

THE STATE TRADING CORPORATION OF INDIA LTD. : NEW DELHI
MANAGEMENT SERVICES DIVISION

CIRCULAR NO. MSD/CP/CIR/2025/01

15.04.2025

Sub. : Guidelines for Systemic Improvement in Procurement Process

An intensive examination of a procurement related file was conducted in October, 2023 by the team of Chief Technical Examination Officers, CVC. As a result of the deficiencies noted during the examination, the existing guidelines related to procurement were reviewed and certain additional Systemic Improvements were identified. Accordingly, all Divisions are requested to adopt the following Systemic Improvements for strict compliance:

Sn	Particulars	Additional Guidelines
1	Return of Bid Security to Unsuccessful bidders	Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract. However, in case of two packet or two stage bidding, Bid securities of unsuccessful bidders during first stage i.e. technical evaluation etc. should be returned within 30 days of declaration of result of first stage i.e. Technical evaluation etc. Bid security should be refunded to the successful bidder on receipt of Performance Security.
2	Verification of Performance Bank Guarantees /Securities	The receiving Division of the Performance Bank Guarantees /Securities should forward the same to Finance Division within 3 days. The authenticity / confirmation of issuance of Bank Guarantees may invariably be got confirmed by the Finance Division within 15 days on reference from any division.
3	Gap between two consecutive Performance Bank Guarantees	Performance Security should remain valid for a period of sixty days beyond the date of completion of all contractual obligations of the supplier including warranty obligations. There should be no gap in renewal / extension of PBG.
4	Insurance clause in procurement tenders / works contract	Comprehensive Standard Insurance format covering all the plausible risks such as cargo / transit insurance, erection, all insurance risks, third party insurance etc. may be included in all the procurement tenders / work contracts, wherever applicable. In contracts where property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding property (including insurance cover) and for recovery of hire charges regularly, should be included in the contracts.
5	Inordinate delay	Timelines should be defined initially by mutual agreement based on assessment of the activities /technicalities involved in the execution of the work. To avoid any delay in completeness of contract (goods, services, works etc), Liquidated Damages (LD), which is compensation of loss on account of late delivery or delay in completeness of work (actually incurred as well as notional), must be included in the contract. However, the Contractor is entitled to time extension arising out of delays on account of change of scope and force majeure or delays caused by or attributable to the Procuring Division. Such delay should be brought to the notice of management citing reasons for delay.
6	Payment of Bills	All bills should be processed for payment within 10 days after receipt. Government e-Marketplace (GeM) payments should be as per GeM rules.
7	Deduction of TDS	TDS under Income Tax Act, 1961 should be deducted keeping in view the nature of activity and its corresponding section. In case of any ambiguity/doubt an opinion may be sought from suitably qualified consultant.

This issues with the approval of Competent Authority.


(Sonal Taneja)
DGM

To : All Divisional Heads

CC : CVO

CMD