
Ministry of Power
Finance Desk
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New Delhi, Dated the 11th June, 2015

To

1. CMD NTPC/PGCIL/NHPC/THDCIL/NEEPCO/SJVN/PFC/REC/DVC/BPCs – PFCCL, RECTPL
2. Chairperson, CEA
3. DG, BEE/NPTI/CPRI

Sir(s)

I am directed to say that the principles of transparency, speed, non-discrimination, competitive price discovery, accountability and security are the hallmarks of any tendering process. The e-procurement and e-RA processes should be viewed from this perspective.

The National E-Governance Plan envisaged e-procurement implementation in mission mode. CVC has been advocating use of e-procurement and vide its order no. 46/9/2003 has accorded permissive sanction for use of e-procurement and e-RA. Further, CVC has also issued guidelines (September 2009) emphasizing security consideration in e-procurement procedure. The Standardization Testing & Quality Certification Directorate (STQC), Deptt. of Information Technology, have also prescribed detailed guidelines for certification of e-procurement platform.

Chapter 6 of GFR lays down the general rules and principles of procurement of goods and services by Govt. agencies. These rules also form the basis of evolution of procurement norms in CPSUs and other quasi-Govt. organizations. Further, the instructions issued by Department of Expenditure (30.11.2011, 30.3.2012 and 9.1.2014) stipulate:

- (i) Mandatory publication of tender inquiries on Central Procurement Portal by CPSUs/ Govt Organisations w.e.f 01.02.2012.
- (ii) Mandatory e-procurement for contracts of the value of Rs. 5 lakh and above. The threshold level to be Rs.2 lakh w.e.f 1.4.2016.
- (iii) E-procurement portal to be Tested and certified by STQC.

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The existing practices/procedures followed by Power Sector CPSUs and Bid Process Co-ordinators (PFC/PFCCL and REC/RECTPL) have since been reviewed in the Ministry and summary position emerging is as follows:

- (i) The power sector CPSUs are by and large resorting to e-tendering for procurement of works and consultancy packages. However, manual submission of tender/bid documents has not been done away with completely.
- (ii) The use of e-RA for price discovery is limited; that too only by NTPC and PGCIL.
- (iii) The Bid Process Co-ordinators of TBCB (PFCCL and RECTPL) are following two-stage bidding process in manual mode, as prescribed under SBD.
- (iv) The CPSUs are resorting to two stage bidding process in far too many cases.

The coal block auctions as well as e-bid RLNG auctions concluded recently have also demonstrated the efficacy of e-procurement/e-RA.

Accordingly, the power sector CPSUs/BPCs, CEA and all other organizations/autonomous bodies are hereby advised to immediately move towards total e-procurement solutions, keeping in view the following guiding principles:-

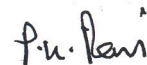
- (i) All procurements including administrative/ housekeeping purchases/ hiring/ outsourcing etc. with estimated value of Rs. 5 lakh and above will be through e-tendering only, sans manual submission of technical and financial bids. The threshold level would stand revised to Rs. 2 lakh w.e.f. 1.4.2016.
- (ii) The bid documents should be uploaded electronically and submitted online. However, documents that are necessary to be physically examined and verified, such as Bank Guarantee, Bid Security, Power of Attorney, Integrity Pact, JV Agreements, Notarized Documents, Certificates, etc., may be submitted in physical form before the deadline for submission of bids.

- (iii) Two stage bidding process should be resorted to only for those procurements (both works and consultancy packages) where scope of work, design/technical aspects/specifications etc. cannot be frozen in-house by the CPSUs' Design/Technical wing on their own; that is, without inviting EOI/RFQ from prospective bidders. In all other cases, single stage (two-cover) bidding process should be followed.
- (iv) Price discovery through reverse bidding/e-RA process should be resorted to in respect of all those project packages where bid selection criteria is L-1 evaluated price.
- (v) The two BPCs (PFCL and RECTPL) will switch over to e-procurement mode with price discovery taking place through e-RA for TBCB transmission projects.
- (vi) The CPSUs/BPCs may procure suitable customized e-RA software within next 3 months, as per requirement. The software must conform to STQC certification requirements. The e-procurement/e-RA software already in use by the CPSUs should be got tested and certified (if not already done) as per the certification requirements.
- (vii) The e-RA should be used as a strategic tool rather than applying it in a routine pre-meditated manner. The Board of Directors/Governing Body of the respective organizations should lay down the rules/threshold values/ qualifying criteria etc. for application of e-RA.
- (viii) The Standard Bid Document (SBD) used by the CPSUs/BPCs, should be modified quickly to enable e-procurement coupled with e-RA and got approved by the competent authority before use.

The action taken in the matter may be reported to the Ministry within a month.

This issues with the approval of MoS (I/C) Power.

Yours faithfully,



(P.K. Ravi)

Deputy Secretary to the GOI

Telefax:011-23717196