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No. IFA/24

To


Sub :- Vetting of Draft Tender Enquiry – regarding.

It has been observed in one of the case that the regular annual contract could not be finalized as the validity of bids expired prior to placement of supply order on L-1. *The validity of bid in the tender was for 45 days.* The L-1 bidder expressed his inability to supply due to expiry of the validity of tendered rates. The regular contract was concluded after a lapse of six months and during the intermediate period Local Purchase (LP) was carried out. The rates of LP were higher than the rates achieved in the initial tender. The test audit authorities has adversely commented about non-conclusion of contract as the rates achieved in retender were higher which has lead to avoidable extra expenditure to the state.

2. One of the reason for non-conclusion of the contract was delay in processing of the case in IFA office. The DPM provides that 'the IFA concurrence and CFA's approval of the purchase proposal' has to be accorded in two weeks time. The IFAs are required to keep DPM provision regarding 'Time Frame for Procurement' in view while rendering financial advice.

2.1 Para 4.20.1 (e) of DPM – 2009 lays down that a bid shall remain valid for ninety days (90) in case of single bid RFP and one hundred twenty days (120) in case of two-bid system, unless otherwise specified, from the date of the opening of the tender. In the above mentioned case, the contract could not be concluded within the validity of the offer as bid validity period provided in the RFP was very short and bidder was not approached to extend the validity period in time.

3. In view of above, it is advised that:
- (i) While vetting RFP, due care shall be taken *to ensure that the period of validity of bids proposed in the draft RFP is as per DPM provisions.*
 - (ii) *Ensure adherence to time schedule* for concurrence of proposals given in DPM.
 - (iii) While processing the procurement proposal, bid validity period shall be kept in view, and *if considered necessary, the executives may be advised to obtain the consent of the bidder for extension of bid validity period, well in time.*



(Arvind Kadyan)
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