# Lecture 21

Requirements for International Tendering



It is the policy of the government to prevent as far as possible purchase of stores from outside Pakistan, if goods of suitable quality are available within the country thereby conserving foreign exchange. However in many instances the products may have to be imported from outside Pakistan. These tenders are called International Tenders.

Usually two types of tenders are called:

C&F. (Cost & Freight)

FOB. (Free on Board)

The general principles and conditions are the same as in other tendering procedures. However the Performa of tender for C & F and F.O.B basis is different from the Performa for local tenders.

The suppliers and contractors which supply the stores on C & F and F.O.B basis should fulfill certain special requirements.

Requirements of C & F and F.O.B Tenders

# Prices

In the case of C & F and F.O.B offers the price should be quoted in Pounds or Dollars indicating also the equivalent price in Pakistani currency and shall be inclusive of all charges e.g. making, handling, packing etc.

# Packing

Packing should be safe>for transit of store by road, rail, sea, etc. Percentage of Commission

The percentage of commission included in the C & F and F.O.B is paid in convertible Pakistani currency, by the purchaser.

# Letter of Credit

Name of the principals and the beneficiary in whose favour the letter of credit should be opened should be indicated clearly.

# Country of Origin

The name of the country from which the store will be shifted should also be indicated.

# Place of Inspection

The place where the store will be opened for inspection should be indicated.

# Exchange Rates

All quoting firms are required to indicate exchange rate prevailing at 120 the time of submission of offers. Non-registered tenderers

Non-registered tenderers are required to furnish earnest money in the form of deposit at call.

# Security deposit

The successful tenderer may be required to furnish security deposit 10% in the form of deposit at call which will be refunded/returned to the tenderer after satisfactory completion of the contract within the period specified in the advance acceptance of tender.

# Performance bond by the principals

The principals may be required to furnish a performance bond in foreign exchange up to 10% of the C & F value of contract. In this case security deposit from the local agent is not required

# Performa Invoice

Tenderers must submit Performa invoice in original from their principals duely signed, clearly indicating the name of manufacturer & country of origin, Along with a certificate from their principals authorizing them to quote on their behalf in case of manufactured goods.

# Catalogues/Leaflets

The tenderers should also enclose their principal's catalogue/leaflet/ literature & other technical data if any, in respect of store.

# Tax Document

The tenderers should specifically indicate their income tax certificate number along with import & export date and registration number.

# Free Service and supply of Spare Parts.

One/two years free service & supply of spare parts on permanent basis must be guaranteed.

# Brand New Stores

The stores should be brand new & in original manufacturers packing. Tender Samples

Tender Samples should accompany the offer where applicable. Insurance Cover

The successful tenderer has to pay insurance in advance in full on prevailing premium rate at the time of shipment of the stores to the National Insurance Corporation.

# Contract

In case of the successful tenderer a contract is signed between the tenderer and the purchasing authority. A liaison officer is appointed who monitors die progress of the contract.

# Shipping Documents

The copies of shipping documents should be sent to following officers by the contracting firm at least 10 days before the arrival of the ship, or 3-4 days in case of transportation by air.

Liaison officers 8 copies

Audit officers 1 copy

Consignee named in the contract 1 copy

Chief purchase officer 1 copy

# The following documents are required.

* Bill of lading/air way bail
* Packing list,
* Invoice showing
* Relevant A/T Number.
* Details of shipment.
* Value of stores.
* Name of shipper or airline.
* Country of origin.
* Certificate of origin.
* Inspection note, if inspection is specified before shipment.
* Manufacturer's guarantee Certificate
* The following guarantees should be provided.
* Stores are brand new.
* Free from any manufacturing defect.
* Strictly in accordance with the specifications.
* Passed and marked in accordance with the terms of the contract.

# Letter of Credit

Letter of credit opening request addressed to the State Bank of

Pakistan should be sent to Accountant General/Director General

Audits & Accounts (works) at least 7 days before the close of relevant

shipping period mentioning:

Date of shipment/validity

Last date of registration of foreign exchange amount against the shipping period.

# Monitoring Progress of Contracts

The contract should be acknowledged by the contracting firm immediately on its receipt in prescribed form.

The Purchase Officer should remind the contracting firm to ensure that the shipping documents reach the clearing agent and others concerned at least 10 days before the arrival of the ship carrying the consignment.

In case where exemptions from custom duties have been allowed by the Government, the Purchase Officer should exercise due vigilance in ensuring that the requisite exemption certificates are obtained and provided to the clearing agent soon after issuance of the contract.

The purchase Officer should ensure that a copy of the contract and L/C opening request have been received by the Liaison Officer.

The Purchase Officer should maintain due vigilance to ensure that the clearing agent keeps him and the Liaison Officer duly informed about the arrival of the ships carrying the consignments.

The Liaison Officer should ensure that sufficient funds for the payment of custom duties, sales tax surcharges, etc., available in his impress account having regard to the schedule of expected consignments.

# Clearance of Consignments

The Liaison Officer should immediately pass on the shipping documents to the clearing and forwarding agent on their receipt.

The clearing agent should prepare a bill of entry immediately on receipt of the shipping documents and present it to the customs authorities for assessment and verification.

•The clearing and forwarding agent shall present the bill of entry as approved by the customs authorities to Liaison Officer for scrutiny as regards the correctness of the amounts charged in the bill of entry.

•The Liaison Officer shall authorize payment of the amount of bill of entry to the customs authorities. In case of any difference of opinion between the customs authorities and the clearing agent/Liaison Officer, the payment shall be made under protest with a view to lodging refund claim with the customs authorities subsequently within the period of limitation.

The Clearing Agent shall arrange inland transport for forwarding the stores to the concerned consignee in accordance with the despatch instructions given in the contract Where necessary he would also arrange for escort to accompany the consignment with the prior permission of the Liaison Officer.

After despatch of consignment the Clearing Agent shall immediately forward the railway receipts or the truck receipts, as the case may be, to the concerned consignee.

# Payment to The Contractor

C&FandF.O.B

Payment is made through letter of credit in the manner specified in the

contract.

# Payment of Commission Against Stores Procured from Abroad

The firm's commission is paid subject to production of no demurrage certificate, inspection note and consignee's receipt certificate.

The following instructions are observed in respect of stores falling in any of the under-mentioned categories:

1 .Causes where inspection has not been carried out in the country of origin and is to be carried out at consignee's end.

2. Where initial inspection has taken place in the country of origin but final inspection has to be carried out after erection and commissioning of the plant in accordance with conditions laid down in contract.

# Refund of Security Deposit

Security deposit is refunded by the concerned Audit Officer on the basis of a sanction issued by the Chief Purchase Officer on successful completion of the contract as under:-

In C & F contracts on receipt of die contracted goods by the consignee subject to the production of No Demurrage Certificate and Inspection Note on the expiry of guarantee period if any.

In C & F contracts where erection and installation is to be carried out by the contractor on production of No Demurrage Certificate, Inspection Note and Installation from the consignee.