

March 22, 1988

OFFICE ORDER NO. D-3 1988

Revised Purchase Procedure

In supersession of the Purchase Procedure prescribed vide Office Order No. D7/1976 dated September 25, 1976, the following procedure shall be adopted for concluding contracts relating to all purchases including common stock items indented and purchased by TIFR, fabrication jobs including cases where supply of free issue materials is involved, repairs, servicing, maintenance, transportation and other services rendered by the Purchase and Stores Sections.

1. INDENTING AND APPROVAL OF PURCHASE:

- 1.1 Indents covering the requirements for equipment, components, raw materials and all types of stores needed by the Institute and also for the services (i.e. repairs, transportation of materials, etc.) shall be raised in a form prescribed by the Purchase Section. Indents shall be duly approved by the authorities to whom appropriate powers have been delegated. Before the indents are approved and sent to the Purchase Section, the authority approving the indent should ensure that he has the power to approve the indents to the extent of the estimated value of the items indented, satisfy himself that funds are available and indicate the budget heading. Those empowered to approve indents shall ensure maximum possible consolidation of their requirements against each item while raising indents. Indents for items of equipment and stores of proprietary nature (i.e. when a particular make/model of an equipment or product of a particular manufacturer is indented when items of similar nature or near equivalents are available from more than one source) should be supported with sufficient technical justification for choice of the proprietary make.

- 1.2 Purchase and Accounts Sections should be kept informed from time to time about the various grades of staff members empowered to raise indents and the financial limits upto which such powers are delegated.
- 1.3 Purchase and Accounts Sections will ensure that approval by the competent authorities is available before purchase contracts are entered into.

2. MODE OF PURCHASE:

2.1 On receipt of an indent in the Purchase Section, the Purchase Officer, after satisfying himself that the indent is complete in all respects, shall decide the mode of purchase and procure the item by adopting any one of the following modes of purchase taking into account the history sheets related to previous purchase of such items and such other data as may be available in respect of the item. In deciding the mode of purchase in respect of imported items, the C.I.F. value shall be the criterion for applying the prescribed financial limits. An invitation to tenders should normally be issued only to the approved suppliers registered with the Purchase Section, Directorate of Purchase and Stores, DAE, Directorate General of Supplies and Disposals, National Small Industries Corporation or those listed in the Hand Book of Indigenous manufacturers published by DGFD. For this purpose, the Purchase Section may, with the approval of the Purchase & Stores Committee, register as many suppliers as possible who will be in a position to meet the requirements of the Institute. Enquiries may be sent to unregistered firms only on the basis of recommendation of the indenter (a) in respect of some specialised requirements and (b) also where the field is limited and suppliers do not get themselves registered with the Purchase Section. For imported items and stores, however, the respective foreign manufacturers/suppliers and/or their Indian agents shall be contacted.

2.1.1 OPEN TENDER/PUBLIC TENDER

- 2.1.1.1 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.1,00,000/-.
- 2.1.1.2 "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.1,00,000/- in the following circumstances with the prior approval of the Director, TIFIT, 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 public interest to call for open tenders,
- d) when stores are reserved for purchase from a specified category of industry as per policy decisions of the Government, &
- 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 on the basis of the guidelines provided under para 2.1 regarding selection of suppliers.

2.1.2 LIMITED TENDER:

- 2.1.2.1 Purchase shall normally be made by "Limited Tender" in 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.5,000/- but does not exceed Rs.1,00,000/-. 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 items subject to the condition that the tender is issued to atleast seven suppliers in the field(unless the source is less than seven). Selection of suppliers will be done on the basis of guidelines laid down under para 2.1.

2.1.3 SINGLE TENDER:

- 2.1.3.1 A single tender may be invited when an item or items of stores covered by an indent are available from only a single source e.g. where the stores are spare parts, attachments, etc., required for an existing equipment or the item of stores is a monopoly product of a single manufacturer or a proprietary item etc.

2.1.4 "AB-INITIO" NEGOTIATION:

- 2.1.4.1 The system of "Ab-initio" negotiation may be adopted with the prior approval

of the Director, TIFR, in exceptional circumstances, e.g.

- a) where there is no competition, or
- b) where there is shortage of capacity, or
- c) where it is in the public interest to adopt this system.

2.1.4.2 Where "Ab-initio" negotiation is adopted as the mode of purchase, a set of tender forms including specifications, drawings and other allied details of stores shall be forwarded to the suppliers concerned with instructions that they should go through the details thoroughly and return it with the undertaking that they have fully studied and understood the requirements correctly and can meet the requirement. Negotiation shall be conducted with such of those suppliers who have agreed to meet the requirements by a committee appointed by the Director, TIFR. The results of the negotiation should be got confirmed in writing by the suppliers, particularly the agreement reached on price and other commercial conditions before a purchase order is issued.

2.1.5 RATE AND RUNNING CONTRACTS:

2.1.5.1 In respect of stores for which there is regular and recurring demand, the price of which is not subject to appreciable fluctuation and in case of common user items required by the Institute, the Purchase Section shall conclude Rate or Running Contracts based on Public Tender for an appropriate period not exceeding two years at a time.

2.1.5.2 Purchases can be made against Rate/Running contracts entered into by the Directorate General of Supplies and Disposals subject to the condition that the delivery schedule prescribed by the indenter can be met by the supplier against Rate Contracts. In cases of urgent needs where there is likely to be delay in getting supplies of DGS & D rate contracted items through operation of such rate contracts, the same items could be purchased from the open market as long as the price to be paid for such items does not exceed those stipulated in the rate contract.

2.1.6.1 EMERGENCY REQUIREMENTS:

In case of emergent requirements relating to any vital facilities at TIFR or at its field stations, the Director, TIFR, may at his discretion decide and authorise any mode of purchase in deviation of the normal procedure having regard to the canons of financial propriety.

3. DISPENSATION OF TENDERING FORMALITIES:

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

3.1.1 CASH PURCHASE:

3.1.1.1 When the total value of an item or items of similar nature to be purchased at a time does not exceed Rs.1,000/- purchase shall be made by cash.

3.1.1.2 In the following types of cases, even though the value does not exceed Rs.1,000/- regular purchase orders may be placed:

- a) Foreign purchases,
- b) Purchase of materials from up-country firms,
- c) Where items to be purchased are required to be despatched to outstations, by the suppliers,
- d) Where the sale procedure of a particular supplier does not provide for cash sale, and
- e) Where the nature of transaction makes it necessary to issue a regular purchase order.

3.1.1.3 In cases of emergency or urgent requirement cash purchase upto a limit of Rs.2,000/- may be made with the prior approval of the Registrar. Such purchases exceeding the limit of Rs.2,000/- may be made with prior approval of the Director.

3.1.2 TELEPHONIC QUOTATIONS

- 3.1.2.1 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/- but does not exceed Rs.5,000/- quotations by telephone shall be obtained from atleast five firms from the approved suppliers list (unless the source of supply is less than five). Quotations may be obtained either by the Indentor or by the Purchase Section. Quotations obtained by the indentor will be in writing and addressed to the Purchase Officer.
- 3.1.2.2 Firms from whom telephonic quotations are obtained as per 3.1.2.1 above shall be asked to confirm in writing that the quotation has been correctly recorded.
- 3.1.2.3 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 cases of items of non-standard types and items not readily available in local market, etc.
- 3.1.2.4 In case of urgency where the value of an item or items of similar nature covered by an indent to be purchased at a time exceeds Rs.5,000/- but does not exceed Rs.10,000/-, with the prior approval of the Registrar, quotations shall be obtained by telephone from atleast five firms (unless the source of supply is less than five) who shall be asked in writing to confirm that the quotation has been correctly recorded.

3.1.3 REPEAT ORDER:

- 3.1.3.1 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 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. (This is to be certified by the officers concerned in the Purchase Section).
- f) the quantity to be ordered/purchased on repeat basis does not exceed 100% of the quantity as per the original purchase order or Rs.2.00 lakh in value whichever is less.
- 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.
- h) repeat orders are not permitted/applicable for purchase orders placed on telephonic quotations(3.1.2) and cash purchases(3.1.1).

4. PURCHASE POWERS:

- 4.1 Director, TIFR, shall have full powers to approve and sign purchase orders/contracts and amendments thereto. He may re-delegate his powers to officers under him as considered appropriate.
- 4.2 Purchase orders/Contracts and amendments thereto shall be approved and signed by officers in the Purchase Section and the Registrar to the extent of financial powers delegated to them by the Director, TIFR.

5. DIRECT PURCHASE BY PROJECTS/ENGG. SERVICES/FIELD STATIONS/FACILITIES

Heads of Projects/Enng. Services/Field Stations/Facilities shall have powers to make purchase of stores directly without utilising the service of the Purchase Section in respect of the following cases provided that the cost of such purchases does not exceed Rs.20,000/- on each occasion:

...B.

- a) In case of extreme urgency,
- b) cases where delay in receipt of stores will result in shut-down of any operating plant/vital facility or affect the uninterrupted activity in a Project/Encl. Services/Field Station/Facility,
- c) cases where purchases can be conveniently and advantageously handled by Project/Encl. Services/Field Station/Facility, &
- d) purchase of life saving medicines, drugs and other similar items.

5.2 Heads of Projects/Encl. Services/Field Stations/Facilities shall ensure that the reasonableness of the price payable is established by obtaining quotations from a minimum of five suppliers wherever possible.

5.3 Powers to make direct purchases shall be exercised in consultation with the Accounts Section of TIFR or the respective Accounts Section at the Field Stations.

6. PRE-AUDIT:

6.1 No purchase orders exceeding Rs.5,000/- in value and amendments thereto having financial implications where the value of the order after amendment exceeds Rs.5,000/- shall be released by the Purchase Section unless these are pre-audited and certified to be in order by an appropriate officer in the Accounts Section. For purchase orders below the value of Rs.5,000/-, only the financial commitments and availability of funds need be recorded by the Accounts Section. For this purpose the officers concerned in Purchase Section will refer such cases after release of the purchase order to the Accounts Section.

6.2 While pre-auditing and certifying the purchase orders whose value exceeds Rs.5,000/-, the officer concerned in the Accounts Section shall ensure that:

- a) approval of the competent authority exists for the purpose,
- b) in case of proprietary items, detailed technical justifications, where necessary, for choice of the proprietary make are furnished by the Indentor,

- c) sufficient funds are available,
- d) heads of account to which expenditure is to be debited is correctly indicated,
- e) lowest quotation is accepted or satisfactory reasons have been recorded in writing for not accepting the lowest quotation,
- f) proper procedure for making purchases is followed,
- g) approval of the competent authority is obtained for deviations from the procedure and also from the standard terms and conditions of contract, where applicable,
- h) provision is made in the contract for safeguarding Institute property required to be entrusted to the contractor,
- i) paying authority has been correctly stipulated in the purchase orders,
- j) price preference wherever applicable as per the Government order is accorded,
- k) in case of purchase orders proposed on unregistered firms, income-tax clearance certificate is obtained and certified to be available in the Purchase Section, &
- l) when a purchase order is proposed based on a single offer received against a limited tender, adequacy of the coverage of field and reasonableness of the price are certified by the officer concerned in the Purchase Section.

6.3 There will be post audit of purchase orders whose value does not exceed Rs.5,000/- on a selective basis in a manner to be decided by the Chairman, Purchase & Stores Committee.

7. PAYMENT OF BILLS:

7.1 Payment against purchase orders placed by the Purchase Section shall be released by the Accounts Section as per the mode and terms and conditions stipulated in the purchase order. Bills/Invoices from

the suppliers for payment against purchase orders placed shall be received in the Accounts Section. The Accounts Section shall among all necessary checks:

- a) verify the bills/invoices received from the suppliers with reference to the purchase orders, amendment to the purchase orders, receipt vouchers raised by the Stores Section and other relevant records/communication, and
- b) ensure that the prescribed certificates relating to Excise Duty, Sales-tax, free issue materials supplied by the Institute, Bank guarantees for advance/progress payment, Security Deposit, Performance Bond, etc., whenever asked for are available before the payment is released.

8. DEVIATIONS:

- 8.1 In cases where a deviation from the normal procedure for making purchases is considered essential or where it is proposed to dispense with open tenders, prior approval of the Director, TIFR, shall be sought bringing out clearly the reasons necessitating such deviations. Director, TIFR, shall permit the deviations sought only when he is fully satisfied that there is sufficient justification for such deviations and reasons therefor are clearly recorded.

This Office Order will come into effect from April 1, 1988.

V. Singh
(Virendra Singh)
DIRECTOR

Registrar - for circulation.