

**PROCUREMENT CAPACITY ASSESSMENT  
OF  
MADHYA PRADESH ROAD DEVELOPMENT CORPORATION**

**I. The Organisation**

1. Madhya Pradesh State Road Development Corporation (MPRDC) has a well-established Procurement Department, with considerable experience of ADB, regular government contracts, and public-private partnership. The department is responsible for procurement of civil works, BOT operators and recruitment of consulting services. The department is led by Chief Engineer (Procurement) and includes following six resources:

- Deputy General Manager (Procurement)
- Assistant General Manager (Procurement)
- Manager – two positions - one BOT and other Procurement
- Clerical staff and Key punch Operators – two resources

2. All the sanctioned positions as in their organisation chart (refer Annexure I) are occupied. The staff is either deputed from Public Works Department (PWD) of Government of Madhya Pradesh (GOMP) or any other relevant department, as required. The staff has sufficient experience in procurement (including procurement under ADB guidelines) and has hands on experience on required skill sets and understanding.

3. While MPRDC doesn't have a fixed training calendar or a specific training policy, the resources have been trained on topics such as FIDIC document training, e-Procurement trainings etc., on a need basis.

4. All MPRDC activities, projects, contracts, employees, records, facilities, procurement power, financial powers, functions and responsibilities of each official, policies and procedures are clearly stipulated in the MPRDC Articles of Articles and By-Laws. All transactional authorities are within MPRDC.

**II. Procurement Process**

5. In general, MPRDC follows PWD procurement procedure however it has been granted freedom to have certain exceptions subject to its Board approval.

6. Once the project has been identified, it is processed for Technical Sanction wherein the Chief Engineer reviews and ratifies the need and technical correctness of the project. Once the technical feasibility has been established, the project is considered for Administrative Approval during which apart from approval the source of funds is also identified. Subsequently, the project is sent for approval from the funding source which can be State Road Fund, Budgetary Support or any other including Multilateral Development Banks (MDBs).

7. Once the project is approved there are six stages of procurement viz. advertising the opportunity, receiving the bids, technical evaluation, financial bid opening, scrutiny of financial proposal of the short listed bidder and Agreement signing. Post agreement signing the department sends the project to respective CE for implementation and monitoring.

8. For advertising, MPRDC follows PWD / MDB guidelines, as the case may be. Since 2009, after a Government Order, for non-MDB funded projects, MPRDC has completely migrated to e-Procurement platform (Refer Annexure II). For MDB funded projects, MPRDC

follows the respective MDB's guidelines. The advertisements are issued in local or national dailies as per the guidelines.

9. In case of e-Procurement, downloading the tender documents is free of cost however, only those prospective bidders who have purchased the bid document are allowed to upload their proposals. Bidders are also required to submit their proposals in paper copy format on the subsequent day of bid uploading.

10. Technical evaluation is done by Tender Evaluation Committee consisting of Technical Advisor, Chief Engineer, DGM (Procurement) and Chartered Accountant / Chief Accounts Officer. After technical bid evaluation, financial bids of only qualifying bidders are opened. Bidders are typically accorded 7 to 10 days' time before financial bid opening to plan for their representative's visit if they desire so.

11. Once the financial bids are opened, for the short listed bidder, comparison of the bid is done with SOR (Schedule of Rates) rates and front loading, if any, is established. The basic purpose of the exercise is to safeguard MPRDC from any material loss at a future date.

12. Subsequent to this exercise, the recommendation of technical evaluation committee is submitted to Tender Committee. There are two tender committees, one for project cost up to Rs.50 million value and the other for project cost above this value. The constituents of these committees are:

- **Tender Committee up to Rs.50 million value of works:** Concerned Chief Engineer, Chief General Manager (Administration), General Manager (Projects), Concerned Project Manager in whose area the project is to be taken up, Chief Accounts Officer and DGM (Procurement).
- **Tender Committee for works greater than Rs. 50 million of value:** If the project cost is more than Rs.50 million, the Tender Committee includes Chief Secretary of the State, Principal Secretary (Finance), Principal Secretary (PWD) and Managing Director (MPRDC).

13. For ADB projects, MPRDC has adopted ADB procurement guidelines and uses ADB standard bidding documents, MDB Harmonized FIDIC general conditions of contract and bidding procedures. Approval of contracts is delegated by the Board of Directors of MPRDC to the Tender Committee.

### **III. Safeguarding Procurement Principles**

14. MPRDC ensures wide publicity through advertising in newspapers as well as on its website. The opportunities are also listed on the state government tender portal. The proposals submitted online are appropriately encrypted based on digital signatures and are available for decryption stage-wise. At the time of issue of tenders, the bidding schedule and timelines are prescribed. In short, MPRDC ensures adherence to safeguarding principles of procurement viz. competition, transparency and timeliness.

### **IV. E-Procurement at MPRDC**

15. MPRDC as a part of state government's entity is mandated to take advantage of e-Procurement initiative. The Information Technology infrastructure is hosted in the State Data Centre (SDC) which is a centralised capacity of state government. The SDC houses a server farm in a secured environment. Website for uploading / downloading tenders is

<https://www.mpeproc.gov.in>. Solution provider to GOMP is a consortium of M/s. Tata Consultancy Services and M/s. Antares Systems Ltd.

16. For e-Procurement, MPRDC has been given a unique ID (with login and password) for uploading their tenders. Tenders uploaded with this ID appear on the state government's e-procurement website. Appropriate security has been given to MPRDC through digital signatures security certificate.

17. Hosted tenders are available to prospective bidders for download free of cost; however, they have to purchase the same before participation. The tender deadlines are considered as per the server timing and not as per the individual bidder computer times.

18. The proposals submitted online are appropriately encrypted based on digital signatures and are available for decryption stage-wise. The application is STQC certified (Standardisation Testing and Quality Certification (STQC) Directorate is an attached office of the Department of Electronics and Information Technology (DeitY), Government of India, which provides quality assurance services in the area of Electronics and IT through countrywide network of laboratories and centres. The services include Testing, Calibration, IT & e-Governance, Training and Certification to public and private organizations.)

19. Till date, MPRDC has closed 292 contracts through e-Procurement since Jan 2009. However, since ADB's procurement guidelines for international competitive bids do not permit only e-procurement mode (parallel paper based submission is required), MPRDC has obtained approval for using only paper based mode for procurement under the proposed loan, and not e-procurement. This is because MPRDC perceived that combining e-procurement with an option for paper-based submission would be unwieldy.

## V. Summary Tables of Procurement at MPRDC

<b>Details of ADB assisted Projects (Procurement done by MPRDC)</b>				
Phase	Road Sections	Road type	Length (km)	Project Cost (Rs. In Million)
1	6	State Highway	332.59	2,503.1
2	18	State Highway	1,270.00	7,345.6
MPSRSP-II (A)	17	State Highway / MDR	897.40	8,394.9
MPSRSP-II (B)	11	State Highway / MDR	803.92	7,563.6
<b>4</b>	<b>52</b>		<b>3,303.91</b>	<b>2,807.2</b>

<b>Details of BOT / PPP Projects (Procurement done by MPRDC)</b>				
Type	Road Sections	Road type	Length (km)	Project Cost (Rs. In Million)
BOT	24	State Highway	2,845.28	41,428.0
BOT (Toll + Annuity)	5	State Highway	203.12	3,578.2
National Highway BOT	1	National Highway	108.00	3,145.3
	<b>30</b>		<b>3,156.40</b>	<b>48,151.5</b>

## **VI. Conclusion and Recommendations**

20. MPRDC has been carrying out procurement function since long. It has also been hiring consultants and contractors / developers under ADB funding since the first tranche of ADB loan. By now, the resources have been aware of procurement process, in general as well as that of MDB funded projects. MPRDC would be able to handle procurement of consultants and contractors / developers on its own.

21. MPRDC's mandate of road development is an ongoing mandate. Though many road sections have been developed, many more are yet to come for development. Roads also require periodic upgrading and maintenance to ensure their effective usability. Asset maintenance systems are yet to be put in place in Madhya Pradesh. In view of the above, it is recommended that MPRDC adopts a policy of recruiting its own staff.

22. Procurement training is an important aspect and MPRDC needs to draw up its training policy, programme and calendar for its resources.

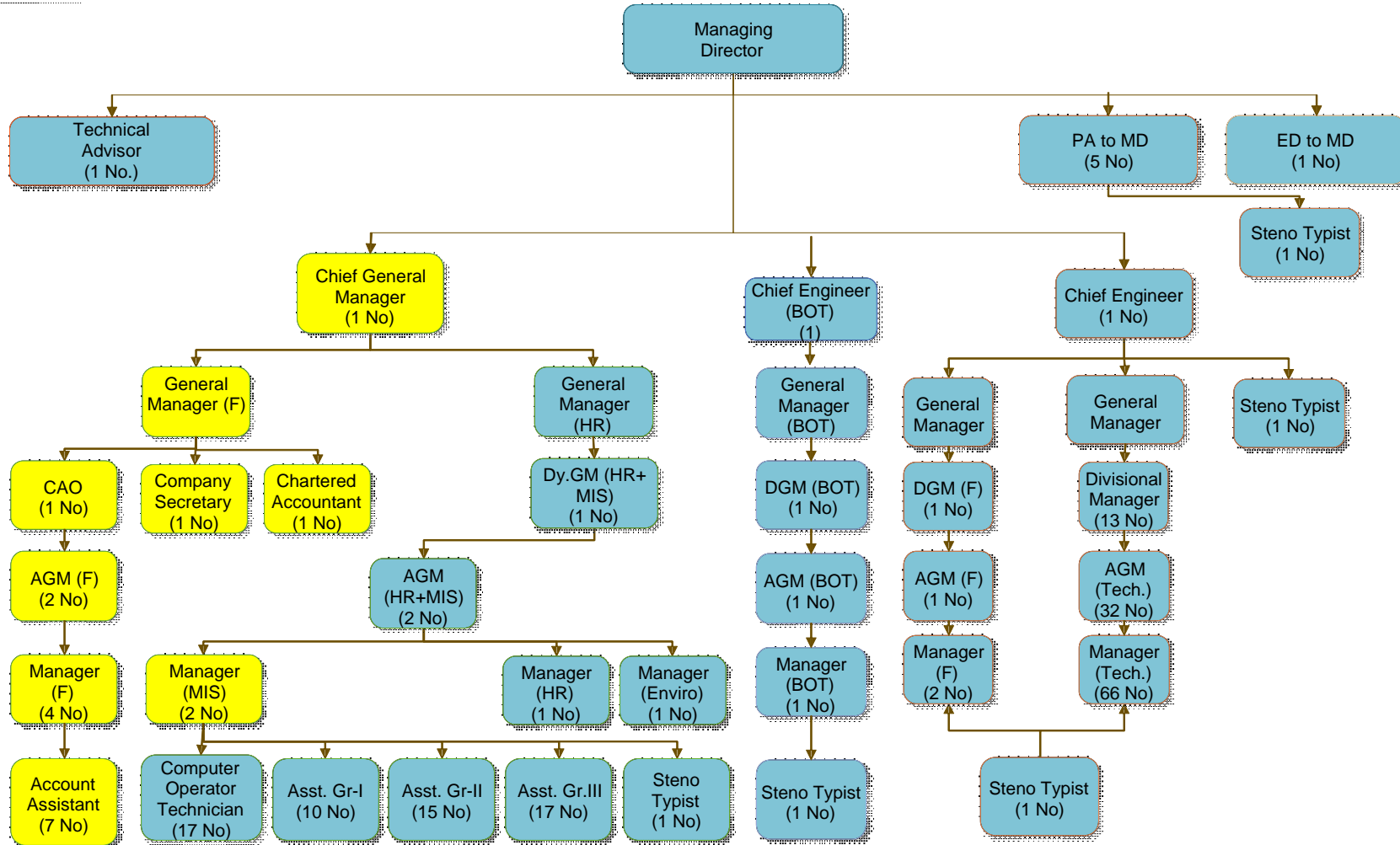
23. While, MPRDC follows PWD procedures in general, it needs to develop and follow its own Procurement Manual as it deals with State Government funded projects as well as externally funded projects.

24. For projects with cost up to Rs.50 million, the constituents of Technical Evaluation Committee and Tender Committee have overlap. The situation of conflict of interest needs to be eliminated. Similarly, the General Manager (Projects) and concerned Project Manager in whose area the project is to be taken up have conflict of interest when they are in Tender Committee.

### **Attachments**

- Annexure I : MPRDC Organisation Chart / Procurement Department organisation chart
- Annexure II : Government order on migration to e-Procurement platform

### Attachment 1: Organization Structure of MPRDC



**Attachment 2: E-Procurement Notification of Government of Madhya Pradesh**

	<b>MADHYA PRADESH ROAD DEVELOPMENT CORPORATION LIMITED</b>
MPRDC	(Govt. of M.P. Undertaking)
16 – A, Arera Hills, Bhopal – 462 011, Madhya Pradesh	
Tel. : 0755 – 2765196, 205, 213, 216 (EPBX)	
Fax : 0755-2572643, Website : www.mprdc.nic.in	
No. MPRDC/Procu/E-tendering/2009/7176	Date: 06.01.2009
<b>PUBLIC NOTICE</b>	
<p>1<sup>st</sup> January 2009 onwards all Maintenance Tenders of Madhya Pradesh Road Development Corporation Limited will be processed using e-Tendering System only. The e-Tendering system shall be available on the website <a href="http://mpeprocurement.gov.in">http://mpeprocurement.gov.in</a> (main portal) and the tenders of Madhya Pradesh Road Development Corporation Limited will be made available on sub portal <a href="http://mprdc.mpeprocurement.gov.in">http://mprdc.mpeprocurement.gov.in</a>. For e-Tendering System, bidders have to register on the main portal and obtain Class-III Digital Certificates. In case any problems in this regard, they may avail the assistance of M/s Wipro-Nex Tenders (India) Pvt. Ltd. or contact on mobile No. 09926303619. In many of the Government/Semi Government Organisations e-Tendering System is in process hence most of the bidders are aware with this system. However, regular training is conducted by experts of Nex Tenders (India) Pvt. Ltd. at the following address on every Wednesday &amp; Saturday to the bidders who are not aware with e-Tendering process even now.</p>	
<p><b>Address :-</b> Next Tenders (India) Pvt. Ltd., A-6, Sahyog Parisar, Opp. Makhn Lal Chaturvedi University, E-8, Shahpura, Bhopal (M.P.) Madhyam/43986/2009</p>	
<b>MANAGING DIRECTOR</b>	