

Procurement Policy

2016



DIVYA JYOTI MAHILA VIKASH

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I. Introduction

Divya Jyoti Mahila Vikash (DJMV) is a nonprofit organization working towards women empowerment, education and livelihood promotion. DJMV aspires to improve the living conditions of the poor and marginalized by adopting strategies through community initiative, participation and sensitization. Founded in 2000, the organisation has worked among backward communities in the interior unreached pockets of coastal Odisha, identified as one of the most under developed states in India. Women self help groups have been taken as the base for all interventions and livelihood activities enabling them to contribute towards mainstream development process.

LEGAL STATUS :

- DJMV is registered under Societies Registration Act XXI of 1860 vide number GJM No: 6260-21 of 2001-2002 on 9.05.2001.
- DJMV is registered under Foreign Contribution Regulation Act FCRA 1976 vide Registration Number 104910154 / 2009 dated 21/07/2009.
- Registered under section 12AA(2) of Income Tax Act 1961 vide registration number 17/2009-10 dated : 16.06.2009 and permanent account number AAAAD5702F

VISION: We at DJMV envision a society where women have the guaranteed opportunities of development that enables them exercise their right to education, health, livelihood and social security.

MISSION: DJMV is dedicated for uplifting the status of women especially those from the marginalized section of the society through various development initiatives.

OBJECTIVES:

- To promote community based organizations at grassroots level for sustainable development in rural and coastal areas.
- To provide livelihood promotion and social inclusion services to the poor and low income clients in rural and semi urban areas with innovative solutions.
- To promote value based education among children, women and youth for holistic development.
- To provide capacity building to various stakeholders and undertake evidence based research on various development themes.
- To work on various issues like HIV/AIDS prevention, Environment and Climate change.
- To network with Government, NGOs, and CBOs for advocacy and policy level changes.

1.2 About Procurement Policy

In DJMV NGO will spend a proportion of their grants on goods, services and works procured from third parties. An efficient and effective procurement process is critical to obtain best value for money from procurements.

The Procurement policy designed for DJMV spells out the minimum requirement for purchase of goods or services under DJMV operation. Endeavour has been made that the methods of procurement given in the policy are in line with those as generally followed by the organizations.

2. Objectives and Scope of the Procurement Policy

The objective of the Procurement Policy of DJMV NGO is to ensure that necessary processes are in place and followed to provide the appropriate quality and quantity of goods and services at the time and place that they are needed and in the most cost effective manner. The policy ensures that:

- the process is fair, transparent and is conducted with integrity
- suppliers and consultants are treated equally and without discrimination
- purchasing decisions and the award of contracts are based on fair competition
- procedures followed for awarding contracts are proportionate to the value of the contracts
- local human and material resources are used whenever possible

3. Key Principles of the Procurement Policy

3.1 Value for Money

The procurement procedures will be continually reviewed to ensure best value for money in procuring goods, services and works. In order to achieve this, open competition is required for any major procurement. Value for money is defined in its broadest sense – looking for the best value over the complete life of the supply, and for all parties.

3.2 Budget

It will be ensured that budget provisions exist before committing to any procurement.

3.3 Payment on Time

It will be ensured that payment for goods, services and works are made within the terms of the contract once the transaction is complete.

3.4 Ethical Standards

There will be a continuous strive to purchase goods, services and works which are produced and delivered under conditions that do not involve abuse or exploitation of any person.

3.5 Environmental Impact

There will be a continuous strive to purchase goods, services and works which have the least negative impact on the environment.

3.6 Legal Aspects

It will be ensured that the procurements under DJMV project:

- comply with existing Indian laws
- do not breach any other statutory requirements of the country or state
- is not anti-competitive

3.7 Working with Suppliers

It will be ensured that necessary coordination is carried out with the suppliers to:

- communicate requirements
- understand their capacity to meet the needs of procurement
- assess the quality, reliability, availability and performance of supply
- negotiate cost
- improve supply standards
- solve supply problems

3.8 Transparency and Accountability

All staff involved in procurement shall:

- act impartially and objectively
- keep written records to demonstrate transparent and accountable procurement decisions
- refuse and report any personal gifts or other inducements aimed at influencing procurement decisions
- comply with all contractual obligations entered into

3.9 Conflicts of interest

- Staff conduct should avoid any suspicion of conflict between professional duty and personal interests
- Staff should declare any interest in a supplier, and withdraw from procurement negotiation with that supplier to avoid any conflicts of interest

4. Procurement Procedures

Procedures for procurement of goods and services are detailed in the following pages. These procedures show how this policy may be applied in different ways according to the operational circumstances to be found in different locations.

A. Procurement of Goods

The following methods for procurement of goods are recommended by DJMV

A.1 Direct Purchase

A.2 Local Purchase

Summary Table for Procurement of Goods

S.No.	Particulars of Purchase	Value	Method
A.1	Goods are purchased directly from one source	Total purchase value is less than Rs.5,000	Direct Purchase
A.2	Goods are purchased after obtaining 3 quotations	Total purchase value is Rs.5,000 or above	Local Purchase

The above mentioned methods are explained in detail in the following paragraphs.

A.1 Direct Purchase

Direct purchase is the method of procurement from a single well-known source instead of taking price quotations. This method will normally be used where the total purchase value is **below Rs.5,000 (Rupees Five thousand)**.

A.2 Local Purchase

Procurement by local purchase is a procedure based on comparison of price quotations obtained from **at least three suppliers** to assure competitive prices.

- Local Purchase method will be adopted as the method of procurement in cases where the total **value of goods purchased is Rs.5,000 (Rupees Five Thousand) or above**.
- It is a method of procuring readily available, off-the-shelf goods with standard specifications.
- Requests for quotations will indicate the description and specification of goods, as well as desired delivery time and place.
- The evaluation of the quotations will be done by the Procurement Team on the basis of comparative analysis of quotations received and the selected vendor will be issued a purchase order (**see Annexure I for sample purchase order**)
- Justification for selection of the successful bidder must be recorded.

Note: For the purpose of procuring goods through “Local Purchase” method, the comparison of cost has to be done in the following manner:

1. The Procurement committee should decide the specifications of the goods to be procured.
2. **Case 1 – At least 3 vendors/dealers of the same company with specified goods are available** - Quotations have to be obtained from such vendors/dealers. Comparison has to be done between quotes received from them.
3. **Case 2 – Not more than two vendors/dealers of the same company are available** - In such cases quotes from vendors/dealers of different companies but with same product specification have to be taken. The company/dealer with best offer should be considered.

B. Procurement of Services

Following are the methods, which would be used for procurement of services including consultancy services*:

B.1 Short Term Assignment

B.2 Least Cost Selection

B.3 Single-Source Selection

* Consultancy services usually require specialist knowledge which may not be widely available.

The table given below summarizes the process of procurement of services

Summary Table for Procurement of services

S.No.	Particulars of Services	Value	Method
B.1	Short Term small consultancy assignments and other contracts where qualification and experience of service provider is the determining criteria	Total value of assignment is more than Rs.5,000 but less than or equal to Rs.15,000	Short Term Assignment (no quote required but processes to be followed)
B.2	Assignments where the period of engagement is relatively long and the deliverables have to meet certain specific standard and quality.	Total value of assignment is more than Rs.15,000	Least Cost Selection (at least 3 proposals to be invited and selection based on price quoted and services offered)
B.3	Assignments where only one person/firm has the requisite knowledge and experience OR the service-provider is discussed with MC	Total value of assignment is more than Rs.15,000 but up to Rs.100,000	Single Source Selection (no quote required). Only in exceptional cases
B.4	For assignments in the case of (B.2) and (B.3)	Value of assignment is Rs.25,000 or above	Prior intimation and approval from MC to be taken.
B.5	Situations not covered in points (B.1) to (B.4)	Value of assignment is up to Rs.5,000	No quote required, TOR has to be issued for Consultancy contracts

The above mentioned methods are explained in detail in the following paragraphs.

B.1 Short Term Assignment

This method should be used for assignments which are of the value **above Rs.5000 (Rupees Five thousand) and less than or equal to Rs.15,000 (Rupees Fifteen Thousand)**. This method will be used where any or more of the following conditions apply:

- The service provider has already provided similar services to the organisation in the past
- The services to be procured requires specific knowledge, experience and skills

Procedure for Short-Term Assignments will include the following steps.

a) For Consultancy services

- **Step1** The Procurement Team of the DJMV NGO will prepare the Terms of reference (ToR) for the assignment clearly defining the specifications of the assignment, time-frame and cost estimate. The decisions of the Procurement Team in this regard are to be duly recorded. **(see Annexure 2 for sample ToR)**
- **Step2** The consultant with requisite qualification and experience in similar assignments will be identified.
- **Step3** Negotiations, if required, may also be carried out and contract to be awarded to the Consultant.

b) For other contracts

Step1 The Procurement Team of the DJMV NGO will prepare the work-order for the assignment clearly defining the specifications of the assignment, time-frame and cost estimate.

Step2 The service-provider with requisite experience and skills will be identified.

Step3 Negotiations, if required, may also be carried out and work-order to be awarded to the service provider.

B.2 Least Cost Selection (LCS)

This method will be used for assignment with **value above Rs.15,000 (Rupees Fifteen Thousand)**

- This method can be adopted for assignments of routine and standard nature where there are considerable established practices and procedures that can be adopted
- At least three proposals should be invited
- The proposals will be evaluated and the best proposal will be selected

Least Cost Selection Procedure will include the following steps.

Step I: Preparation of Terms of Reference (ToR) and Cost Estimate

The Procurement Team of the DJMV will prepare the ToR for the assignment clearly defining the specifications of the assignment, time-frame and provide background information to facilitate the preparation of cost estimate by the service-provider. Criteria for selection of service providers will be prepared, along with the indicative cost estimate.

Step 2: Inviting Proposals

Pre-identified prospective service providers possessing requisite competencies and skills will be supplied with the ToR and other information necessary to prepare a proposal with cost estimates.

Step 3: Evaluation of Proposals

The evaluation of the proposals will be carried out in a transparent manner by the Procurement Team.

Step 4: Negotiations and Award of Contract

Negotiations, if required, may also be carried out with best-evaluated service-provider. The negotiations may include discussions on the TOR; the proposed work plan and the methodology. The final contract has to be awarded post the negotiation process.

B.3 Single Source Selection

This method may be used in exceptional cases for assignments with a value **more than Rs.15,000 (Rupees fifteen thousand) but upto Rs.100,000 (Rupees one lakh)** under the following conditions:

- When the service provider has the exceptional knowledge in the field of the assignment or is the only individual/ firm to be short-listed
- Where the service provider is discussed and agreed with the DJMV

Single Source Selection Process will involve preparation of ToR, inviting proposals and award of contract as explained under Least Cost Selection method.

B.4 Service contracts above Rs.25,000

All Contracts for services of value **Rs.25,000 (Rupees Twenty Five Thousand) or above** have to be intimated to MC and a prior approval taken.

PURCHASE ORDER

PO No. :	PO Date :
To, (Name and address of Vendor)	Bill To, (Name and billing address of the DJMV) Contact Person : Contact No. : (of contact person from Organization) Mail Id : (of contact person from Organization)

Sr.	Item	Description	Unit of Measurement	Quantity	Rate	Amount
Total Amount (in figures)						
Amount in Words : Indian Rupee only						

Terms & Conditions

Payment Terms : Immediate OR _____ days after delivery and acceptance of full order

Delivery Terms : Mention the terms if any (For eg. within ____ days of placing the order)

Freight Terms : Eg. (Local cartage extra)

Freight Value : (If want to give upper limit)

Freight Carrier : (If want to specify)

Note to Supplier :

Delivery Details	
Delivery at :	Mention place of delivery
Delivery date :	
Purchase Type :	Guarantee item/Non Guarantee item

Note:

1. Rate of tax and value to be shown separately against each item in the invoice.
2. The order stands cancelled if the material is not supplied before the 'Delivery Date' mentioned in the schedule.

Other Terms & conditions:

1. The duplicate copy of this contract duly signed should be returned as a token of acceptance of our terms and conditions already mentioned.
2. Original Invoices should accompany along with all the supplies. Accounting of bill will be done only on receipt of Original Invoice.

Jurisdiction: Subject to _____ Jurisdiction

For (Name of the DJMV)

(Authorized person)

Preparer:

Terms of Reference for (mention nature of assignment)

(TOR between (Names of the DJMV NGO) and (Name of the Consultant))

1. Background of the DJMV

Voluntary Integration for Education and Welfare of Society (DJMV) is a registered non-profit organisation bringing integrated transformational development through innovative solutions for a better society. Founded in 2002 by a group of development professionals, academics and social workers, DJMV works to create lasting changes in the lives of the poor and transform communities. We visualize building healthy transformed societies where people live with self-dignity, peace & social justice.

The organisation aspires to improve the living conditions of the marginalized by adopting strategies through collective community initiative and people's participation. We work towards bringing significant changes in children's education, women's empowerment, and livelihoods security in a rights-based approach among fishing settlements and other backward communities in remote villages of Odisha in India.

Vision: DJMV visualizes building a transformed society where the people live with self dignity, peace & social justice.

Mission: DJMV is a grass-root development organisation bringing integrated transformational development through innovative solutions for a better society.

2. Scope of Work

The objective of assignment is:

3. Deliverables

The consultant is expected to deliver the following outputs:

4. Reporting and Timeframe

The consultant will work as per the TOR signed with (name of the Organization). The consultant will work closely with the management and Team of (name of the Organization). The total timeframe of the consultancy is _____ days. The consultant needs to immediately start work, once s/he is hired by (name of the Organization).

5. Consultancy Fees and Other Charges

(Name of the Organization) proposes a consultancy fee of Rs. _____ for this assignment (including taxes, if any). In addition to the consultancy fees, the actual cost of travelling, boarding, lodging and other incidental charges will be covered up to a total limit of Rs. _____. The payment will be made as per the actual expenditure incurred by the consultant for the preparation of project proposal. On the completion of the task the consultant will raise an Invoice to the organization for the consultancy charges/fees for the said task.

6. Expertise Required

The consultant expected to have following expertise:

7. Technical and Financial Proposals

The consultant should submit the technical and financial proposals for carrying out the assignment. The technical proposal shall include the following:

- Proposed methodology
- Proposed plan of conducting the assignment
- Brief Profile of the team conducting the assignment
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The financial proposal shall quote a lump-sum figure, with the following break up:

- Personnel costs
- Other costs
- Taxes and fees, if any
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8. Payment Schedule / Terms of Payment

9. Tax Deduction at Source

10. Confidentiality

The consultant should abstain himself/herself from disclosing any confidential information received during the process to an unintended recipient.

For DJMV

For Consultant