



सत्यमेव जयते

भारतीय डाक
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India Post
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FINANCIAL HANDBOOK FOR POSTAL OFFICERS



PAO, Gujarat Postal Circle





सत्यमेव जयते



FINANCIAL HANDBOOK FOR POSTAL OFFICERS

Edition – 2026

Postal Accounts Office, Gujarat

DISCLAIMER

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We look forward to your valuable feedback/suggestions/ corrections in this compilation.

SECOND EDITION - 2026

PROLOGUE

This Financial Handbook has been prepared as a comprehensive and readily accessible reference guide for drafting, processing, and examining procurement and other proposals in the Department of Posts.

Internal Finance Divisions (IFD) at the Postal Account Offices play a pivotal role in decision-making by providing informed financial advice and suggestions that are rooted in the extant rules and guidelines. Framing proposals with all relevant justification and information can help to avoid unnecessary delay in processing the files. This handbook aims at providing a useful framework to the field level Postal Officers for formulating various proposals.

This Handbook is compiled in a way so as to provide insight into various relevant provisions of the Manuals of Procurement and General Financial Rules (GFR) — presented at a glance for quick understanding and practical use.

We take this opportunity to record our deep appreciation and gratitude to Dr. Rajeev Kandpal, General Manager (Finance), PAO Ahmedabad, who conceptualized this compendium and extended invaluable guidance and support throughout its preparation. We also gratefully acknowledge the dedication and hard work of the entire IFD team, whose collective contribution has made the publication of this compendium possible.

Thank you

Internal Finance Division, PAO Ahmedabad

GANESH V. SAWALESHWARKAR

Chief Postmaster General
Gujarat Circle



गणेश व्यं. सावळेश्वरकर
मुख्य पोस्टमास्टर जनरल
गुजरात परिमंडल




MESSAGE

I am delighted to note that the Financial Handbook for Postal Managers has been published by the Integrated Finance Division (IFD) of the Circle, in line with my earlier suggestion.

I am informed that this edition has been further enriched with procurement procedures and guidelines, aimed at facilitating the smooth functioning of the various Divisions and Units of the Gujarat Circle.

I am confident that this Compendium will serve as a valuable reference tool for all Divisions by making the procurement process simpler, transparent, and more time-efficient. It is also expected to inspire other Divisions and Wings to undertake similar initiatives, in the spirit of the Government's commitment to quick decision-making and good governance.

The entire IFD team deserves special appreciation for their commendable efforts in updating and releasing this second edition of the Compendium.



(Ganesh V. Sawaleshwarkar)



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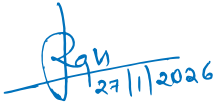


MESSAGE

In our continued efforts to promote good governance and prudent decision-making, a need was felt to prepare a handbook with procurement procedures explained in a readily accessible manner as per latest Manuals on procurement issued by DoE, to help the various wings of the Department of Posts in framing proposals. It is designed to enable departmental functionaries to process financial proposals efficiently, minimizing shortfalls in procurement submissions.

The handbook has been methodically structured to provide useful drafting guidelines on various types of procurement and redeployment proposals. Detailed guidance has been provided to facilitate the convenience of Nodal Wings. This edition will significantly assist all Regions, Divisions, and other wings, including MMS, PCD, and PSD, in discharging their duties more effectively. I am confident that this compilation will prove highly beneficial for all concerned.

I take this opportunity to congratulate the entire IFD team for their exemplary teamwork in developing this manual. I would especially like to acknowledge the untiring efforts of Ms. Jane James Kunnathu, Senior Accounts Officer; Shri Nakul Dev Sharma, Assistant Accounts Officer; Ms. Vaibhavi Vyas, Assistant Accounts Officer; Shri Rajesh Pillai, Senior Accountant; and Shri Purushottam Singhal, Junior Accountant, whose contributions have been instrumental in bringing out this handbook.


27/11/2026

Dr. Rajeev Kandpal
General Manager (F)

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Foreword

This handbook is partly derived from the various provisions, instructions and clarifications contained in the following manuals and guidelines issued from time to time. It is advised to refer to the respective original documents for detailed provisions and interpretations.

The online link for these manuals/guidelines is being shared here for ready reference-

Name of Manual	Online Link
DFPR 2024	https://doe.gov.in/hi/circulars/delegation-financial-powers-rules-2024
GFR 2017 – Updated up to 2024	https://doe.gov.in/orders-circulars/31
Manual of Procurement of Goods, 2024	https://doe.gov.in/circulars/manual-procurement-goods-second-edition-2024
Manual of Procurement of Consultancy Services, 2025	https://doe.gov.in/manual-procurement-consultancy-services-second-edition-2025
Manual of Procurement of Non-Consultancy Services, 2025	https://doe.gov.in/manual-procurement-non-consultancy-services-2025
Manual of Works, 2022	https://doe.gov.in/manuals
CVV and vigilance Guidelines on tender processing	https://www.cvc.gov.in/procurementmanuals.html
All Departmental Volumes are available on India-post website	https://www.indiapost.gov.in/documents/guidelines

Chapter -1 General Principles of Procurement

1.1 Procurement Planning

- Procurement starts not with a tender, but with a need.
- Procurement is not just buying—it is a carefully planned process beginning with need assessment, translating into clear specifications/ToR, supported by realistic costing, approvals, and a formal procurement plan.
- For Example - Practical Illustration
 - Goods: A PSD department planning SB passbook procurement must assess last three years average consumption, opening and closing stocks of last FY, demands clubbed from all subordinate units for current FY, MIS reports of last year account opening in circle (to avoid over estimation), storage facilities, and delivery schedule before issuing tenders.
 - Works: A new Post office building construction project needs DPR / PE cum DE from civil & electrical wings with surveys, cost estimate as per CPWD DPAR or DSR rates and AA/ES before tendering.
 - Consultancy: A consultant may be hired only after preparing ToR and confirming in-house expertise is insufficient.
 - Non-Consultancy: Outsourcing housekeeping in government offices requires a schedule of work, estimated manpower, and budget approval

1.2 Need Assessment

- Purpose: To determine whether procurement is genuinely required.
- Goods: Ensure the demand is genuine and not duplicating existing stock; avoid overstocking. For stationery related items & PSD procurement - always study last three years average consumption, opening and closing stocks of last FY, demands clubbed from all subordinate units for current FY.
- Consultancy: Engagement of consultants is justified only if in-house expertise is insufficient.
- Non-Consultancy Services: Services such as outsourcing, manpower, or facility management should be justified in terms of efficiency and cost-benefit.

1.3 Estimating Costs, Setting the Budget, and Seeking Approval

- Cost estimation methods: market survey, past contracts, standard schedules of rates (for works), consultant databases, etc.
- Budgeting: The estimated cost must fit within the department's annual budget allocations.
- Financial propriety: Expenditure should be economical, not extravagant.

1.4 Administrative and Budgetary Approvals

- Two approvals are critical:
 - A. Administrative Approval (AA) → Acceptance of need at policy/departmental level.
 - B. Expenditure Sanction (ES) → Financial authority permitting actual spending.
- Both approvals must come from the Competent Authority as per DFPR.

Chapter – 2 Formulating a Procurement Proposal

- This chapter provides an outline of all aspects which need to be included in the procurement proposals / TC minutes submitted for approval of competent authority.
- It has been observed that many procurement proposals and TC reports submitted for concurrence / approval do not have required justifications, documents, details, brief of case, etc
- This leads to delay in processing of cases and sometimes proposal have to be returned to the initiating office.

The proposal should invariably cover the following aspects (wherever applicable)_____

2.1 Justification for Procurement

A. Detailed justification for the proposed procurement of goods / hiring of services / works etc. should be discussed.

B. Method of Procurement - Specify the procurement method:

- Rule 149 of GFR

- a. GeM Direct Purchase – upto Rs. 50,000/-.
- b. GeM Comparison – Above Rs. 50,000/- to Rs. 10,00,000/-.
- c. GeM Bidding / RA – Above Rs. 10 lac, bidding is compulsory. Bid can also be done for estimate costing less than Rs. 10 lac.

- Rule 154 of GFR – Purchase through single quotation (up to Rs. 50000/-)

- Rule 155 of GFR – Purchase through Local Purchase Committee (Above Rs. 50,000 to Rs. 5,00,000/-)

- Single Tender Enquiry / Limited Tender / Open Tender

- Nomination Basis (as per GFR provisions)

C. The proposed method for procurement should be in line with provisions stated in GFR 2017, Manual of procurement of goods 2024, Manual of procurement of Consultancy / Non-Consultancy Services 2025, Manual of Works 2022.

D. If proposal is not initiated through GEM, GeM-Non-availability report should be linked with proposal compulsorily.

- The same should have valid relevant string in search

wordings.

- For example – in case of hiring of RTN vehicle on GeM, instead of using the string ‘conveyance of mails from ‘Ahmedabad’ to ‘Bhavnagar’ the string ‘Hiring of 1 Ton vehicle for transportation’ should be used.
- The GeM Non-Availability report should have valid GeMAR&PTS ID.
- Quotations placed with LPC/Direct purchase on single quotation (if any) should have a valid GST No. (Rule 6.8.1 of Manual of Procurement of Goods 2024 and Directorate OM No. 28-5 / BGT / 2023 / 297-342 dated 27.01.2023)

2.2 Estimated Quantity

- A. As per Para 2.1 (2) (c) (i) of Manual of Procurement of Goods (2024), care should also be taken to avoid purchasing quantities in excess of the requirement to avoid inventory carrying costs. Where scales of consumption or usage limits of requirements have been laid down by the Competent Authority (CA), the officer signing the indent should also certify that the prescribed scales or limits are not exceeded.
- B. Estimated Quantity should be calculated taking into account the requisitions received from various units/offices and available stock/inventory.

For Example, the following format (with slight variations) can be used:

Stock in Hand (As on 1.4.2024)	Procurement in Last FY 24-25	Consumption in last FY 24-25	Balance in Hand as on 1.4.2025	Indent Received from various DDO / Units	Buffer Stock (if proposed) should not exceed 5% of indent quantity	Final Quantity proposed to be procured
A	B	C	D = (A+B-C)	E	F	G = D – (E+F)

- C. As per Rule 144 (v) of GFR 2017, care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory

carrying costs.

- D. As per Rule 149 (viii) & 157 of GFR 2017, the demand of goods should not be divided into small piece meal purchase to avoid sanction by higher authority or L-1 buying/ bidding/Reverse Auction on GeM.

2.3 Estimated Cost

- A. The calculation of estimated cost is explained in Para 2.1 (2) (f) of Manual on Procurement of Goods. The estimated cost indicated in an indent is a vital element in procurement processes. It plays a crucial role in obtaining approvals and in establishing the reasonableness of prices during bid evaluation. Therefore, the cost estimate must be worked out realistically and objectively.
- B. The following methods are suggested for arriving at cost estimates.
- i) Historical Cost Data -Where available, the last purchase price (or estimated rate in past indents) for the same or similar requirement should be used, duly updated as per sub-para (iv) below.
 - ii) Costing Analysis - In the absence of historical data, costing analysis through internal expertise or external costing agencies may be undertaken to arrive at reliable estimates.
 - iii) Rough Assessments (where no history/costing feasible) -When neither historical cost data nor costing analysis is available, a rough assessment may be made cautiously using:
 - Price of the assembly/machine of which the item is a part (or vice versa).
 - Published catalogues/Maximum Retail Price (MRP) printed on items (noting that MRP generally includes distributor/wholesaler/retailer margins).
 - Opportunity cost assessment of not using the item.
 - iv) Market survey, through online platforms (GeM portal, commercial apps) or physical survey.
 - v) Budgetary Quotes – especially for custom-built equipment. Ideally, three quotes should be obtained within a defined timeframe (10–21 days).
 - If fewer than three quotes are received, extensions of 5–10 days may be considered.
 - If only one or two quotes are finally available, estimates may be framed based on the available data, using averages wherever possible.

- Note: budgetary quotes are not exact estimates as some bidders may inflate or depress quotes depending on expectations of shortlisting.
- vi) Updating of Historical Data - Historical cost data must be adjusted for:
- Inflation and price escalation in raw materials, labour, energy, statutory changes, etc.
 - Exchange rate fluctuations (where foreign currency is involved), reducing all values to Indian Rupees.
 - Price indices from reliable sources.

2.4 Fund Position

- A. Details of fund position in concerned HOA along with object head should be mentioned. Also it should be clearly mentioned whether the expenditure is proposed under scheme fund or non-scheme fund.
- B. Committed liabilities must be taken into account while mentioning the available fund position in proposal. In case an expenditure is already sanctioned under same HOA but not yet paid, it must be deducted from the available fund as it is a committed liability.
- C. All units are advised to maintain a Register of Liabilities as prescribed vide Form 3 of GFR 2017.
- D. Since issue of new Schedule of Financial powers, object head has become more relevant to invoke the relevant clause from concerned schedule.

2.5 Rate Reasonability

- A. As per Rule 149 of GFR 2017 - Certificate of Reasonability of Rates is mandatory in every procurement proposal through GeM.
For Example:-
'I Shri XYZ, SSPOs PQ Division hereby certify that I am personally satisfied that proposed goods for procurement from GeM Direct Purchase / via comparison method are of the requisite quality and specification and have been purchased from GeM Portal at a reasonable price.'
- B. For local market purchases below Rs. 50000/-, above Rs. 50000/- and within Rs. 5, 00,000/-, the certificates prescribed in Rule 154 & 155 of GFR 2017 respectively should be placed with proposal.
- C. In every TC minutes for award of work in Tender / Bids, it must be ensured that recommendation of TC is accompanied with the declaration that the rates recommended are reasonable as stipulated in Para 7.6.6 of Manual on Procurement of Goods, 2024.

2.6 Schedule of Financial Powers

- Details of particular clause of Schedule of Financial Power (SoFP) under which proposal is to be approved should be mentioned.

Type of Schedule	Remarks
Schedule – II A	Head of Circle (HOC) i.e. CPMG / Head of Department (HoD) i.e. Regional PMG
Schedule II C	Sr. DDG / GM (F) / DAP
Schedule III	Head of Postal Division / RMS Division / Chief Postmaster (GPO), Supdt. PSD, Sr. Postmaster

- The various proposals should bear the recommendations by Regional PMGs/Unit heads along with concurrence of RIFA if submitted for approval of CPMG.
- In case of proposals falling under clauses of SoFP having annual ceilings, the expenditure already incurred in the current FY& balance should be clearly mentioned.
- The latest SoFP issued may be adhered to.
- It may be ensured that the clause of financial powers under which the expenditure is proposed are in lines with the correct object head and sufficient fund is available in relevant HOA object head to cover the proposed expenditure.
- It has to be ensured that the authority is competent to sanction the proposed expenditure i.e. HOC / HoD / DPS / Divisional Head etc as the case may be.
- Further, it has to be ensured whether SoFP mandates IFA consultation or not under the proposed clause.

Chapter - 3 Preparing Proposals of Commonly used Goods/ Services

Chapter 2 outlined the general aspects to be included in a procurement proposal. This chapter provides a broad outline of specific proposals related to some commonly procured goods/services.

3.1 Procurement of Computer hardware

3.1.1 Background and Justification

With the implementation of IT Modernization 2.0, adequate computer hardware is essential to ensure smooth functioning of postal operations, staff productivity, and citizen service delivery. The present hardware availability may be inadequate vis-à-vis sanctioned/working strength. Further, a number of machines have become obsolete and require replacement/condemnation.

3.1.2. Details of Requirement

Particulars	Figures
Total Sanctioned Strength (PA & above)	___
Working Strength (PA & above)	___
Total Number of Computers & Laptops already available in Division / Unit	___
Additional Number of Computers & Laptops required	___

(Note: This statement must be authenticated by the Head of Office.)

3.1.3. Estimated Cost and Mode of Procurement

- Estimated cost: ₹___ (based on market rates / GeM L-1 rate / Directorate-approved specifications).
- Mode of procurement: Government e-Marketplace (GeM) as per Rule 149 of GFR, 2017.

3.1.4. Condemnation and Replacement

- The proposal is for procurement against condemnation / addition to current hardware (select as applicable).
- The Condemnation Report of obsolete hardware, duly approved by competent authority, is enclosed.

Note: Only HoC is competent to approve Laptop condemnation.

3.1.5. Certification of Specification and Rate Reasonability

- (i) Certification of Specification - *It is hereby certified that the proposed product for procurement is as per hardware specification issued by Directorate under IT Modernization Project 2.0.*
- (ii) Rate Reasonability - *'I Shri XYZ, SSPOs PQ Division hereby certify that I am personally satisfied that proposed goods for procurement from GeM Direct Purchase / via comparison method are of the requisite quality and specification and have been purchased from GeM Portal at a reasonable price.'*

3.1.6. Warranty and Maintenance

As per Directorate Letter No. 40-8/2013-Tech dated 25.03.2015:

- Onsite warranty of Desktop/Laptop shall be 5 years.
- If OEM does not provide 5 years warranty, the tender/procurement must include a clause for maintenance beyond warranty period to ensure total usable life of at least 5 years.

3.1.7. Budget Provision

- The expenditure will be booked under HOA Object Head “19 – Office Equipment” / “71 – Information Technology” (select as applicable).
- Availability of funds: ₹___ (as per budget register excluding committed liabilities).

3.1.8. Delegation of Financial Powers (*Liable to change from time to time*)

- **Procurement powers as per Schedule II-A (Financial powers of HoC/HoD)**

Object Head – 71 ICT				
Clause 27 (i) of Schedule II A	Desktop Computers for official use under Non-Scheme	Up to ₹5 Lakh in each case and IFA consultation is required.	Head of Circle (HoC) / Head of Department (HoD) i.e. PMG	Subject to rules/instructions issued by any Nodal Department / DoP
27 (ii) of Schedule II A	Purchase of Desktop Computers for replacement	Up to ₹20 Lakh in each case and IFA	Head of Circle (HoC) / Head of Department	Subject to rules/instructions issued by any Nodal Department / DoP

	under Non-Scheme	consultation is required.	t (HoD) i.e. PMG	
27 (iii) of Schedule II A	Procurement of Desktop Computers and Peripherals for computerization of Post Offices, PAOs, and Administrative Offices under Scheme	Full powers and IFA consultation is required.	Delegated to Head of Circle (HoC) only	(a) Availability of funds allotted by the Directorate under the relevant plan head. (b) Funds to be utilized within the stipulated period as directed by Directorate. (c) Expenditure sanction proposal to be processed by HoC in accordance with codal provisions.
27 (iv) of Schedule II A	Procurement of Laptop / Notebook and similar devices for eligible officers on functional requirement	Cost ceiling per device: - ₹1,00,000 + taxes - ₹1,30,000 + taxes (if Make-in-India component >40%) (Inclusive of cost of standard software) IFA consultation is required.	Head of Circle (HoC) only	1. Procurement as per GFR 2017 provisions. 2. Subject to DoE OM No. 03(20)/2022-E.II(A) dated 21.02.2023 and subsequent instructions. 3. Functional/official requirement to be recorded by HoC. 4. Cost ceiling strictly as per DoE OM.
27 (v) of Schedule II A	Procurement of Laptops for office use only (not for issue to individual officers)	Up to ₹5 Lakh per annum and IFA consultation is required.	Delegated to Head of Circle (HoC) only	1. Procurement as per GFR 2017 provisions. 2. Subject to rules/instructions of DoE/DoP. 3. Cost of laptop not to exceed ceiling prescribed

				by DoE OM No. 03(20)/2022-E.II(A) dated 21.02.2023.
Object Head – 19 (Digital Equipment)				
Clause 14 of Schedule II A	Procurement of Digital Equipment (as defined under Object Head-19, DFPR 2024)	Full Powers a	Head of Circle (HoC) / Head of Department (HoD) i.e. PMG	<p>1. Expenditure under this Object Head is classified as Revenue Expenditure.</p> <p>2. Cost of individual items must not exceed the threshold limit of ₹1,00,000 <i>or</i> a useful life of three years, whichever is prescribed by the Government.</p> <p>3. Threshold limit does not apply to consumables such as toner, cartridges, etc. which are treated as Revenue Expenditure.</p>

3.1.9. Recommendation

In view of the above, approval is solicited for procurement of ___ (Nos.) of Desktops / Laptops at an estimated cost of ₹___ through GeM, against available budget provision, in line with IT Modernization 2.0 specifications and GFR, 2017.

3.2. Hiring of agency for supply of Outsource / Outsourcing of Manpower

3.2.1. Background and Justification

- In the case of Housekeeping/ cleaning services, GeM platform provides for options based on (a) Floor Area wise cleaning and (b) Manpower. Usually, the floor area wise cleaning option is more cost effective. Accordingly, before a tender is floated, an exercise maybe undertaken to determine the option, which is considered beneficial for the procuring entity, duly recording reasons for such decision on file. (Para 8.8 of Manual of Procurement of Non-Consultancy Services 2025).

- Outsourcing proposals may be:
 - On Minimum wages basis, OR
 - On outcome basis (e.g., per sq. m. / sq. ft. rates for housekeeping services).
Note: Minimum wages must not be linked in outcome-based proposals.
- Specification of Manpower Type
 - The bid document should clearly specify the category of manpower required, i.e., Highly Skilled, Semi-skilled, or Unskilled, in line with statutory classification of labour
- Details about current arrangements, ongoing contracts if any must be placed on record.
- Method of Procurement – GeM Bid / Comparison Method / Direct Purchase / LPC.

3.2.2. Details of Requirement

A. Hiring of manpower on minimum wages basis

Particulars	Figures
Total Sanctioned Strength	
Working Strength	
Total Number of outsource proposed for hiring	
Detailed Remarks to justify outsource with duty hours	

- Outsourcing of manpower is permissible only against existing vacancies in the cadre, i.e. *Sanctioned Strength minus Actual Working Strength*.
- This statement must be authenticated by the Head of Office.

B. Housekeeping on outcome basis

- Area in Sq. Ft / Sq. M to be calculated.
- Define frequency cycle (times/day × days/month).
- List of cleaning items/consumables to be provided by vendor.

3.2.3. Minimum Wages Applicability

For all procurement or service contracts involving manpower supply (such as outsourced staff, security, housekeeping, or other contract labour), the minimum wages payable shall be the higher of the rates notified by:

- The Chief Labour Commissioner (Central); OR
- The respective State Government.

3.2.4. Mandatory Bid Clauses

(i) Wage Revision Clause – Adjustment of wages on account of revision in VDA / Minimum Wages notified by statutory authorities.

(ii) Statutory Deductions & Benefits – Contractor must comply with EPF, ESI, Bonus, and labour welfare contributions. Proof of compliance must accompany monthly bills.

(iii) Monitoring & Audit – Contracting authority reserves right to verify payments through wage registers, attendance, PF/ESI challans, statutory returns. Discrepancies may attract penalties, recovery, forfeiture of e-PBG, and contract termination.

3.2.5. Statutory Compliance

- All outsourcing proposals are subject to the provisions of Rule 197 to 206 of GFR, 2017 and any other orders/instructions issued by the Directorate from time to time.

3.2.6. Delegation of Financial Powers *(Liable to change from time to time)*

Object Head – 13 OE			
Clause 10 (xi) (a) of the Schedule II-A	Outsourcing of services for Postal/ RMS/ MMS Operations and for Security and Housekeeping services for operative and administrative office.	HOC – (i) Rs. 20 crores per annum for only 7 (seven) Heads of Circles (Delhi, Karnataka, Maharashtra, Tamil Nadu, Telangana, UP and West Bengal Postal Circles) (ii) Rs.10 Crore per annum for remaining Head of Circles. HOD - Up to ₹5 crores per annum. (IFA consultation is required beyond Rs. 200000/- only)	(i) The expenditure shall strictly be within the budget allotment made to the Circle by the Directorate. No expenditure shall be incurred without corresponding budget provision. (ii) Outsourcing of services shall be regulated as per the workload, not exceeding the number of vacancies. A proper review at Circle level must be conducted and approval of the CPMG, with the consultation of CIFA, obtained before deployment of outsourced manpower.

			<p>(iii) A proper manuscript/ record of outsourced manpower deployed, as per (2) above, shall be maintained to monitor expenditure trends and ensure availability of funds for budgetary exercises.</p> <p>(iv) These powers shall be exercised by the Heads of Circles in consultation with CIFA.</p>
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3.2.7. Budget Provision

- The expenditure will be booked under HOA Object Head “13 – Office Expenditure”.
- Availability of funds: ₹___ (as per budget register excluding committed liabilities).

3.2.8. Rate Reasonability / Minimum Wages Undertaking

(i) Rate Reasonability (for outcome basis procurement)- *‘I Shri XYZ, SSPOs PQ Division hereby certify that I am personally satisfied that proposed goods / services for procurement from GeM Direct Purchase / via comparison method are of the requisite quality and specification and have been purchased from GeM Portal at a reasonable price.’*

(ii) Minimum Wages Undertaking by Buyer / Indenting Authority -*I Shri XYZ, SSPOs PQ Division hereby undertake that the outsourcing proposal has been prepared in compliance with the provisions of the Minimum Wages Act, and that the wages payable shall not be less than the rates notified by the Chief Labour Commissioner (Central). Necessary provisions for statutory benefits (EPF, ESI, etc.) and wage revisions have been incorporated in the bid/tender documents.*

3.2.9. Recommendation

In view of the above, approval is solicited for hiring of service for housekeeping / manpower on minimum wages / outcome basis at an estimated cost of ₹___ through GeM, against available budget provision.

3.3. RTN Route Proposal

3.3.1. Background and Justification

- Proposal is for hiring of ___ Ton vehicle (1 Ton / 5 Ton / 7 Ton) for conveyance of mail from X City to Y City.
- Method of Procurement – GeM Bid / Comparison Method / Direct Purchase / LPC
- Approval of the competent authority for starting the RTN Route shall be linked with this proposal.
- Details of current arrangement on the said RTN (if any) and the present cost are enclosed for comparison.
- A schedule of RTN (distance, timings, frequency, number of trips per day/week) is attached.
- A comparative statement of prevailing rates of existing RTN contracts within the Circle has been compiled and enclosed, for examination of variation in rates by CIFA.

3.3.2. Financial Powers and Approvals

- As per Delegation of Financial Powers (Directorate OM No. 6-2/2025–FA(P) dated 28.03.2025, Clause 35 (iii)): *(Liable to change from time to time)*

Sl. No. / Mode	Extent of Financial Powers Delegated to HoC/HoD	Rules / Restrictions	Remarks
(i) By Rail	Full powers (includes seasonal mail conveyance requirements like exam material, distribution, textbooks etc.)	(a) Carriage of mails at rates approved by DoP in consultation with Railways, including special trains. (b) Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.
(ii) By Air	Full powers (includes seasonal conveyance).	Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.

Sl. No. / Mode	Extent of Financial Powers Delegated to HoC/HoD	Rules / Restrictions	Remarks
(iii) By Road (including RTN)	(a) Full powers up to ₹10 crores per contract (delegated to HoC only) . (b) Up to ₹2,50,000/- per month per route without tender, in emergency, for temporary entrustment (MEA nominee, State Govt. nominee, monopolist operator, or Civil Aviation company).	Payments at rates fixed under agreements entered into by DoP. Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.
(iv) By Other Means	Full powers (seasonal, exam materials etc.).	Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required.
(v) Foreign Conveyance (Non-contract steamer)	Up to ₹2,50,000/- per month per case (max 3 months) without tender, in emergency, subject to reasonableness of rates certified by sanctioning authority.	Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.
(vi) All other charges for carriage of mails	₹5,00,000/- (includes seasonal conveyance, exam material etc.).	Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.
(vii) Diversion of mails owing to breach, flood, accidents etc.	Full powers.	Subject to rules/instructions issued by nodal dept./DoP.	IFA consultation required beyond ₹2,00,000/- in each case.

- IFA consultation is mandatory beyond ₹2,00,000/- only.
- The annual financial ceiling prescribed in the delegation must be strictly adhered to.

3.3.3. Cost and Compliance

- Estimated cost of the proposed RTN route: ₹_____ (per month / per annum).
- Cost statement prepared by the office is enclosed.
- The estimated cost calculation statement has been countersigned by the Head of Office.
- The NIT attached with draft GeM bid conforms to the Model NIT issued by Directorate (Letter No. 19-02/2019-PD dated 09.11.2021).

3.3.4. Budget Provision

- The expenditure will be booked under HOA Object Head _____.
- Availability of funds: ₹___ (as per budget register excluding committed liabilities).
-

3.3.5. Rate Reasonability-

'I Shri XYZ, SSPOs PQ Division hereby certify that I am personally satisfied that proposed goods / services for procurement from GeM Direct Purchase / via comparison method are of the requisite quality and specification and have been purchased from GeM Portal at a reasonable price.'

3.3.6. Recommendation

In view of the above, approval of the Head of Circle is solicited for:

- Hiring of ___ Ton vehicle for conveyance of mail between X City and Y City,
- At an estimated cost of ₹_____,
- Against the available budget provision under Object Head-----

- With due compliance to delegation of financial powers and IFA concurrence (where applicable).

3.4. Redeployment Proposal

3.4.1. Executive Summary

- A brief overview of the proposal.
- Purpose of redeployment (e.g., efficiency, cost optimization, skill utilization, organizational restructuring).
- High-level benefits expected.
- Additional or reduction justification as per latest establishment review. (Keep copy of latest establishment review with proposals)

- Proposal is for redeployment of ___ post from ‘X’ Post Office to ‘Y’ Post Office / concerned wing.
- Details of proposed redeployment with present & proposed establishment of both offices: *A sample is given below:* -

Name of PO	Present Establishment	Proposed Establishment
X PO	PA LSG	PA LSG
	PA	PA
Y PO	PA LSG	PA LSG
	PA	PA

- The proposal should invariably mention reasons of redeployment i.e. merger/de-merger/ upgradation of posts/ down-gradation/new creation/abolition of post etc.

3.4.2. Link with Periodical Review

- Latest periodical review of all concerned units should be linked with the proposal.
- The periodical review should have clear calculation showing surplus justification or reduction justification against available staff hours for all involved units.

3.4.3. Certification

- The post has not been vacant for more than 5 years (certificate to be attached)

3.4.4. Work Management Post Redeployment

- Details on how duties will be managed at the office from which the post is redeployed.
 - Example: If a GDS is transferred from BO to SO, who will manage BO duties?

3.4.5. Delegation of Powers

- HOD: Delegated power for redeployment of GDS only.
- HOC: Delegated power for redeployment of all Group-B, C & GDS posts, with IFA consultation

3.4.6. References / Guidelines

- Directorate Memo No. Q-25/39/2022-PE-I-DOP dated 22/09/2022
- Directorate Memo No. 2-5/2008-PE-I dated 22.02.2010
- Administrative Powers issued vide Directorate OM No. Y-28/8/2024-PE-II (Pt.) dated 17.02.2025

3.4.7. Attachments

- Latest establishment review
- Periodical review calculations
- Recommendation certificates
- Certification of vacancy duration
- ECR Statement

3.4.8. Recommendations

Proposal should bear recommendation by: HOD / Regional PMGs / Concerned Unit Heads with consultation of RIFA.

3.5. Project Estimate (PE) & Detailed Estimate (DE) for Postal Building Works

3.5.1. Building Details

- Type of building: Departmental / Rented / Quarter No. etc.
- Location and section/floor where repairs/renovation is proposed.
- Area (in sq. m) of the section to be repaired / renovated.

3.5.2. Previous Maintenance / Repair Details

- Details of last repairs or maintenance work done on the building.
- Date and nature of work carried out.

3.5.3. Cost Estimates

- PE cum DE should carry a certificate that rates are as per latest DSR 2022 / 2024 / 2025.
- Schedule of rates (DSR / DAPR) enhanced by cost index should be justified with reference to last accepted rates.
- LMR (Limited Maintenance Repairs) items should be supported by:
 - Budgetary quotations, or
 - Last accepted rates in that area/region.
- Certificate of reasonability of estimates with reference to prevailing market conditions.

3.5.4. Method of Execution

- Refer Chapter-3, Manual of Works to select the appropriate method of execution.
- LPC method cannot be used for execution of works.

- Detailed designs and estimates to follow Manual of Procurement of Works, 2019, including:
 - Acceptance of necessity and issue of in-principle approval (Para 2.3)
 - Preparation of DPR / Preliminary Estimates (PE) (Para 2.4)
 - Administrative Approval & Expenditure Sanction (A/A & E/S) (Para 2.5)
 - Detailed Designs, Detailed Estimates, and Technical Sanction – approved by Works Committee (Para 2.6)
 - Formation of Works Committee (Para 3.1.4(v))
 - Appropriation of funds (Para 2.7)

3.5.5. Visual Evidence

- Include photos of the office/building proposed for renovation, to strengthen the proposal.

3.5.6. Budget Provision

- The expenditure will be booked under HOA Object Head _____.
- Availability of funds: ₹___ (as per budget register excluding committed liabilities).

3.5.7. Delegation of Financial Powers *(Liable to change from time to time)*

Clause in Schedule II A	Item of Expenditure	Extent of Financial Powers Delegated to HoC/HoD	Rules / Restrictions / Conditions	Remarks
OBJECT HEAD – 27 (Minor Civil and Electrical Works)				
18 (i)	Minor Civil & Electrical works – Government Buildings	Up to Rs. 1.75 crore per case	Subject to rules/instructions by Nodal Department / DoP	IFA consultation required beyond Rs. 2 Lakh

18 (ii)	Minor Civil & Electrical works – Rented Buildings	Rs. 5 Lakh per case	- Only if landlord refuses to meet charges - On building release, Govt. has right to remove installation - Expenditure must be recovered from rent (Para 90, Part-A, OM No BDG-20/19/2021)	IFA consultation required
18 (iii)	Minor Electrical works – Purchase & installation of removable fittings – Rented Buildings	Rs. 5 Lakh per case	- Only if landlord refuses charges or as per hiring agreement - Department expected to occupy building for next 5 years - Recovery of expenditure from rent (Para 9(i), Part-A, OM No BDG-20/3/2021)	IFA consultation required beyond Rs. 2 Lakh
18 (iv)	Dismantling of Building	Up to Rs. 50 Lakh	Subject to rules/instructions by Nodal Department / DoP	Full powers delegated to HoC; IFA consultation required
18 (v)	Running, Operation & Maintenance (ROM) of diesel gensets, etc.	Up to Rs. 50 Lakh	Subject to rules/instructions by Nodal Department / DoP	HoC can sanction; IFA consultation required beyond Rs. 2 Lakh
Object Head - 72 [Buildings and Structures]				
28(i)	Sanction of project estimates – construction/reconstruction of all types of postal buildings or staff quarters	Up to Rs. 10 Crores	- Excludes cases of land acquisition/purchase for unsanctioned projects -For residential buildings, scale of accommodation must not exceed prescribed norms - Includes ETP charges for works by	Power delegated only to HoC. IFA consultation required

			<p>CPWD, State PWD, or other agencies</p> <ul style="list-style-type: none"> - For departmental works, limits include freight but exclude establishment & stores keeping charges - Sanction includes sanitary, water supply & electrical installations 	
28(ii)	Addition, alteration, or replacement of installations – non-residential buildings	Up to Rs. 2 Crores (excluding overhead charges)	<ul style="list-style-type: none"> - Floor area determined as per prescribed standards for offices, RMS offices, Rest Houses - Accommodation approved in consultation with IFA - Residential building plinth area as per schedule; max 5% variation allowed for structural reasons - Expenditure subject to Directorate instructions 	IFA consultation required
29(iii)	Addition, alteration, or replacement of installations – residential buildings	Up to Rs. 2 Crores (excluding overhead charges)	<ul style="list-style-type: none"> - HoC powers apply to sanitary, water supply, and electrical installations in buildings - For departmental execution, limits include freight but exclude establishment & stores keeping charges 	IFA consultation required

3.5.8 Key Points / Notes

- Recovery from rent: Any expense on hired/rented buildings must be recovered from rent payable.
- Landlord refusal condition: Expenditure should only be made if the landlord refuses to bear charges.
- Lease/Occupancy: Expenditure on removable fittings or alterations should consider department occupancy period (5 years recommended).
- Residential Buildings: Plinth area and scale of accommodation strictly follow approved standards; minor variation ($\leq 5\%$) allowed for structural reasons.
- Non-residential Buildings: Floor area and installations must comply with prescribed office standards.
- Expenditure Restrictions: Must follow Directorate instructions and sanctioned standards at all times.

3.6. Procurement of New Vehicle Against Condemnation

3.6.1. Background and Justification

- Procurement of a new vehicle is proposed against condemnation of the existing departmental vehicle after completion of the prescribed life and running of the specified kilometres as per norms.
- Approval of the competent authority for mature condemnation (Operational / Inspection) has been obtained / is being sought, based on the Motor Vehicle Disposal Committee (MVDC) report.
- In cases where the proposed replacement vehicle has higher capacity or upgraded specifications, justification based on operational necessity—terrain conditions, mail volume, delivery load, and maintenance issues—has been enclosed.
- HoC has been delegated powers for scrapping of departmental vehicles after completion of 15 years from the date of registration. The condemned vehicle shall be disposed of strictly as per standing instructions on the subject.
- Additional Observations:
 - Repair expenditure, downtime summary, and frequent breakdown records of the condemned vehicle have been annexed to justify non-serviceability.
 - MVDC Report, RC copy, History Sheet, and Condemnation Register extract are enclosed.

- Availability of service and maintenance facilities for the proposed make/model in the operational area has been examined and found suitable.

3.6.2. Estimated Cost and Mode of Procurement

- Estimated Cost: ₹_____ (based on prevailing GeM rates for Directorate-approved / standard make & model).
- Mode of Procurement:
 - GeM Bidding or
 - GeM Direct Purchase (permitted as vehicles are now available under DP category), in accordance with Rule 149 of GFR 2017.
- Technical specifications, BS-VI norms, fuel category, and Directorate-approved vehicle models (where applicable) have been adhered to.

3.6.3. Delegation of Financial Powers (*Liabale to change from time to time*)

As per Schedule II-A (Object Head 51 – Motor Vehicles):

Sl. No.	Category	Financial Power of CPMG	Conditions / Restrictions	IFA Requirement
25 (i)	Procurement of new Operational Vehicle against condemned operational vehicle	Full powers for replacement	Subject to DoP & Nodal Ministry instructions including DoP OM No. 1-3/2016-MV dated 16.05.2018	IFA consultation required
25 (ii)	Procurement of new Inspection Vehicle against condemned inspection vehicle	Full powers for replacement	Subject to DoP letter No. 17-1/2023-MV dated 29.02.2024 (price ceiling, model, terrain suitability, service facilities, etc.) and any earlier/subsequent instructions	IFA consultation required

Additional Clarification:

- Powers apply only when procurement is strictly against mature condemnation, not for creation of new/additional vehicles.

- Inspection vehicle procurement must comply with latest DoP-approved models and price ceilings.

3.6.4. Budget Provision

- Availability of Funds: ₹ _____ (as per budget register after excluding committed liabilities).
- Expenditure will be booked under HOA – Object Head 51: Motor Vehicles.

3.6.5. Rate Reasonability Certification

“I, Shri XYZ, SSPOs, PQ Division, hereby certify that I am personally satisfied that the proposed vehicle to be procured through GeM (Direct Purchase / Comparison / Bidding method) meets the requisite quality and specifications and that the rate offered on the GeM Portal is reasonable and competitive.”

3.6.6. Recommendation

In view of the above facts and compliance with the applicable rules and guidelines, approval of the competent authority is solicited for:

- Procurement of one new departmental vehicle against condemnation of the existing vehicle,
- At an estimated cost of ₹ _____,
- Through GeM Bidding / GeM Direct Purchase (as applicable),
- Against the available funds under Object Head 51 – Motor Vehicles,
- With IFA concurrence, as required.

3.7 Procurement from Single Source

- Single Source by Nomination (Rules 194 & 204, GFR 2017)\
- Applicable in:
 - Continuation of previous work
 - Emergency situations
 - Proprietary techniques / only one consultant with expertise
 - Special circumstances
 - Full justification must be recorded in proposal.
- Rule 166 of GFR 2017: Proprietary Article Certificate must be attached.

- Example –
PROPRIETARY ARTICLE CERTIFICATE (PAC)

To be provided by the Ministry / Department before procuring goods from a single source under sub-Rule 166(i) / 166(iii) of GFR 2017

1. Manufacturer of Indented Goods: The indented goods are manufactured by M/s _____
2. Justification for Single Source / Proprietary Nature: No other make or model is acceptable for the following reasons:
3. Concurrence of Finance Wing:
Concurrence to the proposal is given vide: _____
4. Approval of Competent Authority:
Approved vide: _____

Signature of Indenting Officer:

Name: _____

Designation: _____

Date: _____

3.8. Various annexures given in Manual of Procurement of Goods 2024 issued by DOE should be followed.

No. of Annexure	Format
Annexure – 10	Purchase without Quotation Format
Annexure – 11	Purchase committee Certificate format
Annexure – 13	Bid opening attendance sheet cum report
Annexure – 14	Tender Committee report formats
Annexure – 15	Invitation and Declaration of Negotiations
Annexure – 16	Format for revised offer in negotiations
Annexure – 17	Letter of award of contract
Annexure – 21	Proposal for extension of Delivery Period

Annexure – 22	Format for extension of delivery period / performance notice
Annexure – 25	Goods Receipt and Inspection Report
Annexure – 26	Survey Committee Report
Annexure – 27	Sale Account for Goods Disposed

Chapter - 4 Tendering Procedure

- This Chapter provides the toolkit of procurement design – types of contracts, systems of selection, modes of procurement, tendering systems, and channels. The choice of design depends on what is being procured, how complex it is, and what risks need managing.
- Bidding design defines how procurement is structured and conducted. It ensures that the tender process is fair, transparent, competitive, and tailored to the nature of the procurement.

4.1 Systems of Selection

Method	Applicability	Notes
Lowest Cost (L1)	Common for goods	Price decisive, provided bid is technically responsive.
Quality and Cost Based Selection (QCBS)	Consultancy & complex services	Balances quality and cost
Least Cost System (LCS)	Routine consultancy like audit	Selection of lowest priced among technically qualified.
Single Source Selection (SSS)	Exceptional situations (continuity, proprietary expertise, emergency)	Needs strong justification.

4.2 Modes of Procurement

Mode	When Used
Open Tender Enquiry (OTE)	Default mode for goods, works, services where wide competition is possible.
Global Tender Enquiry (GTE)	When domestic capacity is lacking; high-value specialized equipment or consultancy.
Limited Tender Enquiry (LTE)	Used where suppliers are few; limited to registered/empanelled vendors.
Single Tender Enquiry (STE)	Proprietary items, emergencies, or when only one source exists.

Mode	When Used
Direct Procurement	Petty purchases within financial thresholds (as per DFPR).
GeM Procurement	Mandatory for common-use goods/services; includes reverse auction & bid features.
Rate Contracts/Framework Agreements	For repetitive requirements over time; reduces transaction cost.

4.3. Tendering Systems

System	Application	Key Features
Single-stage, single-packet bid	Standard goods / services with simple specifications	Both technical & price in one bid; quick but less control. Best suited for minimum wages bids.
Single-stage, two-packet bid	Works, consultancy, services	Technical bids evaluated first, then financial; ensures quality.
Two-stage bidding	Complex/innovative procurements (e.g., IT systems, mega infra)	Stage 1: technical solutions sought; Stage 2: financial bids from shortlisted bidders.
Expression of Interest (EoI)	Short-listing consultants or service providers	Prequalification before issuing full RFP.
Reverse Auction / e-Bidding	On GeM/e-portals for standard items	Drives competitive pricing transparently.

4.4 Channels of Procurement

- Government e-Marketplace (GeM): Compulsory for common-use goods/services. Provides transparency, e-bidding, reverse auctions, catalog-based shopping.
- Central Public Procurement Portal (CPPP): For publication of tenders, e-tendering, bid submission and evaluation.
- Manual Tendering: Strongly discouraged; allowed only after obtaining non-availability report from GeM.

4.5. Bidding Document (Formulation of RFP)

The bidding document details the process of conducting bids — from preparing bidding documents, inviting tenders, receiving and opening bids, to evaluation and award. It ensures that the process remains transparent, competitive, and legally compliant.

4.5.1. Preparation of Bidding Documents

Contents of Bidding Documents (Rule 168, GFR 2017)

- (i) Instructions to Bidders
- (ii) Conditions of Contract
- (iii) Schedule of Requirement
- (iv) Specifications & Technical Details
- (v) Price Schedule – for bidders to quote prices
- (vi) Contract Form
- (vii) Other Standard Forms – if applicable

4.5.2 Other Guidelines

- Additional terms & conditions must not contradict GeM’s general T&C.
- If BOQ facility is used, the BOQ format should be included in the proposal.
- Bid Validity Period: Starts from opening of financial bid; must be extended if file is under approval to avoid expiry/cancellation.
- Time for Bidders: As per Rule 161 (vi) of GFR 2017, Ordinarily three weeks (21 days) must be given between bid publishing and opening.
- Additional Bid Requirements
 - a. Include pre-integrity pact if threshold value > ₹3 Crore (Para 3.3, Manual 2024, DoP Memo 20.11.2023).
 - b. Include certificate of not blacklisted / debarred.
 - c. Exemptions for MSEs / Startups regarding experience and turnover; if not given, reasons must be noted in proposal file.
 - d. RA (Reverse Auction) Enablement encouraged:
 - e. L1 rates displayed post-financial bid opening.
 - f. Bidders may quote lower rates to get best departmental price.
 - g. Quantity Flexibility on GeM:±25% variation allowed; deviations must adhere to this limit.
- Key principle: Bid documents must be clear, unambiguous, and non-restrictive to allow fair competition.

- Estimated Cost & Quantity calculations must be clearly mentioned in note-sheet.

4.5.3 Bid Security (Earnest Money Deposit – EMD) (Rule 170 of GFR 2017)

- Purpose: To discourage frivolous bids and ensure only serious bidders participate.
- Forms: Bank Guarantee, Fixed Deposit Receipt, Demand Draft, or Bid Securing Declaration (alternative to EMD).
- Amount: Usually 2–5% of contract value (as per GFR/DoE orders).
- Exemptions: Start-ups, MSEs, and entities specified by government policies may be exempted.
- Refund: Returned to unsuccessful bidders after final award.
- Forfeiture: If bidder withdraws, alters bid, or fails to sign contract/submit security.

4.5.4 Performance Security – (Rule 171 of GFR 2017)

- Purpose: Guarantee that the successful bidder will perform the contract faithfully.
- Amount: Usually 3–10% of contract value (as per GFR/DoE orders).
- Forms: Bank Guarantee, FDR, insurance bond, etc.
- Validity: Until completion of contract + warranty/defects liability period plus sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
- Timeline: Performance Security is to be furnished by a specified date (generally 14 (fourteen) to 28 (twenty-eight) days after notification of the award. (As per Para 4 under 6.1.2 of Manual of Procurement of Goods, Edition - 2024)
- Encashment: In case of non-performance, breach of contract, or undue delay.

4.5.5 Invitation of Bids

- Modes: Open Tender (domestic/global), Limited Tender, Single Tender, GeM bidding.
- Publication: CPPP, GeM, departmental portals, newspapers (for high-value tenders).
- Timelines: Adequate bid submission period as per GFR (usually 21–30 days, longer for complex procurements).
- Transparency: All tender notices must clearly mention requirements, deadlines, and evaluation criteria.

4.6 Bid Submission and Evaluation

4.6.1 Bid Submission

- Electronic submission: Through CPPP/GeM or departmental portals.
- Formats: Single bid (for simple goods) or two-bid system (technical + financial).
- Security: Bids are encrypted; bid securing declaration or EMD (if applicable) ensures seriousness of participation.

4.6.2 Opening of Bids

- Goods/Services: Opening of technical and/or financial bids.
- Consultancy: Only technical proposals opened initially; financial proposals opened later for qualified bidders.
- Transparency: Minutes of bid opening recorded and uploaded on portals.

4.6.3 Bid Evaluation Process - Evaluation of Bids

- Goods:
 - Technical evaluation: compliance with specifications, capacity, experience.
 - Financial evaluation: comparison of responsive bids, determination of L1, assessment of rate reasonability.
- Consultancy:
 - Least cost selection, Quality and Cost Based Selection (QCBS) or other approved method.
 - Technical evaluation of ToR, methodology, CVs, past performance.
 - Weighted scoring system.
- Non-Consultancy Services:
 - Mix of technical (capability, manpower, systems) and financial evaluation.
 - L1 method for routine services; QCBS for complex service outsourcing.
- Principle: Only substantially responsive bids are considered.

A. General Principles

- Bid evaluation is critical and must be transparent.
- Bids are evaluated strictly based on:
 - Tender document terms, and
 - Bidder's stated conditions.

- Avoid using undeclared or hearsay information.
- Ensure no bidder gets undue advantage; essential conditions must not be overlooked.
- Preferences for certain bidder categories should not lead to single-vendor selection.

B. Tender Committee (TC / TEC)

- Applicability: Composition:
 - 3 members minimum, including:
 - Finance member (nominated by Financial Advisor)
 - User department representative
 - Optional: Domain/technical experts for assistance
 - Convenor: Representative of the Procuring Entity (Member Secretary)
- Responsibilities:
 - All aspects and stages of tender evaluation
 - Custody of bid documents from Bid Opening Committee
 - Finalization of procurement
- Key Rules:
 - Members must not report directly to another member if procurement > ₹50 lakh. It is recommended that it should be followed in procurement below 50 lakh also.
 - Authority recommending bids should not also be the accepting authority.

C. Schedule of Procurement Powers (SoPP) – As per SoPP, the Competent Authority Approval required at key stages:

- a) Administrative/financial sanction & issue of tender
- b) Techno-commercial evaluation & price bid opening
- c) Price negotiations (if permitted)
- d) Financial evaluation & award of contract
- e) Procurement cancellation & re-tendering
- f) Certain contract execution decisions (option clause, variations, performance security adjustments, termination)
- g) Calling for shortfall documents at the recommendation of TC. (Para 7.3.5 of Manual of Procurement of Goods, Edition – 2024)
- h) Delegation: -For high-level authorities (Ministers, CPSE boards), intermediate approvals can be delegated; approval of award still requires top authority.

- i) SoPP Implementation: Defines thresholds, authority levels, TC composition, and jurisdiction.

4.6.4 Preliminary Examination

I) Unresponsive Bids

- Definition: A responsive bid is complete and conforms to the essential terms, conditions, and requirements of the tender.
- Unresponsive bids are ignored.

II) Common Grounds for Declaring a Bid Unresponsive

1. Format Issues: Bid not in prescribed format, unsigned, or not signed as per tender stipulations.
2. EMD Issues: Required Earnest Money Deposit missing, or claimed exemption without acceptable proof.
3. Eligibility Issues: Bidder not meeting eligibility criteria (including conflict of interest). Especially check for limited tenders or pre-approved vendors.
4. Manufacturer Authority: Bid quotes goods from a different manufacturer without required authorization letter.
5. Essential Requirements Missing:
 - E.g., failure to provide required performance security.
6. Incomplete Schedule Quoting: Bid does not cover the entire requirement as specified.
7. Conditional/Multiple/Alternative Bids: Not allowed unless explicitly permitted.
8. Shorter Validity: Bid validity less than required period (exceptions may apply for STE/PAC).
9. Documentation Issues: Non-submission or illegible scanned copies of required documents or declarations.

4.6.5 Deviations / Reservations / Omissions – Substantive or Minor

1. Definitions

- Deviation: Departure from requirements in the Tender Document.
- Reservation: Setting conditions or withholding full acceptance of requirements.
- Omission: Failure to submit part or all required information/documentation.

2. Substantive Deviations

- A deviation / reservation / omission is substantive if it:

- a) Affects the scope, quality, or performance of the product.
 - b) Limits Procuring Entity's rights or Bidder's obligations inconsistently with the Tender Document.
 - c) Cannot be rectified without unfairly affecting the competitive position of other responsive bidders.
- Action: Substantive deviations → Bid rejected as nonresponsive.
 - Exception: In STE/PAC procurement, minor acceptance may be allowed with Competent Financial Authority approval, with reasons recorded.

3. Variations / Benefits Beyond Scope

- Any additional benefits or deviations beyond the tender scope do not influence evaluation.
- If the bid is otherwise successful, the Procuring Entity may avail of such benefits, which become part of the contract.

4. Minor Deviations

- Examples: Missing pages, illegible documents, missing copies, or submitting an amendment BG but missing the main document.
- Court View: Procuring Entity can consider minor deviations that:
 - Do not constitute substantive deviations
 - Have no fiscal impact
 - Do not affect bidder ranking or give undue advantage
- Procedure: Minor deviations should be communicated to the bidder (see para 7.3.5 of Manual of Procurement of Goods, 2024).
 - If the bidder gives an evasive or unclear reply → Bid liable to be rejected as nonresponsive.

Key Principle:

- Substantive deviations → Reject.
- Minor deviations → Allow, with clarification, if they do not compromise fairness, fiscal impact, or ranking.

4.6.6 Clarification of Bids / Shortfall Documents

1. Clarifications

- The Procuring Entity may ask bidders for clarifications during bid evaluation at the recommendations of TC.
- Clarification requests must be in writing (registered post, courier, or email) with a specified response date.

- Non-compliance by the bidder → Bid may be rejected.
- Important:
 - No changes in prices or substantive terms are allowed.
 - No post-bid clarification initiated by the bidder is entertained.

2. *Shortfall Documents*

- Procuring Entity can request historical documents that existed at bid submission but were missing, without granting undue advantage at the recommendations of TC.
- Examples:
 - Missing PAN or GST registration → can be requested after bid opening.
 - Missing completion/performance certificate for a submitted supply order → can be requested.
- Limitations:
 - Cannot ask for new documents that didn't exist at bid submission (e.g., a new supply order).
 - Requests should be specific to qualification criteria and related shortfall only.
- Only related shortfall documents can be asked. Bidder cannot submit any new document.

4.6.7 Contacting Procuring Entity during Evaluation

- From bid submission until contract award, bidders must not contact the Procuring Entity regarding the bid.
- If contact is necessary, it must be in writing or electronically.
- Procuring Entity may consider communications but is not obligated to respond until evaluation completes.
- Improper influence attempts during evaluation, comparison, or award → violation of Code of Integrity → bid liable to be rejected + other punitive actions.

Key Principles:

1. Clarifications are only to resolve ambiguities or request missing historical documents.
2. No changes to prices or bid substance are allowed post-submission.
3. Direct or undue contact with Procuring Entity can invalidate the bid.

4.6.8 Evaluation of Eligibility

- The Procuring Entity must verify whether bidders meet the eligibility criteria specified in the tender document.
- Bidders not satisfying the eligibility requirements → their tenders are rejected as unresponsive.

Key Point: Only those bidders who fully meet the prescribed eligibility criteria proceed to the technical and financial evaluation stages.

4.6.9 Evaluation of Responsive Bids – Introduction

1. Only substantively responsive bids proceed to further evaluation.
2. Tender Committee (TC) evaluates responsive bids to select the lowest (L1) bidder who satisfies:
 - Eligibility/qualification criteria
 - Techno-commercial requirements
3. Single-stage, single-envelope tenders:
 - Evaluation of eligibility, technical, commercial, and financial aspects occurs simultaneously.
4. Single-stage, multiple-envelope tenders:
 - Step 1: Open and evaluate techno-commercial bids.
 - Step 2: Only the financial bids of successful bidders are opened to determine L1.
 - Off-line tenders: Financial bids of unsuccessful bidders returned unopened.
 - Integrity of unopened financial bids must be ensured (e.g., sealed, dated envelope).
5. Two-stage tenders:
 - First stage (PQB/EoI) evaluates and shortlists qualified bidders.
 - Second stage evaluates techno-commercial and financial bids separately for these shortlisted bidders.

4.6.10 Evaluation of Financial Bids and Ranking

1. General Principle

- Financial bids are evaluated primarily on price criteria.
- All techno-commercially suitable bids are ranked based on total outgo from the Procuring Entity's pocket, which includes:
 - GST, transportation, insurance, incidental works/services, customs duty, marine insurance, freight, agency commission (if applicable).
- For CPSEs with Input Tax Credit, the price is net of GST.

- TC must record recommendations and certificates; submit signed checklist (Annexure-11, Manual on Procurement of Goods).
- Orders of competent authority constituting TC must be mentioned.
- Verification
 - MSME / Startup certificates must be verified online (valid & relevant category). Exemption not allowed to Traders and 'Medium' category. Refer relevant MSE orders.
 - Ensure bidder is not blacklisted by any Govt/PSU/GeM portal.
 - Any clarifications from bidders before submission deadline should be recorded in TC minutes along with responses.
 - Include representation details from disqualified bidders and actions taken.
- 1. Only historical documents can be requested for missing documents; no new financial demands (like EMD).
- 2. TC recommendations must clearly indicate qualified/ non-qualified bidders with reasons.
- 3. TC must give unambiguous recommendation for opening financial bids.
- 4. Certificate as per GFR to be included in TC report.

2. Evaluation of Multiple Schedules/Requirements

- Evaluation may be destination-wise, item-wise, schedule-wise, or total depending on the tender document.
- Rules:
 - Multiple schedules/packages: Evaluate each schedule separately; incomplete schedules are rejected. Bidders may quote for any number of schedules and offer unconditional discounts.
 - List of items without schedules: Evaluate item-wise; bidder can quote for any items with unconditional discounts.
 - Single item with multiple destinations: Evaluate each destination separately; bidder can quote for one or more destinations with unconditional discounts.
- Conditional discounts are not considered in ranking.

3. Price Adjustments

- Unless stated in the tender, no loading of quoted price based on commercial deviations.
- For specialized/costly goods, additional factors like performance, low running cost, low maintenance, or eco-friendly features may be considered if clearly defined in tender.

4. Total Outgo Comparison

- Comparison of bids is based on total cost to Procuring Entity, including:
 - CIF/FOR destination, delivered and commissioned as applicable.
 - GST, other duties/levies for goods manufactured in India or already in India.
 - Customs duty & other import taxes for foreign-origin goods.

5. Price/Preference Policies

- Government policies may allow price or purchase preferences, if mentioned in tender.

Key Points:

1. Evaluation is based on total cost including all applicable charges.
2. Tie-breakers follow MSE/startup priorities or GeM portal rules.
3. Suo motu discounts do not influence ranking but are added to contract if L1.

4.6.11 Evaluation of Concurrent Application: MSE and Make-in-India (MII) Policies

1. Context

- Two procurement preference orders may apply simultaneously:
 - MSE Procurement Policy, 2012
 - PPP-Make-in-India (MII) Order

2. Issue

- Concurrent application may cause confusion for Procuring Entities in evaluating bids eligible under both policies.

3. Resolution

- Department of Expenditure (DoE) issued guidelines and detailed explanation and examples are provided in Annexure 34 of Manual of Procurement of Goods 2024.

Key Point:

- When a bid qualifies under both MSE and Make-in-India preference policies, DoE guidelines should be followed to decide evaluation and ranking.

4.6.12 Deliberations by the Tender Committee for Award of Contract

1) *Timely Processing of Tenders (Rule 174(i) of GFR 2017)*

- Objective: Avoid delays in procurement to prevent loss of public benefits, cost overruns, and revenue loss.

- Requirement: Tender documents must include a complete time schedule from tender issue to contract award.
- Accountability: Every official in the procurement chain is responsible for adhering to the time schedule. Deviations must be monitored and explained using Management Reporting systems (Appendices 4 & 5).
- Procurement File Check: Suggested time schedule can be printed on the inside cover of the Procurement File with actual dates of stage completion recorded.

II) *Indicative Time Schedule (Table 2)*

S.N.	Mode of Procurement	Indigenous	Imported
1	Open tender / e-tendering	45 days	60 days
2	Procurement through registered vendors / Special limited tenders	30 days	45 days
3	Proprietary basis / nomination basis	21 days	30 days

Key Points:

- Timely processing is critical for efficiency and cost-effectiveness.
- Time schedules must be published, monitored, and recorded.
- Indicative timelines provide guidance but are flexible based on circumstances.

4.6.13 Extension of Bid Validity Period

1. *Timely Evaluation*

- Scrutiny, evaluation, ranking, and notification of award must be completed within the original bid validity period (Rule 174(iii) of GFR 2017).

2. *Requesting Extension*

- If delays occur due to exceptional/unforeseen reasons, the Procuring Entity may request all responsive bidders to extend bid validity and corresponding Bid Security before the original expiry.

Key points:

- Bidders are not obliged to agree.
- Non-agreement does not lead to forfeiture of Bid Security.
- Bidders who agree must not change any terms or conditions of the original bid.
- Reasons for seeking extension must be recorded by the procuring officers.
- Bid validity extension is optional and voluntary.

- All actions and reasons must be properly documented.

4.6.14 Variation of Quantities at the Time of Award

- At contract award, the actual quantity to be procured should be reassessed based on current ground realities.
- If allowed in the tender:
 - Quantities can be increased or decreased by the percentage specified in the tender.
 - Default variation: $\pm 25\%$ as per GeM Option Clause in all GeM Bids.
 -

4.6.15 Option Clause

1. Purpose:
 - Used for raw materials/consumables with regular, recurring requirements, especially for tenders $> ₹50$ lakh.
 - Allows the purchaser to increase/decrease quantities during the contract period without changing prices or terms.
 - Typical limit: $\pm 25\%$, unless otherwise justified.
2. Sample Wording:

“The purchaser reserves the right to increase/decrease the ordered quantity by up to [25] per cent at any time, till the final delivery date (or extended delivery date), by giving reasonable notice even though the quantity ordered initially has been supplied in full before the last date of delivery (or extended delivery period).”
3. Key Considerations:
 - Higher option limits introduce uncertainty for bidders, which may lead to price hedging.
 - Option clauses should be carefully justified and limited to recurring supply requirements.
 - For approval purposes, the option quantity is excluded from the tender value when determining the Competent Authority level.

Key points:

- Quantity reassessment and option clauses provide flexibility for the Procuring Entity while maintaining fairness.
- Option limits must be justifiable and transparent to avoid pricing issues or disputes.

4.6.16 Single Tender / Single Source Procurement

- Rule 173(xx) of GFR stipulates that lack of competition in rule 173(xix) shall not be determined solely on the basis of the number of Bidders. Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied:
 - the procurement was satisfactorily advertised and sufficient time was given for submission of bids.
 - the qualification criteria were not unduly restrictive; and
 - prices are reasonable in comparison to market values.
- Rule 173(xxi) of GFR stipulates that when a limited or open tender results in only one effective offer, it shall be treated as a single tender contract.
- The same may be analyzed and certified by TEC
- HOC is delegated with financial powers up to ₹50 Lakh to approve single tender;

4.6.17 Reasonableness of Prices (Para 7.6.6 of Manual of Procurement of Goods 2024)

1. Declaration of Reasonableness

- Every Tender Committee (TC) recommendation must declare that the rates recommended are reasonable.
- If rates are abnormally low or unreasonably high:
 - Refer to paras 7.6.7 (abnormally low) and 7.6.9 (unreasonably high) of Manual of Procurement of Goods, 2024.
 - TC may reject some/all bids, abandon/cancel the tender, or issue a fresh tender.

2. Large Value Tenders

- Blind reliance on cost estimates is discouraged.
- Use multiple methods of cost estimation to triangulate a reasonable price.
- See para 2.1-2-f of Manual of Procurement of Goods, 2024 for detailed methods on judging reasonableness.

3. Use of Last Purchase Price (LPP)

- When no estimate is available, compare with Last Purchase Price (LPP) from the latest successful contract.
- Guidelines for using LPP:

- a) Compare basic price only; separate out taxes, duties, transportation, packing & forwarding.
- b) If the LPP supplier defaulted, use the price from the last completed contract before the default.
- c) If supply under LPP contract is yet to commence, use with caution; also consider prior contracts of the supplier.
- d) If LPP price is older than a year or subject to variation, compute updated basic LPP using Price Variation Clause (PVC).
- e) Accept marginal price differences between locations due to quantity, delivery period, and contract terms.
- f) Emergency or distress purchase prices are not valid for future comparisons; TC must explicitly note this in proceedings.

Key notes:

- Reasonableness of price is mandatory in TC recommendation.
- Use triangulation methods, not just cost estimate or LPP.
- Special caution for imported, emergency, or old purchases.

4.6.18 Consideration of Abnormally Low Bids (ALBs)

(Para 7.6.7 of Manual of Procurement of Goods 2024)

1. Definition of ALB

- An Abnormally Low Bid is one where the bid price, together with other bid elements, appears so low that it raises serious doubts about the bidder's capability to execute the contract at that price.
- In such cases, the Procuring Entity may request written clarifications from the bidder, including:
 - Detailed price analysis
 - Justification relative to scope, schedule, risk allocation, and tender requirements

2. Evaluation and Action

- After assessing the bidder's price analysis:
 - If the bidder cannot reasonably deliver, the bid may be rejected.
 - The next higher bidder is then evaluated for award at its own quoted rate.
- Important Note: Avoid setting a normative percentage below estimated cost to automatically mark bids as ALB.
- Proper specification formulation during tender preparation helps prevent submission of ALBs.

4.6.19 Negotiations for Reduction of Prices

(Para 7.6.9 of Manual of Procurement of Goods 2024 and Rule 173 (xiv) of GFR 2017)

1. General Principle

- Price negotiation after bid opening is strongly discouraged.
- Can be conducted only with L1 bidder who is techno-commercially responsive and eligible for contract placement.

2. Exclusions

- Negotiations must not involve:
 - Bidders who did not tender originally.
 - Bidders whose bids were rejected due to:
 - Unresponsiveness
 - Unsatisfactory credentials
 - Inadequate capacity
 - Unworkable rates

3. Exceptional Circumstances for Negotiation

- Price negotiation is allowed only if L1 price is not reasonable under situations such as:
 - a) Nomination procurement or single/limited sources.
 - b) Urgent requirements where re-tendering delays could affect operations, maintenance, or safety.
 - In such cases, negotiations may cover minimum immediate requirement, while the bulk requirement should go through re-tender.
- Negotiation may also occur if cartel formation is suspected (Refer Para 7.6.8 in Manual of Procurement of Goods 2024).

4. Authority & Record Keeping

- Decision to negotiate or retender is made by Tender Accepting Authority (CA) based on Tender Committee (TC) recommendations.
- Reasons for negotiations must be recorded, along with a definite timeframe.

Key Takeaways:

- Negotiations are rare and strictly controlled, only with L1 bidder.
- Clear documentation, timeframes, and procedural safeguards are mandatory.
- Bulk procurement should ideally avoid post-bid negotiations unless urgency or exceptional cases exist.
- Single Bid is not automatically a reason to retender.

- TC must record the assessment of competition.
- Single bids can be valid if properly advertised and reasonably priced.

4.6.20 Cancellation of Procurement / Rejection / Re-tender

(Para 7.6.11 of Manual of Procurement of Goods 2024 and Rule 173 (xix) of GFR 2017)

1. Right to Cancel / Reject Bids

- Procuring Entity can cancel the procurement process or reject all bids anytime before acceptance of a successful bid.
- Typical reasons for cancellation/rejection:
 - a) Substantial change in quantity/quality requirements or irreparable flaws in tender process.
 - b) None of the bids is substantially responsive to tender requirements.
 - c) Technical proposals fail to meet minimum qualifying score.
 - d) Lack of effective competition (not solely based on the number of bidders; see para 7.6.10 of Manual of Procurement of Goods, 2024 on single bids).
 - e) Bids/prices are substantially higher than updated cost estimate or available budget.
 - f) Lowest evaluated bidder fails to sign the contract, provide performance security, or withdraws from the process → necessitates re-tender.

2. Mitigating Measures vs. Re-tender

- Even if above conditions exist, responsive bids should be used to finalise tender if feasible.
- Decision to re-invite bids should weigh risks:
 - Marginally higher rates vs. delays, cost escalations, and loss of transparency.
- Once a tender is retendered, old bids cannot be revived, even if new bids are higher.

3. Approval and Communication

- Competent Authority (CA) must approve re-tender with written justification.
- Decision to cancel must be immediately communicated to all bidders:
 - Unopened bids are returned unopened.
 - Earnest Money Deposit (EMD) and tender document costs must be promptly refunded.

4. Pre-Re-tender Checks

- Before re-tendering, ensure original enquiry fulfilled:
 - All requirements and formalities
 - Standard terms and conditions that they are not unduly restrictive.
 - Industry-friendly qualification criteria
 - Technical & commercial terms
 - Wide publicity
 - Sufficient time for bid submission
- Any deficiencies must be rectified before issuing fresh tender.

Key notes:

- Cancellation/rejection is allowed but must be well-justified.
- Responsive bids should be leveraged if possible to avoid delays and extra costs.
- Old bids cannot be reused in a re-tender.
- Proper communication and refund of EMD are mandatory.

4.6.21 Handling Dissent among Tender Committee

(Para 7.6.12 of Manual of Procurement 2024)

1. Personal Responsibility of TC Members

- TC members must discharge their duties personally; they cannot co-opt others to attend deliberations on their behalf.
- Assistance from subordinate officers is allowed only in the form of reports or evaluations.
- Deliberations are preferably held face-to-face rather than by circulating notes.

2. Resolving Differences

- Members should resolve differences through discussion, not by exchanging multiple written notes.
- If consensus is not possible, the dissenting member's reasons must be recorded along with the majority's views.
- Final recommendations are based on the majority view.
- Such dissent situations should be rare.

3. Role of Competent Authority (CA)

- CA can overrule dissent notes, but must record clear reasons; CA's decision is final.
- If CA disagrees with the TC's majority/unanimous recommendation:
 1. CA should record his views.
 2. If possible, send it back to TC for reconsideration.

3. If TC sticks to its original recommendation, CA can decide as deemed fit, with detailed reasons recorded.
- Such situations should also be rare.

Key notes:

- TC members are personally accountable; dissent must be formally recorded.
- Majority view prevails, but CA has final authority.
- All steps must be documented clearly for transparency and accountability.

4.6.22 Key Principles for Tender Committee (TC) and Supporting Officials

(Para 7.6.13 of Manual of Procurement of Goods 2024)

1. No Conflict of Interest

- TC members must not have any conflict of interest.
- Direct communication with bidders is prohibited from appointment date until contract award.

2. Confidentiality of Information

- All information about bid evaluation and TC deliberations is confidential.
- It must not be shared with anyone not officially connected to the procurement process.
- Exception: After technical evaluation, the list of successful bidders may be published as per tender requirements.
- Tender files and confidential information cannot be provided to any person/office not involved in decision-making.

3. Impartiality of Contributing Officials

- Officials contributing to techno-commercial or financial evaluation, even if not TC members, must:
 - Act independently and impartially.
 - Have no conflict of interest with any bidder.
 - Maintain confidentiality.
 - Sign a declaration:
“I declare that I have no conflict of interest with any of the bidders in this tender.”
- TC members may also make a similar declaration in their reports.

4. Handling References, Grievances, or External Requests

- All references, grievances, complaints, or requests from any source (internal or external) must be forwarded to TC/Convener.
- TC should examine and act independently and impartially, maintaining confidentiality and no conflict of interest.
- Interim reply can be given:
“Tender is under consideration; final response will be provided after award of the contract.”

Key notes:

- Independence, impartiality, and confidentiality are mandatory at all stages.
- No communication with bidders except through formal processes.
- All contributing officials must declare no conflict of interest.
- External queries are handled transparently but confidentially.

4.6.23 Key Points – Tender Committee (TC) Recommendations

(Para 7.6.14 of Manual of Procurement of Goods 2024)

1. Formal Recommendations

- TC must submit formal recommendations (Annexure 14 of Manual of Procurement of Goods 2024) for award of the contract.
- Recommendation is for the lowest evaluated substantially responsive bidder, provided:
 - The bidder is qualified to perform the contract satisfactorily.
 - Credentials of the bidder have been verified.

2. Key Practices for TC

- Spell out salient terms and conditions of the recommended offer.
- Ensure that any deviations/variations quoted by the supplier are discussed and ruled upon in recommendations.
 - Prevents delays in acceptance of the contract.
- Recommendations are submitted for approval to the Tender Accepting Authority (CA).

3. Financial Advice

4. Responsibility of Tender Accepting Authority (CA)

CA’s responsibility is not just selecting the cheapest offer or accepting TC recommendations, but also ensuring that:

- a) Offers were invited according to the manual and followed fair and reasonable procedures.

- b) The selected offer adequately meets the requirement.
- c) The price is reasonable and consistent with the required quality.
- d) The accepted offer is most appropriate, considering all factors and financial propriety.

5. *Post-Acceptance Action*

- After CA's acceptance, the Letter (Notification) of Award (LoA) can be issued.

Key notes:

- TC ensures technical and commercial compliance; CA ensures overall appropriateness and financial propriety.
- Deviations/variations in bids must be explicitly addressed in TC recommendations.
- LoA issuance follows formal acceptance by the CA.

4.7 Award of Contract

- Goods: Awarded to lowest evaluated responsive bidder (L1).
- Consultancy: Awarded to firm with highest combined (quality + cost) score.
- Non-Consultancy: Awarded to bidder offering best VfM as per chosen method.
- Communication: Notification of Award (NoA) issued, followed by signing of contract.
- Transparency: Contract award details published on CPPP/GeM and departmental websites.

4.7.1 Payment Terms

- Goods: Payment linked to delivery, inspection, acceptance. (e.g., 90% on delivery, 10% on acceptance).
- Consultancy: Linked to milestones/deliverables (e.g., draft report, final report).
- Non-Consultancy Services: Linked to service outputs (e.g., monthly manpower provided, service uptime achieved).
- Principle: Payment milestones should balance cash flow needs of contractor and safeguards for government.

4.7.2 Safeguards

- No excessive advances; must be justified.
- Security instruments must be enforceable under Indian law.

- Performance guarantees must be released promptly after obligations are fulfilled.

4.8 Execution of Contract

4.8.1 Signing of Contract

- Formalization: Contract signed after issue of Letter of Award (LoA) and submission of Performance Security.
- Format: Standard agreement with General Conditions of Contract (GCC) and Special Conditions of Contract (SCC).
- Authority: Signed by competent officer on behalf of procuring entity.

4.8.2 Contract Administration

- Kick-off meeting: Clarifies scope, deliverables, timelines, and reporting.
- Supervision: Monitoring by project manager/engineer/contract management team.
- Communication: Written correspondence only; verbal instructions must be confirmed in writing.

4.8.3 Time Management

- Time is of the essence.
- Contracts must specify start date, milestones, and completion date.
- Extension of time (EoT): Allowed only with justification (e.g., force majeure, client delays).

4.8.4 Payment during Execution

- Goods: Payment against delivery/inspection.
- Consultancy: Payment linked to milestone reports.
- Services: Monthly/quarterly bills against services delivered.

4.8.5 Performance Monitoring

- Key tools: progress reports, inspections, audits, site visits.
- For services, Service Level Agreements (SLAs) define measurable outputs (uptime %, manpower provided, etc.).
- For consultancy, deliverables reviewed by evaluation committees.

4.8.6 Dispute Resolution during Execution

- First level: Mutual consultation.
- Next: Dispute Resolution Committee (DRC) or Conciliation.
- Final: Arbitration as per contract clause; Indian law applies.

4.8.7 Closure of Contract

- After successful completion, all deliverables are accepted, and final payment made.
- Performance Security released (after defects liability/warranty).

- A completion certificate issued.

4.8.8 Code of Integrity

- All stakeholders (buyers, bidders, officials) must follow the Code of Integrity for Public Procurement (CIPP).
- Prohibits:
 - Corruption, fraud, collusion, coercion, conflict of interest.
 - Bribes, gifts, hospitality, insider information.
- Violation leads to debarment, legal action, or contract cancellation.

4.8.9 Handling of Complaints

- Right to Representation: Bidders may seek clarifications or file complaints.
- Complaint Mechanisms:
 - Independent Complaint Handling Committee.
 - Vigilance channels (CVC, departmental vigilance).
 - DoE's oversight mechanisms.
- Transparency: Complaints must be acknowledged, examined promptly, and outcomes recorded.

4.8.10 Debarment and Penal Actions

- Suppliers/contractors/consultants can be debarred for misconduct, misrepresentation, fraud, or repeated poor performance.
- Period of debarment: typically up to 2–3 years, depending on severity.
- Due process: notice, opportunity to be heard, and reasoned order are mandatory.

4.8.11 Dispute Resolution Mechanisms

- Mutual Settlement: First attempt through negotiation between parties.
- Conciliation: Facilitated by neutral third party.
- Dispute Resolution Committee (DRC): For smaller disputes at departmental level.
- Arbitration: If not settled, arbitration under Arbitration & Conciliation Act, 1996.
- Court Intervention: Only as last resort, after exhausting arbitration.

4.8.12 Role of Oversight Bodies

- CVC (Central Vigilance Commission): Ensures vigilance and anti-corruption compliance.
- CAG (Comptroller & Auditor General): Audits procurement processes and contracts.
- Department of Expenditure (DoE): Issues clarifications, monitors adherence to manuals.

4.9 Logistics, Inspection & Contract Management

Contract management is the most critical phase after awarding a contract. While bidding ensures fair competition, effective execution, monitoring, and closure ensure that public money translates into real outcomes. This chapter provides detailed guidance on oversight, coordination and monitoring.

4.9.1 Logistics & Transportation

- Responsibility: Normally rests with the supplier/contractor unless otherwise specified.
- Goods:
 - Safe packing, labeling, insurance, and timely delivery.
 - Avoid trans-shipment for sensitive items.
 - Escort provisions for high-value or critical goods.
- Services/Consultancy: Logistics mainly involve staff deployment, data systems, and mobility support.

4.9.2 Receiving & Storage

- Inspection at Receipt Point: Goods checked by consignee or inspection agency.
- Goods: Quantity/quality verified; defective items rejected with proper record.
- Services: Compliance with Service Level Agreements (SLAs) verified.
- Storage: Proper warehouses, IT servers, or secured areas arranged by department or contractor.

4.9.3 Issue & Utilization

- Accepted goods/services must be disbursed immediately to end-users.
- Goods: Stock registers updated, items issued to consuming divisions.
- Services: Utilization measured in terms of man-hours, uptime, coverage.
- Consultancy: Utilization reflected in adoption of reports/deliverables.

4.9.4 Inspection & Quality Assurance

- Goods:
 - Pre-dispatch inspection by independent agencies (if provided in contract).
 - On-delivery inspection and acceptance testing.
- Consultancy:
 - Evaluation of draft deliverables.

- Committee review of methodology, quality, and recommendations.
- Non-Consultancy Services:
 - Monitoring KPIs and SLAs such as cleanliness standards, manpower attendance, or IT uptime.

4.9.5 Common Contract Management Issues

- Delays: Managed by extension of time (EoT) with justification or levy of LD (Liquidated Damages).
- Poor Quality/Defects: Invoking warranty clauses, defects liability provisions.
- Non-performance: Partial/complete contract cancellation; blacklisting/debarment.
- Scope Changes: Variation orders within prescribed limits and approvals.
- Record-Keeping: Essential for audits (MBs, inspection notes, stock registers, service logs).

4.9.6 Closure of Contract

- On completion:
 - Ensure that all obligations are met.
 - Final inspection conducted.
 - Completion/acceptance certificate issued.
- Release of Security: Performance security released after warranty/defect liability.
- Final Payment: Made only after full compliance.
- Contract formally closed in records.

Chapter – 5 Disposal of unserviceable / scrap goods

- This chapter provides detailed procedures for the identification, classification, valuation, and disposal of scrap/surplus/unserviceable goods in government organisations. The goal is to ensure transparency, accountability, fair value realization, and compliance with environmental/safety laws.
- Further this chapter ensures that disposal of scrap and surplus goods is handled with the same rigor and transparency as procurement itself. It prescribes categorisation, survey, valuation, reserve price fixation, and structured disposal methods (petty sales, LTE, e-auction, tender, direct sale, or destruction). Strict safeguards on documentation, finance concurrence, inspections, and witnessing delivery protect government interests and prevent misuse.
- Kindly refer Rule 217 and 218 of GFR 2017 and Chapter 10 of Manual of Procurement of Goods 2024.
- It may be noted that the authority competent to procure will be the authority competent to condemn. Therefore, laptops must be condemned with approval of HoC only.

5.1 What is Scrap?

- Goods not usable for their original purpose and having no further operational value. May include: surplus, second-hand, or even new but non-requirable items.
- Not included: goods that can be repaired/reused; immovable assets, precious metals, artworks, financial/business assets.

5.2 Classification of Scrap

- Categorized by commercial use:
 - Melting, re-rolling, burning, recycling.
 - e-Waste (computers, electronics).
 - Hazardous waste (chemicals, batteries, oils).
- Benefits: higher market value, better price data, helps in reserve price fixation.

5.3 Survey of Materials

- Survey Committee (SC): Declares goods as scrap.

- Competent Authority (CA): Approves disposal as per value limits (SoPP).
- Exception: Items \leq ₹15,000 (e.g., newspapers, cartons) can be declared scrap directly by Head of Office.
- Factors considered: maintenance cost, shelf life, surplus stock, usability in organisation or elsewhere.
- Record: Reasons must be documented in prescribed format (Annexure 26).

5.4 Modes of Disposal

1. Petty Sales: Small scrap (\leq ₹15,000); local dealers via summary quotations.
2. Limited Tender Enquiry (LTE): Scrap ₹15,000–₹4,00,000; local dealers invited.
3. e-Auction (Preferred): Scrap $>$ ₹4,00,000; via NIC/MSTC/Indian Railways portals.
4. Direct Sale to Govt. Bodies: At book value + overheads; to other Ministries/PSUs.
5. Public Tender: For overstocks/surplus stores in good condition.
6. Secure Destruction: For sensitive items (security papers, negotiable instruments) in presence of committee; CPCB/SPCB guidelines apply.
7. Hazardous Waste Disposal: Strictly per CPCB/MoEFCC Rules (2016) and SPCB approvals.

5.5 Preparations Before Disposal

- Segregation: Scrap separated from usable stock into lots with lot numbers and boards.
- Secure Storage: Valuable scrap (non-ferrous metals, etc.) kept in lockable rooms.
- Reserve Price: Minimum acceptable price fixed with finance concurrence and CA approval.
 - Based on depreciation, past sale price, market survey, or valuer's assessment.
 - Entered in sealed register for secrecy.

5.6 Conditions of Disposal

- As-Is-Where-Is Basis: Buyer beware; no claim post-sale.
- Inspection: Bidders allowed site inspection before bidding.
- Right to Reject: Seller can cancel/withdraw lots anytime.

- GST: To be borne by purchaser; seller must deposit promptly.

5.7 Disposal by Tender

- Applicable for scrap > ₹4,00,000.
- Steps: tender prep → invitation → opening → evaluation → award → collection of sale proceeds → delivery.
- Bid Security (EMD): 5% of reserve price; forfeited if bidder defaults.
- Security Deposit (SD): Submitted by winner (within 25 days).
- Balance Sale Value (BSV): Paid within 15 days (extendable with late fee).
- Delivery Order: Issued after full payment.

5.8 Disposal by Auction

- Conducted by Ministry/Dept. or authorised auctioneers.
- Safeguards: auction plan published, EMD collected, auction supervised by finance & security staff.
- Forward Auction on GeM:
 - Online, secure, automated refunds, strong compliance.
 - Bidders must register; EMD auto-handled.
 - Payments within 10–15 days; delay attracts interest/ground rent.
 - e-Waste certificates mandatory.

5.9 Disposal at Scrap Value / Destruction

- If tender/auction fails → may be sold at scrap value with finance/CA approval.
- If not saleable even at scrap value → eco-friendly destruction as per CPCB rules.

5.10 Delivery of Scrap

- Free Period: 30 days for buyer to take delivery.
- Ground Rent: 0.5% per day beyond grace period.
- Risk: Once accepted, risk lies with buyer.
- Supervised Delivery: Must be witnessed by stockholder, accounts, security, and (optionally) buyer's rep.
- Weighment: Done on certified weigh bridges; slips signed jointly.
- Variation:
 - Excess: buyer may lift on extra payment.
 - Shortfall: refund at bid rate; finance concurrence required.

5.11 Adjustment of Sale Proceeds

- If realized value > book value: Extra credited as “Profit on Sale of Capital Asset.”
- If realized value < book value: Shortfall requires CA sanction for write-off.
- Accounting: Adjustments recorded against proper heads of account with finance concurrence.

Chapter - 6 Basic Details on TDS

6.1 Tax Deduction at Source (TDS) under GST

As per Section 51 of the CGST Act, 2017, read with Circular No. 65/39/2018-DOR dated 14.09.2018 and Notification No. 50/2018 – Central Tax dated 13.09.2018 issued by the Department of Revenue, the following provisions shall apply regarding deduction of tax at source by Government agencies and notified entities:

A. Applicability

- Deduction of tax at source (TDS) is required to be made by Government agencies (Deductors) or any other person as notified, from payments made or credited to the supplier (Deductee) of taxable goods or services or both.
- TDS is applicable where the total value of supply under a contract exceeds ₹2,50,000 (Rupees two lakh fifty thousand).

B. Rate of Deduction

- TDS shall be deducted at the rate of 2% (1% CGST + 1% SGST or 2% IGST, as applicable).

C. Deposit of Deducted Amount

- The amount so deducted shall be deposited with the Government by the deductor within ten days after the end of the month in which such deduction is made.
- The deductor shall file a return in FORM GSTR-7, furnishing details of deductions and deductees.

D. TDS Certificate

- The deductor shall issue a certificate to the deductee, containing details such as contract value, rate of deduction, amount deducted, etc.

E. Advisory

- All Government agencies including Authorities, Boards, Societies, and PSUs are hereby advised to ensure compliance with the above provisions and deduct TDS @ 2% wherever applicable, in line with the GST Act and Rules.

6.2 Tax Deduction at Source (TDS) under Section 194C – Form 26Q

A. Applicability

- TDS is required to be deducted under Section 194C of the Income Tax Act, 1961 on payments made to a resident contractor or sub-contractor for carrying out any work (including supply of labour).

- This applies to contracts for work, services, advertising, carriage of goods/passengers, catering, etc.
- B. Threshold Limit
- TDS is to be deducted where:
 - A single payment to a contractor exceeds ₹30,000, or
 - The aggregate of such payments in a financial year exceeds ₹1,00,000.
- C. Rate of Deduction
- 1% – if payment is made to an individual or HUF contractor.
 - 2% – if payment is made to any other entity (e.g. company, firm).
 - 20% – if the deductee does not provide PAN (as per Section 206AA).
- D. Deposit of TDS
- The amount deducted must be deposited with the Government by the 7th of the following month (except for March, where due date is 30th April).
- E. Return Filing -Deductor shall file a quarterly TDS return in Form 26Q, furnishing details of deductions and deductees.
- F. TDS Certificate -Deductor must issue a TDS certificate in Form 16A to the vendor/contractor within 15 days from the due date of filing Form 26Q.

PAO, Gujarat Postal Circle

