

# HANDOUT 1

## TENDERS

- a. **GFR Rule 21 Standards of financial propriety.** Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers.

Every Officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

- b. **Definition of tender:** A tender is an offer in writing to contractors to execute some specified works, provide some specified services or to supply specified materials within a fixed time frame and **as per conditions of contract** and agreement between the contractor and the owner or the department or the party.

- c. **Definition of Contract:** Definition of contract: Engineering code 1201: When two or more persons have a common intention communicated to each other to create some obligation between them there is said to be an agreement. "An agreement" which is enforceable by law is a "Contract" . According to Section 10 of the Indian Contract Act, 1872 only those agreements are enforceable by law which are made by the free consent of the parties (see para 1256), competent to contract (see para 1259), for a lawful consideration (see para 1224) and with a lawful object, and are not expressly declared to be void.



d. **TYPES OF TENDERS**

- i. **OPEN TENDER:** Engineering code 1213. The system of invitation to tender by public advertisement in the most open public manner possible should be used as a general rule and must be adopted, subject to the exceptions noted in paragraphs 1211 and 1214.
- ii. **LIMITED TENDER:** Engineering code 1214. Where for reasons which should be in the public interest, it is considered not practical or advantageous to call for open tenders, limited tenders may be invited with the concurrence of the Financial Adviser and Chief Accounts Officer and approval of the competent authority. The reasons for inviting limited tenders from firms/contractors should be kept on record while approaching finance for concurrence.

Some percentage of the tenders which would normally be finalised by calling limited tenders, be finalised by calling open tenders so as to test the market rates periodically.

- iii. **SINGLE TENDER: Engineering Code 1214-A :** Single tender can be awarded under following situation such as :

**(1) EMERGENT SITUATION:**

1. Accidents, breaches involving dislocation to traffic.

2. Works of specialised nature to be personally approved by the GM/CAO (C) with prior/ concurrence of the FA & CAO. This power is not to be delegated to any other authority.
3. Any other situation where General Manager personally considers it inescapable to call for single tenders subject to this powers can be exercised by GM only with prior concurrence of Finance.

**(2) Annual Maintenance Contract** for equipment can be placed on single tender basis on authorised dealers with approval of Additional General Managers of Railways.

**e. What is global tender?**

An open tender which is advertised outside India also and in which bidding from abroad is permitted is a Global tender. As per the latest Ministry of Finance guidelines, no Global Tender Enquiry (GTE) shall be invited for tenders upto Rs.200 crore.

GFR Rule 161 (IV) : Where the Ministry or Department feels that the goods of the required quality, specifications etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, the Ministry or Department may send copies of the tender notice to the Indian Embassies abroad as well as to the foreign Embassies in India.

**f. Different ways of floatation of tenders:**

**i. Single packet tenders**

**ii. Two packet single stage tenders GFR RULE 163**

**iii. Two stage tenders GFR RULE 164:** This is adopted when it is not feasible to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders; or the character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both; or Ministry/Department seeks to enter into a contract for the purpose of research, experiment, study or development, or where the bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement.

**g. Two principles of tender evaluation:**

**i. QCBS system:** This system is to be used for procurement of consultancy services where quality of service is the main concern. In QCBS initially the quality of technical proposals is scored as per criteria announced in the RFP. Only those responsive proposals that have achieved at least minimum specified qualifying score in quality of technical proposal are considered further. After opening and scoring, the Financial proposals of responsive technically qualified bidders, a final combined score is arrived at by giving predefined relative weight ages for the score of quality of the technical proposal and the score of financial proposal.

**ii. Least Cost System:** LCS is appropriate for assignments of a standard or routine nature (such as audits and engineering design of non-complex works where well established methodologies, methodologies, practices and standards exist. Unlike QCBS, there is no weight age for Technical score in the final evaluation and the responsive technically qualified proposal with the lowest evaluated cost shall be selected.

**h. Circumstances where tendering is not required:**

Model Schedule of Power, 2018, as amended from time to time allows the executive to dispense with the calling of tenders for works which are urgent in nature and receive offers in response to quotation.

Calling of tenders, their evaluation and award is a time consuming process. The tender notice period is minimum 21 days.

Secondly, there is no certainty that the tender will be awarded.

So works which have to be done urgently are done using quotations which are means of eliciting offers from the market without any mandatory advertisement of notice or detailed terms and conditions. Usually, Quotation notices are 10 day long.