



Dated Lahore, the 18th October, 2019

CIRCULAR

No.L&M(PPRA)10-01/2011. PPRA has frequently been approached by Procuring Agencies and at its own has noticed that the procuring agencies while undertaking the bidding process do not mention the estimated cost which is a prerequisite in terms of rule 27 of Punjab Procurement Rules 2014 amended to date (PPR-14). Estimated cost is always construed to be the budgeted amount allocated for the specific procurement. The procuring agencies do not mention the estimated cost on the analogy that if this amount is mentioned this might curtailed the process and competition within the ambit of estimated cost.

2. **Rule 27** stipulates that:

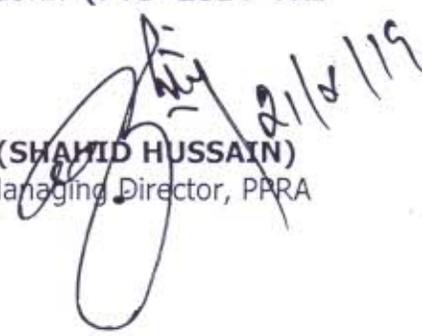
"Bid security.- The procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the estimated price.

Explanation.- *In this rule, the words 'estimated price' mean the price of procurement estimated by the procuring agency before initiation of the process of procurement."*

3. The terms upto 5% of the estimated cost means that the bid security percentage (whatever fixed by the procuring agencies) within the threshold of 5% is always calculated by the bidder on the basis of estimated cost indicated by the procuring agency which if is not mentioned the bidder cannot calculate the exact amount of bid security as per percentage of the estimated cost. The data transpires the fact that in the absence of indication of estimated cost the smart bidders carried out the reverse calculation and after locating estimated cost submitted the bid security accordingly. Rule 25 of PPR-14 requires the procuring agencies to always formulate precise and unambiguous bidding documents which in the absence of indication of estimated cost is violated for, non-mentioning of estimated cost create ambiguity in the comprehension of bid security.

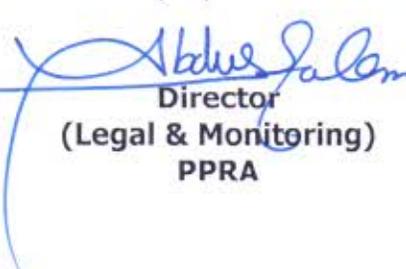
4. Allowing for the above, it is being clarified and conveyed that all procuring agencies must indicate their estimated cost (budgeted amount) in the advertisement and bidding documents so that bidder must know that what actual amount as per percentage of estimated cost he is required to attach with the bidding documents as bid security. **No one ought to be wiser than the law.** It may also be clarified that in the absence of indication of estimated cost the quoted bids normally exceeds the estimated cost which ultimately create issues and most of time lead to reprocessing of the procurement that not only delay the procurement which is a violation of Rule 4 of PPR-14 rather creates difficulties in attracting the genuine bidders as most of the time the bidders after the first episode of procurement process get to know each other which may lead to cartelization or pooling of rates.

5. In view of the aforementioned, all the procuring agencies are required to follow the PPRA Rules in letter & spirit as Government powers must be exercised within the constraints of rules that apply to ample categories of persons and Acts, and these rules whatever they may be must be uniformly applied (**PLD 2009 SC 879**). When the law specifies a particular manner and procedure than it is obligatory for the functionaries of the state to adhere to the same and comply with it in letter & spirit and any negligence, failure or omission invalidates the proceedings on account of which whole super structure raised on such defective foundations automatically crumbles down (**PTD 2014 TRB 1720**).


(SHAHID HUSSAIN)
Managing Director, PPRA

C.C:-

1. The Accountant General, Punjab.
2. All Administrative Secretaries, Government of the Punjab.
3. The Inspector General of Police, Punjab.
4. The Registrar, Lahore High Court Lahore.
5. All Divisional Commissioners, Government of the Punjab.
6. All Deputy Commissioners, Government of the Punjab.
7. Director General NAB Lahore.
8. Director General Anti-Corruption, Punjab.
9. The Director General, Civil Audit, Punjab.
10. The Director General, Works Audit, Punjab.
11. All the Directors Anti-Corruption in Punjab.
12. All the Heads of Attached Departments.
- ✓ 13. Web Developer/Administrator, with the direction to immediately upload the same on the website of PPRA.
14. PA to MD, PPRA.


Director
(Legal & Monitoring)
PPRA