



DPM's  
**SHREE MALLIKARJUN**

&  
Shri Chetan Manju Desai College,  
Canacona-Goa

**STANDARD OPERATING PROCEDURE FOR PURCHASE OF VARIOUS  
CATEGORIES OF ITEMS**

1. General:

1.1. The important considerations in purchases of items or services are:

(a) Quality (b) Reliability, (c) Timeliness, and (d) Cost-specified quality and the reliability of the supplier, the cheapest option should be chosen. However, being cheapest should not be the sole criterion since the cheapest may not be necessarily always the best.

1.2. The purchase procedures given in this note shall be applicable to all purchases/contracts except in case of Building and Library.

2. Purchase Committee:

Principal of the College shall appoint the Purchase Committee for a period of three Years. Tenure of the Committee may be extended by another term if require.

The Purchase Committee shall consist of following members:

|                               |            |
|-------------------------------|------------|
| Management Representative     | - Advisor  |
| Principal                     | - Advisor  |
| Senior Head of the Department | - Chairman |
| Three Teachers representing   | - Member   |
| Storekeeper                   | - Member   |



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Principal may replace any member at any point of time without assigning any reason.

### Procedure for Purchase

Principal informed the Committee that College has a proper system for the Purchase of Items Principal cleared before the Committee that they followed a proper procedure to purchase any order even of worth Rs. 5000/

Principal explained the Committee about the procedure of Purchase:

Step 1: The Staff puts before the Principal the request letter about the item (Requirement Format

Form)

Step 2. Principal forward the request letter to (Storekeeper)

Step 3. Mr. Storekeeper to verify the requirement.

Step 4 Mr. Storekeeper after verification calls the Purchase Committee Meeting for Administrative and Financial approval.

Step 5: If the Committee approves, Storekeeper with the permission of principal will float the tender asking for Quotation floats the Tender asking for the Quotation.

Step 6. Sealed Quotations are accepted.

Step 7. After the last date of acceptance of Quotations, once again Purchase Committee Meeting. Step 8 The Quotations are opened in front of the Committee and on mutual agreement the Quotation is generally given to the lowest bidder.

Step 9. The Tenderer is given the order of items with the specifications of items.

Step 10. The order is then placed and purchased.

Step 11. Storekeeper Inspected Quality & Quantity of Materials.

Step 12 All the entry are made in Stock Register by storekeeper.

### Responsibilities of Purchase Committee:

- Formation and review of general purchase policy, procedures, norms, systems, etc.
- Advising the Principal on the implementation of purchase decisions and policy, whenever required.
- Making recommendations regarding purchases (other than those, which come within the purview of the Buildings, and Library)
- Assist Principal of the College in Inviting Tenders/Quotations. The Purchase Committee shall review the proposal for its correctness in all respects. The PC has to make its final recommendation to the Principal. The Principal shall go through the recommendations, and submit the file for Chairman's approval. After which the Purchase Order (PO) will be generated by the Office. The PO duly signed by the





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Principal shall be sent to the concerned vendor and a copy to the concerned HOD/Accounts Section as advance information. It is the responsibility of the concerned HOD to follow up the matter with regard to supply and installation. Any delay by the vendor shall be recorded & brought to the notice of the Principal.

- To ensure that supplies quoted, comply with what was requested.
- Analysis of the quotations, preparation of comparative statement and provide recommendation for the approval by the Head of the Institute.
- Purchase Committee shall call meeting at least once in a month or in shorter period as per requirement (preferably Purchase Committee meeting will be held on Saturday's at 11:30 am in the Office. If for any reason the meeting is not held, the same may be held on next immediate working day/any other day as and when specified by the Chairman of the Committee.
- Ensuring all the relevant documentation is properly prepared prior to Purchase Committee meeting.
- The PC shall ensure that the proposal has been made in accordance within the guidelines of the Institution.
- The PC shall consider the proposal only after verifying the facts that all the sub-committees have gone through the proposal and cleared it.
- Maintain the highest ethical standards and not allow any conflict of interest

**Quorum:** 2/3rd of the Member

### 3. Budgetary Control:

All purchases should be made subject to approved budgetary provisions. Budgets should specify the budgeted purchases (both revenue and capital items), which should become the basis for the overall Purchase Budget.

### 4. Classification of Purchase Items:

List of regular items should be prepared with estimation of volume and cost. Based on the value, item should be classified into the ABC Classification - "A" representing the highest value items and so on.

For standard and non-standard items, and items procured regularly and other wise specifications should be indicated in consultation with users. For items of general use such as stationery, cleaning material, computer consumables etc., and a cross-section of users should be consulted before quality specifications are finalized.

### 5 Category of Firms, Registration & Blacklisting:



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There shall be the following categories of firms for inviting quotations for purchase of materials/services/equipment/instruments etc.

### 5.1 Local Registered Firms:

Local general suppliers, authorized agents/distributors of the manufactures/service providers and firms undertaking job works can be registered with the Institute as per the procedure outlined by the College. For obtaining such registration the firms shall be required to be registered with proper agency and must have GST and PAN. The firm must maintain an office/ shop/ show room registered in its own name, in the market/industrial area or another suitable place and should have a bank account wherein the payments may be sent directly in the bank. Credentials including manufacturing capacity, quality control facilities, past performance, after-sales service, financial background etc. of the firm shall be carefully verified by the Institute. The registered firms shall be liable to be removed from the list of approved firms if they fail to abide by the terms and conditions of the registration or fail to supply

the goods on time or supply sub-standard items/goods or make any false declaration to the Institute or for any other grounds which, in the opinion of the Institute, is considered to be against the public interest. The firm will be registered for a fixed period, normally up-to 3 years, depending on the nature of the supplies to be made by them. At the end of the period, the registered firms willing to continue with registration should be required to apply afresh for renewal of registration. New firm may also be considered for registration at any time, provided they fulfil all the required conditions.

### 5.2 Outside Firms:

The firms hailing from outside must be manufacturing or authorized dealers/ agents/stockiest/suppliers/service provider of manufacturer. Purchase can be made only from those reputed sellers who have Goods and Services Tax (GST), Shop Act registration, PAN (Income Tax), Tax Payer Identification No (TIN) and relevant excise registration, wherever applicable. Such firms shall be required to provide a valid authority in this regard.

### 5.3 Black listing:

Black-listing of firm can be done on the recommendations of the approval of Principal. The Purchase Committee shall process all such cases and examine the cases and shall submit its recommendations to the Principal for final action.

5.3.1 In all purchases with multiple quotations, the report of the purchaser/purchase committee should include the following:

5.3.2A comparative statement of all dealers/sellers indicating all taxes, freight, forwarding etc. (i.e. the total cost of the purchase).

5.3.3 The dealers from whom purchases is recommended.

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5.3.4 In the event purchase is recommended not on the basis of lowest quotation, the reason thereof shall be explicitly stated.

## 6. Bidding/Tendering:

6.1. A suitable standard form for calling for tenders should be used in all cases. Forward of contract purchase of items, bids could be invited on open or restricted basis. When the contract purchase value exceeds Rs. 10 Lakhs and the open bid is not preferred by the Purchase Committee, specific approval should be obtained from the Director for inviting restricted bids along with the list of suppliers.

6.2. Negotiations after the tenders are opened should be made only with the lowest tenderer. However, where quality and /or technical standards are of paramount importance, the indenter's view will be taken to decide whether L1 should be considered.

6.3. Restricted bids should be invited for the total quantity from the suppliers in the approved list of suppliers (vide Para 6 below). Subject to cost and delivery considerations, manufacturers or their authorized dealers should be preferred for contracts/purchase of items.

6.4. Bids should generally be sought at least from three bidders. It should be ensured that enquires are sent to genuine suppliers who deal with the particular items. The award of contract/purchase of items should normally be on multi-bid basis. The single bid basis may be followed in the exceptional situations explained in Para 8 below.

## 7. List of Suppliers:

A list of recognized and reputed suppliers shall be build up and maintained by the Purchase Section. It will be approved by the Purchase Committee. The same should be reviewed and amended periodically. The inclusion and deletion should be only with the approval of the Purchase Committee.

## 8. Single-bid Purchases:

8.1. In the case of certain approved proprietary items, it may be necessary to procure the items from one source only. For technical or maintenance reasons, it may be necessary to procure a particular item from one selected supplier even though the same item is manufactured by other suppliers.

8.2. Tender forms will be issued the Principal. Tender bids will be received by the Dispatch Section and dropped in the designated sealed boxes kept in Dispatch Section. The boxes containing the bids will be handed over to the Purchase Committee at the time of scheduled opening of bids.

8.3. Sometimes urgency of the requirement may necessitate the purchase on single bid can be invited from the single selected bidder and the purchase can be finalized as per the delegation



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of powers. Generally, purchase on a single bid basis should be restricted to the following cases only.

8.3.1. Purchase of spare parts from the original manufacturer of the equipment.

8.3.2. Purchase of light fixtures and fans to maintain uniformity and similarity and also where the indenting officer would like to go for only one make/supplier.

8.3.3. Purchase of equipment where it is essential to have similarity in design with the existing equipment.

8.3.4. Any approved items of proprietary nature.

8.3.5. Urgency of the requirement, such as materials/items needed for emergency breakdown, urgent repairs etc.

8.4. In the case of all purchases against single bid, the justification for purchase on a single bid basis should be stated clearly in the purchase proposal and accepted by the Purchase Committee.

## 9. Emergent Purchase:

9.1 In case of non-availability of items (other than office equipment and furniture) in store, emergent purchase may be resorted to. In such cases, the indent should clearly indicate the reasons for urgency of the purchase and why the purchase cannot wait till normal procedure is followed. The rates may be obtained by personal contact or ascertained telephonically from at least five firms by the College Accountant and should record the rates ascertained in writing.

9.2 Emergent purchase exceeding Rs. 25,000 should be made by a committee comprising of the indenter, College Accountant, and Principal. The committee should obtain quotations from at least 3 suppliers and finalize their recommendations on the basis of a comparative statement. If the lowest technically suitable quotation is not accepted reasons should be recorded. Emergent purchases cannot exceed Rs. 1 (one) lakh per annum, per item

9.3. All cases of emergent purchases should be subject to scrutiny by internal audit.

## 10. Rate Contracts:

In respect of items of recurring use like paper, stationery, cleaning material etc., the Purchase Committee shall obtain competent approval for rate-contracts with one or more reputed firms for specific periods. Wherever there are approved rate-contracts, Purchase Committee can order purchase directly from the firm with whom the Institute has rate-contracts, without calling for quotation.



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### 11. Urgent Cash Purchases:

Urgent cash purchases without calling for quotations can be made up to the limit of Rs. 5000/- as per the delegated financial powers within the budgetary provisions, in the following cases:

1. Where urgency of the requirement does not allow the normal purchase procedures to be followed.
2. Where it is not practicable to follow normal purchase procedures considering the value and the type of goods involved.
3. In the case of urgent cash purchases, payment can be made against the delivery of goods by obtaining cash receipt. Alternatively, payment can be released by cheque after the receipt of material and certification of the bills.

### 12. Maintenance and Service Contracts:

Maintenance and service contracts for various items such as air conditioners, water coolers, electrical items, printers, typewriters, audio-visual equipment, computers, Copiers etc. should be finalized with the manufactures/ their authorized representatives/reputed contractors in the field, either by inviting offers on open bid basis or on restricted bid basis, depending on the quantum of work involved and the type of services required. Generally, the maintenance/ service charges may have to be paid in advance on acceptance of the contract.

Efforts should, however, be made to make the payment after rendering satisfactory service on a quarterly basis. However, if the bidder does not agree to this, the Institute may make advance payment either on a quarterly basis or in full at a time. Such contracts should normally be valid for a period of 12 calendar months at a time, unless a longer period is justified by low cost considerations.

### 13. Warranty:

Appropriate warranty clause must form part of tender documents. Usually a warranty period of 12 months from the date of acceptance should be ensured.

### 14. Annual Maintenance Contract:

In case of renewal of the Annual Maintenance Contract, the following points may be taken care of while sending the proposal for renewal of Annual

Maintenance Contract;



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1. AMC should be from a prospective date. In order to ensure this, the Department concerned shall be required to initiate action for renewal of AMC at least 30 days before the expiry of previous AMC.
2. In case of renewal, the service report /log book (of Xerox copier) should be sent along with the proposal.
3. In case of any increase in the AMC cost when compared to previous AMC, necessary justification for increase in price may be obtained from the firm and enclosed along with the indent.

### 15. Deviations:

In cases where deviations from the standard terms and conditions of contract and the prescribed purchase procedure are considered necessary, prior approval of the Principal should be obtained by furnishing sufficient justification for such deviations and the reasons there of should be recorded in writing.

The exercise of the above powers by Principal or any other authority will be subject to the observance of the provisions of the Rules and Regulations of the Institute as well as Government of India, Government of Goa Rules/ Regulations/ Orders, etc., under GFR and other relevant rules.

### 16. The following cases are not required to be referred to the Purchase Committee:

1. Emergent purchases
2. Repeat orders
3. Amendment to purchase orders not involving financial implication
4. Cancellation of order in part or in full and reinstatement of cancelled order
5. Placing of orders on rate contracts and Bhagayatdar.

### 17. Opening of Tender

All Public Tenders should be opened in the presence of the attending tenders or their authorized representatives.

Late tenders (ie., tenders received after the specified time of opening), delayed tenders (i.e., tenders received before the time of opening but after the due date and time of receipt of tenders) and post tender offers shall not be considered.

### 18. Repeat orders:

Repeat order may be placed on the following conditions:

1. The order is issued within one year from the date of the original order.
2. The items to be ordered again should be of identical specification.



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3. The purchaser should be satisfied that there is no downward trend in the market price.
4. The quantity to be ordered in the repeat order shall not exceed the quantity in the original order.
5. The original order should have been placed for a proprietary item or on the basis of lowest technically acceptable quotation.
6. The original order should not be an emergency order or an order placed on preferred delivery basis.
7. Effort should be made to obtain quantity discount form the supplier.
8. The value of the repeat order should not exceed Rs. 2 Lakhs.
9. Not more than one repeat order can be placed for the same item.

### 19. Acceptance of Stores:

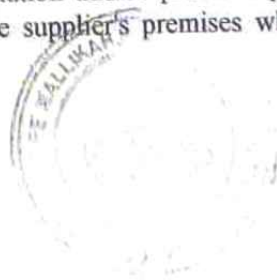
1. All items shall be inspected before acceptance of stores with the assistance of technical staff concerned. Once the product is received, the same must be physically checked by a competent independent person to certify that the product is as per the sample and specifications required. On receipt of the material in Stores, a receipt voucher in the prescribed form will be prepared giving equipment register number and date as applicable and the format after completion shall be forwarded by the Stores Section to the accounts within 10 days from the date of receipt of Stores. The concerned indenting section should ensure completion of inspection/ acceptance of goods within 10 days after receipt of advice from Stores.

2. Whenever it is absolutely necessary to accept variation in supplies up to 10% in quantity/ items like cables, condensers, resistors, glass materials, other materials etc., these could be examined by the Concerned Department. The same can be accepted by the concerned authority in the Purchase Section in consultation with the Indenter. Formal amendments to Purchase orders are, however, required to regularize the transactions,

### 20. Payments:

The normal terms of payment are "100% payment within 30 days after receipt and acceptance of the materials in good condition." If, in spite of the stipulation as above in the tender enquiry, the suppliers still insist on other terms of payment in their tender, the following could be agreed to:

For stand-alone procurement items, payment up to 90% against proof of dispatch taking into consideration aspects like the standing and reputation and/or previous performance of the suppliers, and pre-inspection of the goods at the supplier's premises wherever considered necessary by the indenter.



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For project-related items like interior work, monthly RA payment can be made up to 4 times based on progress. However, for contracts for periods less than 3 months, no RA payment can be made.

Any other terms of payment can be accepted in exceptional cases only in consultation with the approval of Principal.

All bills for payment of supplies made shall be received by the Accountant. Before authorizing payment, the bill shall be verified with reference to the copies of the purchase order, Receipt Vouchers and relevant records including acceptance of Stores and payment arranged within 10 days after receipt of voucher and bill.

**21. Powers for purchase approval:**

Within the approved budgets, the powers for approval of the purchases shall be exercised by competent authorities as per the powers delegated from time to time.

**22. Approval of Bills and Payments:**

The storekeeper and the in charge of purchase should certify that the goods have been received and are of the specified quality. Accountant before approving the bills and authorizing payment should ensure that bills are in order and relate to the purchase order duly approved by a competent authority.

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