

# **PROCUREMENT MANUAL**

## **NATIONAL RURAL LIVELIHOODS PROJECT & NATIONAL RURAL LIVELIHOODS MISSION**

**MINISTRY OF RURAL  
DEVELOPMENT, GOVERNMENT OF  
INDIA**

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# 1. Introduction

The National Rural Livelihood Mission (NRLM) was established in June 2010 by the Government of India, to be implemented in all States of the country to establish efficient and sustainable institutions of the rural poor that enable them to increase household income through livelihood enhancements and improved access to financial and selected public services. NRLM incorporates lessons from previous State project experiences and builds upon them through a comprehensive livelihoods approach encompassing four inter-related tasks: (a) mobilizing all rural, poor households into effective self help groups (SHGs) and SHG federations; (b) enhancing access to credit and other financial, technical, and marketing services; (c) building capacities and skills for gainful and sustainable livelihoods; and (d) improving the delivery of social and economic support services to poor. Through NRLM, a combination of financial resources and technical assistance will be provided to the States to achieve these objectives.

Under NRLM, Government of India is availing a credit from the International Development Association (IDA) for implementing the National Rural Livelihood Project (NRLP) to broadly support the following components: (i) *Institution and human capacity development* at the National, State, District and Sub-District level such that support institutional structures are created, (ii) *State Livelihood Support* towards establishment of institutional platforms of the rural poor for improved access to financial, livelihood and public services, (iii) *Innovation and Partnership* to identify and partner innovative ideas which address the livelihood needs of the rural poor and help pilot or scale them, (iv) *Project management and monitoring and learning systems*.

The procurement of goods, civil works, non-consulting services and services will be integral to the implementation of NRLM at National, State, District and Sub-District levels. This manual sets forth the NRLM procurement policies and procedures for the guidance of all personnel involved with procurement responsibilities, with the aim of ensuring that programme resources are properly managed and safeguarded. The Manual aims to achieve economy, efficiency and transparency in the implementation of the project, including the procurement of the goods, works and services involved; and ensuring that all eligible bidders are provided the same information and equal opportunity to compete in provision of same.

It will be mandatory for all participating State and District societies and other Government and non Government agencies to adhere to the guidelines and procedures outlined in this Manual for carrying out procurement under NRLM. All State Implementing Societies will formally resolve to follow this Manual with release of NRLM funding being contingent on this pre-condition.

Under NRLM, federated structures of Self Help Groups (SHGs) will be formed at different levels (village, block, district) for undertaking value chain linked activities in dairy, agri-business and similar enterprises for better production, storage, marketing, etc. of the produce of the members of the SHGs. These groups would undertake procurement of goods, works and services in line with the selected value added activity. This manual details the principles, processes and methods for community based procurement that project functionaries and community groups shall follow for procurement of goods, works and services.

This manual is developed based on procurement framework and methodology suggested by the Financial Management Rules, GoI (2005); Financial Management and Procurement Manual of Sarva Shiksha Abhiyaan, MHRD, GoI; Stores Purchase Rules methods in various states; World Bank "Guidance Note For Management Of Procurement Responsibilities In Community-Driven Development Projects", December 2009 as well as World Bank guidelines for procurement of goods, works and services. This Procurement manual has been reviewed and is found in accordance with World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated January 2011 (Procurement Guidelines), and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011 (Consultancy Guidelines).

This manual considers the specific procurement management requirements of the International Development Association (IDA) as detailed in the Procurement Guidelines and Consultancy Guidelines referred above for implementing the NRLP. NRLP will be implemented intensively in selected 400 blocks of selected states of the country. In the event of any conflict in interpretation of various provisions for

procurement in case of items procured using the proceeds of the credit from the IDA, interpretations of provisions of IDA Procurement and Consultancy Guidelines will prevail.

The guidelines and procedures are subject to modification by NRLM in case of any peculiar circumstances and where situation so warrants.

[Updated April 2012]

## 2. Procurement of Goods, Civil Works and Non-Consulting Services

In general, the methods of procurement for goods, non-consulting services<sup>1</sup> and works<sup>2</sup> followed under NRLM will be:

1. Open Tender
2. Limited Tender
3. Local Shopping with 3 quotations
4. Petty Purchase- without quotation
5. Single Tender
6. Rate Contract

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<sup>1</sup> Non-consulting services are defined as services for which the physical aspects of the activity predominate, these are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied. Some examples are taxi services, housekeeping services, security services, etc. Procurement methods applicable for Goods Procurement are applicable to non-consulting services.

<sup>2</sup> Works contracting will not be carried out by MoRD at National level.

**Open Tender** is the preferred method of procurement for goods and works. This method involves competitive bidding to generate adequate competition in order to ensure reasonable prices. The criteria used in the evaluation of tenders and the award of contracts is made known to all bidders in a timely manner and not applied arbitrarily.

| Procurement Method    | Items Procured   | Applicable Conditions and Steps in Procurement Process   |
|-----------------------|--|--|
| <b>Open Tendering</b> | Goods, Equipment, Raw Materials, Construction Works, Plant and Machinery, etc. | <p>(i) Invitations to bid under Open Tender shall be advertised in at least one widely circulated national daily newspaper or in the official gazette, or on a widely used website or electronic portal, in English, with free national and international access. This shall be done at least 30 days prior to the deadline for the submission of bids.</p> <p>(ii) Issue and Sale of tender documents using the Model Bidding Document for NRLM with a minimum period of 30 days for value above <u>INR 20,00,000</u> (and 21 days for value below) from the date of advertisement for purchase and submission of tenders</p> <p>(iii) Public opening of tender and verification of tender security and reading out tender prices in the presence of bidders representatives, immediately (usually within 30 mts.) after the closing date and time for submission</p> <p>(iv) Evaluation and Selection of lowest evaluated responsive tender 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</p> <p>(v) 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</p> <p>(vi) 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</p> <p>(vii) Rejection of all tenders is justified when tenders are not substantially responsive. The procuring entity shall review the causes and make revisions to the conditions of contract, design and specifications, etc., before inviting new tenders</p> <p>(viii) Even if there is one responsive tender, the selection process shall be completed and contract awarded. If the rejection of all tenders is due to lack of competition, wider advertising shall be considered</p> |

**Limited Tender** is used for goods and 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 and maintenance of equipment estimated to cost upto the financial threshold suggested in this manual may be procured under contracts awarded under the Limited Tender system (value thresholds per contract).

| Procurement method       | Items Procured   | Applicable Conditions and Steps in Procurement Process   |
|--------------------------|--|--|
| <b>Limited Tendering</b> | Goods, Equipment, Raw Materials, Construction Works, Plant and Machinery, etc. | <p>(i) Identifying items for purchase with quantity,</p> <p>(ii) Laying down specifications for the items identified,</p> <p>(iii) Identifying likely agencies from whom quotations can be invited (minimum 3, but 8-10 agencies would ensure better response and more competitive rates)</p> <p>(iv) Issuing letters of invitation based on approvals, 14 Days time shall be given for submission of offers (There will be no sale of Tender Documents, as suppliers/contractors are identified and approached directly by the procuring entity)</p> <p>(v) The selection process shall be completed only when 3 responsive tenders are received. Public opening of offers on the designated date and time in the presence of bidders representatives. Processing offers received, obtaining orders of competent authority for placing of orders for supply</p> <p>(vi) Issuing purchase order with details of items to be supplied, price, delivery, liquidated damages, pre/post delivery inspection provisions, warranty and other essential terms and conditions</p> <p>(vii) 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</p> <p>(viii) 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 analysed 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> |

**Local Shopping** 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    | Items Procured   | Applicable Conditions and Steps in Procurement Process  |
|-----------------------|--|---|
| <b>Local Shopping</b> | Goods, Equipment, Raw Materials, Construction Works, Plant and Machinery, etc. | <p>Note: Procurement through this method would require referring to DGS&amp;D rate contracts and Kendriya Bhandar products in the first instance.</p> <p>(i) 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)</p> <p>(ii) 7 Days time shall be given for submission of quotations</p> <p>(iii) Quotations shall be received in writing as per format</p> <p>(iv) Quotations need not be opened publicly in the presence of bidders representatives</p> <p>(v) The selection process shall be completed only when 3 quotations are received. Evaluate quotations by preparing comparative statement.</p> <p>(vi) Issue a purchase/works order with details of items to be supplied, price, delivery, warranty and other essential terms and conditions</p> <p>(vii) Display contract award information on implementing unit notice board for 7 days</p> <p>(viii) 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</p> |



**Petty Purchase** can be used when purchasing articles or group of articles estimated to cost less than the financial ceiling given in this manual. No tenders/quotations are required.

| Procurement Method    | Items Purchased                            | Applicable Conditions and Steps in Procurement Process  |
|-----------------------|--|---|
| <b>Petty Purchase</b> | Office stationery, common commodities etc. | <p>For Stationery, Commodities and similar routine items under goods and for repair, refurbishment works. To be used in the absence of Rate Contracts</p> <p>No need for following a competitive process</p> <p>Maximum ceiling of 5% of the annual budget can be spent using this method</p> <p>Should have approval of the Implementing Officer</p> |

**Single Tender** 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   | Items Purchased   | Applicable Conditions and Steps in Procurement Process   |
|----------------------|---|--|
| <b>Single Tender</b> | Goods, Equipment, Construction Works, Plant and Machinery, etc. | <p>Single Tender is applicable under following circumstances:</p> <ul style="list-style-type: none"> <li>- An existing contract for goods/works, awarded in accordance with competitive procedures, may be extended for additional goods of a similar nature. 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.</li> <li>- Standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier.</li> <li>- The required equipment is proprietary and obtainable only from one source.</li> <li>- The Contractor responsible for a process design requires the purchase of critical items from a particular Supplier as a condition of a performance guarantee.</li> <li>- In exceptional cases, such as in response to natural disasters.</li> </ul> <p>All single tender 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 an expenditure and also subject to prior review requirements established based on value threshold per contract in this manual.</p> <p><b>The justification note should explicitly discuss how the proposed procurement has mitigated the risks on account of fraudulent practices like collusion and coercion and reputational risks.</b></p> |

**Rate Contracts:** It is contracting for the supply of goods, and works at specified rates during the period covered by the contract. Under the NRLM program, rate contracts established by DGS&D, and National Mission Management Unit will be applicable, subject to the financial ceiling mentioned in this manual. NMMU shall conclude rate contracts with manufacturers, for goods and items of standard types, which are identified as common user items in the context of the project and are needed on recurring basis by various State Governments in implementation of NRLM. NMMU shall not establish rate contracts for any item covered under the DGS&D Rate Contracts. Rate contracts established by State level agencies or corporations shall not qualify for Single Tender method.

| Procurement Method    | Items Procured   | Applicable Conditions and Steps in Procurement Process   |
|-----------------------|--|--|
| <b>Rate Contracts</b> | Goods, Equipment, Raw Materials, Construction Works, Plant and Machinery, etc. | <p>List of admissible Rate Contracts will be those issued by DGS &amp;D, and NMMU, if any. Maximum limit for a contract using the DGS&amp;D or NMMU rate contract shall be <b>INR 25,00,000.00</b>.</p> <p>For issuing contract under DGS&amp;D Rate Contracts (RC), the procurement entity shall ensure that the item procured is under a valid RC and the supplier is either the original manufacturer who holds the RC from DGS &amp;D or an authorized supplier/dealer. In case of using an authorized supplier/dealer, the procurement entity shall obtain a copy of the specific authorization letter from the original contract holder in favor of the supplier/dealer.</p> |

## 3. Procurement of Services and Selection of Consultants in NRLM

In NRLM 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, developing systems and methods for monitoring including MIS, engaging services for supervision of construction of works and installation of equipment, similarly technical assistance services including thematic experts for institutional development, financial inclusion 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:

1. Quality and Cost Based Selection (QCBS)
2. Least Cost Selection (LCS)
3. Quality Based Selection (QBS)
4. Single Source Selection (SSS); and
5. Individual Consultant (IC)

In all service requirements following key processes will be followed:

(a) 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.

(b) Preparation of cost estimate and budget based on the Procuring Entities 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 (iii) miscellaneous expenses.

(c) Deciding the contracting strategy viz. going for lump-sum or time based contract<sup>3</sup>, 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.

(d) Advertising i.e. seeking Expression of Interest to be published in newspapers having wide circulation.

(e) 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

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<sup>3</sup> **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.

the consultants. The shortlists shall comprise six firms so that at the proposal stage, there is adequate competition among the Consultants.

(f) 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 for NRLM will be followed for this purpose.

(g) 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 weight 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.

(i) Negotiations and Award: It may be necessary to conduct negotiations with the selected consultant on the TOR, the methodology, staffing, Department's inputs, 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), no negotiations can be held on unit rates. Based on the final negotiated ToR and contract, an award is made to the selected agency.

(j) Rejection of All proposals, and Re-invitation: The procedure prescribed in the important aspects section for the procurement 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)** is the method where the selection bases 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.

**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.

LCS will be appropriate in case of States using call down contracts for key technical consultancy services. NMMU, in order to ensure acceptable standards of quality will be undertaking a national level selection for key technical consultancy services for (i) developing MIS system for NRLM, (ii) HR services including HR Strategy development and recruitment of personnel, (iii) Identified training areas, etc. NMMU will

conduct the first stage of selection, i.e. Technical Selection to identify a pool of technically qualified consultants relevant to the key areas, based on the technical proposal evaluation. Once this selection process is completed by NMMU, a list of all technically suitable Consultants will be shared with all participating States. Each State, as per their specific requirements, can select from this list of Consultants as per the scope of work and period when the services are required. To do so, each state will seek (i) commercial proposals, and (ii) a letter from all or 6 technically qualified Consultants by NMMU, confirming the availability of the personnel originally proposed by the agency. The agency offering the Least Cost will be selected for award. A process flow depicting this process is presented as **Annex 2** of this manual.

### **Quality-Based Selection (QBS)**

QBS is appropriate for the following types of assignments:

- (i) The outcome of the assignment will have high impact and hence it is essential to engage most qualified consultant. Examples are national policy formulation; capacity building program etc.
- (ii) The assignment is very complex or highly specialized where it is difficult to define scope of work with accuracy. Examples are country specific study; reforms related studies, high precision scientific work etc.

In QBS, the RFP may request submission of a technical proposal only (without the financial proposal), or request submission of both technical and financial proposals at the same time, but in separate envelopes (two-envelope system). The RFP shall provide the estimated time of key experts, specifying that this information is given as an indication only and that consultants shall be free to propose their own estimates.

If technical proposals alone were invited, after evaluating the technical proposals using the same methodology as in QCBS, the Borrower shall ask the consultant with the highest ranked technical proposal to submit a detailed financial proposal. The Borrower and the consultant shall then negotiate the financial proposal and the contract.

All other aspects of the selection process shall be identical to those of QCBS, including the publication of the award of contract, except that only the contract price of the winning firm is published. If consultants were requested to provide financial proposals initially together with the technical proposals, safeguards shall be built in as in QCBS to ensure that the financial proposal of only the selected firm is opened and the rest returned unopened, after the negotiations are successfully concluded.

**Single Source Selection (SSS)** 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

[Normally limited to INR 50 Lakh and based on 3 conditions. Procurement above INR 50 Lakh shall have prior agreement with MoRD]

**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.

### Consultant Selection Process under various Methods- A comparison

| Aspect   | QCBS | LCS                           | QBS                       | SSS          |
|--|------|-------------------------------|---------------------------|--------------|
| Prepare ToR  | ✓    | ✓                             | ✓                         | ✓            |
| Prepare Cost Estimate                              | ✓    | ✓                             | ✓                         | ✓            |
| Advertise for EOIs (2 weeks)                       | ✓    | ✓                             | ✓                         | X            |
| Prepare Shortlist of top 6 firms                   | ✓    | ✓                             | ✓                         | X            |
| Prepare and Issue RFP to 6 firms (4 weeks)         | ✓    | ✓                             | ✓                         | Issued to SS |
| Technical evaluation and rejection below pass mark | ✓    | ✓                             | ✓                         | X            |
| Commercial Evaluation and combined scores          | ✓    | L1 of tech qualified selected | Only for T1 rest returned | X            |
| Cost & Units Negotiated for Award                  | X    | X                             | ✓                         | ✓            |

## **4. Guidelines for Community Based Procurement**

Under NRLM, federated structures of Self Help Groups (SHGs) will be formed at different levels (village, block, district) for undertaking value chain linked activities in dairy, agri-business and similar enterprises for better production, storage, marketing, etc. of the produce of the members of the SHGs. These groups would undertake procurement of goods, works and services in line with the selected value added activity.

To ensure that community procurement processes are efficient, transparent, cost-effective, and competitive to ensure quality of goods and services, the procurement guidelines should :

- Be simple enough as to be understood and implemented by local staff and the community;
- Be sufficiently transparent to permit real competition among suppliers and to facilitate control in the selection of contractors and use of funds;
- Use simple, standardized documentation; and
- Balance risk versus control/management with efficiency considerations.

The specific steps and principles would be detailed in the State Community Operations Manual (COM). The Operational Manual should also define the minimum requirements that a beneficiary community should fulfill before it can be permitted to handle procurement; the assessment should determine whether communities would be able to meet these requirements. The requirements would include the communities' organizational and legal status. Communities that have a defined membership usually have an executive committee that facilitates collective decision making in contracting, while the community's legal status enable the community to enter into contracts and open Bank accounts. The assessment report should identify actions required to strengthen the communities' procurement capacity.

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 news papers etc.





| Key Implementing Units   | Description of Procurement   | Value (Threshold) per Contract and Method of Procurement   | Review Procedure |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
|--|--|--|------------------|-------|---|----------------|-------------|----|----------------|----------------|----------------|-------------------|-----------------|---------------|----------------|-------------------|--------------------|---------------|-------------------|----|---------------|----|----------------|----------------------|-----------------|----|--------|-----------------|-----------------|-------------------------------------|-------------------------|-----------------|---------------------------------|-----------------|-------------------|---|---|
| <b>National, State and District level Mission Management Units and Implementing Entities</b> | <p><b>Office management related procurement like supplies</b> (including stationery like paper, pens, files, registers etc., items for repair and maintenance), <b>equipment &amp; electronic items</b> (like computers, printers, scanners, UPS, photocopiers, fax machines, LAN, WAN, ACs.), <b>furniture and fixtures</b> (including spare parts, fuel, oil and lubricants etc.), <b>office communication aids</b> (such as multimedia projectors, Audio visual equipment, digital and video cameras, mobile units and peripherals), <b>purchase of vehicles</b>, non-consulting services like taxi services, housekeeping services, security services, etc. <b>miscellaneous field equipment and apparatus, proprietary software, journals, publications, training manuals.</b></p> <p>Materials and labour related to renovation or construction of office space.</p> <p><b>Services</b> 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 developing systems and methods for monitoring including MIS, services for supervision of construction of works and installation of equipment, technical assistance services and institutional development.</p> <p>At the District Level goods, equipments for establishment of project facilitation teams.</p> <p><b>Force Account</b> is an arrangement where the community themselves may carry out certain small 'works' and 'repairs' - which may not be possible or feasible to be</p> | <p><b>Goods and Works</b></p> <table border="1" data-bbox="776 344 1271 926"> <thead> <tr> <th>Method</th> <th>Goods</th> <th>Works (These limits are for SRLM/CBOs only)</th> </tr> </thead> <tbody> <tr> <td>Petty Purchase</td> <td>≤ INR 5,000</td> <td>NA</td> </tr> <tr> <td>Local Shopping</td> <td>≤ INR 5,00,000</td> <td>≤ INR 5,00,000</td> </tr> <tr> <td>Limited Tendering</td> <td>≤ INR 25,00,000</td> <td>≤ INR 1 crore</td> </tr> <tr> <td>Open Tendering</td> <td>≤ INR 2,50,00,000</td> <td>≤ INR 25,00,00,000</td> </tr> <tr> <td>Single Tender</td> <td>As per conditions</td> <td>NA</td> </tr> <tr> <td>Force Account</td> <td>NA</td> <td>≤ INR 5,00,000</td> </tr> <tr> <td>DGS &amp;D Rate Contract</td> <td>≤ INR 25,00,000</td> <td>NA</td> </tr> </tbody> </table> <p><b>Services</b></p> <table border="1" data-bbox="776 989 1263 1451"> <thead> <tr> <th>Method</th> <th>Limits in Value</th> </tr> </thead> <tbody> <tr> <td>Individuals SSS</td> <td>Subject to acceptable justification</td> </tr> <tr> <td>Individuals Competitive</td> <td>≤ INR 25,00,000</td> </tr> <tr> <td>Institutions QBS &amp;, LCS and SSS</td> <td>≤ INR 50,00,000</td> </tr> <tr> <td>Institutions QCBS</td> <td>&gt; INR 50,00,000. No upper limit. All selection &gt; INR 1 crore from NRLP, shall be prior reviewed by the Bank and advertised in UNDB.</td> </tr> </tbody> </table> <p>The above are the maximum per contract value that can be issued at this level. Short list of consultants from within the country are acceptable for value up to INR 2.5 crore (US\$500,000)</p> <p>For Goods and services, no single contract valued above INR 2.5 crore is anticipated from the proceeds of IDA credit/loan, and in the event any particular need arises for a contract above this value, the procurement arrangement for such contracts shall be discussed and agreed with IDA in advance.</p> | Method           | Goods | Works (These limits are for SRLM/CBOs only) | Petty Purchase | ≤ INR 5,000 | NA | Local Shopping | ≤ INR 5,00,000 | ≤ INR 5,00,000 | Limited Tendering | ≤ INR 25,00,000 | ≤ INR 1 crore | Open Tendering | ≤ INR 2,50,00,000 | ≤ INR 25,00,00,000 | Single Tender | As per conditions | NA | Force Account | NA | ≤ INR 5,00,000 | DGS &D Rate Contract | ≤ INR 25,00,000 | NA | Method | Limits in Value | Individuals SSS | Subject to acceptable justification | Individuals Competitive | ≤ INR 25,00,000 | Institutions QBS &, LCS and SSS | ≤ INR 50,00,000 | Institutions QCBS | > INR 50,00,000. No upper limit. All selection > INR 1 crore from NRLP, shall be prior reviewed by the Bank and advertised in UNDB. | <p><b>Prior Review By NMMU at State Level</b><br/>Of all goods contracts &gt; INR 40,00,000<br/>Works contracts &gt; INR 1,00,00,000<br/>Service Contracts &gt; 50,00,000</p> <p><b>By SMMU at District Level</b><br/>Of all goods contracts &gt; INR 10,00,000<br/>Works contracts &gt; INR 50,00,000<br/>Service Contracts &gt; 20,00,000</p> <p><b>Post Review By World Bank:</b><br/>All goods, works and non-consulting services contracts valued up to INR 2.5 crores issued by NMMU will be subjected to sample post review by the World Bank.</p> <p><b>By NMMU by third party independent Procurement Review Consultants</b> for reporting to the PAB. <i>Wherever the proceeds of IDA credit are used, World Bank staff or Consultants will carry out prior review (contracts valued above INR 1 Crore using IDA credit for NRLP) and post review as per the provisions in the legal agreement.</i></p> |
| Method   | Goods  | Works (These limits are for SRLM/CBOs only)  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Petty Purchase   | ≤ INR 5,000  | NA   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Local Shopping   | ≤ INR 5,00,000   | ≤ INR 5,00,000   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Limited Tendering  | ≤ INR 25,00,000  | ≤ INR 1 crore  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Open Tendering   | ≤ INR 2,50,00,000  | ≤ INR 25,00,00,000   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Single Tender  | As per conditions  | NA   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Force Account  | NA   | ≤ INR 5,00,000   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| DGS &D Rate Contract   | ≤ INR 25,00,000  | NA   |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Method   | Limits in Value  |  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Individuals SSS  | Subject to acceptable justification  |  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Individuals Competitive  | ≤ INR 25,00,000  |  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Institutions QBS &, LCS and SSS  | ≤ INR 50,00,000  |  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |
| Institutions QCBS  | > INR 50,00,000. No upper limit. All selection > INR 1 crore from NRLP, shall be prior reviewed by the Bank and advertised in UNDB.  |  |                  |       |   |                |             |    |                |                |                |                   |                 |               |                |                   |                    |               |                   |    |               |    |                |                      |                 |    |        |                 |                 |                                     |                         |                 |                                 |                 |                   |   |   |

| Key Implementing Units | Description of Procurement  | Value (Threshold) per Contract and Method of Procurement  | Review Procedure   |
|------------------------|---|---|--|
|                        | <p>contracted out (too remote location, needs to be carried out quickly, quantity of work cannot be described in advance, etc).</p> <p>The community members themselves will get paid at the market wage rate and all the raw materials will also be bought by them directly using 'Local Shopping' method.</p> | <p><b>NMMU will decide the upper values for procurement at state and district levels for goods, works and services.</b></p> | <p><b>NMMU</b> to conduct post review of 10% of all other contracts issued at SMMU (other than prior review) by third party independent proc review consultants appointed by NMMU.</p> <p><b>SMMU</b> to conduct post review of district units (i)10% of contracts to be undertaken by SMMU (ii) 5% of all contracts by third party independent proc review consultants appointed by NMMU.</p> |

### **Prior Review:**

NRLM requires prior review process of procurement at different levels for quality assurance of the process.

**A. Prior Review by NMMU:** Procurement Unit at NMMU will undertake prior review of selection and award process of all contracts at SMMU level as per the value thresholds mentioned below:

- Of all goods contracts and non-consulting service contracts issued by SMMU valued above INR 40 Lakhs;
- Of Works contracts issued by SMMU valued above INR 1 Crore;
- Service Contracts issued by SMMU valued above 50 Lakhs

The process of prior review by NMMU will happen at following intervals of the selection and award process, subject to value thresholds:

#### **GOODS, WORKS AND NON-CONSULTING SERVICES:**

(i) Bid Document i.e. Advertisement and Specification Stage: Draft advertisement with detailed specifications and estimated budget will be submitted to Chief Operating Officer (COO) of NMMU-NRLM for No Objection. Till the time that COO NMMU-NRLM is not in place, all communication will be directed to Mission Director (MD)-NRLM. Procurement Specialist will review and clear the same on behalf of COO of NMMU-NRLM/ MD NRLM.

(ii) Recommendation of Award: On opening and completion of post qualification of bids, recommendation for award shall be submitted to COO of NMMU/MD NRLM for No Objection. Procurement Specialist will review and clear the same on behalf of COO of NMMU/MD NRLM.

#### **CONSULTANCY SERVICES:**

(i) TOR: At ToR finalization stage, SPMU has to submit the ToR to the COO of NMMU/MD NRLM. COO of NMMU/MD NRLM will seek comments from concerned sector specialist and issue no objection with or without suggestions for changes. If a SMMU is using a ToR issued by NMMU, no prior review will be required at this stage (e.g. ToR for HR, MA or MIS)

(ii) Shortlist and RFP: On completion of the advertisement and short-listing of 6 agencies from the advertisement, SMMU will submit the short-list and RFP draft for review and No Objection to COO of NMMU/MD NRLM. Procurement Specialist will review and clear the same on behalf of COO of NMMU/MD NRLM.

(iii) Technical Evaluation: After the technical proposals have been evaluated, the SMMU shall furnish to NMMU, in sufficient time for its review, minutes of the Technical Evaluation Committee meeting (which includes the strength & weaknesses of each proposal and individual scores awarded by the individual members against each criteria and sub-criteria).

If NMMU determines that the technical evaluation is inconsistent with the provisions of the RFP, it shall promptly inform the SMMU and state the reasons for its determination; otherwise, NMMU shall issue a no objection to the technical evaluation.

**The SMMU should open the Financial Proposals only after they have received clearance from NMMU.**

The SMMU shall also request the NMMU's no objection if the evaluation report recommends rejection of all proposals.

(iv) Bid Evaluation Report and recommendation of Award: On completion of the commercial evaluation, the combined score and recommendation for award shall be submitted to COO of NMMU/MD NRLM for No Objection. Procurement Specialist will review and clear the same on behalf of COO of NMMU/MD NRLM.

(iv) On award and signing of contract between SMMU and the Consultant, a copy of the signed contract shall be shared with Procurement Specialist NMMU for information

**B. Prior Review by SMMU:** Similarly, Procurement Unit at SMMU prior review of selection and award process of all contracts at DMMU and PFTs as per the value thresholds mentioned below:

- Of all goods contracts and non-consulting service contracts issued by DMMU valued above INR 10 lakhs;
- Of Works contracts issued by DMMU valued above INR 50 Lakhs;
- Service Contracts issued by DMMU valued above 20 Lakhs

The process of prior review by SMMU will happen at following intervals of the selection and award process, subject to value thresholds:

**GOODS, WORKS AND NON-CONSULTING SERVICES:**

(i) Bid Document i.e. Advertisement and Specification Stage

(ii) Recommendation of Award

**CONSULTANCY SERVICES:**

(i) TOR finalization stage, If a DMMU is using a ToR issued by SMMU, no prior review will be required at this stage.

(ii) Shortlist and RFP.

(iii) Bid Evaluation Report and recommendation of Award

(iv) On award and signing of contract, a copy of the signed contract shall be shared with Procurement Specialist SMMU for information

**C. Prior review by World Bank:** NMMU contracts to be undertaken by World Bank will be prior reviewed at all stages as detailed in Annex 1 of Consultancy Services and Goods/Works Guidelines January 2011. NMMU shall submit documents for prior review to the TTL. Prior review thresholds for NMMU-NRLM are:

- Of all goods contracts and non-consulting services issued by NMMU valued above INR 2.5 Crore;
- Of Works contracts issued by NMMU valued above INR 2.5 Crore;
- Service Contracts issued by SMMU valued above INR 1 Crore.

# 6. Procurement Planning, Management and Supervision Arrangements

## Procurement process

The first step in undertaking procurement is the establishment of *a purchase 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 as prepared by the Procurement Section/Unit. Procurement Committee will also convene the meeting to review Bid/Proposal Evaluation Report submitted by jointly Procurement and Technical Section. The composition of Purchase Committee at National, State, District and PFT level may be as follows –

At NMMU:

|                  |  |
|------------------|--|
| Chair            | Director Finance or OIC (Officer in Charge)                      |
| Member Secretary | Head of Procurement OIC (Officer in Charge)                      |
| Members          | 5 staff from technical sections to be nominated by Director NRLM |

At SMMU:

|                  |  |
|------------------|--|
| Chair            | Finance Manager or OIC (Officer in Charge)                       |
| Member Secretary | Procurement Specialist or OIC (Officer in Charge)                |
| Members          | 5 staff from technical sections to be nominated by Director SMMU |

At DMMU

|                  |   |
|------------------|---|
| Chair            | Finance Officer or OIC (Officer in Charge)                      |
| Member Secretary | Procurement Assistant   |
| Members          | 3 staff from technical sections to be nominated by DPMU Manager |

The quorum will be a minimum of 5 members. Chair and Member Secretary will have alternates as OICs.

**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.

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 NRLM Procurement Plans |                             |                       |                         |                    |                                  |  |                           |                              |          |
|-------------------------------------|-----------------------------|-----------------------|-------------------------|--------------------|----------------------------------|--|---------------------------|------------------------------|----------|
| National: _____                     |                             |                       |                         |                    |                                  |  |                           |                              |          |
| State: _____                        |                             |                       |                         |                    |                                  |  |                           |                              |          |
| District/PFT: _____                 |                             |                       |                         |                    |                                  |  |                           |                              |          |
| Financial Year: _____               |                             |                       |                         |                    |                                  |  |                           |                              |          |
| Ref. No.                            | Contract/Item (Description) | Estimated Cost In INR | Goods Works or Services | Procurement Method | Review by NMMU/SMMU (Prior/Post) | Expected Advert Issue Date for EoI/IFT | Expected Bid-Opening Date | Expected Contract Award Date | Comments |
| 1                                   | (fill in)                   |                       |                         |                    |                                  |  |                           |                              |          |
| 2                                   | (fill in)                   |                       |                         |                    |                                  |  |                           |                              |          |
| 3                                   | (fill in)                   |                       |                         |                    |                                  |  |                           |                              |          |

Each implementing level will be responsible for preparing procurement plans which shall be compiled at the District, State and National Level respectively.

NMMU will prepare a procurement plan for 18 months, subject to revision every 12 months. SMMU and SPMU will develop the procurement plan for 12 months in line with the annual action plan.

Each District will prepare a contract wise annual procurement plan, and all procurement plans will then be approved and consolidated at the State level by SMMU. 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, SMMU will prepare its annual procurement plan which will be approved and consolidated at the NMMU level.

NMMU will also prepare an 18 month annual procurement plan for goods and services to be procured at their level.

**Procurement Management Arrangements, Roles and Responsibilities:** For implementation of the procurement arrangements in NRLM, dedicated staff resources with defined roles and responsibilities are essential. Procurement staff at each level –i.e. National, State, District level would have the option to be procurement accredited by University/Institute which will develop a NRLM Procurement accreditation program.

“Separation of Functions” is a cardinal principle followed in best procurement practices and it is essential that the technical team in each implementing entity raise requisitions, which are then passed on to the Procurement staff for all procurement administrative tasks like tendering, tender opening, price comparison and contract award.

Following table details the structure for procurement management at each level and institution along with the defined roles and responsibilities of the procurement staff/committees.

| Level                    | Management Office Structure  | Role of Management Office  | Key Responsibilities  |
|--------------------------|--|--|---|
| Project Management Level | <p><b>Procurement Unit at National Mission Management Unit (NMMU)</b></p> <p>Head of Procurement, Proc Consultants (2) Proc Associates</p>           | <p>Responsible for overall NRLM procurement planning, capacity building, oversight, MIS and reporting to PAB and development partners. Ensuring State compliance with NRLM procurement Manual.</p> | <p>The broad functions the Procurement Unit are:</p> <p><u>Operations Management</u> (i) Preparation of Procurement Plan, Procurement/Contract management for goods, works and services at national level with due diligence. (ii) Prepare and maintain Call Down contracts data base detailing names of service providers etc. (iii) Drafting and updating NRLM Procurement Manual as needed based on NRLM guidelines (iv) Prior review and clear bid documents and bid evaluation reports for all goods/works and services procurement planned by SMMU as per delegated valued thresholds within 7 days of receipt</p> <p><u>Planning</u> (i) Monitor that agencies prepare the annual procurement plan in line with NRLM annual work plan. (ii) Help States in preparation of Procurement Plan in line with annual allocations. (iii) Review and Approve the same towards release of funds. (iv) Uploading PPs on NMMU website.</p> <p><u>Thematic</u> technical assistance to the States</p> <p><u>Training and Capacity Building</u> (i) Orient and train project staff at SMMU, DMMU level. (ii) Engaging with a national level institution for developing an accreditation program in NRLM Procurement and managing the engagement (ii) Arranging that cadre of mid level project functionaries in NRLM accredited through a systematic training and immersion process focusing on procurement.</p> <p><u>Monitoring and Evaluation</u> commissioning and managing yearly third party post reviews of atleast 10% of contracts issued by SMMUs. (ii) Maintain a Procurement Management Information System (MIS) on all key indicators and generate and share reports with all stakeholders. (iii) Maintain a Contract Register and Grievance and Redressal Register and update periodically</p> <p><u>Knowledge Management and Communication</u> sharing best practices in procurement with SMMU and States.</p> |
| Project Management Level | <p><b>Procurement Unit in the State Mission Management Unit (SMMU)</b></p> <p>Procurement Specialist (1) Procurement Officer (1) and Procurement</p> | <p>Responsible for overall SMMU procurement planning, capacity building, oversight, MIS and reporting to State Society and NMMU. Ensuring District compliance with NRLM procurement Manual.</p>    | <p>The broad functions the Procurement Officer are:</p> <p><u>Operations Management</u> (i) Preparation of Procurement Plan, Procurement/Contract management for goods, works and services at State level and beyond certain ceilings at the district/PFT level with due diligence. (ii) Prepare and maintain Unit Cost data Base and Item banks detailing names of respected manufacturers, indicative range of machinery / equipment etc. (iii) Prior review and clear bid documents and bid evaluation reports for all goods/works and services procurement planned by SMMU as per delegated valued thresholds within</p>  |

| Level   | Management Office Structure  | Role of Management Office   | Key Responsibilities   |
|---|--|---|--|
|   | Associate (1)  |   | <p>7 days of receipt</p> <p><u>Planning</u> (i) Monitor that agencies prepare the annual procurement plan in line with SMMU and district annual work plan. (ii) Help Districts in preparation of Procurement Plan in line with annual allocations. (iii) Review and Approve the same towards release of funds. (iv) Uploading PPs on SMMU website and report to NMMU.</p> <p><u>Thematic</u> technical assistance to the Districts and sub district level</p> <p><u>Training and Capacity Building</u> (i) Orient and train project staff at the DPMU, PFT level. (ii) Handholding support to district and sub-district implementation/support structures including CBOs towards building procurement capacity and undertake procurement with due diligence.</p> <p><u>Monitoring and Evaluation</u> through undertaking or commissioning and managing yearly post reviews of at least 5% of contracts issued by POs. and community procurement carried out by beneficiary institutions. (ii) Maintain a Procurement Management Information System (MIS) on all key indicators and generate and share reports with all stakeholders. (iii) Maintain a Contract Register and Grievance and Redressal Register and update periodically</p> <p><u>Knowledge Management and Communication</u> sharing best practices in procurement with NMMU.</p> |
| <b>Project Management Level</b>                 | <p><b>District Project Management Unit</b></p> <p>One Procurement Assistant reporting to District Project Manager directly or to Accounts/ Finance Manager</p> | Responsible for overall procurement plan at District level & compliance with procurement methods/procedures as per NRLM guidelines. | <p><u>Operations Management</u> Role limited to procurement of goods, services and works within the certain specified ceilings (as specified by the SMMU from time to time) with due diligence. (ii) Prepare annual procurement plan based on need assessment and inputs received from concerned sections for the district, for incorporation in the overall project's Annual procurement plans.</p> <p><u>Monitoring and Evaluation</u> Maintain procurement related documentation including complaint and grievance redressal register</p>   |
| <b>Community Based Organisation (CBO) Level</b> | <p><b>Producer Organizations</b></p> <p>A Procurement Committee reporting to the Chief Executive</p>   | Each community institution will undertake all procurements required at their respective organizations. The PFT/District             | Proc Committee will be responsible for: <p><u>Operations Management</u> (i) Preparation of annual procurement plan from the business plan consolidated value chain plan (ii) Procure the goods, services and works within the specified thresholds limit with due diligence (iii) Collect the demand note from the community for the procurement of Dealership/Agency (iv) Maintain a panel of</p>   |



| Level   | Management Office Structure   | Role of Management Office  | Key Responsibilities  |
|---|---|--|---|
|   | Officer.  | Accounts Manager will guide these Community Institutions at respective levels                                      | suppliers and service providers who are reliable and approachable for various items (vi) Publish and periodically update a rate bank consisting of the prices of all items to be procured (vii)Collect market information on various items needed for implementing the business plan like rates, brands/suppliers etc. and ensure incorporation of these details in the business proposals and assist in procurement.<br><i>Monitoring and Evaluation</i> (i) Maintain procurement related documentation including complaint and grievance redressal register. (ii) Display all procurement on the notice board and make available procurement records for verification by the community members.   |
| <b>Community Based Organisation (CBO) Level</b> | <p><b>Community Development Group</b></p> <p>A Procurement Committee consisting of representatives of target beneficiaries reporting to the President.</p> <p>A Social Audit Committee consisting of independent and respected members reporting to larger community as a whole</p> | Each CDG will undertake all procurements required at their respective organizations for completion of subprojects. | <p>Procurement committee responsible for: (i) Using the subproject plan based on need identification and need prioritization for “Just In Time” procurement of items (ii) Procuring the goods, services and works within the specified thresholds limit with due diligence (iv) Collect market information on various items needed for implementing the plan like rates, brands/suppliers etc. and ensure incorporation of these details in the final award and management of procurement. Under Monitoring and Evaluation, Procurement Committee will be responsible for (i) Maintain procurement related documentation including complaint and grievance redressal register. (ii) Display all procurement on the notice board and make available procurement records for verification by the community members.</p> <p>Social Audit Committee (SAC) will be responsible for: (i) creating awareness amongst beneficiaries and providers of local social, productive and infrastructure services; (ii) procurement monitoring i.e. bringing in greater transparency in the procurement cycle through active involvement at critical stages— need identification, monitoring of contract award, and contract management and (iii) improving efficiency, productivity and quality in the delivery of goods and services through oversight</p> <p>(The PFT/District Accounts Manager will guide these Community Institutions at respective levels).</p> |

**Record Keeping** 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 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 retrievable.

Procurement documents like Purchase order file, open and close order file, vendor record file, rate contract and purchase reports shall be maintained up to the period defined in Financial Management Rules (FMR) of Govt. of India. Purchase order forms (electronic or manual) and standard files for small Procurement can be designed to make the recording of most of the relevant data for small Procurement automatic.

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 NRLM 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 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.

## 7. Important Aspects to be Considered while undertaking Procurement

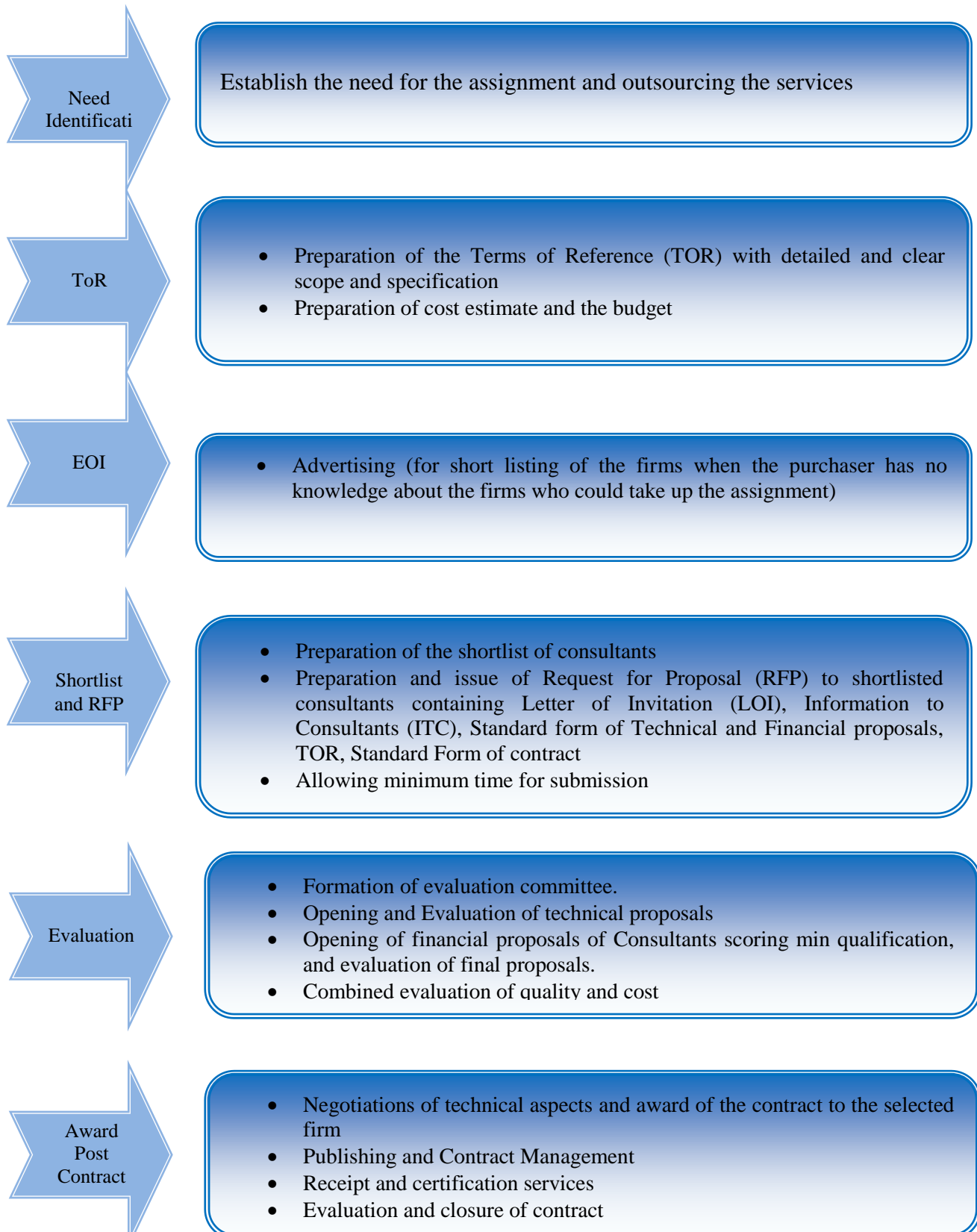
| Aspect                             | Things to Remember  |
|------------------------------------|---|
| <b>Advertisement</b>               | For Service Selection advertisement shall be issued in one English and one local language newspapers. The ad should also be placed at the project website. For Open Tender invitation to bid shall be advertised in at least one widely circulated national daily newspaper or in the official gazette, or on a widely used website or electronic portal, in English, with free national and international access.  |
| <b>Tender Documents</b>            | <p>For procurement to be carried out under NRLM GOI Task Force approved documents, as amended from time to time for works/ goods will be used under Limited Tender, 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. Tender 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"> <li>• Invitation for bids (IFB)</li> <li>• Instructions to bidders (ITB)</li> <li>• General terms &amp; conditions</li> <li>• Contract data including bill / schedule of quantities (BOQ)</li> <li>• Award criteria</li> <li>• Notification of award</li> <li>• Execution of contract</li> <li>• Quality control</li> <li>• Payment terms</li> <li>• Taxes and duties</li> <li>• Completion certificate</li> <li>• Warranty/ defect liability period</li> <li>• Drawings</li> <li>• Dispute resolution</li> <li>• Arbitration</li> <li>• Force majeure</li> </ul> |
| <b>Time for submission of Bids</b> | <p>Not less than 7 days for Local Shopping.</p> <p>Not less than 14 days for Limited Tendering.</p> <p>Not less than 21 days for Open Tender for value <math>\leq</math> 20,00,000</p> <p>Not less than 30 days for Open Tender for value <math>\geq</math> 20,00,000</p> <p>Not less than 14 days for EOI for any service method</p> <p>Not less than 30 days for RFP for any service method</p>   |
| <b>Bid Opening</b>                 | <p>Bid Opening shall be on the same day, immediately after closing submission of bids.</p> <p>All bids shall be opened publicly in the presence of representatives of bidders.</p> <p>Only single venue for submission and opening of Bids.</p> <p>Late Bids to be returned unopened.</p>   |

| Aspect   | Things to Remember  |
|--|---|
|  | <p>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.</p> <p>On the spot Comparative statement should be prepared and signed by all present.</p>  |
| <b>Bid validity</b>  | <p>Generally 30 days for Local Shopping.</p> <p>Generally 45 -60 days for Limited Tendering.</p> <p>Generally 90 days for Open Tendering.</p> <p>Generally 90 days for Service Contracts.</p>   |
| <b>Non responsive Bids which will be rejected</b>              | <p>Unsigned bids.</p> <p>Not accompanying Bid Security as per value and valid duration in days, if required as per bid documents.</p> <p>Not meeting eligibility criteria, if any mentioned in the bid documents.</p> <p>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.</p> <p>Not meeting the technical and financial capability as per specified tender evaluation criteria to successfully execute the contract.</p>  |
| <b>No Negotiations</b>   | <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 analysed 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>  |
| <b>Securities and Penalties in Bid Documents and Contracts</b> | <p>Performance Security is generally taken in open tendering.</p> <p>Retention Money is generally taken in civil works contracts.</p> <p>Liquidated Damages should be included in all contracts.</p>  |
| <b>Repeat Orders applicable for Open Tendering</b>             | <p>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.</p>   |
| <b>Rejection of all Proposals and Re-Invitation</b>            | <p>(a)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. (b) 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. (c) Rejection of all tenders and re-inviting new tenders, irrespective of value, shall be referred to the competent authority for approval.</p> |

| Aspect  | Things to Remember   |
|---|--|
| <b>Storage</b>  | As all the goods needed/ procured cannot be consumed at one point of time, storage of goods is an inevitable process. Experience has demonstrated that properly packed good quality items do not deteriorate if stored systematically in clean, dry and well ventilated environment. Therefore, it is necessary to store the goods properly. If quality assurance measures have been strictly followed during the manufacturing process, the conditions of the warehousing and storage play a major role in ensuring that quality goods reach final users in good condition. They should normally be left in their original packaging during storage.  |
| <b>Fraud and Corruption</b>                                       | NMMU 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 matters relevant to the investigation or from pursuing the investigation, or acts intended to materially impede the exercise of inspection and audit rights provided to NMMU. |
| <b>Misprocurement</b>   | The goods, works and services that have not been procured in accordance with the prescribed procedures outlined in this manual, shall be treated as misprocurement. The expenditure incurred on such procurement shall not be eligible for financing from NRLM funds. Even when the contract is awarded after obtaining “no objection” from the NMMU, the NMMU may still declare misprocurement, if it concludes that the “no objection” was issued on the basis of incomplete, inaccurate, or misleading information furnished by the SMMU or the terms and conditions of the contract had been modified without NMMU’s prior approval. For contracts issued from the proceeds of the IDA credit/loan, the Association will also initiate misprocurement action if the above circumstances are proven.  |
| <b>Special Conditions for implementation of IDA assisted NRLP</b> | 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.   |

# Annex

## Annex 1: Process Flow in the selection of One Off service contracts QCBS



## Annex 2: Selection of Consultant Firms by NMMU for Call Down Use by States

