

POWER GRID COMPANY OF BANGLADESH LTD.



PROCUREMENT GUIDELINES

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PROCUREMENT GUIDELINES

1. ADVANCE PLANNING:

Budgeting of materials, stores and spares for a period in advance permits adequate and orderly planning of procurement action. It is, therefore, necessary for the head of the store department (or any other official appointed by the head of the enterprise/project for this purpose) to ascertain the needs of materials and stores well in advance. All concerned departments of the enterprise/project should be consulted while assessing the annual requirements, particularly of raw materials and consumables. Excluding items of specialized nature which may take longer time, it generally takes about three months to procure locally available items and six months to import goods from abroad. This time factor should be borne in mind by all user departments.

2. PURCHASE REQUISITION (PR):

PR shall be the basis of all procurements and without a valid PR no procurement action shall be initiated. However, in exceptional and specific cases, purchase up to taka five thousand may be allowed for non-stock items against a departmental note approved by the competent authority.

2.1. All PRs shall indicate budgetary sanction and shall contain all basic and important information regarding materials to be procured.

2.2. Within a maximum of five days from the date of receipt of a PR by procurement division action shall start.

2.3. No procurement should take more than three months for local items and six months for importable items except machinery, equipment, spare parts.

3. TENDER ENQUIRY:

On receipt of an indent, the head of the procurement division should initiate procurement action in the following manner

Press Tender: If the estimated value of purchase is likely to exceed taka 1 (one) lac and the item does not fall in the categories of (i) proprietary tender, (ii) limited tender and (iii) purchase by negotiation under Barter/Special Trading Arrangement (STA) /Grant, the item shall have to be advertised.

3.1. Proprietary Tender:

If the goods are of proprietary nature, quotations are to be invited directly from manufacturers or their authorised agents irrespective of value.

3.2. Limited Tender:

This mode of purchase should be adopted for general items in case value of purchase is taka one lac or less. Sealed quotations are to be invited from the enlisted suppliers/contractors for this purpose through limited tender enquiry.

3.3. Spot Tender:

In exceptional cases where procurement through a limited enquiry becomes difficult and the work is likely to suffer for want of materials, spot tender quotations may be obtained from the genuine business firms/shops through a team of three officials; one from Accounts, one from Purchase and one from user's department and **at least 3 (three) sealed quotations** are to be obtained on the spot.

4. EARNEST MONEY/BID BOND:

4.1. Earnest money equivalent to one percent of the total quoted value subject to a maximum of Taka five lac and minimum of taka one thousand (as prescribed in the tender documents) must be submitted along with the quotations against press tender and limited tender. Otherwise, the quotation shall stand invalid.

- 4.2. State organisations, participating either directly or through local agents, may be exempted from submitting bid bond. In the event of awarding contract, they may also be exempted from submission of performance guarantee. However, in such cases ninety five percent payment may be made on shipment and the balance five percent, if mutually agreed, after completion of discharge of cargo and settlement of dues, if any.
- 4.3. In case of contracts under Barter, Trade Promotion Agreements (TPA), Special Trading Arrangements (STA), Counter-Trade Agreements (CTA), performance guarantee may be exempted. However, the same payment procedure as, in the case of State Organisation may apply.
- 4.4. For purchase against limited tender enquiry a one-time fixed deposit of taka three thousand for each group of items, and taka ten thousand for four or more group of items in lieu of earnest money in the form of Pay Order/Demand Draft and /Defence Savings Certificate/National Savings Certificate duly pledged in favour of the buyer shall be obtained from the enlisted supplier/contractors.
- 4.5. Earnest money shall be submitted in the form of pay order/demand draft/bank guarantee from any scheduled bank in Bangladesh.
- 4.6. Earnest money in foreign currency in the form of bank draft/bank guarantee duly endorsed by any scheduled bank in Bangladesh may be accepted.
- 4.7. Earnest money in the form of Defence Savings Certificate/Savings Certificate/National Savings Certificate duly pledged in favour of the purchasing agency may also be accepted.
- 4.8. Under no circumstance, earnest money by cheque on a scheduled bank or by cheque/pay order/demand draft/bank guarantee on a Co-operative Bank shall be accepted.
- 4.9. Earnest money of the successful bidder shall be released only after receipt of performance guarantee.
- 4.10. Earnest money of the unsuccessful bidders shall be refunded within seven days of finalisation of tender.

5. TENDER DOCUMENTS:

- 5.1. For all local purchases (own fund or development partners fund) in the O&M offices, Head Office and Project Offices clause 5.2 to 5.7 (as applicable) will be followed for Invitation for Tenders.
- 5.2. Tender documents are to be prepared in such a way that all technical details and commercial terms & conditions are clearly understandable to the prospective bidders.
- 5.3. Tender documents shall be the basis of evaluation and selection of any offer. Tender document shall be prepared in such a way that it contains full details of materials and also reflects important terms and conditions of purchase including criteria/principles of evaluation /assessment of a tender.
- 5.4. For every works/ services/ supply of materials where the estimated cost is Taka One Lac and above, the notice for tender is to be published in two (one Bangla and one English) well circulated newspapers.
- 5.5. Tender notice shall be displayed on the Notice Boards of concerned work execution office, PGCB Head Office, Offices of Projects of PGCB and offices of concerned Circles for information of the interested suppliers/contractors in case of purchase through press tender enquiry only.
- 5.6. Tender documents shall be sold simultaneously in concerned work execution office, PGCB Head Office, Offices of Projects of PGCB and offices of concerned Circles.
- 5.7. For every works/ services/ supply of materials where the estimated cost is below Taka One Lac, the notice for tender is to be hanged on the notice boards of concerned divisional office, circle office & project offices of the company.
- 5.8. Tender documents shall be priced and sold as per rate prescribed hereinafter in cases of purchase through press tender enquiry.

- 5.9. Tender documents shall be supplied free of cost to the suppliers/contractors in case of purchase through limited tender enquiry and single tender enquiry.
- 5.10. Complementary copies of tender Notice pertaining to press tender enquiry shall be sent to the Chambers of Commerce and Industries as well as to the concerned Foreign Missions in Bangladesh for circulation amongst interested suppliers/contractors.
- 5.11. Copies of all tender enquiries shall be forwarded to user's division/department for information and scrutiny.
- 5.12. Where the document (No: QD-FIN-01) for Delegation of Financial Power, is followed in spot purchases, any of the above conditions shall not be applicable.

6. COST OF TENDER DOCUMENTS:

Selling price of tender documents shall be as follows

6.1. For purchase not exceeding Taka one lac :	Taka one hundred only
6.2. For purchase exceeding taka one lac and up to taka two lac fifty thousand :	
6.3. For purchase exceeding taka two lac fifty thousand and up to taka five lac :	Taka Two hundred fifty only
6.4. For purchase exceeding taka five lac and upto taka ten Lac :	
6.5. For. purchase exceeding taka ten lac and up to taka twenty five lac :	Taka five hundred only
6.6. For purchase exceeding taka twenty five lac and up to taka fifty lac :	
6.7. For purchase exceeding taka fifty lac and up to taka one crore :	
6.8. For purchase exceeding taka one crore :	Taka one thousand only.

7. OPENING OF TENDER:

- 7.1. Tender documents will be simultaneously received at concerned work execution office, PGCB Head Office, Offices of Projects of PGCB and offices of concerned Circles and the tenders will be opened by the tender committee. Tender documents shall include this condition.
- 7.2. Tenders shall be opened strictly on the date and time as specified in tender documents.
- 7.3. Any tender received after closing of the slit of tender box either through the representative of the bidder or by post shall be treated as late tender and be returned to the tenderer unopened immediately.
- 7.4. Incomplete/non-responsive tender shall be outright rejected and returned to the tenderer concerned.
- 7.5. Received and opened tenders will be collected at the concerned work execution office and the tender committee of concerned work execution office will evaluate these tenders
- 7.6. Normally, tenders shall be opened and evaluated by tender committee. Signature with date of all members of the committee must be available in all comparison and evaluation documents.

8. SINGLE OFFER:

- 8.1. Less than three quotations received against a press tender or a limited tender enquiry or a spot tender shall be termed as single offer.
- 8.2. Acceptance or rejection of single offer shall depend on the reasonableness of quoted price and urgency of requirement.

9. COMPARATIVE STATEMENT:

- 9.1. In normal cases comparative statement of offers shall be prepared within three days of opening of tender.
- 9.2. In cases where validity of offer is seventy two hours or less, comparative statement shall be prepared immediately after opening of tender.
- 9.3. Comparative statement shall be signed with name, designation and date by officials preparing the statement and also by the controlling officer.
- 9.4. Comparative statement shall be countersigned by members of tender committee during meetings.

10. TECHNICAL SCRUTINY:

- 10.1. Immediately after preparation of the comparative statement, offers will be taken up by the tender committee for scrutiny and evaluation, if required.
- 10.2. Technical scrutiny and evaluation shall have to be completed on priority basis so that purchase order can be placed well within the validity of offer.
- 10.3. In cases where offer validity is very short, technical scrutiny/evaluation shall be carried out during the tender committee meeting.

11. TENDER COMMITTEE:

- 11.1. All purchases under limited tender, single tender and spot tender, except cash purchases and where the document (No. QD-FIN-01) for Delegation of Financial Power is followed in spot purchases, shall be processed through tender committee.
- 11.2. Within three days of receipt of technical scrutiny report, tender committee meeting shall be held.
- 11.3. Tender committee shall finalise its recommendation preferably in one sitting. However, in complicated cases this may be relaxed. Under no circumstances there shall be more than two sittings to complete the task. The second sitting shall take place within three days of the first sitting. All deliberations in tender committee meetings shall be kept confidential.
- 11.4. Composition and jurisdiction of tender committee shall be as under

Tender Committees:

A. For General Procurement

- a) Grid Maintenance Division
 - i. Officer Incharge (DM/AM) of concerned Sub-station/Transmission line Convener
 - ii. AMAC of concerned division Member
 - iii. Senior JAM of concerned Sub-station/Transmission line Member
- b) Other O&M divisions (System Protection and Metering, Communication, Telemetering)
 - i. Senior DM/AM (Technical), of concerned division Convener
 - ii. AMAC of concerned division Member
 - iii. Senior JAM of concerned division Member
- c) Circle Offices (Grid, System Protection & Metering, Telecommunication, Load Despatch)
 - i. DM/AM (Technical) of concerned circle (Nominated by Head of the Circle) ... Convener
 - ii. AMAC of concerned circle Member
 - iii. Senior JAM of concerned circle office Member
- f) Project Office
 - i. Senior M/DM/AM (Technical), whichever applicable, of project office Convener
 - ii. AMAC of project office Member
 - iii. Senior DM/AM/JAM (Technical), whichever applicable, of project office Member
- c) GM Offices
 - iv. DM/AM (Technical) of concerned zone (Nominated by GM) Convener
 - v. AMAC of concerned office Member
 - vi. Senior JAM /Section Chief of concerned office Member
- e) Head Office
 - i. MPROC Convener
 - ii. MAC Member
 - iii. MHRM Member

B For International Procurement

- i. Project Director of concerned project Convenor
- ii. Deputy General Manager (Design) Member Secretary
- iii. Deputy General Manager (Finance) Member
- iv. Manager (Procurement) Member
- v. Two members from the offices under other ministry..... Member

12. REVISION OF OFFERS:

- 12.1. After opening of tenders, no revision of offer or undercutting of price shall be entertained. If any bidder revises the offer or undercuts the price after opening of tender, the offer shall be outright rejected even if such revision or undercutting of price is to the advantage of the purchasing agency.
- 12.2. If any bidder makes any complain in writing in respect of a decision taken on a particular case of tender purchase, and if such complain is proved to be unfounded and false, the tender/purchase committee may recommend forfeiture of earnest money of the complainant against that particular tender or may recommend black-listing of the complainant firm in case their earnest money has already been returned.
- 12.3. Suitable clauses covering the aforesaid condition shall be incorporated in the tender document.

13. APPROVAL OF PURCHASE:

- 13.1. Without approval of the competent authority no purchase case shall be finalised.
- 13.2. Approval shall be obtained immediately after the tender/purchase committee has made its recommendations.
- 13.3. Authority to accord purchase approval shall be exercised as per delegation of power defined below in document (No. QD-FIN-01) for Delegation of Financial Power.

14. DIFFERENCE OF OPINION BETWEEN TENDER/PURCHASE COMMITTEE AND APPROVING AUTHORITY:

In cases where the approving authority does not agree to the recommendation(s) of the tender/purchase committee, it may send back the file to the tender/purchase committee for review or give a decision straightway recording its views clearly at the earliest.

15. ACCEPTANCE OF TENDER:

Acceptance of tender shall be communicated to the successful bidder invariably within the validity of offer. For this purpose all action/formalities such as comparative statement, technical scrutiny, tender/purchase committee meeting, purchase approval etc., will have to be completed in well co-ordinated and expeditious way.

16. PERFORMANCE GUARANTEE:

- 16.1. For purchase against press tender as well as against limited tender, performance guarantee to the tune of five/ten percent as indicated in the tender documents, of the total order/contract value shall be obtained from the successful bidder and unless complied, purchase order/contract shall not be issued.
- 16.2. If considered necessary for timely supply of goods of requisite quality, the corporation may also ask for furnishing performance guarantee against procurement under Barter/STA, etc.
- 16.3. Performance guarantee shall be submitted in the form of pay order/demand draft/bank guarantee from any scheduled bank in Bangladesh.
- 16.4. Performance guarantee in the form of Defence Savings Certificate/Savings Certificate/National Savings Certificate duly pledged in favour of the purchasing agency may be accepted.

- 16.5. Performance guarantee in foreign currency in the form of bank draft/bank guarantee may also be accepted provided the same is duly endorsed by any scheduled bank in Bangladesh.
- 16.6. Under no circumstance, performance guarantee by cheque on a scheduled bank or by cheque/pay order/demand draft/bank guarantee on a Co-operative bank shall be accepted.
- 16.7. Pay order/demand draft/bank guarantee submitted, as performance guarantee shall be kept in safe custody of accounts department/division and be encashed before it loses its validity.
- 16.8. Performance guarantee shall not be released until satisfactory execution of the order/contract.
- 16.9. In case of failure to fulfill the contractual obligations, performance guarantee shall be forfeited in full or In part depending on the extent of failure.

17. PURCHASE ORDER/CONTRACT:

- 17.1. Formal purchase order/contract (QF-PRO-13 and QF-PRO-14) will be placed with the successful bidder within three days of receipt of the performance guarantee. In case of purchase of plant/machinery/equipment this time limit may be relaxed up to seven days.
- 17.2. Complete specifications of goods including drawing number, part number, model number, year of make, and any other illustrative literature/brochure where applicable, shall be mentioned in the purchase order and will also be furnished to the supplier/contractor as well as to the pre-shipment inspection agency for convenience of manufacture and inspection of goods.

18. ARRANGEMENT OF FUND AND OPENING OF LETTER OF CREDIT:

- 18.1. Finance division of the PGCB shall arrange foreign exchange allocation for financing all imports whether made by the Head Office or by a project/circle/division.
- 18.2. Letter of credit shall be opened by the Finance department in PGCB within seven days of receipt of purchase order/contract and particulars thereof be communicated to the suppliers/contractors as well as to procurement division.
- 18.3. As far as possible and practicable required import license shall be taken for separate purchase order/contract to avoid dislocation and delay in clearance of goods from customs.
- 18.4. No letter of credit shall be amended unless the relevant purchase order/contract is amended.

19. INSPECTION OF STORES:

- 19.1. To ensure quality, quantity, packing, marking, and loading, etc., as per purchase order, inspection of the imported goods shall be arranged at supplier's cost prior to shipment through inspection officials of PGCB. Factory Acceptance Test report, jointly signed by the supplier and PGCB officials, have to be submitted for approval and subsequently despatch clearance from Design Division to be issued.
- 19.2. Certificate issued by the inspection officers shall form an integral part of the original shipping documents without which no foreign supplier/contractor shall be allowed to draw payment against letter of credit established in their favour.
- 19.3. In the case of spare parts, proprietary items and specific goods from traditional and reliable supplier or items of small value, condition of pre-shipment inspection may be waived. But, in such cases, manufacturer's warranty for free replacement/replenishment/rectification of defect in design, manufacture, materials, workmanship, performance or wrong supply/short supply shall be required to be provided by the supplier/contractor and the same shall form an integral part of the original shipping documents required for drawal of payment against letter of credit.
- 19.4. In case of local supplies inspection of goods in respect of quality, quantity, packing, etc. shall be arranged by an authorised official deployed for the purpose.

19.5. Inspection report issued by the authorized official for locally purchased items shall form an integral part of the documents for issuance of Material Receiving Report (M.R.R.) and settlement of supplier's/contractor's bills.

20. INSURANCE:

20.1. For all cases of foreign purchase irrespective of value 'insurance cover of the consignment on "Ware-house to Ware-house" basis shall be arranged by the purchasing agency under marine insurance open policy.

21. RETIREMENT OF SHIPPING DOCUMENTS

21.1. On receipt of shipping advice through telex/fax/e-mail/telephone from the supplier/contractor the purchase division/department shall request the accounts/finance division/department in writing to keep in touch with the L/C opening bank about arrival of the original shipping documents.

21.2. In case of delay in retirement of documents due to financial stringency or any other difficulty immediate intimation shall be given to the agency responsible for clearance of goods so that alternative arrangements may be made to clear the goods.

22. CLEARANCE AND DESPATCH OF IMPORTED CONSIGNMENT:

22.1. In the case of sea-consignments the procurement division shall arrange clearance of the goods within the permissible free time and dispatch the same to the respective concerned delivery point indicated in purchase order through the appointed clearing and forwarding agent/carrying contractor.

22.2. PGCB importing goods under LIM account, shall make own arrangement of clearing consignments as per terms and conditions in LIM agreement.

22.3. Head office procurement division will arrange clearance of air consignments through the appointed clearing and forwarding agent/carrying contractor.

22.4. In cases where original-shipping documents could not be retired and made available in time, clearance of goods against indemnity bond shall be arranged to avoid payment of demurrage and loss of production.

23. MATERIAL RECEIVING REPORT (M. R. R.):

23.1. For cash-purchased item (s), M.R.R. shall be issued on the very day or at the latest the following day of delivery of the goods to the Stores.

23.2. For items purchased against tender, M.R.R. shall be issued within three days of the receipt of goods in Stores. In specific case this time limit may be relaxed but in no case it shall exceed seven days.

24. PAYMENT OF BILLS:

24.1. All bills received in procurement division shall be entered in the Bill Register first and then passed on to the respective sections for processing.

24.2. Local Supplier's Bills:

In case of local supply, supplier's bill shall be paid on the basis of M.R.R.

24.3. Clearing and Forwarding (C&F) Agent's Bills:

C&F agent's bill shall be paid on the basis of M.R.R., against customs passed bill of entry supported by all necessary receipts and vouchers.

24.4. Carrying Contractor's Bill:

Carrying Contractor's bill shall be paid on the basis of challan, M.R.R. and any other document as specified in the work order.

24.5. Time Limit for Payment of Bills:

Supplier's/contractor's bill shall be settled and paid within seven days after receipt of the bills or within seven days after issuance of M.R.R. as the case may be.

25. LATE DELIVERY AND LIQUIDATED DAMAGE:

- 25.1. Normally, late delivery of goods shall not be encouraged.
- 25.2. Liquidated damages equivalent to half percent per week or part thereof on the value of the undelivered goods may be realised from the supplier/contractor.
- 25.3. In specific cases where delay in delivery is likely to cause dislocation of work and financial loss, a higher rate of liquidated damage not over one percent per week or part thereof on the value of the undelivered goods may be charged.
- 25.4. In case of delay in delivery beyond forty five days for local items and one hundred days for imported items, purchase order/contract may be cancelled in which case the performance guarantee shall be forfeited.

26. TYPES OF PURCHASE:

Purchase shall be of five types as detailed below:

26.1. Purchase against Single Tender:

Only proprietary items available with a particular source of supply may be purchased directly from the manufacturers or their authorized agents.

26.2. Purchase against Limited Tender:

Purchase involving upto taka one lac for general items shall be through limited tender enquiry.

26.3. Purchase against Press Tender:

Purchase involving more than taka one lac for general items shall be through advertisement in newspapers.

26.4. Purchase against Spot Quotation:

In specific and exceptional cases and also in case of extreme urgency purchase involving upto taka fifty thousand per 'item or a group of items at a time may be made through spot tender enquiry.

26.5. Cash Purchase:

Cash purchase shall be avoided as far as possible and be kept at minimum level. Only in exceptional and emergency cases cash purchase within the prescribed limit may be made.

27. PURCHASE AGAINST SINGLE OFFER:

If the price is reasonable and, if the time in hand does not permit procurement through retendering, purchase may be made against a single offer which shall require prior written approval of the next higher authority. For head office/project/circle, the Director (Technical) of PGCB will be the next higher authority for purchase involving upto taka fifty lac and Managing Director for Purchase involving above taka fifty lac and upto taka one crore.

28. PURCHASE AGAINST LOAN /CREDIT/AID/GRANT/BARTER/STA ETC.:

- 28.1. Purchase against tied loan, tied credit, grant (both tied and untied), Barter and Special Trading Arrangement (STA) shall be made by the corporation purchase division in accordance with the terms and conditions of the respective protocols.
- 28.2. Normally purchase against cash, Secondary Exchange Market (SEM), and untied credit shall be processed by the respective enterprises. But in special circumstances head office, purchase division will process purchase under cash, SEM, untied credit if it is considered necessary by corporation authorities to maintain flow of production.

29. REPEAT ORDER:

In specific cases where materials are urgently required and where continuity of the same product and/or brand is considered prudent, and where tendering may not yield favourable result, repeat order on the same terms, conditions and price (in terms of the currency of the country of origin) may be placed provided prices of materials have not shown any downward trend.

30. RATE CONTRACT/RUNNING CONTRACT:

In specific cases of bulk supply, Rate Contract/Running Contract may be made for a certain period of time not exceeding three years. But utmost care should be taken to see that such rate contract or running contract does not cause financial loss to the purchasing agency.

31. PREFERENCE TO LOCAL INDUSTRIES:

Purchase of goods manufactured in Bangladesh should be given preference. Enterprises/projects shall, if necessary, modify specifications where possible in order to patronise local products. Sub-contracting system for local manufacturing units shall be encouraged.

32. ENLISTMENT OF SUPPLIERS/CONTRACTORS:

32.1. For all types of procurement, except for proprietary items, grant and project loan items, enlistment of general suppliers/contractors shall be made through advertisement in newspapers.

32.2. Enlistment once made shall remain valid for a period of two years, provided the annual performance records recommends for continuation.

33. PRE-QUALIFICATION OF SUPPLIERS/CONTRACTORS:

33.1. In order to ensure procurement from genuine sources of supply and screen out unreliable parties particularly for the sensitive and fast moving items, quotations of suppliers/contractors/manufacturers/commission agent may be necessary.

33.2. Applications are to be invited from interested parties with detailed terms and conditions through advertisement in leading newspapers.

34. APPOINTMENT OF CLEARING AND FORWARDING AGENT:

34.1. The Procurement Division shall make appointment of clearing and forwarding agent for a period of two years through advertisement in widely circulated national dailies.

34.2. Appointment of clearing and forwarding agent should be processed through tender committee.

35. APPOINTMENT OF CARRYING CONTRACTORS:

For transportation of goods by Rail/River/Road from different clearing/supply points, well experienced, reliable and dependable carrying contractors shall be appointed by the Procurement Division for a term of two years through advertisement in widely circulated national dailies.

36. MAINTENANCE OF REGISTERS:

For keeping track of progress of action at different stages of procurement all basic data and important information shall be maintained in the form of registers by the concerned division /department as under.

36.1. Purchase Requisition Register (PR) (QF-PRO-02)

36.2. Procurement Progress Register (QF-PRO-12)

36.3. Order/Contract Register (QF-PRO-13, QF-PRO-14)

36.4. Cash Purchase Register

36.5. Letter of Credit Register

36.6. Shipping Register

36.7. Bill Register

36.8. Performance Guarantee Register