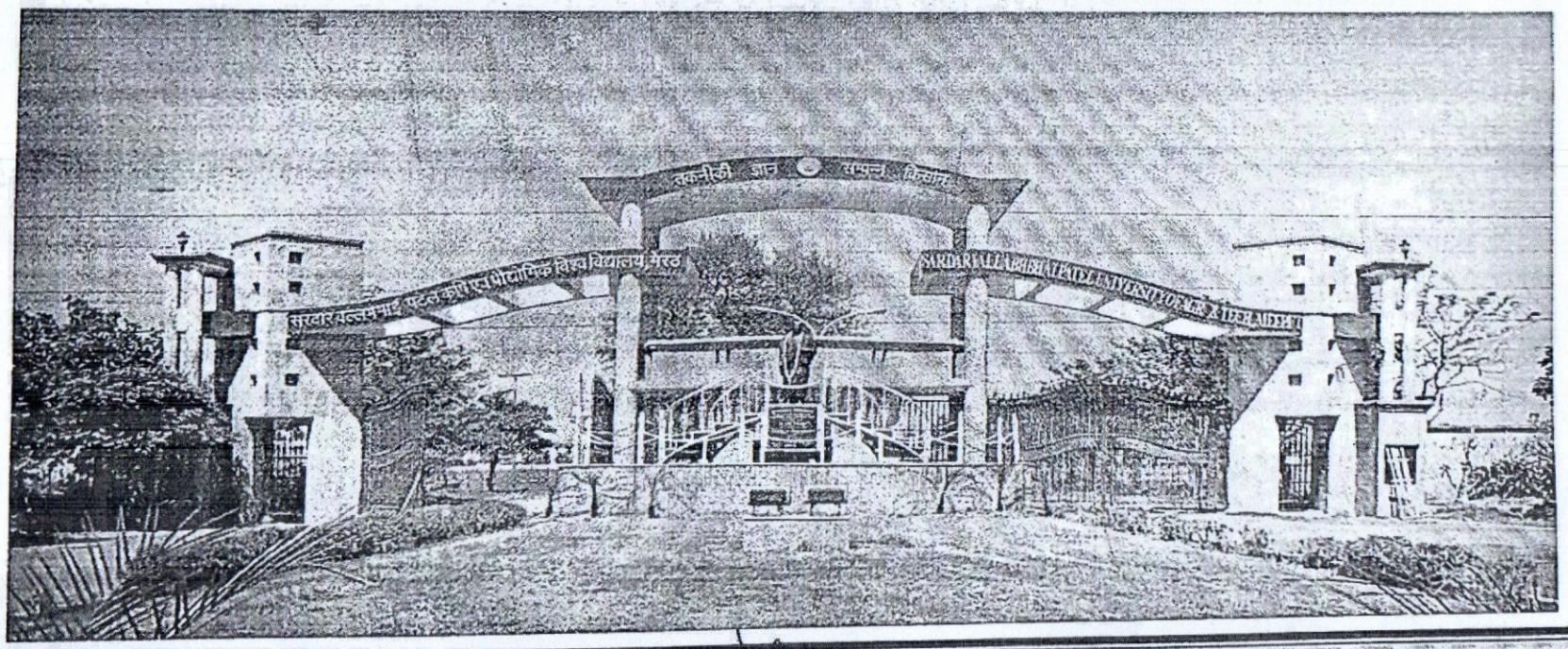
Store Purchase, Audit, GEM, e-Tender, Auction, Advances & GPF Rules

SARDAR VALLABHBHAI PATEL UNIVERSITY OF AGRICULTURE & TECHNOLOGY, MEERUT-250110



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Store Purchase Rule

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. Public procurement must conform to the following yardsticks:-

- Public buying should be conducted in a transparent manner to bring competition, fairness and elimination of arbitrariness in the system. This will enable the prospective tenderers to formulate competitive tenders with confidence.
- The specifications in terms of quality, nature of items etc., as also quantity of goods to be procured, should be clearly indicated keeping in view the specific purpose/objective and needs of Lab/department/section of the institute. The specifications so worked out should meet the basic needs of the Lab/department/section without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.
- The tender document should clearly mention the eligibility criteria to be met by the Tenderers such as minimum level of experience, past performance, technical capability, manufacturing facilities, financial position, ownership or any legal restriction etc.
- Offers should be invited by following a fair, transparent and reasonable procedure, relevant to the objective of the purchase.
- The procuring authority should be satisfied that:
  - i. The selected offer adequately meets the requirement in all respects
  - ii. The price of the selected offer is reasonable and consistent with the quality required

Purchase should not be split to avoid obtaining approval of the appropriate competent financial authority:

- At each stage of procurement the authorized procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
- Restrictions on who is qualified to tender should conform to the extent Government policies and be judiciously chosen so as not to stifle competition amongst potential Tenderers.
- The procedure for preparing and submitting the tenders; deadline for submission of tenders; date, time & place of public opening of tenders; requirement of earnest money and performance security; parameters for determining responsiveness of tenders; evaluating and ranking of tenders and criteria for full or partial acceptance of tender and conclusion of contract should be incorporated in the tender enquiry in clear terms.

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- Tenders should be evaluated in terms of the criteria already incorporated in the tender document, based on which tenders have been received. Any new condition, which was not incorporated in the tender document, should not be brought into consideration while evaluating the tenders.
- Sufficient time should be allowed to the Tenderers to prepare and submit their tenders.
- Suitable provisions should be kept in the tender document allowing the Tenderers reasonable opportunity to question the tender conditions, tendering process, and/or rejection of its tender and the settlement of disputes, if any, emanating from the resultant contract.
- It should be made clear in the tender document that Tenderers are not permitted to alter or modify their tenders after expiry of the deadline for receipt of tender till the date of validity of tenders and if they do so, their earnest money will be forfeited.
- Negotiations with the Tenderers must be severely discouraged, however, in exceptional circumstances, where price negotiations are considered unavoidable; the same may be resorted to, but only with the lowest evaluated responsive Tenderer, and that too with the approval of the competent authority, after duly recording the reasons for such action.
- The name of the successful Tenderer to whom the supply contract is awarded should be appropriately notified by the purchase section for the information of general public, including display at notice board, website for Purchases above Rs. 25.00 lacs according to conditions.

Efficiency, Economy and Accountability:

Public procurement procedures must conform to exemplary norms of best practices to ensure efficiency, economy and accountability in the system. To achieve this objective, the following key areas should be taken care of:

(i) To reduce delays, each Department should prescribe appropriate time frame for each stage of procurement; delineate the responsibility of different officials involved in the purchase process and delegate, wherever necessary, appropriate purchase powers to the lower functionaries with due approval of the competent authority.

(ii) Each Department should ensure conclusion of contract within the original validity of the tenders. Extension of tender validity must be discouraged and resorted to only in absolutely unavoidable, exceptional circumstances with the approval of the competent authority after duly recording the reasons for such extension.

(iii) The Store and Purchase Section should bring into rate contract system for the common user items, which are frequently needed in bulk by various Departments. The Store and Purchase section should also ensure that the rate contracts remain available without any break.

(iv) The specifications of the item required must be finalized before sending the queries. Efforts should also be made to use standard specifications which are widely known.

(v) Enquiry to the vendors can be sent through post or Email. Oral enquiries are not permitted and hence should be avoided. All copies of letters/ emails to the Vendors should be kept in the Purchase files.

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(vi) Informal correspondence with vendors is not permitted.

(vii)All the correspondence should be made by the Store Purchase Section (SPS) / Chairman of the Purchase committee.

(viii) In case, the item is of proprietary nature, the requisite certificate to that respect must be issued by the indenter and countersigned by the Chairman of the Purchase Committee. The Proprietary Certificate should not be Model Number Based and also should not be issued as routine. Proprietary feature(s) should preferably be mentioned.

(ix) In case, a specific item/ equipment are required, the reason for this should be fully justified, rather than issuing a Proprietary Certificate for a specific model/ item.

(x) The payment and other terms should be clearly mentioned in the Purchase Order and in case of any deviation; prior approval of the competent authority should be obtained.

(xi) Training, demonstration, etc. of the equipments which are not part of the Purchase Order, are not allowed. In case, the provision for training, demonstration, etc. is provided in the P.O., it should be ensured that no hospitality is received from the Vendor or the Agent and the charges if any for the training/demonstration, if any, must be clearly indicated in the P.O.

(xii)No commercial discussions can be carried out by any employee(s) other than the Purchase Committee approved for this purpose.

BASIC AIMS OF PROCUREMENT – THE FIVE R'S OF PROCUREMENT

In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following five parameters called the Five R's of procurement (as given below i-v). The entire process of procurement (from the time the need for an item, facility or services is identified till the need is satisfied) is designed to achieve such a right balance. The word 'right' is used in the sense of 'optimal balance'.

i. **Right Quality:** Procurement aims to buy just the right quality that will suit the needs – no more and no less – with clear specification of the Procuring Entity's requirements, proper understanding of functional value and cost, understanding of the bidder's quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value. For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while benchmarking the specification.

ii. **Right Quantity:** There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged uses. Hence, the right quantity should be procured which balances extra costs associated with larger and smaller quantities.

iii. **Right Price:** It is not correct to aim at the cheapest materials/facilities/services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for facilities/works/services which could lead to a situation of non-performance or

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failure of contract). The concept of price can be refined further to take into account not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs.

iv. **Right Time and Place:** If the material (or facility or services) is needed by an organization in three months' time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials/facilities/services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

v. **Right Source:** Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

Action is taken on the provision level under section T Part 1A Para XVIII of the Uttar Pradesh Financial Handbook and under the instructions issued by the government from time to time. At present, University purchases and procures as per the government provisions, to a certain extent, on the basis of quotations, on the basis of e-tender and Jam, the details of which are being processed under:

(01) As per the regulations issued by the government, the purchase rules in the University are as follows

a) Up to the limit of Rs. 20,000/-

Up to limit of Rs. 20, 000 goods are to be purchased on the basis of direct market rate.

b) 20,000 to 100, 000/-

In the university, over and above the limit of Rs. 20000 and up to the limit of Rs. 100000, goods are purchased by forming a committee, and from the firm with the lowest rate on the comparative basis of the market rate.

c) Purchase above Rs.100000

For the purchase of over Rs.100000 amount limit, as per instructions given by Government G.O. No. 11/2017/523/18-2-2017-97 (Lkw U.P.)/2016 dated 23.08.2017, most of the materials are to be purchased through the jam. For the purchase of more than Rs.500000 the purchase has to be carried out by inviting the tender applications. Direct purchase upto Rs. 25000 and on comparative basis for Rs.25000 to Rs. 500000 lakh. According to the Government of Uttar Pradesh, G.O.No. 24/ 2020/279/18-2-2020-97 (Lkw.U.P.)/2016 dated 19.06.2020 for the items not available on Jam, procurement is done through e-tender. Similarly Uttar Pradesh Government G.O. No. 12/2017/540/18-2-2020-97(Lkw,U.P.)/2016 dated 25.08.2017 for implementation of jam in the University following Committee was constituted:

1. DDO/ Pay and Account Officer (PAO) [Finance Comptroller]
2. Nodal Officer
3. Purchase Officer-1

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4. Purchase Officer-2
5. Consignee
6. Indenter/HOD

In relation to the above, the instructions issued by the government are being complied with, as well as the e-tender committee has been formed through the University, which is as follow;

1. Technical Committee
2. Central Purchase Committee/Finance Committee

After the e-tender is opened on the stipulated date, the proposal is sent to the technical committee to recommend whether to open the financial bid or not, on knowing that the e-tender is technically successful or unsuccessful according to the tender conditions, on the basis of which further action is taken by the finance committee. Order issued by the Government is as follows

1. 1107/78-2-2017-42 I.T./2017 dated 12.05.2017
2. 1667/67-2-2017-42 I.T./2017 dated 12.05.2017
3. 1620/78-2-2016-42 I.T/2017 T.C. dated 07.07.2017
4. 1627/78-2-2016-42 I.T./2017 T.C dated 13.07.2017
5. 1694/78-2-2007- I.T/2017 dated 18.07.2017
6. A.E.-179/12.06.2017/500(57)/2017 dated 26.07.2017
7. 1771/67-Krishi shiksha anusandhan-17-1500(57)/2017 dated 01.08.2017

(02) Audit

In the University, under the instructions of the government, the audit of the work is done by two agencies, but at present, by the order number of the government, 2/2019/audit-2-1053/ten-2019 -355(5)/2018 dated 01.10.2019 the audit work by the local fund audit department (Paryagraj) has been stopped, and now the Accountant General of India Audit Department (Paryagraj) has completed the audit for the financial year 2019-20 and financial year 2020-21 and the compliance report is being sent to the Accountant General (Prayagraj).

(03)Auction

Auction in the University is done through

(a) E-tender
(b) on the basis of tenders,
(c) Through sealed envelopes.

1. Auction of rough papers like copy, papers etc. in the university is done through e-tender, which is prima facie, before being tendered, the concerned item is checked if it available on the GEM portal or not. If the tender item is available on the GEM portal, tenders are invited through GEM and if the item is not available on the GEM portal then the work is completed by inviting e-tender through e-tender. For the e-tender, advertisement is published in two newspapers and on the University website so that maximum publicity can be spread and maximum number of tenders can participate in the tender.

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2. On the basis of open bidding in the University, the auction committee is appointed and advertised in two newspapers and the auction information is uploaded on the website of the University, so that maximum publicity is given so that more participants can participate in the tender. Recommendations are made by the nominated committee to sell the material to the bidder.
3. In the University, auction of goods and other perishable items is conducted by a committee formed through sealed envelopes. In this tender also, advertisements are given in two newspapers for publicity and the advertisement is also uploaded on the University's website. The comparative chart is prepared after opening of all the tenders and the recommendation is made by the committee to sell the materials to the highest bidder.

(04) Advances

At present, advance is given to the scientists/officers/employees in the University on the demand of work, but the second advance is given only when the adjustment of the first advance is submitted by the concerned scientist/officer/employee. The amount sanctioned by the government and the advance is adjusted by the University on submission of the adjustment from the institution.

(05)General Provident Fund (U.P. Manual-1985)

According to the General Provident Fund provision given in the finance manual-1985, when the concerned employee demands money from his GPF account in the form of advance, action is taken under the provisions given in the finance manual and the employee gets the amount in two ways

(a) Temporary Advance

(b) Permanent advance

(a) Temporary Advance

According to the provisions given under the General Provident Fund Rules, the employees related to GPF are given a maximum amount of 75% of the total amount deposited in their account and the amount is to be paid back in 24/36 installments. Deductions are made from the pay of the personnel.

(b) Permanent advance

According to the provisions given under the General Provident Fund Rules, employees related to GPF are given a maximum amount of 75% of the total amount deposited in their account and suitable advance is given to the employee for different purposes. Permanent advance is given only after completing 15/20 years of service.

Government issues orders from time to time in relation to GPF financial manual 1985 and accordingly the interest rate on the GPF for the particular year is decided.

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