason of the cancellation of the contract.
12. The security deposit shall subject to the conditions specified herein be returned to the contractor within three months after the expiration of the contract. In all cases where there are guarantee for the goods supplied the security deposit will be released only after the expiry of the guarantee period.
13. The contractor agrees that any communication addressed to him may be handed over to him or his agent personally or left at his residence or place of business or may be sent by prepaid post to his address as mentioned in this deed.
14. In case the supply of articles involves erection of machinery the contractor agrees that the machinery will be erected within the time and at the place specified by the Government/Purchasing Officer in that behalf. It shall also be the duty and responsibility of the contractor to see that the machinery thus erected is in good working condition to the satisfaction of the person duly authorized by the Government/Purchasing Officer in that behalf and to ensure the proper functioning of the machinery till the guarantee period is over. In the event of the failure of the contractor to erect the machinery within the time and at the place specified by the Government/Purchasing Officer or in the event of the machinery failing to function properly during the guarantee period, the amount spent by the Government and the loss sustained by the Government on this account by making alternative arrangements shall be recoverable from the contractor in the manner provided in clause 15 hereunder.
15. The Contractor agrees that all sums found due to the Government under or by virtue of these presents shall be recoverable from him and his properties, movable and immovable, under the provisions of the Revenue Recovery Act, for the time being in force as though they are arrears of land revenue or in any other manner and within such time as the Government may deem fit. In deciding what sum of money is due to Government under or by virtue of this deed, the contractor agrees that the decision of the Government shall be final and conclusive and shall be binding on the contractor.
16. The Contractor agrees that any sum of money due and payable to him from Government shall be adjusted against any sum of money due to Government from him under any other contracts.

In witness whereof the Contractor and Sri (H.E. name and designation) for and on behalf of the Governor of Kerala have hereunto set their hands.

Signed, sealed and delivered by

(Contractor)

In the presence of witnesses

(1)

(2)

Signed, sealed and delivered by (H.E. name and designation) for and on behalf of the Governor of Kerala.

In the presence of witnesses

(1)

(2)

APPENDIX

RELEVANT CIRCULARS/ORDERS OF THE CENTRAL VIGILANCE COMMISSION

No. 98/ORD/1
Government of India
Central Vigilance Commission

Satarkata Bhavan, Block - 'A',
GPO Complex, INA,
New Delhi - 110 023
Dated 04.09.2003

Office Order No.44/9/03

To

All Chief Vigilance Officers

Sub: Irregularities in the award of contracts.

Sir/Madam,

While dealing with the case of a PSU, the Commission has observed that the qualification criteria incorporated in the bid documents was vague and no evaluation criterion was incorporated therein. It is also seen that the category-wise anticipated TEUs were not specified in the bid documents and the same was left for assumptions by Tender Evaluation Committee for comparative evaluation of financial bids, which led to comparative evaluation of bids on surmises and conjectures. Further, it was also provided as a condition in the tender bid that the tenderer should have previous experience in undertaking handling of similar work and/or transportation works preferably of ISO containers, however, no definition of 'similar works' was, indicated in the bid documents.

2. It should be ensured that **pre-qualification criteria, performance criteria and evaluation criteria are incorporated in the bid documents in clear and unambiguous terms as these criterion very important to evaluate bids in a transparent manner. Whenever required the departments/organisations should have follow two-bid system, i.e. technical bid and price bid. The price bids should be opened only of those vendors who were technically qualified by the Deptt./ Organisation.** The Commission would therefore advise that the Deptt./ Organisation may issue necessary guidelines in this regard for future tenders.

3. It has also observed that the orders were allegedly split in order to bring it within the powers of junior officers and that the proper records of machine breakdown were not being kept. It is therefore, decided that in the matters of petty purchase in emergency items all departments/organisations must keep proper records of all machine breakdown etc.

4. All CVOs may bring this to the notice of all concerned.

Yours faithfully,

Sd/-
(Anjana Dube)
Deputy Secretary

No.98/ORD/1
CENTRAL VIGILANCE COMMISSION

Satarkata Bhavan, Block 'A'
G.P.O. Complex, I.N.A.,
New Delhi- 110 023
Dated the 18th December, 2003

Subject:- Improving Vigilance Administration: Increasing Transparency in Procurement/ Sale etc.

The Commission is of the opinion that in order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity. There are many instances in which allegations have been made regarding inadequate or no publicity and procurement officials not making available bid documents, application forms etc. in order to restrict competition.

2. Improving vigilance administration is possible only when system improvements are made to prevent the possibilities of corruption. In order to bring about greater transparency and curb the mal-practices mentioned above the Central Vigilance Commission in the exercise of the powers conferred on it under Section 8(1)(h) issues following instructions for compliance by all govt. departments, PSUs, Banks and other agencies over which the Commission has jurisdiction. These instructions are with regard to all cases where open tender system is resorted to for procurement of goods and services or for auction/sale etc. of goods and services.

- (i) In addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually and through post etc. the complete bid documents alongwith application form shall be published on the web site of the organization. It shall be ensured by the concerned organization that the parties making use of this facility of web site are not asked to again obtain some other related documents from the department manually for purpose of participating in the tender process i.e. all documents upto date should remain available and shall be equally legally valid for participation in the tender process as manual documents obtained from the department through manual process.
- (ii) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process.
- (iii) The concerned organization must give its web site address in the advertisement/NIT published in the newspapers.
- (iv) If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay

the amount by draft/cheques etc. at the time of submission of the application form and bid documents.

3. While the above directions must be fully complied with, efforts should be made by organizations to eventually switch over to the process of e-procurement/e-sale wherever it is found to be feasible and practical.

4. The above directions are issued in supersession of all previous instructions issued by the CVC on the subject of use of web-site for tendering purposes. These instructions shall take effect from 1st January, 2004 for all such organizations whose web-sites are already functional. All other organizations must ensure that this facility is provided before 1st April, 2004.

Sd/-
(P. Shankar)
Central Vigilance Commissioner

To

- (i) The Secretaries of All Ministries/Departments of Government of India
- (ii) The Chief Secretaries to all Union Territories
- (iii) The Comptroller & Auditor General of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Chief Executives of all PSEs/ Public Sector Banks/Insurance Companies/ Autonomous Organisations/Societies.
- (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies
- (vii) President's Secretariat / Vice-President's Secretariat / Lok Sabha Secretariat / Rajya Sabha Secretariat / PMO

No.98/ORD/1
Government of India
CENTRAL VIGILANCE COMMISSION

Satarkata Bhavan, Block 'A',
G.P.O. Complex, I.N.A.,
New Delhi - 110 023
Dated the 6th April, 2004

Office Order No. 20/4/04

Sub: Improving Vigilance Administration: Increasing Transparency and cutting delays by e-payments and e-receipt by Govt. Organisations etc.

The Commission has been receiving complaints about inordinate delays in making payments to the vendors and other suppliers to the Govt. organisations, Public Sector Undertakings etc. Similarly complaints are received about delays in getting refunds from taxation dept. and other departments. Apart from increasing the cost of procurement, the delays lead to opportunities for corruption. A number of measures are required to cut down on delays in making payments. One such step is resorting to mechanism of e-payments and e-receipts wherever such banking facilities exist.

In the last few years tremendous progress has been made by the banking sector in computerization including net-working of branches, making it possible to do e-banking by making use of facilities like electronic clearing system (ECS) and electronic fund transfer (EFT) etc. These facilities are available in most of the banks including the State Bank of India as well as in private banks. A large number of corporates including public sector undertakings are already making e-payments to vendors and employees instead of making payments by issue of cheques.

The Commission has been receiving complaints that delay is intentionally caused with ulterior motives in the issue and dispatch of cheques in the accounts and finance wings of a large number of Govt. Organisations. As the e-payment facility is already available in the metros as well as practically in all the main urban centres of the country, in order to curb the above mentioned malpractices, the CVC in the exercise of powers conferred on it under Section 8(1) (h) issues following instructions for compliance by all govt. departments, PSUs, banks and other agencies over which the Commission has jurisdiction.

1. The payment to all suppliers/vendors, refunds of various nature, and other payments which the organisations routinely make shall be made through electronic payment mechanism at all centres where such facilities are available in the banks.
2. Salary and other payments to the employees of the concerned organizations at such centres shall also be made through electronic clearing system (ECS) wherever such facilities exist.

As the organisations will have to collect bank account numbers from the vendor, suppliers, employees and others who have interface of this nature with the Govt. organisations, the concerned organisations may plan to switch over to epayment system in a

phased manner starting with transactions with the major suppliers in the beginning or in whatever manner is found more convenient.

It is expected that in three months i.e. by 1st July, 2004, 50% of the payment transactions both in value terms as well as in terms of number of transactions shall be made through ECS/EFT mechanism instead of payment through cheques. The remaining 50% payment transactions at all centres where such facilities exist shall be made by 31st Dec., 2004.

These instructions are applicable to all the metro cities and other urban centres where the banks provide ECS/EFT and similar other facilities.

The departments, PSUs, Banks etc. should also provide an enabling environment and facilities so that businessmen and other citizens can make payment of Govt. dues and payments to PSUs etc. electronically.

In addition to significantly reducing processing costs in preparation and dispatch of cheques, the above measures also reduce the risk of frauds by providing speed, efficiency and easier reconciliation of accounts.

Sd/-
(Anjana Dube)
Deputy Secretary

To

- i) The Secretaries of All Ministries/Departments of Government of India.
- ii) The Chief Secretaries to all Union Territories.
- iii) The Comptroller & Auditor General of India.
- iv) The Chairman, Union Public Service Commission.
- v) The Chief Executives of all PSEs / Public Sector Banks / Insurance Companies / Autonomous Organisations / Societies.
- vi) All Chief Vigilance Officers in the Ministries / Departments / PSEs Public Sector Banks / Insurance Companies / Autonomous Organisations / Societies.
- vii) President's Secretariat / Vice-President's Secretariat / Lok Sabha Secretariat /Rajya Sabha Secretariat / PMO.

**No. 12-02-6-CTE-SPI(I)-2
Government of India
Central Vigilance Commission
(CTE's Organisation)**

Satarkata Bhawan
Block A, GPO Complex
INA Colony
New Delhi- 110 023
Dated: 21st April 2004

Office Order No. 25/04/04

Sub: Consideration of Indian Agents.

The Commission has received a complaint alleging that in Government tenders an agent participates by representing a company officially and another bid is submitted as a 'direct offer' from the manufacturer. At times, the agent represents a foreign company in one particular tender and in another tender the said foreign company participates directly and the agent represents another foreign company. There is a possibility of cartelization in such cases and thus award of contract at higher prices.

2. The issue has been deliberated in the Commission. In order to maintain the sanctity of tendering system, it is advised that the purchases should preferably be made directly from the manufacturers. Either the Indian Agent on behalf of the foreign principal or the foreign principal directly could bid in a tender but not both. Further, in cases where an agent participates in a tender on behalf of one manufacturer, he should not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent/parallel tender for the same item.

3. It is suggested that these guidelines may be circulated amongst the concerned officials of your organization for guidance.

Sd/-
(A.K. Jain)
Technical Examiner
For Chief Technical Examiner

To

All CEOs of Ministries/Departments/PSUs/Banks/Insurance Companies/Autonomous Organisations/UTs.

No. 05-04-1-CTE-8
Government of India
Central Vigilance Commission
(CTEs Organisation)

Satarkata Bhawan
INA Colony
New Delhi- 110023
Dated: 8.6.2004

OFFICE MEMORANDUM

Sub: Receipt and Opening of Tenders

In the various booklets issued by the CTE Organisation of the Commission, the need to maintain transparency in receipt and opening of the tenders has been emphasized and it has been suggested therein that suitable arrangements for receipt of sealed tenders at the scheduled date and time through conspicuously located tender boxes need to be ensured.

A case has come to the notice of the Commission, where due to the bulky size of tender documents the bid conditions envisaged submission of tenders by hand to a designated officer. However, it seems that one of the bidders while trying to locate the exact place of submission of tenders, got delayed by few minutes and the tender was not accepted leading to a complaint.

In general, the receipt of tenders should be through tender boxes as suggested in our booklets. However, in cases where the tenders are required to be submitted by hand, it may be ensured that the names and designation of atleast two officers are mentioned in the bid documents. The information about these officers should also be displayed at the entrance/reception of the premises where tenders are to be deposited so as to ensure convenient approach for the bidders. The tenders after receipt should be opened on the stipulated date and time in presence of the intending bidders.

Sd/-
(Gyaneshwar Tyagi)
Technical Examiner

Copy to: -

All CVOs: Ministries/Departments/PSUs/Banks/UTs

No. OFF-1-CTE-1(Pt) V
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 24th March 2005

Office Order No. 15/3/05

Subject: Notice inviting tenders - regarding.

The Commission has observed that some of the Notice Inviting Tenders (NITs) have a clause that the tender applications could be rejected without assigning any reason. This clause is apparently incorporated in tender enquiries to safeguard the interest of the organisation in exceptional circumstance and to avoid any legal dispute, in such cases.

2. The Commission has discussed the issue and it is emphasized that the above clause in the bid document does not mean that the tender accepting authority is free to take decision in an arbitrary manner. He is bound to record clear, logical reasons for any such action of rejection/recall of tenders on the file.

3. This should be noted for compliance by all tender accepting authorities.

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

005/VGL/66
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 9/12/2005

Office Order No. 71/12/05

Subject: Undertaking by the Members of Tender Committee/Agency.

In continuation of the Commission's directions vide Order 005/VGL/4 dated 16/3/2005 regarding transparency in the tender process, the Commission would advise that the members of the Tender Committee should give an undertaking at the appropriate time, that none of them has any personal interest in the Companies/Agencies participating in the tender process. Any Member having interest in any Company should refrain from participating in the Tender Committee.

2. CVOs should bring this to the notice of all concerned.

Sd/-
(Anjana Dube)
Deputy Secretary

All Chief Vigilance Officers

No.02-07-01-CTE-30
Government of India
Central Vigilance Commission

Satarkata Bhawan, GPO Complex,
Block A, INA, New Delhi 110 023
Dated 31st Dec. 2007

OFFICE MEMORANDUM
Circular No. 01/01/08

Sub: Acceptance of Bank Guarantees.

A number of instances have come to the notice of the Commission where forged/fake bank guarantees have been submitted by the contractors/suppliers. Organizations concerned have also not made any effective attempt to verify the genuineness/authenticity of these bank guarantees at the time of submission.

2. In this background, all organizations are advised to streamline the system of acceptance of bank guarantees from contractors/suppliers to eliminate the possibility of acceptance of any forged/fake bank guarantees.

3. The guidelines on this subject issued by Canara Bank provides for an elaborate procedure, which may be found helpful for the organizations in eliminating the possibility of acceptance of forged/fake bank guarantees. The guidelines issued by Canara Bank provides that -

“The original guarantee should be sent to the beneficiary directly under Registered Post (A.D.). However, in exceptional cases, where the guarantee is handed over to the customer for any genuine reasons, the branch should immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the beneficiary with a covering letter requesting them to compare with the original received from their customer and confirm that it is in order. The A.D. card should be kept with the loan papers of the relevant guarantee.

At times, branches may receive letters from beneficiaries, viz., Central/State Governments, public sector undertakings, requiring bank's confirmation for having issued the guarantee. Branches must send the confirmation letter to the concerned authorities promptly without fail.”

4. Therefore, all organizations are advised to evolve the procedure for acceptance of BGs, which is compatible with the guidelines of Banks/Reserve Bank of India. The steps to be ensured should include –
- i. Copy of proper prescribed format on which BGs are accepted from the contractors should be enclosed with the tender document and it should be verified verbatim on receipt with original document.
 - ii. It should be insisted upon the contractors, suppliers, etc. that BGs to be submitted by them should be sent to the organization directly by the issuing bank under Registered Post (A.D.).
 - iii. In exceptional cases, where the BGs are received through the contractors, suppliers, etc., the issuing branch should be requested to immediately send by Registered Post (A.D.) an unstamped duplicate copy of the guarantee directly to the organization with a covering letter to compare with the original BGs and confirm that it is in order.
 - iv. As an additional measure of abundant precaution, all BGs should be independently verified by the organisations.
 - v. In the organization/unit, one officer should be specifically designated with responsibility for verification, timely renewal and timely encashment of BGs.
5. Keeping above in view, the organizations may frame their own detailed guidelines to ensure that BGs are genuine and encashable.
6. Receipt of the above guidelines should be acknowledged.

Sd/- 26/4/10
(Smt. Padmaja Varma)
Chief Technical Examiner

To

All Chief Vigilance Officers

No.007/CRD/008
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 15th February 2008

Circular No. 07/02/08

Subject: - **Measures to curb the menace of counterfeit and refurbished IT products** - regarding.

With the increasing use of IT to leverage technology, a large number of Government organizations are either upgrading or in the process of procurement of new computer hardware and software. It is often difficult to know the difference between PC made of "**Genuine Parts**" and that made of "**Counterfeit Parts**". It may also be the case often that while various organisations order and pay for brand new equipment, they end up getting an inferior PC with counterfeit and second hand/refurbished parts disguised as new in new/original cabinets to various customers designated as consignees by the ordering agencies at the headquarters of these organizations who are ignorant or have little or no technical knowledge in the matter.

In effect, this amounts to the organisation not getting what they actually ordered and paid for. The supplies of such PC in the long run would defeat the very purpose of going for a new system. COUNTERFEITING is designed to cheat naive consumers/organizations.

This current circular is intended to help/ inform and enable due diligence as well as curbing the menace of counterfeit and refurbished IT products disguised as new.

As a first step, there is a need for all buyers in the Government Departments/ PSU to insist on a signed undertaking (sample format enclosed) from some authority not lower than the Company Secretary of the system OEM that would certify that all the components/ parts/ assembly/ software used in the Desktops and Servers like Hard disk, Monitors, Memory etc were original/ new components/parts/assembly/software, and that no refurbished/duplicate/ second hand components /parts / assembly /software were being used or would be used, so that the buying organizations were not cheated and get the original equipments as ordered by them. Also one could ask for 'Factory Sealed Boxes' with System OEM seal to ensure that the contents have not been changed en route.

Following advisory checkpoints it is hoped shall help identify the fraudulent practices that have come to notice and help guard against spurious and refurbished/duplicate/ second hand components/parts/ assembly / software being received by purchasers and consignees who receive such goods and may not have much technical knowledge.

1. **CPU.** Buyers are cautioned against buying IT Hardware with remarked CPUs that are freely / readily available in the market today. Entry Level processors get **Remarkd /**

Over clocked and sold as high end processors. These CPUs, come disguised as higher clock speed processors (e.g. a Celeron CPU can be remarked as a P4 CPU) while their real clock speed may be lower. Since Operating System is loaded from CD bundled with Motherboard, the CD contains image of configured OS. Hence information as seen in 'My Computer' - 'System Properties' shall give deceptive information. In other words, a Celeron CPU remarked as a P4 CPU, shall be seen as a P4 CPU only.

Buyers should therefore, use various tool / utilities like the 'CPU-Z' Utility or the 'sSpecNo.' for ascertaining the real parameters of the CPU. Utility like CPU-Z (approx. 1.3 MB size) are available free on the web.

2. **Hard Disk** IT Hardware with refurbished Hard Disks that are actually 2nd hand / repaired hard disks are readily available at low cost. In hard disk drives, the factory repaired hard disk drives, which are mainly used in the warranty replacements are substituted in the new machines. Same is the case observed with floppy drive and Optical disk drives many times.

Most of the competent hard disk makers use a sticker on such hard disks sold by them that clearly distinguishes such hard disks from the fresh ones. For example, manufacturer 'Seagate' marks **Green Border** and label of "Certified Repaired HDD" to distinguish such disk drives from **New Genuine HDD**. There is **No border** or **Refurbished** label on genuine new HDD.

In addition to this, buyers may also use **HDTUNE_210** Utility. This utility shall return Hard Disk Manufacturers' Serial no. and Date of manufacturing of the Hard Disk. These parameters can be used to cross-verify with the hard disk vendor. Various Hard Disk vendors also put a date code on the hard disk. A mismatch between this date and the one returned by HDTUNE_210 Utility can also be viewed as tampering with the actual information of the hard disk.

3. **Monitors.** IT Hardware with refurbished Monitors that are actually 2nd hand / repaired monitors are given a "new look" by changing the body, with internal components remaining "old / repaired". These CRT monitors are usually discarded from developed countries like US and Europe. There are also B Grade (New but Low Quality) CRT Monitors used in place of new monitors. Many times these can be distinguished by opening the cabinet body and noticing that the label on the tube does not carry various certifications and there are scratch marks on the tube. While 'Genuine' Picture Tubes have all mandatory Certifications, 'Counterfeit' Picture Tubes would not have these certifications. Certification gives an assurance of Reliability.

Further many such cathode ray tubes (Picture Tubes) are found to need extra magnets to achieve focusing and earthing also is missing. Genuine Monitors rely on 'Yoke Coil' alone to focus electronic beam. Counterfeit Monitors typically require Numerous Magnetic Strips in addition to Yoke Coil to focus electronic beam. Further, 'Earthing' and 'Shielding' provide ESD (Electro Static Discharge) protection. **Genuine Picture Tubes** have **proper "Earthing and Shielding"**. Earthing and Shielding is compromised in counterfeit Picture Tubes to reduce cost.

In 'B' Grade LCD Monitors, panels used are B grade in which the number of spots may be higher, response time & brightness of lower specs than what is stated.

Above monitors are all available at low cost.

The “**Signed Undertaking**” as suggested shall serve as a deterrent and as a safeguard to ensure that bidders are not fleecing them by supplying such monitors.

4. **Operating System.** Purchasers should check the IT Hardware supplied (randomly selected IT Hardware) for Certificate of Authenticity (COA) pasted on the PC for product serial number and OEM’s / Supplier’s name to be printed on it.

In Operating systems, pirated OS software with fake Certificates of Authenticity are used by some suppliers to cut costs. They look as good as the real ones. In PCs, counterfeiters buy legitimate software and copy the box design and packaging. Using sophisticated and expensive copiers, many copies of illegal CDs are created in a day. Purchasers should guard against buying IT Hardware with pirated copies of Operating Systems. Such Operating Systems, though, available at low prices, do not have the updated patches and security features that help safeguarding the PC and also improve its lifespan. Purchasers, therefore, may use the standard testing procedures (randomly on randomly selected IT Hardware) available on the following URL for ascertaining the authenticity of the operating system installed on their PC :

<http://www.microsoft.com/resources/howtotell/ww/windows/default.msp>

Microsoft provides an inbuilt tool to diagnose the “Genuineness of its Operating System”. One could go to ‘My Documents’, and ‘Help’, from where one shall get step by step instructions to find out whether the windows installed is genuine.

<http://www.microsoft.com/resources/howtotell/ww/windows/default.msp>

5. **Mechanical Keyboards:** Fake mechanical keyboards that are partially mechanical, with only the key plunger being that of a real mechanical keyboard and rest of the keyboard features remaining the same as those of membrane keyboard are being passed on as true mechanical keyboards. While these keyboards are available at low prices, they do not offer the robustness and long key-stroke life expected of a real mechanical keyboard. Real Mechanical Keyboards are expected to have Keystroke life of 50 Million as against 10 million for Membrane and Semi- Mechanical Keyboards. In case of bulk orders, it is recommended to physically examine a few keyboards for their construct to ascertain the genuineness of their being real mechanical keyboards.

6. **Low Quality Memory Module** – Memory chips are remarked or downgraded wafers are plastic packed under unknown brands or remarked with names of wellknown brands. Such memory modules have lower performance levels. It is better to go in for proven reputed brands such as Kingston, Transcend, Corsair, Samsung and Hynix to name a few available in the market.

7. **Fraudulently Marked SMPS** – In power supplies, wrong marking of the wattage is done. The power supplies do not carry all required certifications. While ‘Genuine’ Power supplies carry all mandatory certifications, in counterfeit Power supplies these certifications shall be found missing. Further Short circuit & over voltage protection circuitry could be missing in counterfeit Power Supply to reduce cost.

8. **Counterfeited Consumables** – Counterfeited consumables such as printer cartridges etc are used which are refilled with ink of poor quality leading to poor performance and clogging, smudging in printers etc. It is advisable to buy such consumables from OEM authorized suppliers or distributors to ensure quality and longevity of the printer equipment.

Sd/-
(V. Ramachandran)
Chief Technical Examiner
Central Vigilance Commission

All Chief Vigilance Officers in the Ministries/Departments/PSEs/ Public Sector Banks/Insurance Companies/ Autonomous Organisations/Societies
Annexure: Model Undertaking of Authenticity form

Sub: Undertaking of Authenticity for Desktops and Server Supplies

Sub: Supply of IT Hardware/Software -- Desktops and Servers
Ref : 1. Your Purchase Order No. -----dated-----.
2. Our invoice no/Quotation no. -----dated-----.

With reference to the Desktops and Servers being supplied /quoted to you vide our invoice no/quotation no/order no. Cited above,---

We hereby undertake that all the components/parts/assembly/software used in the Desktops and Servers under the above like Hard disk, Monitors, Memory etc shall be original new Components/parts/ assembly /software only, from respective OEMs of the products and that no refurbished/duplicate/ second hand components/parts/ assembly / software are being used or shall be used.

We also undertake that in respect of licensed operating system if asked for by you in the purchase order, the same shall be supplied along with the authorised license certificate (eg Product Keys on Certification of Authenticity in case of Microsoft Windows Operating System) and also that it shall be sourced from the authorised source (eg Authorised Microsoft Channel in case of Microsoft Operating System).

Should you require, we hereby undertake to produce the certificate from our OEM supplier in support of above undertaking at the time of delivery/installation. It will be our responsibility to produce such letters from our OEM supplier's at the time of delivery or within a reasonable time.

In case of default and we are unable to comply with above at the time of delivery or during installation, for the IT Hardware/Software already billed, we agree to take back the Desktops and Servers without demur, if already supplied and return the money if any paid to us by you in this regard.

We (*system OEM name*) also take full responsibility of both Parts & Service SLA as per the content even if there is any defect by our authorized Service Centre/ Reseller/SI etc.

Authorised Signatory

Name:
Designation
Place
Date

No.008/CRD/008
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 24th July 2008

Circular No. 22/07/08

Sub: - Referring cases of Procurement to the Commission.

The Commission has noted a significant rise in the number of references made to it involving procurement at different stages. These relate to specific cases and are not generic in nature. Essentially they belong to the domain of managerial decision making and the matter needs to be decided at that level.

The Central Vigilance Commission and its Chief Vigilance Officers, as a matter of policy do not interfere in the process of decision making, which is a management function of the respective organization.

The Commission has issued various circulars/guidelines /instructions in order to promote transparency, improve competition and ensure equity among participants. However, if any organization faces difficulty in the application of any of the circulars/guidelines/instructions issued by the Commission, then it may approach the Commission bringing out the difficulties along with a proposed generic solution listing out the ingredients of the special circumstances for examination and review by the Commission. References of a general nature having elements of managerial decision making and concerning a particular procurement should be avoided.

(V. Ramachandran)
Chief Technical Examiner
Central Vigilance Commission

All Chief Vigilance Officers in the Ministries/Departments/PSEs/ Public Sector
Banks/Insurance Companies/ Autonomous Organisations/Societies

No.008/VGL/083
Government of India
Central Vigilance Commission

Satarkata Shawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 6th November 2008

Circular No.31/11/08

Subject: Time bound processing of procurement.

The Commission has observed that at times the processing of tenders is inordinately delayed which may result in time and cost overruns and also invite criticism from the Trade Sector. It is, therefore, essential that tenders are finalized and contracts are awarded in a time bound manner within original validity of the tender, without seeking further extension of validity. While a short validity period calls for prompt finalization by observing specific time-line for processing, a longer validity period has the disadvantage of vendors loading their offers in anticipation of likely increase in costs during the period. Hence, it is important to fix the period of validity with utmost care.

2. The Commission would, therefore, advise the organizations concerned to fix a reasonable time for the bids to remain valid while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking the approval of the Competent Authority, etc., and to ensure the finalization of tender within the stipulated original validity. Any delay, which is not due to unforeseen circumstances, should be viewed seriously and prompt action should be initiated against those found responsible for non-performance.

3. Cases requiring extension of validity should be rare. And in the exceptional situations where the validity period is sought to be extended, it should be imperative to bring on record in real time, **valid and logical grounds**, justifying extension of the said validity.

4. These instructions may please be noted for immediate compliance.

Sd/-
(Shalini Darbari)
Director

All Chief Vigilance Officers

No.005/VGI/4
Government of India
Central Vigilance Commission

Satarkata Bhawan, Block 'A',
GPO Complex, INA,
New Delhi- 110 023
Dated the 14th July, 2009

CIRCULAR No. 17/7/09

Subject: Posting of details on award of tenders/contracts on websites.

The Commission vide circulars dated 16.03.2005, 28.07.2005 and 18.04.2007 had directed all organisations to post on their web-sites a summary, every month, containing details of all the contracts/purchases made above a threshold value (to be fixed by the organisations) covering atleast 60% of the value of the transactions every month to start with on a continuous basis. CVOs were required to monitor the progress and ensure that the requisite details were posted regularly on respective websites, and also to incorporate compliance status in their monthly report to the Commission.

2. On a review of the status of implementation by the organisations, it is observed that some organisations have not adhered to the instructions and implemented the same. Further, such information being posted on the websites are not being regularly updated on a continuous basis by certain organizations and, in some cases, the information published is disjointed and not as per the prescribed format laid down by the Commission. It is also seen that a few organisations have placed such information on restricted access through passwords to registered vendors/suppliers etc. which defeats the basic purpose of increasing transparency in administration.

3. The Commission, therefore, while reiterating its aforementioned instructions would direct all organisations/departments to strictly adhere and post summary of details of contracts/purchases awarded so as to cover 75% of the value of the transactions without any further delay. Any failure on the part of the organisations on this account would be viewed seriously by the Commission.

4. All Chief Vigilance Officers should reflect the compliance status in their monthly reports to the Commission after personally verifying the same.

Sd/-
(Shalini Darbari)
Director

To

All Secretaries of Ministries/Departments
All CEOs /Heads of Organisations
All Chief Vigilance Officers

No.011/VGL/014
GOVERNMENT OF INDIA
CENTRAL VIGILANCE COMMISSION

Satarkata Bhawan, GPO Complex,
Block A, INA, New Delhi 110 023
Dated 11th February, 2011

Circular No. 01/02/11

Sub: Transparency in Tendering System

There have been instances where the equipment/plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of the various technical solutions available in the market to meet the desired objectives of a transparent procurement that ensures value for money spent simultaneously ensuring upgradation of technology & capacity building.

2. The Commission advises that in such procurement cases where technical specifications need to be iterated more than once, it would be prudent to invite expression of interest and proceed to finalise specifications based on technical discussions/presentations with the experienced manufacturers/suppliers in a transparent manner. In such cases, two stage tendering process may be useful and be preferred. During the first stage of tendering, acceptable technical solutions can be evaluated after calling for the Expression of Interest (EOI) from the leading experienced and knowledgeable manufacturers/suppliers in the field of the proposed procurement. The broad objectives, constraints, etc. could be published while calling for EOI. On receipt of the Expressions of Interest, technical discussions/presentations may be held with the short-listed manufacturers/suppliers, who are prima facie considered technically and financially capable of supplying the material or executing the proposed work. During these technical discussions stage the procurement agency may also add those other stakeholders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality bench marks, warranty requirements, delivery milestones, etc., in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/presentations and the process of decision making should be kept.

3. Once the technical specifications and evaluation criteria are finalized, the second stage of tendering could consist of calling for techno commercial bids as per the usual tendering system under single bid or two bid system, as per the requirement of each case. Final selection at this stage would depend upon the quoted financial bids and the evaluation matrix decided upon.

4. Commission desires that organizations formulate specific guidelines and circulate the same to all concerned before going ahead with such procurements.

Sd/-
(Anil Singhal)
Chief Technical Examiner

To

All Secretaries of Ministries/Departments
All CEOs/Heads of Organisations
All Chief Vigilance Officers