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File No. 19011/10/2019-Fin.I

MHA/IFD

New Delhi, dated: 31.12.2019

OFFICE MEMORANDUM

Subject: Procedural guidelines to streamline the process of procurement by the procuring organizations (CAPFs, CPOs, Delhi Police and all other subordinate organizations and attached offices of MHA, MoPPG&P and Cabinet Secretariat) under the financial advice coverage of IFD, MHA.

With the objectives to streamline & expedite the procurement process for enhancing the operational preparedness and to bring utmost procedural probity and financial prudence (with transparency, accountability and fair play), following policy guidelines are circulated to all procuring organizations under the financial advice coverage of IFD, MHA, for strict compliance:

1. Planning and Prioritization:

(i). All procuring organizations must prepare Annual Procurement Plan (APP) before the commencement of the year for the centralized & de-centralized procurement items and scaled & non-scaled items, and the same should also be placed on their respective websites and their respective Ministry's website (Ref. Rule 144 (i)(a) of GFR 2017). Moreover, all procuring organizations should endeavour to prepare their Perspective Plans (Immediate, Short term, Medium and Long Term) as per their futuristic necessities on ground and various Schemes/Plans approved by the Govt. of India, where their procurement requirements are exhaustively covered and which should be dynamic in nature for regular improvisation. The same should also be made available on their websites and their respective Ministry's website, (without disclosing the components of secret/confidential/classified nature). This is necessary to make a firm budget planning and prioritization as per the organizational requirement and to obviate *ad-hocism* and whims & fancies in procurement priorities.

(ii). The Finance Secretary, MoF, GoI in his 'Foreword' to 'MoF's Manual for Procurement of Goods 2017' has advised to the Ministries/Departments of Govt. of India to supplement this manual to suit their local/specialized needs, by issuing their own detailed manuals (including customized formats); Standard Bidding Documents and Schedule of Procurement Powers to serve as detailed instructions for their own procuring officers. In this spirit, The PM (Police Modernization) Division of MHA (being the nodal Division for handling procurement related matters of CAPFs/CPOs) is expected to devise 'MHA's Procurement Manual', at the earliest, in consultation with IFD, MHA, duly following GFRs 2017 & CVC guidelines and adopting best practices prevailing in Ministry of Defence and provisions in their existing Manuals (viz. DPM, DPP, IFA (Army) Manual), NTRO's Procurement Manual (NPM), MoF's Manuals 2006 & 2017 and erstwhile DGS&D Manual. The objective is to remove probable subjectivity, ambiguity and *ad-hocism* in practices (wherever it exists) relating to procurement process/procedure being followed by various procurement organizations under the administrative jurisdiction of MHA. The same can be adopted in future by procurement organizations under the administrative jurisdiction of MoPPG&P and Cabinet Secretariat as per their convenience.

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2. **Proper Inventory Management:**

(i). As per Rule 21(ii) of GFR 2017 on 'Standards of Financial Propriety', the expenditure should not be prima facie more than the occasion demands. Most optimum procurement plan should be finalized keeping in view the specific needs of the procuring organization, so that unwarranted expenditure by over-provisioning should not take place and care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs (*GFR Rule 144(ii) &(iv)*).

(ii). Care should also be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to the Government, and thus locking up of capital in stock should be minimized. Where scales of consumption or limits of stores have been laid down by the competent authority, the officer ordering a supply should certify on the purchase order/demands that the prescribed scales or limits are not exceeded. Procuring organizations are required to have provisioning norms/formula for all their authorized/scaled items. In case the same are not available for certain scaled items, procuring organizations under the administrative jurisdiction of MHA should prepare the same in consultation with PM Division and IFD/MHA at the earliest.

(iii). Provisioning Quantity of a particular item (quantity to be procured at a time in a provisioning cycle) should be finalized keeping in view the approved authorization/scaling & provisioning norms (including provisions for reserves and taking into account the lead-time for supply), consumption & wastage pattern and actual requirement on ground. Non-scaled or unauthorized items may be procured as per the actual functional necessity on ground and their optimum quantity may be worked out taking into account the immediate need and their net requirement in long run duly considering the constraints of budgetary resources.

3. **Denial to Splitting/piecemeal purchase & acceptance to clubbing of demands:**

(i). As per Rule 149(viii) of GFR 2017, a demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid procurement through L-1 Buying / bidding / reverse auction on GeM or the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand. Purchases of stores must be made in the most economical manner and in accordance with the definite requirements. Periodical indents should be prepared covering the requirement for one year or more, except where for reasons of short life or for other recorded reasons it is necessary to procure lesser quantities. Purchase order should not be split to avoid the necessity for obtaining the sanction of the higher authority (Competent Authority/Competent Financial Authority) or concurrence of Integrated Finance, which is otherwise required with reference to the total amount of the orders. This implies that a lower authority shall not sanction proposals in instalments, which requires the sanction of a higher authority and/or concurrence of IFA as it will be treated as "Irregular sanction" under the category of "Splitting of Sanction". Piecemeal purchases by splitting of demand are not only criticized by Audit but also multiply the efforts involved in procurement and deprive the procuring organizations to achieve economies of scales.

(ii). To avoid piecemeal procurement & splitting of sanction, to minimize the efforts in procurement and to achieve economies of scales by attracting competitive rates, procuring organization should initiate the procurement process for the most optimum quantity of an item (as per the provisioning norms/ actual requirement on ground clubbing the recurring demand for 2 or more years) in one go with the approval of appropriate competent authority as per the delegated financial powers, duly incorporating suitable provisions for staggered delivery / phased-manner delivery to the consignee(s) in respective financial years as per the emerging/foreseen/predetermined demand/requirement and availability of funds in the respective financial years as per the budget planning.

(iii). Integrated Finance Units deployed with the procuring organizations are responsible to observe the adherence to above policy guidelines and to ensure that proper provisioning norms are followed for optimization of procurement quantity, and highest level of fiscal discipline is achieved by no over-provisioning and no splitting of sanction. Integrated Finance, while tendering action, should also take necessary measures to widen vendor base and to curtail the possibilities of cartelization/bid rigging. Simultaneously, Integrated Finance should also create opportunities for developmental orders for small quantities to new vendors in case of items, which are regularly being procured through PAC tendering/STI/LTE, wherever required, as per the extant guidelines in this regard.

(iv). It has been observed that different CAPFs or CPOs under the administrative jurisdiction of MHA at a time are processing their separate tendering actions for the same item, which is not warranted, as different tenders for the same item do not only involve procedural efforts at various levels, but also prevent from achieving economies of scales. In this regard, Police Modernization Division of MHA should take necessary action to devise a system to club the demands/requirements of items (which are common to various CAPFs/CPOs) from the annual procurement plans of CAPFs/CPOs or in a provisioning cycle and to make a composite procurement proposal for the approval of appropriate competent authority as per the delegation of financial powers.

4. Authorization/Scaling:

Generally, authorization/scaling is done only in case of successfully inducted/introduced items, keeping in view the nature of those items and frequency of requirement of those items to the individuals or to the specific units. It has been observed that many CAPFs/CPOs under the administrative jurisdiction of MHA intend to send proposals to MHA for authorization/scaling of various new items (to be procured first time or without proper induction/introduction), with the sole purpose that once the item is authorized, the same can be purchased/replaced, as and when required, under the financial powers delegated to them in the category of authorized item, without focusing on the nature/requirement/frequency of purchase for such items. It has been noticed that proposals for authorization/ scaling of such items are initiated just to avoid approaching higher competent authority, i.e. MHA for procurement of such items in future. Therefore, while examining the proposal from various CAPFs/CPOs for authorization / scaling of any new item, PM Division of MHA should critically analyze, whether the said item is a recurring demand and frequent procurement of this item is being done for the units/individuals, and whether actually authorization/scaling of such item is necessary. If the said item is required to be purchased only on the grounds of functional necessity as a one-time measure, authorization/scaling for such item is not warranted. Scaling of items, which are of capital nature (high value and long shelf life), should also be generally avoided, unless those items are frequently required by unit/individuals on extreme operational necessity basis.

5. General guidelines on tendering, tender evaluation and approval:

(i). For gathering market intelligence and for competitive bidding, it is expected that the RFI (Request for Interest) / EOI (Expression of Interest) and Tender Notice, RFP (Request For Proposal) and TE (Tender Enquiry) or their corrigendum/addendum are issued only after the due concurrence / vetting by appropriate Integrated Finance (*vetting is to be done by FAs/IFAs, if procurement is to be done under delegated financial powers below the level of Ministry; and vetting is to be done by IFD, MHA, if the procurement is beyond the delegated powers and to be done with the approval at any level in the Ministry*).

(ii). Suitable provisions for Pre-Qualification Criteria (PQC)/Eligibility Criteria (neither stringent nor relaxed) as per MoF's Manuals 2017 and CVC guidelines may be made in tenders in consultation with appropriate Integrated Finance, in order to attract professional, capable and serious prospective bidders in competitive bidding, along with the suitable provisions for 'Apportionment Clause' to distribute the entire tendered quantity to various successful/qualified/responsive bidders as per CVC guidelines, which will give opportunity to the Buyer to get alternative sources of supply.

(iii). Pre-bid clarification meetings after putting any EOI/RFP in public domain should invariably be held in presence of the representative of appropriate Integrated Finance, and the decisions on the minutes/recommendations of Pre-bid clarification meeting should be taken only after concurrence of appropriate Integrated Finance.

(iv). Wherever detailed QRs (Qualitative Requirements- Technical Specifications and Performance Parameters) are well defined, certifications from the designated Govt. agencies for accreditations/NABL enabled laboratories should suffice and submission of Tender Sample for trial evaluation should be discouraged. In this regard, CVC guidelines dated 15.10.2003 seem relevant, which stipulates "*system of approving/rejecting tender samples at the time of decision making is too subjective and is not considerable/suitable, especially for items which have detailed specifications. The lack of competition in such cases is also likely to result in award of contracts at high rates.*" Therefore, only in special procurement cases, clause for Tender Sample evaluation or Field Trial Evaluation of samples should be incorporated in RFP and that too after obtaining specific approval of competent authority for this purpose. In such cases, Trial Directives (TDs) along with detailed Trial Methodology should invariably be provided along with the QRs to all prospective bidders.

(v). As per Para 7.4.1 of MoF's Manuals for Procurement of Goods 2017, approval of Competent Authority on the results of the techno-commercial bid evaluation is to be obtained before opening of Price Bids. In this regard, it is clarified that wherever field trial evaluation of tender sample is required as per the RFP provisions, obtaining approval of Competent Authority on the field trial evaluation report will also be essential, besides Competent Authority's approval on Tender/Technical Evaluation Committee (TEC) report, before opening of Price Bids. This is necessary because TEC and Field Trial Evaluation Board are recommendatory bodies, not the approving authorities. Satisfaction and approval of Competent Authority on the recommendations for selection/rejection of bids either in evaluation by TEC or in Field Trial Evaluation of Tender Samples is a must, before going ahead with the next step of tender processing i.e. opening of Price Bids.

(vi). Any extensions of time in submission of bids or in submission of tender sample should be granted after due diligence as per the fundamental principle of 'equal opportunity to be granted to all prospective bidders' and the same should be granted only with the approval of competent authority. In the procurement cases being processed in the financial powers of the Ministry, such approval can be granted minimum at the level of Joint Secretary of the concerned Division in the Ministry.

(vii). Further, it has been noticed that many a time bidders' bids are rejected on flimsy grounds during technical evaluation/field trial, which results in selection of a particular vendor/Make or resulted single vendor situation or lack of competition, before opening of financial/price bids. Many complaints/representations/grievances from the aggrieved bidders are frequently received in MHA from various quarters. Therefore, procuring organizations are required to make generic technical specifications, which should not be vendor/Make specific. Unwarranted tender conditions, which can restrict the competition and promote monopolistic practices should not be part of tenders.

(viii). Moreover, procuring organizations should ensure that the technical specifications should meet the basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure (Rule 144(ii) of GFR 2017).

(ix). As per Para 7.2 of MoF's Manual for Procurement of Goods 2017, *'except in cases up to Rs 25 lakh (Rupees Twenty Five lakh) the Procuring Entity should prepare a comparative statement of quotations received in the order in which tenders were opened. In case of techno-commercial bid comparative statement will have information about deciding responsiveness and eligibility of bids and evaluation of technical suitability of offers. In case of Financial bid it would have information about rates quoted (including taxes or otherwise), discount, if any, and any other information having implications on ranking of bids etc. The comparative statement so prepared should be signed by the concerned officers. It may also be vetted by the Associated/integrated Finance for veracity of information.'*

(x). As per Para 7.5.9 of MoF's Manual for Procurement of Goods 2017, procurement on nomination basis and procurement from single or limited sources have been considered as one of the exceptional circumstances, where price negotiations may be carried out. In this regard, as per Para 4.13.3 of DPM 2009, *'it is not mandatory to hold commercial negotiations in each case, particularly in open and limited tender cases, where the response has been substantial and the L1 price is found to be very close to the reasonable price, if such an assessment had been carried out prior to opening of the commercial bids. However, commercial negotiation may become necessary to ensure that the interest of the State is fully protected and the price paid is reasonable. Commercial negotiations are invariably conducted in case of single tender situations, including PAC cases, or when price is considered high with reference to assessed reasonable price, irrespective of the nature of tendering. Such negotiations are invariably conducted by a duly appointed Commercial Negotiation Committee (CNC), which should invariably include a finance member, unless the negotiation is carried out by the committee CFA itself'. In Rule 21(b) of DFPRs 1978 also, Resultant Single Vendor Situation has been treated at par with single tender and PAC for defining the financial powers. Moreover, as per Rule 173(xxi) of GFR 2017, *'when a limited or open tender results in only one effective offer, it shall be treated as a single tender contract'*. Therefore, the above provisions should invariably be followed for assessing the price reasonableness and achieving the best market rates in all procurement cases from STE/PAC mode or in resultant single vendor situation. Finance Member/Representative to attend price negotiation should be nominated by the appropriate Integrated Finance.*

6. **Guidelines relating to Works matter:**

Following guidelines may strictly be followed by CAPFs/CPOs & Delhi Police and other subordinate organizations/attached offices of MHA and other organizations under administrative jurisdiction of MoPPG&P and Cabinet Secretariat, who have been delegated financial powers relating to certain areas of processing of Works related proposals:

(i). Annual Action Plan related to work to be prepared by concerned Engineering Wing /Works Branch in consultation with FA/IFA. Any proposal/matter relating to expenditure/budget for submission to MHA/MoF for appraisal/approval/ clarification shall invariably be forwarded to MHA only with due concurrence / comments of the associated FA/IFA and duly complying the provisions of MoF's OM dated 05.08.2016, MHA's OMs dated 11.10.2019 (2 OMs) and dated 26.11.2019.

(ii). Under the Schemes/Projects of Major Works/Original Works, financial powers have not been delegated below the level of Ministry for appraisal and approval; financial powers in such cases have been delegated below the Ministry level only to issue AA&ES (administrative approval and expenditure sanction), award of contract & execution of work as per the appraisal / approval and post contract management up to the appraised/approved amount, which is to be exercised in consultation with the associated FAs/IFAs at every stage. These delegated powers cannot be further delegated to any subordinate authorities, without prior approval of MHA.

(iii). Under the delegated financial powers, Works related proposals which are required to be put up by Engineering Wing/ Field formations should be duly appraised and approved by competent authorities. MHA has authorized the Engineering Wings of CAPFs to exercise the powers for technical sanction, tender acceptance and other related technical work, only by the technical officers appointed against the sanctioned posts of Engineers. Financial sanction will be issued only after vetting of tendered amount by the associated FA/IFA. Similarly, Commanders of Field formations will issue only administrative approval and technical sanction; and tender acceptance related to technical works will be exercised by Engineers as per the extant delegation of powers and proposals will be submitted to IFA for final vetting of tendered amount as per provisions of GFR & CVC guidelines. Any deviation in the approved scope of works or any additional works against savings accrued in any awarded tender will only be executed with prior concurrence of FA/IFA and approval of competent authority.

(iv). All these exercises are necessary for close association of FA/IFA with the formulation of schemes and important expenditure proposals from their initial stages. FAs/IFAs will also be closely associated with the evaluation of performance/physical & financial progress of the ongoing Projects and Schemes, and to see that the results of such evaluation studies are taken into account in the budget planning/formulation.

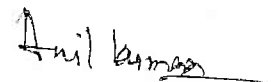
7. Procuring organizations are expected to provide all relevant and related information on file in one go, while submitting any financial/expenditure proposal for seeking opinion/concurrence/advice of associated FAs/IFAs or IFD, MHA. FAs/IFAs can seek any information related to the matter from the procuring organizations; and however, in case any secret/confidential/classified information, which cannot be brought on file, the same can be shown / brought to the knowledge of FAs/IFAs separately. FAs/IFAs are also expected not to raise piecemeal observations just for the sake of seeking information. Wherever possible, matters may be resolved through mutual discussion and by recording the discussions in the forms of minutes or by referring the matter to higher authorities, without any delay. In case of any dispute/impasse/deadlock between procuring organizations and FAs/IFAs associated with them, the matter may be brought to the knowledge of the Ministry through concerned Division. FAs/IFAs can refer any matter directly to IFD, MHA for bringing it to the knowledge of SS&FA(H) and for necessary action.

8. All post contract management issues will be processed with the approval of appropriate competent authority as per the delegation of powers and with the prior concurrence of associated FA/IFA, wherever post contract management has financial implication. Extension of delivery period (with or without LD) or delay in execution of any contract due to any reason is considered to have financial implication, as any delay does lead to administrative/opportunity cost to the system.

9. While referring any matter/proposal/clarification to MHA/IFD or for onward submission to MoF relating to procurement, tendering, expenditure, budgeting, etc, the same should be submitted along with the comments of the FA/IFAs, wherever associated with the concerned organizations, at every stage/in each occasion.

10. The above guidelines, wherever applicable, shall be brought in practice with immediate effect; and this supersedes all previous guidelines/orders of MHA on the various aspects /subjects covered in this OM.

This issues with the approval of competent authority.



(Anil Kumar)

Under Secretary to Govt of India

To,

(i). Sr.PPS/PPS/PS to Cabinet Secretary, HS, Secretary(P), Secretary (DARPG), Secretary (DoP&PW), Secretary (Security), SS&FA(H)

(ii). All AS/JS in MHA (including Deptt of Official Language, RGI, etc.) /DoP&T (including LBSNAA, ISTM, PESB, Lokpal, CBI, CVC, SSC, CIC, CAT, etc.)/DARPG (including NCGG)/DoP&PW/Cabinet Secretariat (including DBT, NCWC, PSA, NTRO, SPG, etc.)

(iii). DGs/Directors/Officers-in-Charge and FAs/IFAs of all CAPFs/CPOs and all other subordinate organizations/attached offices of MHA (including IB, NIA, BPR&D, NCRB, NICFS, CFSL, DFSS, NDRF, NCB, NPA, NEPA, NATGRID, NDMA, Fire Services & Home Guards, etc) and CP, Delhi Police

(iv). Pr.CCA(H), Director (Fin/Pers), DS(Fin/Home)

(v). Guard File