

OFFICE OF CGDA
ULAN BATAR ROAD, PALAM
NEW DELHI - 110010
TEL - 25674820, 25674777-81
FAX - 25674785, 25674780

IFA Instruction 2

File - IFA/109

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To

1. All PIFAs/IFAs
2. All PCsDA/CsDA holding charge of IFA

Sub - Vetting of CST by IFAs

Ref - Provisions contained in IFA Manuals

The guidelines for vetting of CSTs by IFAs is mentioned in relevant paras of various IFA Manuals. The same has been re-examined at this Hqs based on the provisions of DPM-2009 and inputs from Defence Services/IFAs. Revised guidelines are mentioned below for immediate compliance in the area of Vetting of CST at Tender Evaluation Negotiation (TEN) stage. The IFA Manuals stand amended accordingly.

Check-list for Vetting of CST

1. **Procedural issues in opening of tenders** - See that Para 4.11.1 of DPM-2009 has been followed in opening of tenders
2. **Errors by vendors** - See whether any computational errors have been made by the bidders or not. If there is a discrepancy between unit price and total price, the unit price shall prevail. If there is discrepancy between words and figures, the amount in words shall prevail. If the supplier does not accept the correction of the errors, its bid will be rejected and its bid security may be forfeited. See that trivial errors such as omission to enter the rates in words, initial any alteration in rates, signing both the tenders and schedules have been corrected, initialed and dated both by the TOC and bidder.
3. **Enclosures to bids** - See whether required sureties, if any, have been furnished and whether the documents have been properly signed.
4. **Examination of CST** - Examine that the CST is exhaustive and includes all relevant details as given in Price Bid format, Part-V of RFP.
5. **Responsiveness of bids** - Determine the substantial responsiveness of each bid to the bid documents. A substantially responsive bid is one, which conforms to all terms and conditions of the bid documents without material deviations. Major deviations from or objections or reservations to Technical parameters mentioned in Part-II of RFP, Commercial clauses mentioned in Part-III and Part-IV of RFP and Evaluation criteria mentioned in Part-V of RFP will be deemed to be a material deviation. Ensure that Bids received are evaluated in terms of the conditions already incorporated in

the bidding documents; no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids. Remember that determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence.

6. **Deviations** - See that the deviations from tender enquiry have been brought out in CST.
7. **Clarification on bids** - If a clarification was required from any bidder, then ensure that it was done in writing and no change in prices or substance of the bid was sought, offered or permitted. Ensure that no post-bid clarification has been given at the initiative of the bidder.
8. **Cartel formation / Pool rates** - An intelligent scrutiny of all quotes and CST may be done to see whether there is probability of cartel formation / pool rates in the tendering with reference to para 4.18 of DPM-2009. An illustrative list of scenario/points related to probability of cartelization and other unethical practises is given below for guidance on this issue -
 - a. Quotes submitted in name of different bidders are in same handwriting, printed/written in same format/wording, same typographical errors, same signatures, same stamp, same location, etc.
 - b. Different bidders having same addresses, same telephone numbers.
 - c. Bids not indicating TIN/VAT/CST registration numbers as required under Para 4.20.1 (c) of DPM-2009.
 - d. Letterheads of bids are different but TIN number is same.
 - e. Submission of different bids by same person but with different addresses.
 - f. Bids dispatched from same post office on same date with continuous speed post numbers.
 - g. Demand Draft for EMD issued by same bank with continuous serial numbers.
 - h. Postal proof of dispatch of RFP not placed in purchase file.

In case such a scrutiny leads to suspicion of cartel formation in tendering, then matter may be taken up with CFA for taking action as per Para 4.18.1 of DPM-2009. Also, assessment of performance of such registered vendors / renewal of their registration may be advised as per Para 3.3.1 and 3.3.2 of DPM-2009.

9. **Comparison of bids** - Remember that all elements of cost, as indicated in Price Bid format of RFP, are to be taken into account while ranking quotes. The ultimate cost to the state on delivery to the consignee's premise should be the deciding factor for ranking of bids.

10. Consideration of Duties and Taxes -

- a. Ensure that comparison of responsive bids is done on the prices of the goods offered inclusive of levies & taxes i.e., ST and ED, CDE, Packing & Forwarding, Freight and Insurance etc., as indicated in the price schedule of Bid documents but exclusive of Octroi/Entry Tax which will be paid extra as per actual, wherever applicable. All taxes and duties to be paid in connection with the procurement of an item need to be considered including those for which exemption certificates are issued.
- b. See that provisions contained in Para 14, Part-III and Para 1 (d), Part-V of Appendix C have been applied while considering taxes and duties in CST. The Bidders are required to spell out the rates of Customs duty, Excise duty, VAT, Service Tax, etc in unambiguous terms; otherwise ensure that their offers have been loaded with the maximum rates of duties and taxes for the purpose of comparison of prices. If reimbursement of Customs duty / Excise Duty / VAT is intended as extra over the quoted prices, the Bidder must specifically say so. In the absence of any such stipulation, presume that the prices quoted are firm and final and no claim on account of such duties will be entertained after the opening of tenders. If a Bidder chooses to quote a price inclusive of any duty and does not confirm inclusive of such duty so included is firm and final, see that they have clearly indicated the rate of such duty and quantum of excise duty included in the price. If a bidder has failed to do so, ignore such offers summarily. If a Bidder is exempted from payment of Customs duty / Excise Duty / VAT duty upto any value of supplies from them, see that they have clearly stated that no excise duty will be charged by them up to the limit of exemption which they may have. If any concession is available in regard to rate/quantum of Customs duty / Excise Duty / VAT, see that it has been brought out clearly. Do not accept stipulations like, excise duty was presently not applicable but the same will be charged if it becomes leviable later on, unless in such cases it is clearly stated by a Bidder that excise duty will not be charged by them even if the same becomes applicable later on. In respect of the Bidders who fail to comply with this requirement, ensure that their quoted prices have been loaded with the quantum of excise duty which is normally applicable on the item in question for the purpose of comparing their prices with other Bidders. Same logic applies to Customs duty and VAT also.
- c. In cases where only indigenous Bidders are competing, see that all taxes and duties (including those for which exemption certificates are issued) quoted by the Bidders have been considered and the ultimate cost to the Buyer has been taken as deciding factor for ranking of Bids.
- d. In cases where both foreign and indigenous Bidders are competing, see that following criteria has been followed -
 - i. In case of foreign Bidders, the basic cost (CIF) quoted by them has been taken as the basis for the purpose of comparison of various tenders.

- ii. In case of indigenous Bidders, excise duty on fully formed equipment, Sales tax and other local levies, i.e. octroi, entry tax etc has been ignored.
11. **Conversion of currency** - In import cases, see that all the foreign quotes have been brought to a common denomination in Indian Rupees by adopting exchange rate as BC Selling rate of the State Bank of India on the date of the opening of Price Bids.
12. **Discounted Cash Flow method** - If RFP contained DCF clause in Part-V, see that DCF method has been correctly applied as per para 13.6 of DPM-2009. Also see that Discounting Rate has been taken as the lending rate of GOI on loans given to state govts, as notified by Budget Division of MoF.
13. **Signing the CST** - Vet the CST with regard to original quotations, indents and other supporting documents for checking the calculations as well as the premises on which CST has been prepared. As an IFA rep, sign the CST along with purchase officer, after due examination as above in terms of para 13.3.4, DPM-2009.

This issues with approval of CGDA.


Rajnish Kumar
JT CGDA (IFA)

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4. ACNS (P&P), NHQ.
5. ACAS (Fin P), Air Hqs.
6. DDG, Coast Guard Hqs.
7. CCR&D, DRDO Hqs.
8. Boarder Roads Hqs.
9. All RTCs.
10. All Jt CGsDA in Hqs DAD.
11. EDPS (Local) - for publishing in website.
12. IFA/50.

- Sd -
Rajnish Kumar
JT CGDA (IFA)