

Procurement Frequently Asked Questions (FAQs)

1. What are the methods of NERLP procurement?

NERLP procurement is based on competitive bidding through formal tender. Any application, proposal or bid submitted to NERLP as part of a competitive process is regarded as an offer, and in and of itself does not constitute or imply its acceptance by NERLP. In any competitive process, NERLP is under no obligation to award a contract to any Offerer. Depending on the nature and size of its procurement elements, commonly used methods of solicitation include:

- a). Request for Quotation (RFQ)
- b). Invitation to Bid (ITB)
- c). Request for Proposal (RFP)

2. What do you mean by Request for Quotation (RFQ)?

An RFQ is an invitation to submit a quotation, usually for goods/services/civil works at a value up to US\$ 100,000 prices and other commercial terms and conditions are requested and award is made to the lowest evaluated price.

3. What do you mean by Invitation to Bid (ITB)?

An ITB is a formal invitation to submit a bid, usually associated with requirements that are clearly and concisely defined, with an estimated procurement value of US\$100,000 or more. Normally price is the sole determinant in making an award. Where all technical criteria are met, an award is made to the lowest bidder.

4. What do you mean by Request for Proposal (RFP)?

An RFP is a formal request to submit a proposal, usually associated with requirements for services, which cannot be clearly or concisely defined, with an estimated procurement value of US\$100,000 or more. Price is only one of several factors comprising the evaluation criteria. Award is made to the qualified bidder whose bid substantially conforms to the requirement set forth on the solicitation documents and is evaluated to be the lowest cost to NERLP. In some cases, exceptions to competition are made and direct contracting is used. This usually happens when a Long-Term Agreement (LTA) is in place.

5. What are the principles of NERLP procurement?

- Best Value for money.
- An equal and fair opportunity to all.
- Transparency in all Processes.
- Timely quality procurement.

6. What are the procurement process?

Procurement process consisting of the following steps:

- a. Identification of required Items/Services.
- b. Developing specifications.
- c. Inviting bids/ proposals.
- d. Awarding contracts.
- e. Receipt and certification of Items/Services.
- f. Closure of contract.

7. Why Purchase Committee? If so how many member?

Purchase Committee shall evaluate and compare the quotations and select the most responsive supplier, who offer the lowest price in commensurate with market price. Purchase Committee shall give advice and proper recommendation to the competent authority regarding the procurement. The purchase committee shall comprise of at least three members.

8. Can unsolicited quotations be received?

Yes, unsolicited quotations may be accepted after carrying out a due diligence exercise to verify the nature and reputation of firm.

9. What happen if at least three quotations within the time specified are not received?

If the Purchaser does not receive at least three quotations within the time set, it should be confirmed prior to opening of the quotations received, with the suppliers who have not submitted quotation, whether they intend to submit and how soon. Unless there is extreme urgency or there are already three or more quotations available, reasonable amount of additional time, say three more days, could be given to submit quotation.

10. What is shopping method?

Shopping is the simplest and quick method of Procurement which involves comparison of price quotations received from different suppliers (at least three) to ensure competitive prices of the item to be purchased. The four basic steps of shopping are;

- a. Issue of request for quotation
- b. Evaluation of quotations by preparing comparative statement (At least three quotations)
- c. Selection of the lowest responsive offer
- d. Issue of purchase order

11. What is Direct Contracting system?

Direct Contracting system is a method which can be followed under the following circumstances only:

- a. Extension of existing contracts for works or goods awarded with the prescribed procedures justifiable on economic grounds and within reasonable time, say two months.
- b. Standardization of equipment or spare parts compatible with existing equipment may justify additional purchases from the original supplier.
- c. The required item is proprietary and obtainable only from one source, and works are small and scattered or are situated in remote locations where mobilization costs for contractors would be unreasonably high.

12. Are the vendors approved by the state Govt. eligible to receive bid documents/quotations?

No, Project normally invites bidders/suppliers through advertisement in leading newspapers (Regional & National) and mostly through its website. In case of shopping quotations are issued to limited suppliers. Interested bidders/suppliers may log on to website : www.nerlp.gov.in for updated information.

13. Is NERLP purchases tax free?

No, taxes are applicable for all purchases.

14. Should the firm quote based on state contract rate?

No, NERLP seeks the lowest price the supplier can offer.

15. How much is the minimum quantity required to qualify as a supplier?

This depends on the supply/service for which you wish to be considered for.

16. How does NERLP pay suppliers?

NERLP payment terms are normally 10-15 days upon receipt of invoice and delivery of goods. Mode of payment is only by account payee cheque.

17. Does NERLP require performance guarantee?

NERLP may require a successful contractor to furnish performance bonds in the standard format or similar forms of guarantee. The amount of performance bonds/guarantees will vary depending on the nature of the requirements.

18. Can a debarred by a World Bank in the past participate in NERLP procurement?

As a general rule, if you have been formally debarred by World Bank or any Government agency and have not been duly rehabilitated, you are not an eligible vendor to NERLP. Exceptions to this are very rare, and usually involve exigent circumstances.

19. Can a firm partner with a debarred vendor/firm?

Business decisions are the sole responsibility of the vendor. Please be advised that any consortium, joint venture, team, or partnership that includes a debarred entity or individual will be considered ineligible for NERLP procurement purpose.

Community Procurement:

20. What is community procurement?

Community procurement means procurement of works, goods and services following World Bank guidelines at community level. Beneficiary user groups are required to follow bank procedures to utilise the project money. It involves participatory process in need assessment/identification, consensus decisions making process and maintaining proper books of records.

21. Who will execute community procurement?

Purchase committee nominated by community group (PO/CDG/SHG Federation/YG) comprises of treasurer and other two members preferably with one technical knowledge person about the item to be purchased.

22. Can the President and Secretary of the CDGs be a member of Purchase Committee?

No. President and Secretary cannot be a member of Purchase Committee

23. How community procurement will be carried out?

Community group PO/CDG/SHG Federation/YG will issue request for quotation to several eligible/potential suppliers and provide them at least 14 days for responses. The quotations (atleast 3) are to be opened in the presence of the suppliers and the quoted prices, quantities are noted in a comparison sheet. Award the contract by issuing work/supply order to the lowest responsive evaluated supplier.

24. Can we use brand name in the specification preparation under shopping/ community procurement?

No, using specific brand name could perceive favouring particular Brand. If a brand name is to be used, the words 'or equivalent may be added against it.

25. Normally how many days the quotation shall remain valid?

Quotation shall remain valid for a period of not less than 30 days after the deadline date specified for submission or from the last date of submission of quotation.

26. How should the Purchase Committee receive the goods?

Purchase Committee has to receive the goods as per the Purchase Order/Work Order issued to the selected supplier/contractor, inspect and certify that the right quantity and quality are received in an acceptable condition, and to ensure there is no loss or damage.

27. If we receive damaged goods what should we do?

Purchase Committee should return the damaged goods to supplier and ask for replacement in writing immediately. All members of the Purchase Committee to date and sign comparison statement and minutes of evaluation.

28. Who will have the key of the store and record the goods?

The Purchase Committee shall record the goods received in good condition in the stock register, and sign and date it. The goods received in acceptable condition should be stored in a secure area with a lock and key. The key is to be kept with the treasurer of the CDG.

29. For any purchase under Community Development Plan (CDP) can we pay by cash?

No. Under Community Development Plan (CDP) any payment should be made by cheque and timely payment as per the payment terms

30. Is it necessary to have notice Board at the site?

It is advisable to display a notice board at the site preferably fixed or permanent, displaying the details of work and procurement information, description and the cost of Community Development Plan (CDP), summary of installment, start date, proposed finish date, etc.
