

Annexure 26

**RURAL WATER SUPPLY & SANITATION PROJECT
FOR
LOW INCOME STATES
(RWSSP-LIS)**

PROCUREMENT MANUAL

**MINISTRY OF DRINKING WATER & SANITATION
GOVERNMENT OF INDIA**

ABBREVIATIONS

CIF	Cost Insurance Freight
CIP	Cost Insurance Paid
CPWD	Central Public Works Department
DDP	Delivery Duty Paid
DDU	Delivery Duty Unpaid
DEA	Department of Economic Affairs
DPMU	District Project Management Unit
dgMarket	Development Gateway
DGS&D	Director General of Supplies & Disposals
DC	Delivery Challan
DWSC	District Water & Sanitation Committee
DWSM	District Water & Sanitation Mission
EMD	Earnest Money Deposit (Bid Security)
ExW	Ex-Work/ Ex-Factory
GP	Gram Panchayat
GPN	General Procurement Notice
GP-WSC	Gram Panchayat Water & Sanitation Committee
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INR	Indian National Rupee
JV	Joint Venture
MoDWS	Ministry of Drinking Water & Sanitation
NGO	Non-Governmental Organization
NPMU	National Project Management Unit
PAD	Project Appraisal Document
PIP	Project Implementation Plan
PO	Purchase Order
PP	Procurement Plan
RWSSP	Rural Water Supply & Sanitation Project
SDR	Special Drawing Rights
SO	Support Organization
SPMU	State Project Management Unit
SWSC	State Water & Sanitation Committee
SWSM	State Water & Sanitation Mission
ToR	Terms of Reference
UNDB	United Nation' Business Development
USD	United States Dollar (US\$)
WB	The World Bank
WBR No	World Bank Reference Number
WSSO	Water Supply & Sanitation Organization

TABLE OF CONTENTS

SECTIONS	DESCRIPTION	PAGES
1	SECTION 1 : INTRODUCTION	5-6
2	SECTION 2 : PROCUREMENT OF GOODS AND WORKS	7-11
3	SECTION 3 : PROCUREMENT OF SERVICES	12-16
4	SECTION 4 : COMMUNITY BASED PROCUREMENT	17-18
5	SECTION 5 : THRESHOLD LIMITS & PROCUREMENT METHODS	19-22
6	SECTION 6 : PROCUREMENT PLANNING, MANAGEMENT AND SUPERVISION	23-29
7	SECTION 7 : IMPORTANT ASPECTS RELATED TO PROCUREMENT	30-33
8	SECTION 8 : ANNEXES	34-53

PREFACE

The “**Procurement Manual**” provides the essential information and brief procedures for procurement of goods, works and services. This document is intended to guide the procurement officials directly involved in the procurement activities. It also intends to help in understanding the procurement processes and to achieve uniformity in procurement processes followed under the project. The rights and obligations of the purchaser and the contractor of goods and works will be governed by the tender documents and by the contracts signed by the purchaser with the contractor and not by the guidelines stated in this document.

However the Procurement Manual is only a guideline and the procurement of all Goods, Works and Services under the Project shall be carried out in accordance with the World Bank’s “Guidelines: Procurement of Goods, Works, and Non-Consulting Services” under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011 (Procurement Guidelines) and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers, dated January 2011 (Consultant Guidelines)” and as per the Financial Agreement agreed between the Government of India and the World Bank. In event of any discrepancies, the World Bank guideline as stated above shall supersede the Procurement Manual.

To achieve the better acceptability of the manual and to understand the difficulties at stakeholder’s level, draft Procurement Manual was sent to all the Project States and all stakeholders for their comments.

SECTION 1

INTRODUCTION

Ministry of Drinking Water & Sanitation (MoDWS) strategic program for piped water and sanitation coverage has a special focus on the eight ‘Low Income and Lagging States’: Assam, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Uttar Pradesh (UP) and West Bengal. MoDWS has requested World Bank support for improving piped water and sanitation coverage in these states, initially through a USD 1 billion¹ Phase I program for four states: Assam, Bihar, Jharkhand and UP.

PROJECT DEVELOPMENT OBJECTIVE (PDO)

The development objective of the Rural Water Supply and Sanitation Project for Low Income States (RWSSP-LIS) is to increase access to improved piped water and sanitation services for selected rural communities in the target states through decentralized delivery systems.

PROJECT COMPONENTS

The Project comprises the following three main components:

Component A - Capacity and Sector Development: This component will support the building of institutional capacity for implementing, managing and sustaining the project activities, along with sector development studies to inform policy decisions. The component may comprise mainly of procurement of consultancy services for capacity building of RWSS Sector institutions and PRIs of participating states.

Component B - Infrastructure Development: This component will comprise mainly of procurement of goods & works for improving water supply and sanitation coverage in the project habitations, including construction of new infrastructure or rehabilitation and augmentation of existing schemes, with safe disposal of wastewater.

Component C - Project Management Support: This component will comprise mainly of procurement of goods and services to support the implementing agencies established under the project at the national and state.

¹50 percent IDA and 50 percent GoI counterpart funding

COMMON PROCUREMENT FRAMEWORK

The common framework has been designed for procurement under the project that consists of - (i) Community based procurement (CBP) for small single village schemes where the users groups will implement through community Force Account/ or Shopping and Local Competitive Bidding method; (ii) Conventional single responsibility contracts issued by implementing agency, through NCB & ICB procedures and (iii) PPP methods like DBOT etc.

Procurement under the project mostly envisages works contracts on turnkey basis comprising of construction of pipe water supply schemes such as i) single habitation schemes (SHS); ii) multi-habitation schemes within a GP (SGS); iii) simple multi-village schemes covering 2-3 GPs (small MVS); and iv) large multi-village schemes (large MVS) and SLWM as an integral part of the project. Small schemes such as SHS & SGS will be implemented by the village or community based institutions.

Community based procurement (CBP) will be implemented through community Force Account/ or Shopping and Local Competitive Bidding method (LCB). As per the OPCS March 2012 Guidelines for managing Procurement under CDD projects, LCB procedure will be limited to local advertisement using such as media as local newspaper or radio, posting notices at strategic places, circulating such notices or reading them out in community meetings or other public gatherings.

State level implementation agencies will follow NCB & ICB procedures and the project will use **e-procurement system** developed by NIC with appropriate customization in all participating states. Through the system, the current two envelope system will be termed as bid in two parts, first would be the technical qualification part to determine eligibility and qualification of bidders, and the second would be the technical-financial parts of the bid to be opened in a timely fashion for the qualified bidders of the first part. The e-tender notice will mention date and time of on-line opening of the qualification and technical-financial parts of the bid for such bidders who qualify under Part 1 of the bidding process. The date of opening of financial bids shall not be later than 15 working days from the date of opening of technical qualification part of the bids.

Use of e-procurement system is mandatory for the state and district level implementing agencies for procurement of goods & works under NCB procedures.

Public Private Partnerships (PPPs)

The project is also envisaging implementation of DBOT models through Public Private Partnership in the participating states on pilot basis. For the PPP schemes, the bidding documents will be prepared and agreed with the Bank to be used under the project.

SECTION 2

PROCUREMENT OF GOODS & WORKS

PROCUREMENT METHODS

- International Competitive Bidding (ICB)
- National Competitive Bidding (NCB)
- Limited Tendering
- Shopping
- Direct Contracting

✓ INTERNATIONAL COMPETITIVE BIDDING (ICB)

ICB is generally adopted where supplies cannot be met from indigenous sources and need import, and/ or foreign firms are expected to participate resulting in more competition.

Procurement method	Applicable Conditions
International Competitive Bidding (ICB)	<ul style="list-style-type: none">▪ Invitation for bids (IFBs) for ICBs shall be published in daily national newspaper with wide circulation all over the country, at least in one English and one regional language daily;▪ Apart from wide publicity nationally, advertisement of invitation for bids (IFBs) shall be published in United Nation's Development Business (UNDB)/ dg Market online and project website;▪ Use of the World Bank Standard Bid Documents;▪ Sale of bid documents should start only after publication of invitation of bids in newspapers and UNDB/ dg Market;▪ Bidding period shall be 45 to 90 days from the start of the sale of the bid documents;▪ Domestic preference shall be allowed to domestic bidders with respect to foreign bidders as mentioned in the bid documents;▪ Other procedures for ICB will broadly be same as that of National Competitive Bidding (NCB) in respect of bid opening, bid evaluation, notification & publishing of award of contract, complaint redressal etc.

✓ NATIONAL COMPETITIVE BIDDING (NCB)

NCB also known, as Open Tender is the competitive bidding procedure normally used for procurement of goods and works. The procedure provides adequate competition among participants in order to ensure competitive prices.

Procurement Method	Applicable Conditions and Steps in Procurement Process
Open Tendering	<ul style="list-style-type: none"> ▪ Notification / Advertising in widely circulated newspaper, including one English and one local language; ▪ Issue and Sale of bid documents using the Model Bidding Document with a minimum period of 30 days from the date of advertisement for purchase and submission of tenders; ▪ Public opening of bids, verification of bid security and reading out bid prices in the presence of bidders representatives, immediately (usually within 30 minutes) after the closing date and time for submission; ▪ Evaluation and Selection of lowest evaluated responsive bid based on post qualification. Issuing purchase order with details of items, price, delivery, liquidated damages, pre/post-delivery inspection provisions, warranty and other essential terms and conditions; ▪ No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with state-owned enterprises, small-scale enterprises or enterprises from any given State or foreign bidders; ▪ No price negotiations allowed, even with the lowest evaluated responsive bidder. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates by a substantial margin, causes may be analyzed and consider requesting new bids. Alternatively, the procuring entity may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price; ▪ Rejection of all bids is justified when bids are substantially non-responsive. The procuring entity shall review the causes and make revisions to the conditions of contract, design and specifications, etc., before inviting new bids. If the rejection of all bids is due to lack of competition, wider advertising shall be considered; ▪ Even if there is one responsive bid, the selection process shall be completed & contract awarded.

✓ **LIMITED TENDERING**

The method is used for goods & works where a large supplier/contractor base exists and an open tender is not expected to vary the pricing conditions. It involves comparing tenders obtained from several suppliers, usually at least three to ensure competitive prices. As far as possible, limited tender enquiries will be issued to those firms, which are borne on the list of approved contractors/suppliers. It is the responsibility of the procuring entity to maintain the details of the process of identification and selection of the contractors/suppliers so that a fairness and transparency of the process is maintained. The minutes of

the Procurement committee shall detail the process of identification of the short list for limited tender. In all possible cases, original sources like manufacturers, authorized dealers shall be considered. Normally goods & maintenance of equipment estimated to cost up to the value thresholds per contract suggested in this manual may be procured under contracts awarded under the limited tendering system.

Procurement method	Applicable Conditions and Steps in Procurement Process
Limited Tendering	<ul style="list-style-type: none"> ▪ Identifying items for purchase along with quantity; ▪ Laying down specifications for the items identified; ▪ Identifying likely agencies from whom quotations can be invited (minimum 3, but 8-10 agencies would ensure better response & more competitive rates); ▪ Issuing letters of invitation based on approvals, 14 days' time shall be given for submission of quotations. There will be no sale of Tender Documents, as suppliers/contractors are identified and approached directly by the procuring entity; ▪ Selection process shall be completed only when 3 responsive quotations are received. Public opening of quotations on the designated date and time in the presence of suppliers' representatives. Processing quotations received, obtaining orders of competent authority for placing of orders for supply; ▪ Issuing purchase order with details of items to be supplied, price, delivery, liquidated damages, pre/post-delivery inspection provisions, warranty and other essential terms & conditions; ▪ No special preference will be accorded to any suppliers' either for price or for other terms & conditions when competing with state-owned enterprises, small-scale enterprises or enterprises from any given state or foreign suppliers'; ▪ No price negotiations allowed, even with the lowest evaluated responsive bidder. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates by a substantial margin, causes may be analyzed & consider requesting new bids. Alternatively, the Procuring Entity may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk & responsibility which can be reflected in a reduction of the contract price.

✓ **SHOPPING**

The method involves comparing price quotations obtained from several local suppliers, usually at least three to ensure competitive prices. Shopping should be carried out with appropriate record keeping for verification and audit. Shopping should not be used as an

expedient to by-pass more competitive methods or fraction large procurement into smaller ones solely to allow the use of Shopping. It can be used to procure small amounts of off-the-Shelf goods or Standard Specification Commodities or simple civil works for which more competitive methods are not justified on the basis of cost or efficiency.

Procurement Method	Applicable Conditions and Steps in Procurement Process
Shopping	<ul style="list-style-type: none"> ▪ Issue a request for quotations, it may be posted in the notice board of the institution and issued to all suppliers who are enlisted for supply or from database published by Manufacturers Associations, Yellow Pages, Industry Journals, other departments, etc. (There will be no sale of Tender Documents, as suppliers/contractors are identified and approached by the Institution); ▪ 7 days' time shall be given for submission of quotations; ▪ Quotations shall be received in writing as per format; ▪ Quotations need not be opened publicly in the presence of bidders representatives; ▪ The selection process shall be completed only when 3 quotations are received; ▪ Evaluate quotations by preparing comparative statement; ▪ Issue a purchase/works order with details of items to be supplied, price, delivery, warranty and other essential terms and conditions; ▪ Display contract award information on implementing unit notice board for 7 days; ▪ No special preference will be accorded to any bidder either for price or for other terms and conditions when competing with state-owned enterprises, small-scale enterprises or enterprises from any given State or foreign bidders.

✓ **DIRECT CONTRACTING**

This method involves contracting without competition (single source) and may be adopted in case of articles which are specifically certified as of proprietary nature or in cases where only a particular firm is the manufacturer of the articles required.

Procurement Method	Applicable Conditions and Steps in Procurement Process
Direct Contracting	<p>This method is applicable under following circumstances:</p> <ul style="list-style-type: none"> ▪ An existing contract for goods/works, awarded in accordance with competitive procedures, may be extended for additional goods of a similar nature.

	<p>It may be justified that no advantage could be obtained by further competition and that the prices on the extended contract are same. Provisions for such an extension, if considered likely in advance, shall be included in the original contract;</p> <ul style="list-style-type: none">▪ Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier;▪ The required equipment is proprietary and obtainable only from one source;▪ The Contractor responsible for a process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee;▪ In exceptional cases, such as in response to natural disasters;▪ All direct contracting cases should have a justification note prepared and signed by Implementing Officer and have prior approval from the next higher authority, subject to their delegated financial limit to authorize expenditure subject to prior review requirements established based on value threshold per contract in this manual. The justification note should explicitly discuss how the proposed procurement has mitigated the risks on account fraudulent practices like collusion and coercion and reputational risks.
--	--

SECTION 3

PROCUREMENT OF SERVICES & SELECTION OF CONSULTANTS

In RWSSP-LIS a variety of service consultancies are envisaged – institutional consultancies for undertaking diagnostic/ impact/ evaluation and other studies, project design; support services for implementing various components of the program, including management and advisory support, consultancies towards providing training and capacity building activities, engaging services for supervision of construction of works, etc.

Service contracts will be procured at all levels using one of the following methods based on the complexity of the service, and the delegated financial limit at each level:

- Quality & Cost Based Selection (QCBS)
- Quality Based Selection (QBS)
- Least Cost Selection (LCS)
- Fixed Budget Selection (FBS)
- Selection Based on Consultants Qualification (CQ)
- Single Source Selection (SSS)
- Individual Consultant (IC)

In all service requirements following key processes will be followed:

1. Preparation of the Terms of Reference (TOR): A well-defined ToR should be prepared specifying the services to be provided on following lines: (i) Background information, (ii) A precise Statement of objectives, (iii) An outline of the tasks to be carried out, (iv) A time schedule for completion of tasks, (v) The support / inputs provided by the Procuring Entity, (vi) Composition of Review Committee to monitor consultants work (vii) List of key personnel whose CV and experience would be evaluated.
2. Preparation of cost estimate and budget based on the Procuring Entity's assessment of the resources needed to carry out the assignment, staff time, logistical support, and physical inputs. Costs shall be divided into three broad categories, (i) fee or remuneration, (ii) reimbursable, and (ii) miscellaneous expenses.
3. Deciding the contracting strategy viz. going for lump-sum or time based contract², individual vs. firm, advertising vs. internal short listing, terms of payment etc. Depending on the decision made, one of the selection methods mentioned above will be chosen.

² **Lump Sum**- These contracts are used for assignments like Feasibility Studies, Environmental Studies, Detailed design of a standard structure etc., in which the content and the duration of the work is clearly defined. Payment is made upon delivery of outputs.

Time Based - these contracts are used for assignments in which it is difficult to define the scope and the duration of the work to be performed. Payment is based upon an hourly, daily, or monthly rate, plus reimbursable expenses using actual expenses or agreed-upon unit prices. This type of contract provides for a maximum total payable amount that includes a contingency for unforeseen work and duration, price adjustments etc. Examples of Time Based contracts include Preparation of data, Complex Studies, Supervision of construction of civil works, Training assignments, Advisory services etc.

4. Advertising i.e. seeking Expression of Interest to be published in newspapers having wide circulation.
5. Short listing of consultants i.e. the expressions of interest received shall be evaluated based on the relevant qualifications and experience specified in the advertisement, to arrive at shortlist of the consultants. The shortlists shall comprise six firms so that at the proposal stage, there is adequate competition among the Consultants.
6. Seeking Request for Proposals (RFP): Proposals from the short listed firms/institutions will be sought in two envelope system i.e, technical proposal in one envelope and financial proposal in another envelope. Standard RFP document of the World Bank will be followed for this purpose.
7. Evaluation: A Technical Evaluation committee for evaluation of technical proposals, consisting of minimum 3 members shall be formed and this committee will evaluate the proposals received from the firms/institutions. The evaluation of the proposals shall be carried out in two stages: first the quality, and then cost. Financial proposals shall be kept in safe custody with the Procurement unit/section until the technical evaluation is concluded. On completion of technical evaluation, financial proposals of all technically disqualified (those who have not scored the minimum pass score of 75 out of 100) offers will be returned unopened. Procurement unit/section will open the financial proposals of qualified offers in their presence and carry out the financial evaluation and scoring. **Combined Evaluation:** The combined evaluation of successful bids would be done by assigning 75% weight to the technical score and 25% to the financial (application of weightage for commercial offer will depend on the method used). The consultant scoring the highest marks will be recommended by the committee for award of work and invited for negotiations.
8. Negotiations and Award: It may be necessary to conduct negotiations with the selected consultant on the TOR, the methodology, staffing and special conditions of the contract. The firm obtaining the highest total score should be invited for negotiations and discussions. These discussions shall not substantially alter the original TOR or the terms of the contract, lest the quality of the final product, its cost, and the relevance of the initial evaluation be affected. In methods where price is a factor of the selection (QCBS, FBS and LCS), no negotiations can be held on unit rates. Based on the final negotiated ToR and contract, an award is made to the selected agency.
9. Rejection of All proposals, and Re-invitation: The procedure prescribed in the important aspects section for the procurement of goods and works is equally applicable for service contract also.

A detailed process flow depicting a selection process following QCBS for a one off service is presented in Annex 1.

✓ **QUALITY AND COST BASED SELECTION (QCBS)**

This is the method where the selection is based on the quality of the proposals and cost of services to be provided. This method is appropriate when the scope of work of the assignment is precisely defined and the TOR is well specified and clear; further an estimate for the staff time as well as the other inputs and cost required of the Consultants can be assessed with reasonable precision.

✓ **QUALITY BASED SELECTION (QBS)**

QBS method of selection is appropriate for the following types of assignments:

- Complex or highly specialized assignments for which it is difficult to define precise TOR and the required input from the consultants, and for which the client expects the consultants to demonstrate innovation in their proposals;
- Assignments that have a high downstream impact and in which the objective is to have the best experts; and
- Assignments that can be carried out in substantially different ways, such that proposals will not be comparable.

- (i) In QBS, the RFP is issued to the short listed consultants with a request for submission of both technical and financial proposals at the same time, but in separate envelopes. The RFP shall provide either the estimated budget or the estimated man months of key professional staff, specifying that this information is given as an indication only and that consultants is free to propose their own estimates.
- (ii) Here also first technical proposals are evaluated using the same methodology as in QCBS. The consultants who obtain less than the minimum qualifying marks will be rejected. Financial proposal of the highest ranked consultant firm will only be opened. The Borrower shall then negotiate the financial proposal and a contract with the consultant. All other aspects of the selection process shall be identical to those of QCBS, including the publication of the Award of Contract.

✓ **LEAST COST SELECTION (LCS)**

Under LCS a minimum qualifying mark for quality is established and indicated in the RFP. Short-listed consultants have to submit their proposals in two envelopes. The technical proposals are opened first and evaluated. Proposals scoring less than minimum qualifying marks are rejected, and the financial envelopes of the rest are opened in public. The consultant with the lowest evaluated price is selected. The LCS method is more appropriate for small assignments of a standard or routine nature where well established practices and standards exist from which a specific and well defined outcome is expected, and which can be executed at different costs. Some examples are standard accounting audits, engineering designs and/ or supervision of

simple projects; repetitive operations and maintenance work and routine inspection, and simple surveys.

✓ **FIXED BUDGET SELECTION (FBS)**

This method is based on disclosing the available budget to the invited consultants in RFP and selecting the consultant with the highest - ranking technical proposal within the budget. It needs to be ensured that budget is compatible with the TOR and that consultant will be able to perform the tasks within the budget. FBS is appropriate only when: (a) the budget is fixed and cannot be exceeded; (b) the TOR are simple and assignment can be precisely defined; and (c) the time and staff month effort required from the consultant can be assessed with precision. Typical assignments awarded under FBS are: sector studies, market studies, and surveys of limited scope; simple pre-feasibility studies and review of existing feasibility studies; and review of existing technical design and bidding documents

✓ **SELECTION BASED ON CONSULTANT'S QUALIFICATION (CQ)**

This method applies to very small assignments for which the full -fledged selection process would not be justified. CQ is considered for assignments such as: brief evaluation studies at critical decision points of projects; executive assessment of strategic plans; high level, short term, legal -expertise; and participation in project review expert panel. Under CQ the Procuring Entities first prepare the TOR, then requests for Expression of Interest and qualification information on the consultant's experience and competence relevant to the assignment. The Procuring Entity establishes a short list and selects the firm with the best qualifications and references. The selected firm is asked to submit a combined technical and financial proposal and is then invited to negotiate the contract if the technical proposal proves acceptable.

✓ **SINGLE SOURCE SELECTION (SSS)**

The method involves asking a specific consultant to prepare technical and financial proposals, which are then negotiated. Since there is no competition, this method is acceptable only in exceptional cases and made on the basis of strong and convincing justification where it offers clear advantages over the competition. Some circumstances can be:

- The assignment represents a natural or direct continuation of a previous one awarded competitively, and performance of the incumbent consultant has been satisfactory.
- A quick selection of consultant is essential to address an emergency operation and crisis;
- Only one consulting organization has the qualification or experience of exceptional worth to carry out the assignment

✓ **SELECTION OF INDIVIDUAL CONSULTANT**

For hiring of individuals, it is necessary to finalize the job description, qualification and experience required and terms of engagement. Thereafter an advertisement (if the assignment is complex) may be put into the newspapers indicating the above details. The applications received shall be scrutinized and ranking shall be prepared. Thereafter the top-ranked individual shall be invited for interviews/discussions and would be offered the assignment. Consultants shall be selected through comparison of qualifications of at least three candidates among those who have expressed interest in the assignment or have been approached directly by the Procuring Entity.

A comparison of the various steps across the above methods is presented below.

Aspect	QCBS	QBS	FBS	LCS	CQ	SSS
Prepare ToR	✓	✓	✓	✓	✓	✓
Prepare Cost Estimate	✓	✓	✓	✓	✓	✓
Advertise for EOIs (2 weeks)	✓	✓	✓	✓	✓	X
Prepare Shortlist of top 6 firms	✓	✓	✓	✓	Best firm shortlisted	X
Prepare and Issue RFP to 6 firms (4 weeks)	✓	✓	✓	✓	Issued to 1 firm	Issued to SS
Technical evaluation and rejection below pass mark	✓	✓	✓	✓	X	X
Commercial Evaluation and combined scores	✓	T1 of tech qualified selected	T1 if within budget	L1 of tech qualified selected	X	X
Cost & Units Negotiated for Award	X	X	X	X	✓	✓

SECTION 4

GUIDELINES FOR COMMUNITY BASED PROCUREMENT

Under RWSSP-LIS, Gram Panchayat Water & Sanitation Committees (GP-WSCs) at various Gram Panchayat Level will undertake the procurement of goods, works and services at village level. The specific steps and principles would be detailed in the State Community Operations Manual (COM). The Operational Manual shall also define the minimum requirements that a beneficiary community should fulfill before it can be permitted to handle procurement.

In general, procurement would follow the proposed and approved micro-credit plan, arrived at by the following process of:

- Need assessment through a participatory process
- Preparing procurement plan by:
 - (i) Grouping items or services to be purchased and
 - (ii) Describing the anticipated method for purchasing same.
- Establishing purchase committee comprising of community members.
- Posting a general advertisement in a public place:
 - (i) Including shopping areas, community hall/centre, government office etc.;
 - (ii) Community discussion groups;
 - (iii) Local radio stations;
 - (iv) Local newspaper's etc.

COMMUNITY BASED PROCUREMENT (CBP)

This will be implemented through the following method:

- Local Competitive Bidding method (LCB), &
- Shopping/ or Community Force Account.

✓ LOCAL COMPETITIVE BIDDING

Essentially this procedure is like NCB except it is not mandatory to advertise in a newspaper of national circulation and bidding documents are simpler. The target suppliers and contractors are often those within the vicinity of the beneficiary community.

Procurement method	Applicable Conditions
Local Competitive Bidding (LCB)	<ul style="list-style-type: none">▪ The LCB procedure will be limited to local advertisement using such as media as local newspaper or radio, posting notices at strategic places, circulating such notices or reading them out in community meetings or other public gatherings.

	<ul style="list-style-type: none"> ▪ The request for bids spells out the works or goods required the criteria for selection, and the deadline for submission of the bids. ▪ Bids are open in a public ceremony. ▪ Bids are evaluated by a committee appointed by the community. Bids are examined to determine whether they meet the minimum specifications mentioned in the bidding documents (experience, quality of works, equipment, services offered and delivery dates). ▪ Bids that meet the minimum requirements specified in the bid invitation are retained for further evaluation and bidder who meets the minimum requirements and offers the lowest bid is selected. ▪ The award and amount of the contract should be announced to all bidders
--	--

✓ **SHOPPING**

The method involves comparing price quotations obtained from several local suppliers, usually at least three to ensure competitive prices. Shopping should be carried out with appropriate record keeping for verification and audit. The details of this method are given in Section 2 of this procurement manual.

✓ **COMMUNITY FORCE ACCOUNT**

Force account, that is, construction by the use of the Borrower’s own personnel and equipment may be the only practical method for constructing some kinds of works especially when works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices. Prior approval of the same from bank is required, if the agreed Procurement Plan does not provide for this method.

SECTION 5

THRESHOLD LIMITS & PROCUREMENT METHODS

Community Based Organizations i.e. GP-WSCs/ MV-WSCs

DESCRIPTION OF ITEMS	PROCUREMENT THRESHOLDS & REVIEW ARRANGEMENTS		
Expenditure for SVS and Intra- village schemes (including MVS), SLWM, etc. will be planned, implemented and maintained by the GP-WSCs, supported by SOs and DPMUs.	Goods and Non-Consulting Services Contracts		
	Value Threshold per Contract	Procurement Method	Review Arrangement
	Each less than US\$ 100,000 equivalent and greater than US\$ 20,000 or equivalent	Local Competitive Bidding	First contract irrespective of the value in the each state shall be prior reviewed by the Bank. All other contracts are subject to post review by the Bank.
	Each below US\$ 20,000 or equivalent	Shopping/ Force Account	All contracts are subject to post review by the Bank.
	Works Contracts		
	Value Threshold per Contract	Procurement Method	Review Arrangement
	Each less than US\$ 150,000 or equivalent and greater than US\$ 50,000 or equivalent	Local Competitive Bidding	First contract irrespective of the value in the each state shall be prior reviewed by the Bank. All other contracts are subject to post review by the Bank.
	Each below US\$ 50,000 or equivalent	Shopping/ Force Account	All contracts are subject to post review by the Bank.
	Services		
	To be hired on need basis following the prescribed guidelines		

National, State and District Level Management Units & Implementing Entities

DESCRIPTION OF ITEMS	PROCUREMENT THRESHOLDS & REVIEW ARRANGEMENTS		
<p>Expenditure for Office management related procurement like supplies of equipment & electronic items, furniture and office communication aids, miscellaneous field equipment and apparatus, proprietary software, journals, publications, training manuals.</p> <p>Expenditure on civil works for SVS, MVS and LVS, SLWM, etc.</p>	Goods and Non-Consulting Services Contracts		
	Value Threshold per Contract	Procurement Method	Review Arrangement
	Each greater than US\$ 3,000,000 or equivalent	International Competitive Bidding (ICB)	All contracts are subjected to prior reviewed by the Bank.
	Each less than US\$ 3,000,000 equivalent and greater than US\$ 100,000 or equivalent	National Competitive Bidding (NCB)	First contract irrespective of the value from each state shall be prior reviewed by the Bank. All contracts valued above US\$ 1,000,000 are subject to prior review by the Bank. All other contracts are subject to post review by the Bank.
	Each less than US\$ 100,000 equivalent	Shopping/ Limited Tendering	All contracts are subject to post review by the Bank.
	All values	Direct Contracting	All contracts are subject to prior review by the Bank.
	All values	Framework Agreements	All contracts are subject to prior review by the Bank.
	<p>Note: DGS&D Rate Contracts can be used as an option instead of Shopping, if the item is covered under the DGS&D Rate Contracts and offers value for money. However, State Rate Contracts cannot be treated at par with DGS&D Rate Contracts. If State Rate Contracts exist for any items, it can be considered as one of the minimum three quotations required for Shopping.</p>		
	Works Contracts		
	Value Threshold per Contract	Procurement Method	Review Arrangement
	Each greater than US\$ 40,000,000 or equivalent	International Competitive Bidding (ICB)	All contracts are subjected to prior reviewed by the Bank.
	Each less than US\$ 40,000,000 equivalent and greater than US\$ 100,000 or equivalent	National Competitive Bidding (NCB)	First contract irrespective of the value from each state shall be prior reviewed by the Bank. All contracts valued above US\$ 10 Million are subject to prior review by the Bank. All other contracts are subject to post review by the Bank.
Each less than US\$ 100,000 equivalent	Shopping/ Limited Tendering	All contracts are subject to post review by the Bank	
All values	Direct Contracting	All contracts are subject to prior review by the Bank	

DESCRIPTION OF ITEMS	PROCUREMENT THRESHOLDS & REVIEW ARRANGEMENTS					
<p>Services for studies, evaluations and designs; support services for implementing various components of the program including management and advisory support, services for providing training and capacity building activities and services for supervision of construction of works, etc.</p>	Consultancy Services Contracts					
	<table border="1"> <thead> <tr> <th data-bbox="557 415 781 485">Value Threshold per Contract</th> <th data-bbox="781 415 1045 485">Procurement Method</th> <th data-bbox="1045 415 1479 485">Review Arrangement</th> </tr> </thead> </table>	Value Threshold per Contract	Procurement Method	Review Arrangement		
	Value Threshold per Contract	Procurement Method	Review Arrangement			
	<table border="1"> <tbody> <tr> <td data-bbox="557 485 781 688">Each greater than US\$ 300,000 or equivalent</td> <td data-bbox="781 485 1045 688">Quality and Cost Based Selection (QCBS) REOI to be published in UNDB online</td> <td data-bbox="1045 485 1479 688">First contract in the each state shall be prior reviewed by the Bank. All other contracts valued above US\$ 500,000 are subject to prior review by the Bank. All other contracts are subject to post review by the Bank.</td> </tr> </tbody> </table>	Each greater than US\$ 300,000 or equivalent	Quality and Cost Based Selection (QCBS) REOI to be published in UNDB online	First contract in the each state shall be prior reviewed by the Bank. All other contracts valued above US\$ 500,000 are subject to prior review by the Bank. All other contracts are subject to post review by the Bank.		
	Each greater than US\$ 300,000 or equivalent	Quality and Cost Based Selection (QCBS) REOI to be published in UNDB online	First contract in the each state shall be prior reviewed by the Bank. All other contracts valued above US\$ 500,000 are subject to prior review by the Bank. All other contracts are subject to post review by the Bank.			
	<table border="1"> <tbody> <tr> <td data-bbox="557 688 781 953">Each less than US\$ 300,000 or equivalent and greater than US\$ 100,000 or equivalent</td> <td data-bbox="781 688 1045 953">Quality and Cost Based Selection (QCBS)/ Quality Based Selection(QBS)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)</td> <td data-bbox="1045 688 1479 953">First contract in the each state shall be prior reviewed by the Bank. All other contracts are subject to post review by the Bank.</td> </tr> </tbody> </table>	Each less than US\$ 300,000 or equivalent and greater than US\$ 100,000 or equivalent	Quality and Cost Based Selection (QCBS)/ Quality Based Selection(QBS)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)	First contract in the each state shall be prior reviewed by the Bank. All other contracts are subject to post review by the Bank.		
	Each less than US\$ 300,000 or equivalent and greater than US\$ 100,000 or equivalent	Quality and Cost Based Selection (QCBS)/ Quality Based Selection(QBS)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)	First contract in the each state shall be prior reviewed by the Bank. All other contracts are subject to post review by the Bank.			
<table border="1"> <tbody> <tr> <td data-bbox="557 953 781 1152">Each below US\$ 100,000 or equivalent</td> <td data-bbox="781 953 1045 1152">Selection Based on Consultant's Qualification (CQ)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)</td> <td data-bbox="1045 953 1479 1152">All contracts post review by the Bank.</td> </tr> </tbody> </table>	Each below US\$ 100,000 or equivalent	Selection Based on Consultant's Qualification (CQ)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)	All contracts post review by the Bank.			
Each below US\$ 100,000 or equivalent	Selection Based on Consultant's Qualification (CQ)/ Least Cost Selection (LCS)/ Fixed Budget Selection (FBS)	All contracts post review by the Bank.				
<table border="1"> <tbody> <tr> <td data-bbox="557 1152 781 1354">Each below US\$ 50,000 or equivalent</td> <td data-bbox="781 1152 1045 1354">Individual Consultants through comparison of qualifications of at least three individuals</td> <td data-bbox="1045 1152 1479 1354">All ToRs will be subject to prior review by the Bank. All other contracts valued above US\$ 50,000 will be subject to prior review by the Bank.</td> </tr> </tbody> </table>	Each below US\$ 50,000 or equivalent	Individual Consultants through comparison of qualifications of at least three individuals	All ToRs will be subject to prior review by the Bank. All other contracts valued above US\$ 50,000 will be subject to prior review by the Bank.			
Each below US\$ 50,000 or equivalent	Individual Consultants through comparison of qualifications of at least three individuals	All ToRs will be subject to prior review by the Bank. All other contracts valued above US\$ 50,000 will be subject to prior review by the Bank.				
<table border="1"> <tbody> <tr> <td data-bbox="557 1354 781 1423">All values</td> <td data-bbox="781 1354 1045 1423">Single Source Selection (SSS)</td> <td data-bbox="1045 1354 1479 1423">All contracts for SSS will be subject to prior review by the Bank.</td> </tr> </tbody> </table>	All values	Single Source Selection (SSS)	All contracts for SSS will be subject to prior review by the Bank.			
All values	Single Source Selection (SSS)	All contracts for SSS will be subject to prior review by the Bank.				
<p>* REOI to be published in UNDB online</p>						
<p>Short list of national consultants acceptable up to US\$800,000</p>						

PRIOR REVIEW ARRANGEMENT

- (i) National level Procurement Unit will undertake prior review of selection & award process of all contracts at State level Procurement Unit as per the value thresholds mentioned below:

PROCUREMENT	PRIOR REVIEW BY IMPLEMENTING AGENCIES	TRESHOLD LIMITS PER CONTRACTS
Goods contracts	Goods Contracts issued by States	Above US\$ 500,000
Works Contracts	Works Contracts issued by States	Above US\$ 5,000,000
Services Contract	Service Contracts issued by States	Above US\$ 100,000

- (ii) State level Procurement Unit will undertake prior review of selection & award process of all contracts at District level Procurement Unit as per the value thresholds mentioned below:

PROCUREMENT	PRIOR REVIEW BY IMPLEMENTING AGENCIES	TRESHOLD LIMITS PER CONTRACTS
Goods contracts	Goods Contracts issued by Districts	Above US\$ 100,000
Works Contracts	Works Contracts issued by Districts	Above US\$ 200,000
Services Contract	Service Contracts issued by Districts	Above US\$ 20,000

- (iii) District level Procurement Unit will undertake prior review of selection & award process of contracts at community level as per the value thresholds mentioned below:

PROCUREMENT	PRIOR REVIEW BY IMPLEMENTING AGENCIES	TRESHOLD LIMITS PER CONTRACTS
Goods contracts	Goods Contracts issued at community level	All contracts irrespective of value
Works Contracts	Works Contracts issued at community level	All contracts irrespective of value
Services Contract	Service Contracts issued at community level	All contracts irrespective of value

The process of prior review will happen at following intervals of the selection & award process: (i) Bid Document; (ii) Bid Evaluation Report & recommendation for award; & (iii) Contract Agreement.

POST REVIEW ARRANGEMENTS

Post review will also be carried out at different level by the implementing agencies and other higher level.

- (i) NPMU will conduct post review of 10% of all other contracts issued at SPMU and 5% of contracts issued by DPMU other than prior review cases.
- (ii) SPMU will conduct post review of 10% of all contracts issued by DPMU and 5% of contracts issued by community other than prior review cases.
- (iii) DPMU will conduct post review of 10% of all contracts issued by community other than prior review cases.

SECTION 6

PROCUREMENT PLANNING, MANAGEMENT & SUPERVISION ARRANGEMENTS

PROCUREMENT PROCESS

The first step in undertaking procurement is the establishment of a Procurement Committee. The committee would be responsible for reviewing the grouping of the items or services to be purchased, for preparing the procurement plan and procuring the needed goods/works/services, prepared by the Procurement Section/Unit. Procurement Committee will also convene the meeting to review Bid/Proposal Evaluation Report submitted jointly by Procurement and Technical Section. The quorum will be a minimum of 5 members.

PROCUREMENT PLANNING

Planning and adhering to procurement of various items in an orderly manner ensures an effective method of budget execution and expenditure management. Procurement by any project implementing entity at National, State and District level shall be undertaken in adherence to the following essential conditions:

- (a) Ensure that specific budget provision is available to meet expenditure in the financial year in which it is to be incurred.
- (b) Assess bulk requirement of goods, works and services for procurement at the beginning of the financial year and initiate action for procurement in accordance with the procedure applicable.
- (c) Ensure that procurement is made to the best advantage of the annual plan implementation after comparison of competitive prices.
- (d) Purchase of office equipment and furniture is in economic lots keeping in view the annual requirements.
- (e) Miscellaneous items of goods, works and services not covered by bulk requirement are to be purchased according to the actual requirement at different points of time during the financial year provided the value of goods, works and services so purchased is small and expenditure is met from within the sanctioned budget.

Each implementing level will be responsible for preparing procurement plans which shall be compiled at the District, State and National Level respectively. Each DPMU will prepare a contract wise annual procurement plan, and all procurement plans will then be approved and consolidated at the State level by SPMU. One procurement plan will be for civil works and one for goods listing the items/ works to be procured, their estimated value and method of procurement. Similarly, SPMU will prepare its procurement plan which will be approved and consolidated at the NPMU level. NPMU will also prepare annual procurement plan for works, goods, and services to be procured at their level.

The procurement plan details should include:

- i. The particular contracts for the goods, works and/or services required to carry out the project during the financial year.
- ii. The proposed methods for procurement of such contracts with their estimated costs, procurement schedule in accordance with the procedures agreed in the financing agreement, and
- iii. The related review procedures.

Template for Procurement Plans								
National: _____								
State: _____								
District: _____								
Financial Year: _____								
Ref. No.	Item Description	Estimated Cost In INR	Goods Works or Services	Procurement Method	Issue Date for IFB/ Eol	Bid-Opening Date	Contract Award Date	Comments
1	(please fill in)							
2	(please fill in)							
3	(please fill in)							
4	(please fill in)							
5	(please fill in)							
6	(please fill in)							
7	(please fill in)							
8	(please fill in)							
9	(please fill in)							
10	(please fill in)							
11	(please fill in)							
12	(please fill in)							

RECORD KEEPING

The concerned Procurement staff should maintain all the records of issue, receipt, opening, evaluation of tenders, award of contracts i.e. all pre-order and post-order records in chronological order and store the files in an identified place such that it will be retrievable for scrutiny whenever needed at any notice. The records of complaint handling, correspondence with Procuring Entities, consultants, vendors etc. also should be kept separately and should be easily retrievable.

The procurement file and the contract administration file can be coordinated by standard practice, so that nothing between tender opening or proposal receipt and notice of award is omitted. As part of the filing and record keeping requirements under project for procurement, a Contract wise **Procurement File** shall be maintained at every implementing entity mandatorily including the following Documentation:

- Procurement Plan, Need Identification documentation, acquisition planning information, and other pre-solicitation documents;
- Evidence of availability and approval of funds;
- Rationale for the method of procurement;
- Method and List of sources solicited;
- Independent cost estimate;
- Specifications, Statement of work/scope of services;
- Copies of published notices/advertisements of proposed contract action;
- Copy of the solicitation, all addenda, and all amendments;
- An abstract of each offer or quote;
- Comparative statement
- Minutes of Procurement Committee meeting referring to the particular and selection
- Notice of award;
- Notice to unsuccessful bidders or offertory and record of any debriefing;
- Record of any complaint/protest;
- Tender, Performance, Payment, or other bond documents, and notices to sureties;
- Required insurance documents, if any;
- Contract Copy; and
- Notice to proceed.

IMPLEMENTATION & MANAGEMENT ARRANGEMENTS

Implementation and management of procurement arrangements in RWSSP-LIS will be the responsibility of Project Management Units (PMUs) established at National, State and District level. Thus placement of a dedicated procurement specialist with defined role and responsibilities at all three levels is critical.

To achieve best procurement practices, it is essential to have clear separation of functions between technical specialists and procurement specialists. Thus the technical specialists in each implementing entity shall prepare technical specifications, raise requisitions, do technical evaluations and the procurement specialists shall do the procurement processing like preparation of tender documents, tender opening, price evaluation, contract of award etc.

ROLES AND RESPONSIBILITIES

Following table details the roles and responsibilities of procurement specialists at each implementation level;

IMPLEMENTATION ENTITY	KEY RESPONSIBILITIES
<p>National Project Management Unit (NPMU) Responsible for overall oversight of all procurement activities, procurement planning, capacity building, MIS and reporting, etc.</p>	<p>The board functions for procurement are:</p> <p><u>Procurement Planning & Management</u></p> <ul style="list-style-type: none"> ▪ Preparation of project procurement plan by compiling the national and state procurement plans. ▪ Procurement processing and contract management for all the contracts at national level. ▪ Drafting and up-dating of Procurement Manual as need based on project guidelines. ▪ Prior reviewing of bid documents and BERs for all contracts processed by states as per the thresholds value and arrangements determined within 7 days of receipt. <p><u>Monitoring & Evaluation</u></p> <ul style="list-style-type: none"> ▪ To provide procurement assistance to the states. ▪ To ensure strict compliance with project procurement guidelines by all the implementing entities. ▪ Monitoring that procurement plans are prepared and updated on annual basis and are in line with project annual work plan. ▪ To monitor progress of procurement as per the approved procurement plans. ▪ Maintain a Procurement Management Information System (MIS) and prepare reports for all stakeholders for reference and review. <p><u>Capacity Building</u></p> <ul style="list-style-type: none"> ▪ Providing orientation and training on project procurement guidelines to concerned officials of SPMU/DPMU. <p><u>Disclosure Management</u></p> <ul style="list-style-type: none"> ▪ Uploading of approved procurement plans on website to ensure disclosure of

IMPLEMENTATION ENTITY	KEY RESPONSIBILITIES
	<p>information.</p> <ul style="list-style-type: none"> ▪ Prepare and maintain contract register and procurement complaint & redressal register. ▪ To compile best practices in procurement and disseminate at all the levels.
<p>State Project Management Unit (SPMU) Responsible for overall State procurement planning, capacity building, oversight, MIS and reporting to State Authorities and NPMU.</p>	<p>The board functions for procurement are:</p> <p><u>Procurement Planning & Management</u></p> <ul style="list-style-type: none"> ▪ Preparation of procurement plan for the state by compiling the district level procurement plans. ▪ Procurement processing and contract management for all the contracts at state level. ▪ Prior reviewing of bid documents and BERs for all contracts processed by districts as per the thresholds value and arrangements determined within 7 days of receipt. <p><u>Monitoring & Evaluation</u></p> <ul style="list-style-type: none"> ▪ To provide procurement assistance to the Districts and sub district level. ▪ To ensure compliance with project procurement guidelines by the implementing entities at district and GP level. ▪ Preparation and update procurement plans on annual basis in line with state annual work plan. ▪ To monitor the progress of procurement at district and GP level. ▪ Maintain a Procurement Management Information System (MIS) and prepare reports for all stakeholders for reference and review. <p><u>Capacity Building</u></p> <ul style="list-style-type: none"> ▪ Providing orientation and training on project procurement guidelines to

IMPLEMENTATION ENTITY	KEY RESPONSIBILITIES
	<p>concerned officials at district and GP level.</p> <ul style="list-style-type: none"> ▪ Handholding support to district and sub-district implementation/support structures including CBOs towards building procurement capacity and undertake procurement. <p><u>Disclosure Management</u></p> <ul style="list-style-type: none"> ▪ Uploading of approved procurement plans on website to ensure disclosure of information. ▪ Prepare and maintain contract register and procurement complaint and redressal register. ▪ Sharing of best practices in procurement with NPMU.
<p>District Project Management Unit (DPMU) Responsible for procurement at district level.</p>	<p>The board functions for procurement are:</p> <p><u>Procurement Planning & Management</u></p> <ul style="list-style-type: none"> ▪ Procurement processing at district level as per the arrangements. ▪ Providing hand holding and support to GP level entities. ▪ Preparation and up-date of procurement plan annually. ▪ Prior reviewing of bid documents and BERs for all contracts processed by sub-districts as per the thresholds value and arrangements determined within 7 days of receipt. ▪ Monitoring of procurement at GP level to ensure compliance with project procurement guidelines. <p><u>Disclosure Management</u></p> <ul style="list-style-type: none"> ▪ Maintenance of contract register and procurement complaint and redressal register.

IMPLEMENTATION ENTITY	KEY RESPONSIBILITIES
	<ul style="list-style-type: none"> ▪ Display all procurement on the notice board and make available procurement records for verification at district and sub-district level.
<p>Community Based Organization at Gram Panchayat Level GP-WSCs at each GP will undertake the procurement as per the threshold limits defined.</p>	<p>The board functions for procurement are:</p> <p><u>Procurement Planning & Management</u></p> <ul style="list-style-type: none"> ▪ Preparation and up-date of procurement plan annually. ▪ Procurement of goods, works and services within the specified thresholds limit with due diligence ▪ Maintaining a data base of suppliers/ contractors and service providers who are reliable and easily approachable at local level ▪ Try to collect latest information on various items needed, rates, suppliers etc. <p><u>Disclosure Management</u></p> <ul style="list-style-type: none"> ▪ Display all procurement information on the notice board and make available procurement records for verification by the community members. ▪ Maintain procurement related documentation including contract register and procurement complaint and redressal register.

SECTION 7

IMPORTANT ASPECTS RELATED TO PROCUREMENT

Aspect	Things to Remember
Advertisement	For Open Tender and Service Selection advertisement shall be issued in one English and one local language newspapers. The adv. should also be placed at the project website.
Tender Documents	<p>For procurement to be carried out under RWSSP-LIS, agreed standard bidding documents for works/ goods will be used under Open Tender. The tender documents shall furnish all information necessary for a prospective bidder to prepare a tender for the goods and/ or works to be provided. Bidding documents should be made available to all those who request for them regardless of registration status and they should be allowed to bid. However, the request should be in writing along with the requisite fee of the tender/bid, if any.</p> <p>The bid/ tender document should invariably contain the following sections :</p> <ul style="list-style-type: none"> - Invitation for bids (IFB) - Instructions to bidders (ITB) - General terms & conditions - Contract data including bill / schedule of quantities (BOQ) - Award criteria - Notification of award - Execution of contract - Quality control - Payment terms - Taxes and duties - Completion certificate - Warranty/ defect liability period - Drawings - Dispute resolution - Arbitration - Force majeure
Time for submission of Bids	<ul style="list-style-type: none"> - Not less than 7 days for Shopping. - Not less than 14 days for Limited Tendering. - Not less than 30 days for Open Tender. - Not less than 14 days for EOI for any service method. - Not less than 30 days for RFP for any service method.

Aspect	Things to Remember
Bid Opening	<ul style="list-style-type: none"> - Bid Opening shall be on the same day, immediately after closing submission of bids. - All bids shall be opened publicly in the presence of representatives of bidders. - Only single venue for submission and opening of Bids. - Late Bids to be returned unopened. - The name of the bidder and total amount of each bid along with important conditions like excise duty, sales tax, delivery terms, delivery period, special conditions and discounts, if any, shall be read out at the time of bid opening. Withdrawal notices and modifications to the tender shall be read out first followed by the tender of the bidder. - On the spot Comparative statement should be prepared and signed by all present.
Bid validity	<ul style="list-style-type: none"> - Generally 30 days for Shopping. - Generally 45 -60 days for Limited Tendering. - Generally 90 days for Open Tendering. - Generally 90 days for Service Contracts.
Non responsive Bids which will be rejected	<ul style="list-style-type: none"> - Unsigned bids. - Not accompanying Bid Security as per value and valid duration in days, if required as per bid documents. - Not meeting eligibility criteria, if any mentioned in the bid documents. - Bids that have not quoted for the entire schedule/packing (if so required by Bid documents) and are not in the required currency as indicated in the bid documents. - Not meeting the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract.
No Negotiations	<p>No Price negotiations with any bidder including the lowest evaluated bidder. If the lowest evaluated responsive bid exceeds the pre-bid cost estimates by a substantial margin, causes may be analyzed and consider requesting new bids. Alternatively, the Procuring Entity may negotiate with the lowest evaluated bidder to try to obtain a satisfactory contract through a reduction in the scope and/or a reallocation of risk and responsibility which can be reflected in a reduction of the contract price.</p>
Securities and Penalties in Bid	<ul style="list-style-type: none"> - Performance Security is generally taken in open tendering. - Retention Money is generally taken in civil works contracts.

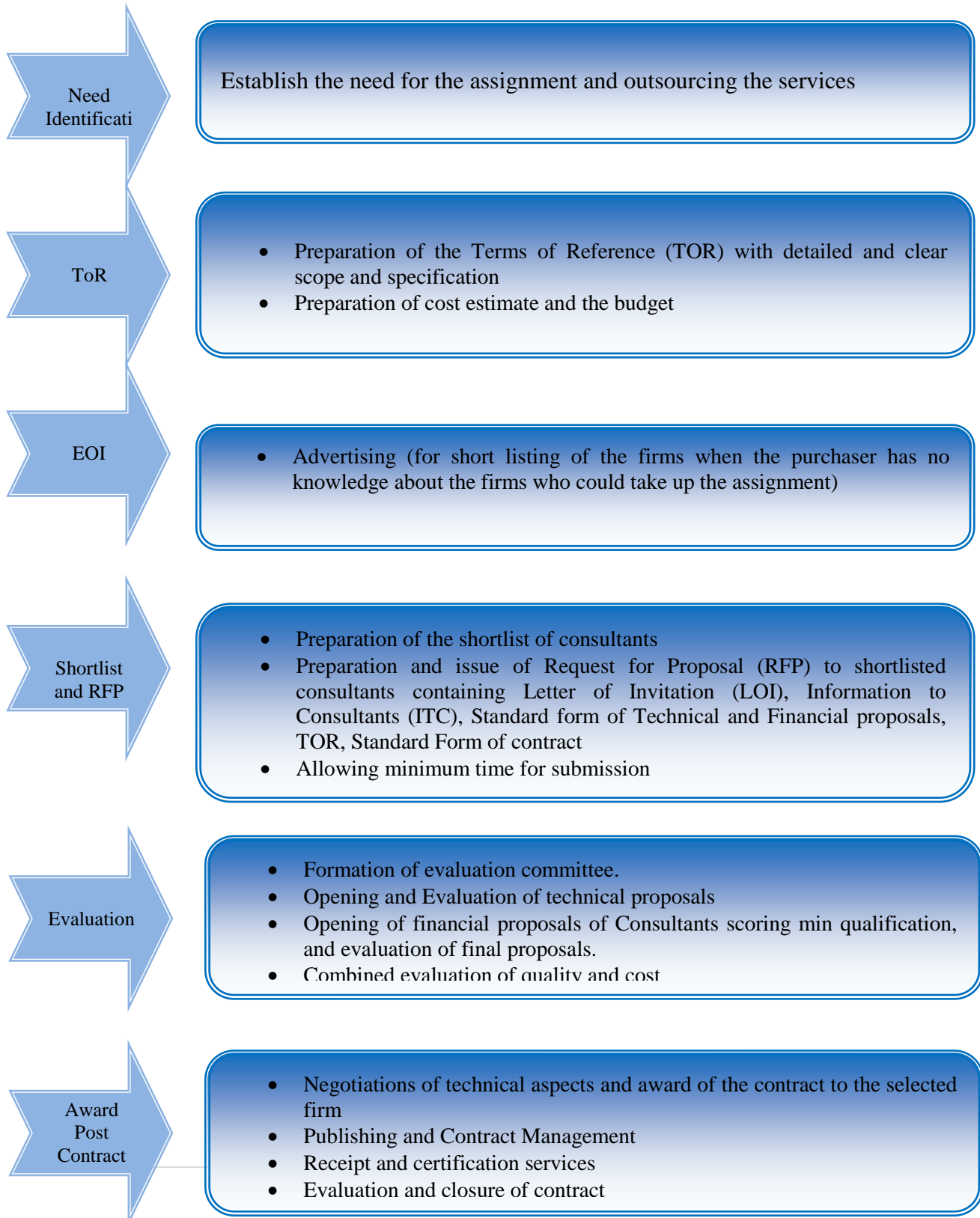
Aspect	Things to Remember
Documents and Contracts	- Liquidated Damages should be included in all contracts.
Increase in Supply Orders applicable for Open Tendering	Quantities in contracts awarded may be increased up to 15% of the quantity originally ordered by repeat orders. In case of Service Contracts, all services that may require further repeat or downstream efforts, the ToR shall state the same up front.
Rejection of all Proposals and Re-Invitation	<p>Tender documents usually provide that Procuring Entity may reject all tenders. Rejection of all tenders is justified when there is lack of effective competition, or tenders are not substantially responsive. However, lack of competition shall not be determined solely on the basis of the number of bidders. If all tenders are rejected, the Procuring Entity shall review the causes justifying the rejection and consider making revisions to the conditions of contract, design and specifications, scope of the contract, or a combination of these, before inviting new tenders.</p> <p>If the rejection of all tenders is due to lack of competition, wider advertising shall be considered. If the rejection is due to most or all of the tenders being non-responsive, new tenders may be invited.</p> <p>Rejection of all tenders and re-inviting new tenders, irrespective of value, shall be referred to the competent authority for approval.</p>
Fraud and Corruption	<p>Implementing agencies has the right to reject a proposal for award or cancel an awarded contract if it determines that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question. “Corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; “Fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; “Collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; “Coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a part and “Obstructive practice” is either deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of</p>

Aspect	Things to Remember
	<p>matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of inspection and audit rights provided under para 1.14 (e) of the World Bank's Procurement Guidelines.</p>
<p>Mis-procurement</p>	<p>The goods, works and services that have not been procured in accordance with the prescribed procedures outlined in this manual, shall be treated as mis-procurement. The expenditure incurred on such procurement shall not be eligible for financing under the project. Even when the contract is awarded after obtaining “no objection” from the Bank, the Bank may still declare mis-procurement, if it concludes that the “no objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the implementing agencies or the terms and conditions of the contract had been modified without Bank’s prior approval. For contracts issued from the proceeds of the IDA credit/loan, the Association will also initiate mis-procurement action if the above circumstances are proven.</p>
<p>Special Conditions for implementation of IDA assisted RWSSP-LIS</p>	<p>As per paragraph 1.14(e) of the World Bank's Procurement Guidelines, the Association will have right to inspect the accounts and records of bidders, suppliers and contractors. This right shall be included in the bidding documents.</p>

SECTION 7

ANNEX 1

PROCESS FLOW IN THE SELECTION OF SERVICE CONTRACTS QCBS



ANNEX 2
SAMPLE FORMATS

INVITATION FOR QUOTATIONS FOR SUPPLY OF
GOODS UNDER SHOPPING PROCEDURES

To

Dear Sirs,

Sub : INVITATION FOR QUOTATIONS FOR SUPPLY OF

1. You are invited to submit your most competitive quotation for the following goods:-

Brief Description of the Goods	Specifications*	Quantity	Delivery Period	Place of Delivery	Installation Requirement if any
--------------------------------	-----------------	----------	-----------------	-------------------	---------------------------------

* *Where ISI certification marked goods are available in market, procurement should generally be limited to goods with those or equivalent marking only.*

2. Government of India has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ _____ towards the cost of the _____ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.

3. **Bid Price**

- a) The contract shall be for the full quantity as described above. Corrections, if any, shall be made by crossing out, initialing, dating and re writing.
 - b) All duties, taxes and other levies payable on the raw materials and components shall be included in the total price.
 - c) Sales tax in connection with the sale shall be shown separately.
 - d) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
 - e) The Prices shall be quoted in Indian Rupees only.
4. Each bidder shall submit only one quotation. Bidder shall not contact other Bidders in matters relating to this Quotation.

5. **Validity of Quotation**

Quotation shall remain valid for a period not less than 15 days after the deadline date specified for submission.

6. **Evaluation of Quotations**

The Purchaser will evaluate and compare the quotations determined to be substantially responsive i.e. which

- (a) are properly signed ; and
- (b) conform to the terms and conditions, and specifications.

The Quotations would be evaluated for all the item together / would be evaluated separately for each item. *[Select one of the options]*.

Sales tax in connection with sale of goods shall not be taken into account in evaluation.

7. Award of contract

The Purchaser will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price.

7.1 Notwithstanding the above, the Purchaser reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.

7.2 The bidder whose bid is accepted will be notified of the award of contract by the Purchaser prior to expiration of the quotation validity period. The terms of the accepted offer shall be incorporated in the supply order (sample form attached).

8. Payment shall be made immediately after delivery of the goods.

9. Normal commercial warranty/ guarantee shall be applicable to the supplied goods.

10. You are requested to provide your offer latest byhours on(date).

11. We look forward to receiving your quotations and thank you for your interest in this project.

(Purchaser)

Name:

Address:

Tel. No.

Fax No.

FORMAT OF QUOTATION *

Sl. No.	Description Goods	Specifications	Qty.	Unit	Quoted Unit Rate in Rs.	Total Amount	
						In Figures	In Words
	TOTAL						
	Sales Tax						

Gross Total Cost : Rs.

We agree to supply the above goods in accordance with the technical specifications for a total contract price of Rs.(amount in figures) (Rs. amount in words) within the period specified in the Invitation for Quotations.

We also confirm that the normal commercial warrantee/guarantee of months shall apply to the offered goods.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in bribery or collusive agreements with competitors.

Signature of Supplier

** Applicable while the bids are being invited for more than one item and would be evaluated for all the items together. Modify where evaluation would be made for each item separately.*

OFFICE OF

SUPPLY ORDER

To:

M/s

Dear Sirs,

Sub: Supply of

Ref Your quotation no..... dated

- Your quotation no.....of(Date) for the supply of **has been accepted. You are requested to supply the following goods/equipment at the rates quoted by you and specified against each as per the specifications and terms & conditions specified hereunder:**

SL.No	Brief description of goods/ equipment	Specifications	Quantity to be supplied	Unit Rate (Rs.)	Total Price (Rs.)
1					
2					
3					
4					
5					
			Total		

Vat/Sales Tax will be extra

- Delivery Period:days from the date of issue of this supply order.
- Place of delivery
- Consignee Address:
- Vat/Sales tax if any will be paid at actual prevailing on the date of supply.
- Standard Manufactures commercial Warranty/Guarantee shall be..... months from the date of delivery and acceptance.
- Payment shall be made within 15 days of delivery; and acceptance of the goods/equipment.
- Other terms and conditions are as under:

(Purchaser)

Date:
 Place:

Name:
 Designation:.....

Modified as appropriate for individual cases

ANNEX 3

**INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF
CIVIL WORKS UNDER SHOPPING PROCEDURES**

To

Dear Sirs,

Sub : INVITATION FOR QUOTATIONS FOR CONSTRUCTION OF

1. You are invited to submit your most competitive quotation for the following works:-

Brief Description of the Works	Approximate value of Works (Rs.)	Period of Completion
-----------------------------------	-------------------------------------	----------------------

2. Government of India has received a credit from the International Development Association (IDA) in various currencies equivalent to US\$ _____ towards the cost of the _____ Project and intends to apply part of the proceeds of this credit to eligible payments under the contract for which this invitation for quotations is issued.

3³. The _____ Project in _____ state is being implemented by _____, which is an autonomous society registered under the Societies Registration Act.

4. To assist you in the preparation of your quotation, we are enclosing the following :

- i. Layout Drawings of the works;
- ii. Structural Details;
- iii. Detailed Bill of Quantities, with estimated rates and prices;
- iv. Technical Specifications;
- v. Instructions to Bidders (in two sections).
- vi. Draft Contract Agreement format which will be used for finalizing the agreement for this Contract.

5. You are requested to provide your offer latest by hrs. on

6. Quotations will be opened in the presence of Bidders or their representatives who choose to attend at _____ AM/PM on _____ in the office of _____.

7. We look forward to receiving your quotations and thank you for your interest in this project.

(Employer)

Name: _____

Address: _____

Tel. No: _____

Fax No. _____

³ Delete if inapplicable

INSTRUCTIONS TO BIDDERS

SECTION - A

1. Scope of Works

The _____ (Employer) invites quotations for the construction of works as detailed in the table given below

Brief Description of the Works	Approximate value of Works (Rs.)	Period of Completion
--------------------------------	----------------------------------	----------------------

The successful bidder will be expected to complete the works by the intended completion date specified above.

2. Qualification of the bidder: The bidder shall provide qualification information which shall include:-

- (a) total monetary value of construction works performed for each year of the last 3 years :
- (b) Report on his financial standing; and
- (c) Details of any litigation, current or during the last 3 years in which the bidder is involved, the parties concerned, and disputed amount in each case.

3. To qualify for award of the contract the bidder:-

- (a) should have satisfactorily completed as a prime contractor at least one similar work of value not less than Rs. 500,000 in the last three years;
- (b) should possess valid electrical license for executing building electrification works (in the event of the works being sub - contracted, the sub-contractor should have the necessary license);
- (c) should possess required valid license for executing the water supply/sanitary works (in the event of the works being sub-contracted, the sub-contractor should have the necessary license);

4. Bid Price

- a) The contract shall be for the whole works as described in the Bill of quantities, drawings and technical specifications. Corrections, if any, shall be made by crossing out, initialing, dating and re writing.
- b) All duties, taxes and other levies payable by the contractor under the contract shall be included in the total price.
- c) The rates quoted by the bidder shall be fixed for the duration of the contract and shall not be subject to adjustment on any account.
- d) The rates should be quoted in Indian Rupees only.

5. Submission of Quotations

5.1 The bidder is advised to visit the site of works at his own expense and obtain all information that may be necessary for preparing the quotation.

5.2 Each bidder shall submit only one quotation. Bidders shall not contact other Bidders on matters relating to this quotation.

5.3 The quotation submitted by the bidder shall comprise the following :-

(a) Quotation in the format given in Section B.

(b) Signed Bill of Quantities ; and

(c) Qualification information form given in Section B duly completed.

5.4 The bidder shall seal the quotation in an envelope addressed to the (Purchaser). The envelope will also bear the following identification:-

- Quotation for _____ (Name of the Contract)
- Do not open before _____ (time and date of quotation opening).

5.5 Quotations must be received in the office of the (Employer) not later than the time and date given in the letter of invitation . If the specified date is declared a holiday, quotations shall be received upto the appointed time on the next working day.

5.6 Any quotation received by the, (Employer) after the deadline for submission of quotations will be rejected and returned unopened to the bidder.

6. Validity of Quotation

Quotation shall remain valid for a period not less than 45 days after the deadline date specified for submission.

7. Opening of Quotations

Quotations will be opened in the presence of bidders or their representatives who choose to attend on the date and time and at the place specified in the letter of invitation.

8. Information relating to evaluation of quotations and recommendations for the award of contract shall not be disclosed to bidders or any other persons not officially concerned with the process until the award to the successful bidder is announced.

9. Evaluation of Quotations

The Employer will evaluate and compare the quotations determined to be substantially responsive i.e. which

(a) meet the qualification criteria specified in clause 3 above;

(b) are properly signed ; and

(c) conform to the terms and conditions, specifications and drawings without material deviations.

10. Award of contract

The Employer will award the contract to the bidder whose quotation has been determined to be substantially responsive and who has offered the lowest evaluated quotation price and who meets the specified qualification criteria.

10.1 Notwithstanding the above, the Employer reserves the right to accept or reject any quotations and to cancel the bidding process and reject all quotations at any time prior to the award of contract.

10.2 The bidder whose bid is accepted will be notified of the award of contract by the Employer prior to expiration of the quotation validity period.

11. Performance Security

Within 15 days of receiving letter of acceptance, the successful bidder shall deliver to the (Employer) the performance security (either a bank guarantee or a bank draft in favour of the Employer) for an amount equivalent of 3 % of the contract price. The Performance Security shall be valid till the expiry of the period of maintenance of the work, specified in clause 12. Failure of the successful Bidder to furnish performance security and signing the agreement within the period stipulated shall constitute sufficient grounds for annulment of award and debarring the bidder for a period of one year ,in which case the Employer may make the award to the next lowest evaluated bidder or seek quotations afresh.

12. Period of Maintenance:

The “Period of Maintenance” for the work is six months from the date of taking over possession or one full monsoon season whichever occurs later. During the period of maintenance, the contractor will be responsible for rectifying any defects in construction free of cost to the Employer.

13. Purchase of all construction materials including cement and steel as per the specifications (ISI certification marked goods wherever available) shall be the responsibility of the contractor.

SECTION - B

1. Format for Qualification Information.
2. Format for Submission of Quotation.
3. Format of Letter of Acceptance.

QUALIFICATION INFORMATION

1 For Individual Bidders

1.1 Principal place of business: _____

Power of attorney of signatory of Quotation.
[Attach copy]

1.2 Total value of Civil Engineering 20_____
Construction work performed in the last 20_____
three years (in Rs. Lakhs) 20_____

1.3 Work performed as prime contractor (in the same name) on works of a similar nature over the last three years.

<u>Project Name</u>	<u>Name of Employer</u>	<u>Description of work</u>	<u>Contract No.</u>	<u>Value of contract (Rs.Lakhs)</u>	<u>Date of issue of work order</u>	<u>Stipulated period of completion</u>	<u>Actual date of completion</u>	<u>Remarks explaining reasons for delay and work completed</u>
---------------------	-------------------------	----------------------------	---------------------	-------------------------------------	------------------------------------	--	----------------------------------	--

Existing commitments and on-going works:

<u>Description of Work</u>	<u>Place & State</u>	<u>Contract No. & Date</u>	<u>Value of Contract (Rs. Lakh)</u>	<u>Stipulated period of completion</u>	<u>Value of works* remaining to be completed (Rs. Lakhs)</u>	<u>Anticipated date of completion</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)

* Enclose a certificate from Engineer concerned.

1.4 Proposed subcontracts and firms involved.

Sections of the works	Value of Sub-contract	Sub-contractor (name & address)	Experience in similar work
*	*	*	*
*	*	*	*
*	*	*	*

1.5 Evidence of access to financial resources to meet the requirements of working capital: cash in hand, lines of credit, etc. List them below and attach copies of support documents.

1.6 Name, address, and telephone, telex, and fax numbers of the Bidders' bankers who may provide references if contacted by the Employer.

1.7 Information on litigation history in which the Bidder is involved.

Other party(ies)	Employer	Cause of dispute	Amount involved	Remarks showing present status

QUOTATION

*Description of the Works :

To:

Subject : Construction of
.....

Reference : Letter No.....dated.....from.....

Sir,

We offer to execute the Works described in your letter referred to above in accordance with the Conditions of Contract enclosed therewith at percentage above / below the estimated rates, i.e., for a total Contract Price of -

Rs.** _____ [in figures]
Rs. _____ [in words].

This quotation and your written acceptance of it shall constitute a binding contract between us. We understand that you are not bound to accept the lowest or any quotation you receive.

We hereby certify that we have taken steps to ensure that no person acting for us or on our behalf will engage in bribery or collusive arrangements with the competitors.

We hereby confirm that this quotation is valid for 45 days as required in Clause 6 of the Instructions to Bidders.

We have not been debarred/removed from approved lists/(dealings suspended) by the Central/State Governments or by the World Bank.

Yours faithfully,

Authorized Signature : _____ Date: _____

Name & Title of Signatory : _____

Name of Bidder : _____

Address : _____

* To be filled in by the Employer before issue of the Letter of Invitation.

** To be filled in by the Bidder, together with his particulars and date of submission at the bottom of this Form.

**LETTER OF ACCEPTANCE
CUM NOTICE TO PROCEED WITH THE WORK
(LETTERHEAD OF THE EMPLOYER)**

Dated: _____

To: _____ [Name and address of the Contractor]

Dear Sirs,

This is to notify you that your quotation dated _____ for execution of the _____ for the contract price of Rupees _____ [amount in words and figures], is hereby accepted by us.

You are hereby requested to furnish performance security for an amount of Rs. _____ (equivalent to 3% of the contract price) within 15 days of the receipt of the letter. The Performance Security in the form of Bank guarantee or a Bank draft in favour of (Employer) shall be valid till the expiry of the period of maintenance i.e. upto _____. Failure to furnish the Performance Security will entail cancellation of the award of contract.

You are also requested to sign the agreement form and proceed with the work not later than _____ under the instructions of the Engineer, _____ and ensure its completion within the contract period.

With the issuance of this acceptance letter and your furnishing the Performance Security, contract for the above said work stands concluded.

Yours faithfully,

**Authorized Signature
Name and title of Signatory**

**DRAFT AGREEMENT FORM FOR
CONSTRUCTION THROUGH NATIONAL SHOPPING**

ARTICLES OF AGREEMENT

This deed of agreement is made in the form of agreement on _____ day _____ month _____ 199 __, between the _____ (Employer) or his authorized representative (hereinafter referred to as the first party) and _____ (Name of the Contractor), S/O _____ resident of _____ (hereinafter referred to as the second party), to execute the work of construction of _____ (hereinafter referred to as works) on the following terms and conditions.

2. Cost of the Contract

The total cost of the works (hereinafter referred to as the “total cost”) is Rs. ____ as reflected in Annexure - 1.

3.1 Payments under its contract:

Payments to the second party for the construction work will be released by the first party in the following manner:-

On signing of agreement	:	25% of total cost
On reaching plinth level (first stage)	:	25% of the total cost
On reaching lintel level (second stage)	:	25% of the total cost
On reaching roof level (third stage)	:	15% of the total cost
Plastering and completion of whole work (fourth stage)	:	10% of the total cost

(The above has been drafted for construction of school buildings; modify this suitably for other works)

3.2 Payments at each stage will be made by the first party :

- (a) on the second party submitting an invoice for an equivalent amount ;
- (b) on certification of the invoice (except for the first installment) by the engineer nominated by the first party with respect to quality of works in the format in Annexure - 2; and
- (c) upon proper and justified utilization of at least 50 % of the previous installment and 100 % of any prior installment.

4. Notice by Contractor to Engineer

The second party, on the works reaching each stage of construction, issue a notice to the first party or the Engineer nominated by the first party (who is responsible for supervising the contractor, administering the contract, certifying the payments due to the contractor, issuing and valuing variations to the contract, awarding extensions of time etc.), to visit the site for certification of stage completion. Within 15 days of the receipt of such notice, the first party or the engineer nominated by it, will ensure issue of stage completion certificate after due verification.

5. Completion time

The works should be completed in _____ (months/weeks/days) from the date of this Agreement. In exceptional circumstances, the time period stated in this clause may be extended in writing by mutual consent of both the parties.

6. If any of the compensation events mentioned below would prevent the work being completed by the intended completion date, the first party will decide on the intended completion date being extended by a suitable period:
- a) The first party does not give access to the site or a part thereof by the agreed period.
 - b) The first party orders a delay or does not issue completed drawings, specifications or instructions for execution of the work on time.
 - c) Ground conditions are substantially more adverse than could reasonably have been assumed before issue of letter of acceptance and from information provided to second party or from visual inspection of the site.
 - d) Payments due to the second party are delayed without reason.
 - e) Certification for stage completion of the work is delayed unreasonably.
7. Any willful delay on the part of the second party in completing the construction within the stipulated period will render him liable to pay liquidated damages. @ Rs. * _____ per day which will be deducted from payments due to him. The first party may cancel the contract and take recourse to such other action as deemed appropriate once the total amount of liquidated damages exceeds 2 % of the contract amount.

(Note: The amount of liquidated damages per day should be determined at not less than 0.05 % of the contract value of the works and indicated here).

8. Duties and responsibilities of the first party

- 8.1 The first party shall be responsible for providing regular and frequent supervision and guidance to the second party for carrying out the works as per specifications. This will include written guidelines and regular site visit of the authorized personnel of the first party, for checking quality of material and construction to ensure that it is as per the norms.
- 8.2 The first party shall supply 3 sets of drawings, specifications and guidelines to the second party for the proposed works.
- 8.3 Possession of the site will be handed over to the second party within 10 days of signing of the agreement.
- 8.4 The Engineer or such other person as may be authorized by the first party shall hold meeting once in a month where the second party or his representative at site will submit the latest information including progress report and difficulties if any, in the execution of the work. The whole team may jointly inspect the site on a particular day to take stock of activities.
- 8.5 The Engineer shall record his observations/instructions at the time of his site visit in a site register maintained by the second party. The second party will carry out the instructions and promptly rectify any deviations pointed out by the engineer. If the deviations are not rectified, within the time specified in the Engineer's notice, the first party as well as the engineer nominated by it, may instruct stoppage or suspension of the construction. It shall thereupon be open to the first party or the engineer to have the deviations rectified at the cost of the second party.

9. Duties and responsibilities of the second party

9.1 The second party shall:

- a) take up the works and arrange for its completion within the time period stipulated in clause 5;
- b) employ suitable skilled persons to carry out the works ;
- c) regularly supervise and monitor the progress of work ;
- d) abide by the technical suggestions/direction of supervisory personnel including engineers etc. regarding building construction ;
- e) be responsible for bringing any discrepancy to the notice of the representative of the first party and seek necessary clarification ;
- f) ensure that the work is carried out in accordance with specifications, drawings and within the total of the contract amount without any cost escalation ;
- g) keep the first party informed about the progress of work ;
- h) be responsible for all security and watch and ward arrangements at site till handing over of the building to the first party ; and
- i) maintain necessary insurance against loss of materials/cash, etc. or workman disability compensation claims of the personnel deployed on the works as well as third party claims.
- f) Pay all duties, taxes and other levies payable by construction agencies as per law under the contract (First party will effect deduction from running bills in respect of such taxes as may be imposed under the law).

10. Variations / Extra Items

The works shall be carried out by the second party in accordance with the approved drawings and specifications. However, if, on account of site conditions or any other factors, variations are considered necessary, the following procedure shall be followed:-

- a) The second party shall provide the Engineer with a quotation for carrying out the Variation when requested to do so by the Engineer. The Engineer shall assess the quotation, which shall be given within seven days of the request before the Variation is ordered.
- b) If the quotation given by the second party is unreasonable, the Engineer may order the Variation and make a change to the Contract Price which shall be based on Engineer's own forecast of the effects of the Variation on the Contractor's costs.
- c) The second party shall not be entitled to additional payment for costs which could have been avoided by giving early warning.

11. Securities

The Performance Security shall be provided to the Employer no later than the date specified in the Letter of Acceptance and shall be issued in an amount and form and by a bank or surety acceptable to the Employer. The Performance Security shall be valid until a date 28 days from the date of issue of the Certificate of Completion in the case of a Bank Guarantee.

12. Termination

12.1 The Employer may terminate the Contract if the other party causes a fundamental breach of the Contract.

12.2 Fundamental breaches of Contract include, but shall not be limited to the following:

- (a) the contractor stops work for 28 days and the stoppage has not been authorized by the Engineer;
- (b) the Contractor has become bankrupt or goes into liquidation other than for a reconstruction or amalgamation;
- (c) the Engineer gives Notice that failure to correct a particular Defect is a fundamental breach of Contract and the Contractor fails to correct it within a reasonable period of time determined by the Engineer;
- (d) the Contractor does not maintain a security which is required;

12.3 Notwithstanding the above, the Employer may terminate the Contract for convenience.

12.4 If the Contract is terminated the Contractor shall stop work immediately, make the Site safe and secure and leave the Site as soon as reasonably possible.

13. Payment upon Termination

13.1 If the Contract is terminated because of a fundamental breach of Contract by the Contractor, the Engineer shall issue a certificate for the value of the work done less advance payments received up to the date of the issue of the certificate, less other recoveries due in terms of the contract, less taxes due to be deducted at source as per applicable law.

13.2 If the Contract is terminated at the Employer's convenience, the Engineer shall issue a certificate for the value of the work done, the reasonable cost of removal of Equipment, repatriation of the Contractor's personnel employed solely on the Works, and the Contractor's costs of protecting and securing the Works and less advance payments received up to the date of the certificate, less other recoveries due in terms of the contract and less taxes due to be deducted at source as per applicable law.

14. Dispute settlement

If over the works, any dispute arises between the two parties, relating to any aspects of this Agreement, the parties shall first attempt to settle the dispute through mutual and amicable consultation.

In the event of agreement not being reached, the matter will be referred for arbitration by a Sole Arbitrator not below the level of retired Superintending Engineer, PWD to be appointed by the first party. The Arbitration will be conducted in accordance with the Arbitration and Conciliation Act, 1996. The decision of the Arbitrator shall be final and binding on both the parties.

BILL OF QUANTITIES

Sl.No.	Description of Work	Qty.	Unit	Estimated Cost		Amount
				In figure (Rs.)	In Words	

Gross Total Cost : Rs.

We agree to execute the works in accordance with the approved drawings and technical specifications at percentage above/below the estimated rates, i.e., for a total contract price of Rs.(amount in figures) (Rs. amount in words).

Signature of Contractor

Format of certificate

Certified that the works upto ----- level in respect of construction of ----- at ----- have been executed in accordance with the approved drawing and technical specifications.

Signature
Name & Designation
(Official address)

Place :
Date :

Office seal