

## CHAPTER - 4

### PREQUALIFICATION OF VENDORS

#### 4.1 Introduction

- 4.1.1 Some of the material required by Units have specific and stringent quality or complicated technical specifications. These materials may not be of high value but may require very high skill or special type of machinery or tooling and experience in handling them.
- 4.1.2 At times the contents of the work require multidisciplinary engineering and their inter coordination with disciplines such as Civil, Electrical, Mechanical, Electronics, Instrumentation. In order to execute such multidisciplinary work package, the experience in project management deserves inclusion in the stringent conditions for qualifying vendors. In order to get the contract executed in a proper manner, it becomes necessary to assess the technical/technological skills, financial capabilities, human resources, organizational skills, past experience in handling such multidisciplinary job of the vendor.
- 4.1.3 In order to have fair playing field vis-a-vis ascertaining the required skills it become necessary to incorporate the various qualifying parameters in the NIT.
- 4.1.4 There may not be many vendors who are competent to execute such contracts. Such vendors who have technical and financial competency and have experience to execute such jobs have to be identified. The users may have to interact with possible vendors to make them understand the actual requirement of the Unit.
- 4.1.5 In these cases most stringent procedure should be followed for pre-qualification of suppliers for supplying critical components and plant and machinery, etc. While doing so instead of issuing/inviting bids from all the registered bidders, the vendors will be pre-qualified by fixing prequalification criteria based on the requirement of the items and work to be carried out.
- 4.1.6 The prequalification criteria shall be entirely based upon the technical capability and resources of the prospective bidders to perform the particular contract satisfactorily, taking into account their (a) experience and past performance on similar contracts (b) capabilities with reference to personnel, equipments and manufacturing facilities (c) financial standing.
- 4.1.7 In view of the above, the following guidelines may be followed for prequalification criteria for procurement of items/equipments involving supply or supply as well as erection and commissioning.

## **4.2 Allocation of Resources**

- 4.2.1 The financial criteria may be stipulated with a view that the contractor needs to allocate his resources to this work compared to other jobs in hand. The percentage of his capacity to be allocated for this work has to be indicated in the NIT based on the estimated value of the item to be procured.

Financial factors such as previous purchase performance, turn over, profit in last five years operation, solvency, Profit & Loss Account and Balance Sheet (Financial Statements) of the vendor for a period not less than 3 years, etc. may be considered for assessing financial competence.

## **4.3. Technical Requirements**

- 1) Availability of the required plant & machinery to perform the intended work.
- 2) Availability of qualified technocrat and qualified staff (minimum qualification may be identified).
- 3) Experience of key personnel.
- 4) Availability of in-house design facilities.
- 5) Availability of in-house QA personnel.

## **4.4 Documents required to be submitted by the vendor**

- 1) Application issued by DPS inviting the vendor for pre-qualification with details filled in all respects.
- 2) Litigation/Arbitration history.
- 3) Documents supporting the availability of the required site, plant and machinery, personnel, design facility, inspection facility, etc.
- 4) Details about geographical location of various manufacturing facilities of the vendor.
- 5) Balance sheet and profit and loss account for the preceding three years and annual report to support the financial standing of the applicant.
- 6) PAN, GSTN, TAN and other required details.
- 7) Reference from bankers. (Solvency Certificate)
- 8) Supporting documents for execution of similar jobs with govt. departments/PSUs etc.

## **4.5 Additional documents required in respect of package contract**

- 1) Organising capability to meet the desired contract completion period.

- 2) Capability of sourcing the material from the right source.
- 3) Previous experience in erection and commissioning of similar jobs.
- 4) Pre-qualification of sub-vendors and sub-contractors.

#### **4.6 Evaluation for Pre-Qualification of Bidders**

- 4.6.1 The application and supporting documents submitted with the application should be scrutinized and thoroughly evaluated. The objective of evaluation is to determine which of the vendors are competent and qualify to perform the particular task required by the organisation. The evaluation may be carried out by an Evaluation Committee appointed by the competent authority and preferably consisting of members drawn from user, specialist in the field, quality control personnel, maintenance engineers, purchase and finance.
- 4.6.2 This is an objective process and hence the onus of providing all the information required by the Committee is that of the vendor. Each vendor should be evaluated based on their technical capability, financial soundness, past performance, current workload, etc. If the vendor provides false or incorrect information a suitable punitive action may be initiated.