

No.F.1/16/2020-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

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Room No. 512, Lok Nayak Bhavan,  
New Delhi dated the 11<sup>th</sup> February, 2021.

**OFFICE MEMORANDUM**

Subject : Manual for Procurement of Goods, 2017.

Attention is invited to criteria 3 (b) of the Annexure 9 (Sample Prequalification Criteria) of the Manual for Procurement of Goods, 2017, issued by this Department, which is reproduced below:

*Bidder Firm (manufacturer or principal of authorised representative) should not have suffered any financial loss for more than one year during the last three years, ending on 'The Relevant Date'.*

2. This Department is in receipt of many representations mentioning that the financial capability of the bidder to execute the contract should not be judged on the basis of profitability but on the basis of the Net Worth.

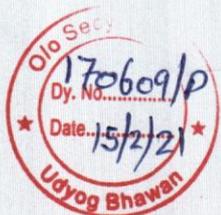
3. It is noted that Net Worth is being already considered in terms of para 3(c) of the same Annexure. **it is therefore, decided that the Criteria 3 (b) of the Annexure 9 (Sample Prequalification Criteria) of the Manual of Procurement of Goods, 2017, is hereby deleted.**

4. This is issued with the approval of Secretary (Expenditure).

*Kanchetty*  
(Kotluru Narayana Reddy)  
Deputy Secretary to the Govt. Of India  
Tel No 24621305  
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To

Secretaries of all Central Government Ministries/ Departments.



O/o DC (MSME) 34  
Received on 16/02/2021  
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*Pallavi*  
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JD (PPP)

ADCCM)

18.02.21



## Annexure 9: Sample Prequalification Criteria

(Refer Para 4.14.3)

Criteria 1 - Experience and Past Performance:

- a) The bidder (*manufacturer or principal of authorised representative – hereinafter referred simply as 'The Bidder'*) should have regularly for at least the last [*three*<sup>28</sup>] years, ending 31<sup>st</sup> March (or any other year ending followed in relevant country) of the previous financial year (*hereinafter called 'The relevant Date'*), manufactured and supplied (*/erected/commissioned*)<sup>29</sup> [*Name of Requirement*], with the same or higher specifications [*having/with – parameters*<sup>30</sup>] (*hereinafter called 'The Product'*), and
- b) 'The bidder' should have manufactured and supplied (*/erected/commissioned*)<sup>29</sup> at least [*\_\_\_\_\_*<sup>31</sup>] numbers (*herein after referred as 'The Qualifying Quantity'*) of 'The Product' in at least one of the last five years ending on 'The relevant Date', and out of which
- c) (At least [*one*<sup>32</sup>] numbers of offered version/model of 'The product' should be in successful operation for at least [*two*<sup>32</sup>] years on the date of bid opening.)<sup>29</sup>

Criteria 2 - Capability- Equipment & manufacturing Facilities:

'The bidder' must have an annual capacity to manufacture and supply (*/erected/commissioned*)<sup>29</sup> at least 'The Qualifying Quantity'.

Note: In case of multiple products in a tender, this criterion shall be applicable product wise. For example, in case of Printing Paper of different specifications/sizes, it shall be applicable to quantity of paper manufactured and supplied specification/size wise.

Criteria 3 - Financial Standing – under all conditions

- (a) The average annual financial turnover of 'The bidder' during the last three years, ending on 'The relevant Date', should be at Rs. [*-----*] millions<sup>33</sup> (or equivalent in foreign currency at exchange rate prevalent on 'The Relevant Date') as per the annual report (audited balance sheet and profit & loss account) of the relevant period, duly authenticated by a Chartered Accountant/Cost Accountant in India or equivalent in relevant countries.
- (b) Bidder Firm (*manufacturer or principal of authorised representative*) should not have suffered any financial loss for more than one year during the last three years, ending on 'The Relevant Date'.

<sup>28</sup>Change number of years if needed

<sup>29</sup>Add text within bracket in case of Plant and Machinery only and delete for others

<sup>30</sup>Insert the defining parameters like Speed or defining technology here

<sup>31</sup>Fix the quantity as 40 – 80 % or any other % of the quantity in the Bid Documents rounded upto next whole number. In case of uncommonly large quantity procurements, a lower percentage would ensure that otherwise capable suppliers do not get ruled out. In case of smaller procurements, a higher percentage would ensure that low capability vendors do not vitiate competition.

<sup>32</sup>Fill up a reasonable number. In a new technology product, the Manufacturer is not likely to meet the requirements number of products or of number of years' operating successfully; hence these can be reduced in such cases.

<sup>33</sup>Fix the value as 40 – 80 % or any other % of the estimated cost of the quantity in the Bid Document. Please note that Rs 1 Cr = Rs 10 million.