

# Manual for Procurement of Works

(Updated June, 2022)

Government of India  
Ministry of Finance  
Department of Expenditure

## FOREWORD

(for updated version of Manual issued in 2022)

The Manual for Procurement of Works was comprehensively revised and issued in 2019. The manual, over a period of time, has become a standard reference document for officials involved in Public Procurement across all Ministries/ Departments/ Attached and Sub-ordinate bodies/ Central Public Sector Enterprises, etc. The Manual is also a resource material for institutes providing training on Public Procurement.

2. Public Procurement is a dynamic field where policies are constantly reviewed to help Government achieve its socio-economic or strategic goals. Hence, there is a need to keep reference documents, like manuals, updated to ensure their continued relevance.

3. Instructions on procurement issued by Department of Expenditure from time to time, since issuance of last Manual, have been incorporated in the current edition. **Further, all procurement related instructions issued by Central Vigilance Commission have been subsumed into the Manual, in collaboration with the Commission.**

4. Manuals issued by this Department are to be taken as generic guidelines, which are necessarily broad in nature. Ministries/ Departments are advised to supplement this manual to suit their local/ specialized needs, by issuing their own detailed manuals (including customized formats); Standard Bidding Documents and Schedule of Procurement Powers to serve as detailed instructions for their own procuring officers.

However, certain instructions containing “shall” in the Manual are mandatory (indicated at the end of respective paragraphs); any deviation from these instructions shall require relaxation from this Department (for Ministries/ Departments etc.) or from the Board of Directors (for Central Public Sector Enterprises).

5. I would like to acknowledge the hard work of the concerned officers not only in this Department but in other Organisations, Ministries and Departments; the role of Shri Vikram Rajvanshi, Consultant (Public Procurement) is also specifically acknowledged.

6. I hope that this updated Manual will help procuring officials working in various Ministries/ Departments and Public Enterprises as a guiding template, deepen the impact of policy initiatives and improve the ease of doing business with the Government.

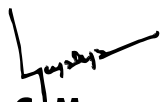
**(Dr. T. V. Somanathan)**

Finance Secretary

## FOREWORD

1. Government organizations procure a wide variety of goods and services and undertake execution of works in pursuance of their duties and responsibilities. With a view to improving transparency in decision making in public procurement and reducing the scope for subjectivity, Department of Expenditure in 2006 had prepared a set of three Manuals on Policies and Procedures for Procurement of Goods, Works and hiring of Consultants, in conformity with the General Financial Rules (GFR), 2005. Over the years, these Manuals have served as a guide book for procurement.
2. In the last few years, the Government of India has issued new instructions in the domain of public procurement. Some of these important changes include introduction of Central Public Procurement Portal (CPPP), preference for domestic contractors, inclusion of integrity pact, etc. The GFR has been revised comprehensively in March 2017 covering *inter-alia* these set of new instructions. Consequently, the Manual of Procurement of Goods and Manual for Procurement of Consultancy & Other Services too have been revised.
3. The new Manual on Procurement of Works has been extensively revised in keeping with GFR 2017 and in consonance with the fundamental principles of transparency, fairness, competition, economy, efficiency and accountability. Efforts have been made to cover all major aspects of procurement in this Manual in a user-friendly manner. The manual is the outcome of extensive consultations with Ministries/ Departments/ PSUs and other organizations over a period of more than one year.
4. Manuals issued by this Department are to be taken as generic guidelines, which have to be necessarily broad in nature. Ministries/ Departments are advised to supplement this manual to suit their local/ specialized needs, by issuing their own detailed manuals (including customized formats); Standard Bidding Documents and Schedule of Procurement Powers to serve as detailed instructions for their own procuring officers.
5. I would like to acknowledge the efforts taken by Shri Sanjay Prasad, Joint Secretary (PF C-II), Shri Sanjay Aggarwal, Director (PPD), Shri Kotluru Narayana Reddy, Deputy Secretary (PPD) and Shri Girish Bhatnagar, Consultant (Public Procurement) in revision of this Manual. I would also like to thank the Ministries, Departments, other organisations and individuals who reviewed the drafts of the Manual and provided their valuable inputs.
6. I hope that this Manual would be useful to procuring officials working in various Ministries/ Departments as operating instructions and will bring about greater transparency and predictability in government procedures and help in improving the ease of doing business with the Government.

Date : 06.06.2019

  
**(G. C. Murmu)**  
Secretary (Expenditure)

## **CAUTION**

While every care has been taken to ensure that the contents of this Manual are accurate and up to date till June 2022, the procuring entities are advised to check the precise current provisions of extant law and other applicable instruction from the original sources. In case of any conflict between the provisions stipulated in this Manual and in the original sources. Such as GFR or the prevailing laws, the provisions contained in the extant law and the original instructions shall prevail.

## Table of Contents

<b>FOREWORD</b> .....	i
<b>CAUTION</b> .....	ii
Table of Contents .....	iii
Abbreviations and Acronyms .....	viii
Procurement Glossary .....	xiii
Chapter 1: Introduction to Procurement of Works .....	1
1.1 Procurement Rules and Regulations; and this Manual .....	1
1.2 Clarification, Amendments and Revision of this Manual .....	12
1.3 Applicability of this Manual .....	12
1.4 Basic Aims of Procurement – Five R’s of Procurement .....	14
1.5 Fundamental Principles of Public Procurement .....	14
1.6 Standards (Canons) of Financial Propriety .....	15
1.7 Public Procurement Infrastructure at the Centre .....	16
1.8 Legal Aspects Governing Public Procurement of Works .....	17
1.9 The Law of Agency – applicable to Procurement of Works .....	18
1.10 The Basic Principles of undertaking works: .....	19
1.11 Processing of Public Works .....	22
1.12 Administrative Control and Powers to Sanction .....	23
Chapter 2: Preparation of Estimates .....	24
2.1 Perspective Planning for Works .....	24
2.2 Preparation of Preliminary Project Report (PPR) or Rough Cost Estimate .....	24
2.3 Acceptance of necessity and issue of in-Principle Approval .....	26
2.4 Preparation of Detailed Project Report (DPR) /Preliminary Estimates (PE) .....	26
2.5 Administrative Approval and Expenditure Sanction (A/A and E/S) .....	29
2.6 Detailed Designs, Detailed Estimates and Technical Sanction .....	29

## Manual for Procurement of Works

2.7	Appropriation of funds .....	30
2.8	Reference Documents used in preparation of Estimates.....	30
2.9	Procurement Planning .....	31
Chapter 3: Agency for Procurement; Types of Contract, Bidding Systems and Modes of Procurement.....		32
3.1	Agency for Procurement .....	32
3.2	Types of Contract.....	34
3.3	Bidding Systems .....	42
3.4	Electronic Procurement (e-Procurement) .....	56
3.5	Modes of Tendering .....	56
Chapter 4: Preparing Bid Documents, Publication, Receipt and Opening of Bids ....		72
4.1	Bid Documents.....	72
4.2	Preparation of Bid Documents by Procuring Entity.....	75
4.3	Publication of Bid Documents .....	77
4.4	Issue/ Availability and Cost of tender documents .....	79
4.5	Eligibility and Qualifications of Bidders .....	79
4.6	Clarification of Tender Documents.....	81
4.7	Amendment of Tender Documents .....	81
4.8	Pre-bid Conference .....	81
4.9	Submission of Bids by Bidders .....	82
4.10	Receipt and Opening of Bids .....	89
4.11	Bid Security/ Earnest Money Deposit (EMD).....	91
4.12	Performance Guarantee .....	93
4.13	Security Deposit/ Retention Money .....	94
4.14	Sources and Verification of Bank Guarantees.....	95
4.15	Safe Custody and Monitoring of Securities.....	96
4.16	Goods and Services Tax (GST).....	97

## Table of Contents

4.17	Risks and Mitigations- Preparing Bid Documents, Publication, Receipt and Opening of Bids .....	99
Chapter 5: Evaluation of Bids and Award of Work .....		101
5.1	Evaluation of Bids .....	101
5.2	Schedule of Procurement Powers (SoPP) .....	101
5.3	Preparation of Comparative Statement and Briefing Note .....	102
5.4	Preliminary Examination .....	102
5.5	Evaluation of Responsive Bids .....	105
5.6	Deliberations by the Tender Committee .....	109
5.7	Award of Work.....	118
5.8	Evaluation of Bids and Award of Contract - Risks and Mitigations .....	124
Chapter 6: Execution and Monitoring of Works and Quality Assurance .....		126
6.1	Execution and Monitoring of Work.....	126
6.2	Quality Assurance .....	129
6.3	Design Approvals .....	130
6.4	Time Monitoring .....	130
6.5	Financial Monitoring .....	133
6.6	Commissioning and Documentation .....	145
6.7	Closure of Contract .....	146
6.8	Dispute Resolution Mechanism .....	147
6.9	Conciliation .....	148
6.10	Arbitration .....	148
6.11	Breach of Contract, Remedies and Termination.....	151
6.12	Preparation of Revised Project Report .....	153
Chapter 7: Registration/ Enlistment of Contractors and Governance Issues .....		155
7.1	Contractor Relationship Management .....	155
7.2	Code of Integrity for Public Procurement (CIPP) .....	155

## Manual for Procurement of Works

7.3	Integrity Pact (IP) .....	160
7.4	Development of New Sources and Registration/ Enlistment of Contractors 163	
7.5	Debarment .....	168
7.6	Project Management.....	173
	ANNEXURE .....	184
	Annexure 1: Procurement Guidelines .....	185
	Annexure 2: Bid Opening Attendance Sheet cum Report.....	186
	Annexure 3: Tender Committee Minutes Format .....	187
	Annexure 4: Invitation and Declaration for Negotiations .....	189
	Annexure 5: Format of Revised Offer in Negotiations.....	190
	Annexure 6: Letter (Notification) of Award (LOA) of Contract .....	191
	Annexure 7: No Claim Certificate .....	192
	Annexure 8: A Sample MOU .....	193
	Annexure 9: Flowchart of Process of Procurement of Works .....	202
	.....	202
	.....	203
	Annexure 10: Additional Resources relating to Procurement of Works .....	204
	Annexure 11: Format for seeking the approval of the Competent Authority for inviting Global Tender Enquiry for procurements less than Rs. 200 crores .....	205
	Annexure 12: List of Medical Devices and IVDs, where local manufacturers are not available, as on 17.12.2021 (as verified with the Medical Devices Manufacturing Associations).....	208
	Annexure 13: Model Clause/ Certificate to be inserted in tenders etc. w.r.t Order (Public Procurement No.1).....	211
	Annexure 14: Example of Formula for Price Variation Clause.....	215
	Appendix 1: Advanced Concepts of Value for Money and Fundamental Principles of Public Procurement.....	217



## Table of Contents

1.0	The Concept of Value .....	217
2.0	Total Cost of Ownership .....	217
3.0	Value for Money .....	218
4.0	Fundamental Principles of Public Procurement .....	219
Appendix– 2: Legal Aspects of Public Procurement .....		233
1.0	Relevant Provisions of the Constitution of India .....	233
2.0	Salient Features of the Indian Contract Act .....	234
3.0	Salient Features of the Indian Arbitration & Conciliation Act 1996 and Arbitration and Conciliation (Amendment) Act, 2015.....	242
4.0	Salient Features of Competition Act, 2002 relating to Anti-competitive Practices .....	248
5.0	Salient Features of the Whistle Blowers Protection Act, 2011 and the Whistle Blowers Protection (Amendment) Act, 2015.....	254
Appendix 3: Electronic Procurement (e-Procurement).....		258
1.0	Electronic procurement (e-procurement) .....	258
2.0	Service Provider.....	258
3.0	Process .....	259

## **Abbreviations and Acronyms**

AAEC Appreciable Adverse Effect on Competition

AITB Appendix to Instructions to Bidders (ITB, also named as BDS, sometimes, see below)

BC (selling) Bill for Collection Selling (Foreign Exchange) Rate

BDS Bid Data Sheet

BG Bank Guarantee

BIS Bureau of Indian Standards

BOC Bid Opening Committee

BOQ Bill of Quantities

BRO Border Roads Organisation

C&AG Comptroller and Auditor General (of India)

CA Competent Authority

CBI Central Bureau of Investigation

CCI Competition Commission of India

CEC Consultancy Evaluation Committee

CIPP Code of Integrity for Public Procurement

CMC Contract Management Committee

CPO Central Purchasing Organizations

CPPP Central Public Procurement Portal

CPSE Central Public Sector Enterprise, see PSU also

CPWD Central Public Works Department

CV Curriculum Vitae

CVC Central Vigilance Commission

CVO Chief Vigilance Officer

## Abbreviations and Acronyms

DFPR	Delegation of Financial Power
DG	Director General
DGS&D	Directorate General of Supplies and Disposals
DLC	Defect Liability Certificate
DLP	Defect Liability Period
DoE	Department of Expenditure
DPR	Detailed Project Report
DSC	Digital Signature Certificate
DSPE	Delhi Special Police Establishment Act, 1946
EC	Evaluated Cost
ECS	Electronic Clearing System
EIA	Environmental impact assessment
EMD	Earnest Money Deposit
EOI	Expression of Interest (Tender)
EPC	Engineering, Procurement and Construction
EPF	Employee Provident Fund
ESI	Employee State Insurance
FA	Financial Advisor
FBS	Fixed Budget System
FEMA	Foreign Exchange Management Act
FM	Force Majeure
FTP	Full Technical Proposal
GCC	General Conditions of Contract
GePNIC	Government e-Procurement (System) of National Informatics Centre
GFR	General and Financial Rules, 2017
GOI	Government of India

## Manual for Procurement of Works

GTE	Global Tender Enquiry
HOD	Head of the Department
HUF	Hindu Undivided Family
ICT	Information & Communications Technology
IEM	Independent External Monitor
IP	Integrity Pact
ISO	International Organization for Standardization
IT	Information Technology
ITB	Instructions to Bidders (may in some instance be called Instructions to Tenderers - ITT)
ITC	Instructions to Consultants
ITJ	Indian Trade Journal
JV	Joint Venture (Consortium)
L1	Lowest Bidder
L2	Second Lowest Bidder
L3	Third Lowest Bidder
LCC	Life Cycle Cost
LCS	Least Cost System
LD	Liquidated Damages
LEC	Lowest Evaluated Cost
LOA	Letter of Acceptance
LOI	Letter of Invitation
LTE	Limited Tender Enquiry
MB	Measurement Book
MES	Military Engineering Service
MoF	Ministry of Finance

## Abbreviations and Acronyms

MOU	Memorandum of Understanding (of JV)
MoUD	Ministry of Urban Development
MSTC	Metal Scrap Trading Corporation
NGO	Non Government Organisation
NIC	National Informatics Centre
NIT	Notice Inviting Tender
OTE	Open Tender Enquiry
PAN	Personal Account Number
PBG	Performance Bank Guarantee
POL	Petroleum Oils and Lubricants
PPD	Procurement Policy Division
PPP	Public Private Partnership
PPP-MII	Public Procurement (Preference to Make in India), Order
PPR	Preliminary Project Report
PQB	Prequalification Bidding
PQC	Pre-qualification Criteria
PSARA	Private Security Agencies Regulation Act, 2005
(C)PSU/ PSE	(Central) Public Sector Undertaking/ Enterprise
PWO	Public Works Organisations
QA	Quality Assurance
QCBS	Quality and Cost Based Selection
(S)RFP	(Standard) Request for Proposals (Document)
RFQ	Request for Qualification
RTI	Right to Information (Act)
SBD	Standard Bidding Document
SCC	Special Conditions of Contract

## Manual for Procurement of Works

- SD Security Deposit
- SLA Service Level Agreement
- SoPP Schedule of Procurement Powers
- SOR Schedule of Rates
- SSS/ STE Single Source Selection/ Single Tender Enquiry
- STP Simplified Technical proposal
- TC Tender Committee also called Tender Purchase or Evaluation Committee (TPC/ TEC) or Tender Scrutiny Committee
- TCO Total Cost of Ownership
- TOC Taking Over Certificate
- TOR Terms of Reference
- URDG Uniform Rules for Demand Guarantees
- VAT Value Added Tax
- VfM (Best) Value for Money
- WOL Whole of Life (Cost) or Total Cost of Ownership TCO

## Procurement Glossary

In this Manual and in the 'Procurement Guidelines', unless the context otherwise requires:

- i) "Bid" (including the term 'tender', 'offer', 'quotation' or 'proposal' in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers;
- ii) "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any eligible person or firm or company, including a consortium (that is an association of several persons, or firms or companies), participating in a procurement process with a procuring entity;
- iii) "(Standard) Bid(ding) documents" (including the term 'tender (enquiry) documents' or 'Request for Proposal Documents' – RFP documents in certain contexts) means a document issued by the procuring entity, including any amendment thereto, that sets out the terms and conditions of the given procurement and includes the invitation to bid. A Standard (Model) Bidding Document is the standardised template to be used for preparing Bidding Documents after making suitable changes for specific procurement;
- iv) "Bidder enlistment document" means a document issued by a procuring entity, including any amendment thereto, that sets out the terms and conditions of enlistment proceedings and includes the invitation to enlist;
- v) "Bid security" (including the term 'Earnest Money Deposit'(EMD), in certain contexts) means a security from a bidder securing obligations resulting from a prospective contract award with the intention to avoid: the withdrawal or modification of an offer within the validity of the bid, after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.;
- vi) "Central Public sector enterprise" means a body incorporated under the Companies Act or established under any other Act and in which the Central

Government or a Central enterprise owns more than 50 (fifty) per cent of the issued share capital;

- vii) "Central Purchase Organisation" means a procuring entity which is authorised by the Government of India by an order, made in this behalf, to make procurement for one or more procuring entities or to enter into rate contracts or framework agreements for procurement by other procuring entities. However, Government can authorise other Organisations for specific categories of materials;
- viii) "Class-I local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meet the minimum local content as prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017<sup>1</sup>;
- ix) "Class-II local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017<sup>2</sup>;
- x) "Competent Authority" or the "Competent Financial Authority" means the officer (s) who have been delegated the financial powers to approve the decision.
- xi) "Consultancy services" covers a range of services that are of an advisory or professional nature and are provided by Consultants. These Services typically involve providing expert or strategic advice e.g., management consultants, policy consultants or communications consultants, Advisory and project related Consultancy Services and include, for example: feasibility studies, project management, engineering services, Architectural Services, finance and accounting services, training and development. It may include small works or supply of goods or non-Consultancy services which are incidental or consequential to such services;
- xii) "e-Procurement" means the use of information and communication technology (specially the internet) by the procuring entity in conducting its procurement

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<sup>1</sup>Notified vide Order No. P-45021/2/2017-PP (BE-II) issued by Department of Promotion of Industry and Internal Trade dated 16.09.2020

<sup>2</sup>Notified vide Order No. P-45021/2/2017-PP (BE-II) issued by Department of Promotion of Industry and Internal Trade dated 16.09.2020



## Procurement Glossary

- processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, non-discriminatory and efficient procurement through transparent procedures;
- xiii) "Enlisted Contractor" means any contractor who is on a list of enlisted contractors of the procuring entity or a Central Purchase Organisation (Please refer to registration to appreciate the differentiation);
- xiv) "Enlisting authority" means an authority which enlists bidders for different categories of procurement (Please refer to registration to appreciate the differentiation);
- xv) "Enlistment" means including the name of the contractor in the list of after verification of credentials. (Please refer to registration to appreciate the differentiation)
- xvi) "Goods" includes all articles, material, commodity, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant, vehicles, aircrafts, ships, medicines, railway rolling stock, assemblies, sub-assemblies, accessories, a group of machineries comprising an integrated production process or such other categories of goods or intangible products like software, technology transfer, licenses, patents or other intellectual properties purchased or otherwise acquired for the use of Government but excludes books, publications, periodicals, etc., for a library. The term 'goods' also includes works and services which are incidental or consequential to the supply of such goods, such as, transportation, insurance, installation, commissioning, training and maintenance;
- xvii) "Indenter" ( or the term 'User (Department)' in certain contexts) means the entity and its officials initiating a procurement indent, that is, a request to the procuring entity to procure goods, works or services specified therein;
- xviii) "Inventory" means any material, component or product that is held for use at a later time;
- xix) "Invitation to (pre-)qualify" means a document including any amendment thereto published by the procuring entity inviting offers for pre-qualification from prospective bidders;
- xx) "Invitation to Enlist" means a document including any amendment thereto published by the procuring entity inviting offers for bidder enlistment from prospective bidders;

- xxi) "Local Content" means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent<sup>3</sup>.
- xxii) "Non-Local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' under the Public Procurement (Preference to Make in India), Order 2017<sup>4</sup>
- xxiii) "Notice inviting tenders" (including the term 'Invitation to bid' or 'request for proposals' in certain contexts) means a document and any amendment thereto published or notified by the procuring entity, which informs the potential bidders that it intends to procure goods, services and/ or works.;
- xxiv) "Other Services" (including the term 'Non-consultancy services' in certain contexts) are defined by exclusion as services that cannot be classified as Consultancy Services. Other services involve routine repetitive physical or procedural non-intellectual outcomes for which quantum and performance standards can be tangibly identified and consistently applied and are bid and contracted on such basis. It may include small works, supply of goods or consultancy service, which are incidental or consequential to such services. Other Services may include transport services; logistics; clearing and Forwarding; courier services; upkeep and maintenance of office/ buildings/ Estates (other than Civil & Electrical Works etc.); drilling, aerial photography, satellite imagery, mapping and similar operations etc;
- xxv) "Outsourcing of Services" means deployment of outside agencies on a sustained long-term (for one year or more) for performance of other services which were traditionally being done in-house by the employees of Ministries/ departments (e.g. Security Services, Horticultural Services, Janitor/ Cooking/ Catering/ Management Services for Hostels and Guest Houses, Cleaning/ Housekeeping Services, .Errand/ Messenger Services, and so forth). Besides

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<sup>3</sup>Notified vide Order No. P-45021/2/2017-PP (BE-II) issued by Department of Promotion of Industry and Internal Trade dated 16.09.2020

<sup>4</sup>Notified vide Order No. P-45021/2/2017-PP (BE-II) issued by Department of Promotion of Industry and Internal Trade dated 16.09.2020

## Procurement Glossary

outsourcing, other services also include procurement of short-term stand-alone services.

- xxvi) "Pre-qualification (bidding) procedure" means the procedure set out to identify, prior to inviting bids, the bidders that are qualified to participate in the procurement;
- xxvii) "Pre-qualification document" means the document including any amendment thereto issued by a procuring entity, which sets out the terms and conditions of the pre-qualification bidding and includes the invitation to pre-qualify;
- xxviii) "Procurement" or "public procurement" (or 'Purchase', or 'Government Procurement/ Purchase' in certain contexts) means acquisition by way of purchase, lease, license or otherwise, either using public funds or any other source of funds (e.g. grant, loans, gifts, private investment etc.) of goods, works or services or any combination thereof, including award of Public Private Partnership projects, by a procuring entity, whether directly or through an agency with which a contract for procurement services is entered into, but does not include any acquisition of goods, works or services without consideration, and the term "procure" or "procured" shall be construed accordingly;
- xxix) "Procurement contract" (including the terms 'Purchase Order' or 'Supply Order' or 'Withdrawal Order' or 'Work Order' or 'Consultancy Contract' or 'Contract for Other Services' under certain contexts), means a formal legal agreement in writing relating to the subject matter of procurement, entered into between the procuring entity and the contractor, service provider or contractor on mutually acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the country. The term "contract" will also include "rate contract" and "framework contract";
- xxx) "(Public) Procurement Guidelines" means guidelines applicable to Public Procurement, consisting of under relevant context a set of – i) Statutory Provisions (The Constitution of India; Indian Contract Act, 1872; Sales of Goods Act, 1930; and other laws as relevant to the context); ii) Rules & Regulations (General Financial Rules, 2017; Delegation of Financial Power Rules and any other regulation so declared by the Government); iii) Manuals of Policies and Procedures for Procurement (of Goods; Works; Consultancy/ other services or any for other category) promulgated by the Ministry of Finance and iv) Procuring Entity's Documents relevant to the context (Codes, Manuals and Standard/ Model Bidding Documents);

- xxxi) "Procurement process" means the process of procurement extending from the assessment of need; issue of invitation to pre-qualify or to enlist or to bid, as the case may be; the award of the procurement contract; execution of contract till closure of the contract;
- xxxii) "Procuring Entity" (including Procuring Authority or Employer) means any Ministry or Department of the Central Government or a unit thereof or its attached or subordinate office to which powers of procurement have been delegated;
- xxxiii) "Project" means one-time, short-term expenditure resulting in creation of capital assets, which could yield financial or economic returns or both. A project may comprise one or more related but independent task-oriented 'Works'. Projects may either be approved as individual projects within an approved scheme envelope or on a stand-alone basis. They may be executed through budgetary, extra-budgetary resources, or a combination of both.
- xxxiv) "Prospective bidder" means anyone likely or desirous to be a bidder;
- xxxv) "Public Private Partnership" means an arrangement between the central, a statutory entity or any other government-owned entity, on one side, and a private sector entity, on the other, for the provision of public assets or public services or a combination thereof, through investments being made or management being undertaken by the private sector entity, for a specified period of time, where there is predefined allocation of risk between the private sector and the public entity and the private entity receives performance-linked payments that conform (or are benchmarked) to specified and predetermined performance standards, deliverables or Service Level agreements measurable by the public entity or its representative;
- xxxvi) "Registration" means simply registering the bidder/ supplier/ service provider/ contractor, without any verification, say on a website etc. (Please refer to enlistment to appreciate the differentiation).
- xxxvii) "Reverse auction" (or the term 'Electronic reverse auction' in certain contexts) means an online real-time purchasing technique utilised by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period of time and automatic evaluation of bids;
- xxxviii) "service" is defined by exception as any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and

## Procurement Glossary

includes physical, maintenance, professional, intellectual, training, consultancy and advisory services or any other service classified or declared as such by a procuring entity but does not include appointment of an individual made under any law, rules, regulations or order issued in this behalf. It includes 'Consultancy Services' and 'Other (Non-consultancy) Services';

xxxix) "Subject matter of procurement" means any item of procurement whether in the form of goods, services or works or a combination thereof;

xl) "Works" refer to any activity, sufficient in itself to fulfil an economic or technical function, involving construction, fabrication, repair, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, which make use of a combination of one or more of engineering design, architectural design, material and technology, labour, machinery and equipment. Supply of some materials or certain services may be incidental or consequential to and part of such works. The term "Works" includes (i) civil works for the purposes of roads, railway, airports, shipping-ports, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels and earthworks; and so on, and (ii) mechanical and electrical works involving fabrication, installation, erection, repair and maintenance of a mechanical or electrical nature relating to machinery and plants.

