GUIDELINES RELATED TO PROCUREMENT OF GOODS AND SERVICES

General Administration Department

Introduction

General Administration Department (GAD) of the Bank has been incurring substantial amounts of expenditure in procurements of various types (purchases, works etc). The procurement exercises are being undertaken by GAD efficiently conforming to the Bank's Policy guidelines, broad guidelines issued by the Central Vigilance Commission and the Indian Banks' Association, a need has arisen to introduce a detailed policy and discretionary powers for procurements undertaken by the GAD. A thorough knowledge of the CVC / IBA Guidelines would provide greater insight into the understanding of the Policy Guidelines and the process / procedure involved in execution of a procurement.

The objectives of bringing out the Policy are as under:

(i) To introduce a uniform, systematic, efficient and broad procedure for Procurements undertaken by the GAD of the Bank;

(ii) To make the procurements by GAD as transparent as possible so as to bring out competition and fairness and to eliminate arbitrariness;

(iii) To introduce procurement systems for GAD which will ensure quality of the procurement as also value for money;

and

(iv) To ensure timeliness, efficiency and accountability in the entire procurement cycle.

The process of a legal entity acquiring goods, works or services or engaging of consultants, from an outside body, at the best possible total cost, in the right quality and quantity, in the right place from the right source for the direct benefit of the said legal entity is called Procurement.

This policy for procurement has been framed for the General Administration Department vertical. Other Offices / Verticals of the Bank indulging in Non-IT procurements pertaining to their respective Offices / Departments / Verticals shall utilize this policy, if they do not have any separate policy on their own.

Fundamental Principles

1. No work or service is undertaken without administrative approval, technical approval and financial sanction from the respective Competent Authority.

   Exceptions:

   i. Works of emergent nature
   ii. Jobs which are difficult to assess by measurement
   iii. Routine repairs & maintenance works costing Rs.5000 or less.

2. No work is split up merely to bring it within the powers of the lower Competent Authority.
3. Works are generally executed as per the standard methods of procurement (detailed in this chapter).
4. Whenever procurements are made without adequate competition (subject to limits specified in this Policy), it shall be ensured that the works are entrusted/ distributed, to Consultants / Contractors, in a cyclical manner so as to provide equal opportunity for all in the panel.
5. No deviations from approved drawings, specifications and conditions of contract are permitted without the prior approval of the Competent Authority.
6. Savings by deletion or curtailment of an item of project are not appropriated towards excesses over other items without the approval of the Competent Authority.
7. Items not contemplated in the administratively approved project are not carried out howsoever essential they appear to be, without the prior approval of the Competent Authority.
8. Only the work done is paid for according to the terms and conditions of the contract.

Procurement Classification

These procurements can be broadly classified as below:

(a) Goods
(b) Works
(c) Non-Consultancy services
(d) Consultancy services
(e) Disposal of property and other goods etc.
(f) Acquisition of Premises on lease

The policy for procurement and the discretionary powers vested with various layers of authority dealing with procurement are dealt in this Procurement Policy.

Based on the cost of procurement, the procurement can be;

Major (Cost of procurement is more than Rupees One Lakh)

or

Minor (Cost of procurement is up to Rupees One Lakh)

General Procedure:

The first step in any procurement is establishing the need for the purchase and firming up the requirement of the user. An administrative approval is usually obtained from the Competent Authority for establishing the requirement(s).

For all Major procurements, such administrative approvals are a must. On the other hand, for minor procurements that are routine in nature, such administrative approvals may not be required always.

In order to ensure that all major procurements [such as new construction works (Civil / Electrical / Mechanical infrastructure works), major renovation works, major repairs & maintenance works and major service contracts] are carried out with maximum efficiency and the best possible service to the Bank, the undernoted controls shall be exercised by the Competent Authority.

a. Administrative
b. Technical
c. Financial

Minor procurements, which are routine in nature, are generally carried out with prior approval of Competent Authority (i.e., administrative, technical & financial approvals together). Separate administrative approvals are taken (before financial approvals), only if the minor procurements are not routine in nature.

Administrative Approval

Generally, the administrative approval for initiating a procurement activity is accorded by the Executive Head of the respective Office (in case of Regional Office, ZO etc.) / Department (in case of Central Office).

However, if the financial powers for the proposed procurement falls under the powers of next higher level Office, then it may be referred to the concerned Office higher in the order, represented as below;

At Central Office, administrative approvals are accorded by various levels of authorities, based on the financial powers delegated.

Administrative Powers are exercised by Competent Authority during execution of procurements also i.e., once financial approval is accorded by the Competent Authority, various administrative decisions in effecting the procurement, execution of project etc. has to be taken up, for smooth conclusion of the procurement. Such administrative decisions shall be taken by the Regional Head (at the Regions), Zonal Head (at Zonal Office) and concerned Executives (at Central Office).

Technical Approval

As no separate layer of authority is available in the Bank to accord Technical Approvals, it shall be construed to be accorded when Administrative approvals are given, for any **major** procurement.

To enable the above, the Competent Authority giving Administrative / Financial approvals shall take in to consideration the following:

- The opinion given by the Technical Officers, where available.
- The opinion given by the Consultants / Architects appointed for the purpose by the Bank.

For this purpose, the Bank shall co-opt an external technical expert, retired from the services of CPWD / RBI / PSUs, preferably in the rank of Chief Engineer, to be part of a Project Committee, for procurements costing more than Rupees One Crore, if the procurement / project requires specific Technical expertise.

Financial Approval

The Discretionary Powers vested with various layers of authority, for various Departments, are being defined by the Banking Operations Department, with the approval of Competent Authority. The powers are revised from time to time as per operational requirements.

Integrity Pact

The Central Vigilance Commission (CVC) vide their Circular No.02/02/2015 dated 25/02/2015, recommended implementation of a concept called Integrity Pact (IP) in respect of all major procurements, which essentially envisages an agreement between the prospective vendors / bidders and the buyer committing the persons / officials of both the parties not to exercise any corrupt influence on any aspect of the contract.

The CVC has also advised PSBs to appoint Independent External Monitors (IEMs) to make their procurement and contracting process fair and transparent. The IEMs would review independently and objectively, whether and to what extent parties have complied with their obligations under IP.

Independent External Monitors:

- Presently, Shri. S. Sadagopan, Director IIIT, Bangalore and Shri. K. Srinivasan, Director General (Retd.), CPWD, Chennai have been appointed as IEMs for implementation of Integrity Pact in our Bank. The contact details are available in our Bank's website www.iob.in and also in IOB ONLINE.

Threshold Value:

- The Threshold limit has been presently fixed at Rs.25 Lakhs for our Bank.

A Standard Operating Procedure (SOP) has also been issued by the CVC outlining the essential ingredients of the Integrity Pact. All the relevant circulars, SOP etc are available online in CVC website www.cvc.nic.in.

Modalities:

a) For all those procurements exceeding the threshold limit of Rs.25 Lakhs, adoption of Integrity Pact is a must. Such procurements shall always be in Two Parts.

b) All prospective bidders should be asked to execute the Integrity Pact Agreement (duly stamped) and submit along with the Part A (Technical Bid). This should be a pre-qualifying criterion. Hence, the Price Bids (part B of the tender) of those bidders who have not submitted the signed Integrity Pact shall not be opened. A suitable clause shall be incorporated in the Technical Bid (Part A) of Tender in this regard.

Reporting:

The procurement entity / Office / Department shall report the details of such procurements immediately to the Nodal Officer (One Officer at GAD for non-IT procurements) at Central Office, for compliance of CVC guidelines.

Procurement of Goods, Works and Non – Consultancy Services

The first step in any procurement is establishing the need for the purchase. For this purpose, an administrative approval shall be obtained from the Competent Authority for firming up the requirement(s) of the user and to initiate the procurement process.

The next step would be to assess the value of the procurement (by preparing an estimate) to decide on the method of procurement and to decide on the Competent Authority for according necessary Financial Sanction.

Once the financial approval is obtained, the procurement shall be carried out through appropriate procurement method, by the Procuring Department.

Goods:

"Goods" means objects of every kind and description including the following;

a) Raw materials, products, & equipments
b) Furniture and fixture
c) Objects in solid, liquid or gaseous form
d) Water, electricity, food and such other consumables
e) Services incidental to the supply of the above if the value of those incidental services does not exceed that of the goods themselves.

Works:

Works are classified as under for administrative and technical purposes:

a) Original Works
    i. Civil, electrical and mechanical works covering Construction works, Development works, Interior Decoration works, Furnishing works, etc.
    ii. Reconstruction works, Renovation works, Addition & Alteration works
    iii. Supply and installation of equipments, plant and machinery works
b) Repair and Maintenance Works
    i. Repairs to premises
    ii. Repairs to vehicles
    iii. Repairs to equipment, plant and machinery
    iv. Repair to furniture and other assets
    v. Services incidental to the above if the value of those services does not exceed that of the main work.

Non-Consultancy Services:

Non-Consultancy Services are services other than Consultancy services, which are required by the Bank, for maintenance, upkeep, logistics etc.

Non-Consultancy Services include services which are normally outsourced by the Bank including the following:

a) Housekeeping Services / upkeep of premises including buildings and other assets;

b) Printing Services;

c) Electrical services for attending to the following:
   - Electrical faults;
   - Preventive & breakdown maintenance of electrical power distribution systems and electrical equipment;
   - Operation & maintenance of sub-station equipments etc.;

d) Operation and maintenance services for air-conditioning units, water treatment plant, diesel generators etc.;

e) Maintenance of elevators, photocopiers, telecommunication systems, other electrical / electro-mechanical equipments etc.;

f) Plumbing & sanitary services for attending to faults, preventive & breakdown maintenance in water supply & sewerage systems etc.;

g) Maintenance of lawns and gardens;

h) Shifting / Transport of goods like furniture, fittings etc and arranging records at Departments etc.

i) Such other non-IT based services specific to each Department for smooth conduct of Banking Business.

While some of these services are carried out on annual contract basis, some other services are carried out as task based, as per the requirement.

Methods of Procurement

The following methods are adopted to achieve the procurement objective for goods, works and non-consultancy services.

(a) Direct Contracting/Purchases by an individual Official/Authority or by a Purchase Committee:

Procurement without calling for competitive bids through a single source may be adopted in the following circumstances:

i. the commodity to be procured is of routine nature and the value of the commodity is small;
ii. the commodity to be procured is urgent and its value is small.

Direct Contracting for procurement of Goods, Works, Non-consultancy services may be resorted up to Rs.1.00 Lakh (Rupees One Lakh) Only.

The above limits shall be exercised by each authority, as per the nature of procurement and as per delegations of powers for that procurement. Direct Contracting shall be normally undertaken through registered contractors only. However, opportunity shall be given to all panel contractors in execution of various works, in a cyclical manner, when this method is followed.

In situations where the goods / works / services could not be procured from registered contractors, then the same can be procured from the

market. The reasons for procuring from non-registered contractors / vendors shall be recorded in the Office Note.

The Competent Authority and all other signatories of the Office Note shall, "*jointly and individually satisfy that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier / contractor recommended is reliable and competent to supply the goods or execute the work in question*".

(b) Purchase from Firms registered with DGS&D:

Goods under **valid** rate contract with DGS&D (Director General of Supplies and Disposals), Government of India, shall be purchased by Bank, without tender process, by placing direct order with the DGS&D approved supplier/vendor at the contracted rates of DGS&D.

(c) Rate Contract:

For items of recurring nature, Rate Contract method shall be adopted. The Rate Contract may be valid for 6 / 12 /24 months with provision of review of rates at a regular period say quarterly, half-yearly, etc. Rate Contract is a contract between the purchaser and the supplier for supply of specific goods and allied services if any, at the rates and subject to the terms and conditions agreed upon, during the specific period covered in the contract. The contract does not guarantee purchase of the minimum quantity or the minimum drawal of the goods. It is purely in the nature of a standing offer from the supplier.

(d) Single Tender Enquiry on Nomination basis:

Procurement of goods by issuing single tender enquiry to a select source, without resorting to any kind of competitive bidding process, amounts to purchasing without generating competition. This method of purchase should, therefore, be resorted to only in certain **unavoidable circumstances**, as below:

- The Goods, Works or Services are available only from a particular source.
- The vendor is an OEM or his authorized dealer with exclusive rights.
- In case of urgency, the required goods are necessarily to be purchased from a particular source.
- In case of an emergency situation arising out of natural calamities, disasters and situations where timely completion of the assignment is of utmost importance.
- In case of procurement of goods for special places like Board Room, Offices of the Top Executives / Directors, Electrical Sub-Stations, Power Distribution Systems etc., where the quality of the product like furniture, fittings, equipment etc. is of prime importance, to suit the requirement, ambience etc.
- There is a need for compatibility with existing goods, equipment, technology or services.

Subject to the above and the discretionary limits prescribed under various categories, procurements on nomination basis may be approved by various authorities up to the limits delegated.

The following points should however be strictly observed:

i. All contracts awarded on nomination basis should be brought to the notice of the Board of Directors of the Bank for information;
ii. A consolidated report relating to such awards will be submitted to the Board every quarter;
iii. R.O./Z.O./Departments in C.O. shall submit a quarterly report to GAD, Central Office for consolidation.

The Audit Committee of the Board may be required to check at least 10% of such cases, in confirmation to CVC guidelines.

The mere post facto approval of the Board is not sufficient to award a contract on nomination basis. It should be established that it is 'inevitable' that the Bank has to adopt single tender enquiry system and that there is no other choice available to the Bank.

(e) Request For Quotation:

Request for quotation is a procurement method based on price quotations / proposals obtained from panel vendors / suppliers (in case of goods), panel service providers (in case of services) and from panel contractors (in case of contract works), with a minimum of three, to assure competitive prices and is an appropriate method for procuring readily available off-the-shelf goods or commodities with standard specifications and contract works and other services of small value, limited to Rs.10 lakhs[1]. However, opportunity shall be given to all panel contractors to participate for various works, in a cyclical manner, when this method is followed.

Where the item to be procured is not routine / not repetitive and / or for which a separate panel cannot be maintained, then the quotations shall be obtained from the market, after thorough market study.

There are certain classified & specialized items, for which Bank may not get three competitive quotes from the market due to limited number of players in the market with safe & proven technology, dependable service backup etc., viz., strong room doors, note sorting machines etc. For purchase of such specialized items, the number of quotations shall be not less than two.

(f) Limited Tender Enquiry:

In Limited or closed Tenders, only pre qualified or empanelled / registered bidders are allowed to participate in bidding. In this case the notice inviting Tenders are floated only among the empanelled vendors referred above and the notice inviting Tenders are not advertised in

[1] The threshold values for adopting different methods of procurements have been defined separately in this chapter.

newspapers. The Lowest Bidder or L1 is selected from among the bids submitted by the empanelled vendors.

(g) Advertised Tender Enquiry / Open Tender:

For procurement of high value goods / works / non-consultancy services, estimated to cost more than Rs.1.00 Crore (for works & non-consultancy services) and Rs.50 Lakhs (for goods), the Bank shall resort to Open Tender method.

In this method, the tender enquiry is made through press advertisement and website advertisement.

If the value of goods / works / non-consultancy services are less than the above threshold limit and if no panel is available for procurement, then the procurement shall also be carried out through Open Tender with press / website advertisement.

(h) Annual Maintenance Contracts / Service Contracts:

A service contract is a contract or agreement, for a consideration and for a specific duration, to perform a predefined service, repair, maintenance or operation & maintenance of any kind of property. Such services are usually taken up on Annual Contract basis. Maintenance contracts may or may not include the following;

1. Cost of service / labour
2. Cost of spares which are likely to get defective due to wear and tear or otherwise.
3. Cost of consumables / materials
4. Cost of operation by deploying regular manpower.

Hence, while the contract agreement / service level agreement is being entered, the scope of service shall be well defined.

Some goods, especially sophisticated equipment and machinery need proper maintenance for trouble free service. For this purpose, the Bank may enter into maintenance contract. However, the paid maintenance contract should start after expiry of the warranty period, during which period the goods are required to be maintained free of cost by the supplier.

The question whether the maintenance contract should be entered with the manufacturer/supplier of the goods i.e., the Original Equipment Manufacturer (OEM) / Authorized Dealer or with any other competent and eligible firm should be decided on case to case basis, on merit.

If the maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose should be incorporated in the tender enquiry document itself and while evaluating the offers, the cost component towards maintenance of goods should also be added in the 'evaluated' tender value on overall basis to decide the inter se ranking of the responsive tenders, to offset the advantage to the OEM / Authorized Dealer in quoting higher maintenance cost, if taken up separately.

Equipment with lower quoted price may carry a higher maintenance liability. Therefore, total cost on purchase and maintenance of the equipment over its projected lifecycle should be assessed to consider its suitability for purchase.

However, if the maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of maintenance contract. Here, the supplier of the goods may also quote and quotation, if any, received from him should be considered along with others quotations received, on merits.

(i) e-Reverse Auction / e-Tenders:

It is the simulation of the manual tendering process using internet-based software. In this system, the eligible and responsive Bidders can log on to the specified e-procurement site of the Bank identified by ITD, Central Office, through internet using unique name and password and place their commercial bids in respect of a specific RFP. For high value projects requiring Open Tender, Bank can explore possibility of e-tenders, on a selective basis.

Emergency Procurement

a) Emergency Works are defined as works which have to be carried out when there is a threat to loss of life/property, or when there is a breakdown of services.
b) The emergency may be due to a natural calamity, fire accidents, breakdown of equipment affecting continuity of business etc.
c) There may be a situation where there would be breakdown of services affecting supply of essential commodities like water, power etc., and there would be an urgent requirement to hire motors, pumps, generators etc.
d) The work has to be carried out without calling for quotations where the requirement is very urgent in nature and where a decision has to be taken on the spot to overcome the crisis.
e) Emergency procurement of Goods, Works and Non-consultancy services also comes under Direct Contracting. However, the procurement limit would be as per the Discretionary Powers.
f) It shall be ensured that the prices are reasonable and the procurement is justified to be classified as emergent.
g) Work to be initiated as per the exigency but ratification to be obtained from the Competent Authority detailed below, at the earliest, explaining the crisis and the situation to act urgently.

Execution of Project Works Directly through CPWD / Other PSUs:

CPWD is a Central Government Department which executes project works like constructions, interiors etc. as per Central Government and CVC guidelines. They undertake projects as Deposit Works for all PSUs / PSBs. Bank can engage CPWD directly as Project Management Consultants (PMC) who will execute the project through due tender process. The project cost, as estimated by them including their Departmental charges, will be required to be paid to them in installments, as per agreed terms and conditions.

PSUs like NBCC, BSNL etc also undertake project works like CPWD, for other PSUs / PSBs, as Deposit Works. Bank shall engage their services, provided they execute the work, as per Government / CVC guidelines and CPWD procedures.

MD & CEO shall accord approval for awarding the work directly to CPWD or any PSU, for execution. The estimate provided by CPWD / PSU shall be placed before Competent Authority for approval of Budget.

On occasions when works are awarded to CPWD / PSUs for execution, Bank may have to engage the services of a duly selected Architect / Consultant for preparation of plans, obtention of statutory clearances, preparation of detailed / working drawings etc. In such a case the role functions of PMC and the Architect / Consultant shall be clearly defined.

Empanelment of Consultants / Contractors / Vendors

General

(a) With a view to establishing reliable sources for procurement of goods / works / services commonly required for the day-to-day operations, Bank may prepare and maintain list of eligible and capable contractors / vendors. Such approved suppliers / contractors will be known as 'Registered Suppliers / Contractors' or 'Empanelled Contractors', which list will be utilized as and when necessary. The application forms complete in all respects, accompanied with the required documents, shall be submitted by the applicant firms to the Registering authority. Registration shall be granted to those applicant firms who fulfill all the specified requirements. A Registration certificate shall be issued to such firms with the approval of the Competent Authority.

(b) The contractors / vendors will be registered for a fixed period of 1 to 3 years depending upon the nature of the goods. At the end of this period, the registered contractors / vendors willing to continue with registration are to apply afresh for renewal of registration. New contractors / vendors may also be considered for registration, provided they respond to press / website advertisement and fulfill all the required conditions. The panels shall however be reviewed every year.

(c) Similarly, Bank may also maintain a list of eligible and capable Consultants / Architects for rendering Consultancy services for the Bank.

(d) The threshold limits for various procurement activities, up to which system of empanelment is adopted, are as below:

I. Contractors:

- Civil / Interior works :up to Rs.1.00 Crore
- Electrical / Mechanical works :up to Rs.50 lakhs.
- Non-Consultancy Services :up to Rs.50 lakhs

II. Vendors:

- Goods :up to Rs.50 lakhs

III. Consultants:

- Works (Project Cost) :up to Rs.10 Crores

(e) Different panels may be prepared for different categories of trade /work / purchases and for different value-limits.

(f) Such panels are prepared by calling for trade-wise applications and based on certain pre-qualification criteria fixed in advance.

(g) Detailed trade-wise notices should be published in the Bank's website and the relative application form for empanelment should also be made available in downloadable form.

(h) Notice inviting applications for empanelment should also be published briefly in local/national newspapers, to give wider publicity. A reference to Bank's website should be made in the Newspaper advertisement.

(i) Experience of the contractors in the supply of specified goods / field of work, financial standing, satisfactory performance record in executing similar contracts / works, integrity, credibility, resources to carry out works supply goods of required magnitude, contact details, client wise complete details of earlier works carried out, evidence of their turn-over, income tax returns etc.

(j) The criteria required for empanelment should be clearly mentioned in the advertisement/Bank's website. The Notice in Bank's website should include summary of the principal terms and conditions of the contract to be entered into, any documentary and other evidences that must be submitted by the suppliers and contractors to demonstrate their qualifications, the manner and place for submission of the applications, the deadline for the submission expressed as a specific date and time etc. It should also clearly state the conditions that the firms of contractors may have to satisfy to be considered for empanelment, the documentary evidence required to be submitted for the purpose etc.

(k) Adequate time of about three-four weeks from the date of advertisement should be given to the intending applicants to submit their applications.

(l) Applications downloaded from Bank's website should also contain the above information/documents and submitted in a sealed envelope within the stipulated time/date.

(m) The applications received should be scrutinized carefully to verify the applicants' financial standing, business dealings, quality of completed works etc.

(n) Verification of the information provided in the empanelment application shall be carried out prior to empanelment.

(o) Bank's representatives may also inspect the recent purchases / works carried out by the applicants to satisfy about their workmanship, business dealings etc.

(p) After satisfying about the suitability of the applicants for empanelment in all respects, the Bank should prepare trade-wise panel of firms of contractors / Vendors for different estimated costs.

(q) The entire work of preparation of the panels should be completed in a time-bound manner, say within three months. The work of preparation of the panels should be taken up well in advance of the expiry of the previous panel.

(r) The number of Vendors/Consultants/Contractors empanelled should not be less than three, in each category.

(s) The panel should be valid for a period of three years and shall be maintained in the Register of Approved Contractors.

(t) The current list of empanelled firms shall be published on Bank's website.

(u) The approved list of contractors shall be reviewed every year for deletion of the existing non-performing contractors.

(v) Tender document shall be sent directly to all the empanelled Consultants /Contractors / Vendors in a particular panel by speed-post / registered - post / Courier as and when a project / purchase is taken up by the Bank. If the procurement is minor and routine in nature, then the tender documents shall be sent by email / courier.

(w) No 'merit list' is maintained for the panel. Once the panel has been prepared based on Bank's qualification criteria for a particular work, the question of grading the firms placed in the panel as 'good', 'better' and 'best' based on certain additional features which were not part of Bank's qualification criteria as well as 'pick and choose' of a particular firm kept in the panel does not arise. The tender document shall be supplied to all the firms kept in a particular panel as and when a work / supply arise in respect of that panel.

(x) The tendency to go for limited tendering process for purchases / works exceeding the threshold limits mentioned above on the ground that the work has to be completed in a very short time or that the firms known to carry out a particular supply/work are very few in number, which may result in lack of competition, higher rates or cartel formation, shall be avoided.

Empanelment of Architects/Consultants for Works

While the various steps described in the above paragraphs are required to be followed for preparation of panels under 'Limited Tender Enquiry', the following additional points may be adhered to while preparing the panels of Architects/Consultants for works:

(a) Separate panels should be prepared for works estimated to cost,

(i) up to and including Rs.10 lakhs
(ii) more than Rs.10 lakhs but up to and including 50 lakhs
(iii) more than Rs.50 lakhs but up to and including Rs.100 lakhs.

Note: The above classification is for representative purpose. Each R.O. shall decide the above categories of panels depending on the nature their procurement.

(b) Besides verifying the credentials of the applicants with reference to financial standing, technical competence, business integrity etc, a team of officials consisting of a senior official each from the technical and administrative wing of the Bank may, if need be, inspect the recent works reported to have been completed by the applicants, hold discussions with the concerned officials of the clients of the applicants and satisfy about the design quality of works, promptness in giving various details, business dealings of the applicants etc

(c) Technical capabilities such as functional planning, design, execution and workmanship, time taken for completion of the work, quality and size of the works carried out, relation with the local authorities like Municipal Corporation, Town Planning authorities, State Electricity Boards etc are also important factors which need to be considered while preparing the panel of Architects / Consultants for works.

Eligibility for Empanelment of Consultants for Works

Whenever an eligibility criteria is mentioned for empanelment of consultants for works, a cutoff date shall be specified for experience or otherwise, so that any ambiguity, in providing evidence / proof by the prospective Consultant, is eliminated. The consultant shall satisfy the following minimum eligibility criteria:

a) The consultant should have provided consultancy services for similar works of project cost limit as given below;

One project costing **80%** of the class upper limit **or** Two or three projects each costing **60%** of the class upper limit during the last three years prior to a cut-off Date.

b) The consultant should produce PAN & GST registration numbers and details of registration along with their affiliation details with technical bodies etc. viz., Member of Council of Architecture (for Architectural Consultants), Member or Fellow with Institute of Engineers – India (for Engineering Consultants) etc. Validity of such registrations shall be checked without fail.

c) Reasonable presence for any professional work in and around the locality / Region where the works are probable and for which empanelment is sought, now or in the last three years.

d) If the constitution of consultancy firm is Partnership, it shall be ensured that all partners are professionally qualified and have valid registrations with Council of Architecture / Institution of Engineers, as applicable.

Eligibility for Empanelment of Contractors

Whenever an eligibility criteria is mentioned for empanelment of contractors, a cutoff date shall be specified for experience or otherwise, so that any ambiguity, in providing evidence / proof by the prospective Contractors, is eliminated. The consultant shall satisfy the following minimum eligibility criteria:

a) The applicant should have undertaken works in Government Departments / Public Sector Undertakings / Central Autonomous Bodies / State Autonomous Bodies / Financial Institutions and other reputed Private Firms during last 3 years prior to *cutoff date*.

One project costing **80%** of the class upper limit **or** Two projects – each costing **50%** of the class upper limit **or** Three projects – each costing **40%** of the class upper limit

b) The applicant should have Income Tax Permanent Account Number and also should have registered with statutory authorities like GST, as applicable to them in terms of extant laws. Applicant should submit copy of the income tax PAN, GST certificate with valid registration number.

c) The applicant shall have the average annual financial turnover of at least 50% the value of the class limit in the respective category during last 3 years prior to cutoff date.

d) The Vendors should be original manufacturers, having wide dealer & service network in the geographical jurisdiction of ……& neighborhood or dealers approved by OEM, as the case may be. They should be established in this field for minimum of 5 years. Necessary proof shall be obtained.

e) To encourage competition, the Bank may permit firms and individuals, both national and international, to offer goods, works, and services based on tender opportunities offered by the Bank. Any conditions for participation in such opportunities shall be limited to those that are essential to ensure the firm's/ individual's capability to fulfill the contract in question.

f) As exceptions to the foregoing:

   i. A firm disallowed to bid by the Bank shall be ineligible to be awarded a contract during the period of time determined by the Bank which can range between one to three years;

   ii. Firms of a country or goods manufactured in a country shall be excluded if, by law or official regulation, Government of India prohibits trade or commercial relations with that country.

   iii. Bank may disallow a firm or individual to bid, either indefinitely or for a stated period of time ranging between one to three years, for a Bank's contract, if the Bank, at any time, determines that the firm or individual has defaulted in the performance of its contractual obligations with the Bank, either ongoing or at a previous instant.

   iv. Bank may disallow firms or individuals to bid, either indefinitely or for a stated period of time ranging between one to three years, for a Bank's contract, if the Bank, at any time, determines that the firm or the individual is debarred / black-listed by any of the public sector banks / public sector organizations/government/semi-government organizations. An executive not below the rank of GM shall satisfy himself prior to disallowing the firm or individual and shall record the reasons thereof and the respective firm or individual shall be informed accordingly.

Competent Authority for Empanelment:

i) The Regional Manager at the Regional Offices and the Deputy General Manager or Assistant General Manager at Central Office are empowered as the Recommending Authority and are delegated with the following powers;

- to release advertisement for empanelment, approve the empanelment formats, various categories of panels and their financial limit, recommend the short listing of the contractors/ suppliers for Empanelment process at Regional Offices and Central Office respectively, to the accepting authority.

ii) The General Manager (Zonal Office / Central Office) is empowered as the Accepting Authority and are delegated with the following powers;

- to finalize and approve the short listed new panel, update the panel, to initiate disciplinary actions against the empanelled agencies (viz , demotion, suspension, removal etc based on merits), extension of period of empanelment, permit Regional Offices to use nearby Regional Office panels etc. at Regional Office (by General Manager – Zonal Office) and at Central Office (by General Manager - GAD).
- In the absence of General Manager (Zonal Office), GM (General Administration Department) shall act as the Accepting Authority.

iii) The Regional Manager at the Regional Offices and the Deputy General Manager or Assistant General Manager at Central Office are empowered to fix up the Empanelment Criteria.

Procurement Classification - Consultancy

Bank may enter into different types of consultancy contracts with Consultants, depending upon the nature and volume of the assignment for which the Consultants are proposed to be engaged. Following are the various types/forms of consultancy contracts:

i. Lump Sum or Expert Opinion Consultancy Contract
ii. Retainer Contract
iii. Percentage Consultancy Contract
   a) Low Value Consultancy Contract
   b) Medium Value Consultancy Contract
   c) High Value Consultancy Contract
iv. Specialized Consultancy Contract

I. Lump Sum or Expert Opinion Consultancy Contract:

When the Bank requires an expert opinion on some technical matters, an opinion may be obtained from a Consultant / Architect / Engineer from Bank's panel or an external expert, for a Lump Sum fee. Expert Opinion or Lump Sum Consultancy Contracts are used mainly for assignments in which the contents, duration of services and the required output (from the consultants) are clearly defined. Remuneration is fixed for the life of the contract, and no physical or price contingencies are normally provided. Lump sum contracts are often used in relatively simple and clearly defined assignments such as:

- Planning and Feasibility Studies
- Problem Diagnosis / Prognosis
- Environmental Studies
- Detailed Design of Infrastructures
- Vetting of Designs
- Preparation of Data Base
- Specialized Works

Payments to such Consultants are linked to deliverables such as opinions, reports, drawings, Bill of Quantities, tender documents, planning and feasibility studies etc.

II. Retainer and/or Success Fee Contract

Retainer and Success fee contracts are widely used when the nature of work demands obtaining of expert opinions on specific matters repeatedly, then a consultant may be selected from the panel or from the market (having sufficient experience and expertise in the field), on retainer basis (for a fixed period, say for one year), for an agreed fee (per sitting / opinion), as the case may be.

In such cases, the Consultants are required to quote a retainer fee and/ or a success fee, and the lowest quoting Consultant is selected as a retainer. The proportion of retainer and success fee is often fixed in advance and is not subject to negotiation by the winning consultant. The retainer fee proportion is higher if the Consultant's role constitutes more to planning and design. Success fees are appropriate when success is related to the efforts of the firms involved and is relatively easy to quantify.

If for a proposed work, expertise is available with the consultants / Architects available in the panel then, the retainer shall be selected only from the panel. If not, the retainer shall be selected through **open tender**.

The remuneration of the Consultant would include a retainer and success fee, the latter being normally expressed as a percentage of the value of the assets created.

III. Percentage Contract

These contracts are commonly used for engineering / architectural services and may also be used for procurements, valuations etc.

In these contracts, the fee payable to the Consultant is directly related to the estimated or the actual cost of the construction of the project or the cost of the goods procured or valued.

Percentage Consultancy Contracts can further be divided in to the following categories:

a) Low Value Consultancy

Consultancy for projects (viz., construction, interior furnishing, major repairs & renovations etc) costing up to Rs.1.00 Crore comes under Low Value Consultancy. For such a consultancy, the Architect / Consultant shall be selected directly from the panel of Architects / Consultants being maintained at that center, by Central Office / Regional Office, depending on the nature of work and the experience of the Architect / Consultant in carrying out similar works.

Equitable distribution of works amongst Architects / Consultants shall be ensured and at the same time ensuring quality work.

If, after engagement of an Architect for a project, cost of which is envisaged to be up to Rs.1.00 Crore, but the estimated cost is higher after site inspection and detailed estimation, it should be in the Bank's interest to continue the services of the Architect, provided the increase is reasonable for the contemplated works and not more than 10%.

b) Medium Value Consultancy

Consultancy for projects (viz., construction, interior furnishing, major repairs & renovations etc) costing more than Rs.1.00 Crores and up to Rs.10 Crores, comes under Medium Value Consultancy. For such a consultancy, the Architect / Consultant shall be selected from the panel of Architects / Consultants being maintained at that center, by Central Office / Regional Office, depending on the nature of work and the experience of the Architect / Consultant in carrying out similar works, after obtaining quotes (for professional fee), from at least three Architects / Consultants. The Architect / Consultant quoting lowest professional fee will be awarded with the consultancy work.

If, after engagement of an Architect for a project, cost of which is envisaged to be up to Rs.10 Crores, but the estimated cost is higher after site inspection and detailed estimation, it should be in the Bank's interest to continue the services of the Architect, provided the increase is reasonable for the contemplated works and not more than 10%.

c) High Value Consultancy

Consultancy for projects (viz., construction, interior furnishing, major repairs & renovations etc) costing more than Rs.10 Crores, comes under High Value Consultancy. For such a consultancy, the Architect / Consultant shall be selected through design competition, through press advertisement and website advertisement, exclusively for the work. The Architect / Consultant selected based on the design selected will be awarded with the consultancy work.

Professional Fee Payable for Percentage Contract:

The Indian Bank's Association prescribes a maximum professional fee of 5% of the cost of the project. Hence, for works in our Bank, the Architect's / Consultant's professional fees shall be fixed up to 5% of the cost of the project.

1) The fee, calculated at ____ % of the actual cost of work / accepted tender cost whichever is less, is called the **Basic Fee**. In case there is an escalation in the actual project cost over the accepted tender cost, the payment to the Architect shall be worked out as below:

   a) 100% of the Basic fee on the accepted tender cost plus

   b) 50% of the Basic Fee on the escalated cost over & above the accepted tender cost.

   Subject to a ceiling of 110% of the Basic Fee worked out on the accepted tender cost.

2) **Travel Allowance**: As far as possible Bank shall strive to engage a local Architect. However, in case where the jurisdiction of a panel extends

to two or more Districts / States and travel outside the Headquarters of the Architects / Consultants is inevitable, then the Architects / Consultants shall be paid as below:

a) For Partners, Associates, Senior Architects and Consultants, within the entitlement of Senior Management (SMG – IV) of Bank.
b) For other Staff, within the entitlement of Middle Management (MMG – III) of the Bank

3) **Stages of Payment**:

For Architects / Consultants with Supervision Responsibilities:

1.	On Bank's approval of sketch design and preliminary estimates.	10%
2.	Satisfactorily preparing relevant drawings and particulars for statutory approval and submission of the same along with applications to Town Planning / Local Statutory Authorities for their approval.	15%
3.	On obtention of plan approval by Statutory Authorities and on Bank's approval of detailed architectural working drawings and structural drawings (sufficient for preparing detailed estimates of cost) along with detailed estimates and market rate analysis including techno-commercial specifications as per IBA guidelines.	35%
4.	Preparation of tender documents to be issued to short listed contractors and advising on tenders received including recommendation of successful tenderer with final cost of work to the Bank and on approval of the tender by the Bank and on posting one full time experienced site supervisor after issue of Work Order to successful tenderer by the Bank.	60%
5.	For making periodic visits for inspection and quality surveillance, arranging & attending fortnightly progress review meetings at site including preparation and submission of Minutes of Meeting duly signed by all parties, preparing other details and drawings as may be required during execution along with variation control, and certification of all Contractor's bills for Bank's payment.	95%
6.	Issue of completion certificate to contractor and indicating the beginning and end of defect liability of period of contracts and submission of Green Certificate (3 Star Certificate) *, issued by GRIHA to Bank.	Balance payment to cover 100% of fee calculated on cost of actual work done.

* if Green Concepts are included in Project Design.

4) In Percentage Contracts, the payment of Consultant's / Architect's fee shall be effected only after approval of Budget for the project by the Competent Authority.

   In case, if the project has to be shelved or deferred, before approval of budget by Competent Authority, then the professional fee shall be paid as Lump Sum fee, after negotiating with the Architect / Consultant considering the services rendered by the Consultant / Architect.

IV. Specialized Consultancy

Bank, at times require the services of specialized consultants for specialized works viz., Structural Consultants, Repair / Retrofitting Consultants, Renewable Energy, Safety Audit, Energy Audit, Green Audit etc., which work any normal consultant from the regular panel of Architects / Consultants may not carry out. However, if expertise is available in panel, Bank may select a panel consultant (who has expertise / experience in executing the job) and appoint them on a case to case basis. If such expertise is not available among the panel consultants, then a Consultant shall be selected directly from the market based on their experience & expertise required for the Bank and appoint them on a case to case basis.

However, it shall be ensured that, if for such a specialized consultancy, the value of the professional fee component is expected to be more than Rs.10 Lakhs, then such specialized Consultant shall be selected through press advertisement and website advertisement, exclusively for the work

A specialized Consultancy may be on Lump Sum Contract Basis or on Percentage Contract Basis.

Termination of Service of Architect / Consultant

Architects / Consultants appointed by the following Offices shall be terminated with the approval of Competent Authority as below:

S.No.	***Architect / Consultant appointed by***	***Competent Authority to approve Termination***
1	Regional Head	GM (Zonal Office)
2	GM (Zonal Office)	GM (GAD)
3	AGM / DGM - GAD	GM(GAD)
4	GM (GAD)	AC-GM, Central Office
5	AC-GM, Central Office and above	AC-GM, Central Office

Selection Methods

The methods for selection of Consultants include:

(i) Selection directly from Panel;
(ii) Least Cost Selection (LCS);
(iii) Quality Based Selection (QBS);
(iv) Quality and Cost Based Selection (QCBS)
(v) Combined Quality and Cost Based Selection (CQCBS)
(vi) Selection of Consultant on Nomination basis.

The choice of the appropriate method of selection is related to the nature, size, and complexity, likely impact of the assignment, technical and financial considerations, and specific circumstances. It is, therefore, necessary to carefully define the assignment, particularly the objectives and scope of the services, before deciding on the selection method.

a) Selection from Panels

For routine works like, furnishing of a Branch / Office space, renovation works etc., where services of Consultants are required by the Bank, Bank shall maintain separate panels of Architects / Consultants / etc., for various centres, for various categories of works envisaged, as per their convenience, by releasing advertisements in leading English & Vernacular dailies (as well as in Bank's website).

Such empanelled entities are prima facie eligible for consideration for providing Consultancy services of routine matters.

b) Quality and Cost Based Selection (QCBS)

Quality and Cost Based Selection (QCBS) method is different from the 'Selection from the Panels', in as much as a potential list of eligible Consultant is prepared afresh for a new project, instead of inviting price bids from the empanelled Consultants.

In this method, the quality of the consultants will be assessed based on pre-defined evaluation criteria. Those consultants who obtain a minimum score of 60% will be shortlisted for opening of their price bids. Price Bids of the other non-responsive bidders shall be returned, unopened. The Consultants qualifying the cut-off score are not given any ranking and their technical score is purely for assessment of their technical capabilities and elimination of less competent Consultants.

Price Bids of the shortlisted Consultants alone shall be opened and the work shall be awarded to the Consultant with the lowest cost (L-1), after negotiation.

c) Least Cost Selection (LCS)

Least Cost Selection (LCS) is a method of selection of consultant evaluated to be the lowest in cost amongst those whose technical proposals meet the pre-defined threshold for quality. Under Least Cost Selection (LCS), short-listed consultants have to submit their proposals in two envelopes. The technical proposals are opened first and evaluated. The price bids of technically qualified Consultants are opened and the consultant with the lowest evaluated price (L-1) shall be invited for negotiation (if necessary) and award. In this method, their technical capabilities are merely used as qualifying criteria and not factored in evaluating the successful bidder.

d) Quality Based Selection (QBS)

Quality Based Selection (QBS) is based on an evaluation of the quality of the proposals and the subsequent negotiation of the financial proposal and contract with the consultant who submitted the highest ranked technical proposal. In this method, the selection is purely on the basis of the technical capabilities of the bidders.

e) Combined Quality and Cost Based Selection

This method of selection is used for highly technical projects where higher weightage need to be given to higher technical standards while finalizing the prices and at the same time without totally ignoring evaluation of the pricing part of the proposal. This method of selection is based **both** on the quality of the proposals and cost of services to be provided. This method is appropriate when the value of work is high (as in High Value Consultancy or in Specialized Consultancy), where the Consultant is to be selected through Open Tender.

In this method, weightage is also given to the technical capabilities / expertise of the contractors along with the cost, for identifying the successful bidder. Minimum qualifying marks or relative qualifying method for quality of the technical proposal will be prescribed and indicated in the tender document. The minimum marks prescribed may be between 60% and 80% depending upon the quality of the expertise required.

The price bids of only those consultants, who qualify technically by obtaining a minimum qualifying mark of say 75% in their technical evaluation, will be opened. The minimum qualifying marks for opening of commercial bids will be clearly mentioned in the tender document itself. The qualifying marks obtained in each technical proposal will be allotted weightage of say 70% while the financial proposals will be allotted weightage of 30%. This also should be clearly specified in the tender document itself. These specifications should not be modified once tenders are opened for evaluation.

Proposal with the lowest cost may be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices.

The total score, both technical and financial, shall be obtained by weighing the quality and cost scores and adding them up.

On the basis of the combined weighted score for quality and cost, the consultant shall be ranked in terms of the total score obtained. The proposal obtaining the highest total combined score in evaluation of quality and cost will be ranked as H-1 followed by the proposals securing lesser marks as H-2, H-3 etc. The proposal securing the highest combined marks and ranked H-1 will be invited for negotiations, if required and shall be recommended for award of contract.

f) Single tender Selection on Nomination basis

Selection of consultants through direct negotiations does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unethical and unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases.

This method of selection may be adopted under certain circumstances such as (a) for tasks that represent natural continuation of the previous work carried out by the same firm (b) in case of an emergency situation arising out of natural calamities, disasters and situations where timely completion of the assignment is of utmost importance (c) situation where the execution of the assignment may involve use of proprietary techniques or (d) only one Consultant has the requisite expertise. Such selection may be normally restricted to Rs.10.00 lakhs.

The following points should however be strictly observed:

i. All contracts awarded on nomination basis should be brought to the notice of the Board of Directors of the Bank for information;
ii. A consolidated report relating to such awards will be submitted to the Board every quarter;
iii. R.O./Z.O./Departments in C.O. shall submit a quarterly report to GAD, Central Office for consolidation.

The Audit Committee of the Board may be required to check at least 10% of such cases.

The mere post facto approval of the Board is not sufficient to award a contract on nomination basis. It should be established that it is 'inevitable' that the Bank has to adopt single tender enquiry system and that there is no other choice available to the Bank.

Acronyms

AGM	Assistant General Manager
AMC	Annual Maintenance Contract
AC	Approval Committee
AC-GM	Approval Committee – General Manager
AC-ED	Approval Committee – Executive Director
BANK	Indian Overseas Bank
BOQ	Bill of Quantities
CM	Chief Manager
CO	Central Office
CPC	Central Premises Committee
CRM	Chief Regional Manager
CTE	Chief Technical Examiner
CVC	Central Vigilance Commission
DGM	Deputy General Manager
DGS&D	Directorate General of Supplies and Disposal, Govt. of India
ED	Executive Director
EMD	Earnest Money Deposit
EOI	Expression of Interest
GAD	General Administration Department
GM	General Manager
GM - ZO	General Manager – Zonal Office
GOI	Government of India
IAC	Internal Approval Committee
IBA	Indian Banks' Association
IEM	Independent External Monitor
IP	Integrity Pact
IT	Information Technology
LCS	Least Cost Selection
LD	Liquidated Damages
LT	Limited Tender
MCB	Management Committee of the Board

MD&CEO	Managing Director & Chief Executive Officer
NIT	Notice Inviting Tender
OEM	Original Equipment Manufacturer
OT	Open Tender
PCA	Prompt Corrective Action
PO	Purchase Order
PSU	Public Sector Undertaking
QBS	Quality Based Selection
QCBS	Quality and Cost Based Selection
RBI	Reserve Bank of India
RFP	Request for Proposal
RFQ	Request for Quotation
RM	Regional Manager
RO	Regional Office
RPC	Regional Premises Committee
SOP	Standard Operating Procedure
SRM	Senior Regional Manager
TEC	Tender Evaluation Committee
TER	Tender Evaluation Report
TMC	Top Management Committee
TC	Tender Committee
ZO	Zonal Office