

GOVERNMENT OF KARNATAKA

NO. PWD 1359 SO/FC 2001(P-2)

Karnataka Government Secretariat,
Vidhana, Soudha,
Bangalore, dated 25th October 2002**CIRCULAR**

Subject : Procurement Planning, Packaging and Scheduling and making Available funds to match with the requirement as per approved Procurement Plan.

It is noticed that adequate attention is not given to Procurement Planning, which is an integral phase of Procurement process. Planning of packages is an important activity, which needs to be finalized before taking up a project for implementation. In most of the cases, planning of packages is not driven by the needs of the project (to ensure quality and timely completion to achieve the project objectives), but rather by the sanctioning powers, readiness of the designs, drawings and estimates at particular point of time, availability of contracts and their specialization, fund availability etc. The pros and cons of centralized and decentralized procurement, bulking of procurement (in respect of Goods), small versus big packages for works, packaging and slices do not seem to have been examined thoroughly in most of the projects. There are no approved Packaging Plans and Procurement Schedules (which determines the timing of the various procurement activities such as invitation of tender, sale of tender documents, receipt of tenders, preparation of evaluation report, award decision, signing of contract, period of achievement of milestones/delivery schedule, time of completion of works/supplies) for most of the projects. Usually the field officers decide on the packaging as the implementation of the project proceeds and invite tenders on that basis. All these lead to haphazard completion of works and commitment of scarce financial resources without realizing the project objectives.

No specific codal provisions on this aspect exist. However, Para 192(b) of the KPWD Code volume I refers to the splitting of contracts. It reads as follows: "It is permissible to give out different contracts to a number of contractors relating to one work, even though such work may be estimated to cost more than the amount up to which the officers are empowered to accept the tenders. This splitting of the work should be resorted to only in exception cases, in the interest of the speedy execution of works or when the nature of the work is such that if any difficulty for a single agency to execute its various aspects, subject to obtaining prior approval of the authority who is competent to accept the tender for the work as a whole. In case more than one contract is awarded to the same contractor at the same time or one after the other the sanction of the authority who is competent to accept the total of such tenders and not the authority who can accept each tender with reference to value of each contract is to be obtained." The principle behind packaging appears to be the technical requirement, need for speedy execution, preparedness to invite tenders and the expected competition.

In view of the above the following instructions are issued:

- (1) The pros and cons of centralized versus decentralized procurement, bulking of procurement (for Goods) and small versus big packages for works, packaging and slices are to be thoroughly examined, keeping in view the implementation Plan of the project;
- (2) After the packages are decided and approved, the appropriate Method of Procurement and Procurement Schedule (Showing the timing of the various procurement activities) should be framed depending on the value of the packages;
- (3) This Procurement Schedule should form the basis of the preparation of designs and specifications, to match the invitation of tenders;
- (4) The Procurement Plan should be used as a template for monitoring thus helping with timely recognition of problems and also in taking timely corrective action;
- (5) The Procurement Plan should be used to help all participants to the procurement process to understand the sequence and timing of the procurement action (stages), their contributions and responsibilities at each stage and who is responsible at the next stage;
- (6) The Procurement Plan should be used to record the progress of planned action thus supporting monitoring of performance of the responsible unit and the staff; and
- (7) The Procurement Plan and Schedule Should form the basis for working out requirement of funds and its release to the implementing Agency. If the work is contemplated to be completed within a year full provision, if within 2 years 40% and 60% for I & II year and if it is 3 years 30%, 40% and 30% for 1, II & III year shall be provided. No tender should be awarded without having grant as indicated.

Authorities should ensure that these instructions are followed strictly in respect of all projects irrespective of the funding agency.

The above instructions shall apply to all Government Departments, Government Corporations, Societies, Semi Government Autonomous Organizations, Universities, Panchayat Raj Institutions, Municipal Corporations, Local Bodies, etc, for which KTPP Act and Rules are applicable.

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