

# Tendering Process



## ❖ Major Steps

- Finalization of project estimates
- Sanction of Project by the competent authority
- Finalization of draft tender documents
- Eligibility Criteria
- Technical Specifications
- Advertisement of Notice Inviting Tender (NIT)
- Sale of Tender documents
- Pre-Bid meeting

## ❖ Major Steps

- Corrigendum, if any to be issued after pre bid meeting
- Receipt & Storage of sealed bids
- Tender opening
- Evaluation of bids & seeking clarification if required
- Tender committee minutes
- Award of contract / issue of LOI
- Signing of agreement

# ❖ Risk Management

## Five Key areas of Risks:

1. Tender design stage – incomplete / faulty design lead to project delays
2. Tender process stage – Criteria for selection etc.
3. Evaluation stage – deviations to be addressed
4. Appointment of contractor stage – signing of agreement,
5. Implementation of Project stage – Risk of Time & Cost over runs

## ❖ **Effective Tender Management System**

- E-tendering over manual tendering
- Tender management software
- Appointment of Project Consultants
- In-house tender cell
- Site inspections
- Techno-Commercial audit
- Project progress report
- Periodical project review meetings
- Project Deviations to be addressed in time

## ❖ **Alternate Source Development**

- BOT Scheme (Build, Operate & Transfer)
- Vendor Financing – Railways own your wagon scheme
- Development of ancillary units
- Vendor registration
- Research & Development activities – Prototype development

## ❖ Vendor Rating & Assessment

- Vendor rating precedes with vendor performance evaluation
- Factors governing performance evaluation:
  - a. Price – Competitive, advance notice for changes, accuracy
  - b. Quality – As per specification, reliability, durability and warranty
  - c. Delivery – Time, packaging, documents etc.
  - d. Service – After sales service, emergency support, technical support
- Vendor ranking – numeric or scale based
- Rating according to factors critical or important from buyers point of view
- Awards / Certificate towards performance
- Advantages being better communication with the vendor, motivation to vendor to become business partner in future

## ❖ **KPIs (Key Performance Indicators) for Operational Efficiency**

- As per Procurement Manual issued by Ministry of Finance, the following KPIs have been included for judging operational efficiency:
- Productivity in terms of number & value wise tenders finalized per head of stock
- Average time taken for award of contract
- Proportion of tenders on limited / selective bidding with reference to total numbers / value of tenders
- Proportion of tenders through e-procurement with reference to total number of tenders



## ❖ Vendor Quality System

- Measure & track the cost of poor quality supply (recoverable from the suppliers)
- Quality audits – identification of quality gaps, issues and opportunities for optimization
- Prescribe quality standards – deviations to be checked and corrective action to be taken
- Rationalization of supply chain based on suppliers capability to maintain quality standards
- Develop strong relationship with the supplier to reduce the recurrence of quality issues
- Collaborative approach to handle quality issues.



**Thank You**