



Purchase & Procurement and GeM

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Public Procurement –Policies and Procedures

- Why?
- i. Goods & Services and Under take execution of works In pursuance of their duties and responsibilities(functions).
- ii. to run an office like an office.

3. Legal Framework of Procurement

- Followings are major legislations governing contracts of sale/purchase
- 1. Article 299 of the Constitution of India, which stipulates that contracts legally binding on the Government have to be executed in writing by officers specifically authorized to do so.
- 2. Fundamental Rights (In particular Article 19 (1) (g) – Right to carry on a Profession)
- 3. Indian Contract Act, 1872 and the
- 4. Sale of Goods Act, 1930
- 5. Arbitration and Conciliation Act, 1996;
- 6. Competition Act, 2002;
- 7. Information Technology Act, 2000 etc),
- 8. General Financial Rules (GFR), 2017, Delegation of Financial Powers Rules (DFPR);
- 9. Product reservations or purchase preference to sellers in Micro and Small Enterprises, Domestically Manufactured Electronic Products, Pharmaceutical Central Public Sector Enterprises, Khadi/Handlooms goods, etc.
- 10. Guidelines issued by the Central Vigilance Commission to increase transparency and objectivity in public procurement.

5. Basic Aims of Procurement

- The basic aim of public procurement is to achieve the right balance between costs and requirements concerning the following five parameters called the Five R's of procurement. The word 'right' is used in the sense of 'optimal balance'.
 - i) Right Quality
 - ii) Right Quantity
 - iii) Right Price
 - iv) Right Time and Place
 - v) Right Source

6. Fundamental Principles of Public Procurement

BFR 124 to 131(131ZP) deals with Public Procurement in Bihar government.

- **i) Transparency Principle-(BFR Rule no. 131R)** As part of this principle, all procuring entities should ensure that offers should be invited following a fair and transparent procedure for transparency, fairness, equality, competition and appeal rights and also ensure publication of all relevant information on the Central Public Procurement Portal (CPPP).
- **ii) Professionalism Principle (BFR Rule 131S)-** The procuring authorities have a responsibility and accountability to ensure professionalism, economy, efficiency, effectiveness and integrity. Yardsticks for public Procurement-The procedure to be followed in making public procurement must conform to the following yardsticks:-
 - **1.** be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics;
 - **2.** not indicate a requirement for a particular trade mark, trade name or brand.

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iii). Broader Obligations Principle- to the extent these are specifically included in the 'Procurement Guidelines':

- a) Preferential procurement from backward regions, weaker sections and MSEs, locally manufactured goods or services.
- b) Reservation of procurement of specified class of goods from or through certain nominated CPSEs or Government Organisations.
- c) Support to (for example, economic growth, strengthening of local industry - make-in-India, Ease of Doing Business, job and employment creation, and so on, to the extent specifically included in the 'Procurement Guidelines')

iv). Extended Legal Responsibilities Principle- Procuring authorities must also fulfill additional legal obligations in public procurement, over and above mere conformity to the mercantile laws like RTI act, Prevention of corruption Act and Judicial pronouncements.

v). Public Accountability Principle- Procuring authorities are accountable for all the above principles to several statutory and official bodies in the Country – the Legislature and its Committees, Central Vigilance Commission, Comptroller and Auditor General of India, Central Bureau of Investigations and so on– in addition to administrative accountability. The Procuring Entity shall therefore maintain and retain audit trails.

Provisions in BFR vis-à-vis Procurement

- BFR- rule-9 -Standards (Canons) of Financial Propriety Public Procurement like any other expenditure in Government must conform to the Standards (also called Canons) of Financial Propriety.
- Rule 125- Definition of Goods
- Rule 127- Authorities competent to purchase goods
- Rule 130. Rate Contract : The State Purchase Organisation shall conclude rate contracts with the registered suppliers
- Rule 131. Registration of Suppliers :
 - With a view to establishing reliable sources for procurement of goods commonly required for Government use, the State Purchase Organisation will prepare and maintain item-wise lists of eligible and capable suppliers. Such approved suppliers will be known as "Registered Suppliers".
- A Head of Department may also register suppliers of goods which are specifically required by that Department or Office.
- Rule 131B. Price Preference and other concessions for public sector and state suppliers:- recent amendments.
- Rule 131F. A demand for goods should not be divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand

Product Reservation and Preferential/Mandatory Purchase from certain sources

- **BFR rule no. 131B** provides price preference @2% in large and medium industries & PSU located & registered in Bihar. Price preference of 7% has to be given to SSI working in Bihar. No bid security is charged from the such SSI. Product Reservation/Purchase Preference provision shall invariably be part of the Notice Inviting Tender (NIT) and Instructions to Bidders (ITB).

Stages in Before Procurement

- Need Assessment
- .Formulation of Technical specifications (TS)
- Administrative & Technical Sanction,
Budgetary Sanctions/Approvals
- Procurement Planning
- Modes of Procurement

Modes of Procurement

- **i).Direct Procurement without Quotation (BFR rule 131C)** This is also called petty purchase in the following situations: i) Procurements do not exceed the threshold (for each requirement) of Rs. 50,000 (Rupees Fifty thousand) for each case.
- **ii).Direct Procurement by Purchase Committee (BFR rule-131D)** This mode of procurement is used for procurements valued above Rs. 50,000 (Rupees Fifty thousand) and up to Rs. 5,00,000 (Rupees Five lakh thousand) only on each occasion recommended by a local purchase committee of 3 members constituted by Department.
- **iii).Purchase of goods by obtaining Bids (BFR rule-131G)-** In this following methods May be adopted for purchase of goods & services are of more than Rs.5 lakh.
 - **a).Advertised Tender Enquiry/Open Tender Enquiry (OTE) BFR rule-131H-** An attempt is made to attract the widest possible competition by publishing the NIT simultaneously on the designated websites. OTE procedures through e-Procurement or through traditional tendering should be adopted in the following situations:
 - i) Procurements exceeding the threshold of Rs. 25 lakh (Rupees Twenty Five lakh);
 - ii) All common use requirements with clear technical specifications;
 - iii) For requirements that are ordinarily available in the open market but it is necessary to evaluate competitive offers to decide the most suitable and economical option available; and
 - iv) When requirements are not available from known sources or sources are presently limited and need to be broad based. In such situations, even for procurements below Rs. 25 (Rupees twenty-five) lakh, OTE mode may be used, if warranted. (Rule 161 of GFR 2017)

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- **b). Limited Tender Enquiry (LTE) BFR rule-131I-** LTE is a restricted competition procurement, where a preselected list of vendors is directly approached for bidding; bids from uninvited bidders are treated as unsolicited and are normally not entertained, except in special circumstances. LTE procedures should be default mode of procurement when the estimated value of procurement is between Rs. 5 lakh to Rs. 25 lakh. Procuring Entity should also mandatorily publish its limited tender enquiries on Central Public Procurement Portal (CPPP). Apart from CPPP, the organisations should publish the tender enquiries on the Department's or Ministry's web site.
- **c). Single Tender Enquiry (STE) without Proprietary Article Certificate (PAC) (BFR rule 131L).** It should be resorted to only under following conditions:
 - i) In a case of existing or prospective
 - ii) For standardization of machinery or components or spare parts to be compatible to the existing sets of machinery/equipment (on the advice of a competent technical expert and approved by the competent authority.
- iv) Proprietary Article Certificate** only from Original Equipment Manufacturers (OEMs)
- v) Purchase of goods directly under Rate Contract (BFR rule-131E)**
- vi) Purchase from Designated State Purchase organization (BFR rule-129)-** As BELTRON a nodal purchase agency for ICT & Hardware/ software.

Bidding Systems(BFR rule 131J)

- **i).Single Stage Bidding System**

- a) Single Stage Single Envelop System.

- b) Single Stage Two Envelops System (Rule 131J of BFR)

- ii)Two Stage Bidding - Expression of Interest Tenders**

Bid Document

- Rule 131M. Contents of Bidding Document : All the terms, conditions, stipulations and
- information to be incorporated in the bidding document are to be shown in the appropriate
- chapters as below :-
- Chapter – 1 : Instructions to Bidders.
- Chapter – 2 : Conditions of Contract.
- Chapter – 3 : Schedule of Requirements.
- Chapter – 4 : Specifications and allied Technical Details.
- Chapter – 5 : Price Schedule (to be utilised by the bidders for quoting their prices).
- Chapter – 6 : Contract Form.
- Chapter – 7 : Other Standard Forms, if any, to be utilised by the purchaser and the bidders.

Misc..

- **Rule 131N** - Maintenance Contract
- **Rule 131O** - Bid Security
- **Rule 131P** - Performance Security
- (i) To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract.
- (ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations.
- (iii) Bid security should be refunded to the successful bidder on receipt of Performance Security.

Payment to Supplier

- **Rule 131Q – (1) Advance payment to supplier**
Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.
- Such advance payments should not exceed the following limits :
- (i) Thirty per cent. of the contract value to private firms;
- (ii) Forty per cent. of the contract value to a State or Central Government agency or a Public Sector Undertaking
- (iii) in case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.
- Departments may relax, in consultation with Internal Finance Advisor/Finance Department concerned, the ceilings.
- **(2) Part payment to suppliers.**

II. PROCUREMENT OF SERVICES

- 131U to 131ZP deals with procurement of services and outsourcing the services.

18. Government e-Marketplace (GeM) by DGS&D

- i). An online marketplace (or e-commerce marketplace) is a type of e-commerce site where product or services are offered by a number of sellers.
- ii). Products and services are listed on GeM by various suppliers as on other e-Commerce portals
- iii). Authority of procurement through GeM: Procurement through GeM has been authorised as per GFR, 2017 Rule 149 & BFR rule 30 amended vide memo no. 9230 dated 27.11.2017.

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- **v).Limitation of purchase on the GeM portal by the Government buyers**
- a) Up to Rs.25000/- through any of the available suppliers on the GeM.
- b) Above Rs.25000 up to 500,000/- through the GeM Seller having lowest price amongst the available sellers, of at least three different manufacturers.
- c) Above Rs.5,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM; (For vehicle this limitation is 30 lakh).
- **vi) The invitation for the online e-bidding/reverse auction will be available to all** the existing Sellers or other Sellers registered on the portal and who have offered their goods/ services under the particular product/service category, as per terms and conditions of GeM;
- **vii) The Government Buyers may ascertain the reasonableness of prices before** placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price; etc.

Key Features Supported by the GeM Platform

1. Registration of Buyers

- Introduction of Gem Buyer- Parent user of GeM portal Register the Organization.

a. Primary User Registration

Requirement

Aadhar,

Mobile number which is link with Aadhar- For OTP purpose,

Email ID hosted on NIC

Verifying authority details such as name, mobile no. & NIC registered Email id.

b. Secondary User Creation

2. Catalogue Management (CMS)

3. Request Management

4. GeM Availability Report

5. Buying Modes-Products

5. Buying Modes and Process- Products

- Direct Purchase
- Direct Purchase with L1
- E-bidding

The creation of bid documents. The GeM platform shall provide buyers with the option to customize the bid as per their requirement by way of objective selections.

The GeM platform shall provide a system driven evaluation of the bids and identify the shortlisted i.e. responsive bids.

- .Creation of RA.
- .Purchase requisition
- .Order Process & Payments
- .Advance payment system
- .Payment process-PFMS and SGPA.

Documents

[Office Memorandum on CPPP](#)

[Documents](#)

[GOs & Circulars](#)

[Rules and Procedures](#)

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Welcome to Central Public Procurement Portal

[Click here to view the Latest Active Tenders](#)

[Click here for ePublishing](#)

The Central Public Procurement Portal of Government of India facilitates all the Central Government Organizations to publish their Tender Enquiries, Corrigendum and Award of Contract details. The system also enables the users to migrate to total electronic procurement mode.

The primary objective of this portal is to provide a single point access to the information on procurements made across various central government organizations.

Tender Information can be published in the Central Public Procurement Portal using ePublishing module or XML meta data transfer or eProcurement module available at CPPP

Department Users

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Calendar

February 2012

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1 2 3 24

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e-Publishing & e-Procurement modules of CPPP Portal

E-Publishing

<http://eprocure.gov.in/epublish/app>

- ❖ Facilitates all the Ministries/Departments and their attached/subordinated offices to publish their Tender Enquiries, Corrigendum and Award of Contract details.
- ❖ Manual Bids are received.
- ❖ No Digital Signature Certificates usage.
- ❖ Free to use.

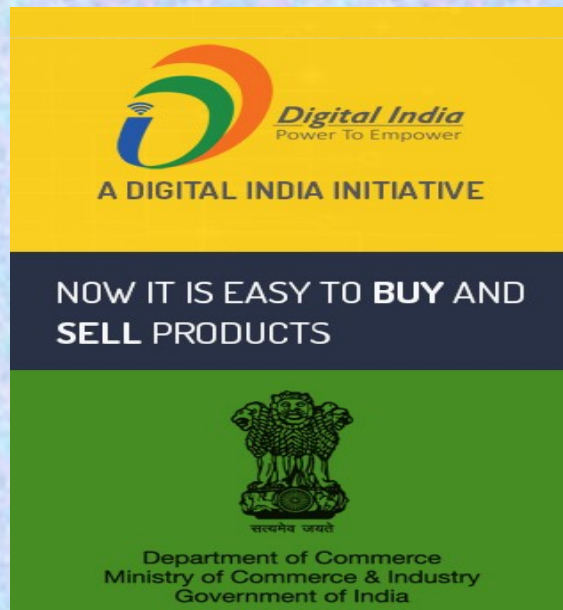
e-Procurement

<https://eprocure.gov.in/eprocure/app>

- For Ministries/Departments intent to use NIC-e-Procurement Solution under CPPP, the e-Procurement module facilitates them.
- Online Bids are received.
- Digital Signature Certificates are required.
- Based on the volume of tenders, training and on-site handholding requirements, operational support charges may be there.

Government e-Market place (GeM)

The “GeM” i.e. Government e-Marketplace is a **Digital India Initiative** for the government users to cater to their demand of commonly required Goods & Services.



As on date there are.....

Buyer Organizations : **19765**

Sellers : **51769**

Products : **374455**

- ✓ Taxi services available.
- ✓ Direct Purchase
- ✓ L-1 Bidding
- ✓ Reverse Auction

GeM and e-Procurement

DGHRD imparts **on-site hands-on training & on-the-spot registration all over India** to familiarize the CBEC formations with GeM and e-Procurement.

- In 2017-18, **twelve (12) trainings** conducted all over India
- 469 **officers** from 127 **CBEC formations** trained.
- **115 CBEC formations** registered on the GEM portal as against **64** on 20.09.2017.
- the total number of orders placed on GeM is **1427** and the number of tenders floated via e-Procurement is **653**.
- the orders placed and the pending payments reduced to **INR 1.03 Crores** (as on 31.03.2018) as against **INR 4.29 Crores** (as reported on 20.09.2017).
- A monthly update on procurements and payments through GeM portal sent to the Financial Adviser.
- A handle on **cbecddm.gov.in** for submitting the MPR report online has been developed in co-ordination with Directorate of Data Management and it will be functional in financial year(2018-19).
- Training material and Resources available on the departmental websites (**www.cbec.gov.in** & **www.dghrdcbec.gov.in**) alongwith a hyperlink to the GeM website (gem.gov.in)
- A Power Point presentation (PPT) on GeM procedures uploaded on CBEC websites.
- **Standing Committee on Government e-Marketplace** constituted to sort out issues including overdue payments and submit an action taken report and recommendations as required to the Secretary of the Department.

