

Finalization of Tender



Objective:

- To state the process of finalisation of tenders after these are opened and also to indicate that the Accepting Authority has to take while accepting an offer or the Tender Committee has to take while recommending an offer.
- निविदाओं के खुलने के बाद उन्हें अंतिम रूप देने की प्रक्रिया को बताना और यह भी इंगित करना कि किसी प्रस्ताव को स्वीकार करते समय फैसला स्वीकार करने वाले प्राधिकारी को लेना है या निविदा समिति को लेना है।

Some of the points to be kept in mind for deciding tenders are as under:

- Railway should ensure that contract are placed at least **three months ahead of commencement of the contract period** to ensure supply at the beginning of contract period.
- रेलवे को यह सुनिश्चित करना चाहिए कि अनुबंध अवधि शुरू होने से कम से कम तीन महीने पहले अनुबंध दिया जाए ताकि अनुबंध अवधि की शुरुआत में आपूर्ति सुनिश्चित की जा सके।

Original Validity:

- Expeditious finalization of Tender.
- As far as possible tender may be **decided within validity** to avoid possibility of increase in price and incurrence of extra expenditure.
- Any delay in finalization of tender involve foreign exchange may leads to (i) **Non utilization of foreign exchange** (ii) **Changes in comparative position of offers** due to fluctuation of exchange rate.

Timely settlement:

- Monthly review meeting By PCMM & CMM.
 - AT/SLT pending **beyond 30 days.**
 - LT/BT pending **more than 10 days.**
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- As per stores Shield Criteria:
 - TC case: 45 days
 - DA case: 10 days

Clarification:

- Clarification should **not be sought in piece-meal** from the tenderers.
- Such Clarification should not change the substance or price of the original offer.
- Technical Specification and requirement should be direct and to the point queries.
- Queries should be in such manner as not to leave any erroneous impression.

Income Tax Clearance Certificate:

- All firms should be asked to submit the valid ITCC along with their quotation, and this aspect should be made abundantly clear in the tender document itself. Offer which are not accompanied by the valid ITCC should ordinarily be ignored.
- No payment should be allowed for supplies made under the contract and the supplier has no right to make any claim for payment till the production of valid and current ITCC. This aspect is clearly brought out in the agreement or letter of acceptance.

Technical suitability:

- Bidders offers should be technically suitable.
- Technical scrutiny should not be resorted to in procedural manner.
- TS done in selected case where deviation to the specification have been indicated by bidder.
- Incase of procurement from sources for educational order.
- Purchase officers may get description, specification, drawing checked by technical department before issue of tender.
- Technical evaluation should be carried out within shortest possible time.

Acceptance of offers from unregistered and untried firms through advertised tender:

Un registered firms:

- Firm should furnish along with their quotation:
 - The name, full address of their bankers.
 - Performance statement in prescribed proforma regarding supply made by them against order received from other Rly, and other agencies for similar stores in the past 3 years.
 - Details of equipment, possess for manufacturing the items.
 - Quality control, details of technical personal employed.
 - Earnest money and security deposit should be insist upon unless they are waived as per extant instruction.
- **In case fails to furnish the above their offer should be ignored.

- At least 80% demand should be covered on registered/approved suppliers.
- Balance upto 20% quantity could be covered on unregistered firms whose capacity could not be tried by an educational order either but whose offers are competitive and prima facie the Railway is satisfied that they are capable of executing the order.

Ordering on approved sources:

Railway Board's letter No.99/RS(G)709/1 dated 18.11.2016

- Issue of maintaining Part-I and Part-II categorization among the approved/registered has been decided to do away by Railway board. (Now not in use).
- Railway Board's letter No.2001/Rs(G)779/7 pt 2 dated 25.06.2018:
- Vendors have been categorized in two categories:

Developmental Vendors: Vendors found by RDSO as capable to develop the item under consideration.

Erstwhile (भूतपूर्व) part-II sources of RDSO(as on 31.12.2016 but not yet approved by RDSO) shall also be considered as developmental vendor, till they complete the pre-defined requirement as approved vendors.

- **Approved Vendors:** Sources categorized as approved vendors by RDSO.

Quantity Allocation:

- Total quantity to be ordered on **developmental sources** shall be limited **upto 20% of NPQ** in regular tenders.
- Approved Vendors shall be eligible for bulk order, as per predefined tender conditions.
- Where there is **less than three Indian supplier categorized as approved vendor for an item**, **developmental order may be given upto 50% of NPQ** on one or more vendors approved as developmental vendors.
- In this regard, a suitable tender condition should be incorporated in the tender.
- Where, **no approved vendor for an item**, **developmental vendors can be considered for placement of bulk order without any quantity restrictions**.
- While considering such vendors, factors including past performance, capacity, delivery requirements, quantity under procurement, nature of item, outstanding order load etc. shall be considered in a transparent manner, subject to rates being reasonable. Quantity allocation among eligible vendors shall be based on pre decided tender criteria. Suitable condition in this regard shall be made part of tender conditions.

Splitting of tender quantity:

Railway Board's letter No. 99/RS(G)/779/2 Pt
dated 11.02.2016

Case of no prior decision to split the order:

Case of pre-decided splitting of order:

Case of no prior decision to split the order:

- Normally full order should be placed on L-1 firm.
- After due processing it is discovered that the quantity to be ordered is more than what L-1 alone is capable of supplying.
- There was no prior decision to split the quantities.
- Aspect should be recorded in TC minutes/ acceptance in direct acceptance case.
- Quantity distributed among the bidders will be fair, transparent, and equitable.

The manners of splitting on the following parameters:

- (a) Past performance of the firms,
 - (b) Capacity of the bidders,
 - (C) Delivery requirement in the tender,
 - (d) Quantity under Procurement,
 - (e) Vital/critical nature of the items.
- Splitting should not be done merely with a view to utilizing developed capacity of the different sources but should be for valid reason to be recorded in writing for splitting the tender quantity.

Case of pre-decided splitting of order:

- Railway may decided in advance to place order on more than one sources:
 - on account delivery requirement in tender,
 - past performance,
 - capability of bidders,
 - quantity under procurement and vital/safety nature of items.
- Zone of consideration of such eligible tenderers will be the right of the purchaser.

The zone of consideration means:

- dynamic mix of inter-se position of firms,
- supply performance of the firms,
- quantity being procured,
- critically of item and lead time of supply of the item,
- number of established suppliers, their capacity etc.

- Whenever such splitting of the procurable quantity is made, the quantity distribution will depend upon the differential of rate quoted by the tenderers.
- Other aspect adequate capacity-cum capability, satisfactory past performance of the tenderers, outstanding order load for the Railway making the procurement, quoted delivery schedule.

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Price differential between L1 & L2	Qty distribution ratio between L1 & L2
Upto 3%	60:40
More than 3% & upto 5%	65:35
More than 5%	At least 65% on L1, for the quantity to be ordered on the L2 tenderer TC/TAA .

- Normally, where splitting is done effort should be made to see that order are placed in one rate i.e lowest acceptance rate. Differential rate can be considered on merit of the each cases. While splitting the tender quantity lowest acceptable rate can be counter offered to the higher tenderer.
- But it should not be interpreted that making counter offer is mandatory before any consideration of differential rate when quantity is proposed to be split between more than one firms. The procedure of counter offer may be kept in view while splitting tender quantity. However it is open to Railway to decide, depending upon merit of the each case. To either counter offer the lowest acceptable rate while splitting the tender quantity or placed order on differential rate.

- Criterion for evaluation of offers/deciding inter-se position of bidder should be clearly mentioned in tender documents i.e. in case of multi-item or single item with multi consignee, as to whether inter-se position will be decided item wise/consignee wise or total value as whole.
- In case stipulation has not been mentioned tender documents the inter-se position of the bidder shall be decided based on the total value of the tender for all items and all consignee and not on the basis of individual items or individual consignee.

- If splitting of quantity is required to be done by ordering tenderers higher than the L-2 tenderer, then the quantity distribution proportion against the tenderers will be decided by transparent/logical/equity.
- The purchaser reserves the right to counter offer the lowest acceptable rate for bulk ordering to the higher tenderer(s). In the event of rejection of such counter offer(s) the purchaser will reserve the right to decide on the quantity distribution ratio/proportion.

- If L1: Development firm
- L2: Approved firm
- L3: Approved firm
- L4: Approved firm
- Rate difference between L2 & L3 comes within the range of 3% to 5 %.

Quantity Allocation:

- L1: 20% of NPQ
- L2: 65 % of 80 % of NPQ
- L3: 35% of 80% of NPQ

- If L1: Approved firm
- L2: Development firm
- L3: Development firm
- L4: Approved firm
- Rate difference between L1 & L4 comes within the range of 3% to 5 %.

Quantity Allocation:

- L1-65%
- L2 & L3: 20% of 35% of NPQ
- L4- Balance Quantity.
- Development firm should not be at a higher rate than approved firm.

Receipt of Single offer:

Auth: Rly Board L/No.88/RS(G)/779/14 pt dt 12.03.2015.

		Remarks
LT (1 st time)	Single offer	Normally Re-tender In case of urgency *NS items Urgency- certified by Indenting department. For stock items urgency to be certified by stores departments. Upto 8 lakhs-JAG, Above 8 lakhs-SAG
LT(RT)	Single offer	Normal acceptance shall be followed. (subject to certification of reasonableness of rate)
AT	Single offer	Normal acceptance shall be followed. (subject to certification of reasonableness of rate)

*These power are to be exercised in urgency subject to tender enquiry have been issued to last supplier and price obtained being reasonable. Details reason should be recorded by purchases officers.

Acceptance of deviation clause:

- Acceptance of deviation clause from IRS conditions of contract without prior concurrence:
- **Direct acceptance:** One level higher than normal power acceptance but not below the JAG.
- **TC Case:** Normal power of acceptance of tender.

Auth: Rly Bd L/No.2007/RS(G)779/1 dt 04.04.08

Sample:

- In case of tender for supply stores, when samples are required to be submitted along with the tender, the sample shall be tested and the tender committee proceeding should contain their specific comments on the samples.
- The capacity, credential and financial status of the tenderer(s) should be investigated and only if these are found satisfactory, the contract should be awarded.

Delivery:

- Clause 0601 to 0700 of IRS conditions of contract enumerates the conditions with regards to the time and date of delivery
- Time and date of delivery are the essence of contract and the supplier is required to supply the stores not later than the dates specified in the contract.
- The delivery terms provided in the contract should not be vague.
- Specific date should be indicated in the purchase order, by which supplies should be completed by the suppliers both in case of entire and several contract.

- The delivery period in stores procurement shall be reckoned from the date of issue of advance PO/ letter of advance acceptance/letter of acceptance.
- Tenderers should invariably quote firm delivery as stipulated in electronics tender SOR.
- In case of ex-stock offers, the dispatch of stores should be effected within 7 days of the receipt of order.
- In case of Inspection by RITES/RDSO, before dispatch, extra time of 3 weeks will be allowed to cover time in inspection.

- In case of local delivery/outstation dispatch sent by lorry, the date on which material are actually received/delivered to consignee will be taken as date of delivery.
- Tenderer should note that as contract shall be entered into on severable contract basis only.
- PO shall be issued on severable contract basis with delivery of specific units of materials shall be completed within each months or within specific period duly taking into account our delivery requirements.
- Failure on part of supplier to complete of each installment with specific period or within specified date indicated in PO shall be treated as breach of contract on part of supplier & purchaser shall have right to take necessary action.

Delivery terms:

- The purchaser will prefer free delivery by road at consignee's end.
- In case of offer is submitted on the basis of FOR- station of dispatch, without indicating freight/delivery charges, the supplier shall agree to dispatch the stores by road on free delivery to consignee on freight pre-paid basis and claim reimbursement of the lower of road/rail freight.
- In case an offer on FOR station of dispatch is accepted with mode of dispatch by Rail, the supplier shall agree to book the stores by train for wagon loaded consignment and passenger/parcel train for smalls. Reimbursement of pre-paid freight element may be obtained through bill.
- In case of mode of dispatch by Road date of delivery at consignee end shall be considered as date of delivery.
- In case of dispatch by road FOR Ex works or station of dispatch will not be acceptable.

- Mode of dispatch should be preferably by road/ personal courier, directly to the consignee end.
- For such mode of dispatch, the date of receipt of material by consignee will be taken as date of delivery.
- Mode of dispatch should be road on FOR destination basis.
- In case of tenderer quote ex-works or ex-Godown price, they should invariable indicate the total freight charges i.e from their ex-works or ex-Godown to destination.
- In the event of any tenderer does not specifically record anything about place of delivery In his offer.
- It is assumed that, tenderer will bear the freight and the offer is for freight free delivery at destination.

- **Advice of dispatch of Stores:** The supplier should ensure that Railway receipt/PWB under which the materials is booked to a Railway consignee are prepared in favor of Consignee not '**Self**' failing which they will be required to take delivery themselves and deliver the consignment to the consignee.
- **Packing Conditions:** Material should be supplied with packing conditions specified in P.O. or it should be supplied with standard packing which can withstand transit damage, handling and proper storage.

Negotiation:

- Conducting negotiation is an exceptional rather than the rule, may resorted to only under following circumstances:
- Where all the tenders are considered to be unreasonably high in value and it is felt that re-tendering would not secure better advantage to the Railway.
- Lowest tender is technically not acceptable or is rejected because of unsatisfactory credential, inadequacy of capacity unworkable rates, and the next higher offer to be considered in accordance with the established procedure is found to be unreasonably high.
- Where in case of proprietary item of stores, the price quoted is considered unreasonably high.

- The decision, whether to invite fresh tender or negotiate and in the later case, with whom to negotiate, should be taken by competent authority, after recommendation of the tender committee.
- The tender committee has to make a careful examination of all the aspect including physical and capacity of firm in regards to various reason for which any tender is overlooked and only the remaining tenderer(s) are called for negotiation.

Procedure for conducting Negotiation:

- Negotiation is to be conducted only with the lowest technically acceptable tender.
- Revised bids should be obtained in writing/online from selected at the end of the negotiation.
- In case any tenderer(s) prefer to send revised bids in stead of being present at the negotiation, the offers should be taken into account.
- The revised bids so obtained should be read out to those tenderers or such of the representative of the tenderers as are present, immediately after completing the negotiation.

- Firms submitting late/delayed tender/post tender should not be called for negotiation as these should be totally rejected.
- The tenderer to be called for negotiations should be asked to give his consent that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations.

- There should be no compromise to transparency, equity or fair treatment in acceptance of tender. Prescribed time-frame of setting tenders is to be strictly adhere to.
- In cases, where small scale units registered with NSIC quote in competition with others and fall within the price preference range as per extant Government order. Negotiation will be held with lowest acceptable tender in each category viz the lowest tender of SSI units, which falls within the purchase preference, as well as the lowest tenderer of the competitive basis.

- Counter offer to L-1, in order to arrive at an acceptable rate shall amount to negotiation.
- Any counter offer to L-2, L3, etc in case of splitting of quantities, as pre-disclosed in tender, shall not be deemed to negotiation.
- In cases where the rate of highest tenderer within the zone of consideration, rate is reasonable, and a counter offer is made only to economies the purchase, then the same may be done simultaneously to all tenderers within the zone of consideration.

Auth:Rly Bd L/No.99/RS(G)779/2 date
22.10.2008.

Question

Q1. Where there is less than three Indian supplier categorized as approved vendor for an item, developmental order may be given upto of NPQ on one or more vendors approved as developmental vendors.

- A. 15 %
- B. 20 %
- C. 50 %
- D. Full Qty.

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- C. 50 %
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Question

Q2. In pre-decided of splitting, if price difference between L1 & L2 is more than 3 % but less than 5 % the quantity ratio between L2 & L1 is:

- A. 60:40
- B. 65:35
- C. 80:20
- D. None of the above

Question

Q2. In pre-decided of splitting, if price difference between L1 & L2 is more than 3 % but less than 5 % the quantity ratio between L2 & L1 is:

A. 60:40

B. 65:35

C. 80:20

D. None of the above

Question

Q3. In case on Non stock items of 14 lakh tender value single offer is received, then urgency certified by:

- A. JAG Purchase officer
- B. SAG Purchase officer
- C. SAG Indenting officer
- D. SAG Account officer

Question

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- B. SAG Purchase officer
- C. SAG Indenting officer
- D. SAG Account officer

Question

Q4. If a firm is Approved/downgraded/removed/suspended/banned after the opening of the tender, how will this change be taken into account?

- A. It will not be taken into account
- B. It will be taken into account while deciding tenders
- C. It will only be taken into account in case of downgrading/removal/suspension/banning
- D. It will only be taken into account in case firm is approved after the opening of the tender

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Question

Q5. Under what circumstances can developmental vendor can be consider for bulk order without quantity restriction

- A. When there are no Indian suppliers categorized as approved vendors for a particular item
- B. When the developmental vendors have quoted the lowest rates
- C. When the approved vendors are unable to meet the delivery requirements
- D. When the approved vendors have quoted unreasonably high rates

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- D. When the approved vendors have quoted unreasonably high rates

Question

Q6. Wherever there is a restriction policy to procure the item from approved sources, How much quantity shall be ordered on Approved Sources

- A. Minimum 80% of tendered Quantity
- B. Maximum 80% of tendered quantity
- C. Maximum 80% of NPQ
- D. Minimum 80% of NPQ

Question

Q6. Wherever there is a restriction policy to procure the item from approved sources, How much quantity shall be ordered on Approved Sources

- A. Minimum 80% of tendered Quantity
- B. Maximum 80% of tendered quantity
- C. Maximum 80% of NPQ
- D. Minimum 80% of NPQ

Question

Q7. If an agent submits bids on behalf of the OEM and also on behalf of another OEM in the same tender for the same item/Product, then.

- A. The Lowest offer shall be considered
- B. then Both offers will be considered ineligible and will be summarily rejected
- C. Agent shall required to submit tender specific authorization from both the OEMs
- D. Agent will be asked to withdraw bid of any OEM

Question

Q7. If an agent submits bids on behalf of the OEM and also on behalf of another OEM in the same tender for the same item/Product, then.

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- D. Agent will be asked to withdraw bid of any OEM

Question:

Q8. In urgency, to get supply at the earliest, Railway may incorporate in the tender.

- A. Option Clause
- B. Time preference Clause
- C. PVC
- D. Force majeure Clause

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A. Option Clause

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D. Force majeure Clause

Question:

Q8. In case of pre-decided split ordering, if the price differential between L1 and L2 is 3.1%, what is the recommended quantum of percentage of tendered quantity which can be given to L2?

- A. 40 %
- B. 50 %
- C. 100 %
- D. 35%

Question:

Q8. In case of pre-decided split ordering, if the price differential between L1 and L2 is 3.1%, what is the recommended quantum of percentage of tendered quantity which can be given to L2?

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- C. 100 %
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Thankx