

MINUTES OF THE 95th BOARD OF GOVERNORS MEETING OF INDIAN INSTITUTE OF MANAGEMENT KOZHIKODE HELD ON 14 AUGUST 2021 AT 11:00 HRS VIA ZOOM

Agenda Item BGM 95.5

Public Procurement Procedure at IIMK

The Public Procurements at IIMK are being carried out in accordance with the General Financial Rules 2017 and the Manual for procurement of Goods 2017. General Guidelines on Procurement Procedure adopted at IIMK, which consists of the extracts of GFR 2005 and relevant orders of CVC are posted on the Intranet of the Institute.

A revised “Public Procurement Procedure” to be followed at IIMK is proposed to be introduced as replacement to the “General Guidelines on Procurement Procedure” adopted at IIMK. The revised document, attached as “**Annexure B**” spells out the stages in the procurement cycle, the rates and responsibilities of the various offices & sections, Contract Management and Procurement cycle timelines to be followed. The document is intended to bring greater clarity on the Procurement Procedures and better understanding by one and all to effect smooth conduct of Public Procurement at the Institute.

The Board may kindly approve the revised ‘Public Procurement Procedure’ to be implemented in IIMK, as brought out in the Annexure B given below.

The Board approved the revised ‘Public Procurement Procedure’ to be implemented in IIMK, as brought out in the Annexure B.

Annexure B

(Refers to Agenda Item BGM 95.5)

Public Procurement Procedure at IIMK

Introduction

1. The Institute undertakes procurement of goods, works and services essentially through three departments i.e. Civil Engineering Department, Electrical Engineering Department and Purchase Section. Capital works undertaken by the Institute are carried out in accordance with the CPWD Manual 2019 while all other Procurements are done in accordance with the General Financial Rules 2017 and the Manual for Procurement of Goods 2017. The delegation of Financial Powers to officers of the Institute has been duly approved by the Board of Governors vide Agenda Item No. 83.12 of the 83rd Board Meeting held on 07 Aug 2018. The important and practical aspects of Public Procurement undertaken by the Purchase Section are elaborated in this document.

Procurement Cycle

2. The Procurement cycle at the Institute is fulfilled in the following stages -

Stage 1: Needs recognition & requisition initiation.

Stage 2: Approval by the Competent Financial Authority.

Stage 3: Tendering Process till award of Contract/Purchase Order/
Placement of Work Order.

Stage 4: Execution of Contract Agreement/Delivery of Goods,
Services.

Stage 5: Contract Management.

Stage 6: Accounting of Stores/Assets and Release of payment as per
Schedule.

Execution

3. (a) The Programme Offices/Departments/Computer Centre assesses the requirement of certain goods/services and obtains the approval – in – Principle from the Competent Authority. The detailed specification of the Goods/Services required along with details of the Potential suppliers and approximate cost estimate (if available) will be intimated to the Purchase Section, along with the Approval – in-Principle of the Competent Authority.

(b) The Purchase Section will undertake the Procurement of Goods/Services through any of the following modes of procurement namely: -

- (i) Open Tender Enquiry.
- (ii) Limited Tender Enquiry.
- (iii) Single Tender Enquiry without Proprietary Article Certificate (PAC)
- (iv) Single Tender Enquiry with Proprietary Article Certificate.
- (v) Direct Procurement without Quotations.
- (vi) Direct Procurement through Local Purchas Committee (LPC).
- (vii) Procurement against Rate Contract (RC)

4. Common use items such as office stationery, Hygiene Products and IT consumables are purchased through Rate Contract (RC). The Purchase Section will identify the sources for supply of these items through a process of request for Quotation (RFQ) in each financial year and award Rate Contracts to the suppliers who offer the Lowest rates for each item. The requirements projected by the user departments/faculties is compiled every month/every quarter and procured from the concerned supplier at the rates fixed under RC.

5. Rule 149 of GFR 2017 (Duly amended vide DoE Letter No: 1/26/2018-PPD dt. 02 April 2019) stipulates that it is mandatory to procure Goods & Services available on Government e-Market Place (GeM) through GeM Portal. Accordingly, in case of Goods costing up to Rupees Twenty-Five Thousand only (Rs 25,000/-), Direct-on-line Purchase will be carried out from the supplier meeting the requisite quality, specifications & delivery period (Q, S, & D). This is Direct Procurement without Quotation.

6. In case of Goods costing above Rs 5,00,000/-. Purchase from the GeM Seller quoting the lowest price amongst the available sellers,

of at least three different manufactures & who meets the Q, S, D can be done by Direct Procurement with Quotations.

7. In case of Goods available on GeM Portal costing above Rs 5,00,000/-, on line Bidding/Reverse e-auction to obtain the supplier with Lowest Price Bid meeting requisite Q, S & D will be carried out.

8. In case of Goods which are to be procured under emergency or fast tracked, for items costing above Rs 25,000/-, up to Rs 2,50,000/-, a Local Purchas Committee constituted by the CAO will carry out a Market Survey and submit a report, duty recommending the reasonable rates for the Goods.

9. When the items to be procured are to be procured from the Original Equipment Manufacturers (OEMs) or Manufactures having Proprietary rights (including the authorized dealers & Stockist), the indenting office (Department/Faculty) shall submit a Proprietary Article Certificate (PAC) in the prescribed form, along with the requisition, to the Purchase Section. The Purchase Section will place the supply order through Single Tender Enquiry against PAC. It is important to note that No item should be procured on PAC basis for more than 3 years, after which it is mandatory to procure the same through Open Tender Enquiry.

10. Under the provisions of Rule 166 of GFR 2017, Procurement through Single Tender Enquiry (STE) can be carried out by inviting tender invitation from only one firm without a PAC Certificate. The reasons to carry out procurement through STE must be recorded in the approval. The same is applicable in case of emergencies or to enable standardization of machinery components or spare parts.

11. When the estimated cost of procurement is between Rs 2.5 lakhs to Rs 25 lakhs in case of Goods/Services not available on the GeM Portal, Tenders may be floated to a minimum of three vendors/contractors from a Pre-selected list, to obtain bids for the Goods/Services. This process of Limited Tender Enquiry (LTE) may be followed in case of existing or prospective urgency in procurement or in case Government Policy designates Procurement from specific agencies. This method may also be followed in case the source of supply of Goods/Services are definitely known and the possibility of fresh sources beyond those being tapped is remote. In case the nature of items to be procured requires pre-verification of the competence of the firms, this method of procurement is followed.

12. Procurements exceeding the estimated value of Rs 2.5 lakhs will preferably be undertaken through Open Tender Enquiry mode. This process is relatively complex and more time consuming than other modes, but will enable wider participation and hence more competitive pricing and will be the default mode of procurement.

13. IIMK undertakes its Procurements (Open Tender Enquiry & Limited Tender Enquiry) through E – Procurement Portal of E-Wizard-<https://mhrd.euniwizarde.com>. The same has been notified in the

Institute Website along with guidelines to prospective bidders for registration & participating in e-procurement.

Contract Management

14. On completion of the tendering process, the Purchase Section issues an offer letter to the successful bidder, to engage in a contract with the Institute to provide the Goods/works/services. Once the successful bidder accepts the Letter of offer, the Institute signs a Contract Agreement (CA) with the successful bidder, on the mutually agreed terms & conditions stipulated in the NIT.

15. In the case of Programme Offices, all contracts signed on procurements based on Indents approval for Goods, works & services will be managed by the Purchase Section.

16. The Contract Agreements signed in respect of Goods/Services/Procured on indents approved through the computer Centre, Estate Section, Transport Section and the General Administration Section will be managed by the concerned Section. All correspondences with the Contractor regarding the Contract will be undertaken by the respective Section.

17. The Release of payment to the contractors, as per Payment Schedule will be processed by the Section/Department which manages the Contract Agreement.

18. Purchase Section shall process the case to release the amount of money received from bidders as Earnest Money Deposit (if any) on completion of the bidding process.

19. The Contract Management Agency (Purchase Section or other section as intimated in Para 16 above) shall collect the Performance Guarantee Security Deposit (whenever applicable) from the Contractor through Electronic Money Transfer/Bank Guarantee /Demand Draft, in favour of the Institute.

20. The Bank Guarantees received from the successful bidder as performance Guarantee deposit must be immediately verified from the issuing bank before acceptance. The confirmation must be obtained in writing from the issuing bank through speed post/registered post or courier.

21. The verified BGs must be deposited with the accounts Department for safe custody, however the responsibility of monitoring the BGs before their validity expires will rest with the contract management authority spelt out at para 15 &16 respectively.

Procurement Cycle Timings

22. On receipt of approved indent and the Technical Specifications (wherever necessary), the Purchase Section will commence the

procurement process. Tentative time lines for completion of this process is as under –

- (a) Preparation of Tender Document & obtaining approval : 5-7 working days
- (b) Publication of Tender on E-Wizard Portal and IIMK Website : 3 working days
- (c) Time for bidders to submit bids : 21 days
- (d) Evaluation of Technical bid by Tender Evaluation Committee & obtain approval : 5-7 working days
- (e) Evaluation of Price bid by Tender Evaluation Committee & obtaining approval : 5-7 working days
- (f) Award of Offer Letter to the successful bidder : 1-3 working days
- (g) Signing of CA : 1-3 working days
- (h) Signing of work order & commencement of work : 5-7 days

The above time lines indicate that a lead time of two months (sixty days) is essential, to undertake the Procurement process, hence it is the responsibility of the indenting authority to obtain the requisite approval and intimate the Purchase Section in time.

23. In case of emergent Purchases, these timelines may be compressed to the extent possible, however the urgency of the procurement must be endorsed by the indenting authority, prior to obtaining approval of the Competent Authority.

24. Renewal (Meaning Extension) of Contract Agreements may be undertaken under following conditions: -

- (a) Renewal Clause is included in the Contract Agreement.
- (b) All terms & conditions of the Contract Agreement remains the same, except for the period of execution being extended by the said duration.

25. Renewal or extension of contracts beyond the period specified is the Original Contract Agreement (and permitted extension Period) will not be processed for approval and Fresh Tendering Process must be undertaken.

26. Price variation clause is permitted only in contracts which are executed beyond 18 months. Such a clause must conform to Rule 225 (viii) of GFR 2017.

Miscellaneous Points

27. Statutory Taxes, Duties and levies of the Central and State Governments are to be borne by the buyer (Institute), hence the

suppliers/Contractors will be required to submit the bills including these statutory charges. The permitted revisions will however be admissible.

28. When a department decides to replace an existing old item with an improved new one by trading the old one through buy back provision, it must be ensured that the condition of the old item and the base price of the old item for assessing the cost estimate must be intimated to the purchase Section at the time of placing indent for the new items.

29. The procurement of Course Material will be implemented as per the Policy, duly approved by Dean (Faculty Administration & Development) vide note dated 28.11.2020.