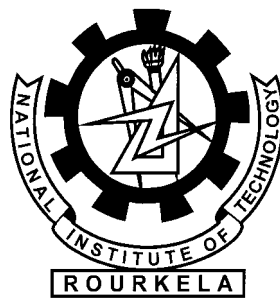


**PROCEDURE  
FOR  
PROCUREMENT OF GOODS & SERVICES  
AND  
INVENTORY MANAGEMENT**



**National Institute of Technology  
Rourkela**

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## **PREFACE**

The erstwhile "Regional Engineering College, Rourkela was declared as "National Institute of Technology (NIT), Rourkela" from 26<sup>th</sup> June, 2002 by the Government of India, Ministry of Human Resource Development (MHRD), with the status of "Autonomous Institution" and "Deemed University". Consequently, the Institute adopted the purchase procedure of the Indian Institute of Technology, Kharagpur with suitable modifications to suit the local requirements. Subsequently, the Ministry of Human Resources Development, Government of India asked (22<sup>nd</sup> August, 2005) to modify the existing procurement procedure of the Institution conforming with the General Finance Rules, 2005 (GFRs) notified (1<sup>st</sup> July, 2005) by the Government of India, Ministry of Finance. Accordingly, this "Procedure for Procurement of Goods & Services and Inventory Management" (Procedure) for the NIT, Rourkela has been formulated conforming with the GFRs 2005 and taking into account the guidelines issued by the Central Vigilance Commission in this regard, as desired by the MHRD.

This procedure having been approved by the Finance Committee and the Board of Governors will come in to force from July 01, 2006.

Rourkela

Date June 16, 2006

**Sunil Kr Sarangi**  
DIRECTOR  
National Institute of Technology  
Rourkela – 769 008

## **CHAPTER – I**

### **PROCUREMENT OF GOODS AND SERVICES**

#### **I. PROCUREMENT OF GOODS**

##### **1.1 Introduction**

The cardinal principle of any public buying is to procure the goods of the specified quality at the most competitive prices and in a fair, just and transparent manner. Every authority delegated with financial powers of procuring goods shall have the responsibility and accountability to bring efficiency, economy, and transparency in matter relating to procurement and for fair and equitable treatment of suppliers and promotion of competition in procurement of goods.

##### **1.2 Definitions**

In this "Procedure for Procurement of Goods and Services and Inventory Management", unless the context other-wise requires:-

- (i) **Board of Governors** means the Board of Governors of the N.I.T., Rourkela.
- (ii) **Department** means departments like Civil, Mechanical etc. at the National Institute of Technology, Rourkela.
- (iii) **Director** means the Director, National Institute of Technology, Rourkela.
- (iv) **Finance Committee** means the Finance Committee of the N.I.T., Rourkela.
- (v) **Goods** include all articles, commodities, materials, spares, instruments, machinery, equipment, industrial plant, books, software, licences etc.
- (vi) **H.O.D./H.O.C.** means Head of different Departments/Centres of the N.I.T., Rourkela.
- (vii) **Indentor** means the Professor/Officer-in-Charge of Laboratories/Department/Office who initiated proposal for procurement.
- (viii) **Institute/NIT** means National Institute of Technology, Rourkela.

- (ix) **PI** means Principal Investigator in respect of Sponsored Research and Consultancy Projects.
- (x) **Registrar** means Registrar, National Institute of Technology, Rourkela.
- (xi) **Services** include all services rendered which are beneficial to the Institute but can not be seen in material form.

### 1.3 General Principles

1.3.1 The procedure to be followed in procuring the goods must conform to the following yard-sticks:-

- (i) The specifications in terms of quality, type etc. as also the quantity of goods to be procured should be clearly spelt out keeping in view the actual requirement. The specifications so worked out should meet the basic needs of the department without including superfluous and non-essential features, which may result in unwarranted expenditure;
- (ii) Care should be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (iii) A demand for goods should not be divided in to small quantities to make piecemeal purchases so as to avoid necessity of obtaining sanction of higher authority required with reference to the estimated value of the total demand;
- (iv) Offers should be invited following a fair, transparent and reasonable procedure;
- (v) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- (vi) The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (vii) At each stage of procurement, the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision;
- (viii) All major procurement proposals should be included in the annual budget of the NIT.

- (ix) It must be ensured that funds are available for purchase of goods and no liability incurred in anticipation of funds/grants.
- (x) It must be ensured by the Institute that suppliers of goods and services are paid their dues within the time specified in the purchase order/contracts.
- (xi) The Officers and Staff of the Institute responsible for procurement should process all papers in a speedy and transparent manner, answering queries from indenting departments as well as from suppliers with courtesy and accuracy.
- (xii) The purchase procedure should be simple, transparent, unambiguous and should be implemented by spending a reasonable quantity of administrative time and effort.

1.3.2 The following points should merit attention to ensure efficiency, economy and accountability in the purchase system:-

- (i) The Director may prescribe appropriate time frame for each stage of procurement so as to reduce the delay and make the concerned purchase officials more alert.
- (ii) Appropriate purchasing powers may be delegated to the lower functionaries to minimize the time needed for decision making and placement of contract.
- (iii) It must be ensured that supply order/contract is placed on the successful bidder within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.

**1.4 Powers for procurement of goods and services**

Subject to the allocation of funds in the approved budget for the specific purpose, the powers for approval/sanction to the purchase of goods by different authorities shall be as follows:

Authorities	Financial Limit	Items of Expenditure
Head of the Department (HOD)/ Head of the Centre (HOC)/ Principal Investigator (PI)/ Registrar	Up to Rs.25,000/-	For purchase of equipment, spare parts, furniture, consumables, software, office stationery and services etc.
Deans	Up to Rs.50,000/-	- do -
Director	Full powers	As per budget provision

## 1.5 Rate Contract

- (i) The Director General of Supplies and Disposal (DGS&D), Government of India, concludes rate contracts with the registered suppliers, for goods and items of standard types, which are identified as common user items and needed on recurring basis by various Central Government Ministries or Departments. Details of such rate contracts are available in the website of the DGS&D. The NIT, Rourkela may follow these rate contracts to the extent possible and convenient. In the event of procurement goods on such rate contract, the prices to be paid and other salient terms and conditions of the purchase should be in the line with those specified in the rate contract. However, the NIT, Rourkela shall make its own arrangement for inspection and testing of such goods where required.
- (ii) The Institute may conclude its own rate contracts for items not included in the DGS&D list. Rate contracts may also be made for items covered under DGS&D contracts, at rates lower than that of the DGS&D to ensure greater economy.

## 1.6 Registration of Suppliers

- 1.6.1 The DGS&D prepares and maintains item-wise lists of eligible and capable suppliers, known as Registered Suppliers. The Director, NIT, Rourkela may also register suppliers of goods which are specifically required by the NIT. *Such registered suppliers are, prima facie, eligible for consideration for procurement of goods through Limited Tender Enquiry.*
- 1.6.2 Credentials, manufacturing capability, quality control systems, past performance, after-sales service, financial background etc. of the supplier(s) should be carefully verified before registration. The Institute shall constitute a committee to verify the credentials of the firms and recommend acceptance or rejection of empanelment. The final decision to accept or reject a firm and the money limit rests within the Director.
- 1.6.3 The supplier(s) will be registered for a fixed period (between 1 to 3 years), which may be extended at the request of the supplier(s) provided the Director is satisfied with their performance. New supplier(s) may also be considered for registration at any time provided they fulfill the required conditions.
- 1.6.4 The registered suppliers are liable to be removed from the list of approved suppliers if they fail to abide by the terms and conditions of the registration or fail to supply the goods on time or supply substandard goods or make any false declaration. The Institute shall maintain a list of such poorly-performing suppliers for information of the HODs & PIs.

1.6.5 Offer for enlistment as registered suppliers may be invited from intending suppliers through open advertisement in news paper.

1.6.6 Limited tender and single tender enquiries may also be sent to dealers outside the list of registered suppliers, particularly for procurement of specialized items.

## **1.7 Enlistment of Indian Agents**

It is compulsory for Indian Agents who desire to quote directly on behalf of their foreign principals, to get themselves enlisted with the DGS&D. In the event of any offers obtained/received from such Indian Agents, and/or any Orders/Contracts placed on them, the following aspects may be examined to ascertain the genuineness of the price quoted by the Indian Agent, the nature of services which would be available from Indian Agent, compliance of Tax Laws by the Indian Agent and to prevent leakage of foreign exchange.

- (i) The enlistment of the Indian Agent with the DGS&D under the Compulsory Enlistment Scheme of the Department of Expenditure, Ministry of Finance;
- (ii) Copy of the agency agreement with the foreign principal and the precise relationship between them and their mutual interest in the business; and
- (iii) Foreign Principal's proforma invoice indicating the commission payable to the Indian Agent, nature of after sales service to be rendered by the Indian Agent etc.

## **1.8 Reserved Items**

As per the instructions issued by the Government of India from time to time, all items of hand-spun and hand-woven textiles (Khadi goods) and handloom textiles are exclusively to be purchased from the Khadi and Village Industries Commission and/or the notified handloom units of the Association of Corporations and Apex Societies of Handlooms. The Government of India has also reserved some items to be purchased from the registered Small Scale Industrial Units. Similarly, the Department of Public Enterprises, Ministry of Industry have communicated from time to time the policy of granting purchase preference to the Central Government, Public Sector Enterprises when they compete with private large scale units.



### 1.9 Purchase of Goods without Quotation

Purchase of goods up to the value of Rs.15,000/- (Rupees Fifteen thousand only) on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the HOD/HOC/PI/Registrar, as the case may be, in the following format.

*"I, ....., am personally satisfied that these goods purchased are of requisite quality and specification and have been purchased from a reliable supplier at a reasonable price*

*Signature  
(Office Stamp)"*

### 1.10 Local Purchase of Goods on the recommendations of the Purchase Committee

Purchase of goods costing above Rs.15,000/- (Rupees Fifteen thousand) only and up to Rs.1,00,000/- (Rupees One lakh) only on each occasion may be made from the local market on the recommendation of a Purchase Committee constituted for the purpose at Institute level. This mode of purchase will be followed when it is not possible to write the complete specifications of the product for competitive bidding. The Committee will survey the local market through enquiry/obtaining quotations to ascertain the reasonableness of rate, quality and specifications and identify the appropriate suppliers. In certain cases like, purchase of line, or curtains, crockery, artistic items, plastic ware, certain items of stationery and so on, it may not be possible to make written enquiry and obtain sealed quotations without visiting the market and identifying the quality of goods. In such circumstances, the members of the purchase committee may visit the market, identify the quality of goods to be procured and obtain on the spot quotations for further processing. Before recommending placement of the purchase order, the members of the Committee will jointly record a certificate as under on the Comparative Statement.

*"Certified that we, .....members of the Purchase Committee are jointly and individually satisfied that the goods recommended for purchase, are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question".*

### 1.11 Purchase of goods by obtaining bids

Except the cases covered under paragraphs 1.5, 1.9 and 1.10, the goods shall be procured by following the standard method of obtaining bids in:

- (i) Advertised Tender Enquiry
- (ii) Limited Tender Enquiry
- (iii) Single Tender Enquiry

## **1.12 Advertised Tender Enquiry**

- 1.12.1 Subject to exceptions incorporated under paragraphs 1.13.2 and 1.16, invitation of tenders / bids by advertisement should be used for procurement of goods of estimated value above Rs.25 lakh (Rupees Twenty-five lakh). Advertisement in such cases should be given in the Indian Trade Journal (ITJ) published by the Director General of Commercial Intelligence and Statistics, Kolkata and at least in one national daily having wide circulation.
- 1.12.2 The NIT should also publish / post all its advertised tender enquiries with complete bidding documents on its own website and provide a link with NIC website. It should also give its website address in the advertisements in ITJ and news papers. The prospective bidders may be permitted to make use of the documents downloaded from the website. If such a downloaded bidding document is priced, there should be clear instructions for the bidders to pay the amount by demand draft etc., along with the bid.
- 1.12.3 Where the Director feels that the goods of the required quality, specification etc. may not be available in the country and it is necessary to also look for suitable competitive offers from abroad, copies of the tender notice may be sent to the Indian Embassies abroad as well as to the concerned foreign embassies in India.
- 1.12.4 In all cases of Advertised Tender Enquiry, the minimum time to be allowed for submission of bids should be 4 (four) to 6 (six) weeks from the date of publication of the tender notice or availability of the bidding documents for sale, whichever is later.
- 1.12.5 All Advertised Tender Enquiry should have prior approval of the Director.
- 1.12.6 Copies of the advertisement may be sent to the firms known to be dealing with the goods in question to ensure wider circulation.

## **1.13 Limited Tender Enquiry**

- 1.13.1 This method may be adopted when estimated value of the goods to be procured is up to Rs.25 lakh (Rupees Twenty-five lakh). In such cases, copies of the bidding documents should be sent directly by speed post/registered post/courier/fax/e-mail to selected Registered Suppliers for the goods in question as referred in paragraph 1.6. Enquiries may also be sent to reputed suppliers of the goods, even if they are not registered with NIT. The enquiry should

be sent to at least six firms, and at least three quotations should be received for placing an order. Further, web based publicity may also be given for limited tenders at the discretion of the Indentor, efforts should be made to identify a higher number of approved suppliers to obtain more responsive bids on competitive basis. If the required numbers of bidders are not available through this process, the procedure for paper advertisement may be resorted to. Decision for procurement may, thereafter, be taken on the basis of total bids received on both the occasions, even if it is less than the requisite number.

1.13.2 Purchase through limited tender enquiry may be adopted in the following circumstances, even though the estimated value of the procurement is more than Rupees Twenty-five lakh:

- (a) The Director certifies that the demand is urgent and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of such urgency. He should also put on record the nature of the urgency and reasons why the procurement could not be anticipated earlier.
- (b) There are sufficient reasons to be recorded in writing by the Director, indicating that it would not be in public interest to procure the goods through advertised tender enquiry.
- (c) The sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped, is remote.

1.13.3 Sufficient time (two weeks for items estimated to cost less than Rs.1.00 lakh and 4 weeks for items estimated to cost above Rs.1.00 lakh) should be allowed for submission of bids in all cases of Limited Tender Enquiry.

1.13.4 Tender enquiry should be sent in form PPIM 1A for purchase below Rs.1.00 lakh and in form PPIM 1B for purchase above Rs.1.00 lakh.

#### **1.14 Two Bid System**

For purchasing high value plant, machinery etc. of a complex and technical nature, bids may be obtained in two parts as under:

- (i) Technical bid consisting of all technical details along with commercial terms and conditions; and
- (ii) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly super-scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super-scribed. The technical bids are to be opened by the purchasing department at the first instance and evaluated by the competent committee/authority. At the second stage, financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract. In case of very complex purchase proposals, a pre-bid conference with the intending vendors may be arranged a few days before the closing date.

### **1.15 Late Bids**

In the case of advertised tender enquiry or limited tender enquiry, late bids, (i.e., bids received after the specified date and time for receipt) should not be considered.

### **1.16 Single Tender Enquiry**

- (1) Procurement of goods from a single source may be resorted to only in the following circumstances, **with prior approval** of the Director.
  - (i) It is in the knowledge of the NIT that only a particular firm is the manufacturer of the required goods.
  - (ii) In a case of emergency, the required goods are necessarily to be purchased from a particular source for which the reasons for such decision and why the requirement could not be foreseen should be recorded in writing and prior approval of the Director obtained.
  - (iii) For standardization of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the Director), the required item is to be purchased only from a selected firm.
- (2) **Before sending out an enquiry on single tender basis, the Department must seek approval of the Director through the Internal Audit Section. The request made in standard format (Form PPIM-1G).**
- (3) In case the Institution decides to procure goods of any particular reputed brand known for its quality, durability, reliability, after sales service etc., the single tender procedure may be resorted to. If, however, there are more than one distributor/dealer for such branded products and provide similar service, the usual tender/enquiry procedure may be followed, if considered economical.

Proprietary Article Certificate in prescribed form (Form PPIM-1H) is to be provided by the HOD/HOC/PI/ Registrar, before procuring the goods from a single source under the provisions of sub-paragraph 1.16 (i) and 1.16 (iii) as applicable. The certificate is to be provided along with the Purchase Requisition. The certificate should contain the following statements.

- (i) *The indented goods are manufactured by M/s \_\_\_\_\_ and distributed by \_\_\_\_\_.*
- (ii) *No other make or model is acceptable for the following reasons(e.g., proven quality, availability of service facilities for the brand specified)*  
 \_\_\_\_\_  
 \_\_\_\_\_
- (iii) *Concurrence of the Internal Audit Section.*  
*and Approval of the Director are enclosed.*

\_\_\_\_\_  
*(Signature with date and Designation  
 of the Procuring Officer/H.O.D./  
 H.O.C./Registrar)*

### **1.17 Bidding Document**

- (i) Purchase of goods up to Rs.15,000/- does not require any quotation (Para 1.9) whereas purchases above Rs.15,000/- but not exceeding Rs.1,00,000/-, can be made through either by obtaining quotations through limited tender enquiry vide Form PPIM-1A containing basic terms and conditions, or by market survey by a special purchase committees (Rule 1.10).
- (ii) Purchases beyond the above money value (Rs.1,00,000/-) is to be made by obtaining bids from the prospecting bidders as contained in para 1.11. A model form of bid document is appended as Form PPIM-1B. This may also suitably be modified to suit the requirement, depending on the nature of procurement.

### **1.18 Maintenance Contract**

Depending on the cost and nature of the goods to be purchased, especially for sophisticated and costly equipments and machinery, it may be necessary to enter into maintenance contract(s) for suitable period either with the supplier of the goods or with any other reliable, experienced and competent firm. It may however be kept in

mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended period as may be provided in the contract terms and the paid maintenance should commence only thereafter.

If the Institute thinks it to be appropriate, charges towards maintenance for a period up to 5 years, can be set aside in the Central Maintenance Fund of the Institute. The charges may be released on a year to year basis, either at the beginning or at the end of the year.

### **1.19 Bid Security**

- 1.19.1 To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (known as Earnest Money) may be obtained from the bidders except those registered with the DGS&D, National Small Industries Corporation or with the NIT. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent (as may be decided by the Director) of the estimated value of the goods to be procured. The exact amount of bid security with reference to be estimated purchase value should be determined accordingly and incorporated in the bid documents, instead of a percentage of the bid value. The bid security may be in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or unconditional Bank Guarantee en-cashable on demand from the Purchaser, from any of the Commercial banks in acceptable form safeguarding the purchaser's interest in all respect. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period. The Bank Guarantees and other instruments should be kept under safe custody of the H.O.D. or the Officer In-charge of Accounts, as may be decided by the Director. Such Bank Guarantees and other instruments should be reviewed periodically by the custodian of such instruments to ensure that validity thereof have not expired and extension of validity, where warranted, should promptly be sought for and obtained before the expiry date(s).
- 1.19.2 Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30<sup>th</sup> day after award of the contract.
- 1.19.3 A Register of Bid Security (EMD) should be maintained showing Sl. No.; Date of Receipt; Particulars of the Security / EMD; Amount; Period of Validity; Extended period of Validity, if any; Date of Refund / Return etc. and attested by the Officer In-charge.

- 1.19.4 Bid Security may be demanded by the Institute on case to case basis, if the Departmental Purchase Committee feels that these deposits are essential to ensure compliance by the firms to the terms of the Purchase Enquiry / Purchase Order.

## **1.20 Performance Security**

- 1.20.1 To ensure due performance of the Contract, Performance Security may be obtained from the successful bidder awarded the Contract, irrespective of its registration status etc. Performance Security should be for an amount of five to ten percent of the contract value as may be decided by the Director and should be furnished in the form of Account Payee Demand Draft, Fixed Deposit Receipt and/or Unconditional Bank Guarantee en-cashable on demand from the purchaser, from a Commercial Bank in an acceptable form safeguarding the purchasers interest in all respects. Procedure for safe custody of these Instruments, their periodical review to ensure validity, extension of validity, where warranted, should be observed, as in the case of Bid Security.
- 1.20.2 Performance Security should remain valid at least for a period of sixty days beyond the date of completion of all contractual obligations of supplier including guarantee/warranty obligations.
- 1.20.3 Bid security should be refunded to the successful bidder on receipt of Performance Security.
- 1.20.4 A Register of Performance Security may be maintained, like the Register of Bid Security with change of the nomenclature.
- 1.20.5 Performance Security may be demanded by the Institute on case to case basis, if the Departmental Purchase Committee feels that these deposits are essential to ensure compliance by the firms to the terms of the Purchase Enquiry / Purchase Order.

## **1.21 Advance payment to supplier**

- 1.21.1 Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. It may, however, become necessary to make advance payments in the following types of cases:
- (i) Advance payments demanded by firms holding maintenance contracts for servicing Air-conditioners, Computers, other costly equipments etc.

- (ii) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.

Such advance payments should be limited to (a) thirty percent of the contract value to private firms; and (b) forty percent of the contract value to a State or Central Government Agency or a Public Sector undertaking. In case of maintenance contract, the advance payment should not exceed the amount payable for six months under the contract.

The Director may, in exceptional circumstances and in consultation with the Finance Wing, may relax the ceilings mentioned above, for the reasons to be recorded in writing.

While making any advance payment as above, adequate safeguards in the form of bank guarantee en-cashable on demand etc. should be obtained from the firm. The validity of the Bank Guarantee till adjustment of the advance should be ensured.

- 1.21.2 Depending on the terms of delivery incorporated in the contract, part payment to the supplier may be released after it despatches the goods from its premises and produces proof in support thereof, in terms of the contract.

## **1.22 Transparency, Competition and fairness in the procurement process**

All purchases should be made in a transparent, competitive and fair manner, to secure best value for money. Some of the measures for ensuring the above are as follows:

- 1.22.1 The text of the bidding document should be self contained and comprehensive without any ambiguities. All essential information, which a bidder needs for sending responsive bid, should be clearly spelt out in the bidding document in simple language. The bidding document should contain, interalia;
  - (a) the criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position etc.;
  - (b) eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods etc., which may required to be met by the successful bidder;



- (c) the procedure as well as place, last date and time for sending bids by the bidder/receipt of bids by the purchaser;
  - (d) Date, time and place of opening of bids;
  - (e) Schedule and terms of delivery duly indicating that offers with delivery beyond the stipulated period will be treated as unresponsive;
  - (f) Special terms affecting performance, if any.
  - (g) Terms of payment;
  - (h) The required validity period of the bid;
  - (i) Bid Security (EMD) to be furnished along with the bid;
  - (j) Performance security to be furnished by the successful bidder;
  - (k) Period of guarantee/warranty to be offered by the bidder, wherever applicable.
- 1.22.2 Suitable provision may be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/or rejection of its bids.
- 1.22.3 Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be kept in the bidding document.
- 1.22.4 The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.
- 1.22.5 The Bid documents should also provide for pre-despatch inspection wherever applicable and Liquidated Damages/Penalty leviable for the delayed supplies and Risk-purchases.
- 1.22.6 The bids should be opened in public and the authorized representatives of the bidders present should be permitted to attend the bid opening. A provision in this regard, may be kept in the bidding document.
- 1.22.7 The bidders should be given reasonable time to send their bids.
- 1.22.8 The detail specifications and the technical evaluation criteria of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number

- of bidders, the specification should be broad based to the extent feasible. Efforts should also be made to use standard specifications which are widely known to the industry.
- 1.22.9 In case of turn-key contract(s) or contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.
  - 1.22.10 Criteria for determining responsiveness of bids, criteria and factors for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive lowest bidder should be clearly indicated in the bidding document.
  - 1.22.11 The bidding documents should specify that conditional discounts, if any offered, shall not be considered at the time of evaluation.
  - 1.22.12 Bids received should be evaluated in terms of the conditions already incorporated in the bidding document; no new condition which was not incorporated in the bidding documents should be brought in for evaluation. Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.
  - 1.22.13 Bidders should not be permitted to alter or modify their bids after expiry of the deadline for receipt of bids.
  - 1.22.14 Negotiation with bidders after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation against ad-hoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder, with prior approval of the Director.
  - 1.22.15 Contract should ordinarily be awarded to the lowest evaluated responsive bidder. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to supply the full quantity required, the remaining quantity, as far as possible, be ordered from the next higher responsive bidder at the rates offered by the lowest responsive bidder.

- 1.22.16 It should be ensured that the contract is placed within the original validity of the bids. Extension of bid validity must be discouraged and resorted to only in exceptional circumstances.
- 1.22.17 The name of the successful bidder awarded the contract should be mentioned in the notice board or website of NIT.

### **1.23 Buy-Back Offer**

When it is decided with approval of the Director, to replace an existing old item with a new and better version, the department may trade the existing old item while purchasing the new one. In such a case, a suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the old item to be traded, the time as well as the mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one.

### **1.24 Purchase Committee**

#### **1.24.1 Constitution**

There shall be a Purchase Committee in each Department, Center, Wing of the NIT, consisting of three to six members, depending on the size of the department. The members and Chairman of the committee may be nominated by the HOD/HOC/ Registrar and approved by the Director. Tenure of the Purchase Committee may be for two years. If a member (including Chairman) is appointed as H.O.D. or Dean, a new member (or Chairman) will be nominated by the H.O.D. In the absence of any member due to long leave, resignation, retirement or other-wise, another member may be co-opted/taken in his place. In cases of, however, purchase of costly and sophisticated machineries and equipments/instruments, say above Rs.25 lakh, the Director may consider constitution of a special Purchase Committee consisting of the experienced officers/ faculty members of other departments in addition to the existing members.

#### **1.24.2 Functions**

The Purchase Committee is an advisory body who shall assist the HOD/HOC/PI/Registrar for purchase of goods in the most efficient, economic and transparent manner. Their functions shall, broadly be as under:

- (a) to meet at the beginning of the financial year to make plan for spending the anticipated funds under equipment and operating grants and to make mid-course corrections, if necessary, as and when better information is available from the Deputy Registrar (Finance & Accounts). Thereafter, the Committee should, depending on the need, meet as frequently as necessary, to ensure that no purchase proposal is delayed.
- (b) to advise the H.O.D. on allocation of funds to different laboratories/groups and to assist the Professors In-charge of different laboratories for making the Purchases in time.
- (c) to process the quotation call notice/bidding documents scrutinize the quotations/bids received, prepare the comparative statement and recommend the vendor/bidder on whom supply order/contract will be placed. The concerned Professors/Officers-in-Charge of Laboratories/ Offices/Projects may process all documents on behalf of the Purchase Committee. But the Committee, or the Chairman on its behalf, must examine the documents before recommending them to the H.O.D./H.O.C.
- (d) to undertake any other work entrusted by the Head of the Department/Centre/Office.

The Purchase Committee shall always strive to assist laboratory in-charges to achieve quality, speed and economy, and in that order. The committee shall not return or defer a file without suggesting a concrete alternative plan.

If a Purchase Committee fails to proceed with the process of procurement, the matter may be placed before the Director for a solution.

**Note:** *Proposal for purchase of goods up to the value of Rs.15,000/- for which invitation of quotation is not necessary, need not come to the Purchase Committee and such purchase may be made directly by the concerned Professor In-charge/ authorized Officer with consent of the HOD/HOC/PI/Registrar observing the procedure laid down in paragraph 1.9.*

## **1.25 Procedure for Purchase**

### **1.25.1 Enquiry**

- (i) As already mentioned earlier, no quotation is necessary for purchases up to Rs.15,000/-.

- (ii) In respect of purchases above Rs.15,000/- but up to Rs.1,00,000/-, purchase can be initiated by the indenter by limited tender enquiry. The quotation call notice (Form PPIM-1A) may be issued by the Indenter (Laboratory In-charge) or Chairman of the Purchase Committee. The enquiry should be sent to at least six firms, and at least three quotations must be received in case of limited tender enquiry. Purchases of certain items (Section 1.10) may be made on the recommendation of a Purchase Committee appointed for the purpose, who may survey the market through oral enquiry or by obtaining quotations.
- (iii) Purchases above Rs.1,00,000/- (except purchases under Rate Contract) may be made by following the procedure of obtaining bids (Form PPIM-1B) through Advertised Tender Enquiry (above Rs.25 lakh), Limited Tender Enquiry (below Rs. 25 lakh) or single tender enquiry (proprietary items) as mentioned in para 1.11.
- (iv) A copy of the purchase enquiry along with a list of vendors to whom the enquiry was sent must be attached with the Purchase Requisition.
- (v) In case of limited tender enquiry, at least three firms should quote. If less number of quotations are received, the Director, if satisfied, may permit placement of P.O. upto Rs. 1 lakh. In all other cases, the limited tender process may be scrapped and the call for tender should be advertised in website and newspaper. There is no bar on the number of quotations received in case of advertised tender enquiry.

### **1.25.2 Receipt and Opening of Quotations / Bids**

It is advisable that arrangement should invariably be made for receipt of quotations/bids for goods above the value of Rs.1,00,000/- (Rupees One lakh) through tender box. Where, however, the quotations/bids are received by post or courier, the Professor/Officer-in-Charge of laboratories/offices shall sign/initial on the top of the cover containing the quotation/bid, indicating the date and time of receipt and keep the sealed/closed cover under his safe custody till the scheduled date and time of opening. *Receipt of quotations/bids by hand directly from the vendor against enquiry in Form PPIM-B should not be entertained under any circumstances, except in case of on-the-spot quotations collected by the Purchase Committee for purchases up to Rs.1,00,000/- as mentioned in para 1.10.* The tender box should be opened at the appointed date and time and the quotations/bids available therein should be collected.

Thereafter, all the quotations/bids received both by post and through tender box should be taken up for opening by the Professor-in-Charge of Laboratory/Officer-in-Charge in the presence of at least one member of the Purchase Committee (other than himself, if he is a member) and trade representatives available. While opening the quotations/bids, each quotation/bid should be numbered serially, initialed and dated on the first page by the Professor-in-Charge of Laboratories/Officer-in-Charge and the member of the Purchase Committee present. Each page of the quotation/bid should also be initialed with date and particularly, the prices, important terms and conditions etc. should be encircled and initialed, preferably in red ink. Alterations in quotations/bids, if any, made by firms should be initiated legibly to make it perfectly clear that such alteration were present on the quotations/bids at the time of opening. Wherever any erasing or cutting is observed, the substituted words should be encircled and initialed and the fact that such erasing/cutting of the original entry was present on the quotation/bid at the time of opening be also recorded. An "On the Spot Statement" giving details of the quotations/bids received and other particulars like prices, taxes, duties and EMD etc. and signed by the Professor/Officer-in-Charge and the member of the Purchase Committee present.

Further, in case of "Two Bid" system, the technical bids are opened at the first instance and the financial bids are opened subsequently after evaluation of the technical bid. In such case, after opening of the technical bids, the tender opening Officer and the Purchase Committee member should sign on the envelopes containing the financial bids and the signatures of two trade representatives present should also be obtained on all such envelopes. Thereafter, all the envelopes containing the price bids should be put in a bigger envelope/box and the same should be properly sealed duly signed by the Tender Opening Officer, the member of the Purchase Committee and trade representatives, present.

### **1.25.3 Evaluation of Quotations / Bids**

The Purchase Committee should, at the earliest possible time evaluate the quotations/bids received, keeping in view the quotation/bid validity period, urgency of the goods and time required for placement of Supply Order/Contract after completion of other formalities. The evaluation of bids and comparative assessment of offers on equal footing should be done only with reference to the terms and conditions already incorporated in the quotation call notice/bidding documents and no new condition which was not incorporated in the bidding documents should be brought in for evaluation. A comparative statement of quotations/bids should be prepared

in Form PPIM-1C and signed by all the members of the Committee. Supply Order/Contract should ordinarily be awarded to the lowest evaluated bidder found to be responsive and eligible/qualified to perform the supply satisfactorily as per the terms and conditions stipulated in the quotation call notice/bidding documents.

#### 1.25.4 Purchase Requisition

No requisition is necessary for purchases up to Rs.15,000/- on any occasion as this will be done at the level of the HOD/HOC/PI/Registrar. However, for purchases above Rs.15,000/-, Purchase Requisition in Form PPIM-1D shall be filled up by the HOD/HOC/PI/ Registrar and sent to the Internal Audit Section, along with the (a) copy of the quotation/bid enquiry with list of suppliers to whom the enquiry was sent; (b) all quotations/bids received and (c) the comparative statement, as the case may be. The purchase requisition will carry a distinctive number in the style: "NITRKL/PR/Department Code/ Grant/Year/SI. No. \_\_\_\_ Dated \_\_\_\_\_." The grant can be "Equipment", "Operating", "Furniture" and like-wise. The department code shall be as follows:

Ceramic Engineering	-	CR
Chemical Engineering	-	CH
Chemistry	-	CY
Civil Engineering	-	CE
Computer Science & Engineering	-	CS
Electrical Engineering	-	EE
Electronics & Communication Engineering	-	EC
Humanities & Social Science	-	HS
Mathematics	-	MA
Mechanical Engineering	-	ME
Metallurgical & Material Engineering	-	MM
Mining Engineering	-	MN
Physics	-	PH
Training & Placement	-	TP
Central Workshop	-	WS
Library	-	LB
Computer Centre	-	CC
Estate (Civil)	-	SC
Estate (Electrical)	-	SE
Lawns & Gardens	-	LG
Telephone	-	PN
Registry	-	RG
Directors' Office	-	DR

The indenting department shall place a copy of the Purchase Requisition in a file which will also contain copies of Purchase Order, Challan, Invoice and all correspondence in future.

### **1.25.5 Internal Audit, Fund Booking and Approval of Purchase**

The Internal Audit Section will examine the proposal and will vet it if found in order. It will specifically examine the process of tendering, recommendation of Purchase Committee and other procedural matters. If found to be in order, the vetted proposal will be forwarded to the Accounts Section. The Deputy Registrar (Finance & Accounts) shall book the funds, if available and send the requisition to the competent authority for approval/sanction. In case of purchase proposals, which fall within the powers of the HOD/HOC/PI/Registrar, the purchase requisition signed by these authorities shall be deemed to have prior approval/sanction. Where the purchase proposal requires approval/sanction of the Director, the requisition, duly vetted by the Deputy Registrar (Finance & Accounts), shall be sent to the Director, through the Dean concerned. If adequate funds are not available under the specified Account heads the proposal shall be returned to the indenting department.

### **1.25.6 Purchase Order**

The approved requisition shall be sent by the Approving Authority (Deputy Registrar (Finance & Accounts), in case of deemed approval) to the Assistant/Deputy Registrar (Purchase) who will open a file and place the purchase order on the approved firm. It must be ensured that the purchase order is placed within the quotation/ bid validity period. Purchase proposals of value up to Rs.1.00 lakh will be signed by the Assistant/Deputy Registrar (Purchase) while those exceeding Rs.1.00 lakh will be signed by the Registrar. In the Purchase Order, the firm may be instructed to deliver the goods at the concerned Department/ Centre/Wing/Project along with three copies of chalans and three copies of invoice. A register of Purchase Orders may be maintained by the Assistant/Deputy Registrar (Purchase) with suitable reference to the Purchase file and copy of the Purchase Order may also be kept in a Guard file in serial order. A model Purchase Order is appended as Form – PPIM-1E. This may suitably be modified, as may be necessary. The Purchase Order should contain the terms and conditions of supply, which should include, interalia, period of supply / delivery, mode and place of delivery, liquidated damage for delayed supply, risk purchase, terms of payment, taxes etc.

A copy of the Purchase Order may be given to the indenter, the head of the indenting department and the Deputy Registrar (Finance & Accounts) for their records.



## 1.26 Stock Entry and Invoice Certification

- 1.26.1 On receipt of goods at the Department/Centre/Wing/Project, the concerned HOD/HOC/PI/Registrar/Estate Officer shall examine the goods with reference to specifications, quantity etc. and if found correct, return one copy of the chalan to the firm duly signed. Thereafter, the goods may promptly be taken to the stock and entered in the appropriate Stock Register. Necessary Stock entry Certificates indicating the name of the Stock Register and reference to the folio/page number, may be recorded by him on all copies of the Invoice. One copy of the chalan together with two copies of Invoice with stock entry certificate shall be sent by him to the Assistant/Deputy Registrar (Purchase) together with the processing Form PPIM-1F duly filled in. The Purchase Section will retain the chalan and one copy of the Invoice in the concerned Purchase file and send the original/first copy of the Invoice along with a copy of the Purchase Order, and the processing Form to the Deputy Registrar (Finance & Accounts), for arranging payment to the firm by cheque/demand draft, as may be appropriate. The bill for payment may be pre-audited by the Internal Audit Section before final payment is made, particularly for firms that are not engaged in other business with the Institute.
- 1.26.2 The bills of the Supplier should be processed at all levels vide Form PPIM-1F with due promptness and payments made within the time schedule stipulated in the Purchase Order.

Ordinarily payment against a supplier's bill shall be made within 30 days of delivery of the stores and the invoice. The receiving department must inspect the goods and, if found to be as per specifications, take the stores into stock and certify the bills within one week. In case of defective materials, the firm must be intimated so within 2 weeks of receipt of stores with a copy to the Purchase Section. The Head of the Department will be personally responsible for timely certification, or rejection of the invoice.

In the event of any delay leading to bad name of the Institute and/or making the Institute liable for payment of compensation (the rate of such compensation being determined by the Board), the person(s) responsible for such delay may be identified and the loss/extra expenditure to the Institute, recovered from them.

The following provisions will apply :

- (a) The rate of compensation to firm shall be at the rate 0.75% of invoice value per month, or part thereof, the time being counted from the elapse of 45 days from the date of receipt of stores in good condition and the invoice,

- (b) The Institute shall identify the persons holding the files without proper reason and recover the cost on a pro-rata basis,
- (c) When no person is identifiable, and it is ascertained that the delay is unavoidable, the Institute shall bear the cost,
- (d) In case of disagreements, the Director's decision shall be final and binding

It is felt that this provision will (a) eliminate conscious or callous delays by concerned officers, (b) create confidence among suppliers for timely payment, and (c) lead to significant cost saving for the Institute, because the vendors will not enhance the price.

1.26.3 Where the goods received are not acceptable due to any defects, deficiencies, damage, not conforming to the specification or for any other reason, the HOD should promptly notify the supplier directly indicating the reasons, with a copy to the Assistant/Deputy Registrar (Purchase).

### **1.27 Direct Purchase by the Department**

The HOD/HOC/PI/Registrar may Purchase directly from a firm goods with value of less than Rs.15,000/- (Rupees Fifteen thousand) only. On receipt of goods, he will take them in to stock account, certify the bill with stock entry and send to the Deputy Registrar (Finance & Accounts) along with the certificate contemplated in paragraph 1.9, for direct payment to the firm.

### **1.28 Advance Payment to Faculty and Officers**

It may sometimes be necessary for the Faculty Members and Group-A Officers, in the interest of the department or in cases of urgency, to make cash purchases / settle the bills on the spot. Request for cash advance and settlement of such advance may be made through forms PPIM-1G and PPIM-1H respectively. In such cases, the HOD / HOC / PI may approve the advance payment if it is within his powers or recommend to the Dean concerned / Director (through proper channel), as the case may be. In such cases, all the purchase formalities including stock entry shall also be observed and the Officer concerned should also certify on the body of the Bill / Invoice to the effect that "*Certified that the bill has been paid by me out of the advance drawn on ..... vide Bill No. .... Dated .....*". All such advances should be settled within one week of drawal. If an advance is not adjusted within one month, the Institute may, with approval of Director, recover it from the salary of the officer in minimum number of installments.

The powers of different authorities for approval/sanction of advance shall be as under:

Authorities	Amount up to which advance can be approved / sanctioned
HOD/HOC/PI/Registrar	Rs.10,000/-
Deans	Rs.20,000/-
Director	Full powers

The Accounts Section, who will disburse the advance, shall maintain a "Register of Advances" in Form PPIM-1I to watch payment of advances and recoupment thereof by cash or through vouchers. All entries in this Register must be attested by the Deputy Registrar (Finance & Accounts). Payment of Advance should also be recorded in the fund booking register to compute the expenditure made by a department.

### **1.29 Imprest**

HOD/HOC/PI may draw and hold a permanent Imprest of Rs.5,000/- to meet any petty expenditure of the Department/Centre. The Department/Centre shall maintain a "Permanent Imprest Register" for the purpose. On expenditure of Rs.4,000/- or more from this account, the HOD/HOC/PI will submit the vouchers to the Accounts Section with the required certificate, for recoupment. Bills for more than Rs.500/- each must be in printed form with serial numbers marked thereon. Revenue Stamp, wherever necessary, shall be affixed on all receipts except printed Cash Memos with serial number(s). All purchases must be of approved quality and from reputed firms at competitive price.

### **1.30 Timely Procurement**

Timely procurement of Stores and making them available to the users when required is very important since failure to do so is likely to result in loss of utility and wastage of public funds. It shall be the responsibility of the Indentor and the Purchase Committee to ensure that purchase proposals are planned, processed, finalized and the required goods are procured well in advance so that the stores are available to the users at the time of need

## **II. PROCUREMENT OF SERVICES**

**1.31** The NIT may sometimes feel the necessity of hiring external professionals, Consultancy firms or Consultants (hereinafter referred to as Consultant) for a specific job, which is well defined in terms of content and time frame for its completion or outsource certain services. Decision in this regard may be taken by the Director. Following are the fundamental principles for engagement of Consultant(s) and outsourcing of services.

### **1.32 Identification of Work/Services required to be performed by the Consultants**

Engagement of consultant may be resorted to only in situations requiring high quality services for which the NIT does not have requisite expertise. In all cases of engagement of consultants, prior approval of the Director should be obtained.

### **1.33 Scope of the required Work/Services**

The Indenter should prepare in simple and concise language, the requirement, objectives and scope of the assignment. The eligibility and pre-qualification criteria to be met by the Consultant should also clearly be identified at this stage.

### **1.34 Estimating reasonable expenditure**

The Indenter should also estimate reasonable expenditure on such work by ascertaining the prevalent market conditions and consulting other organizations engaged in similar activities.

### **1.35 Identification of likely sources**

- (i) Where the estimated cost of the work or service is up to Rupees Twenty-five lakhs, preparation of a list of potential consultants may be done on the basis of formal or informal enquiries from other likely organizations or departments involved in similar activities, Chambers of Commerce and Industry, Association of Consultancy firms etc. and/or publication in the local daily seeking "expression of interest" from Consultants.
- (ii) Where the estimated cost of the work or service is above Rupees Twenty-five lakhs, in addition to (i) above, an enquiry for seeking "Expression of Interest" from Consultants should be published in at least one national daily and in the website of NIT giving adequate time for getting responses from interested Consultants. The website address should also be given in the advertisement. Enquiry for seeking "Expression of Interest", should, inter-alia, include in brief, the broad scope of work or service, supports/inputs to be provided by the NIT, eligibility and pre-qualification criteria to be met by the Consultant(s) and Consultant's past experience in similar work or service. The Consultants may also be asked to send their comments on the objectives and scope of the work or service projected in the enquiry.

### **1.36 Short-listing of Consultants**

Based on the responses received from the interested parties and the information received from different sources as per para 1.34, the NIT should short-list the Consultants meeting the requirements. The number of short-listed Consultants should not be less than three. In

case minimum number of short-listed Consultants is not available in spite of paper publication, selection may be made from among the available personnel.

### **1.37 Preparation of Terms of Reference (TOR)**

The TOR should include –

- (i) Precise statement of objectives;
- (ii) Outline of the tasks to be carried out;
- (iii) Schedule for completion of tasks;
- (iv) The support or inputs to be provided by the NIT to facilitate the consultancy;
- (v) The final outputs that will be required of the Consultant.

### **1.38 Requests for Proposal (RFP)**

The RFP should be issued to the short-listed Consultants seeking their technical and financial proposals for the required work/service. The RFP should contain:

- (i) A letter of invitation;
- (ii) Information to Consultants regarding the procedure for submission of proposal;
- (iii) Terms of Reference;
- (iv) Eligibility and Pre-qualification criteria (If not ascertained through enquiry or Expression of Interest);
- (v) List of key position and experience that would be evaluated;
- (vi) Bid evaluation criteria and selection procedure;
- (vii) Standard format for technical and financial proposal;
- (viii) Proposed Contract terms;
- (ix) Procedure to be followed for mid-term review of the progress of work and review of the final draft report.

### **1.39 Receipt and Opening of Proposals**

Proposals should ordinarily be asked for from Consultants in "Two-bid" system with technical and financial bids sealed separately and put in a bigger envelop duly sealed and submit the same to the Director by the specified date and time at the specified place. On receipt, the technical proposals should be opened first by the Director or any other Officer authorized by him for the purpose, at the specified date, time and place.

### **1.40 Late bids**

Bids received after the specified date and time of receipt should not be considered under any circumstances.

### **1.41 Evaluation of Technical Bids**

Technical bids should be analyzed and evaluated by a Consultancy Evaluation Committee (CEC) constituted by the Director. The CEC shall record in detail the reasons for acceptance or rejection of the technical proposals analyzed and evaluated by it.

#### **1.42 Evaluation of financial bids**

The financial bids of only those bidders who have been declared technically qualified by the CEC, shall, thereafter, be opened for further analysis and/or evaluation, ranking and selecting the successful bidder for placement of the Consultancy contract. The lowest evaluated responsive bidder should ordinarily be selected for the service

#### **1.43 Consultancy by nomination**

Under certain special circumstances, it may become necessary to select a particular Consultant where adequate justification is available for such single-source selection in the context of the overall interest of the NIT. In such cases, full justification for single source selection should be recorded in the file and approval of the Director obtained before resorting to single-source selection.

#### **1.44 Monitoring the Contract**

The Director and/or the concerned Head of the Department/Centre/Wing/Office should be involved through out in the conduct of consultancy, preferably by taking a task force approach and continuously monitoring the performance of the Consultant(s) so that the output of the consultancy is in line with the objectives of the NIT.

### **OUTSOURCING OF SERVICES**

**1.45** The NIT may outsource certain services in the interest of economy and efficiency. Following are the basic guidelines for outsourcing of services.

#### **1.46 Identification of likely Contractors**

The NIT should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other departments and organizations involved in similar activities, scrutiny of "yellow pages" and trade journals, if available, website etc..

#### **1.47 Tender enquiry**

The NIT should prepare a tender enquiry containing, inter-alia,

- (i) The details of the work or service to be performed by the Contractor;
- (ii) The facilities and the inputs that would be provided to the Contractor by the NIT;
- (iii) Eligibility and qualification criteria to be met by the Contractor for performing the required work/service; and
- (iv) The statutory and contractual obligations to be complied with by the Contractor.

**1.48 Invitation of Bids**

- (a) For estimated value of the work or service up to Rupees Ten lakhs, the preliminary list of likely and potential contractors identified/prepared as per para 1.45 above, may be scrutinized to decide the prima facie eligible and capable contractors and limited tender enquiry may be issued to them asking for their offers by a specified date and time etc., as per the standard practice. However, the number of the Contractors so identified for issuing limited tender enquiry should not be less than six. In case, the minimum number of six potential contractors could not be identified, recourse to paper advertisement may be resorted to or selection may be made from among the available personnel, as may be decided by the Director.
- (b) For estimated value of work above Rupees Ten lakhs, the NIT should issue advertised tender enquiry asking for the offers by a specified date and time etc., in at least one popular largely circulated national news paper and website of NIT.

**1.49 Late Bids**

Bids received after the specified date and time of receipt, should not be considered.

**1.50 Receipt and Opening of Bids**

On receipt of the bids, the same may be opened by the Director or any other Officer authorized by him, at the specified date, time and place.

**1.51 Evaluation of Bids**

The Director may constitute a Committee to evaluate, segregate, rank the responsive bids and select the lowest evaluated responsive bidder for placement of the Contract.

**1.52 Outsourcing by Choice**

Should it become necessary, in an exceptional situation to outsource a job to a specifically chosen Contractor, the Director may do so in consultation with the internal Finance (Accounts) Wing and the Internal Audit Wing. In such cases, the detailed justification, the circumstances leading to outsourcing by choice and the special interest or purpose it shall serve, shall form an integral part of the proposal.

**1.53 Monitoring the Contract**

The Director and/or the concerned Head of the Department/Centre/Wing/Office should be involved throughout in the conduct of the contract and continuously monitor the performance of the Contractor.

- 1.54** The Director may issue supplementary instructions and guidelines in regard to the "Procurement of goods and services", as may be considered necessary, without contravening the fundamental principles and general procedures contained in this Chapter.
- 1.55** In exceptional cases, for which reasons and justifications are to be kept on record, the procurement procedures can be relaxed only with the prior approval of the Finance Committee and the Board of Governors.



## **CHAPTER – 2**

### **INVENTORY MANAGEMENT**

**2.1** This chapter contains the basic principles and procedure regarding Inventory Management at the NIT, Rourkela. The Director may issue supplementary instructions and guidelines on the subject, as may be considered necessary, broadly in conformity with the basic principle and procedures contained in this chapter.

#### **2.2 Receipt of goods from Suppliers**

- (i) While receiving goods and materials from a supplier, the concerned Head of the Department/Centre/Wing/Office (hereinafter referred as HOD), should refer to the relevant contract terms and follow the prescribed procedure for receiving the goods.
- (ii) All goods shall be counted, measured or weighed, as the case may be, and subjected to visual inspection at the time of receipt to ensure that the quantities are correct, the quality is according to the required specification and there is no damage or deficiency in the goods. Technical inspection where required should be carried out at this stage by the authorized Technical personnel or agency. An appropriate receipt, on the chalan may also be given to the supplier on receiving the goods.
- (iii) Details of the goods so received should be entered in the appropriate Stock Register and the HOD should certify that he has actually received the goods and entered in the appropriate Stock Register(s) to be named.

#### **2.3 Issue of goods**

- (i) In case of departments without a formal departmental store, the goods received by the Head of the Department should be issued to the concerned laboratories or other users immediately on receipt of the stores. The personnel of the concerned laboratories receiving the stores may sign on the stock register of the Department. On being issued to a laboratory durable goods are deemed to be installed and consumable stores are deemed to be consumed. In case of durable articles, the site of installation should be noted on the Department Stock Register.
- (ii) In case of departments with a formal "Departmental Stores", the goods may be issued in small quantities to the Laboratory/Other user unit on receipt of an indent in the prescribed form (PPIM-2E) for the purpose. While receiving

the supply against the indent, the Indenting Officer shall examine, count, measure or weigh the goods, as the case may be, to ensure that the quantities are correct, the quality conforms to the required specification and there is no damage or deficiency in the goods. The indenting officer shall give an appropriate acknowledgement in support of receipt of the goods. Issue of the stores may be accounted for in the concerned Stock Register, based on the indent.

- (iii) In case of goods issued to a Contractor, the cost of which is recoverable from him, all relevant particulars including the recovery rates and the total value chargeable to the Contractor should be got acknowledged from him (Contractor) duly signed and dated.
- (iv) If the HOD/Officer in charge of the Stores is unable to comply with the indent in full, he should make the supply to the extent available and make suitable entry to this effect in the indenter's copy of the indent. In case alternative materials are available in lieu of the indented materials, suitable indication to this effect may be made in the document.

## **2.4 Custody of goods**

The HOD/Officer in charge of stores having custody of goods, especially valuable and/or combustible articles, should take appropriate steps for arranging their safe custody, proper storage accommodation including arrangements for maintaining required temperature, dust free environment etc.

## **2.5 Lists and Accounts**

The Officer in charge of Stores shall maintain suitable item-wise lists and accounts and prepare accurate returns in respect of the goods in his charge, making it possible at any point of time to check the actual balances with the book balance.

The form of stock accounts mentioned above may be determined with reference to the nature of the goods, frequency of transactions and the special requirements of the NIT.

## **2.6 Stock Accounts**

- (i) Separate accounts/Register shall be kept for –
  - (a) Procurement Register to be maintained by the Department in form PPIM – 2A.
  - (b) Fixed Assets such as Plant, machinery, equipment, Accessories, furniture, fixture etc. in the form PPIM-2B, which is as per GFR-40.

- (c) Consumables such as Office stationery, Chemicals, maintenance spare parts, etc. in form PPIM-2C for departments without a Departmental store and in the form PPIM – 2D for departments with a central store. This form is as per GFR-41.
  - (d) Library Books in form PPIM-2G [GFR-35].
  - (e) Assets of historical/artistic value, if any, in form PPIM-2H [GFR-42].
- (ii) Major Stock/Asset Register to be maintained in Accounts Section (Stock Unit) in Form PPIM-2I after receipt of Invoice from the Department/Centre/Wing, for items with value exceeding Rs.5 lakh.

**Note:** *These forms can be supplemented with additional details, as may be necessary.*

## **2.7 Hiring out of Fixed Assets**

When a fixed asset is hired to local bodies, contractors or others, proper record thereof should be kept and the hire and other charges as determined/prescribed by the Director, based on the historical cost, should be recovered regularly.

## **2.8 Physical Verification of goods**

Physical verification of fixed assets and consumable goods should be undertaken at least once in a year and results of such verification should be recorded in the corresponding stock register. Discrepancy, if any noticed, should promptly be investigated and appropriate action taken.

## **2.9 Procedure for Verification**

- (i) Physical verification shall be done by an Officer, other than the custodian of the inventory being verified. Such verification should invariably be made in the presence of the Officer responsible for custody of the goods.
- (ii) Certificate of verification along with the findings shall be recorded by the Verifying Officer, in the Stock Registers.
- (iii) Discrepancies including shortages, damages and unserviceable good, if any identified during verification shall immediately be brought through proper channel to the notice of the Director, for taking appropriate action in accordance with the provisions contained under "General System of Financial Management (II – Defalcation and Losses)".

## **2.10 Responsibility for losses**

- (i) All losses above the value of Rupees Ten thousand due to suspected fire, theft, fraud etc. shall invariably be reported to the Police as early as possible for investigation and all concerned should assist the Police in their investigation. A formal investigation report should be obtained from the Police authorities in all cases referred to them.
- (ii) An Officer or other employee shall be held personally responsible for any loss sustained by the NIT through fraud or negligence on his part or laxity of his supervision. An Officer or Staff-member will not be held personally liable for loss of institute property simply because the lost or damaged item was under his care.
- (iii) The departmental proceedings for assessment of responsibility for the loss should be conducted and finalized without waste of time.

## **2.11 Buffer Stock**

Ordinarily, a department will not maintain any stock of consumable stores beyond what is needed for smooth operation of the laboratories. In some special departments, such as estate and registry, depending on the frequency of requirement and quantity thereof as well as the pattern of supply, the Director may determine optimum buffer stock of any consumable material that a department/centre / wing shall hold.

## **2.12 Physical Verification of Library Books**

- (i) For library having books up to fifty thousand volumes, physical verification should be done at least once in three years. Sample physical verification at intervals of not more than three years, should be done in case of the library having more than fifty thousand volumes. In case such sample verification reveals unusual or unreasonable shortages, complete verification shall be done.
- (ii) Loss of five volumes per one thousand volumes of books issued/consulted in a year may be taken as reasonable provided such losses are not attributable to dishonesty or negligence. However, loss of a book of a value exceeding Rs.1,000/- (Rupees One thousand only) and rare books irrespective of value shall invariably be investigated and appropriate action taken.

**2.13 Transfer of charge of goods etc.**

In case of transfer of Officer-in-Charge of the goods, materials etc., the transferred Officer shall see that the goods/materials are made over correctly to his successor. A statement giving all relevant details of the goods/materials etc. in question shall be prepared and signed with date both by the relieved Officer and the relieving Officer duly mentioning "handed over" and "taken over" respectively. Each of these Officers will retain a copy of the signed statement and another copy may be submitted to the Registrar for records. In case any discrepancy is noticed between the book balance and the balance handed over, the same should be promptly reported to the Director, for ordering investigation and fixation of responsibility or for considering write off, as the case may be, depending on the circumstances, nature and value of stores.

**2.14 Disposal of goods**

- (i) An item may be declared surplus or obsolete or unserviceable if the same is of no use to the NIT. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the authority competent to purchase the item.
- (ii) The Director may, at his discretion, constitute a committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable.
- (iii) The book value, guiding price and reserved price, which will be required while disposing of the surplus goods, should be worked out. In case the book value is not possible to be worked out, the original purchase price of the goods in question may be utilized. A report of stores for disposal shall be prepared in form PPIM-2J by the Committee constituted under sub-para (ii) above.
- (iv) In case an item becomes surplus, obsolete or unserviceable due to negligence, fraud or mischief of any Officer or Staff, responsibility should be fixed.

**2.15 Modes of disposal**

- (i) Surplus or obsolete or unserviceable goods of assessed residual value above Rupees Two lakhs should be disposed of by:
  - (a) obtaining bids through advertised tender, or
  - (b) public auction.
- (ii) For surplus or obsolete or unserviceable goods with residual value up to Rupees Two lakhs, the mode of disposal will be determined by the Director, keeping in view the necessity to avoid accumulation of such goods and consequential blockage of space and also deterioration in value of goods to be disposed of.

- (iii) Certain surplus or obsolete or unserviceable goods like expired medicines, food grain etc. which are hazardous or unfit for human consumption should be disposed of or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/or environmental pollution and also the possibility of misuse of such goods.
- (iv) Surplus or obsolete or unserviceable goods, equipments, documents etc. involving security concerns (e.g., negotiable instruments, receipt books, stamps etc.) should be disposed of/destroyed in an appropriate manner to ensure compliance with rules relating to official secrets as well as financial prudence.

## **2.16 Disposal through Advertised Tender**

- (i) The broad steps to be adopted for this purpose are as follows:-
  - (a) Preparation of bidding documents.
  - (b) Invitation of tender for the surplus goods to be sold.
  - (c) Opening of bids.
  - (d) Analysis and evaluation of bids received.
  - (e) Selection of highest responsive bidder.
  - (f) Collection of sales value from the selected bidder.
  - (g) Issue of sale release order to the selected bidder.
  - (h) Release of the sold surplus goods to the selected bidder.
  - (i) Return of bid security to the unsuccessful bidders.
- (ii) The important aspects to be kept in view while disposing the goods through advertised tender are as under:-
  - (a) Wide publicity should be ensured of the sale plan and goods to be sold so as to ensuring transparency, competition, fairness and elimination of discretion. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and simple language. Applicability of taxes etc. as relevant should also be clearly stated in the document.
  - (b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.
  - (c) The bidders should be asked to furnish along with their bids, the bid security which should ordinarily be ten percent of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document.

- (d) The bids of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder. In case such negotiation does not provide the desired result, the reasonable or acceptable price may be counter offered to the next highest responsive bidder(s).
  - (e) In case the total quantity to be disposed of can not be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder.
  - (f) Full payment i.e., the residual amount after adjusting the bid security should be obtained from the successful bidder before releasing the goods.
  - (g) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including re-sale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.
- (iii) Bids received after the specified date and time of receipt should not be considered.

### **2.17 Disposal through Auction**

- (i) The Director may decide auction of goods to be disposed of either directly or through approved auctioneers.
- (ii) The basic principles to be followed for auction are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of goods to be auctioned and their location, applicable terms and conditions of sale etc. should be given wide publicity in the same manner as in case of advertised tender.
- (iii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc. (as already indicated earlier while giving wide publicity for the same), should be announced again for the benefit of the assemble bidders.
- (iv) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five percent of the bid value) should immediately be taken on the spot from the successful bidder either in cash or

in the form of "Deposit-at-call-Receipt" drawn in favour of the Director or of any other Officer authorized by him for the purpose. The goods should be handed over to the successful bidder only after receiving the balance payment.

- (v) The composition of the auction team will be decided by the Director. The team should, however, include an Officer each from Finance (Accounts) Wing and Internal Audit Wing of NIT.

### **2.18 Disposal at scrap value or by other modes**

If the surplus, obsolete or unserviceable item(s) could not be sold in spite of attempts through advertised tender or auction, the Director may take a decision, in consultation with the Finance (Accounts) Wing and Internal Audit Wing, for disposing off the same at its scrap value and if sell at scrap value was also not possible, he may decide to adopt any other mode of disposal including destruction of the item in eco-friendly manner.

### **2.19 Sale Account**

A sale account should be prepared for goods disposed of in Form PPIM-2K, duly signed by the Officer(s) who supervised the sale or auction.

### **2.20 Miscellaneous**

- (i) **Power to write off:** All profits and losses due to revaluation, stock taking or other causes shall be duly recorded and adjusted where necessary. Formal sanction of the competent authority shall be obtained in respect of losses, even though no formal correction or adjustment in accounts is involved. The Director, N.I.T., Rourkela is delegated with the powers to write off losses to the extent indicated below provided that:
  - (a) the loss does not disclose a defect in rules or procedure, the amendment of which requires the orders of higher authority;
  - (b) there has not been any serious negligence on the part of any employee which may call for disciplinary action by a higher authority.



Sl. No.	Nature of Loss	Monetary limit up to which the loss may be written off in each case by the Director
1	Irrecoverable losses of stores or money (including stamps)	i. Rs.50,000/- for losses of stores not due to theft, fraud or negligence ii. Rs.20,000/- for other cases
2	Loss of irrecoverable loans and advances	Rs.10,000/-
3	Deficiencies and depreciation in the value of stores other than a motor vehicle or a motor cycle, included in the stock and other accounts	Rs.2,500/-
4	Obsolete and unserviceable goods identified by by a committee	Rs.2.0 lakh (disposal value)

**Note:** Value in each case to be reckoned with reference to the total value of stores to be written off on one occasion irrespective of the number of items. Similarly, losses arising out of one incident or one specific cause should be treated as one case and should not be split up.

**Any loss beyond the above limit shall be referred to the Finance Committee and Board of Governors.**

- (ii) **Losses due to depreciation:** Losses due to depreciation shall be analyzed and recorded under following categories, as applicable:-
- normal fluctuation of market prices;
  - normal wear and tear;
  - lack of foresight in regulating purchases; and
  - negligence after purchase.
- (iii) **Losses not due to depreciation:** Losses not due to depreciation shall be grouped under the following heads:-
- Losses due to theft or fraud;
  - Losses due to negligence;
  - Anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
  - Losses due to damage; and
  - Losses due to extra-ordinary situations under "Force Majeure" conditions like fire, flood, cyclone, enemy action, etc.

**Form PPIM-1A**

[Para 1.17(i)]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008, ORISSA**

(Form to be used for purchases below Rs.1.0 lakh; to be sent to at least six firms)

**Department :** \_\_\_\_\_

**Enquiry No: NITR/** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Date:** \_\_\_\_\_

To
----

LAST DATE FOR SUBMISSION  
ON \_\_\_\_\_ BY 3:30 PM

TIME AND DATE FOR OPENING  
ON \_\_\_\_\_ AT 3:40 PM

Dear Sir,

We intend to purchase the commodities specified below and invite quotations in accordance with the terms and conditions detailed overleaf. If you are interested, kindly send your offer with prices and complete terms within the time mentioned above.

Please send your quotation to:

Head, Department of _____  Attn.: _____  NATIONAL INSTITUTE OF TECHNOLOGY ROURKELA – 769 008, ORISSA
--

Yours sincerely,

\_\_\_\_\_  
Name \_\_\_\_\_  
Incharge, \_\_\_\_\_  
Laboratory

Item No.	Description	Unit	Quantity

\* For Terms and Conditions for submission of quotation, please see page 2.

**TERMS & CONDITIONS FOR SUBMISSION OF QUOTATION FOR SUPPLY OF STORES ORDERED**

1(a) **Rate:** The rate quoted must be net inclusive of packing, forwarding, freight, and all other incidental charges. The stores are required to be dispatched by passenger train for Rourkela or by road transport or delivered at this Institute under the supplier's own arrangement free of additional charges. The risk of damage or loss in transit if any will be the suppliers. In case the aforesaid terms are not considered, acceptable charge payable will be required to be specified clearly at ad variorum or lump sum rate. Manufacturers price list wherever applicable, should be submitted. Packing, forwarding, freight, entry tax etc., when not included in the price, are reimbursable at actuals. If external agencies are employed, their receipts must be enclosed with the invoice.

1(b) **Excise Duty & VAT:** Excise Duty and VAT should be quoted as separate items. The ad valorem payable should be clearly cited in accordance with the provisions of the relevant Acts & Run. It may be noted that the Institute is exempt from paying excise duty. An appropriate certificate in prescribed format will be provided with the Purchase Order.

The Institute is not authorized to issue C or D forms. CST and VAT may be charged at appropriate rates. Concession Certificate for Educational Institution will be provided, if admissible.

1(c) **Entry Tax:** The State of Orissa charges entry tax on all goods entering the State from outside. This tax must be paid by the vendor and included in the quotation.

2. **Warranty:** The quotation must contain the terms of warranty, and extended warranty, if available.

3. **Delivery Period:** The stores are required to be delivered/dispatched within \_\_\_\_\_ days from the date of receipt of the order. All offers of delivery should be made ex-stock, and a clear note should be inserted in case ex-stock delivery is not possible.

4. **Quality & Specification of Stores:** The stores offered should be of the best quality available, unless otherwise specified confirming strictly to the specifications cited. The Institute reserves the right to reject the stores as found unacceptable on these grounds.

5. **Liquidated Damages:** If a firm accepts an order and fails to execute the order in full or part as per the terms and conditions stipulated therein, it will be open to this Institute to recover liquidated damages from the firm at the rate 1% of the value of the undelivered stores per month or part thereof, subject to a maximum of 5% of the value of the undelivered stores. It will also be open to this Institute alternatively, to arrange procurement of the required stores from any other source at the risk and expense of the firm, which accepted the order but failed to execute the order.

6. **Submission of Quotation:** All quotations must be forwarded in sealed cover addressed to the authority mentioned pre-page, so as to reach within the specified period. The reference to the Enquiry No. and the last date for submission must clearly be super-scribed on the sealed envelope.

To ensure receipt of quotations in time intending suppliers are advised to mail them 7 clear days in advance. If no counter offer is made in the quotation, it will be taken for granted that the offer is strictly in accordance with the specification and term and conditions laid down in the tender notice. Quotations may be sent by registered post or courier, or delivered in person. There is no provision for giving a receipt if the quotation is delivered in person.

7. **Opening of Quotation:** Every quotation will be opened at the office of the concerned Department/Centre, NIT, Rourkela at the time on the tender form. A firm may send its accredited representative to witness the opening if it so desires.

8. **Period of Validity:** A quotation shall remain valid for acceptance at least for a period of 45 days from the date of opening.

9. **VAT & Income Tax Clearance:** In case an intending supplier has not furnished this Institute earlier its VAT and Income Tax Clearance Certificate (up-to-date) or corresponding Registration Numbers the same may furnish it with present quotation.

10. **Payment:** Payment will be made by a crossed account payee cheque drawn on SBI, NIT Campus, Rourkela normally within 30 days from the date of receipt of the stores in good order and condition, and the invoice.

11. **Rejection of Offers:** The Institute reserves the right to ignore or reject any offer including the lowest one without assigning any reason.

12. **For technical details, please contact:** Prof. \_\_\_\_\_  
Department of \_\_\_\_\_  
Phone: 0661-246 \_\_\_\_\_ Email : \_\_\_\_\_

**Form PPIM-1B**

[Para 1.17(ii)]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008, ORISSA**

(Form to be used for purchases above Rs.1.0 lakh; to be sent to at least six firms)

**Advertised/Limited Tender Enquiry**

**Department :** \_\_\_\_\_

**Enquiry No: NITR/** \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**Date:** \_\_\_\_\_

To

**Important Dates**

<b>Event</b>	<b>Date</b>	<b>Time</b>
Pre-bid Conference		
Last Date of submission of quotation		
Quotation Opening date		

Dear Sir,

We intend to purchase the commodities specified below and invite quotations in accordance with the terms and conditions detailed in the bid document. If you are interested, kindly send your offer with prices and complete terms within the time mentioned above.

Please send your quotation to:

Head, Department of \_\_\_\_\_  
 \_\_\_\_\_  
 Attn.: \_\_\_\_\_  
 NATIONAL INSTITUTE OF TECHNOLOGY  
 ROURKELA – 769 008, ORISSA

Yours sincerely,

\_\_\_\_\_  
 Name \_\_\_\_\_  
 In-charge, \_\_\_\_\_  
 Laboratory

Encl :

- (1) Schedule of requirement, specifications, dates etc.
- (2) Bid document containing detail terms and conditions.

**1. Schedule of requirements**

Sl. No.	Description of Goods/Service	Quantity

**2. Specifications and allied Technical Details**

**3. Format of Quotation** (tick appropriate box)

It is a single bid; please give all technical specifications and price bid in one envelope.

OR

It is a two-part bid with separate techno-commercial and price bids. Please see item 1.12 of instructions for method of bidding.

**4.** The bid envelope should be super-scribed with

Bid for \_\_\_\_\_ vide  
 Enquiry No. \_\_\_\_\_ dated \_\_\_\_\_

**5.** Quotations should be valid for a period of \_\_\_\_\_ days from the closing date of the bid.

**6. Some important dates:**

- i. Pre-bid Conference:      Date:\_\_\_\_\_      Time: \_\_\_\_\_
- ii. Last date for receipt of quotation:      Date:\_\_\_\_\_      Time: \_\_\_\_\_
- iii. Opening of techno-commercial bid:      Date:\_\_\_\_\_      Time: \_\_\_\_\_
- iv. Opening of Financial bid:      Date:\_\_\_\_\_      Time: \_\_\_\_\_

**7. Warranty** of \_\_\_\_\_ years must be provided.

**8(a) Excise Duty:** The Institute is exempt from Excise Duty. Please state applicable excise duty as a separate item.

**8(b) VAT/CST:** The Institute is not authorized to give C or D form. CST or VAT should be charge according to applicable rates.

- 8(c) Entry Tax:** The State of Orissa charges entry tax on all goods entering the State. Please include it in your quotation as a separate item. Entry Tax will be reimbursed on production of proof of payment.
- 9. Bid Security** (See Item 2.8 of instructions): \_\_\_\_\_% of gross bid value.
- 10. Performance Security** (See Item 2.10 of instructions): \_\_\_\_\_% of gross order value.
- 11.** Please go through the enclosed "bid document" carefully for other bidding instructions.
- 12(a)** Please send your quotations by Registered/Speed Post or Courier Service to:

Head, \_\_\_\_\_ Department  
 Attention: \_\_\_\_\_  
 National Institute of Technology, Rourkela – 769 008

OR (b) drop the quotation in the Tender Box kept in the office of the Department during the normal working hours of the Institute. Please do not hand over the quotation to any person by hand.

- 13.** For technical details, you may contact

Prof./Mr. \_\_\_\_\_  
 Department of \_\_\_\_\_  
 National Institute of Technology, Rourkela – 769 008  
 Phone: 0661 – 246\_\_\_\_\_  
 Fax: 0661 – 2462999  
 E-mail: \_\_\_\_\_

**Form PPIM-1B (Contd.)**

[Para 1.17(ii)]

**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008, ORISSA****BID DOCUMENT****1. Instructions to the bidders**

- 1.1 Sealed bids are invited on behalf of the Director, National Institute of Technology (NIT), Rourkela – 769 008, Orissa, from the intending bidders for supply of the goods/stores/equipments for the Institute as detailed in the enquiry letter.
- 1.2 The bidders should quote their offer/rates in clear terms without ambiguity.
- 1.3 The rates should be quoted both in figures and words and legibly written without any over-writings. In case of any correction, the same must be attested by the bidder with full signature. However, no over-writing is permissible. Manufacturer's price-list, where applicable, should be submitted along with the bid.
- 1.4 In case of any discrepancy between the rates in figures and that in words, the rate in words will be accepted as correct.
- 1.5 The last date for receipt of the bid is marked in the enquiry. In case the above date is declared a holiday for NIT, Rourkela, and the bids will be received up to the appointed time on the next working day.
- 1.6 There may be a pre-bid conference in the office of the Department as per schedule given under at the top of the document. NIT, Rourkela for clarifying issues and clearing doubts, if any, about the specification and other allied technical details of the plant, equipment and machinery projected in the bidding document. The prospecting bidders may attend this pre-bid conference at the appointed date, time and place. In case the said date is declared a holiday for the NIT, Rourkela, the pre-bid conference shall be held at the appointed time and place on the next working day.
- 1.7 The bids may be sent by registered or speed post or by courier service, so as to reach the concerned department before the last date of receipt, or alternatively, be dropped in the tender box kept at the Department office. The name of the Department is mentioned in the Enquiry.

- 1.8 The bidder may modify his bids before the last date appointed for receipt of the bids by sending an amendment to the bid. No bid shall be modified after the deadline for receipt of the bids.
- 1.9 If a prospective bidder requires any clarification in regard to the bidding documents, he may make a request the concerned officer or faculty member at least 15 days before the deadline for receipt of bids.
- 1.10 Bids received after the deadline of receipt indicated in para 1.5 above, shall not be taken in to consideration.
- 1.11 Each bidder shall submit only one bid. A bidder, who submits more than one bid, shall be disqualified and considered non-responsive.
- 1.12 (In respect of high value plant, machinery etc. of a complex and technical nature). The bids may be submitted in two parts, viz., technical bid and financial bid. The above two bids may be sealed by the bidder in separate cover duly super-scribed and both these sealed covers are to be put in a bigger cover which should also be sealed any duly super-scribed. The bidding format is specified in the quotation enquiry.
- 1.13 The cover containing the bid must be sealed and super-scribed "Bid for \_\_\_\_\_ vide No. \_\_\_\_\_ dated \_\_\_\_\_" as given under item 4 of the enquiry.
- 1.14 The bids shall be opened in the Departmental office at the date and time given on the top of the document. The bidders may send their authorized representatives to attend the bid opening, if they so desire. In the event of the above bid opening date being declared holiday for the NIT, Rourkela, the bids will be opened at the appointed time and place on the next working day.
- 1.15 The bidder has to sign in full at all pages of the bidding document.

## **2. Conditions of the bid**

- 2.1 The rates quoted should preferably be net, inclusive of all taxes and duties, packing, forwarding, freight, Insurance and all other incidental charges. In case these charges are quoted extra in addition to the quoted rates, the amount thereof or advolerum rate must be specified. Packing, forwarding, freight, entry tax etc., when quotes separately are reimbursable at actuals. If external agencies are employed, their receipts must be enclosed with the invoice.



- 2.2 Duties and Taxes are to be quoted separately. Advolenum rates thereof should be clearly indicated with reference to the relevant Acts and Rules. Entry Tax, if any paid, shall be reimbursed on production of proof. Entry Tax should be shown as a separate component.

**It may be noted that the Institute is exempt from paying Excise Duty vide Government Notification No. 10/97 dated 01.03.1997 [Registration No.: TU/V/RG-CD(227)/2001, dated 10.12.2001]. The Institute is not authorized to issue C or D forms. CST and VAT may be charged at applicable rates.**

- 2.3 The goods are required to be delivered at the indenting Department of NIT, Rourkela, and must be dispatched within 30 days from the date of placement of the supply of order under the risk and arrangement of the bidder and offers with delivery beyond the above period shall be treated as unresponsive. In case the delivery time is higher, the same must be mentioned clearly in the quotation.
- 2.4 The bid should remain valid for a period of 60 days from the date of opening. In case your offer has a different validity period that should be clearly mentioned in the quotation.
- 2.5 Conditional discount, if any, offered by the bidder shall not be considered at the time of evaluation.
- 2.6 The goods offered should strictly conform to the specification and technical details mentioned in para 4 below.
- 2.7 The Institute may like to conduct pre-dispatch inspection of goods, where applicable.
- 2.8 The bid is to be accompanied with "Bid Security" (*Earnest Money*) for an amount stated in the enquiry, which may be enclosed, in the form of Account Payee Demand Draft, Fixed Deposit Receipts, Banker's Cheque or unconditional Bank Guarantee en-cashable on demand from the Director, NIT, Rourkela from any Commercial Bank with validity period of forty-five days beyond the final bid validity period. The bid security shall be in favour of the Director, NIT, Rourkela. The bid security shall be forfeited, if the bidder withdraws during the bid validity period.
- 2.9 Period of guarantee/warranty, where applicable, should be specified in the bid.
- 2.10 The successful bidder has to furnish "Performance Security" for an amount specified in the enquiry, in the form of Account Payee Demand Draft, Fixed Deposit Receipts and/or unconditional Bank guarantee en-cashable on demand from

the Director, NIT, Rourkela, from a Commercial Bank with validity period of sixty days beyond the date of completion of all contractual obligations of supplier including guarantee/warranty obligations. The Performance Security is to be furnished in favour of the Director, National Institute of Technology, Rourkela, within ten days of intimation, failing which his bid security will be forfeited.

Alternatively, fixed percentage of the cost of the stores as stated in the enquiry may be retained by the Institute in its Maintenance Fund towards performance security, which will be released six months after the completion of warranty period.

- 2.11 If the successful bidder, on receipt of the supply order, fails to execute the order within the stipulated period, in full or part, it will be open to the Director, NIT, Rourkela to recover liquidated damage from the firm at the rate of 1 percent of the value of undelivered goods per month or part thereof, subject to a maximum of 5 percent of the value of undelivered goods. Alternatively, it will also be opened to the Director, to arrange procurement of the required goods from any other source at the risk and expenses of the bidder.
- 2.12 The successful bidder may be required to execute a contract, where applicable.
- 2.13 The bidder has to furnish up to date VAT and Income Tax Clearance Certificate along with the bid.
- 2.14 Payment (*100 percent*) will be made by Account Payee Cheque/Bank Draft, within 30 days from the date of receipt of the goods in good condition or receipt of the bill, commissioning of the equipment, where applicable, whichever is later/latest. If the payment is not made by the Institute within this stipulated date, the vendor may claim compensation at rates fixed by the Institute.
- 2.15 In the event of any dispute arising out of the bid or from the resultant contract, the decision of the Director, NIT, Rourkela shall be final.
- 2.16 The bid document/resultant contract will be interpreted under Indian Laws.



**National Institute of Technology, Rourkela – 769 008 (Orissa)**

Department: .....

Purchase Requisition No.: NITR/PR/.....

**Comparative Statement** (Add additional pages if necessary)  
(The lowest price on each item is encircled; List of Firms given on the Reverse)

Sl. No.	Brief Description of items (Same is in enquiry)	Unit	Firm 1	Firm 2	Firm 3	Firm 4	Firm 5	Firm 6	Remarks

**Recommendation:** Order may be placed with the following firms for items mentioned against each.  
 1. .... for item No. ....  
 2. .... for item No. ....

**Basis of selection:**  Lowest price  Other (Please specify)

\_\_\_\_\_  
**Lab./Office in charge**

\_\_\_\_\_  
**Chairman**  
**Departmental Purchase Committee**

\_\_\_\_\_  
**Head of the Department**

*For purchase above Rs.1.00 lakh, signature of all available members of the Purchase Committee may be given.*

**Department of** \_\_\_\_\_

**Enquiry No.** \_\_\_\_\_ **Date :** \_\_\_\_\_

**List of Firms (with addresses)**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

**Form PPIM-1D**

[Para 1.25.4]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

**PART – I**

**PURCHASE REQUISITION AND FUND AVAILABILITY FORM**

Department : \_\_\_\_\_

Head of Account: ID: \_\_\_\_\_ Description: \_\_\_\_\_

Requisition No.: NITR/PR/\_\_\_\_\_ Date: \_\_\_\_\_  
(Department/Grant/Lab/Year/SI. No.)

Responsible faculty/Officer \_\_\_\_\_ Telephone \_\_\_\_\_

Sl. No.	Firm on which order is to be placed (Name and Address)	Brief description of Stores Details attached in separate sheet(s) Use a separate sheet for each firm	Total value for each firm
<b>Grand Total</b>			

1. Routine purchase procedure followed : \_\_\_\_\_ Yes / No

2. If no, give justification. (In case of proprietary Item, necessary certificate to be furnished) : \_\_\_\_\_

3. Validity of quotation up to (the earliest) : \_\_\_\_\_

4. Terms of payment recommended : \_\_\_\_\_

5. It is certified that the stores requested are needed by the department to academic or official work. The department has the facility for utilizing the material or services.

\_\_\_\_\_  
**Responsible Faculty/Officer**

\_\_\_\_\_  
**Head of the Department**

CC: 1. Departmental Purchase file.  
2. Prof./Mr. \_\_\_\_\_ for follow-up as needed.

**COMMENTS OF INTERNAL AUDIT UNIT**

1. Vetted / Non-vetted \_\_\_\_\_
2. (a) Routine purchase procedure followed : Yes/No  
 (b) Special purchase procedure followed (if any): \_\_\_\_\_
3. Validity of quotation up to \_\_\_\_\_
4. Terms of payment \_\_\_\_\_
5. Other Observations \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
6. The purchase proposal is in order except for observations noted under Item 5.
7.  Proposal recommended subject to availability of funds  
 Not recommended with reasons : \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
**Audit Assistant**

\_\_\_\_\_  
**Assistant Registrar (Audit)**

**Fund Availability**

- Note:** 1. Fund Booking is required for all purchases.  
 2. All purchase proposals above Rs.15,000/- are to be pre-audited.

Account Head ID - \_\_\_\_\_  
 Department \_\_\_\_\_  
 Head of Account \_\_\_\_\_  
 Total Grant allotted under Account head \_\_\_\_\_  
 Total Expenditure incurred including this purchase \_\_\_\_\_  
 Balance available \_\_\_\_\_  
 Fund Booked Rs. \_\_\_\_\_ (Inclusive 5% for domestic purchase and 10% for import)  
 Vide Page No\_\_\_ Item No.\_\_\_\_\_of the relevant register.

Date: \_\_\_\_\_

\_\_\_\_\_  
**Finance Officer**

The above purchase is approved. Kindly place purchase order with the firm(s).

\_\_\_\_\_  
**Sanctioning Authority  
 (Director/Dean/HOD)**

To  
 Registrar/Deputy Registrar (Purchase)



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

Purchase Requisition No.: NITR/PR/\_\_\_\_\_

**PART – II**

**Description of Stores**

(Use a separate sheet for each firm)

Please arrange to procure the following stores

A. Indigenous Purchase

Sl. No.	Class of Stores*	Description of stores (As per the quotation)	Rate per unit (Rs.)	Quantity required	Cost including duties

\* **E** : Equipment; **A**: Accessories ; **C**: Consumables ; **S**: Spares ; **F**: Furniture; **O**: Others

Price including Excise duty(P): Rs. \_\_\_\_\_

Packing & Forwarding : Rs. \_\_\_\_\_

**Sub Total** : **Rs.** \_\_\_\_\_

**Add:**

(i) VAT : Rs. \_\_\_\_\_

(ii) Entry Tax (if any) : Rs. \_\_\_\_\_

(iii) Freight & Insurance : Rs. \_\_\_\_\_

(iv) 5% of P : Rs. \_\_\_\_\_

**Total Price** : **Rs.** \_\_\_\_\_

**Note:** *The Institute is exempted from paying Excise Duty vide Government Order No. \_\_\_\_\_ dated \_\_\_\_\_.*

**Order to be placed on:**

***Name and address of firm***

**Form PPIM-1D(b)**  
[Para 1.25.4]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

Purchase Requisition No.: NITR/PR/\_\_\_\_\_

**PART – II**

**Description of Stores**

(Use a separate sheet for each firm)

Please arrange to procure the following stores (for foreign purchase)

B. Foreign Purchase

Sl. No.	Class of Stores*	Description of stores (As per the quotation)	Rate per in foreign currency	Quantity required	Cost including duties

\* **E** : Equipment; **A**: Accessories ; **C**: Consumables ; **S**: Spares ; **F**: Furniture; **O**: Others

Cost in Foreign Currency

Price in Indian Rupees(P) : Rs. \_\_\_\_\_

Packing & Forwarding : Rs. \_\_\_\_\_

**Sub Total** : **Rs.** \_\_\_\_\_

**Add:**

(i) Freight : Rs. \_\_\_\_\_

(ii) Custom Duty (5%) : Rs. \_\_\_\_\_

(iii) Clearance (10%) : Rs. \_\_\_\_\_

(iv) Entry Tax (2%) : Rs. \_\_\_\_\_

(v) 10% of P : Rs. \_\_\_\_\_

**Total Price** : **Rs.** \_\_\_\_\_

**Note:** The Institute is permitted to pay customs duty at the rate of 5%

Agency Commission to be paid@ \_\_\_\_\_ % = Rs. \_\_\_\_\_

**Order to be placed on:**

***Name and address of firm***

**Indian Agent:**



**PURCHASE ORDER**

**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008, ORISSA**

FAX: 0661-2472926, 2471169  
e-mail: [registrar@nitrkl.ac.in](mailto:registrar@nitrkl.ac.in)  
Website: [www.nitrkl.ac.in](http://www.nitrkl.ac.in)

**Purchase Order No.:** \_\_\_\_\_ **Date:** \_\_\_\_\_

To	
----	--

**Sub: Supply of Stores.**

**Ref:** As per your quotation No.: \_\_\_\_\_, Dated: \_\_\_\_\_

Dear Sirs,

With reference to the above, purchase order for the following stores is being placed with your firm in accordance with the terms and conditions mentioned overleaf.

Item No.	Description of Stores	Unit	Qty.	Rate Per Unit (Rs.)	Total Cost (Rs.)
<b>Rupees in words:</b>					

1. **Duties:** Inclusive/Exclusive      2. **VAT/CST:** Inclusive/Exclusive
3. **Entry Tax:** To be borne by Supplier/May be charged to us
4. **Packing/Forwarding Cost:** Inclusive/May be charged extra at actuals
5. **Freight:** Inclusive/May be charged extra at actuals
6. **Transit Insurance:** Inclusive/May be charged extra at actuals  
***NOTE [Item 3 – 6]:** Please include original receipts with your invoice for reimbursement, if any of these items are charged extra at actuals.*
7. **Warranty:** \_\_\_\_\_ years. Please enclose Warranty Certificate with invoice.
8. **Delivery:** At Department of \_\_\_\_\_, N.I.T., Rourkela  
[Attn: Head of the Department]
9. **Delivery Period:** Within \_\_\_\_\_ days of the date of this Purchase Order.
10. **Consignee's Address:** The Director, N.I.T., Rourkela
11. **Invoice to be in the name of:** Registrar, NIT, Rourkela – 769 008
12. **Invoice (3 copies) and challan (3 copies) to be submitted to:** Head, Department of \_\_\_\_\_  
NIT, Rourkela – 769 008
13. **Terms of Payment:** By crossed account payee cheque drawn on SBI, NIT Campus Branch, Rourkela or any other Bank in Rourkela within 30 days from receipt of stores in good condition and the invoice.
14. **Special Clauses:** \_\_\_\_\_

**OTHER TERMS AND CONDITIONS:** \_\_\_\_\_  
**Registrar/Dy. Registrar (Purchase)**

1. **(a) Disposal of Dispatch Documents:** The Railway Receipt/PWB/Consignment Note/AWB along with final bill in triplicate and challan in triplicate should be forwarded to the consignee immediately on completion of dispatch. In case of failure, wharfage/demurrage/terminal charges, if any, will be recovered from the supplier. The dispatch particulars as well as the amount payable item-wise on account of cost and incidental charges, if any, should be incorporated in the invoice.  
  
**(b)** If stores are delivered in person, the challans (2 copies), signed by the Receiving Officer, should be submitted along with the Invoice (3 copies) to the H.O.D. A signed copy of the challan should be retained by the vendor as proof of delivery.
2. **Liquidated Damages:** The stores should be delivered/dispatched to destination and ready for inspection not later than the delivery date specified on the pre-page. If fail to deliver any or all the stores or perform the services by the specified date, liquidated damages at 1% per month or part thereof in respect of the value of stores undelivered will be deducted from the price subject to a maximum of 5%. Alternatively, the order will be cancelled and the undelivered stores purchased from elsewhere at your risk and expense.
3. **Marking:** Consignment should be outwardly marked with the Order Ref. No. as mentioned on pre-page.
4. **Submission of Bill:** Pre-receipted Bill/Invoice, in triplicate, along with all supporting documents should be submitted immediately on dispatch/delivery of items. The stores should be supplied and billed for exactly as described in the Purchase Order. Xerox Copy of the Bill shall not be entertained.
5. **(a) VAT Certificate:** Where VAT is charged, the following certificate should be incorporated in the bill:-  
  
"Certified that the goods on which VAT has been charged are not exempted under the VAT Act and that the charges on account of VAT on the goods are correct under provisions of the said Act".  
  
**(b) Current Income Tax & VAT Clearance Certificates should be furnished along with your Invoice, if not furnished earlier** (Not applicable to firms with Income Tax PAN number and VAT Registration number printed on the Invoice).
6. **Guarantee & Warranty:** The stores should be covered by guarantee of quality/warranty of performance for a minimum period of one year from the date of receipt/installation/commissioning of stores. A certificate to this effect should be furnished.
7. **Entry Tax:** The State of Orissa charges entry tax at the point of entry for all goods coming from out of State. The amount may be paid by the supplier, except when explicitly agreed otherwise.
8. **Payment:** The Institute undertakes to dispatch payment within 30 days of receipt of stores (in good condition) and the invoice. In case of at least 2 weeks' delay beyond this period, the vendor is entitled to compensation at 0.75% of invoice value per month or part thereof.
9. **Order confirmation** should be sent to the Registrar, NIT, Rourkela – 769 008 (Attention: Purchase Section) immediately on receipt of this order. Please remember to write the P.O. number and date in all correspondence.
10. **Technical queries**, if any, may be made with Prof. \_\_\_\_\_ Department of \_\_\_\_\_, Telephone No. \_\_\_\_\_

### Copy forwarded to:

- 1) Head, \_\_\_\_\_ Department with reference to Requisition No. \_\_\_\_\_  
H.O.D. is requested to test the stores when received and, if found in order, to send the certified invoice to Purchase Section within a week of receipt of stores. If the stores are found defective, the vendor should be intimated as soon as practicable.
- 2) Prof./Mr. \_\_\_\_\_, Department of \_\_\_\_\_ for information and follow up.
- 3) Purchase Order File.

**Form PPIM-1F**

[Para 1.26.1]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

Department: \_\_\_\_\_

No. NITR/\_\_\_\_\_ Date: \_\_\_\_\_

**Request for Processing Payment against an Invoice**

(Form to be attached to every invoice sent to Accounts Section)

1. Type of Transaction:
  - (a) Purchase Order No. and Date : \_\_\_\_\_
  - (b) Direct Purchase by the department : \_\_\_\_\_
  - (c) Others, if any : \_\_\_\_\_
2. Name of the Firm : \_\_\_\_\_
3. Invoice Amount : \_\_\_\_\_
4. Invoice No. and Date : \_\_\_\_\_
5.
  - (a) Invoice Received on : \_\_\_\_\_
  - (b) Invoice Certified on : \_\_\_\_\_
  - (c) Reasons for delay, if any (including name of person responsible) : \_\_\_\_\_
6. Major Stores (if any) (Items of value exceeding Rs.5.0 lakh) : 1. Name \_\_\_\_\_ Stock Ref: \_\_\_\_\_  
2. Name \_\_\_\_\_ Stock Ref: \_\_\_\_\_
7. Warranty certificate :  Enclosed herewith  
 Retained in the Department  
 Not relevant

\_\_\_\_\_  
**Faculty/Officer In-charge**  
(if applicable)

\_\_\_\_\_  
**Head of the Department/Office**

6. Enclosures :  Certified Invoice (2 copies)  
 Challan/Packing Slip/Courier Receipt  
 Others
7. Certified that the stores/services billed in the attached invoice(s) or receipt(s) have been received in good condition and have been taken in to stock. Appropriate stock entry certificate has been given on the back of the invoice(s)/receipt(s). The department has retained copies of their document in its file.

**Purchase Section**

- The Invoice is in order. Recommended for payment.
- The Invoice contains items of value exceeding Rs.5.0 lakh.  
The items may be entered in the Major Stock/Asset Register.

\_\_\_\_\_  
**Dy. Registrar (Purchase)**

**Accounts Section**

The Stores have been entered in the "Major Stock/Asset Register" (For items with value exceeding Rs.5.0 lakh) vide Folio No.\_\_\_\_\_. Recommended for approval of Competent Authority

\_\_\_\_\_  
**Dy. Registrar (Finance & Accounts)**

To  
Registrar/Dean/Director

Approved for Payment

\_\_\_\_\_  
**Registrar/Dean/Director**



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

Department: \_\_\_\_\_

No. NITR/\_\_\_\_\_ Date: \_\_\_\_\_

**Request for Cash Advance for purchase of goods or services**

1. Name of Faculty/Officer: \_\_\_\_\_ 2. EC: \_\_\_\_\_
3. Designation: \_\_\_\_\_ 4. Department: \_\_\_\_\_
5. Purpose of the advance: \_\_\_\_\_  
\_\_\_\_\_
6. Amount of advance requested: \_\_\_\_\_
7. Certified that the cash advance is needed to meet emergency needs of the laboratory. It will be adjusted and the balance refunded within one week of drawing the advance. I agree to the terms and conditions set in the Institute rules governing this advance.
7. Full signature of the applicant with date: \_\_\_\_\_

The above advance is required for official purchase of the department.  
It is recommended/sanctioned for payment.

Sanctioned [Between Rs. 10000 and Rs. 20000]

\_\_\_\_\_  
**HOD/HOC/PI/Registrar**

\_\_\_\_\_  
**DEAN**

The above advance as recommended, is sanctioned [Above Rs. 20,000]

\_\_\_\_\_  
**DIRECTOR**

To  
Asst./Dy. Registrar (Finance & Accounts)

Advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) disbursed  
vide Bill No. \_\_\_\_\_ Dated \_\_\_\_\_ and noted in Advance Register vide  
Page \_\_\_\_\_ Item No. \_\_\_\_\_

\_\_\_\_\_  
**Dy. Registrar (Finance & Accounts)**

Received advance of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only)

\_\_\_\_\_  
**Full signature of the Officer  
receiving the advance with date**



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

**No. NITR/** \_\_\_\_\_  
**Date** \_\_\_\_\_

**Request for approval of procurement of goods or services on  
Single Tender Basis**

1. Department \_\_\_\_\_
2. Description of Stores to be purchased \_\_\_\_\_  
\_\_\_\_\_
3. Approximate Cost \_\_\_\_\_
4. Proposed Supplier(with address) \_\_\_\_\_  
\_\_\_\_\_
5. Reasons for single tender purchase
  - (a) Only one firm is the manufacturer or supplier of goods
  - (b) Because of the following emergency, it is not advisable to go for competitive bidding  
\_\_\_\_\_  
\_\_\_\_\_
  - (c) For standardization of equipment or spare parts as per following details  
\_\_\_\_\_  
\_\_\_\_\_
  - (d) The national brand is recommended for recognized quality, reliability and durability. The Institute is not equipped with expertise and instruments to judge the quality, and viability of untested brands. In the opinion of the Department, procurement of the recommended brand is in the best interest of the Institute
  - (e) Any other reason \_\_\_\_\_  
\_\_\_\_\_
  - (f) Documents enclosed \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Laboratory/Office In-charge or  
P.I. of Projects**

\_\_\_\_\_  
**Chairman,  
Purchase Committee**

\_\_\_\_\_  
**Head of the Department**

**Observation of the Internal Audit Section**

The proposal for procurement of goods and/or services on single tender basis has been examined. Considering the stated circumstances, the proposal is acceptable under the rules of the Institute.

\_\_\_\_\_  
**Asst. Registrar (Internal Audit)**

Proposal for procurement of goods under single tender basis is approved.

\_\_\_\_\_  
**DIRECTOR**

**Form PPIM-1H**  
[Para 1.16]



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

**Proprietary Nature Certificate**

(To be enclosed with Purchase Requisition, along with Director's approval on Form PPIM-1G)

Date \_\_\_\_\_

1. Department: \_\_\_\_\_
  2. Purchase Requisition No. \_\_\_\_\_ Date \_\_\_\_\_
  3. Brief Description of Stores: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  4. Source of Supply: M/s \_\_\_\_\_  
\_\_\_\_\_
  5. Certified that –
    - (i) The indented goods are manufactured by M/s \_\_\_\_\_  
\_\_\_\_\_ and distributed by \_\_\_\_\_.
    - (ii) No other make or model is acceptable for the following reasons (e.g., proven quality, availability of service facilities for the brand specified)  
\_\_\_\_\_  
\_\_\_\_\_
    - (iii) Concurrence of the Internal Audit Section.
- And Approval of the Director are enclosed.

\_\_\_\_\_  
**(Signature with date and Designation of the  
Procuring Officer/H.O.D./H.O.C./Registrar)**



**NATIONAL INSTITUTE OF TECHNOLOGY  
ROURKELA – 769 008**

Department: \_\_\_\_\_

No.NITR/\_\_\_\_\_ Date \_\_\_\_\_

**Adjustment of Advance taken for Purchase of Goods or Services**

1. Name and Designation of the Officer who took the advance \_\_\_\_\_ EC: \_\_\_\_\_
2. Purpose for which advance was taken \_\_\_\_\_
3. Date on which advance was taken Bill No. \_\_\_\_\_ Date \_\_\_\_\_
4. Amount of Advance Drawn Rs. \_\_\_\_\_
5. Mode of adjustment  
(a) Receipts enclosed : Rs. \_\_\_\_\_  
(b) Cash refund Rs. \_\_\_\_\_

If the expenditure (Item 5(a)) exceeds the amount of advance drawn (Item 4), the difference need not be reimbursed to me.

6. A detailed statement of receipts and references to stock entry given on the reverse page
7. I, \_\_\_\_\_, am personally satisfied that these goods purchased are of requisite quality and specification and have been purchased from a reliable supplier at a reasonable price. Certificate to this effect is given in all vouchers enclosed.

Encl : (1) Detailed list receipts  
(2) \_\_\_\_\_ receipts  
(3) Receipt No. \_\_\_\_\_ dt \_\_\_\_\_ for cash refund

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature**

The advance taken by the Officer may be adjusted.

\_\_\_\_\_  
**HOD/HOC/PI/Registrar**

To  
Asst./Dy. Registrar (Finance & Accounts)

Advance adjusted/recouped vide Bill No. \_\_\_\_\_ Dated \_\_\_\_\_  
Entry in the Advance Register Page \_\_\_\_\_ Item \_\_\_\_\_ is adjusted.222

\_\_\_\_\_  
**Asst./Dy. Registrar  
(Finance & Accounts)**











**Form PPIM-2B**  
[Para 2.6(i)(b)]

**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

Department of \_\_\_\_\_

**Stock Register of Fixed and Durable Assets**  
(To be maintained by the Department/Centre/Wing)

Sl. No.	Particulars of Asset	Classification	P.O. No. and Date	Suppliers Name and Address	Bill No. and Date	Quantity	Cost	Date of Receipt	Reference to Procurement Register	Location or Laboratory to whom issued	Laboratory Stock Register ref.	Dated initial of HOD/HOO	Write off Reference (if any)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

- N.B.:** 1. The items of similar nature but having significant distinctive features, e.g., Steel Table, Wooden Table, Study Table, Office Table, Computer Table, Steel Almirah, Wooden Almirah etc. and so on should be accounted for separately in stock accounts with separate pages/folios.  
 2. Classification: **E** = Equipment, **A** = Accessories, **F** = Furniture, **B**=Books, **S**=Spares







**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

Department of \_\_\_\_\_

**Form PPIM-2E**  
[Para 2.3(i)]

**Form of Indent for issue of goods**

[To be used in departments with a departmental store]

Indent No. \_\_\_\_\_

Dated: \_\_\_\_\_

Sl. No.	Description	Quantity required	Quantity issued	Value	Stock Register Folio No.	Remarks

Received the above stores

\_\_\_\_\_  
**Signature of Indentor**

\_\_\_\_\_  
**Signature of the Head of Department or Authorized Officer**

\_\_\_\_\_  
**Store Keeper**

\_\_\_\_\_  
**Signature**



**Form PPIM-2F**  
[Para 2.3(i)]

**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

**Stores Issue Notes**

[To be used in Departments to with a Departmental Store]

No. \_\_\_\_\_ Section \_\_\_\_\_ Department \_\_\_\_\_  
S.I.N. No. \_\_\_\_\_ Date of Issue \_\_\_\_\_

Sl. No.	Description of Materials	Quantity required	Quantity issued	Stock Register		Purpose
				No	Page	

\_\_\_\_\_  
**Indentor**

\_\_\_\_\_  
**Section In-Charge**

\_\_\_\_\_  
**Head of the Department/Office**

\_\_\_\_\_  
**Store Keeper**

\_\_\_\_\_  
**Recipient**

\_\_\_\_\_  
**Estate Manager**







**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

**Form PPIM-2H**  
[Para 2.6(i)(d) and 2.6(ii)]

**Register of Assets of Historical/Artistic Value**

Name of the Department : \_\_\_\_\_

Name of the Asset	Date of acquisition	Source of acquisition and reference to Purchase Order, if any	Cost price, if any	Particulars which make it an asset of historic/artistic value	Particulars of the Custodian of the asset	Location of the Asset	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

- NOTE:**
1. The Custodian shall take appropriate measures for preservation of the assets.
  2. The present value of the Asset should be ascertained by obtaining appropriate valuation from an expert agency and the same indicated in Col. 3, every five years.



**Form PPIM-2]**  
[Para 2.14(iii)]

**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

**Report on Stores for Disposal**

Department/Centre/Wing \_\_\_\_\_

Item No.	Reference to Stock Register	Particulars of Stores	Quantity/ Weight	Book Value/ Original purchase price	Year of purchase	Condition of Stores	Proposed mode of disposal (Sale/ Public auction/ or other-wise)	Reserved Price	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

\_\_\_\_\_  
(            ) (            ) (            ) (            )  
(Members of the Committee constituted to declare the item(s) surplus/obsolete/unserviceable)  
Date : \_\_\_\_\_

Signature \_\_\_\_\_  
Designation \_\_\_\_\_  
Chairman of Committee

**Form PPIM-2K**  
[Rule 2.19]

**NATIONAL INSTITUTE OF TECHNOLOGY, ROURKELA**

**Sale Account**

Item No.	Particulars of Stores	Reference to Stock Register	Quantity/ Weight	Name and Full address of Purchaser	Highest bid accepted	Highest bid rejected	Earnest Money realized on the spot	Date on which complete amount realized and credited to NIT account	Whether articles actually handed over on the spot. If not, date of handing over with quantity	Auctioneer's commission (where applicable) and acknowledgement for its payment
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

Signature \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_  
Asst/Deputy Registrar (Stores and Purchase)

(Professor/Officer who supervised the sale/auction)

**GENERAL SYSTEM  
OF  
FINANCIAL MANAGEMENT**

## **GENERAL SYSTEM OF FINANCIAL MANAGEMENT**

1. All moneys received by or on behalf of the National Institute of Technology, Rourkela (NITR) either as dues or for deposit, shall, without delay be brought into NITR Accounts.
2. The Registrar may, at the beginning of each month, examine that the amounts collected on behalf of NITR during the previous month has been credited into the Bank or otherwise accounted for. He may also compare them with the statement of credits furnished by the Bank to ensure the correctness.

Similarly, the cheque drawn on the bank(s) as per the books of NITR may be compared every month with the statement received/obtained from the Bank(s) and discrepancies if any reconciled. A monthly statement of bank reconciliation between the bank balance as per the books of accounts/Cash Book of NITR and that as per Bank(s) Pass Book(s) may be carried out and kept on record by the Officer-in-Charge of accounts (Deputy Registrar (Finance)/Accounts Officer).

3. A proper account of blank receipt books and receipt books issued for use should also be kept. The used receipt books (counterfoils) should also be preserved for reasonable period for audit and future reference, when necessary.

### **I. GENERAL PRINCIPLES RELATING TO EXPENDITURE AND PAYMENT OF MONEY**

#### **4. Standards of financial propriety**

Every Officer incurring or authorizing expenditure from NITR funds should be guided by high standards of financial propriety. He should also enforce financial order and strict economy and see that all relevant rules, regulations and procedures are observed by all concerned. The following are among the principles on which emphasis is generally laid:

- (i) Every Officer is expected to exercise the same vigilance in respect of expenditure from NITR funds as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- (ii) The expenditure should not, prima facie, be more than the occasion demands.

- (iii) The meaning of economy is not smaller expenditure but the highest performance to price ratio. Procurement of low priced products which perform poorly in long run should be discouraged.
- (iv) Excess caution against making expenditure leads to poor performance, delay and wastage of public funds. It is the duty of every Officer to ensure that he is not a stumbling block in the path of progress.
- (v) No authority shall exercise its powers of sanctioning expenditure or to pass an order which will be directly or indirectly to its own advantage.
- (vi) Expenditure from NITR funds should not be incurred for the benefit of a particular person or a section of the people, unless:-
  - (a) a claim for the amount could be enforced in a Court of Law; or
  - (b) the expenditure is in pursuance of a recognized policy or custom.
- (vii) The amount of allowance granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

#### 5. **Expenditure from NITR funds**

No authority may incur any expenditure or enter into any liability involving expenditure or transfer of money for investment or deposit, from NITR funds unless the same has been sanctioned by the appropriate authority.

#### 6. **Delegation of Financial Powers**

The Director, NITR has been vested with powers, subject to the budget provisions made for the specific purpose, to incur expenditure in accordance with the procedure as may be laid down by the Board of Governors (BOG) from time to time, vide Rule 10(1) of the "National Institute of Technology, Rourkela Rules". He may delegate any of his powers, responsibilities and authorities vested in him to one or more members of academic or administrative staff of NITR under sub-rule (12) of rule 10 *ibid*.

#### 7. **Provision of funds for sanction**

All proposals/requisition for sanction to expenditure shall indicate whether fund is available as per the budget allocation to meet the expenditure.



**8. Responsibility in respect of Budget Allocation**

It shall be the responsibility of the Director to ensure that:

- (i) the expenditure does not exceed the budget allocation;
- (ii) the expenditure is incurred for the purpose for which funds have been provided;
- (iii) the expenditure is incurred in the interest of NITR;
- (iv) adequate control mechanism is functioning for prevention, detection of errors and irregularities in the financial matters and to guard against waste and loss of NITR funds; and
- (v) the mechanism or checks contemplated at (iv) above are effectively applied.
- (vi) Quality and speed of operation are maintained.

**9. Date of effect of sanction**

All sanctions or orders shall come in to force from the date of sanction/issue unless any other date from which they shall come in to force, is specified therein.

**10. Lapse of sanctions**

A sanction for any fresh expenditure shall, unless it is specially renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of such sanction/issue of such sanction, provided that -

- (i) When the period of currency of the sanction is specified in the sanction itself, it shall lapse on the expiry of such period; or
- (ii) When the sanction stipulates that the expenditure would be met from the budget provision of a specified financial year, it shall lapse at the close of that financial year; or
- (iii) In case of purchase of stores, a sanction shall not lapse, if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of purchase at DGS&D rate contract) within one year of the sanction, even if actual payment in whole or part has not been made during the said period.

## **II. DEFALCATION AND LOSSES**

### 11. **Report of Losses:**

- (i) All loss or shortage of money, stamps, stores or other property of NITR, irrespective of the cause of loss and manner of detection, shall be immediately reported to the Director, even when such loss has been made good by the party responsible for it.
- (ii) Report of loss shall be made at two stages, viz.: (a) an initial report as soon as a suspicion arises that a loss has taken place; and (b) the final report after investigation indicating nature and extent of loss, errors or neglect of rules by which the loss has been caused and the prospects of recovery.
- (iii) The complete report shall be sent to the Director through Proper Channel(s) who shall finally dispose of the same if it is within his powers. Otherwise he will place the matter before the "Finance Committee" (FC) and the "Board of Governors" (BOG) for disposal.

The powers delegated to the Director to write off losses, is as follows; subject to the provisions there-under.

Sl. No.	Nature of loss	Monetary limit up to which the loss may be written off in each case by the Director
1	Irrecoverable losses of stores or public money (including loss of stamps)	(i) Rs.50,000/- for losses of stores not due to theft, fraud or negligence. (ii) Rs.20,000/- for other cases
2	Loss of irrecoverable loans and advances	Rs.10,000/-
3	Deficiencies and depreciation in the value of stores other than a motor vehicle or a motor cycle included in the stock and other accounts	Rs.2,500/-

**NOTE:** Value in each case to be reckoned with reference to the total value of stores to be written off on one occasion irrespective of the number of items. Similarly, losses arising out of one incident or one specific cause should be treated as one case and should not be split up.

The above powers may be exercised only by the Director, provided that:

- (a) the loss does not disclose a defect in rules or procedure, the amendment of which requires the orders of higher authority; and/or
- (b) there has not been any serious negligence on the part of any employee which may call for disciplinary action by a higher authority.

**Any loss beyond the above limit shall be referred to the FC and BOG.**

- (iv) An amount lost through misappropriation, defalcation, embezzlement etc. may be redrawn on a simple receipt pending investigation, recovery or write off with the approval of the authority competent to write off the loss in question.
- (v) In case of loss to NITR on account of culpability of any employee, the loss shall be borne by the NITR. Similarly, if any recoveries are made from the erring employee in cash, the receipt will be credited to NITR accounts/funds.

## 12. **Loss due to fire, theft, fraud**

In addition to taking action as stipulated in para 11 above, the following procedures should also be followed in cases involving material loss or destruction of property as a result of fire, theft, fraud etc.:-

- (i) All losses above the value of Rupees Ten thousand, due to suspected fire, theft, fraud etc. shall invariably be reported to the Police for investigation as early as possible.
- (ii) Once the matter is reported to the Police authorities, all concerned should assist the Police in their investigation. A formal investigation report should be obtained from the Police authorities in all cases referred to them.

## 13. **Loss of immovable property by fire, flood etc.**

All loss of immovable property, such as, buildings, communications or other works, exceeding Rupees fifty thousand, caused by fire, flood, cyclone, earthquake or any other natural cause, shall be reported to the FC and BOG.

## 14. **Responsibility of losses**

- (i) An Officer shall be held personally responsible for any loss sustained by the NITR through fraud or negligence on his part. He will also be held personally responsible for any loss arising from fraud or negligence of any other Officer to the extent to

which it may be shown that he contributed to the loss by his own action or negligence.

- (ii) The departmental proceedings for assessment of responsibility for the loss should be conducted without waste of time. If the loss has occurred through fraud, every endeavour should be made to recover the whole amount lost, from the guilty person(s) and if laxity of supervision has facilitated the fraud, the supervising officer at fault may also properly be penalized either directly requiring him to make good in money, a sufficient proportion of the loss or indirectly by reduction or stoppage of his increments of pay.

#### 15. **Prompt disposal of cases of loss**

Action at each stage of detection, reporting, investigation, write off, departmental proceedings, final disposal in cases of losses, including action against the delinquents and remedial measures should be completed promptly with special attention to action against delinquents and remedial measures, taken to strengthen the control system.

### **III. SUBMISSION OF RECORDS AND INFORMATION**

#### 16. **Furnishing records and information to Audit and Accounts**

- (i) The officers of NITR shall afford all reasonable facilities to the Audit Officer or Accounts Officer for the discharge of his functions and furnishes fullest possible information required by him for preparation of any official report or accounts.
- (ii) The Officers concerned shall not withhold any information, books or other documents required by the Audit Officer or Accounts Officer.
- (iii) If the contents of any file are categorized as "Secret" or "Top Secret", the file may be sent personally to the Head of the Audit Office specifying this fact, who will then deal with it in accordance with the standing instructions for handling and custody of such classified documents.

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## CONTRACT MANAGEMENT

### 1. Definition

In this "Contract Management" procedure, unless the context otherwise requires,

- (a) **BOG/Board of Governors** means Board of Governors of National Institute of Technology, Rourkela.
- (b) **Cost plus Contract** means contract in which the price payable for supplies or services under the contract is determined on the basis of actual cost of production of the supplies or services concerned plus profit either at a fixed rate per unit or at a fixed percentage on the actual cost of production.
- (c) **Director** means Director, National Institute of Technology, Rourkela.
- (d) **Institution** means National Institute of Technology, Rourkela.
- (e) **NITR** means the National Institute of Technology, Rourkela.

### 2. Power for execution of Contract

- 2.1 Contracts or agreements for procurement of goods/services or execution of works shall ordinarily be executed by the Director. However, in case of any agreement or contract for technical collaboration or consultancy services with foreign firms or Governments, the value of which exceeds Rupees Two crore, prior approval of the Board of Governors (BOG) shall be obtained before entering into such agreement or contract.
- 2.2 All contracts for and on behalf of the National Institute of Technology, Rourkela (NITR), except the one between the NITR and the Director, shall, when authorized by a resolution of the Board of Governors (BOG) passed in that behalf, be in writing and be expressed to be made in the name of the NITR and every such contract shall be executed on behalf of the NITR, by the Director in accordance with Rule 10(8) of the "National Institute of Technology, Rourkela Rules". The words "for and on behalf of the National Institute of Technology, Rourkela" should follow the designation appended below the signature of the Director.
- 2.3 The Director may, [with approval of the BOG] delegate the powers to any Officer of the NITR, to execute the contract, in terms of Rule 10(12) of the "National Institute of Technology, Rourkela Rules".

### 3. **General principles for contract**

The following general principles should be observed while entering into contracts:

- 3.1 The terms of contract must be precise, definite and without any ambiguities. The term should not involve an uncertain or indefinite liability, except in the case of a cost plus contract or where there is a price variation clause in the contract.
- 3.2 Standard forms of contracts should be adopted to the extent possible. Where, however any important modifications in the standard form involving financial and legal aspects, are considered necessary in any individual cases or where standard forms are not used, legal and financial advice should be obtained for such modification and/or drafting the clauses in the contract. The contract forms in use in the Central Public Works Department (CPWD) and/or by the Director General of Supplies and Disposal (DGS&D) can suitably be adopted by the NITR as these are standardized forms used by the Central Government Departments.
- 3.3
  - (a) The NITR may make purchases of value up to Rupees One lakh by issuing purchase orders containing basic terms and conditions.
  - (b) In respect of Works Contracts or Contracts for purchases valued between Rupees One lakh and Rupees Ten lakhs, where tender documents include General Conditions of Contract (GCC), Special Conditions of Contract (SCC) and scope of work, the letter of acceptance will result in a binding document.
  - (c) In respect of contracts for works with estimated value above Rupees Ten lakhs, a contract document should be executed with all necessary clauses to make it a self-contained contract. However, if these are preceded by Invitation to Tender, accompanied by GCC and SCC with full details of scope and specifications, a simple one page contract can be entered in to by attaching copies of the GCC and SCC and details of scope and specifications, Offer of the Tenderer and Letter of acceptance.
  - (d) Contract document should invariably be executed in cases of turnkey works or agreements for maintenance of equipments, provision of services etc.
- 3.4 No work of any kind should be commenced without proper execution of agreement.

- 3.5 Contract document, where necessary, should be executed within 21 days of the issue of letter of acceptance. Non-fulfillment of this condition of executing a contract by the Contractor or Supplier would constitute sufficient ground for annulment of the award and forfeiture of Earnest Money Deposit.
- 3.6 Cost plus contract should ordinarily be avoided. Where such contracts become unavoidable, full justification should be recorded before entering in to the contract. Where supplies or special work covered by such cost plus contracts, have to continue over a long duration, efforts should be made to convert future contracts on a firm price basis after allowing a reasonable period to the suppliers/contractors to stabilize their production/execution methods and processes.
- 3.7 (a) It should always be ensured that the schedule period of delivery/completion is kept within 18 months or less so that the offered price is firm and fixed and no Price variation is involved. Price Variation Clause can be provided only in long term contracts, where the delivery period extends beyond 18 months. In short-term contracts, firm and fixed prices should be provided for. Where a price variation clause is provided, the price agreed upon should specify the base level, i.e., the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year.
- (b) A formula for calculation of the price variations that have taken place between the base level and the scheduled delivery date should be included in the clause. The variations are calculated by using indices published by the Government or Chambers of Commerce periodically. An illustrative formula has been annexed at the end of this compilation, for guidance.
- (c) The Price Variation clause should also specify cut off dates for material and labour, as these inputs taper off well before the scheduled delivery date.
- (d) The price variation clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both. The buyer should ensure a provision in the contract for benefit of any reduction in the price in terms of the Price Variation Clause, being passed on to him.
- (e) The Clause should also stipulate a minimum percentage of variation of the contract price above which price variations will be admissible (e.g. where resultant

increase is lower than two percent, no price adjustment will be made in favour of the supplier/contractor).

- (f) Where advance or stage payments are made, it should be stipulated that no price variation would be admissible on such portions of the price, after the dates of such payment.
  - (g) Where deliveries accepted beyond the scheduled delivery date subject to levy of liquidated damages as per terms of the contract, the liquidated damage (if a percentage of the price) will be applicable on the price as varied by the operation of the Price Variation Clause.
  - (h) No price variation will be admissible beyond the original scheduled delivery date for defaults on the part of the supplier/contractor. However, in cases of "Force Majeure" or default by NITR, Price Variation may be allowed beyond the Scheduled Delivery date, by specific alteration of that date through an amendment to the Contract.
  - (i) Where contracts are for supply of equipment, goods etc., imported (subject to customs duty and foreign exchange fluctuations) and/or locally manufactured (subject to excise duty and other duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated along with the selling rate of foreign exchange element taken in to account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and foreign exchange rates and the documents to be produced in support of the claims for such variations should also be stipulated in the contract.
  - (j) The clause should also contain the mode and terms of payment of the price variation admissible.
- 3.8 Contract should stipulate for payment of all applicable taxes by the contractor or supplier.
- 3.9 "Lump Sum" contracts should not be entered into except in cases of absolute necessity. Where lump sum contracts become unavoidable, full justification should be recorded and it should be ensured that conditions in such contract adequately safeguard and protect the interests of the NITR.
- 3.10 Departmental issue of materials should be avoided to the extent possible. Where it is decided to supply materials departmentally, a schedule of quantities with the issue rates of such materials as are required to execute the contract work should form a part of the contract.



- 3.11 (a) In contracts where NITR's property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding NITR's property (including insurance cover) and for recovery of hire charges regularly, should be included in the contracts.
- (b) Provision should be made in the contract for periodical physical verification of the number and the physical condition of the items at the contractor's premises. Results of such verification should be recorded and appropriate penal action taken where necessary.
- 3.12 The terms of a contract, including the scope and specification once entered into, should not be materially varied. Wherever material variation in any of the terms and conditions in a contract becomes unavoidable, the financial and other effects involved should be examined and recorded and specific approval of the authority competent to approve the revised financial and other commitments/effects, obtained, before varying the conditions. All such changes should be in the form of an amendment to the contract duly signed by all parties to the contract.
- 3.13 Normally, no extensions of the scheduled delivery or completion dates should be granted except where events constituting force majeure, as provided in the contract, have occurred or the terms and conditions include such a provision for other reasons. Extension as provided in the contract may be allowed through formal amendments to the contract duly signed by all parties to the contract.
- 3.14 All contracts shall contain a provision for recovery of liquidated damages for defaults on the part of the Contractor/Supplier.
- 3.15 A warranty clause should be incorporated in every contract, requiring the supplier, without charge, to repair or rectify defective goods or to replace such goods with similar goods free from defect. Any goods repaired or replaced by the supplier shall be delivered at the buyers premises without any cost to the buyer.
- 3.16 All contracts for supply of goods should reserve the right of the Director, to reject goods which do not conform to the specifications.

#### 4. **Management of Contracts**

- 4.1 Implementation of the contract should be strictly monitored and notices issued promptly whenever a breach of provisions occurs.

- 4.2 Proper procedure for safe custody and monitoring of Bank Guarantees or other instruments should be laid down. Monitoring should include a monthly review of all Bank Guarantees or other instruments expiring after three months, along with a review of the progress of supply or Work. Extension of Bank Guarantees or other instruments, where warranted, should be sought and obtained immediately.
- 4.3 Wherever disputes arise during implementation of a contract, legal advice should be sought before initiating action to refer the dispute to conciliation and/or arbitration as provided in the Contract or to file a suit where the contract does not include an arbitration clause. The draft of the plaint for arbitration should be got vetted by obtaining legal and financial advice. Documents to be filed in the matter of resolution of dispute, if any, should be carefully scrutinized before filing to safeguard the interest of NITR.

## 5. **Settlement of Bills**

- 5.1 Prompt settlement of bills of the Suppliers or Contractors, if it is otherwise in order, not only creates goodwill for the Institution but also ensure competitive rates, quality service/performance and timely completion of delivery. Particularly in respect of engineering works where payment on running account is contemplated, the objective is obviously to ensure that the progress of work is not hampered and/or completion not delayed due to blockage of money of the Contractor, with the Institution/Department. A time period of 10 working days, on receipt of the bill, may be reasonable for payment of the Contractors' bill, after observing all the formalities and requirements like measurement of the work by concerned engineering staff, check measurement by Officer/Professor in-charge of construction/execution, recommendation of the Dean (Planning and Development), accounts scrutiny by the Deputy Registrar (Finance and Accounts) and obtaining approval of the Director or Dean (Planning and Development). The Director, may, however, fix any time frame for each level, depending on the nature of the job and availability of staff.
- 5.2 In case measurement of the work executed by the Contractor, is likely to be delayed for some genuine reasons, proposal may be made for Advance Payment ON RUNNING ACCOUNT ONLY against the value of work actually executed but not measured, observing the following procedure:

The Professor/Officer in-charge of construction/execution of works, immediately after receipt of the Running Account bill from the Contractor, or the next day, may visit the work site with his team and make assessment on a safer side, of the

value of work executed by the Contractor but not measured/not paid. He may, thereafter, make a proposal through the Dean (Planning and Development) for advance payment on running account to the Contractor, for the value of work done by him but not measured. The Dean (Planning and Development), after receipt of the proposal, at his discretion, may inspect the site and make his own assessment of the value of work done but not measured and recommend to the Director for advance payment to the Contractor on running account, duly recording a certificate to the effect that not less than the quantity/value of work recommended for advance payment, has been executed by the Contractor but not measured/not paid. The proposal with certificate and recommendation of the Dean (Planning and Development) may be sent to the Deputy Registrar (Finance & Accounts) for processing the advance payment, after obtaining approval of the Director, through proper channel. The objective is that the Contractor gets at least a part-payment against his running account bill, within one week. The Director may, at his discretion, approve the proposed/recommended advance payment, or approve any reduced amount or reject such advance payment. However, the Running Account bill, in such case, should be cleared and paid within 15 days after observing all the formalities and satisfying all the requirements of measurement/check measurement, accounts scrutiny, approval of Director etc. and adjustment/recovery of advance payment, if already made there against. In the event of any further delay that may make the Institute liable to pay any compensation on this account, the reason for such delay should be ascertained. In case it is found that the delay was caused by negligence, deliberate or otherwise, the person responsible for such delay may be identified and the loss/extra expenditure recovered from him. However, the final payments shall, in no case, be made without detail measurements and observance of all the requirements.

6. Director may issue suitable supplementary instructions and guidelines for management of contracts, as may be considered necessary, broadly in conformity with the basic principles and general procedures indicated above.

**Annexure**  
[(See para 3.7(b))]

**Formula for Price Variation Clause**

The formula for Price Variation should ordinarily include a fixed element, a material element and a labour element. The figures representing the material element and the labour element should reflect the corresponding proportion of input costs, while the fixed element may range from 10 to 25 percent. That portion of the price represented by the fixed element will not be subject to variation. The portions of the price represented by the material element and labour element alone will attract Price Variation. The formula for Price Variation will thus be:

$$P_1 = P_0 \left\{ F + a \left[ \frac{M_1}{M_0} \right] + b \left[ \frac{L_1}{L_0} \right] \right\} - P_0$$

Where  $P_1$  is the adjustment amount payable to the supplier (a minus figure will indicate a reduction in the contract price);

$P_0$  is the contract price at the base level;

F is the fixed element not subject to Price Variation;

a is the assigned percentage to the material element in the contract price;

b is the assigned percentage to the labour element in the contract price;

$L_0$  and  $L_1$  are the wage indices at the base month and year and at the month and year of calculation respectively;

$M_0$  and  $M_1$  are the material indices at the base month and year and at the month and year of calculation respectively.

If more than one major items of material is involved, the material element can be broken up into two or three components such as  $M_x$ ,  $M_y$ ,  $M_z$ . Where price variation clause has to be provided for services (with insignificant inputs of materials) as for example, in getting Technical Assistance normally paid in the form of per diem rates, the price variation formula should have only two elements, viz.: a high fixed element and a labor element. The fixed element can in such cases be 50 percent or more, depending on the mark up by the supplier of the per diem rate vis-à-vis the wage rates.

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