

CENTRE FOR DEVELOPMENT OF ADVANCED COMPUTING

Rules for Purchase of Goods and Services

1. These rules shall be known as “**C-DAC, Noida Purchase Rules-Version1.0**”. This is based on the document “C-DAC Purchase Rules-2004” from C-DAC, Pune.
2. **Scope**
 - 2.1 The procedures laid down here shall apply for all purchase actions in C-DAC, Noida w.e.f. 15.01.2007.
 - 2.2 These procedures shall apply to procurement of raw materials, components, consumables, spares, instruments, software, firmware and equipments etc. for various projects, business/ training activities, civil works, interior decoration, furniture and fixtures, electrical fittings/fixtures, printing and stationery items, procurement of services like security services, labour contracts, hiring of manpower, car rentals, maintenance services, hiring of consultants, outsourcing of services, etc.
 - 2.3 This procedure excludes procurement of canteen material, house-keeping and cleaning materials.
3. **Initiating an Indent for purchase of materials/services:**
 - 3.1 Indent is the first document required by the Material Management Group (MMG) for initiating the purchase procedure. The indent must be raised for all the items / services required to be purchased, as mentioned in the scope given in 2 above.
 - 3.2 Indent shall be raised by a member from the user group / department, in the grade equivalent to Project Associate or higher.
 - 3.3 Indent must be raised in the format given in *Annexure-I*. The Indenter should ensure availability of funds to cover the items to be purchased. The project code under which the particular item is procured should be covered in the indent.
 - 3.4 Indent must describe the item/ service required in an unambiguous manner. The indenter may give the dimensions, drawings, technical specifications, essential features / qualities etc. for the material/ service required, but referring to specific brand names, trade names, makes, model number part number is not permitted. It is the responsibility of the indenter to ensure that the specifications are of generic nature so that more number of competitive bids could be obtained. The indenter should give technical specifications of the items indented in such a manner that the technical comparison of bids on like grounds becomes possible. The indent should be technically and commercially clear and unambiguous.

- 3.5 In case, in the opinion of indenter, it is essential to purchase material of a specific brand / make or if the item of desired quality may not be achieved by generic specifications, he may request the Competent Authority for waiver from the requirements of generic specifications by filing up the form given in **Annexure-II**. The indenter shall base such request on sound technical justification. The Competent Authority may approve the request for waiver, based on the justification. The MMG may process the indent with specific brands without getting the waiver approval; however, such approval will be required before the release of Purchase Order.
- 3.6 In case, in the opinion of indenter, the item(s) covered by the indent is of a proprietary nature (sole distributor in India or monopoly of a manufacturer etc.) and is available from a single source, then he shall fill up the form given in **Annexure-II**. MMG will then process the indent and will interact with the vendor for obtaining a Proprietary Certificate. In case it turns out that the item is not of proprietary nature, the indent would be cancelled.

4. Outsourcing of materials/ services:

- 4.1 In case it is desired to purchase those materials/ equipments/ parts/ gadgets which otherwise are manufactured/ fabricated/ assembled in house, then this procurement shall be treated as Outsourcing. Similarly, obtaining those services from outside supplier, which fall in the preview of C-DAC's scope of activities, shall be treated as Outsourcing of Services. An Outsourcing Indent should be raised for this purpose. Detailed procedure for this will be circulated later.

5. Indent Approval.

- 5.1 The authority for initiation and approval of indents is regulated as follows :
- (a) Item below Rs 5000:**
- Intender may be any member equivalent to Project associate or Higher
 - Recommending Authority – PL of the Project
 - Approving Authority – DRM of the Group, handling the project
- (b) Item above Rs 5000:**
- Intender – PL of the project
 - Recommending Authority – DRM of the Group, handling the project
 - Approving Authority – Executive Director
- 5.2 Items not included in the approved project budget should not be indented. In such cases, correction in the project budget and due approval of the same is required before purchase action can proceed.
- 5.3 In case of purchase through import, the estimated value of indent shall be the CIF value in INR.

- 5.4 The officer recommending/approving the indent should satisfy himself that the information given by the indenter is correct and that he has the authority to recommend the indent under reference.
- 5.5 The officers empowered to recommend/approve indents shall ensure maximum possible consolidation of their requirements against each item while raising the indents. Splitting the requirements into multiple indents should be avoided.
- 5.6 The indent complete in all respects shall be handed over to the MMG for further processing. If the indent is incomplete, the MMG may return the indent to the indenter.

6. Processing the Indent:

- 6.1. The MMG shall check the availability of the indented material in the Stores. If the material is available, the same shall be issued to the indenter immediately, observing the laid-down stores issue procedures.
- 6.2. If the indented material is not available in stores, the details of the indent, complete in all respects shall be entered in the Stores indent list and the Stores indent number shall be allotted for the indent. MMG allots a tracking number to each indent. This number is used for tracking the progress of the indent till the procurement of the indented material.
- 6.3. Based on the value of indented items, the following methodology shall be followed:
 - A) **Upto Rs.5000/-**
 - MMG may obtain telephonic quotations from prospective suppliers and place verbal order with the supplier quoting the lowest price. He is expected to apply his knowledge and experience for ensuring a fair deal.
 - Alternatively, the indenter can directly purchase material. In this case, after purchasing the material, he has to bring the following to MMG : (1) the duly approved indent, (2) the Invoice / Bill/ Cash Memo towards the goods purchased countersigned by him, and (3) the GOODS RECEIPT CUM INSPECTION REPORT (GRIR) for the item, as given in *Annexure IV* for the item. This is required to be approved by SAO (MM) on the basis of a certificate to be recorded in the following format: “ I, am personally satisfied that these goods purchased are of requisite quality and specifications and have been purchased from a reliable supplier at optimum price.” , by the indenter, on the GRIR Form, in his own handwriting, and signed by him.
 - The above provision should be used only in cases where material / service is required on urgent basis. The indenter must record the reasons for this urgency in writing on the indent.

- The requirements should not be split into number of indents so as to reduce single transaction purchase value below Rs.5000/-
- If material / service exceeding Rs. 5000/- is purchased from the same vendor using this provision, then there must be a time gap of at least 15 days between the two consecutive purchase transactions. Also, Bills / Cash Memos / Invoices from the vendor should prove such gaps.

B) From Rs.5000/- up to Rs.15,000/-

MMG may obtain at least three telephonic/ verbal quotations from competent suppliers. MMG shall record the price comparison of these quotations and will proceed with preparation of the PO as given in section 8.

C) From Rs.15,000/- up to Rs.1,00,000/-

MMG shall send written enquiries / e-mails to at least 5 competent suppliers and shall ensure that at least three **sealed quotations** are received. The quotations so obtained shall be referred to as **Limited Tenders**. These will be opened by MMG in the presence of the representatives from the suppliers and MMG shall prepare the purchase proposal as given in Section 8.

D) From Rs. 1,00,000/- up to Rs.25,00,000/-

MMG shall send written enquiries to at least 5 competent suppliers and shall ensure that at least three quotations are received. The quotations in this case need to be obtained in SEALED envelope. The quotations so obtained shall be referred to as **Limited Sealed Tenders**. They shall be opened in the presence of the Materials Management Committee (MMC). The MMC shall be composed as under:

- (a) One senior member as Chairman
- (b) Indenter
- (c) Head of Indenter's Group.
- (d) Representative from Purchase Department
- (e) Representative from Finance Department

For any purchase of value Rs. 5,00,000/- or more, MMG should ask for technical and commercial bids in separate covers. The commercial quotations should be in sealed covers. MMC should open this only after acceptance of the technical bids. Preparation of the PO thereafter will be as given in Section 8.

E) Above Rs. 25,00,000/-

The sealed tenders shall be obtained by advertising Public Tender Notice in daily newspaper. The Technical and Commercial bid system should be followed. The quotations so obtained shall be referred to as **Public Tenders**. All such notices shall be

hosted on the website and its URL shall be notified in the same advertisement. CVC guidelines shall be followed in letter and spirit.

The tendering procedure as ref. in Para E above will not be applicable in case of Import of Electronic Components & Software.

The tender documents may be sold at the following tentative rates depending on the estimated value of the Stores. These rates are exclusive of Sales Tax on the sale of tender documents, if any levied by the State Government

Estimated Value	Cost of Tender Document
Up to Rs. 25 lacs	Rs. 500/-
Rs. 25 – 50 lacs	Rs. 1000/-
Beyond Rs. 50 lacs	Rs. 2000/-

7. Receipt and processing of Tenders

- 7.1** In the case of Limited Sealed Tenders, the MMC shall open the tenders. The members shall sign on that part of tenders containing price and other commercial information. The quorum for this shall be 3.
- 7.2** Late tenders (i.e. tenders received after the specified time of opening), delayed tenders (i.e. tenders received before the time of opening but after the due date and time of receipt of tenders) and post-tender offers shall not be considered.
- 7.3** In case of both late and delayed tenders, the envelopes containing the postal markings be retained in the file along with the offers.
- 7.4** In case of Public Tenders, Executive Director will appoint a Tender opening Committee. The nature and size of this committee shall depend on the nature of material / service under consideration and the amount involved. All the members of this committee shall put their signatures on the sealed tenders to the effect that tenders are received in sealed form and within stipulated time frame. The technical bids shall be opened in the presence of Committee members.
- 7.5** The duly constituted Committee (which may have external expert(s)) shall study the technical bids for the purpose of evaluation of bids. On evaluation and comparison with the indented specification, the Committee may rank the bids as technically acceptable or not acceptable giving clear and technical reasoning for it. All the bids ranked as ‘acceptable’, shall be treated technically at par. This Technical Evaluation report of Tender Committee shall be prepared and approved by Head of Unit before opening of commercial / price bids.
- 7.6** The commercial bids shall be opened on the notified date. The commercial bids of only those bidders shall be opened whose technical bids are ranked by the Tender Committee as ‘acceptable’. The bids shall be opened in the presence of members of Tender

Committee and representatives of the bidders. Each member of the Committee along with the representatives of bidders shall put the signature on each bid document. It is the responsibility of the Committee to ensure that the entire process is carried out in a clear and transparent manner.

8. Preparation and Approval of Purchase Proposal:

- 8.1** In all cases, after careful study, the MMG shall prepare the price comparison statement amongst all the valid proposals, taking into account all the cost elements.
- 8.2** The purchase proposal should recommend placing of Purchase Order on the vendor quoting LOWEST price only. The originators of the indent shall make recommendations on offers. In cases where an offer other than the lowest is proposed to be accepted, the Members who recommended and approved the indents in the first instance should duly confirm such recommendations. In the case of rejection of lower offers, the specific reasons should be recorded in writing under the signatures rejecting lower offers.
- 8.3** In cases where the proposal is for purchase of standard/ shelf items, such as Office equipment, stationery items, air-conditioners, furniture, lubricants, tyres and tubes etc., MMG may itself finalize recommendation on the basis of lowest offers where such offers are exactly identical to the indenter's requirements without reference to the indenter. In case of differences or any variation or in case of doubt, the offers may be referred to the indenters.
- 8.4** In case of purchase of above Rs.1,00,000, MMC shall consider the purchase proposal. Each member of MMC shall sign the purchase proposal if he agrees with the recommendations given in purchase proposal.
- 8.5** If any of the MMC members recommends deviating from these laid down norms, he shall submit his comments in writing giving sufficient justification for the deviation. In cases where an offer other than lowest is proposed to be accepted, such recommendations should be duly supported by justification and approval from the Chairman of MMC.
- 8.6** The Chairman –MMC, on being satisfied with the recommendations - with or without deviations - may recommend the proposal to the Competent Authority for approval. The Chairman - MMC may submit his comments / advice, if any in writing on the purchase proposal itself.

9. Constitution of Emergency Purchase Committee:

Purchase against emergency indents of an estimated value exceeding Rs.5000/- can be made, where considered absolutely necessary by MMC. For effecting such emergent purchase, the MMG shall obtain the prior approval from MMC, specifying in writing the need for such mode

of purchases. Executive Director will be the approving authority for such purchases. Emergent purchases shall also be subject to the conditions stipulated below: -

- (a) Non-availability of the items in the Stores to meet the emergent requirement should be clearly indicated.
- (b) Justification for the need to make the emergent purchases should be given in writing.
- (c) The approximate value of the items proposed should be indicated.
- (d) Emergent purchases should not ordinarily be considered for office equipment and furniture.
- (e) Stores purchases under “Emergent Category” should be utilized within a reasonable time after the purchases.
- (f) The right sources of supply should be contacted/ visited by the team of MMC members for ascertaining availability of materials for immediate requirements.
- (g) Enquiries incorporating the terms and conditions of supply should be issued at least five firms under acknowledgement, specifying the time (as needed) within which the quotations should be opened on the prescribed date and time by MMC. In case the number of firms to whom enquiries are issued is less than five, reasons for the same should be recorded on the file. Purchase of proprietary / special brand goods could be made by obtaining single quotation provided the requisite certificate in terms of this Purchase Procedure has been obtained.
- (h) Immediately after the receipt of quotations, comparative statement should be prepared, the offers analyzed and inspection of equipment / samples, etc., as may be needed carried out. The comparative statement with all relevant details should be examined by MMC, which should function as the Purchase Committee for the purpose. Thereafter orders should be placed on the basis of the technically acceptable and lowest price offer taking into account the delivery factor.
- (i) Where the technically suitable lowest offer is rejected on considerations of early delivery, the question of imposing penalty for delivery after the prescribed date should be considered. Liquidated damages are generally charged at ½% of the value per week or part of a week.
- (j) Inspection of the materials should be carried out as speedily as possible and not more than 3 working days in any case.
- (k) Payments can be made only against delivery of materials under reference. Where immediate or early payment terms are agreed to efforts should be made to obtain cost discounts. Wherever cost discounts are offered, these should be obtained in writing from the suppliers.

10. Pre-Audit:

The MMG shall not release any Purchase Order unless it is pre-audited and certified to be in order by CFO. While pre-auditing, the Finance Department shall ensure that:

- a) Approval of Competent Authority exists for the purchase
- b) In case of proprietary /specific brand items, the respective certificate/s and detailed technical justification are submitted by the indenter
- c) Sufficient funds are available under the head and the project concerned.
- d) Head of account to which expenditure is to be debited is correctly indicated.
- e) Purchase Order is being placed with the vendor quoting the lowest price or satisfactory reasons are recorded in writing for not accepting the lowest quotation.
- f) Proper procedure for making purchases is followed.
- g) Approval of the Competent Authority is obtained for deviations from the procedure and also from the standard terms and conditions, wherever applicable.
- h) Provision is made in the Purchase Order for safeguarding C-DAC property required to be entrusted to the vendor.
- i) Payment terms are correctly stipulated in the Purchase Order

11. Release of Purchase Order:

- 11.1** After due approval of the purchase proposal by CFO, MMG shall release the Purchase Order. The comments/recommendations given by Chairman – MMC and the approving authority shall be duly incorporated in the Purchase Order. Senior Administrative Officer (MM) or his delegated authority shall sign the Purchase Order.
- 11.2** Format of PO is given in *Annexure V*. MMG may incorporate additional terms and conditions in the Purchase Order towards safeguarding the interests of C – DAC.
- 11.3 Procurement of stores on DGS & D Rate Contracts:** Wherever possible procurement may be made on DGS & D rate contract.

12. Repeat Purchase Order.

- 12.1.** The repeat Purchase Orders may be placed in cases meeting all of the following:
- (a) Where the item having the same specifications as the indented item is procured within last six months.
 - (b) The original Purchase Order was placed on the basis of competitive selection following the laid down procedure.
 - (c) The supplier concerned is willing to supply the indented items on the same terms and conditions as those for previous supply. A formal quotation from the supplier to this effect may be obtained.
 - (d) There is no downward trend of prices since the original supply and that the same is certified by the indenter and SAO(MM).
- 12.2** The repeat Purchase Order cannot be placed beyond the period of six months from the date of original Purchase Order.
- 12.3** The repeat Purchase Order cannot be placed if the quantity of indented item is more than the quantity purchased against original Purchase Order. In this case, a Purchase Order shall be placed following the laid down procedures.
- 12.4** The value of the repeat Purchase Order shall not exceed Rs. 500,000/-
- 12.5** Only one repeat order can be placed within the stipulated period of repeat order.

13. Order Amendments:

- 13.1** The amendments to Purchase Order involving increase in order value shall also be approved as per procedure for fresh Purchase Order.

14. Rate / Running Contracts:

Rate / Running Contracts can be entered into, based on public tender, or limited tender for a period of 12 months or any specified period and acted upon. The procedure and guidelines to be followed for entering into Rate/ Running Contracts, will be circulated later.

15 Order for fabrication, assembly etc.:

- 16.1 This purchase procedure will also be applicable to work orders for mechanical fabrication, supply and erection and/or commissioning, and all civil work at customer premises.
- 16.2 Civil works (major, minor and petty) at the centre shall be undertaken by the Administration and orders for the purpose shall also be finalized by the Administration. Bills for repair and maintenance of vehicles shall also be certified by the Administration and passed on to Accounts. In these cases MMG shall not be involved.

17. List of suppliers for various categories of stores:

A list of recognized and reputed suppliers shall be built up and maintained by MMG. The same should be reviewed and amended periodically in accordance with a prescribed and duly approved Vendor Development Procedure, to be circulated separately.

18. Price negotiations:

- 18.1 In situations where there is no competition, shortage of capacity, the stores required are known to be manufactured only by two or three firms, etc., price negotiations with the firms may become necessary.
- 18.2 These Post-Tender negotiations may be held with the technically qualifying bidder quoting the lowest price. If the MMG and Finance Department are convinced that there is scope for further price reduction, then, MMC or a Negotiation Committee with member(s) from Purchase, Finance, Indenter's Group and others, constituted by the ED shall undertake the price negotiation.

19. Terms of Payment:

- 19.1 Payment against purchase orders placed by the Purchase Section shall be released by the Accounts Section as per the mode and terms and conditions stipulated in the purchase order. Bills/Invoices from the suppliers for payment against purchase orders placed shall be received in the Purchase Section and presented to the Accounts Section with proper certifications.
- 19.2 The normal terms of payments are "100% payment within 30 days time after receipt and acceptance of the materials in good condition".
- 19.3 If, in spite of the stipulation of the above in the tender enquiry, the suppliers still insist on any other terms of payment in their tender, the following could be agreed to on a case to case basis. Payment up to 90% against proof of dispatch and balance within 30

days time after receipt and acceptance of the materials in good condition taking into consideration aspects like the standing and reputation and/or previous performance of the suppliers and pre-inspection of the goods at the supplier's premises wherever considered necessary by the Head of the Indenting Group and SAO (MM).

- 19.4 Any other terms of payment can be accepted in exceptional cases with the concurrence of CFO.
- 19.5 The Accounts Section shall, along with all the necessary checks verify the GRIR, bills/ invoices received from the suppliers against the purchase orders, amendment to the purchase orders, receipt vouchers raised by the Stores and other relevant records/communications, and ensure that the prescribed certificates relating to excise duty, sales tax, bank guarantees for advance payment, security deposits, performance bond etc., whenever asked for, are available before the payment is released.

20. Payment to Foreign Suppliers:

- 20.1 With regard to the payment to foreign suppliers, the normal terms of payments are against sight draft. Letter of Credit & TT in favour of foreign suppliers can be established only with the prior approval of the Head of Finance with proper justification. Wherever advance payment is insisted within the RBI limits, it may be accepted with the concurrence of the Head of Finance.
- 20.2 Payment of Agency Commission: The Agency Commission to the Indian Agents of foreign firms should be paid in Indian Rupees worked out on the basis of settlement Rate of Exchange prevailing on the date of final payment to the foreign supplier.

21. Acceptance of excess / short supplies

Wherever it is absolutely necessary to accept variations in supplies up to 20% in quantity for items like cables condensers, resistors, glass materials, fasteners, ferrous and non-ferrous materials, PCB etc., these could be accepted by MMG in consultation with the indenter. Formal amendments to Purchase Orders are, however, required to regularize the transactions.

22. Price Escalation:

- 22.1 Purchase should normally be made on firm prices. However, variations on account of rate of exchange and statutory levies could be allowed. Escalation on account of materials and/or wages should be discouraged. In exceptional cases, where the rates quoted depend very much on statutory otherwise controlled prices etc., or in cases where the material costs are liable to wide fluctuations, escalation may be considered on price of materials. In all such exceptional cases where escalations are accepted, the offers and Purchase Orders should clearly and precisely mention the base price level and quantities assumed, the variation factors to be applied and the indices or price documents to be produced for applying the escalations. Increase in base price is not to be allowed. The price escalations occurring during the extended delivery period should not be allowed.

22.2 Executive Director shall be the competent financial approving authority to approve the price escalation as recommended by MMC.

23. Price Increase due to statutory levies:

Where the price increases asked for by suppliers are due to any Governmental action or due to statutory variations in the rate of customs duty, excise duty, sales tax, etc., beyond the control of the supplier, can be allowed as applicable, if requested for, by the supplier, provided the terms of contract / Purchase Order with the suppliers envisage such price changes. Intimation regarding this increase should be sent to the indenter and Finance Department after amendment of the Order. Increase on account of statutory levies during the extended delivery period beyond the originally agreed delivery date should not be considered except for reasons of force majeure.

24. Bank Guarantee

24.1 The following guidelines shall be followed with regard to obtaining Performance Bank Guarantee (PBG) from suppliers

24.1.1 For standard products (components, systems, or spares which are readily available in the market which need, no further development or integration to meet its intended requirement), PBG need not be insisted upon if the value is less than Rs. 5,00,000/-.

24.1.2. If the value of the above items in an order is more than Rs.5,00,000/- PBG will normally be asked for. However, the ED may decide to waive this requirement, if recommended by MMC.

24.1.3. In case where suppliers are providing systems, including installation, commissioning in the premises of the Society or at nominated sites, and if the value exceeds Rs.5,00,000/-, PBG must be insisted on. If the value is less than Rs 5,00,000/-, the indenter may specify whether PBG is required or not, on the indent itself.

24.1.5 In case of MNC or proprietary equipment manufacturer, MMC can decide to waive off PBG clause, if vendor is unable to issue or not ready to submit PBG due to their own or company policy. In case of non submission of PBG, Finance department can hold the payment up to 10% or equivalent amount of transferable bond or security (NSC, FD or KVP) can be taken from vendor

25. Web purchase through credit card:

25.1 Many stockists capable of supplying electronic component are now having websites, with their stock displayed and updated on-line, along with the prevailing prices. They accept orders through international Credit Cards, reserving the components from their

stock, based on such Purchase Orders received. The procedure for this will be notified later.

26. General Conditions:

26.1. Sending of Purchase Enquiries

- 26.1.1 All enquiries are to be sent by email, Fax or by post to vendors should be in the name of the SAO (MM) duly signed on his behalf by the concerned officer who is allocated the responsibility for the same. No names of employees shall be mentioned in any Enquiries sent.
- 26.1.2 All quotes are to be addressed to The SAO (MM).
- 26.1.3 All quotes opened shall be date stamped and signed by the concerned officer and entered in the Quotation Register.
- 26.1.4 Sealed quotations, which are unmarked on the cover, are sometimes opened by the staff concerned. In such cases, the quote may be accepted with the approval of SAO (MM) with a remark “Quote received in Unmarked Envelope, hence opened and taken into file”, provided the requirements of receipt before the due date and against specific enquiry are met.
- 26.1.5 All Purchase Orders shall be issued in the name of and will be signed by the SAO (MM) or an officer designated by him.

27. Acceptance of Stores:

All items shall be inspected before acceptance by Stores with the assistance of technical staff from the indenter's group. On receipt of the material in stores, the Stores Dept. shall prepare the GRIR allocating the equipment register number and functional test report number and date as applicable. They shall forward this to the Accounts Dept. within 10 days from the date of receipt of stores. A valid GRIR is required for releasing payment to the supplier. Therefore, the concerned indenter's Group should ensure completion of inspection / acceptance of goods at the earliest, but in any case not later than 10 days after receipt of advice of arrival of material.

The detailed procedure for receipt, rejection, issue, and storage of goods shall be as laid down in “Rules for Inventory Management”

28. Deviations:

For the cases of deviations from this laid down procedure of purchase, prior approval of the ED shall be obtained, bringing about clearly the reasons necessitating such deviations.