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MINUTES OF THE SIXTEENTH MEETING OF THE PURCHASE COMMITTEE HELD ON FEBRUARY 02, 2001 AT 5.15 P. M. IN THE BOARD ROOM, BLOCK - 8, IGNOU CAMPUS, MAIDAN GARHI, NEW DELHI - 110 068.

The following were present:

1. Prof. V.S. Prasad, Acting Vice-Chancellor - Chairman
2. Dr. D.K. Choudhry
3. Prof. A.K. Agarwal
4. Prof. Ram Pratap
5. Shri Vikram Chandra
6. Shri K.J.S. Prasada Rao - Member-Secretary

The following items were considered:

ITEM NO. 1 TO CONFIRM THE MINUTES OF THE 15TH MEETING OF THE PURCHASE COMMITTEE HELD ON JANUARY 22, 2001

PC 16.1.1 The Member-Secretary informed that no comments have been received from any member. It was also stated that these Minutes were placed for consideration before the Board of Management at its 68th Meeting held on January 24, 2001 and that the Board has confirmed the Minutes with certain observations relating to Item No.6 of the Minutes on the purchase of computers. As a sequence to the observations made by the Board, it was considered appropriate to bring the item on purchase of computers before the Purchase Committee for its consideration which is placed at Item No.2 in this meeting.

PC 16.1.2 With the above observations, the Minutes of the 15th Meeting of the Purchase Committee held on January 22, 2001 were confirmed.

ITEM NO. 2 TO CONSIDER AND APPROVE THE PURCHASE OF COMPUTERS FROM ECIL.

PC 16.2.1 The Item was considered. While considering the minutes of

the Purchase Committee Meeting held on 22-1-2001 by the Board of Management at its meeting held on January 24, 2001, the Item No.6 on purchase of computers was specifically brought to the notice of the Board of Management by the Registrar, the Secretary of the Board of Management as the purchase involves nearly Rs.4 Crores and that the Board of Management may specifically consider the issue and give its approval. It was also stated by the Registrar that while the purchase was in the stage of finalisation in favour of ECIL invoking the policy of purchase preference, the lowest tenderer, namely, WIPRO, made certain representations raising the issues whether -- (i) ECIL is eligible for the purchase preference scheme as it is not the manufacturer and (ii) whether the CVC's instructions on negotiations with only the lowest tenderer have been ignored. While the Purchase Committee at its meeting held on January 22,2001 did consider the representations made by the WIPRO, it was not specifically recorded in the Minutes as the Committee felt that the issues raised by WIPRO need not form part of the Minutes as University has followed the required procedures. However, while discussing this matter in the Board of Management, the Board was of the view that any such representations received should have been addressed and decisions taken should clearly reflect that whatever decisions taken were taken after due consideration and this fact should have been reflected in the Minutes. It was made known to the Board that WIPRO had made the following points:

- (i) That the ECIL is one of the dealers of Data Mini Computers and thus is not eligible for purchase preference.
- (ii) That the University has not specifically stated in their tender notification about the point on purchase preference procedure.
- (iii) The CVC's guidelines envisage negotiations with only the lowest tenderer.

PC 16.2.2

The Board having considered these points observed that, while it approves the Minutes of the Purchase Committee, the University may address and settle the issues raised by WIPRO before placing the order.

PC 16.2.3

Keeping these observations in view, it was felt appropriate to

call a meeting of the Purchase Committee exclusively to consider these issues. In this connection, the University also contacted the ECIL to clarify the points whether they are the sole distributors of the Data Mani computers or one of the distributors so as to ascertain whether they will be eligible to get the purchase preference admissible to public sector undertakings. ECIL clarified that, though they are not the manufacturers of the Data Mani computers, in this specific case for IGNOU project, ECIL had made a joint venture arrangement with GES Technology, a subsidiary of GES, Singapore, wherein Data Mani Computer hardware would be taken from GES Technology and further value addition like system quality testing, software supply, loading and testing, system installation and commissioning and providing onsite support services for three years would be undertaken by ECIL. The ECIL has stated that the value addition by ECIL in the finished product (computers) to be supplied to IGNOU works out close to 40% over GES components. In other words, ECIL is not a dealer but has a joint venture arrangement with the manufacturer. As per Ministry of Industries, Department of Public Enterprises OM No. DPE/13(10)/91-Fin. dated 31-10-1997 read with OM No. DPE/13(3)/2000-Fin-GL30 dated 14-9-2000, public sector enterprises are eligible for purchase preference in supply of goods and services to the Government departments and other PSEs if the prices quoted by the supplying PSEs are within the 10% of the lowest valued bid prices. Also they would be eligible for purchase preference, for manufactured items produced by PSEs or joint ventures with a minimum value added content of over 20% subject to purchase being in excess of Rs.1.00 Crore. ECIL is, thus, eligible for purchase preference being a public sector undertaking and having joint venture arrangement with the GES Technologies with a value addition of around 40% and that the Purchase Order being over Rs.1 Crore.

PC 16.2.4

The second point relates to mentioning in the tendered document about the purchase preference policy. It is true that this Clause was not specifically included in the tender document. However, Government of India's general instructions giving purchase preference to public sector undertakings is generally known to all bidders and this fact not being mentioned in the tendered document should not debar a PSE for giving this purchase preference. The University would be well within its right to follow the overall instructions given by the Government of India in this behalf.

PC 16.2.5 Having considered the above two points, the University felt it advisable to consider ECIL for supply of computers as they fall within the range of 10% variation. In fact, the difference between ECIL and the lowest bidder is as low as 3%. After negotiations ECIL has agreed to match the rate to that of the lowest tenderer, i.e., Rs.49,575/-. This negotiation is also in line with the CVC's instructions contained in their Letter No.98/ORD/1 dated 15-3-1999 Para (i) which is quoted below:

“(i) The Government of India has a Purchase Preference Policy so far as the Public Sector Enterprises are concerned. It is clarified that bar on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.”

PC 16.2.6 The foregoing paras effectively answer the three points raised by WIPRO. It may also be mentioned that the financial bids were reinvited from the short listed tenderers since the time gap between the notice inviting tenders and the finalisation of commercial bids was considerable so as to take care of latest prices, including any shortfall in prices.

PC 16.2.7 In addition to the points clarified above, the University also noted the service network of ECIL. The ECIL has good network of its service centers across the country, including the North East, where the University hopes to open computer labs as part of North-East Project.

PC 16.2.8 The Purchase Committee, having gone deeply into the whole issue and having duly considered the observations made by the Board and also having obtained necessary clarifications, decided that the order for purchase of computers may be placed with the ECIL, a public sector undertaking at the rate of Rs.49,575/-, for each computer, with preloaded Windows 2000 Software (full pack Win Media and Licences) and anti-virus package plus octroi on actuals wherever applicable.

The meeting ended with a vote of thanks to the Chair.

(V.S. PRASAD)
Vice-Chancellor

