

**GOVERNMENT PROCUREMENT AND TENDERING PRACTICES**

Air India, Indian Airlines, Vayudoot, International Airports Authority of India and National Airports Authority are all public sector undertakings. They follow public sector procurement and tendering practices prescribed by the Bureau of Public Enterprises (BPE), Ministry of Industry.

The Public Sector undertakings prepare their revenue budget and capital budget for the financial year beginning on 1st April and ending on 31st March. The budget requires the approval of the Board of Directors and of the administrative Ministry. Normally all capital works should have been included in the capital budget for the year. In exceptional circumstances new items can be purchased provided they are included in the revised budget for the year.

According to the guidelines issued by the BPE on August 20, 1986, a public sector undertaking has powers to incur expenditure up to Rs. 200 million on capital equipment without the prior approval of the Government. For purchases above Rs. 200 million, the proposal, after the approval of the Board of Directors and the administrative Ministry, has to be cleared by the Public Investment Board and the Cabinet Committee for Economic Affairs.

All capital works and equipment form a part of the project which is shown in the budget. If the equipment is a low-value item, quotations can be obtained from vendors on the approved list. For all major purchases national tenders (if the equipment is manufactured indigenously) or global tenders are floated. Tenders may be invited in two parts: technical bids and price bids. Technical bids are opened first and vetted by the user Department. The price bid is opened only if the vendor is found professionally competent.

A tender committee containing representatives of the user Department, a non-user Department and the Finance Department opens the tenders in the presence of the vendors or their representatives. After the scrutiny and vetting by the user Department, the Finance Department submits its comments on the recommendations of the user department and forwards them to the Chairman for approval. Normally the lowest bid submitted by a qualified tenderer is awarded the work. However, if the lowest bidder is not considered technically competent or reliable, the second lowest tenderer is invited to match the price quoted by the lowest tenderer to get the work. The tender committee is required to give justification when the work is awarded to a vendor who has not given the lowest quotation.

In the past year, the NAA and the IAAI have tendered for baggage conveyor systems, aerobridges, crash and fire vehicles, and distance measuring equipment; and completed tenders for air traffic control systems and surveillance radars. An encouraging sign is the speed and transparency with which the tender for the modernization of the air traffic control systems at the Bombay and Delhi international airports was handled. Final offers were submitted to the NAA on July 10, 1992 and the contract was signed on March 19, 1993. This, despite the fact that the tender went to both the High Court and the Supreme Court, with both upholding the integrity of the tender process.