

# VENDOR SELECTION

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## **INTRODUCTION:**

In order to procure materials at the most competitive rates and ensure a fair selection amongst suppliers, tender system is normally adopted. A major disadvantage of procurement through the tender system is the prolonged lead time. When the requirements are urgent, procurement is invariably done through the limited tender system. In such cases enquiries are sought from genuine bidders and the lead time is also reduced.

Registration of firms should be done after scrutiny, analysis of its financial reliability credentials.



## CRITERIA FOR REGISTRATION:

The following criteria should be fulfilled for registering a firm as supplier of pharmaceutical products and equipment.

- 1) The firm should have been in business for a period of at least two years in the country in relation to the type of equipment for which the registration is sought.
- 2) The latest balance sheet should be obtained to know the financial health of firm. Turnover for last two years should be obtained.
- 3) Income tax clearance certificate should be obtained of previous year.
- 4) Sales tax registration certificate, wherever applicable.
- 5) Financial standing of the firm should be enquired from the bankers.



- 6) A record of last one to two years performance of the firm is to be obtained from other similar organizations where the firm was registered for supply of hospitals equipment / pharmaceutical products.
- 7) A proof of ownership, partnership etc. should be obtained along with verification of address, telephone numbers and Fax numbers.
- 8) It should also be ensured that the firm has remitted the prescribed fee for registration.
- 9) The suitability of the firm should be verified from the referee to be appointed by the firm.
- 10) The firm must furnish an undertaking on a non-judicial stamped paper that the firm has not been black listed in the past and there is no CBI / vigilance case pending against it.
- 11) Authority letter from manufacturer / principals, if applicable, should be obtained.



If the firm is not fulfilling all conditions it should be removed / black listed' or banned.

### **REMOVAL OF FIRMS FROM REGISTRATION LIST:**

The hospital authority may remove a firm from the registration list even without notice for any of the following reasons:

1. If a firm fails to execute a contract or the contract is not executed satisfactorily.
2. If a firm is declared insolvent.
3. If the firm has been running in loss for two successive years after registration.
4. If the firm fails to furnish income tax clearance certificate.
5. If the firm does not renew the registration. The validity term for registration may be fixed for a period of two to five years.



## **BLACK LISTING OF FIRMS:**

A registration firm may be blacklisted for any of the following reasons:

1. If found guilty of malpractices such as bribery, corruption.
2. If the proprietors, employees, representatives are convicted for offences involving moral turpitude.
3. If the firm has been blacklisted by any other health care institution.
4. If the firm has supplied pharmaceutical products which on testing are found substandard or unfit for use.
5. If the firm has furnished false details at the time of registration.

Blacklisting may either be for a limited period or for an indefinite period. Blacklisting is an extreme step and may not be justified in all cases. In such cases business dealings with the firm may be banned for a specified period.



## CONCLUSION:

In case of high value indents, the procurement is done through advertised tender. However, for urgent requirements or when sufficient reasons exist that it is not in the public interest to call for open tenders e.g., material requisites for Armed Forces or when financial estimated value for procurement is not very high, it is preferable to adopt a limited tender system in which procurement is done through reliable and financially viable registered firms.

## VENDOR SELECTION AND RATING:

1. Collect and classify the details of materials for which vendor selection is needed.
  - a. To classify the materials under **ABC** analysis.
  - b. To sub classify grouping materials manufacturing/supplying by specific suppliers.
  - c. Collecting particulars of manufacturers / suppliers of regularly consumable/bulk consumable items of materials-monopoly/competitive.



d. After collection of details-decide on

- i. Their reliability
- ii. Dependability
- iii. Consistency
- iv. Quality
- v. Lead Time
- vi. Payment terms acceptable
- vii. Discount facility

e. Record in a register and get it approved by higher authorities as registered suppliers.

f. Classify materials to be contracted for supply annually/biannually/quarterly/monthly.





- g. Send enquires with details of-
  - i. Items required
  - ii. Quantity required
  - iii. Delivery quantity required
  - iv. Credit if any required
  - v. Quantity/Specification-mentioning end use
  - vi. Discounts
  - vii. Lead time
  
- h. Open & Tabulate all quotations – Column wise
  - i. Rate/unit
  - ii. ST, ED, other charges / unit
  - iii. Freight etc
  - iv. Negotiate
  - v. Arrive by rating from lowest & finalise
  
- i. Release purchase orders



**Thank You**