Guidelines for Preparation of Procurement Plan

Key points for preparing Procurement Plan,

1. Project objectives and permitted procurement under respective sub component to which Institution belongs and coherence with the Institutional Development Plan (IDP) shall be the basis for preparation of Procurement Plan.

2. Following points are important for preparing a package,
   a. Items/ work similar in nature and which can be done by single supplier/ contractor are to be clubbed together as each package will generate only one PO/ WO.
      e.g. similar items being procured by different departments or different laboratories of same department, items being procured for same laboratory though different but likely to be sourced from single supplier etc to be packaged together.
   b. Shopping should not be used as an expedient to by-pass more competitive methods or fraction large procurement into smaller ones (splitting of contract) solely to allow the use of Shopping.
   c. Deliberate splitting of package is to be avoided strictly as it leads to selection of improper procurement method resulting in inefficient procurement.
   d. Expected price of package to be procured using any method shall not be more than 90% of threshold value of the selected method to neutralize the exchange rate fluctuations.
      e.g. expected price of any package in Shopping shall not be more than US$ 90,000 (Rs 5,850,000) in spite of threshold limit of US$ 100,000 (Rs 6,500,000).
   e. The declaration of Proprietary items as “Proprietary items” at the stage of package preparation is mandatory.
   f. Packaging of proprietary items or items to be procured using Direct Contracting method together is to be avoided generally as there are very less chances of having a single supplier.
   g. In case of procuring department selected as Institutional Level, distribution of items among different departments is to be given, if any.
   h. The description of specifications of any items shall be generic in nature to encourage competition and use of a brand name is strictly disallowed as it restricts the competition.

3. The information to be mentioned at following open fields while adding a Goods/ Works package in system,
   → Package Name: It shall be general and indicative of the items containing in package.
   → Description: It shall describe the intended use and prospective users of the items.
   → Specification: It shall be contain precise item level specifications.
4. Procurement under the project is categorized as Goods, Works and Services and correct categorization of the items to be procured is essential for preparing procurement plan. Some of the important points to categorize items correctly are,

a. **Goods**: It will cover the major chunk of the Institutional procurement and the items under it are further sub categorized as,
   i) **Equipment**: Under this head items like equipments for laboratories, computer systems etc are to be covered.
   ii) **Books & Learning Resources**: Under this head items like books for libraries or individual departments, e-books, e-journals, course specific software etc are to be covered.
   iii) **Furniture**: Under this head all furniture items are to be covered.
   iv) **Minor Items**: Under this head items like spares for laboratories, workshops, other consumable & petty items valuing less than US$ 1000 per contract are to be covered.

b. **Works**:
   i) All permitted civil works under respective sub component to which Institution belongs are to be covered under this head.
      a) Repair
      b) Refurbishment
      c) Extension
   ii) Civil work contract shall not cover expenditure incurred on furnishing the space except the associated electrical and sanitary work.

c. **Services**:
   i) Under this head all contracts for hiring services like professional services, consultancy, training etc of any individual or a firm are to be covered.
   ii) Expenditures like staff salary, honorarium/ fees paid for implementation of project etc are not allowed under services.

5. Some of the important points for selection of appropriate method for procurement,

a. **Direct Contracting** to be adopted in case of,
   i) Equipment/ Books & LR, which are specifically certified as of proprietary in nature, or where there is sole manufacturer of the item.
   ii) extension of existing contracts for goods/ works awarded with the prescribed procedures, justifiable on economic grounds.
   iii) standardization of equipment or spare parts to be compatible with existing equipment may justify additional purchases from the original supplier.
   iv) procurement of Minor Items.
   v) procurement of Books & LR but procurement through “Shopping” can also be a viable option to derive benefit from the competition among different dealers of same items.

b. **DGS&D Rate Contracts & GEM** may be used as Framework Agreement Provided, if the item is covered under the DGS&D Rate Contracts & GEM and offers value for money.
6. In case of an item declared as Proprietary Item, an authorization letter in its effect required at the time of quotation/bid submission by the dealer/bidder.

7. Package/ Item name, Specifications and other details are need to be entered carefully and checked for spelling mistakes etc as these details will be carried forward for generation of Invitation Letter, Bid Documents, Purchase Order, Contract etc.

8. Institutions need to define their eligible departments as per sub component under the project in system and procurement needs to be linked to respective departments accordingly.

9. The tentative timelines to be planned and entered in system as following,
   - Direct Contracting: One to two months
   - Shopping: Three to four months
   - NCB/ICB/LIB: Six to nine months

10. Any expenses incurred under Incremental Operating Cost (IOC) shall not be included in procurement plan as IOC is not part of procurement.