

ANNEX 14

TRADING CORPORATION OF PAKISTAN (PRIVATE) LIMITED

STANDING ORDER NO. 01 OF 2011

STANDARD OPERATING PROCEDURE FOR PROCUREMENT OF COMMODITIES

In view of continuing procurement of essential commodities/goods that the Corporation is obligated to undertake under the directives of the Federal Government from time to time, it has been deemed necessary to revisit the entire processes involved in such procurement. The objective is to ensure streamlining and further transparency by bringing the processes in line with relevant laws and requirements and by indicating the jobs to be performed at the respective stages in furtherance of the required tasks.

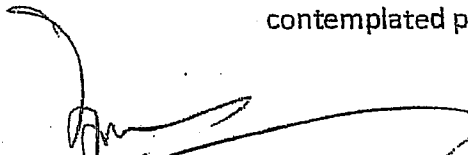
2. With above objective in mind, the following SOP is issued for compliance by all concerned in the Corporation, as relevant to their respective areas of working:

(1) TENDERING

The procurement process including the tendering shall be subject to the requirements of Public Procurement Rules (PPRA), 2004.

(a) Pre-Tender activities

- i. Approval of the Management (Chairman) for issuance of Invitation of Bids (IFB) in the national press, in compliance with the Federal Government's decision relevant to the case, will be ascertained.
- ii. Approval of the Management (Chairman) for the Tender Document containing Terms & Conditions for the tender, will be obtained. Tender Document as a standing practice will, interalia, require from the bidder compliance with national laws including import laws and rules/procedures made thereunder as well as international laws applicable to the contemplated procurement.

  
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- iii. Tender Notice will be advertised in widely circulated national newspapers besides its display on the websites of Public Procurement Regulatory Authority and the Corporation. The advertisement will appear in at least two national dailies one in English and other in Urdu containing, inter alia, the date, time and place of opening of bids.

(b) Post Tender activities

- i. Bids accompanied with bid bond will be opened on the given date and time.
- ii. A comparative statement of all the bids received will be drawn.
- iii. Decision with regard to the award of tender will be taken.
- iv. Performance Guarantee will be collected from the successful bidder along with other necessary information including details essential to open the Letter of Credit.
- v. L/C in the case of import will be established and shipment to start as per shipment schedule given in the Tender Document.
- vi. Quality & quantity of stocks to be certified/verified by Pre-shipment Inspection Agent (PSIA) at the load port.
- vii. Quality standards verified by the Pakistan Standard Quality Control Authority (PSQCA) to be checked/tested by PSQCA on arrival of shipment at the load port.
- viii. Performance Bond furnished by the supplier will be released after due and satisfactory performance of the contract.

The bids received from the bidders / prospective suppliers will be opened and processed by three independent Committees, namely, Bid Opening Committee, Bid Evaluation Committee and Tender Award Committee, each having at least three members. The Tender Award Committee shall also be represented by Ministries of Commerce, Finance and Industries or other line Ministry. To maintain transparency, other stake holders relating to the commodity to be procured, could also be invited, as observers.



16

(2) **FUNCTIONS OF THE COMMITTEES**

(a) **Bid Opening Committee**

Bids will be opened in presence of the representatives of the bidders/prospective suppliers by a three (3) members Bid Opening Committee, comprising officers of the level of General Manager. Each bid will be read out loudly and signed by the Committee members.

(b) **Bid Evaluation Committee**

The Committee will comprise three (3) members of the level of General Manager. The Bid Evaluation Committee will evaluate and scrutinize the bids in light of tender terms & conditions ("Tender Document") and will prepare a statement containing essential features of the bids including the prices and the quantities offered and whether the bids are responsive or otherwise.

(c) **Tender Award Committee**

The Committee will comprise Corporation's Directors (Executive) and representatives of Ministry of Commerce, Ministry of Finance and Ministry Industries. The Chairman of the Corporation will Head the Committee. Independent evaluation of the bids carried out by the Bid Evaluation Committee, will be placed before the Tender Award Committee for decision. The Committee will consider each bid in terms of the Tender Document and Public Procurement Rules (PPRA), 2004. The Committee will also take into account the International market prices in case of imports and domestic market prices in case of local procurement. After due deliberation, the Committee will take and record its decision for award of the tender to the lowest bidder.



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(3) **BID BOND**

- (a) The bidder will be required to submit bid bond, for amount not exceeding 5% of the C&F value of the offered quantity, as specified in PPRA Rules, 2004, in the form of a demand draft or pay order or bank guarantee or irrevocable standby letter of credit of a scheduled bank in Pakistan. The amount of bid bond should be decided on case to case basis within the prescribed upper limit, to ensure as far as possible, that the cost of doing business remains low.
- (b) Bid bond of the successful bidder shall stand forfeited if he fails to provide Performance Bond/Bank Guarantee within the prescribed time.

(4) **RELEASE OF BID BOND**

- (a) On receipt of Performance Bond/Bank Guarantee, the bid bond of successful bidder will be released.
- (b) Bid bonds of the unsuccessful bidders will be cancelled by the Finance Division (TCP) and returned/released through the relevant Division within seven (7) days of the award of the contract/tender to the successful bidder.

(5) **PERFORMANCE BOND**

- (a) Successful bidder will be required to furnish Performance Bond in the shape of Bank Guarantee or Pay Order ("Performance Bond") for due and satisfactory performance of the tender/contract under his tender/contractual obligation. The Performance Bond not exceeding 10% of the C & F value of the contracted quantity, as specified in the PPRA Rules, 2004, will be required to be furnished in the prescribed form within five (5) days from the date of the issue of the award of tender. The Management will decide percentage of bank guarantee on case to case basis within the prescribed upper limit and will keep in mind the principle of



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keeping the cost of doing business as low as possible. The Performance Bond will be forwarded to Finance Division (TCP) for necessary verification from issuing bank.

- (b) The Performance Bond will be kept by Cash Section of the Finance Division (TCP). However, the Import Division or the relevant Division in the case of domestic procurement will ensure its periodical extensions, if required.

(6) OPENING OF LETTER OF CREDIT (L/C)

After receipt of Performance Bond, a copy of the same along with L/C opening details obtained from the supplier, will be forwarded to Finance Division for opening of L/C in favour of the successful bidder/supplier ("Supplier"). The L/C will be opened in US dollar or any other currency as may be required in the Tender document for 105% value of the tendered/contracted quantity through a schedule bank in Pakistan, within five days of the receipt of Performance Bond or such period as may be specified in the Tender Document.

(7) PRE-SHIPMENT INSPECTION AND APPOINTMENT OF AGENT

- (a) TCP will appoint an internationally recognized Pre- Shipment Inspection Agent (PSIA) from its pre-qualified panel. The cost of Inspection, Sampling, Testing etc., and PSIA charges will be borne by the supplier unless otherwise specified. The supplier will be required to make the stocks available to the PSIA for inspection by the latter in the manner required by the Corporation.
- (b) Where necessary, the stocks may be required for inspection by Corporation's representative duly authorized in this behalf, at the time of shipment at the load port or the country of origin.

Page 5 of 8



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(8) **NOMINATION OF VESSEL**

The supplier will be required to nominate the vessel for TCP's approval. The vessel so nominated will be required to be within the fitness parameters given in the Tender Document. After getting approval of the vessel, the supplier will be required to bring the vessel at the load port for loading within the laycan time.

(9) **OFFER OF STOCKS (COMMODITIES/GOODS)**

The supplier, upon receipt of L/C and prior to shipment, will offer stocks (commodity/goods) to the TCP's nominated Pre-shipment Inspection Agent (PSIA) for inspection as per the specification given in the Tender Document. After satisfactory inspection by the PSIA and the required approval from the Corporation as to vessel's fitness to carry the cargo, the vessel will be allowed to load the stocks cargo for sail.

(10) **SHIPMENT**

The first partial shipment will be required to be made within three (3) weeks (excluding voyage time) from the date of opening of L/C, or as may be required in the Tender Document; and subsequent shipments, to complete the tendered quantity will follow within the timelines specified in the Tender Document.

(11) **CARGO HANDLING AT DISCHARGE PORT**

As soon as the ship will arrive at the discharge port, TCP's appointed Shipping Agent will make necessary arrangements for safe berthing of the vessel, followed by actions necessary to ensure safe, satisfactory discharge and clearance of cargo, broadly outlined as below:-

- (i) Customs clearance in accordance with the laws/procedures applicable.
- (ii) Verification/confirmation as regards the quality of the cargo (commodities/goods) by the Pakistan Standards Quality Control Authority (PSQCA), through laboratory test.
- (iii) Draft survey to be made by the appointed surveyor to ascertain the quantity, before discharge of cargo.



- (iv) The Stevedore, duly appointed by TCP, to make necessary arrangement for the safe discharge of the cargo from vessel.
- (v) Dispatch of the cargo through appointed/authorized transporter to TCP's godown or arranging delivery to the TCP's nominated agency at the port, as may be the case.

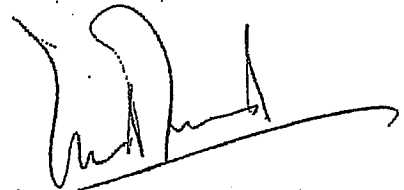
(12) **RELEASE OR FORFEITURE OF PERFORMANCE BOND**

- (a) The Performance Bond will be released with the approval of the Executive Committee of the Board (ECB) after successful and satisfactory performance of the contract/tender and settlement of all TCP's claim. The Divisions concerned with performance and operation of the tender will certify to Imports Division in case of import (or dealing Division in the case of local procurement), which will process release of Performance Bond, that the contract to the extent of the working relating to them, has been satisfactorily performed. In case of any claim, details of such claim will be provided by the Division(s) and release of Performance Bond will be subject to settlement of Corporation's dues arising out of such claim.
- (b) In the event of supplier's failure to perform the tender/contract within the specified period mentioned in the contract or his failure to fulfill any term or condition of the tender/contract, the management of the Corporation may proceed and take penal action under the terms and conditions stipulated in the Tender Document, which may include forfeiture of the Performance Bond furnished by supplier, without prejudice to any other action that the Corporation may take under the law including PPRA Rules, 2004 and the policies/public notices issued relating thereto.
3. The foregoing SOP will also apply to domestic procurement with modifications necessary to carry out such procurements, but without violating any provision of PPRA Rules, 2004 and the established business practices of the Corporation.



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4. The procedural requirements prescribed above shall: in addition, to PPRA Rules, 2004, be also subject to other laws/procedures that may have a mandatory application to the actions outlined above.
5. Corporation's officials will ensure, at their respective ends, implementation of this SOP in letter and spirit.
6. This issues with the approval of Chairman, TCP.



(Zahid Junaid Mukhtar)  
Company Secretary

File No. Imp/MSOP-9/2011  
Dated : 29<sup>th</sup> August, 2011



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