

Procurement Policy

IITI DRISHTI CPS Foundation

(Section 8 company)

A venture of IIT Indore

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PREFACE

IITI DRISHTI CPS Foundation has been set up as a Section-8 company (not-for-profit) by the Indian Institute of Technology Indore under the National Mission on Interdisciplinary Cyber-Physical Systems (NM-ICPS), being implemented by the Department of Science and Technology (DST), Government of India. Christened DRISHTI CPS for **DR**iving Innovation through **S**imulation **H**ub for **T**echnologies in Interdisciplinary **Cyber-Physical Systems (DRISHTI CPS)**, the hub is invested in becoming a single-stop shop for CPS design and modeling and their applications thereof. The overarching goal of DRISHTI CPS is to develop an eco-system that will enable knowledge generation through basic and applied research and foster an interactive environment where innovative products can be developed through joint efforts of the industry and academia. It focuses on fostering translational research for technology & product development, building highly knowledgeable human resources, and a vibrant start-up ecosystem, in the technology vertical of System Simulation, Modelling, and Visualization. The goal is to help India become a pioneer in technology-led economic growth and prepare the country to be the world leader in the technology arena.

The aim of the purchase policy is to provide a framework within which the Company procures its requirement in a financially prudent manner without compromising its flexibility to deal with varied situations. This procurement policy shall facilitate efficiency rather than create impediments to smooth and timely procurement while following principles of accountability and procedures of financial correctness and due diligence. This policy shall be reviewed and revised periodically based on the ever-changing nature of requirements in a niche technology sector.

1. INTRODUCTION

Procurement is the process of acquiring goods and services required for carrying out and supporting the required activities of the company. Procurement policy is a framework designed to provide guidelines for the procurement of high-standard goods, services, technology, and processes at a reasonably competitive cost, terms, and conditions. Timely availability of material and supporting infrastructure to projects is of prime importance for carrying out meaningful scientific research as well as for meeting the targets set for completion of various in-house & sponsored projects. The aim of the procurement process would be to procure the best product/Process/ Service at the most reasonable price in a time-bound manner.

This document will help in ensuring that sound business judgment is applied in all procurement, purchases, and services-related transactions. All the supplies, equipment, and services are obtained efficiently and economically and follow applicable laws and management orders. It is also to ensure that all procurement and purchase transactions including for services obtained will be conducted in a manner that provides full transparency and fairness.

IITI DRISHTI CPS Foundation is a new company with most of the staff primarily being engaged in scientific research and translation activities and very few administrative staff. Since the staff would have very limited time available to devote to procurement, this policy shall serve for speedy procurement through simplified and standardized procedures. In exercise of its powers and to facilitate procurement of its requirement, the Company has formulated the following procurement policy. This policy shall govern all procurement of goods, processes, and services both within the country and from abroad.

Any procurement procedure which is not explicitly covered in this document will be handled as per the General Financial Rule (GFR) 2017 of the Government of India.

2. Principles of Procurement

IITI DRISHTI CPS Foundation would follow the principles of Accountability, Reasonableness, and Transparency in all its procedures for procurement of goods, services, and processes. These will be assured by adhering to the followings:

- a) **Standards of Financial Propriety.** Every authority incurring or authorizing an expenditure from public money should be guided by high standards of financial propriety. They should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by their own office and by subordinate disbursing authorities. They should exercise the same vigilance in respect of expenditure incurred as a person of ordinary prudence would exercise in respect of expenditure of his/her own money. The expenditure should not be prima facie more than the occasion demands and should neither be directly or indirectly to his/her own advantage nor benefit a particular person or a section of the people unless the expenditure is in pursuance of a recognized policy or custom.
- b) **Responsibility of Financial Authorities.** The authorities delegated with the financial powers shall be responsible and accountable for bringing in efficiency, economy, and transparency in all matters relating to procurement.

In order to implement the Principles of Procurement, all procurement will use the following procedures:

- i. The procedures adopted for inviting offers should be fair and transparent.
- ii. The authorities shall satisfy themselves that the price of the selected offer is reasonable and consistent with the quality required.
- iii. All purchases shall be made in a fair manner and as far as possible on a competitive basis, to secure the best value for money.
- iv. Specifications in terms of quality, type, etc., as also quantity of goods to be procured, should be clearly spelled out keeping in view the specific needs of the company. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential features to preclude unwarranted expenditure.
- v. At each stage of procurement, detailed considerations/decisions shall be placed on record, in a precise manner.

- vi. Procurement of goods, etc. shall not be split up so as to avoid the sanction of higher authority.
- vii. Savings under one major head or subhead of account can be re-appropriated for procurement of items under another sub-head in case of exigencies with due approvals.

3. Items of Procurement

The items required to be procured under the ambit of the rules & procedures outlined in this policy shall mean all or any, item or service, required for operating/running the company, its undergoing research, programmers, projects, etc. The policy shall cover all sorts of goods (tangible & intangible, capital & revenue) and Services (whether or not incidental to the purchase of goods). A tentative list (inclusive and not exhaustive) is given below.

- **IT (Information Technology) related products:** IT products or services, would include computer hardware, software, electronics, semiconductors, internet/telecom equipment, etc. Technology in the field of information is fast-changing and obsolescence is very fast, hence expeditious procurement may be necessitated in such types of procurements.
- **Procurement of Innovation:** The Company can procure innovation by seeking and encouraging innovative ideas and plans relating to the objectives of the Company. Procurement of innovation shall also include the process of innovation – research and development services - which create or develops ideas, and processes that do not exist. These processes after development shall result in solutions. The Company may describe its needs, prompting potential researchers to develop innovative products, services, or processes to meet the Company's needs. The Company may act as an early adopter or a facilitator of a startup or an entity and procure any product, process, or service either within its sphere of activity or in a related sphere of activity. Such product, process, or service may be new to the market or still not yet reached the market and contain substantially novel or innovative characteristics. The idea is to buy innovative new and early-stage goods, services, or processes. While procuring innovation, the Company shall ensure that the process/ service suppliers play a more proactive role in development

and delivery. Procurement of innovation can result in gaining/sharing and exclusive rights agreements.

- **Equipment and other:** Articles, material, commodities, general furniture/laboratory furniture, fixtures, raw material, spares, instruments, machinery, equipment, stationery, and any other item meant for Research & Development both standard and non-standard.
- **Annual Maintenance Contracts (AMC):** AMC of goods and equipment purchased or otherwise acquired for the use of the Company.
- **Procurement of Services:** Specific Scientific & Technical Services viz, Professional consultant services, Computer & Network management, Software & web design Development services, Communication facilities, etc.

4. Procurement Committee (PC)

To expedite procurement and ensure quality and standard of goods, and ensure timely completion of procurement, the Chief Executive Officer (CEO) or an equivalent officer or any other authorized person, may appoint a Purchase Committee (PC). The PC would gather market intelligence, and explore options of scale economy for securing better prices. The Committee may also consider the possibilities of outsourcing part of procurement under a project to a vendor who may secure better deals through market networks and tie-ups. For procurement cases where sanctions would need to be accorded by CEO or equivalent official, the PC will comprise at least two members. For procurement cases where sanction would need to be accorded by the Project Director (PD), Chairman, Board of Directors, or a nominee of the Chairman, Board of Directors, the PC will comprise at least three members.

5. Technical Committee

The Chief Executive Officer (CEO) or an equivalent officer or any other authorized person may also appoint a Technical Committee of not less than two members to technically evaluate the Bids received in response to the Tender. The technical committee would consist of CTO, or any other suitable member concerning the particular project, programme, or procurement. Technical Committee will evaluate

the technical compliance of the Bids with respect to the requirements projected in the Tender document and provide its recommendation.

6. Budget Provision

Procurement of everything shall be based on Budget Provision and prioritization based on the company's needs and priorities. In order to meet emergency requirements and purchases within the powers delegated, a certain amount in the budget may be kept in reserve. Such purchases should be made from within this reserve. Unspent balances under this head may be re-appropriated for regular procurement. Procurement requirement should be identified in a timely manner to speed up the procurement process.

7. Delegation of Procurement Powers

In order to bring expediency to the procurement process, financial powers may be delegated by the sanctioning authorities. The extent of powers to be exercised in procurement shall be as defined in a supplementary document. Due to the dynamic environment of the sector and to enable the company to achieve its objectives, the powers delegated in this supplementary document would be subject to revision on a required basis as ratified by the Board of Directors (BoDs)

8. Modes of Procurement

The company may adopt any of the following modes of the procurement:

- a) **Direct Purchase:** Purchase of low-value goods/services on each occasion may be made without inviting quotations or bids.
- b) **Local Purchase Committee (RFQ):** The Purchase of medium value goods shall be made by obtaining written quotations from at least 3 suppliers.
- c) **Tendering:** The high-value purchases shall be made by obtaining written quotations from at least three suppliers through a Request for Quotation/invitation to tender. The tendering process would use one of the following routes for procurement:

(i) Limited Tender Enquiry (LTE):

In the case of LTE, copies of the bidding document should be sent directly by speed post/registered post/courier/ email to firms that are approved by the sanctioning authority for procurement of the goods and/or services in question. Normally, the number of supplier firms in the Limited Tender Enquiry should be at least three.

(ii) Open/Advertised Tender Enquiry (OTE/ATE):

Invitation to tenders by advertisement should be used for high-value purchases. Limited Tender Enquiry (LTE) may be adopted instead of OTE on each occasion based on the recommendations of the Purchase Committee as per requirements of the speed of procurement, and/or sources of supply being definitely known and the possibility of fresh source(s) beyond those being tapped is remote, and/or nature of the item to be procured is such that pre-verification of the competence of the firms and their registration is essential.

(iii) Global Tender Enquiry (GTE):

GTE is essentially the same as OTE, which is to resort to items of foreign origin, where competition from more than one source from different countries is envisaged. In the case, of GTE, copies of the tender enquiry may be sent to the Indian embassies abroad as well as the foreign embassies in India.

(iv) Single Tender Enquiry (STE):

In cases where the materials or the technology might be so specialized that there might be only one potential vendor, procurement through a Single Tender Enquiry may be resorted to, with the due justification of requirement. Some of the circumstances under which Procurement from a single source may be resorted to:

- It is in the knowledge of the user department that only a particular firm is the sole supplier.
- In a case of emergency, the required goods or services are necessary to be purchased from a particular source and the reason for such decision is to be recorded and approval of sanctioning authority obtained.
- For standardization of machinery or spare parts to be compatible with the existing sets of equipment (on the advice of a competent technical expert and approved by the sanctioning authority), the required item is to be purchased only from a selected firm.

(v) Purchases on a Proprietary basis:

Purchase of items having a unique feature that is essential for R&D activity and which is not available in any other similar equipment, procurement may be resorted to from the entity holding the Proprietary Article Certificate (PAC) in India or abroad without the need for following Tendering process with the due justification of requirement.

9. Other Major Aspects of the Procurement Process

Some other major aspects of procurement are as follows:

- a) **Single and Two-Stage Bidding:** For procurement where qualitative requirements and technical specifications are clear and non-complex, a single commercial bid system may be followed. For purchasing high-value goods processes or services of a complex and technical nature, the company shall invite bids through an advertised tender which may be processed in two stages as under:
 - (i) **Stage 1.** A technical bid consists of all technical details along with commercial terms and conditions. The technical committee shall review the submitted bids and identify technically qualifying bids.
 - (ii) **Stage 2.** Commercial bid indicating item-wise price for the items mentioned in the bid (To be opened only for technically qualifying firms).
- b) **Benchmarking:** Before scheduled negotiation, wherever considered necessary, it would be advisable to work out the estimated reasonable rate or the benchmark, to judge the acceptability of the offer based on available information about the same/ similar product/service/process.
- c) **Quality and Cost Based Selection (QCBS):** QCBS is to be used for the procurement of consultancy services. In QCBS, initially, the quality of technical proposals is scored as per criteria announced in the RFP. Only those responsive proposals that have achieved at least a minimum specified qualifying score in quality of technical proposal are considered further. After opening and scoring, the financial proposals of responsive technically qualified bidders, a final combined score is arrived at by giving predefined relative weightages for the score of quality of the technical proposal and the score of the financial proposal. The RFP shall specify the minimum qualifying score for the quality of the technical proposal and also the relative weightages to be given to the quality and cost

(determined for each case depending on the relative importance of quality vis-a-vis cost aspects in the assignment, e.g., 70:30, 60:40, 50:50, etc). The proposal with the highest weighted combined score (quality and cost) shall be selected. The weightage of the technical parameters i.e., non-financial parameters in no case should exceed 80 percent.

d) Lack of competition: Lack of competition shall not be determined solely on the basis of the number of bidders. Even when only one bid is submitted, the process may be considered valid provided the following conditions are satisfied:

i) the procurement was satisfactorily advertised and sufficient time was given to the submission of bids.

ii) the qualification criteria were not unduly restrictive; and

iii) prices are reasonable in comparison to market values

When an OTE/LTE/GTE results in only one effective offer, it shall be treated as a Resultant Single Vendor Situation (RSVS) which can be pursued with due justification and approval by the sanctioning authority depending upon how well the Tender was advertised/ received by the Bidders, how broad-based were the technical requirements and how time-critical is the procurement.

e) Advance payment to the supplier: Ordinarily, payments for services rendered or supplies made should be released only after the services have been rendered or supplies made. However, it may become necessary to make advance payments in certain cases. The powers to sanction advance payment to suppliers shall vest with the sanctioning authority on the recommendations/justifications by the Purchase Committee and as per limits laid down from time to time.

f) Use of Facilitator for Procurement. The company may approach the original supplier of goods or equipment to act as a facilitator for procuring the required original equipment spares or parts and supply to the company. The company may adopt such a method if it results in a better price, quality, or time-saving vis-à-vis the process of tendering.

g) Need for Expeditious Processing: It is imperative that the procurement process is fully responsive to the needs of the Company and facilitates

expeditious procurement so that requirements are met on time. It is, therefore, essential that all prescribed activities are undertaken expeditiously and advice rendered within a specified time frame.

10. Code of Integrity: No official of the company or a bidder shall act in contravention of the following which includes: -

a) Prohibition of

i) making the offer, solicitation, or acceptance of a bribe, reward or gift, or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process.

ii) any collusion, bid-rigging, or anti-competitive behavior that may impair the transparency, fairness, and progress of the procurement process.

iii) any financial or business or any other interest/relation between the bidder and any official of the company connected to tender or execution process of contract, which may affect the decision of the Purchase Committee directly or indirectly; or which may result in financial/non-financial benefits to the company personnel or his relative or any undue advantage to any of the bidder.

iv) making a false declaration or providing false information for participation in a tender process or to secure a contract;

b) Disclosure of conflict of interest:

The Company may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity.

11. Power to amend the procurement policy: Owing to the dynamic nature of the niche technology sector that the Company is operating in, this procurement policy may be reviewed periodically and Company may at any time revise, modify, delete, amend, substitute any word, phrase or portion of this policy, with due approvals of the Board of Directors as soon as practicable.

Annex-I: Delegation of Financial Procurement Powers

No. DRISHTI CPS/PP/04/2022

Dated 26 April 2022

Board of Directors (BoDs) of IITI DRISHTI CPS Foundation hereby delegates the financial powers for procurement of goods, services, etc., as detailed in the Procurement Policy of IITI DRISHTI CPS Foundation as under:

Sl. No.	Monetary limit	Sanctioning Authority	Quotation/ Bid Process Requirements	Constitution of Procurement Committee (PC)	Deviation Approval
1	Up to Rs.50,000 (Fifty Thousand)	Division head (Power delegated by Chief Operating Officer (COO) /CEO	Direct Market Purchases without quotation (Off the Shelf purchase & direct certification of bills / Online Price Discovery)	-	NA
2	Between Rs.50,001 and Rs.2,50,000 (Two Lakh Fifty Thousand)	COO/CEO/PD	Direct Market Purchases with quotation (Minimum three Quotations/ Online Price Discovery)	PC comprising of at least 3 members	PD
3	Between Rs. 2,50,001 and Rs. 5,00,000 (Five Lakh)	PD	Limited Tender Enquiry (Minimum 3 sealed quotations). Single bid system.	PC consists of at least 3 members	Chairperson BoD
4	Above Rs. 5,00,000 (Five Lakh)	Chairperson, Board of Directors	(i) Up to 50 Lakh: Limited Tender Enquiry (Minimum 3 sealed quotations). Single bid system (ii) More than 50 Lakh: open tender enquiry (Minimum 3 sealed quotations). Two bid systems	PC comprising of at least 3 members. PD should be there as one of the PC members	BoD

The procurement power will be exercised subject to the following conditions:

- That the expenditure is incurred for the purpose for which funds have been allocated and the provisions of the procurement policy are strictly followed.
 - That the expenditure does not exceed the budget provision.
- These Procurement powers are subject to revision at any time due to the dynamic environment in the sector and to enable the company to achieve its objectives.

This issues with the approval of the BoD.



[Signature]
Project Director
IITI DRISHTI CPS Foundation

