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No. L&M(PPRA)10-1/2011 000320  
PUNJAB PROCUREMENT REGULATORY  
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Dated Lahore, 14<sup>th</sup> April, 2023

## CIRCULAR

Subject: INSTRUCTIONS FOR PROCUREMENT PROCESS UNDER FRAME WORK CONTRACT.

Punjab Procurement Regulatory Authority (PPRA) has frequently been approached by different bidders through grievance raising objections on the contract agreements/purchase order issued under "framework contract". It has been observed frequently that Procuring Agencies do not issue purchase orders in accordance with the advertised quantity which does not only compromises principles of fairness and transparency but also causes loss to firms/bidders in different ways including receipt of performance guarantee on the basis of advertised volume/quantity instead of awarded volume/quantity. Besides, advertising certain volume or quantity of particular goods, services or works for a certain period and issuing the purchase orders at considerably reduced quantities at the time of award of contract, speaks a lot about irrational planning, faulty need assessment and haphazard execution of procurement contract on the part of the Procuring Agencies.

2. The term "framework contract" has been defined under Rule 2(sa) read with Rule 15 of Punjab Procurement Rules 2014 (PPR-14) whereby it has clearly been mentioned that procurement is to be made for a **certain volume or quantity of a particular good**, a set of goods, services or works over a specific period. The Rules ibid stipulate that:

2. **Definitions (sa) "framework contract"** means a contract whereby the procurement is made for a **certain volume or quantity of a particular good**, a set of goods, services or works **over a specific period** against an agreed sum or rate per item or lump sum.

15. **Framework contract.-(1)** A procuring agency may procure goods, services or works through framework contract in order to ensure uniformity in the procurement.

(2) The procuring agency shall adopt any of the methods of procurement mentioned in these rules for purposes of entering into a framework contract.

3. It is being clarified for the convenience of all concerned that whenever Procuring Agencies take up public procurement under framework contract through open competitive bidding process, they must ensure that the estimated quantity of items(s) is prepared/planned vigilantly and calculated as per the true need of Procuring Agencies for a specified period. There is no express provision available in PPR-14 to increase or decrease the advertised volume/quantity, as the same is against the spirit of PPR-14 because "quantity always leads to the cost". Once healthy competition has been conducted upon the basis of a specific volume/quantity under framework contract and lowest evaluated bidder has been selected, then any change in the quantity cannot be allowed as per aforementioned provision of PPR-14 except affected by the price offered. Either in case of framework modality or bulk purchase if the unit rate offered by the lowest evaluated bidder is more than the estimated cost of Procuring Agency and the total cost of items/goods/works to be procured exceeds the available budgetary allocation only then a Procuring Agency (after evaluating the reasonableness of unit rate/rates as compared to the prevailing market rates with due diligence) may reduce the quantity to remain within available funds and to complete the procurement transaction efficiently (as required under Rule 4 of PPR-14). Furthermore, after the completion of procurement process the Procuring Agency may place repeat order (if needed) under Rule 59 (c)(iv) of PPR-14 subject to availability of funds which shall not exceed fifteen percent (15%) of the original procurement. The true connotation of "fifteen percent of the original procurement" means that the Procuring Agency can place the repeat order upto 15% of the already awarded quantity. The Rule ibid stipulates that:

**59. Alternative methods of procurements.**— A procuring agency may utilize the following alternative methods of procurement of goods, services and works.

**(c) (iv)** repeat orders not exceeding fifteen percent of the original procurement;

It is also explained that demand of performance guarantee must be in accordance with the amount of the contract awarded to the bidder. Performance guarantee must only be demanded on the basis of awarded quantity only and not the advertised quantity.



4. All the Procuring Agencies across the Province of Punjab are, therefore, advised to ensure the compliance of PPRA Law/Rule/Regulation/Instructions to avoid mis-procurement as defined under Section 2(j) of PPRA Act 2009 read with Rule 69 of PPR-14. These provisions provide as follows:

**2. Definitions. (j) "misprocurement"** means public procurement in contravention of any provision of the Act, rules, regulations, orders or instructions made thereunder or any other law in respect of, or relating to the public procurement;

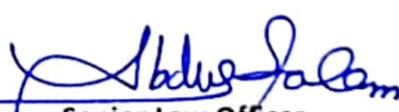
**69. Mis-procurement.**— Any violation of these rules shall be treated as mis-procurement.

-Sd-  
(Waqar Azim)  
Managing Director, PPRA

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A copy is forwarded for information and necessary action to:

1. The Senior Member Board of Revenue, Punjab.
2. The Chairman, Planning & Development Board.
3. The Inspector General of Police, Punjab.
4. The Accountant General, Punjab.
5. All Administrative Secretaries, Govt. of the Punjab.
6. All Divisional Commissioners in Punjab.
7. All Heads of Attached departments, Punjab.
8. All Heads of Autonomous Bodies, Punjab.
9. The Director General Anti-Corruption Punjab.
10. All deputy Commissioners in Punjab.
11. PSO to the Chairperson PPRA/Chief Secretary, Punjab.
12. PSO to the Additional Chief Secretary, Punjab.
13. Web Developer/Data Administrator, PPRA with the direction to immediately upload the same on the website of PPRA.

  
Senior Law Officer  
PPRA

14/4/23

**Cc:**

1. The Registrar, Lahore High Court, Lahore.
2. The Director General NAB, Lahore.
3. The Ombudsman, Punjab.
4. PS to MD, PPRA.
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