

DEPARTMENT OF SOCIAL WELFARE
GOVERNMENT OF NCT OF DELHI
GLNS COMPLEX, DELHI GATE, NEW DELHI-02
(ACCOUNTS BRANCH)

No. F. 8(3)(1)/DCA/DSW/2018-19 42833-42903

Dated:

12 MAR 2019

C I R C U L A R

Subject: Guidelines on procurement of Goods and Services

While incurring expenditure from the Government exchequer, the financial powers delegated to the Head of Offices have to be exercised with utmost care by maintaining **financial propriety** and **strict economy**. It has to be ensured that all relevant financial rules and regulations like Delegation of Financial Power Rules and General Financial Rules, 2017, are observed. The Head of Offices may also ensure that the **expenditure does not exceed the budget allocation** and the expenditure is incurred for the purpose for which funds have been provided.

A need is felt to reiterate important provisions of General Financial Rules, 2017 and GeM with regard to procurement of goods and services. All HOOs/DDOs of Homes/Institutions/Schools working under DSW and HQ are directed to ensure **strict compliance**.

- 1. Spitting of Demand:** As per Rule 157 of GFR 2017 "A demand for goods should not be divided into small quantities to make piecemeal purchase to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand". Splitting of demand deprives the organizations from achieving the best competitive prices leveraging economies of scale. It is also a violation of para 149(Viii) of GFR-2017.

*It may be ensured that a demand of goods for the same item should **not** be divided into small quantities to avoid comparison or purchase of goods by purchase committee.*

- 2. Constitution of Local Purchase Committee:** Rule 155 of GFR provides purchase of goods by the purchase committee. The rule stipulates that purchase of goods costing above Rs.25,000/- and up to Rs.2,50,000/- on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of the Department. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier. Before recommending placement of the purchase order, the members of the committee will jointly record a certificate.

It may be ensured that local purchase committee be constituted consisting of three members of an appropriate level after obtaining approval of the Head of Department and purchase of goods costing above Rs. 25,000/- and up to Rs. 2,50,000/- be made on the recommendations of Local Purchase Committee.

3. **Purchase of Goods in excess of requirement:** Rule 144 (ii) of GFR 2017 provides that the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organizations. Further, Rule 149 (iv) also stipulates *“Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs”*. Purchase of goods in excess of requirement, results blockage of funds, decline in quality and wastage over a passage of time.

It must be ensured that goods should be purchased after assessing the actual requirement keeping in view available stock, average monthly consumption etc. Goods should be purchase considering number of inmates and scale of consumption as per manual.

4. **Tool of online bidding GeM to be used:** Vide Rule 149(ii) stipulates that above Rs.50,000/- and up to Rs.30,00,000/- through the GeM Seller having lowest price amongst the available sellers, of a least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the Competent Authority. Further, as per **point vi** of guidelines and terms and conditions on procurement through GeM portal *“Bidding should be considered as the preferred mode of procurement above Rs. 50,000/-.”* Therefore, it is advisable to go for bidding to get best, competitive and reasonable rates for the goods.

It may be ensured that tool of online bidding be used to get best and reasonable price on GeM.

5. **Reasonability of rates has to be certified before procurement:** Rule 144 (vii) of GFR 2017 stipulates that *“the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required”*.

Buyer may ascertain the reasonableness of prices before placement of order using the Business Analytics (BA) tools available on GeM including the Last Purchase Price on GeM, Department's own Last Purchase Price, and current Market Price or through other available sources. It is the prime responsibility of the buyer to certify that prices are reasonable in comparison to market prices.

6. **Goods be purchased by giving detailed specifications:** As per Rule 144 (ii) of GFR 2017 provides that “the specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view of the specific needs of the procuring organizations. The specifications so worked out should meet the basic needs of the organizations. Further, Rule 144 (iii) specifies that “where applicable, the technical specifications shall, to the extent practicable, be based on national technical regulations.

It may be ensured that detailed specifications of the items must be worked out before procurement of goods.

7. **Detailed reasons as to why GeM was not used must be recorded:** Procurement of goods and services by Departments will be mandatory for all those Goods or Services which are available on GeM in terms of FD's OM dated 26/04/2017. Further, in terms of FD's OM No. F.20/08/2017/AC/jsfin/718-724 dated 24/08/2017 “if the Departments face any problem for procurement of items available on GeM, the department are advised to follow the standard method of obtaining bids/tendering process as per the provisions laid down in GFR, by recording detailed reasons as to why GeM was not used. This relaxation is applicable only for procurement of goods in accordance with Rule 154 and Rule 155 of GFR 2017.

It is therefore, advised that in all cases, where goods were purchased other than GeM detailed reasons invariably be recorded as to why GeM was not used.

8. **Estimated value of the goods must be mentioned before obtaining Administrative Approval for purchase of goods:** It is not appropriate to obtain administrative approval without assessing and mentioning estimated value of the items to be purchased.

It may be ensured that estimated value of goods to be procured must be mentioned in the proposal seeking administrative approval for procurement of goods.

9. **Purchase of goods with different nomenclature:** Purchase of Same item at the same price/different price with different nomenclatures should be avoided.

It may be ensured that single uniform standardized nomenclature should be used to purchase good.

- 10 **Prices:** The offered prices in the GeM/open market shall in no case **exceed Maximum Retail Price (MRP)**. While receiving the goods and materials from a supplier, the officer-in-charge of stores should refer to the relevant contract, **check prices at which order of goods has been given.**

It must be ensured that payment of goods must not be exceed Maximum Retail Price (MRP).

Detailed provisions on procurement of Goods and Services can be seen at Chapter 6 of "General Financial Rules 2017" and "Manual for Procurement of Goods 2017" issued by GOI, Ministry of Finance, Department of Expenditure and also available at www.finmin.nic.in.

This issues with the approval of the competent authority.

Sudhir Verma

(SUDHIR SINGH VERMA)

Deputy Controller of Accounts

To

1. All DDO/ DSWOs/DDOs/HOOs of Homes/ Institutions/Schools/Branch in-Charges of Department of Social Welfare, GNCTD, Delhi.
2. Sr. System Analyst, DSW for uploading the circular on the Departmental website.

Copy for information and necessary to action to the :

1. PS to Secretary (SW) , GLNS Complex, Delhi Gate, Delhi.
2. PA to Director (SW), GLNS Complex, Delhi Gate , Delhi

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12/03/2015

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