Demand Aggregation Method of Common Procurement Mechanism for Rate Contract
72 Member SRTUs

150,000 Buses

41.35 million effective kilometers a day

70 Million Passengers a day

Employment to 1 Million

Connects 173,000 villages
NATIONAL PROCUREMENT ENTITY

- 1.50 Lakhs Buses
- 2500 Cr Procurement
- 72 Member SRTUs
- 400 Manufacturers
In order to facilitate the members for their procurement, ASRTU established the Standing Committee (Supplies & Contracts) in the year 1962.

The SC(S&C) establishes centralized rate contracts with the vehicle and auto component manufacturers in the country to cater the need of the SRTUs.

As a compliance with the general principle contained in the GFR 2005 and the policy & procedures as envisaged in the manual of purchase of goods issued by the Ministry of Finance GOI, the ASRTU Rate Contract system ensures

- Responsibility accountability, efficiency
- Economy in supply of required goods and services.

The system also ensures the transparent, fair and equitable treatment of suppliers and the promotion of competition in public procurement.
ASRTU RATE CONTRACTS

❖ ASRTU, has established rate contracts for almost all models of buses and auto components. More than 500 auto component and vehicle manufacturers are on rate contract with ASRTU.

❖ No other organization in the country is establishing contracts at present for supply of Auto Components. ASRTU has the required expertise and complete in-house infrastructure.

❖ The SC(S&C) of ASRTU is finalizing rate contracts for commercial vehicles, auto components, auto accessories, bus body building materials etc. for more than 50 years and having a well established system for the purpose.

❖ E-Bids are invited from reputed auto component manufacturers and thereby finalizing rate contracts through a systematic & well established procedure.
Vendor Evaluation

❖ Pre-evaluation of vendors for manufacturing capacity and quality of product are carried out before finalizing the contracts; Vendor Development Program, Works Inspection & Testing.

❖ ASRTU's technical organ, Central Institute of Road Transport (CIRT) was created to facilitate testing of components to ensure quality assurance and training of personnel, formulate specifications of various bus spares besides other general items used for maintenance of bus fleet in STUs;

❖ 84 procurement groups of items & About 150 Sub-groups;

❖ Over 5000 auto spares and accessories for vehicles of six vehicles manufactures and 40 bus models;

❖ ASRTU has the expertise to develop need based specifications mainly for replacement and input from various stakeholders who are end users;
ASRTU E- Tender Process
ASRTU E - Tender Process

❖ ASRTU invite Tenders from manufacturers only for supply of Automotive stores used in Buses once in a period of two years

❖ Tenders called are evaluated by Secretariat and put up to the Price Revision Sub-Committee for finalization of rates and then to the Standing Committees for finalization of the tenders for the Award/Renewal of Contracts.

❖ All Chief Executives and Expert members from Engineering, Stores and Finance Deptts of STUs are elected as members of Standing Committee.

Basis of Tender evaluation

➢ Quoted rates
➢ Quality of the supplies
➢ Manufacturing facilities
➢ Performance of manufacturers in the previous contract
Process of evaluation of E- Tender Process

❖ The Calling Bid Price is worked out based on the approved rates of existing rate contract firms except for tenders invited under OEM provisions

**Calculation of CBP**
- Lowest approved rate of firms on RC (if no RC, then TRC) to become CBP.
- Highest Allowable Price (HAP) shall be 10% plus of CBP.
- Lowest Allowable Price (LAP) shall be 10% less of CBP.

However, HAP shall be limited to VM discounted prices wherever VM prices are lower than HAP.

*Example*:-

 Say, **CBP = Rs.100/-**

 10% Quantum of CBP =  **Rs.10/-**

Thus **LAP (Rs.100-10)=Rs.90/- and HAP (Rs.100+10) = Rs.110/-**

The tenderer may quote the price for the item within a band of Rs.90/- to Rs.110/-.
Testing of components & spares

❖ Samples are tested at CIRT from the production line & out of supplies made to STUs.
❖ Test reports of samples are compiled to evaluate the quality of Supplies.
❖ Manufacturer must have certain in-house manufacturing and testing facilities.
❖ Feedback is obtained from member STUs regarding the supplies & quality.
❖ Vendor Sheet prepared by indicating all credentials including reasonableness of rates, test reports, works inspection report, quality & supply feedback obtained from STUs.
❖ Tender is decided based on clearly laid down policies of SC(S&C).
❖ Manufacturer participating in Tender for first time are awarded Trial Rate Contract subject to technical qualification and rates quoted being reasonable.
Benefits of ASRTU Rate Contract
➢ Collective Bargaining from Manufacturers for the best price, quality & consistency

➢ Uniformity in Terms of contract and conditions of supply;

➢ The Reference rates (CBP) for each component is provided so that there is no fluctuation in prices;

➢ Automatic price adjustment as per the market trend by considering MoCI index etc;

➢ Disputes arise out of supplies made through ASRTU rate contracts can be settled easily;
A new Vendor can get registered under Vendor Development Registration Scheme in order to complete all technical formalities before tender enquiry.

The Works inspection and testing of products at CIRT, as per ASRTU specifications, is carried out and the field trial reports of their products from the STUs are also considered.

After successful completion of the activities of VDRS, a circular is issued to all the STUs for procurement of products on trial basis for providing performance feedback to ASRTU about its products.
ASRTU introduced the E-Store facility for the benefit of SRTUs to procure on-line from the manufacturers spread across the country:

The advantages of ASRTU E-Store are:

❖ Rate Contracts are accessible to the SRTUs and are easily available for comparison of any products on ASRTU Rate Contract
❖ E-Store is password protected for individual SRTUs and are accessible to approved authorities only in SRTUs.
❖ Purchase Order generation by the SRTUs for the items on Rate Contract.
❖ Online Purchase Order submission to the Manufacturers directly.
THANK YOU