

ATOMIC ENERGY EDUCATION SOCIETY

(An Atonomous Body under the Department of Atomic Energy, Govt. of India)

Purchase Procedure

Central Office, Anushaktinagar, Mumbai - 400 094

GENERAL

Atomic Energy Education Society an autonomous institution under the Department of Atomic Energy, Government of India was established in 1969 for providing education to the children of the employees of the Department of Atomic Energy and its constituent Units. At present the Society runs 30 schools and Junior Colleges at 16 different locations.

In earlier years, requirement of materials and stores required for AEES were made through Directorate of Purchase and Stores (DPS). Consequent on the increasing activities of AEES and allocation of separate fund under 9th Plan by DAE towards infrastructure development of AEES, Schools there is a need arise to establish a system in AEES to manage procurement of stores which includes accounting, inspection, distribution, inventory control etc.

Purchase & Stores Cell in AEES.

Considering the above requirement, Governing Council of AEES in its' 101st meeting has approved the setting up of a purchase Cell in AEES for the procurement of equipment computers, furniture etc. expeditiously. This cell is responsible for processing indents, inviting quotations and releasing purchase orders, for the requirement of all AEC Schools and Jr. College at Mumbai from Non-Plan Budget and all schools including outstation schools from Plan Budget. This cell is also responsible for receipt, inspection accounting & distribution of Stores procured for Mumbai Schools under Non-Plan and all Centers under Plan a/c. Purchase Cell in Central Office will function under the over all guidance of a Purchase Committee constituted by Secretary, AEES.

Purchase Committee – Mumbai.

The committee consists of Secretary AEES as the Chairperson, Senior Principal & Chief Administrative Officer, AEES Accounts Officer, AEES, Chairman LMC, AECS/JC, Mumbai, one Purchase Officer from DPS as Members and AAO (PC) as Member Secretary. The committee will over see and monitor the purchase and stores requirement at Anushaktinagar Schools and Central Office from the non-plan budget and the purchase requirements of all schools including outstation schools from plan budget. All purchasers involving expenditure exceeding Rs.1 lakhs will be referred to the purchase committee. The Committee will ensure that all the laid down procedures are strictly followed while procuring various items.

In addition to above, a number of teaching aids, Lab consumables and equipment are purchased by AEC Schools at different Centers every year to meet the educational requirement of the schools.

Purchase Advisory Committee – Schools.

Purchase Committee constituted by Chairman, LMC in the School will oversee the implementation of the purchase procedure in schools while procuring the materials. Purchase Committee constituted in the School consists of at least three members of the Management Committee. (Including the Principal). The purchase Committee is a Sub-Committee of the Management Committee and is as such collectively responsible to AEES through the Management Committee for faithfully implementing the purchase procedure. In schools the Principal of the School is responsible, strictly to adhere to the purchase procedure and the other instructions issued by the AEES. The Purchase Committee is to be associated with the purchases which are beyond the financial powers of the Principal, right from the stage of selection of firms to inviting quotations till the purchase are actually made.

PUVVN Committee of Schools

Committee constituted for PUVVN a/c shall scrutinize all the proposals for procurement of items from the PUVVN a/c of the school and submitted to the Head of the school for approval.

APPROVAL TO PURCHASE PROPOSALS:

As per the guidelines issued by DAE vide OM No. 29/7/2002/ R & D-II/1241, dated 20.1.2004, Governing Council of AEES may accord approval to purchase proposals subject to availability of funds in the approved Budget. This is applicable to all types of stores, equipment, raw materials, components etc. needed by AEES and also award of contracts there for up to the financial limits shown below: -

Purchase Proposals:

Upto -	8 crors -	Open tender.
Upto -	3 crore -	Limited tender
Upto -	2 crore -	Single/Negotiable tender
Upto -	2 crore -	Proprietary items

The Governing Council of AEES has re-delegated the above powers to the extent as per the delegated powers issued vide order No. AEES/A(1.14)/2002/10159 dated 12.3.2002. However, prescribed purchase procedure shall be followed invariably before authorizing any purchase. Services of the purchase advisory committee/purchase committee shall be utilized for finalizing the contract.

Note: As regard purchases from PUVVN a/c, the guidelines issued by Central Office, AEES from time to time may be followed.

As the expenditure on schools run by the Society is met from the grants received from Department of Atomic Energy, Government of India, its is incumbent on the Society to follow the rules and procedures prescribed by Government of India and modified from time to time.

General principles to be followed in procurement of teaching aids, articles for science laboratories etc in schools

1. Purchase should be properly planned. This involves forecasting the actual requirements, instituting timely action for making the purchases, inspecting the articles and ensuring adequate storing arrangements. Short-term planning resorted in respect of purchases of teaching aids, sports materials, art and craft materials, consumable articles for science laboratories etc. Long-term planning is resorted to in respect of purchases of science laboratory equipment, furniture, audio-visual equipment, Office equipment etc. The essence of long term planning envisages, phasing the purchases in stages in the order of priorities. In other words, meeting the most essential requirements first and the less essential requirements next.
2. The quantity of articles to be used for demonstration purpose should not exceed the prescribed number or more than one if a limit has not been prescribed.
3. The quantity of articles to be used for experiments by students should bear relation to the actual number of students doing practical plus a small reserve for normal growth in the strength.
4. The requirement of similar articles to be used in more than one department should be pooled together and purchases made in lump sum to get more competitive rate and secure economy.
5. The pre-requisite for making purchase is an indent (a list of actual requirement). The teacher in charge of the Lab/subject should be asked to prepare the list of items with detailed specification of the items required and estimated cost of each item. Improper and incomplete specifications would lead to contacting of wrong suppliers, which would result in losing of precious time in processing the requirement. The details indicating the existing stock and the additional requirement of each item may also be furnished. The ceiling limits prescribed by AEES/DAE should not be exceeded under any circumstances.
6. As per the Purchase Procedure, all proposals for the purchase of stores, equipment, raw materials, components, etc. shall be made subject to availability of funds in the approved Budget. Before processing the indent for procurement of stores, it may be ensured that funds are available and necessary certification to that effect has been made in the Indent.
7. The mode of purchase to be adopted in each case is depending on the value of each indent. Mode of purchase is elaborated in the following Chapters.
 - In partial modification of the guidelines issued by DAE, the Chairman, Local Management Committee may approve spot purchases where the value of an indent is not exceeding Rs. 20,000/- (instead of telephonic quotation). The spot purchase may be effected in exceptional and urgent cases through a sub-committee consist of minimum of three members including one member from the local management committee.

- Tenders need not be called for the procurement of library books. Library book may be purchased from the reputed and standard booksellers on the prevalent terms and conditions with the approval of appropriate authority as per the delegated powers. Price applicable in this case will be the price printed in the books/Publishers price list. Effort may be made to get maximum discount as applicable to educational institutions.

Highlight of Purchase Procedure.

Standard of financial propriety.

- **Exercise same vigilance in public expenditure as a person of ordinary prudence would exercise on his own expenditure.**
- **Should not prima-facie be more than occasion demands.**
- **Powers not to be exercised to pass an order directly or indirectly benefiting self.**
- **Expenditure not for benefit of particular person or section of society unless claim judicially enforceable or in pursuance of recognized policy or custom.**

In respect of procurement of any item or service, responsibility and accountability of every authority delegated with financial powers is total and indivisible and is not merely discharged by selecting cheapest offer but must conform to following yardsticks of financial propriety.

- **Whether offers invited in accordance with governing rules and after following a fair and reasonable procedure.**
- **Whether the selected offer will adequately meet the requirement for which intended.**
- **Whether price on offer is reasonable and consistent with quality offered.**
- **Above all, whether the accepted offer is the most appropriate one taking all relevant factors into account and in keeping with the standards of financial propriety.**

Whether called for, concerned authority must place on record precise terms the considerations, which weighed with it while taking the procurement decision.

Important principles to be followed while entering into contracts :

- **Terms must be precise and definite.**

- **Standard forms to be adopted – if not, then legal and financial advice taken for drafting.**
- **In selecting tender to be accepted, financial status of tenderers to be taken into a/c along with relevant factors.**
- **No work / supplies undertaken without at least a written undertaking for price.**
- **If contract is for long period, there must be a provision for unconditional revocation or cancellation at Govt.'s discretion, on giving reasonable notice (not > 6 months).**
- **All contracts should provide for liquidated damages for contractor's default unless there are special instructions.**
- **Terms of a contract should not be materially varied without previous consent of authority competent to enter into contract so varied.**
- **If extension of time given it is to be with a provision to deny increase in price under PVC coming into force during such extended period-however purchaser to avail benefit of price reduction if any**

Points of concern in the concurrence of contracts – purchase / works:

- **Whether tenders have been invited fairly and in compliance with existing instructions.**
- **Whether the technical evaluation has been done on the basis of explicit and unambiguous criteria published in the NIT – wherever applicable such criteria should also be formulated as per extant Govt. instructions.**
- **Whether the CST (in 2 –part tenders, only of the technically qualified bidders) has been prepared properly taking all relevant factors into account.**
- **If revised price bids are invited, proper reasons are available on record and that revised bids are invited fairly.**
- **Recommendation is on the lowest technically qualified offer only- in exceptional cases reasons for placing order on any other bidder are to be clearly recorded.**

CHAPTER - I
Guidelines for Purchase Procedure

(Issued by Joint Secretary (R & D) DAE vide OM No.: 29/7/2002/ R & D-II/124/ dated 20.01.2004, to be followed in AEES for approval of purchase of all types of stores equipment, raw materials, components etc. needed by the aided autonomous institutions under DAE).

4. APPROVAL OF PURCHASE

- 5.0 Purchase proposals for equipment, components, raw materials and all types of stores needed by the Aided Autonomous Institutions shall be made duly approved by the Governing Council or the Authority delegated with these powers for the same.
- 6.0 The Indenting Authority should ensure that the specification of the items required to be purchased is complete in all respects and that no such material is available in stock.

7. MODE OF PURCHASE

- 8.0 The Purchasing Authority concerned, after satisfying that the indent is complete in all respects, shall decide the mode of purchase and invite tenders by adopting any one of the following modes of purchase. In deciding the mode of purchase in respect of imported items, the F.O.B. value shall be the criterion for applying the prescribed financial limit. Selection of suppliers should ensure a fair number of suitable vendors except in the case of a few proven core suppliers who can be invariably contacted to ensure timely supplies. The Institute may register as many suppliers as possible that will be in a position to meet the requirements of the Institute. For imported stores, however, the respective foreign manufacturers/suppliers and/or Indian agents shall be contacted.

9. OPEN TENDER/ PUBLIC TENDER

- 10.0 Purchase shall normally be made by inviting Open Tenders in all cases where the estimated value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.10,00,000/- (Rupees Ten lakh only).
- 11.0 The Institute may fix tender fees in respect of tender documents to be sold against public tenders invited and shall lay down suitable procedures in this regard keeping in view the estimated value of items to be purchased as well as the man-hours and materials spent in the preparation of tender specifications and drawings.
- 12.0 'Open Tender' system can be dispensed with and limited tender system adopted as the mode of purchase even when the estimated value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.10.00

lakh (Rupees Ten Lakh only) provided detailed justification for dispensing with the issue of Open Tender is recorded: -

- (a) When the requirement of stores is urgent and the desired delivery schedule cannot be met if Open Tenders are invited.
- (b) When the sources of supply are definitely known and limited.
- (c) When it is not in the interest of the Institute to call for Open Tenders.
- (d) When stores are reserved for purchase from a specified category of industry as per the policy decision of the Institute.
- (e) When the field has already been explored by Open Tender for similar items during the period of about one year preceding the date of the indent.

In such cases, depending upon the estimated value of items, the field should be covered adequately by contacting as many suppliers as possible.

13. LIMITED TENDER

- 14.0 Purchase shall normally be made by Limited Tender in case the estimated value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.20,000/- but does not exceed Rs.10.00 lakh (Rupees Ten Lakh). It shall, however, be ensured that the field is covered adequately by contacting as many suppliers as possible depending upon the estimated value of the item.

15. SINGLE TENDER

- 16.0 A Single tender may be invited in respect of the following cases: -
- (a) When an item or items of stores covered by an indent is available from only a single source, e.g. where the items are spare parts, attachments, accessories, etc., required for an existing equipment or the items of stores are the monopoly products of a single manufacturer, etc.
 - (b) When an item or items of stores covered by an indent is of a proprietary nature and is recommended to be purchased from a single source with sufficient technical reasons for choice of the proprietary make with the approval of the competent authority.

17. 'AB-INITIO' NEGOTIATION

- 6.1 The system of 'Ab-Initio' negotiation may be adopted with the prior approval of the Director of the Institution in exceptional circumstances, e.g. where there is no competition or where there is shortage of capacity or where it is in the interest of Institute to adopt this system. In case the value of the stores to be purchased exceeds Rs.20.00 lakh, prior approval of the Governing Council shall be obtained.

- 1.1 Where 'Ab-Initio' negotiation is adopted as the mode of purchase, a set of tender forms including specifications, drawings and other allied details of the stores shall be forwarded to the supplier(s) concerned with instructions that they should go through the documents thoroughly and return it with an undertaking that they have fully studied and understood the requirements correctly and can meet the requirement. Techno-commercial negotiation (excluding price) shall be conducted with such of those suppliers who have agreed to meet the requirements by a committee consisting of the representative of Accounts, Registrar and the Indenting Officer. After holding the techno-commercial discussion with the supplier(s) concerned, the negotiating committee will draw up minutes of the meeting indicating the techno-commercial agreements reached with the supplier(s) (excluding the price) and get the minutes signed by all the members of the negotiating committee including the supplier's representatives who should be present at the meeting. The representatives of the suppliers who are present during the negotiation will be informed that they will be required to quote the price for the item in a sealed envelope. The due date and time for opening the price bid will be indicated in writing to the suppliers.

7. POST TENDER NEGOTIATION

- 1.1 Post Tender Negotiation should be discouraged except in respect of the following circumstances: -

- (a) Purchase of items on single tender basis where the prices quoted by the only supplier are higher than the indent estimate, subject to the condition that the indent estimate is realistic.
- (b) There is downward trend in the price of the item in the market after opening of the tenders and the number of technically suitable offers received is only one.

(Here, if the number of technically suitable /acceptable offers are more than one, all such bidders shall be given an opportunity to furnish their revised price bid in a sealed envelope on a specified due date and time, without holding any negotiation).

- (c) When the quantities of the item to be purchased are large and the orders will have to be placed with more than one supplier and each of them has quoted varying rates in their offer and the intention is to reduce the price gap.

8. RATE AND RUNNING CONTRACT /ANNUAL BULK SUPPLY CONTRACT

- 1.0 In respect of stores for which there is recurring and regular demand the price of which is not subject to appreciable fluctuation and in cases of common user items required by the Institute, annual bulk supply contracts based on Open Tender may be resorted for an appropriate period not exceeding two years at a time. After conclusion of annual bulk supply contract holding firms indicating the description

- of the items, quantity, price, percentage /quantum of statutory levies, payment terms, details of the consignee, etc. instead of placing individual purchase orders.
- 2.0 Where valid rate contracts are available, there would be no objection in making direct procurement from the rate contract holders by placing purchase orders provided; they are willing to make supplies at the rate contract prices.

1. DISPENSATION OF TENDERING FORMALITIES

- 2.0 No tenders need be invited for the purchase of stores in respect of the following cases and purchase shall be made by adopting any one of the following modes depending upon the circumstances and the estimated value of items of stores covered by an indent.

10 CASH PURCHASE

- 2.0 When the value of an item or items of similar nature covered by an indent to be purchased at a time does not exceed Rs.1000/-, purchase shall be made by cash.
- 3.0 In the following types of cases, even though the value does not exceed Rs.1000/- regular purchase order may be placed: -
- (a) Foreign purchases.
 - (b) Purchase of materials from firms located at considerable distance from the institution.
 - (c) Where the sale procedure of a particular supplier does not provide for cash sale, and
 - (d) Where the nature of transaction makes it necessary to issue a regular purchase order.

11. TELEPHONIC QUOTATION

- 1.0 Where the value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.1,000/- (Rupees One Thousand Only) but does not exceed Rs.20,000/- (Rupees Twenty Thousand Only), quotations by telephone shall be obtained from at least five firms (unless the source of supply is less than five). If, after obtaining quotations by telephone in respect of the indents where estimated value of the item(s) is shown as Rs.20,000/- or below, the actual price payable for the items is found to exceed Rs.20,000/-, such indents will be processed afresh by the Purchase on Limited Tender basis.
- 2.0 Firms from whom telephonic quotations are obtained as stated above shall be asked in writing to confirm that the quotation has been correctly recorded.
- 3.0 There shall, however, be no objection in inviting limited tenders instead of obtaining telephonic quotations wherever there are difficulties in processing

purchases based on telephonic quotations, particularly in case of items of non-standard type and items and items not readily available, etc.

1. REPEAT ORDER

1.1 If an indent is received for an item or items of stores of identical description for which an earlier purchase order has been placed, fresh tendering action may be dispensed with and purchase made on repeat order basis, that is either by enhancing the quantity in the earlier purchase order or by placing a fresh purchase order on repeat basis provided that: -

- (a) the original purchase order was placed on the basis of a lowest technically acceptable offer and was not on delivery preference,
- (b) the new purchase order is placed within six months from the date of issue of the original purchase order,
- (c) the requirement is for stores of identical description,
- (d) the supplier concerned is willing to accept a purchase order on identical terms and conditions,
- (e) there is no downward trend of the prices since the original purchase order was placed which is to be certified by the Authority.
- (f) The quantity to be ordered /purchased on each occasion on repeat order basis does not exceed 100% of the quantity as per the original purchase order.
- (g) Efforts are made to obtain a suitable rebate from the supplier concerned for the increase in quantity and the results of the efforts are recorded in writing before a repeat order is released.

1.2 The Governing Council may delegate powers to the Head of the Institution who shall exercise powers to authorize and approve deviations to the value limit, quantity limit and time limit not exceeding 12 months from the date of the initial purchase order subject to condition that there is no downward trend in the prices of the items in the market after placing the initial purchase order and he is satisfied that it is in the public interest to place a repeat order rather than inviting fresh tenders against the indent raised by the Institute for similar items.

2. TWO-PART TENDERS

13.1 Whenever the estimated value of an items or items of similar nature covered by an indent to be purchased at a time is Rs.1.00 crore and above, such indents shall be processed by adopting Two Part Tendering system. In respect of

such of those indents where the estimated value is less than Rs.1.00 crore but the indenting authority suggests processing of such indents on Two-part Tender basis due to the special /unfamiliar nature of the items needing detailed technical scrutiny of the offers before opening the Price Part of the tenders, such indents will also be processed by the Purchase Authority under Two-Part Tendering system. The Two-Part Tendering system can be dispensed with in respect of the following cases: -

- (a) Items to be purchased on Single Tender basis.
- (b) Purchase of raw materials linked to certain established standards like Indian Standards, British Standards, German Standards, Italian Standards, American Standards such as Fine and Bulk Chemicals, Mild Sheet items, Pipe and Pipe Fittings, Sanitary items, Construction Materials, Public Health materials, Furniture & Fixtures and Consumables.
- (c) Items of spare parts and components required to be purchased for the Plant, Machinery, Equipment, Vehicles, etc. from the original manufacturers or their authorized distributors /agents as the case may be,
- (d) Oils, Paints, Petrol and Lubricants.
- (e) Drugs, Medicines and Diagnostic Test Kits.

3. PRE-AUDIT

- 3.1 No purchase order exceeding Rs.20,000/- in value and amendment thereto having financial implications where the value of the order after the amendment exceeds Rs.20,000/- shall be released by the Purchase Units unless these are pre-audited and certified to be in order by an authority at the appropriate level in the Accounts. However, in the case of financial commitment in respect of the purchase orders below the value of Rs.20,000/-, the authority concerned with the purchase will refer such cases after release of the purchase orders to the concerned Accounts section.
- 3.2 While pre-auditing and certifying the purchase orders, the Accounts section shall ensure, inter alia, that: -
 - (a) approval of competent authority /committee, etc. exists for the purchase.
 - (b) In case of proprietary items, detailed technical justification wherever necessary for the choice of the proprietary make are furnished.
 - (c) Sufficient funds are available.
 - (d) Lowest quotation is accepted or satisfactory reasons have been recorded in writing for not accepting the lowest quotation.

- (e) Proper procedure for making purchase is followed.
- (f) Approval of the competent authority is obtained for deviation from the procedure and also from the standard terms and conditions of the contract where applicable.
- (g) Provision is made in the contract for safeguarding Institute's property required to be entrusted to the contractor.
- (h) In case of purchase orders proposed on unregistered firms, income tax clearance certificate is obtained and certified to be available with the purchase group concerned.
- (i) When a purchase order is proposed based on a single offer received against limited tender, adequacy of the coverage of field and reasonableness of the price are certified by the authority.
- (j) Whether the provisions of GFR, particularly those relating to contracts, purchases and canons of financial propriety have been followed.
- (k) If the purchase order proposed to be placed is on ex-works or F.O.R. basis whether suitable provision has been made in the purchase order for safe delivery of the items by the contractor to the purchaser's site.
- (l) Whether suitable clause for proper packing is incorporated and whether name and address of the consignee, quantity, rate and other relevant commercial terms and conditions have been correctly reflected in the purchase order.
- (m) If previous purchase references are available, whether the rates stipulated in the purchase order is comparable with the previous purchase order.
- (n) where advance payment has been agreed to, pre-dispatch inspection clause has been incorporated in the purchase order and in cases where pre-dispatch inspection is proposed to be waived, whether approval of Head of the Institution exists.
- (o) Wherever required and agreed to, whether liquidated damages clause has been incorporated in the purchase order.
- (p) Whether appropriate guarantee clause has been incorporated in the purchase order.
- (q) Whether documents to be presented for release of payment have been listed out properly.

- (r) In cases where free issue materials are to be provided by the Institute to the Contractors, whether suitable provision for safeguarding the interests of the Institute, manner and method for delivery of free issue materials, furnishing safeguards by the contractor, accounting of free issue materials, the maximum permitted percentage of loss/wastage have been incorporated in the purchase order.

1. PAYMENT OF BILLS

- 1.0 Payments against purchase orders shall be released by the Accounts as per the mode and terms & conditions stipulated in the purchase order Bills /invoices from the suppliers for payment against purchase orders placed shall be received by the paying authority as the case may be.
- 2.0 Besides all necessary checks, the Accounts Officer shall-
 - (a) verify the bills /invoices received from the suppliers with reference to the purchase orders, amendment to the purchase orders, receipt voucher raised by the stores unit and other relevant records /communications, and
 - (b) ensure that the prescribed certificates relating to excise duty, sales tax, free issue materials supplied by the Institute, bank guarantee for security deposit, advance /progress payment, performance bond, etc. whenever asked for, are available before the payment is released.
- 3.0 In respect of such of those purchase orders where the contractors make either excess supply or short supply not exceeding plus/minus (+/-) 10% of the quantity ordered in each purchase order, the paying authority will make payment to the extent of the quantity actually supplied by the contractors without a formal amendment to the purchase order subject to –
 - (a) availability of funds for the purchase,
 - (b) the indenting authority agreeing to accept the short supply or excess quantity,
 - (c) the total value of the excess supply not exceeding Rs.50,000/- in each case.

2. DEVIATIONS

- 1.0 Head of the Institution may be delegated the powers for approving and authorizing any deviation from the purchase procedure including standard terms & conditions of contract, provided, however, that the reasons for such deviations are recorded in writing and Head of the Institution is satisfied of the necessity for such deviations. These deviations should be brought to the Governing Council for information.

CHAPTER – II

TENDERING PROCEDURE

Tendering procedure includes :

- i) Invitation of tender
and
- ii) The mode of tendering.

All tender enquiries shall be issued in the prescribed format. The terms and conditions applicable for major contracts are contained in form No. AEES P. 11. Tender forms prepared and used in Directorate of Purchase and Stores (DAE) are adopted in AEES for tender enquiry and for issue of purchase orders.

It may also be ensured while inviting sealed tenders that:

- **The Competent Authority approves the purchase and the funds are available.**
- **Standard format containing relevant terms and conditions are used.**
- **All relevant aspect covering the essential conditions has been taken care.**
- **Specification of item required & drawings (where ever required) have been provided correctly. Features/qualities, which determine the cost of the materials, shall be well defined and will not be subject to revision at a later date.**
- **Last date and time for accepting sealed tenders are specified.**
- **It is specified in the tender enquiry that the suppliers are required to superscripted the tender No. and due date on the sealed cover before it's submission.**
- **Contacting suppliers are reliable and genuine and the field is covered adequately.**
- **Mode of purchase chosen is as per the purchase procedure.**

Mode of Tendering

Procedure lays down various modes of purchases, which should be followed by AEES in making purchases. These are as under:

- a) Cash Purchase
- b) Telephonic Quotation
- c) Single Tender
- d) Limited Tender
- e) Open Tender, including Two Part Tender
- f) Ab-initio Negotiation

(1) **Cash Purchase**

This has to be done in accordance with clause No.10 of the Purchase Procedure where the value of item or items of similar nature covered by the indent to be purchased at a time should not exceeds Rs. 1000/- (Chapter I) The officials entrusted with the work of cash purchase should ensure the reasonableness of rate, quality, specification and identify the appropriate supplier before affecting the cash purchases.

(2) **Telephonic Quotation**

Invitation of quotations over the telephone is one of the common modes of purchase. In view of the small value involved in making telephonic purchase, no rigid conditions are enforced and purchases are made with simple and least conditions possible. Telephonic quotation could be done only if the value of item or items of similar nature covered by an indent to be purchased at a time exceeds Rs. 1000/- but does not exceeds Rs. 20000/- (**clause 11** of purchase procedure).

e.g. Different electrical fittings such as, fixtures, plugs, ceiling roses etc. could all be obtained from one source and cost of all the items together will be the criteria to decide as to whether telephonic quotations are enough or not. Whereas if an indent includes items of hardware, in addition to the electric stores, hardware items have to be separated and is to be processed as separate indent itself.

- A minimum of five quotations shall be collected through telephone.
- It is necessary to have such quotations to be got confirmed in writing from the tenderers.
- Since the tenderers may not promptly confirm the telephonic quotations, we may issue letters to the firms confirming the rates they have furnished over the telephone. (This will give the tenderer an opportunity to write back to us if the rates are not recorded correctly).
- However, the quotation from the successful tenderer, in this case, may invariably be obtained in writing and kept in the file.

(3) **Single Tender**

Single tender is a tender being invited from a single supplier. The reason for single tender could be either the requirement is of proprietary nature i.e., made by only one firm or the requirement is for a spare or an extension of existing system like switch gear. Even in respect of a single tender, the forms to be used for invitation of tender shall depend on the value of the items and other requirement such as fixing up of a due date will also have to be complied with. As per clause 5 of purchase procedure, “when an item or items of stores covered by an indent is of a proprietary nature and is recommended to be purchased from a single source with sufficient technical reasons for choice of the proprietary make with the approval of the competent authority”.

- Procurement of proprietary items is subject to:
 - Specific approval from the competent authority,
 - No similar or identical is available in the market.

(1) **Limited Tender**

Invitation to tender, which is limited to selected firms, is known as limited tender. Clause 2.1.2 of the Purchase Procedure lays down that if value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.20, 000=00 but does not exceed Rs.10, 00,000=00 (Rupees Ten Lakh), the same shall be finalized on the basis of a Limited Tender by contracting not less than Seven Suppliers in the field and by contacting those who are registered with AEES, DPS, DGS&D, NSIC, DGTD etc. The important aspects to be taken into account in case of a Limited Tender generally are as under:

- (i) Since the invitation to the firms is restricted to select few firms, it is necessary to ensure proper selection. Tender enquires shall be issued to the right suppliers in the correct line of supply. While the procedure lays down the minimum number of firms to be contacted as seven, it is also stipulates that adequate coverage has to be given by contacting as many number of firms as possible. Contacting more number of firms would bring in more competitive offers. Therefore, it should be ensured that a good coverage to the maximum number of firms as far as possible be given while issuing the tender enquiries. However, definite discretion will have to be used in fixing the number of firms also. This should largely depend on:
 - (a) Value of the item.
 - (b) Urgency of the requirement.
 - (c) Availability of stores.

(i) **Coverage**

While for large valued requirements, it would be advisable to contact as many number of firms as possible, it would be unwise to contact many firms for a small value requirements.

(ii) **Correct firms**

Contacting correct suppliers is as important as coverage. In fact, contacting even lesser number of correct firms would be ideal to our purpose than contacting wrong firms who are not in the correct line. This could be achieved by maintain the suppliers list as up to date as possible by adding names to the list from newly registered ones and those who are borne on the DGS & D list. There would also be some firms who would be known to us from our own experience. There would be no harm in contacting such firms also to the extent necessary. Keeping in touch with the day-to-day developments would also enable a Purchaser to update his information.

(iii) **Rotation**

For a number of common stores items, the suppliers' list would be quite large. It would always not be possible to contact all the suppliers. Therefore, in fairness of things it is necessary to give opportunity to all the firms at one time or other. This could be done only by way of rotation.

e.g. If one set of firms are contacted for a particular requirement, another set of firms registered for the same item could be contacted on the next occasion. Similarly, 3rd and 4th and so on.

(iv) **Core List**

Even while contacting the firms on the basis of rotation, it is necessary to ensure that firms who have been proved to be very reliable suppliers are invariably contacted. Such firms who are proved to be very good suppliers are known to be on the core list. In other words, in addition to the list of firms to be contacted by way of rotation, the core list will always find place in the regular mailing list.

(v) **Fixing of due date**

Before issue of tenders, it is necessary to fix up a date and time for receipt of quotations. This is known as "Due Dates" & due date time. Normally for standard items available from the local source a bidding time of 14 clear working days (excluding transit time in mail) is considered sufficient.

Items of non-standard nature or items to be made to orders bidding time to the extent of 3 clear weeks are necessary.

In case of open tenders, bidding time to be allowed is 45 days. This is necessary because in case of open tender firms all over the country are likely to participate.

In case of tenders for imported stores, bidding time of 60 days should be given.

While the above are mere guidelines, one is expected to exercise an amount of discretion and common sense in fixing up the date particularly taking the nature of the requirement and urgency into consideration.

Party may specifically asked to superscript the tender number due date & time on the top of the sealed cover before submitting the tender.

(vi) **Specifications**

As per clause 1.2 of the Purchase Procedure stipulate, “ The Indenting Authority should ensure that the specification of the items required to be purchased is complete in all respects and that no material is available in stock.” It is there fore ensure before issue of a tender that all the required specifications in full are available in the indent. All features/qualities, which determine the cost of the materials, shall be well defined and will not be subject to revision at a later date, e.g., quality of wood and proper dimension for wooden furniture. Improper and incomplete specifications would lead to contacting of wrong suppliers, which would result in losing of precious time in processing the requirements. Suppliers would also find it extremely difficult to quote against incomplete specifications. Check on the basic specifications of required items would therefore help to ensure that tenders are issued out correctly. Similarly, it is also necessary to supply drawings wherever required. This would more particularly apply in case of fabrication tenders where the tenderers are expected to study the details of materials and designs on the basis of drawings in combination with the specifications. There are also cases where items could be identified only with the help of proper drawings. As such in all these cases where reference is made to the drawings in the tender specifications, it has to be ensured that the drawings are obtained in sufficient numbers from the Indenting Officers prior to floating of the tenders.

1. **Open Tender**

Depending on the value of the items of indents, selection of firms will have to be done. Where value of an item or items in similar nature covered by an indent to be purchased at a time exceeds Rs. Ten lakh; purchase shall normally be made by inviting Open Tender.

Open tender means a tender, which is opened to any one of in the line to submit an offer. Formalities to be observed in respect of a public tender are as under.

1. All the open tenders are advertised in leading dailies. Advertisement can also be done through the Media Executive, Directorate of Advertising and Visual Publicity in the Ministry of Information & Broadcasting, New Delhi.
2. Issue intimation letters to all known sources. Normally, issue of intimation letters is resorted to all the firms who are registered with the AEES/DPS for particular items and also to those firms who have responded against our tenders in the past for similar items. This would give an opportunity to the suppliers to participate in the tender even if they happened to overlook the advertisement.

3. Tender Sets

Normally the tenders would appear in newspapers in such about 8-10 days from the date of issue of the letter to the Media Executive. It is, therefore, necessary that the tender sets complete in all respects are prepared within this time and they are made available to Accounts Section for sale to the parties. Tender sets being made available against open tenders are priced. Pricing will have to be done on a rational basis taking the amount of work involved in the preparation of tender sets and total consideration.

Due Date

Bid time may be fixed as follows:

(a)	Standard ready made items indigenously	45	days from the date available of letter to Media Executive
(b)	Standard imported item to be quoted for import	60	”
(c)	Fabrication jobs	60	”
(d)	Special Equipment/Stores to be imported.	75	”

The time for receipt of quotations also will have to be fixed. In accordance with the existing procedures, the time for receipt of quotations 16.30hrs. and the opening of tenders will be 11.30 hrs. on the following working day. Authorized representatives of the tenderers who have submitted their offers are allowed to attend the opening of tenders. A responsible Officer of the Purchase Section, AEES in the presence of the Accounts Officer or his authorised representative do opening of public tender. The Officer concerned will read out the essential elements of the quotation to the tenderers and both the officers will sign the tenders before they are passed on to the purchase group for further action. In

addition to the normal open tenders where the value exceeds Rs.50 lakhs, a Two Part Tendering procedure is floated. In this case, tenderers are advised to submit their quotations in two different parts as under:

- (a) Part - I : Technical Part.
- (b) Part - II : Price and Commercial Part.

Tenderers are required to prepare the offer separately as above and put them in one envelope and submit them at the same time. While opening, price part is kept separately to be opened in a different date which is normally 60 days after the opening of the technical part i.e., Part-I. After opening of the Part-I, the Users can evaluate the technical suitability of the offers and if necessary obtain additional clarifications or call for discussions with the tenderers for obtaining clarifications. If such clarifications lead to revision in the price originally quoted, the tenderers are free to submit their revised quotation within the time limit prescribed for submission of Part-II tenders. While all the offers including the original will be opened on the due date, the last offer will only be considered.

4. Ab-initio Negotiation

Negotiations are done either on “Ab-initio” basis or on post tender basis. Cases in which quotations are invited on the basis of initial negotiations it’self are known as “Ab-initio” negotiations. The system of ‘Ab-Initio’ negotiation may be adopted with the prior approval of the Chairman of AEES in exceptional circumstances where

- (a) the field is extremely limited,
- (b) there is shortage of capacity,
- (c) there is no competition,
- (d) it is in the interest of the society to adopt this system.

In case the value of the stores to be purchased exceeds Rs. 20.00 lakhs, prior approval of Governing Council shall be obtained. Please see clause 6 of chapter I.

POST TENDER NEGOTIATION.

Post tender negotiation is done in cases where ring prices are quoted by several firms. Besides in some of the cases it will be seen on receipt of quotation that prices quoted are very on the higher side providing sufficient scope for reduction. In such cases, negotiations would prove advantageous to the Society. However, this will have to be done only with the approval of Chairman, AEES. The representative of Accounts will also have to be present during the negotiations. Post Tender Negotiation should be discouraged except in case of certain circumstances. Please see clause 7 of Chapter - I.

CHAPTER III

ACTION INVOLVED IN FINALISATION OF CONTRACT

a) Opening of quotation

- All sealed quotations received against each tender (Public Tender/Limited Tender) shall be accounted and entered in a register, due date wise. All quotations thus received on day-to-day basis shall be kept under lock and key till the date & time of opening.
- A **tender box** shall be provided in the office premises to enable suppliers who desire to deliver the quotation/tender in person.
- Office staff or Security staff in the reception shall acknowledge the cover by affixing the AEES stamp and put the date and time on the cover before depositing the quotation/ tender in the Tender Box.
- Tender Box shall be opened on every working day immediately after the closing time fixed, by staff authorized for this purpose along with a representative from purchase section.
- Quotations thus received shall be opened on the due date and time as specified in the tender schedule
- The purchaser along with the Accounts Officer or his authorized representative shall open quotation against limited tender.
- The above officials in the presence of the Supplier's authorized representatives shall open quotations received against Public Tender.
- The above officials shall sign the quotations received with date after verification and also attest any corrections or over writings in the quotation. Number of quotations received against each tender shall also be recorded in the quotations (1/5, 2/5 etc) as well as in the purchase file.
- Officials opening the quotation shall ensure that all quotation received are valid and there is no unsolicited quotations.
- Any discrepancies noticed shall also be recorded in the purchase file and brought to the notice of the higher authorities.

b) Preparation of Comparative Statement.

Comparative statement is an important document deciding the purchases and therefore utmost care should be taken while preparing the same. The important points to be taken care while preparing the CST are as under:

0. All quotations received are valid and there are no unsolicited quotations. If any discrepancies noticed the same should be noted in the CST.
0. The quotation received is for the same item for which the tender enquiry is issued and meets the tender specification and requirement. If the offer received is varying from the tender specification, the same should be noted in the CST.
0. The rates offered by the firm are as per the tender requirement or not. Check whether the price quoted is all inclusive and free delivery etc. or extra.
0. All factors determining the cost of the materials, such as, unit, price, duties, taxes etc quoted by the parties shall be examined carefully and noted in the CST. If the unit and price varies from one party to other, the same may be converted in to the one mentioned in the tender enquiry for the purpose of comparison.
0. Other factors determining the cost of materials such as packing & forwarding, delivery charges/transportation charges, installation charges etc may also be verified and stated in the CST for comparison.
0. That the Warranty/Guarantee etc offered by the party is as per our tender enquiry and if any variation is noted, the same may be recorded in the CST.
0. All the above factors may be carefully examined and entered in the CST and arrive the final cost of item quoted by each parties for comparison.
0. The final price thus arrived (either unit price or total cost) may be marked L1, L2 and so on in red ink for identification.

c) **Purchase decision**

0. The purchase file containing the indent, copy of tender enquiry, approval note, quotations along the CST may be forwarded to the Indenting Officer/ User department for purchase recommendation.
0. Indenting Officer/User department will examine the quotation and CST and record his/their recommendation in the file.

0. It may be noted that the responsibility of the IO/User department is not discharged merely by the selection of the cheapest offer but must confirm to the following yardsticks of financial propriety:
 -) Whether the authority is satisfied that the selected offer will adequately meet the requirement for which it is being procured.
 -) Whether the price on offer is reasonable and consistent with the quality required.
 -) If the lowest offer/offers are rejected, technical reason for rejecting the same may be recorded in the file.
 -) Above all, whether the offer being accepted is the most appropriate one taking all relevant factors into account and in keeping with the standard of financial propriety.

0. The recommendation of the IO/User Department shall be counter signed by the competent authority in AEES for approval (Where ever necessary) as per the delegated powers.

IO will then return the file to Purchase Section along with his recommendation for placing the Purchase Order.

CHAPTER – IV

PREPARATION, SCRUTINY AND CHECKS IN A CONTRACT/PURCHASE ORDER

0. PURCHASE ORDERS INVOLVING SMALL VALUE :

On receipt of the purchase file from the IO/User Department, Purchase Section may verify the recommendation and approval of Competent Authority for processing the case for issue of Purchase Orders.

Purchase Orders may be issued with in the validity of the quotations. Validity of the quotation may be verified and if the validity is expired, necessary action may be taken to extent the validity suitably.

There are two sets of order forms in use: -

- i) For orders the value of which is up to Rs.50,000/-.
- ii) For orders the value of which exceeds Rs.50,000/-.

Both the above forms are for the purchases from within the country. Following are the important details to be incorporated in these orders: -

- a) **Description/Detailed Specification of the goods to be supplied.** The contract should contain a brief description and a small write up about scope of the contract, detailed specification of the material to be supplied.
- b) **Quantity.** The contract should clearly specify the quantity ordered in clear terms.
- c) **Unit/Price per Unit.** The order should contain unit/price per unit for each item.
- d) **Basis of price – FOR destination. Ex-Works etc.** Normally supplier should deliver the material on safe delivery basis at the purchaser's premises. The clause like ex-works/FOR station of dispatch/FOR destination/Safe delivery at purchaser's premises should be incorporated in the contract depending on the prices mutually agreed between buyer and seller. **The terms accepted for delivery in AEES is FOR Destination/Safe delivery at Purchaser's premises.**
- e) **Applicability of taxes/duties either State or Central.** Necessary clause for applicable taxes/duties may be incorporated in the contact if the party claimed the taxes/duty extra in addition to the price offered. Applicability of taxes and duties may be ascertained before admitting the same. Supply appropriate forms for availing concession rate of Sales Tax. (If applicable).

- f) **Submission of Security Deposit.** This clause is incorporated to ensure timely execution of the contract as per terms and conditions of the Purchase Order. Normally 5 to 10% of the contract value is taken as security deposit. The SD may be obtained in the form of Bank Guarantee. This clause may be waived for registered firms.
- g) **Pre-Dispatch inspection & Issue of Shipping Release.** This clause shall be incorporated where pre-dispatch inspection is required before its dispatch. Party may be asked to reserve the item for the Society and give intimation for arrange the inspection by the Purchaser. A committee constitute by the competent authority should arrange the pre-dispatch inspection and the Shipping Release shall be issued by the authorized Official based on the report of the committee.
- h) **Place of delivery/Consignee:** Details of place of delivery and name and address of the consignee should be specified in the contact.
- i) **Date of delivery/Delivery Schedule:** Date of delivery is an essential part of the contact. The agreed date of delivery/delivery schedule shall be stipulated in the contact. If supply is not affected within the stipulated delivery period, the validity of the contact expires on the due date for delivery unless extended.
- j) **Transportation:** Depending on the terms about prices, the clause relating to transportation is to incorporate in the purchase order. If the terms are FOR destination/safe delivery at supplier's premises, it is left to the seller to decide the mode of transport to deliver the material. If the terms are Ex-Works/FOR station of dispatch, a detailed mode of dispatch and safety of the material during transit etc. has to be taken into account and necessary clause has to be incorporated accordingly.
- k) **Installation & Commissioning:** Wherever installation and commissioning of the equipment is required other than supply suitable clause in this regard has to be incorporated in the purchase order.
- l) **Price variation clause:** Generally the contact is concluded on firm price basis. However in respect of certain items where there is high fluctuation of the prices in the market, where the prices are controlled by Government, a price variation clause is incorporated in the purchase order with a formula for price variation. In AEES contract may be concluded on firm price basis.
- m) **Liquidated damages:** This clause is incorporated on a mutually agreed terms to compensate the loss incurred by the buyer due to delay in supply of the materials beyond the delivery date.
- n) **Guarantee/Warranty/PBC:** For capital item a suitable Guarantee/Warranty clause should be incorporated and a performance bank guarantee obtained for

10% of the contract value, which should be valid till the expiry of the guarantee/warranty period.

- o) **Arbitration Clause:** An arbitration clause as per Indian Arbitration & Conciliation Act 1996 should be incorporated in the purchase order to settle any dispute arise between the buyer and seller.
- p) **Payment terms.** The mutually agreed payment terms along with the details of the documents to be presented for payment should be incorporated in the purchase order. Normally payment towards all services received & supplies made against contract issued by AEES shall be released only on receipt and final acceptance of materials.
- q) **Paying authority:** Full details and address of the paying authority should be stipulated in the purchase order.
- r) **Documents to be submitted along with the bill for payment:** Documents to be submitted along with Bill for payment should be clearly indicated in the purchase order. Normally the following documents are required for releasing payment to the suppliers. a) Pre received Bill in triplicate b) Received delivery challan c) Shipping Release d) Final inspection report e) Installation report f) Documentary proof for payment of Octroi charges/packing forwarding and freight charges, if any.
- s) **Force Majure:** This clause is incorporated in the contract to take care any act beyond the control of the buyer and seller to execute the contract.

In case of orders on up-country firms for supply of goods to different destinations, the following requirements will also have to be spelt out:

- a) Mode of dispatch i.e. Rail or Road.
- b) Name and address of the consignee.
- c) Intimation to be given to the consignee immediately after dispatch particularly in regard to RR/LR No. Brief description of goods, weight and dimensions of each package etc.

In both the above cases, acceptance is necessarily to be obtained to make the commitments binding and for this purpose an acknowledgement form is also to be enclosed to the order which inter alia states “work of supply of stores will be taken in hand in terms of the said purchase order”. Signature by the contractor on the acknowledgement form, which contains the above note, will serve the purpose of an unconditional acceptance. There are, however, cases where acceptance on the prescribed form is not sent and instead separate acknowledgement with various counter stipulations is sent out by the firms, which is dealt with elsewhere.

1. PURCHASE ORDERS INVOLVING LARGE VALUE :

Orders for store costing more than Rs.50,000/- are typed out in a separate form. The general terms and conditions, which govern this set of orders, are those contained in form No. AEES –P-11.

The essentials mentioned in respect of small orders need necessarily have to be reflected in case of those orders also. Main difference however, between orders on form No. DPS-P-23 and DPS-P-45 is that the former is governed by the simple conditions printed on the reverse of the tender form (Invitation to tender & instructions to tenderers whereas the latter is governed by the terms and conditions contained in AEES-P-11. Conditions contained in AEES-P-11 are more elaborate and deals with almost all aspects of supply, alteration in the specification, responsibility of the contractor, consequence of breach of contracts and the remedies available to the purchaser by way of liquidated damages in case of delay and risk purchase in the event of non-delivery.

3. ORDERS ON THE BASIS OF RATE / RUNNING CONTRACTS :

Rate contracts are the contracts concluded with one or more suppliers for a specific period for the supply of specified stores at the specified rates with no quantity stipulations whereas running contracts, in addition to the conditions of rate contract, will also have a stipulation relating to quantity. The variation admissible in quantity is 25% on either side in these cases. For items of common use or are in regular demand by most of the organizations. Directorate General of Supplies & Disposals (DGS & D) concludes contracts for the supply of stores for a specified period and these are known as rate contracts concluded by DGS&D. DGS&D also list out officers who are authorized to operate such contracts and the officers thus listed out are known as Direct Demanding Officers. These Officers alone can operate the rate contract. Orders on the basis of rate contract are released on the form prescribed by the DGS&D viz. Form No. DGS&D –131 within the validity of the Rate Contract. The validity date signifies the date up to which the Rate Contract holding firms receives the supply orders.

In releasing a supply order on the basis of a rate contract, the following details will have to be incorporated:

- (a) Name, Designation & the Depart. Of Direct Demanding Officer.
- (b) Rate Contract number and date and its validity date.
- (c) Description of Stores.
- (d) Sl. Number of the particular item in the DGS&D rate contract.
- (e) Quantity, unit, Rate and total value etc;
- (f) Inspection authority viz. Director of Inspection Mumbai, Chennai, Calcutta, Delhi, etc.

- (g) Head of Account to which the cost is debitable.
- (h) Name and Address of the Paving Authority.

Copy of this order will also have to be endorsed to:

- i) Directorate of Inspection concerned.
- ii) Paying Authority.

Where items for which Director Demanding Officer (DDOs) are not authorized to release supply order directly to the rate contract holding firms and the DGS&D alone can place orders for such items at the instance of the DDOs, the DDOs will have to raise an indent in the prescribed form DGS&D-85 wherein all the required details as in the case of rate contract order will have to be furnished and on receipt of such an indent by the DGS&D, a specific order will be released by the DGS&D on the rate contract holding firms with copies to the concerned DDOs.

P.S. There will be no objection to place an order at Rate Contract rate on our form, provided the R/C holder is agreeable to accept such an order directly from us. One drawback in this arrangement is that the firm can refuse to supply the items after expiry of the validity period of R/C. even if the firm received supply order within the validity date.

4. RUNNING CONTRACT:

In case of running contracts, anticipated requirements of the various Units/Center are ascertained and quotations are invited for a specific quantity. Such of these Departments who had intimated their requirements to the DGS&D in response to their call and as listed by DGS&D as such alone are authorized to operate the running contract.

5. PURCHASE ORDERS FOR FABRICATION & SUPPLY OF EQUIPMENTS

- i) to Purchaser's Design; and
- ii) Out of Suppliers' Materials.

The items discussed so far relate to items of standard products which are normally either available off-the shelf or in the standard range of production of the suppliers. A variety of School furniture, equipment and other stores are needed in AEES in connection with setting up of Class rooms, Computer Lab and Science Laboratories in schools at various centers. There are other facilities also being set up by AEES at various Centers for sports and Gymnastic.

In almost all these cases most for the Classroom furniture & Sports equipment are fabricated to specific designs made out by the Society. Drawing & technical specifications of such furniture /equipments will have to be supplied by the Society.

As clearly laid down in the General Financial Rules, it is essential that sufficient safeguards are always obtained to ensure safe custody and accounting of the Society property hands over to the contractors/suppliers for Fabrication or repair/rectification. This is normally done as follows:

- i) A bank guarantee covering the full value of material should be obtained prior to supply of Society property to the suppliers so that in the event of supplier's failure of non-return of materials/Equipment, appropriate amount could be released from the bankers.
- ii) Insurance Policy: An insurance Policy normally covering the risks named under should be obtained as an alternative to the bank guarantee: -

“The free issue materials supplied to the contractor shall be covered by an insurance policy to be taken by the contractor at his own cost for its full value. The insurance policy shall indicate the following specifically: -

INSURED : (Name of the Contractor).

BENEFICIARY : The Chairman, AEES, Atomic Energy Education Society, Central Office, Anushaktinagar, Mumbai – 400 094.

RISK COVERED : Any loss or damage to the Purchaser's materials due to Fire, riot, and strike, theft burglary, civil commotion etc., and any damage arising out of external sources such as damages due to other material falling on purchaser's materials.

VALUE OF THE FREE
ISSUE MATERIALS TO
BE INSURED FOR :

The Insurance Policy shall be valid till the delivery date of all the items.

In addition to the insurance policy, an indemnity clause as under is required to be stipulated in the contracts: -

“The contractor shall indemnify and keep the Society indemnified to the extent of the full value of the materials issued by the Society throughout the currency of the contract”.

The contractor shall be responsible for the safety of the free supply materials /equipment after it is received by them and all through the period during which the materials will remain in their possession. They shall take all necessary precautions against any loss, deterioration or destruction of the free supply materials from whatever cause arising whilst the said material remains in their possession, and/or their custody or control. They shall also not mix up the materials in question with any of their goods and shall render true and proper account of the materials actually used and return the balance remaining on hand unused along with scrap materials, if any, within a period of 3 months from the date of delivery of the equipment covered by the purchase order. The decision of the Chairman, AEES as to whether the contractor have occasioned any loss, destruction or deterioration of the free issue materials while in their possession, custody or control from whatever cause arising as also the decision regarding quantum of the damages suffered by the Society shall be final and binding upon the contractor”.

Pre-audit of purchase orders

All purchase orders valued above Rs. 20,000.00 shall be issued only after pre-audit. All purchase orders above Rs. 20,0000 shall be sent to Accounts Officer, AEES for Central Office and Member finance in the respective Units for pre-audit.

Receipt and acceptance of materials

All supplies against the purchase order/contract shall be delivered directly at the user section. On receipt of the material the indenter/user section may verify the quality and quantity of materials received with reference of the delivery challan and Purchase Order and signed the challans for having received the material(s) in good condition. The challan(s)/final acceptance report issued by the user section/indenter should be countersigned by the Principal/Vice Principal in charge for final approval and for arranging the payment to the suppliers.

Accounting of materials/equipment

All materials received and finally accepted shall be taken on charge. Necessary stock register may be maintained for all consumable, non-consumable and capital items separately. In addition to above an asset register for all capital items/equipments purchased from Non-Plan a/c Plan a/c & PUVVN a/c shall be maintained separately in the prescribed format. Asset register may be maintained in the School office and stock registers may be maintained at the respective Labs/Section. The user section for having taken the item/items in the Stock Register may issue accountal certificate in the prescribed format. Annual verification of stock may be arranged by constituting a committee with the approval of Secretary AEES for Mumbai Schools and Chairman, LMC for outstations.

CHAPTER - V

POST CONTRACT FOLLOW UP

Mere issue of purchase order will not serve any useful purpose unless the order is properly followed up. Follow up of orders is known as post contract follow up. This will have to be normally done both with the supplier and with the indenting unit. After release of a purchase order the acknowledgment attached to the order should normally be received in 5-10 days time. A close watch will have to be kept on the receipt of this acknowledgement and in case of non-receipt; the firm will have to be immediately reminded to return the same. Only when the supplier signs and return the acknowledgement unconditionally, it would be taken for granted that he has accepted the order for execution.

In many of the cases particularly in case of large valued orders, a very detailed order confirmation used to be furnished by the contractors. The confirmation may include number of points, which may not be in conformity with the conditions stipulated in the contract. Although before issuing the contract all the conditions are required to be settled in a mutually acceptable manner, it is not unusual that a contractor stipulates certain new provisions in the order confirmation. In order to make the contract binding, it would be necessary to settle these points rose by the contractor quickly. Settlement of these points and acceptance of the clarifications by the contractor without any loss of time will only enable the contractor to further proceed with the execution of the purchase order.

Post contract follow up of the order involves follow up of various events specified in the order. This starts with receipt of the order confirmation. Once the order confirmation is received it has to be checked up thoroughly to ensure that the confirmation is unconditionally and without any counter conditions. In the even of any counter condition, the same will have to be sorted out to reach mutually acceptable agreement thereby making it an unconditional acceptance of the contract which alone could be enforced in a Court of Law as a binding agreement.

Besides, the order confirmation of the purchase order particularly for large value lays down milestones to be achieved leading finally to the total performance of the contract. This could be:

- (a) Submission of bank guarantee towards security deposit.
- (b) In exceptional cases where advance payments have been agreed upon such payments are to be released against suitable bank guarantees after its scrutiny.
- (c) Submission of drawings and its approval by the Buyer.

- (d) Submission of bill of materials.
- (e) Offering raw materials (Wherever necessary for inspection) and also offering inspection at various stages of manufacture/ fabrication.
- (f) Furnishing of packing details and dimensions of the consignment if transportation is to be organized by the Purchaser.
- (g) Providing all required permits and licenses including import license/ foreign exchange release wherever necessary.
- (h) Furnishing insurance cover for the free issue materials.
- (i) Submission of sample or proto-types by the contractor and approval by the Users.

All events mentioned above will have to be closely followed up so that execution of the order takes place as per schedule.

Post contract follow up cannot be confined only with the supplier. There are areas, which will involve follow up with the users as well. For example, drawings submitted by the Contractor and the bill of materials submitted by the Contractor need be checked up with the Users and confirm correctness and offer comments thereof which will then be communicated to the contractor to proceed further. Similarly, once the users OK the bill of materials and the safe guards are received, Stores Unit will have to be advised and followed up for prompt dispatch of the free issue materials.

Where transportation is required to be organized or approved by the Purchaser on receipt of dimensional details of the consignment, transportation arrangements will have to be fixed up and to select appropriate mode and Agency for transport.

Clarifying the technical queries, if any, from the contractor in time is also essential for prompt execution of the order. This should be done in consultation with the indenting units without any lapse of time.

Different methods of follow up has been tried by various purchase organization in the past and follow up on the basis of the progress cards made available to the purchase section was one of the effective way of dealing with the progress work. Entries for follow up will have to be made in these cards. After the release of purchase order, watching receipt of acknowledgment will have to be regularly reviewed and attended to on a day-to-day basis to achieve at least a minimum level of efficiency. Today, it can be done through the computer in a systematic and effective manner by devising suitable programmes and software.

Compiled by
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