

BAQAI MEDICAL UNIVERSITY

**PROCUREMENT
POLICY
&
PROCEDURES**

Version 1

2019



Baqai Medical University

Table of Contents

Sr. #.	<u>Description</u>	<u>Page #.</u>
1.	Introduction	3
2.	Procurement Policy & Principles	3
3.	Procurement Authority	4
4.	General Introduction to Chain of Procurement Procedures	5
5.	Procedures of Purchase for BMU	7
6.	Submission of Indent	9
7.	Constitution of Purchase Committee	9
8.	Budget Availability	10
9.	Notice Inviting Quotations or ITB	10
10.	Mode of Procurement	11
11.	Rate Contracts	13
12.	Repeat Order	13
13.	Buy Back Purchases	14
14.	Earnest Money Deposit	14
15.	Performance Bank Guarantee	15
16.	Receipt of Tenders	16
17.	Postponements of the Tenders Opening Date	16
18.	Opening of the Quotation	17
19.	Evaluation of Quotations by Purchase Committee	18
20.	Force Majeure	19
21.	Arbitration	19
22.	List of Commonly Used Abbreviations	21
23.	Annexures	22

1. Introduction

This Procurement Manual is intended to provide direction and guidance on procurement policy and procedures to all staff members and individuals involved in the various stages of the procurement cycle of university. It also explains the responsibility and accountability of those involved in the procurement process, in keeping with public procurement principles.

Staff members and individuals employed by Baqai Medical University (BMU), as further defined herein, are required to comply with the provisions of this Manual.

Procurement Services provides day-to-day advice and guidance on BMU procurement policies, principles and procedures and their interpretation.

The Procurement Manual is a document, which may be amended from time to time as deemed necessary to reflect changes in supply chain management system within the organization. Any changes will be provided in the form of an amendment to the Scope of Procurement.

Procurement is defined as the overall process of acquiring goods, works, and services, which includes all related functions including planning, forecasting, identification of needs, sourcing and collection of offers, preparation and award of contract, as well as contract administration until the final discharge of all obligations as defined in the relevant contract or purchase order.

Procurement process covers activities necessary for the purchase, rental, lease or sale of goods, services, and other requirements such as works and property.

The scope of procurement is limited to activities involving legal Institutions of BMU.

2. Procurement Policy & Principles

The following four principles shall be given due consideration when undertaking the procurement functions of BMU:

Best value for money; Fairness, accountability, integrity, Effective competition and transparency of the procurement process.

Whether carrying out stand-alone procurement or integrated procurement actions, the key to meeting the four procurement principles lies in procurement planning. Procurement planning is also the tool that allows managers to eliminate risks that have the potential to derail set procurement targets.

Fairness, integrity and transparency shall be applied throughout the Procurement process. All procurement activities shall be carried out based on clear and appropriate rules and procedures that are applied consistently to all bids provided to all bidders on a timely basis, and in a reasonable timeframe without any signs of favoritism. It also requires that bidders are not influenced to fix prices of goods and services as an attempt to hinder open competition.

Effective competition shall be measured in terms of the overall costs in conducting the procurement process, taking into consideration the interest of the Organization.

3. Procurement Authority

3.1. Authorized Officials – Delegation of Procurement Financial Powers. BMU Financial Rules as per charter of university refers as follows:

Unless otherwise directed by the Vice Chancellor, Vice Chancellor would be the chief Financial Authority for procurement. If it is deemed necessary to improve the performance of UNIVERSITY Vice Chancellor may further down delegate the procurement authority to any one of the directors but he will remain accountable to him/her.

The Vice Chancellor may further down delegate procurement authority to executives at University and other locations, as may be appropriate with defining their financial limits to improve the efficiency of the procurement system.

The procurement authority is delegated in writing and given to an individual on

Personal basis defining his/her designation and name. The written authority characteristically defines the limit of commitment by the Authorized Official as well as the validity period of the procurement authority. The procurement authority and its related responsibilities are not transferrable.

4. General Introduction to Chain of Procurement Procedures

4.1. Purchase Requisition

A form known as purchase requisition is commonly used as a formal request to the purchasing department to order goods or services. The purchase requisition serves three general purposes:

4.1.1. It fixes the responsibility of the department/ personnel making the purchase requisition.

Purchasing procedure varies with different business forms, but all of them follow a general pattern in the purchase and receipt of materials and payment obligations.

4.1.2. It can be used for future reference.

4.1.3. It automatically starts the purchasing process and informs the purchasing department of the need for the purchase of materials.

Normally there are two types of organizations one is that maintain an inventory management system and other is that who don't have an inventory management system. In an inventory management system the indents are generated from the store department, as store has maximum, minimum levels of items with the order points. Usually, purchase requisitions are prepared by the store keepers for regular stores items which are below or approaching the minimum level of stock. Purchase requisitions may also originate with department heads that require special equipment or materials not stocked as regular items. (Copy of indent format attached as annexure-1)

BMU do not have inventory management system so material requisition indents are initiated by the departments. A typical purchase requisition contains details, such as number, date, department, quantity description, specification, signature of the person initiating the requisition, and signature of one or more officers approving the purchase. Purchase requisitions are sent to Finance Department for availability of Budget and from there it moves to the Purchase section.

4.2. Purchase Order

After the requisition is received duly approved, the purchasing department places an order with a supplier, offering to buy certain materials at stated prices and terms. Otherwise

purchasing department may ask for bids or send out requests for quotation before placing the order.

The objective is to secure the highest quality materials at the lowest price and due consideration is given to terms and delivery dates. The purchase order is formal contract for the supply of materials.

The order should clearly state the materials required and the price and provide information, such as delivery period and the department for whom the materials are purchased.(COPY OF THE Purchase Order Format attached as annexure-2)

4.3. Receiving Materials

The store department performs the function of unloading and unpacking materials which are received by an organization. In this task, the receiving department does many activities, such as counting materials received, making physical inspection of goods received, comparing goods received with the description on the purchase order, making a record of goods received, notifying the purchasing department of discrepancies discovered and damage in transit.

Both the condition and quality of the materials may need checking and for materials or parts with a high degree of accuracy and performance, a formal inspection may be necessary. This will need an inspection report which is sometimes incorporated in the receiving report, indicating the items accepted and rejected, with reasons.(Copy of the receiving report format attached as annexure-3)

4.4. Approval of Invoices

Invoice approval is an important step in a materials procurement system. It indicates that goods according to the purchase order have been received and payment can now be made. However, if the goods or equipments received are not of the type ordered, or are not in accordance with specifications, or damaged, the purchasing department issues a return order indicating that the goods are to be returned to the supplier.

A good system of materials control, however, requires that purchase invoices should be verified by indenting department other than the purchasing department to avoid any possibility of collusion or malpractice. For the purpose of verification, the basic information

is communicated to the indenting department in the form of a copy of the purchase order for price, quantity, description of goods, delivery period of time, payment terms and special conditions if any.

4.5. Release of Payment

After the purchase invoice total is approved, the process of making payment begins. Payment depends on the terms agreed upon on any particular order, and any term which differs from normal practice should be considered individually and also material is inspected by indenting department.

When it is found that items written on the invoice qualify for payment, a remittance advice is prepared after providing for deduction of discounts, if any. A cheque is drawn for the net amount.

The cheque is sent to the supplier with a copy of the remittance advice so that he receives a clear indication of the composition of the payment. The necessary accounting entries are made in individual bought ledger accounts.

5. PROCEDURES OF PURCHASE FOR BMU

To ensure fair and transparent process of purchase, the following procedures have been developed to implement in the University for all of its future procurements.

5.1. Objectives and Functions

5.2. Objectives

5.2.1. To maintain uninterrupted flow of goods and services to support the development schedules of the university.

5.2.2. To procure goods and services economically at a cost consistent with the quality and service required. However, generally all purchases may be attempted at the lowest cost.

5.2.3. To maintain Organization reputation and credibility in the market by fair evaluation of bids and quotations, transparent, timely issue of purchase order or contracts and timely payment of dues.

5.3. Functions

5.3.1. Procurement of stores through indigenous and foreign sources as required in accordance with the rules in force.

5.3.2. Checking of requisitions/purchase indents.

5.3.3. Monitoring and tracking of budgets and utilization of funds as per the Annual Budget.

5.3.4. Selection of suppliers for issue of enquiries.

5.3.5. Issuing enquiries/tenders and obtaining quotations.

5.3.6. Preparation of comparative statement.

5.3.7. Preparation of Sanction Sheet.

5.3.8. Issue of Purchase Orders.

5.3.9. Follow-up of purchase orders for delivery in due time.

5.3.10. Verification and passing of suppliers' bills to see that payments are made promptly.

5.3.11. Maintaining of purchase records.

5.3.12. Maintaining of progressive expenditure statement, sub-head wise.

5.3.13. Maintaining of vendor performance records.

5.3.14. Maintaining of General Store.

5.3.15. Maintaining of Annual Rate Contracts.

5.3.16. Annual Maintenance Contracts.

5.3.17. Maintenance of records of Advance and settlement.

6. SUBMISSION OF INDENT

6.1. Indenting for purchase by end user departments or sections is made after notification of budgetary allocations by the competent authority in the beginning of every financial year or as long as fund is available.

6.2. Indent is put up as per normal Indent Format with adequate justifications for purchase of the required item(s) along with (a) Details Specifications, (b) Proposed member for Purchase Committee of indenting department and (c) Proposed vendor list (in case of limited VENDORS).

6.3. In case of indent for furniture, in addition to the above, appropriate drawing & design or an approved sample item of the required furniture items are also to be provided

6.4. The indent is to be submitted to the Purchase Section.

6.5. Approval of indents is done by the competent authorities as per Delegation of FINANCIAL POWERS.

6.6. A demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand.

6.7. Combining as many items as possible in one tendering process is expected to avail capacity discounts.

7. CONSTITUTION OF PURCHASE COMMITTEE

7.1. For each procurement a committee would be constituted on the basis of material and equipment to be purchased, but two members shall be part of all procurement committees, one from Finance department and other from Procurement Department. Procedure for formation of Purchase Committee is as follows:

a. HOD who raises the indent shall also propose a committee to arrange the purchase up to his sanctioning limit i.e. as per the Delegation of Financial Power; otherwise HOD would forward his proposal to the Competent Financial Authority.

Final Composition of Purchase committee would be as under;

- a) Member from Procurement Department.
- b) Member from Indenting Department.
- c) Member from Finance Department.
- d) Committee would be allowed to co-opt any other member from engineering or bio medical sections for its assistance, if required.

8. BUDGET AVAILABILITY

The Finance Section examines current availability (or non- availability) of fund against the appropriate account head; and, only if fund is available, the same is placed before the competent authority for consideration of approval. In case budget is not available under certain head then Finance Department may propose approval for re-appropriation of budget from some other head, where it is found surplus.

9. NOTICE INVITING QUOTATIONS OR ITB

In case University resorts to Single-Bid System for purchase of consumables, furniture, minor equipment, and proprietary items etc., for other purchases mostly Two-Bid System is followed.

9.1. Single-Bid System: In the Single bid procedure, Bidders submit Bids in one envelope containing both the Price Proposal and the Technical Proposal. The Bids are evaluated, and followed by approval of the Competent Authority, the Contract is processed further as per procedures and finally awarded to the Bidder whose Bid has been determined to be the lowest and technically feasible.

9.2. Two bid system: The objective of the exercise is to allow the Purchaser to evaluate the Technical Proposals without reference to price. Bids of Bidders who do not conform to the specified requirements may be rejected as deficient Bids with approval. For purchasing high value Medical Equipment for BMU of technical nature, bids may be obtained in two parts as:

- (a) Technical bid consisting of all technical details along with commercial terms and conditions; and
- (b) Financial bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid and the financial bid should be sealed by the bidder in separate covers duly super scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super scribed. The technical bids are to be opened by the purchase committee at the first instance and evaluated. At the second stage financial bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract.

10. MODE OF PROCUREMENT

On receipt of approved Indent, procurement Section sends Notice Inviting Quotations, by adopting one of the following modes of procurement:

10.1. Open Tender: Open Tender method is followed for all procurement worth Rs. 500,000 and above. Notice Inviting tenders in this mode is given in at least one local dailies and one national dailies - if found necessary. In addition, the notice is put in the Institute's website. Combining as many items as possible in one tendering process is expected.

10.2. Limited Tender: The procedure for Limited Tenders/Quotations is generally resorted to for purchase of consumables, furniture (locally fabricated and involving low value items) and minor equipment, on the basis of vendor lists provided from the academic departments (in case of laboratory equipment) or as per standard vendor lists maintained in the purchase Section for general consumables (like stationeries etc.) and minor office equipment.

10.3. Web Based Tender: All open & limited Notice Inviting Quotations for most of its purchases is published in the Institute's Web site and News Paper (local or national as applicable). This practice has been suggested mainly due to following four reasons:

10.3.1. To ensure fair chance of competition is given to all qualified vendors;

10.3.2. Lists of vendors supplied by the indenting departments could be Non-exhaustive;

10.3.3. Suppliers for qualitatively better scientific equipment are not many; and

10.3.4. General problem of not getting minimum three technically acceptable quotes also gets minimized through this process.

10.3.5. Single Tender: Single quotation purchase shall be allowed in the following cases:

i) Proprietary Item: Single tender method is followed only in rare cases where it is in the sure knowledge of both the HOD/Dean and the indenter that the item to be procured is manufactured only by a particular manufacturer and there is no other option for the university except to go for this equipment. Proprietary certificate from the manufacturer along with end user certificate would be necessary.

Intentionally adding restrictive clauses to favor a single source is not allowed. All such cases of procurement on single tender basis must be approved by the competent authority on specific recommendations of the HOD/Dean, only after the competent authority is satisfied that such procurement is unavoidable.

ii) Procurement of Spare Parts along with the proprietary certificate, for spare parts of equipments procured on single tender basis from the manufacturers or from their authorized dealers can be recommended by the HOD/Dean for final approval of the competent authority.

10.3.6. Cash purchase: Purchase of goods up to the value of Rs. 15,000/- (Rupees Fifteen Thousand only) on each occasion is made without inviting quotations on the basis of given by the indenting officer and duly approved by the competent authority. The certificate is given in a standardized format, wherein the indenting officer gives the following certificate:

"I, _____, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

10.3.7. Global Tenders: Global tenders are issued if it is felt that bidding from the indigenous source through open tendering shall not result in competitive prices. In such cases, in addition to the open tendering procedures, copies of the ITBs (Invitation to Bid) are sent to the commercial attaches of embassies of the foreign countries where such manufacturers are located or other bonafide vendors whom addresses are available with us to obtain meaningful competitive quotations. Prices of all global tenders must be obtained on FOB, C&F and CIF basis. All payments to the vendors shall be released through a Letter of Credit through banks agreed between the parties

10.3.8. Spot Quotation Purchase: Purchase of goods up to the value of Rs.50, 000/- (Rupees fifty thousand only) or higher as approved by the competent authority is adopted in case of emergent requirements and certain items such as Hostel utensil, livery or some low

value items of hospital or other departments etc., which cannot be purchased through the normal procedure on urgent basis.

11. RATE CONTRACTS

An Annual Rate contract is established for frequently required consumable items such as chemicals, plastic wares, glass wares, UPS batteries, office stationary, etc. The Rate contracts are established on the basis of open tendering.

11.1. Rate contract should be placed only on registered and or reputed manufacturers or their authorized distributors who are capable of supplying the stores as required. The price charged for the stores supplied under the rate contract should in no event exceed the lowest price at which the party sells the stores of identical description to any other person during the period of the contract. In addition to all the usual terms & conditions, the following clauses should be included in all rate contracts.

11.1.1. The stores shall be supplied within a period of fortnight for supplies against ex-stock deliveries. In case the firm does not supply the items within the stipulated time schedule, the cancellation of the purchase order can be considered.

11.1.2. Parallel rate contracts for similar items can be placed at any time during the period of rate contract with one or more parties.

11.1.3. The rate contract can be terminated at any time by giving one months notice.

For procurement of Rate Contract Items Indent-cum-Sanction Sheet may be used.

12. REPEAT ORDER

If an indent is received for an item of identical to one for which an earlier purchase order has been placed, purchase is made on repeat order basis, provided that:

12.1. New purchase order is placed within six months from the date of issue of the original purchase order.

12.2. The supplier concerned is willing to accept the repeat order on identical terms and conditions.

12.3. The quantity to be ordered/purchased on repeat basis does not exceed quantity of the original purchase order.

12.4. There is no downward trend of the prices since the original purchase order was placed for procurement by Repeat Order, Indent-cum-Sanction Sheet maybe used.

13. BUY-BACK PURCHASES

Buy-back of items like Computers, Scanners, Servers, laptops, LCD Projectors, Printers, Photocopiers, Faxes, Refrigerators and the like of five-year vintage or more are made subject to the approval of the competent authority.

13.1. The approval of the competent authority for declaring the item as obsolete etc., has to be obtained as per practice.

13.2. Prices be obtained from various bidders and the bids should clearly mention that the offer is under buy-back scheme and the buy-back price be mentioned separately.

13.3. Once the purchase is completed, the original value of the item is written off from the books of the respective departments.

14. EARNEST MONEY (EMD)

To safeguard against a bidder's withdrawing / altering its bid during the bid validity period in case of advertised or limited tender enquiry, EMD is obtained from the bidders. The bidders are required to furnish EMD along with their bids. In case of items, if the quoted value is Rs. 5 lacs or above, an Earnest Money Deposit (EMD) for an amount of 2.5% on quoted value, in the form of Demand Draft drawn in favor of the Baqai Medical University, issued from a Nationalized Bank or a bank guarantee from a reputable commercial Bank, will have to be submitted along with the bid if the bid is more than the value of Rs. 500,000 then a bank guarantee from a national or reputable commercial bank is also acceptable. The EMD of unsuccessful bidders shall be returned after award of contract. EMD of the successful bidder will be released on submission of the PBG. If exemption is sought from production of EMD, the same should clearly be mentioned in the bid (Technical Bid in case of two bid system) indicating the clause under which exemption is sought.

Submission of EMD is exempted if the quoted value is less than Rs. 200,000/- (copy of the format of EMD attached as annexure-4).

15. PERFORMANCE BANK GUARANTEE (PBG)

To ensure due performance of the contract, Performance Bank Guarantee (PBG), in a standard format, is obtained from the successful bidder, who is awarded the contract. PBG, unless otherwise approved by the competent authority, is obtained from every successful bidder. In case of PO value Rupees five lakhs (INR) and above, the successful bidder, to whom the PO is placed, shall furnish an unconditional Performance Bank Guarantee from a scheduled bank, of PAKISTAN, for 10% of the Purchase Order value, within 21 days of placement of order. In case of foreign purchase the local Agent shall submit the PBG. Where the PBG is to be necessarily given by a foreign bank it shall be endorsed by its counterpart in Pakistan. Validity of the PBG, which shall be effective from the date mentioned therein, shall be at least 18 months+ expected delivery period. In case 18 months of validity is not possible, then when the system is delivered, the PBG's validity will have to be suitably extended before payment is released.

(i) By submitting the PBG, the vendor is understood to have guaranteed that,

(a) The Purchase Order (PO) shall be executed as per terms and conditions mentioned therein.

(b) The equipment shall function satisfactorily for a period up to 60 days after the warranty period.

(c) The equipment and components are free from poor workmanship, bad quality, and faulty designs.

(d) The vendor shall at his/their own cost rectify/replace the defects, if any, during the guarantee period.

(e) The guarantee is to the extent of 10% of the order value.

(ii) Condition for invoking PBG: In case of failure to comply with the guarantees above, BMU may terminate the contract / purchase order in whole or in part and forfeit the PBG. In addition, BMU may, at its discretion, procure upon such terms and in such manner as it

deems appropriate, goods similar to the undelivered items/products and the defaulting supplier/vendor shall be liable to compensate BMU for any extra expenditure involved. (copy of the format of PBG. attached as annexure-5).

16. RECEIPT OF TENDERS

16.1. Tenders are received either through post or through courier or by hand. The tenders shall be dropped in the tender box, which shall remain locked, and its keys with the Purchase officer.

16.2. If a tender, received in a cover without any superscription about its contents, is opened by any official receiving it, he shall himself mark on the cover the tender number and the date of its receipt and the date of its opening and shall sign it and cause it to be delivered to the purchase officer before the opening date.

16.3. Late/Delayed Tenders: Tenders received after the specified time and date of opening are treated as "Late" while tenders received after the last date specified for receipt of tender but before the date of opening of the tender are treated as " Delayed". Such tenders shall be marked as late/delayed as the case may be and filed. They shall be rejected and returned to the bidders in their original envelope without opening.

17. POSTPONEMENT OF THE TENDER OPENING DATE

17.1. Requests for the postponement is not normally entertained. In rare cases however, if the response to a notice is poor, a decision to postpone the opening date of the tender by a minimum 15 days may be taken by the competent authority. The time extension so granted may be intimated to all concerned so that adequate response is received.

17.2. In case where the response to limited tender method in respect of materials costing more than Rs. 5.00 lacs is poor (if the response is only from two or less bidders, it is considered poor), then open tender method shall be resorted to. The bidders who responded to the limited tender enquiry must be informed that their tenders shall also be considered along with the tenders received through open enquiry.

18. OPENING OF THE QUOTATION

18.1. Quotations shall be opened as per schedule given in the NIQ. Quotations received against Press Tender centrally floated by the S&P for two or more department/Centre is opened by the Quotation Opening Committee duly constituted for the same. All other quotation shall be opened and evaluated by the respective purchase committees constituted for this purpose.

18.2. The officer opening the tender shall read out or clause to make the following particulars only for the information of the representatives attending the tender opening:

- a) Tender number
- b) Name of the firm
- c) Description of the item to be purchased
- d) Price
- e) Whether the price is inclusive of taxes & duties or exclusive
- f) Discount offered.
- g) Delivery Schedule.
- h) Any other extra charges quoted for packing, transport etc.
- i) Terms of delivery
- j) Warranty obligations.

18.3. All the pages of the tender have to be initialed by the tender opening committee.

Alterations/ corrections in the tenders should be initialed legibly by the officers opening the tender and dated. A similar procedure shall be followed wherever any erasing/ cutting is observed.

18.4. Any correction in the price quoted in the tender both in the words and figures shall be circled in red ink by the representative of finance and signed. The members of the tender opening Committee shall endorse this. In addition, a list of the representatives of the bidders

present at the time of opening shall be prepared who shall write their name and the bidder they represent under their signature.

18.5. If there is any discrepancy between the price quoted in figures and words, whichever is the higher of the two shall be taken as the bid price

19. EVALUATION OF QUOTATIONS BY PURCHASE COMMITTEE

19.1. A neat comparative statement: A neat comparative statement of the opened quotations to be made as per the standard format wherever possible, by the Purchase Committee constituted for the purpose. The recommendation shall contain details like rate, delivery schedule, make, taxes etc. and finally the quoted price. The final landing cost of Purchase after all discounts, taxes must be mentioned on the comparative statement for indigenous items and CIF price for imported items. When bids are received in different currencies, the comparative statement shall clearly give the exchange rate on the date of opening of the bid and the quoted price in rupees. In case of imported item where there is not mentioned packing, forwarding, freight, insurance charges, the offers shall be rejected as incomplete.

19.2. Two Bid System Evaluation: In regard to tenders/quotations received under Two Bid System, the recommendation of the purchase committee on Technical Bids is first placed before the competent authority for consideration and approval; and after approval of which only the Price Bids of the technically qualified vendors are opened. Consequently final evaluation and recommendation is made.

19.3. Audit scrutiny: All indents along with relevant files shall be routed through audit department before issuance of the Purchase order for scrutiny and examining that all procurement procedures were followed in processing of the indent and to assess if the items being procured were for a reasonable price. Further to check if the amount being expensed was available under the correct cost center (CC), if the amount was re-appropriated then the proper approval of the CFA was obtained. Finally to check and verify the transparency of the procurement process.

19.4. Evaluation of tenders must be done in a scientific and logical manner. It is not always necessary that the lowest quoted price shall finally emerge as the lowest evaluated price. It may be that the lowest bidder has not quoted according to the specifications and has left out certain items asked for. Thus evaluation of tenders is a serious exercise which should not be

done mechanically: Extraneous considerations, that is, considerations that were not mentioned in the technical and of other specifications, shall not be a cause for rejecting a tender as non responsive. Similarly no tender shall be technically rejected on flimsy grounds or on such vague grounds as unsatisfactory service during earlier purchases without providing any documentary proof. The reasonability of the price quoted can only be arrived at by making formal inquiries with other clients who have made similar purchases and by taking into account last purchase price.

19.5. Negotiation only in Exceptional Cases: There should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances, then it can be with (Lowest vendor).

20. FORCE MAJEURE

Either Party prevented by force majeure from fulfilling its obligations shall not be deemed in breach of such obligations. The said Party shall use all reasonable efforts to mitigate the consequences of force majeure. At the same time, the Parties shall consult with each other on modalities of further execution of the Agreement. Force majeure as used in this Agreement/Purchase Order is defined as natural catastrophes such as but not limited to earthquakes, floods, cyclonic or volcanic activity; war (whether declared or not), invasion, act of foreign enemies, rebellion, terrorism, revolution, insurrection, civil war, riot, commotion, contaminations by radio-activity; and other acts of a similar nature or force.

Parties in such case under any circumstances shall not claim consequential damages.

21. ARBITRATION

All claims and disputes arising under or relating to this Agreement/Purchase Order are to be settled by binding arbitration in the city of Karachi, Pakistan in which parties agree to arbitrate or another location mutually agreeable to the parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the Chamber of Commerce Karachi, Pakistan. Any decision or award as a result of any such arbitration proceeding shall be in writing and shall provide an explanation for all conclusions of law and fact and shall include the assessment of costs, expenses, and reasonable attorneys' fees. Any such arbitration shall be conducted by an arbitrator experienced in similar type of matters and shall include a written record of the arbitration hearing. The parties reserve the

right to object to any individual engaged by arbitrator who is employed by or affiliated with a competing organization or entity. The arbitrator shall be appointed with mutual consent of both the parties. The decision of arbitrator shall be binding on both the parties.

For disputes with International companies, matter shall be referred to International Chamber of Commerce, Geneva, Switzerland for arbitration.

LIST OF COMMONLY USED ABBREVIATIONS

<u>Abbreviation</u>	<u>Description</u>
BMU	Baqai Medical University
FOB	Freight on Board or Free on Board
CFA	Competent Financial Authority
C & F	Cost & Freight
CIF	Cost, Insurance & Freight
CNF	Cost, no Insurance & Freight
PO	Purchase order
HOD	Head of Department
ITB	Invitation to Bid
EMD	Earnest Money Deposit
PBG	Performance Bank Guarantee
MRR	Material Receiving Report
PPRA	Pakistan Procurement Regulatory Authority

ANNEXURES

1. Format of Purchase indent **Annexure – 1**

2. Format of Purchase Order **Annexure – 2**

3. Format of Goods Received Note **Annexure – 3**

4. Format of Bank Guarantee (Bid Bond) **Annexure – 4**

5. Format of Performance Bank Guarantee **Annexure – 5**

Purchase Indent

DEAN :	INDENT TYPE : Revenue
DEPARTMENT NAME :	AUTHORIZED DATE : 11
INDENT NO :	DATE REQUESTED :
INDENT DATE :	Budget Availability :

S. No.	Item Description	UOM	Required Qty.	Stock Qty.	Indent Qty.	Previous Purchase Rate	Scheduled		Estimated Rate	Estimated Value	Cost Center	Reserved
							Date	Qty.				

Initiated by Head of Department Respective Dean Director finance Vice Chancellor

Goods Received Note

SupplierDate..... Advice note number

Order Number.....Delivery Location.....Cost-Centre.....

	Goods	Pack Size	Price	Order Quantity	Delivered Quantity	Comments
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Received by..... Checked by.....

- 1. Accounts/Finance dept. copy
- 2. Supplier Copy
- 3. Stores/Goods Inwards copy

Annexure- 4

Bank Guarantee (BID BOND)

Ref. No.....
No.....

Bank Guarantee

M/S. Baqai Medical University,
51-Gadap Road,
Super Highway, Karachi.

Dear Sirs

In accordance with Invitation to Bid under your Specification No.....M/s
.....having its Registered/Head Office at(hereinafter
called the 'Bidder') wish to participate in the said Bid or.....and
you, as a special favor have agreed to accept an irrevocable and unconditional Bank
Guarantee for an amount of..... valid up toon behalf of Bidder in lieu of
the Bid deposit required to be made by the Bidder, as a condition precedent for
participation in the said Bid, which is 2.5% of the bid value'

We, the Bank at.....(local address)
having our Head Office at..... guarantee and undertake to pay
immediately on demand by Baqai Medical University, Karachi, Pakistan the amount of

(In words & figures)

without any reservation, protest, demur and recourse. Any such demand made by said
'Owner' shall be conclusive and binding on us irrespective of any dispute or difference
raised by the Bidder.

This Guarantee shall be irrevocable and shall remain valid up to and including..... @
..... If any further extension of this guarantee is required, the same shall be
extended to such required period (not exceeding one year) on receiving instructions from
M/s
.....on whose behalf this guarantee is issued.

In witness whereof the Bank, through _____ its authorized officer, has set its hand and stamp on this.....day of20.....at.....

WITNESS

.....
(Signature) (Signature)

.....
(Name) (Name)

.....
(Official Address) (Designation with Bank Stamp)

Attorney as per
Power of Attorney No.
Dated.....

This date shall be thirty (30) days after the last date for which the bid is valid.

FORMAT OF PERFORMANCE BANK GUARANTEE

Baqai Medical University
51-A, Gadap Road,
Super Highway,
Karachi,

Our Letter of Guarantee No.....

Contract/Purchase Order No.....dated.....

- 1.0 You have entered into a Contract No..... with (hereinafter referred to as " the Vendor") for the supply and delivery of (hereinafter referred to as "the said equipment") for the price and on the terms and conditions contained in the said contract.
- 2.0 In accordance with the terms of the said contract, " the Vendor" has agreed to furnish you with an irrevocable and unconditional bank guarantee in a form and from a bank acceptable to you as security for the due performance by " the Vendor" of all his contractual obligations under the said contract in an amount equal to 10% (ten percent) of the total value of the contract to be valid from the date of contract and up to 12 months from the date of satisfactory commissioning of the said equipment into service or 18 months from the date of delivery whichever is earlier.
- 3.0 In consideration thereof, we, hereby irrevocably and unconditionally guarantee to pay to you on demand and without demur and without reference to "the Vendor" such amount or amounts not exceeding the sum of Rs..... (Rupees only) being 10% (ten percent) of the total value of the contract on receipt of your intimation that " the Vendor" has not fulfilled his contractual obligations. You shall be the sole judge for such non-fulfillment and "the Vendor" shall have no right to question such judgment.

- 4.0 You shall have the right to file/make your **claim** on us under the guarantee for a **further period of six months** from the said date of expiry.
- 5.0 This guarantee shall not be revoked without your express consent and shall not be affected by your granting time or any other indulgence to “ the Vendor”, which shall include but not be limited to, postponement from time to time of the exercise of any powers vested in you or any right which you may have against “ the Vendor” and to exercise the same in any manner at any time and either to enforce or forbear to enforce any covenant contained or implied in the said contract or any other course or remedy or security available to you, and our Bank shall not be released from its obligations under this guarantee by your exercising any of your rights with reference to matters aforesaid or any of them or by reasons of any other act or forbearance or other acts of omission or commission on your part or any other indulgence shown by you or by any other matter or thing whatsoever which under the law would, but for this provision, have the effect of relieving our bank from its obligation under this guarantee.
- 6.0 We also agree that you shall be entitled at your option to enforce this guarantee against our bank as a principal debtor, in the first instance, notwithstanding any other security or guarantee that you may have in relation to “ the Vendor” 's liabilities in respect of the premises.
- 7.0 This guarantee shall not be affected by any change in the constitution of our Bank or “the Vendor” or for any other reason whatsoever.
- 8.0 Any claim/extension under the guarantee can be lodged at issuing bank branch through Bank Al Habib, Sabzi Mandi Branch, Karachi, Pakistan. **(This Confirmatory letter is to be obtained by vendor form Performance Bank Guarantee issuing Branch and submitted along with the Performance Bank Guarantee and is applicable for PBG submitted from Bank.**
- 9.0 Notwithstanding anything herein contained, our liability under this guarantee is limited to Rs..... (Rupees only) and the guarantee will remain in force up to and including..... (Date) and shall be extended from time to time for such period or periods as may be desired by “the Vendor”.

10.0 Unless a demand or claim under this guarantee is received by us in writing within six months from..... (Expiry date) i.e. on or before..... (claim period end date) we shall be discharged from liabilities under this guarantee thereafter, .

In witness where of the Bank, through Authorized officer, has set its hand and stamp

on this.....day of20.....at.....

WITNESS

.....

(Signature) (Signature)

.....

(Name) (Name)

.....

(Official Address) (Designation with Bank Stamp)

Attorney as per

Power of Attorney No.

Dated.....