

SUPPLY CONTRACTS AND TENDERS

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Canons of financial Propriety

- While dealing with public money; follow “Canons of Financial Propriety”
 1. The expenditure should not prima facie be more than- the occasion demands, and that every Govt. Servant should exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of his own money.

Canons of financial Propriety

2. No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage
3. Public money should not be utilized for the benefit of a particular person or section of the community unless:
 - A claim for the amount could be enforced in a court of law;
 - The expenditure is in pursuance of a recognized policy or custom;

Canons...contd.

4. The amount of allowance, such as traveling allowance, granted to meet expenditure of a particular type, should be so regulated that allowance are not on the whole sources of profit to the recipients.

Purchase Policy

- Purchase Policy to be within the framework of Constitution of India & various Public Acts;
 - Indian Contract Act, 1872
 - Sale of Goods Act, 1930
 - Arbitration & Conciliation Act, 1996
 - GST Act 2017
 - MSME Act 2006

What is a contract?

- **A contract is a written or expressed agreement between two parties to provide a product or service.**
- **In order for a contract to be enforceable, it must contain:**
 - **An offer.**
 - **Acceptance.**
 - **Consideration.**
 - **Legally enforceable.**

Types of Contracts

- In Railways, we enter into:
 - Supply Contracts
 - Works Contracts
 - Service Contracts
- Types of Supply Contracts;
 - Rate Contracts: Quantity/consignee not fixed.
 - Running Contracts – Qty, fixed.
 - Fixed Quantity/Delivery Contracts

INDENTS

- All items are not purchased by the concerned Railway;
- Due to advantage of bulking, centralized purchase is resorted to.
- Bulk indents are placed on:
 - Railway Board (Import, other high value item)
 - RCF, DLW/ICF/CORE/COFMOW (For certain identified items)

Tender System

- Purchase requires contracts with suppliers
- For purchase of materials at competitive prices we follow tendering systems:
 - **Open Tender**: Used for estimated tender value > Rs. 25 Lakhs,
 - Wide publicity, no control on choice of suppliers
 - Most competitive prices
 - Causes longer lead time

Tender System

- Limited Tender System;
 - Value <25 Lakhs
 - Limited sources, on approved panel
 - Demand is urgent
 - Different types of LTs are;
 - Ordinary LT
 - **SLT**; safety items, urgent demands

Tender System

Single Tender

- PAC item
- Item extremely urgent
- Very small value, not economical for competitive tendering

GeM Procurement

Tender Invitation

- Purchase proposal is approved by CA and tender document is prepared
- In case of OT a tender notice is sent to CPRO for publication in the dailies

WESTERN RAILWAY - AHMEDABAD DIVISION

TENDER ADVERTISEMENT

SMM (DL) SBI on behalf of the President of India invites following electronic open tenders for supply of materials:

Sr. No.	Tender No.	Brief description of material	Qty.	Date & Time of E-Tender box closing
1	72-20-5205	Hylem Sheet	700 Nos.	27-06-2020, 11:00 hrs.
2	72-20-5206	Hylem Sheet	600 Nos.	27-06-2020, 11:00 hrs.

Regarding detailed tender notice containing purchase restrictions and detailed tender conditions, please visit website www.ireps.gov.in. Manual offers will not be considered.

ADI-043

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Tender Opening

- Tender documents are floated in IREPS.
- All tenders have due date & time for submission
- Case are assigned to the Competent Tender Accepting Authority (TAA)

Tender Finalization

- Finalization;
 - Accept/Reject an offer
- If value is less than Rs. 50 lacs, direct decision by the Purchase Officer, if more, the case to be dealt by a TC, consisting of two/three officers
- TC is a recommending body, its recommendations are to be considered by an accepting authority.

Guidelines for Tender Committee

- Committee to be duly constituted (SOP)
- Lowest tender value is the criteria for level of TC; a TC may have to transfer the case to a higher level TC
- Dropping of purchase is also to be considered by the TC
- Stores Member is the convener of TC, who puts up the case to competent authority
- TC member can not be the TAA also.
- Concept of dissenting note.

Tender Finalization

- **Certain important points;**
 - Offer to be technically suitable
 - Rates of lowest technically suitable offer to be examined for rate reasonability
 - Check if the delivery condition offered suits our requirement
 - Above being OK, see if the firm is reliable & their past performance is satisfactory
 - Check various terms & conditions offered by firm are acceptable
 - IRS Conditions of Contract: whether any deviation
 - Tenders to be finalized within the offer validity

Placement of PO

- Placement of Purchase Order
 - Acceptance recorded by PO or the TAA
 - Case passed on to the Purchase Section for making PO
 - PO is signed & sent to Accounts Dept. for vetting if value exceeds 8 lakhs (Rs. 15 lakhs for safety items)
 - Value of PO is posted in the Liability Register
 - PO is duly numbered on iMMS

Contract Administration

- Placement of PO is not the end
- We have to get the materials, administer the contract.
- PO Modifications:
 - Suppliers may make requests for certain amendment in the PO, dispose it appropriately
 - Take finance concurrence if the requested modification involves financial repercussions

Contract Administration

- Delay in supply:
 - DP expires, Contract expires, further extension in DD with mutual consent
 - Right to recover LD for any loss or inconvenience suffered by Railway due to delay in supply (IRS Terms)
- Failure of Supply: Risk Purchase
 - Purchase from alternative source at risk & cost of the defaulting supplier; if higher price paid, recover from the defaulter
 - Give opportunity to defaulter to minimize his loss
 - Ensure that the RP is tenable, finalized within 6/9 months

A spiral-bound notebook with a brown cover and a white page. The spiral binding is on the left side. The text "Thank You" is written in a large, bold, purple font with a blue shadow effect, centered on the page.

Thank You