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PROCUREMENT **POLICY**

BHEEMABHAI MAHILA ***MANDAL***

Address:

7-335, Keshavaswamy colony

Near National Highway

Tallarevu (Village and Mandal)

Kakinada District

Andhra Pradesh State

India - 533463

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1. PURPOSE

The purpose of this Procurement Policy is to establish a structured and transparent framework for the acquisition of goods, services, and works by the

Bheemabhai Mahila Mandali. The policy seeks to ensure that all procurements are:

- Conducted in a transparent, fair, and ethical manner
- Based on principles of economy, efficiency, and value for money
- Fully compliant with applicable Indian laws, donor agreements, regulatory requirements, and audit standards
- Free from conflicts of interest, favouritism, fraud, or misuse of organisational resources

This policy aims to safeguard the Organisation's financial integrity, promote accountability, and ensure responsible utilization of funds entrusted to it.

2. LEGAL AND REGULATORY **FRAMEWORK**

2.1 MANDATORY LEGAL COMPLIANCE

All procurement activities of **Bheemabhai Mahila Mandali** shall strictly comply with applicable statutory provisions, regulatory requirements, and donor contractual obligations. No procurement shall be executed in violation of governing laws.

Non-compliance may result in:

- Disallowance of expenditure
- Recovery of grant funds
- Cancellation of FCRA registration
- Withdrawal of Income Tax exemption
- Legal penalties under applicable laws

2.2 INCOME TAX ACT, 1961

To safeguard tax-exempt status:

1. Procurement shall be conducted strictly at **fair market value**.
2. No payment shall directly or indirectly benefit “specified persons” under Section 13(3) (including trustees, board members, relatives, or entities in which they have substantial interest).
3. Any transaction involving related parties shall:
 - Be disclosed in writing
 - Be supported by comparative market pricing
 - Receive prior Governing Board approval
4. Artificial inflation of invoices or preferential vendor selection is strictly prohibited.

Failure to comply may result in denial of exemption under Sections 11 and 12.

2.3 FCRA, 2010 & RULES, 2011

For procurements funded through foreign contribution:

1. Payments shall be made **only from the designated FCRA bank account**.
2. Foreign funds shall not be mixed with domestic funds for procurement purposes.
3. Vendor invoices must clearly mention:
 - Project name
 - Purpose of procurement
 - Payment reference
4. Procurement shall strictly align with the approved FCRA project objectives.
5. Capital assets purchased from foreign contribution must be:
 - Recorded separately
 - Reported in FC-4 annual return
6. Sub-granting or transfer of foreign funds for procurement to unregistered entities is prohibited unless legally permitted.

2.4 CSR RULES UNDER COMPANIES ACT, 2013

For CSR-funded projects:

1. Procurement shall align strictly with approved CSR proposal and Schedule VII activities.
2. Administrative overheads shall not exceed 5% of total CSR expenditure.
3. Procurement must demonstrate:
 - Cost efficiency
 - Measurable program impact
 - Transparent documentation
4. All procurement records must support issuance of CSR Utilization Certificate.
5. Diversion of CSR funds for general administrative purposes is prohibited.

2.5 COMPANIES ACT, 2013 - SECTION 188 (RELATED PARTY TRANSACTIONS)

Where procurement involves related parties:

1. Nature of relationship must be disclosed in writing.
2. Market comparison must be documented.
3. Prior approval of the Governing Board is mandatory.
4. The concerned person shall abstain from decision-making.

Failure to disclose may result in regulatory and governance consequences.

2.6 GST ACT, 2017 AND TAX DEDUCTION COMPLIANCE

1. All vendor invoices must contain valid GST registration details (if applicable).
2. Statutory deductions such as:
 - TDS under Income Tax
 - GST-TDS (where applicable) shall be deducted and remitted within statutory timelines.
3. Procurement exceeding statutory thresholds shall comply with e-invoicing requirements (if applicable).
4. Proper accounting classification must be maintained for audit traceability.

2.7 Donor and Grant-Specific Conditions

Where donor guidelines impose stricter procurement requirements than this policy:

- Donor norms shall prevail.
- Competitive bidding, tender publication, or technical evaluation requirements must be followed.
- All procurement documentation shall be retained for donor audit periods (minimum 8 years unless otherwise specified).

2.8 Supremacy of Compliance

In case of conflict between internal policy and statutory provisions, the **law shall prevail**. The Organisation shall update this policy whenever there are amendments in relevant laws or regulatory requirements.

3. SCOPE

This policy applies to all procurements made using **Bheemabhai Mahila Mandali** funds, grants (domestic or foreign), or donations, regardless of the source.

Applies to all procurement (goods, services, equipment, consultancy, construction) made at:

- BMM Head office
- BMM Field offices
- CSR/FCRA funded units

3.1 MANDATORY COMPLIANCE

1. No procurement shall be made without approved budget provision.
2. No commitment or contractual obligation shall be entered into without appropriate delegated authority.
3. Splitting of purchases to avoid quotation or tender thresholds is strictly prohibited.
4. Oral agreements or undocumented commitments shall not be considered valid procurement.

3.2 EXCEPTIONS

Any deviation from this policy (including emergency procurement or sole-source procurement) must:

- Be justified in writing
- Be approved by the competent authority as per Delegation of Financial Authority
- Be reported to the Chief functionary of BMM
- Be recorded for audit purposes

Repeated deviations may result in disciplinary action.

3.3 BINDING NATURE

This policy forms an integral part of the **Bheemabhai Mahila Mandali's** Financial Management Framework. Non-compliance shall be treated as a breach of internal control and may attract:

- Disciplinary action
- Financial recovery
- Reporting to statutory authorities where required

4. PROCUREMENT PRINCIPLES

1. **Transparency** – Open, documented process with clear criteria
2. **Accountability** – Roles defined, approvals documented
3. **Value for Money** – Best quality at most reasonable price
4. **Fair Competition** – Multiple quotations or open bids
5. **Conflict of Interest Avoidance** – Full disclosure of vendor relations
6. **Legal Compliance** – As per tax, FCRA, donor, and contract law

5. PROCUREMENT COMMITTEE

5.1 COMPOSITION

The **BMM Procurement Committee** shall consist of the following members:

- One Governing Body Member
- Chief Functionary of the Organisation
- One Programme co-ordinator/Mandal level implementor
- Accountant cum Computer Operator

The Governing Body Member shall normally chair the Committee meetings.

5.2 ROLE AND AUTHORITY

The Procurement Committee shall be responsible for:

- Reviewing quotations and tender submissions
- Evaluating comparative statements and bid scorecards
- Ensuring compliance with procurement thresholds and legal requirements
- Verifying adherence to conflict-of-interest provisions
- Recommending vendor selection for approval as per the Delegation of Financial Authority

The Committee shall not authorize payments but shall recommend procurement decisions to the competent approving authority.

5.3 MEETINGS

- The Committee shall meet as and when procurement requirements arise, particularly for purchases requiring multiple quotations or tender processes.
- A minimum of two members shall constitute quorum.
- Decisions shall be recorded in writing and signed by members present.
- In case of disagreement, the matter shall be referred to the Governing Board for final decision.

5.4 CONFLICT OF INTEREST

Any Committee member having direct or indirect interest in a vendor under consideration shall:

- Disclose the conflict in writing, and
- Recuse themselves from deliberation and decision-making.

6. PROCUREMENT THRESHOLDS AND METHODS

S.NO	Purchase Value (₹)	Procurement Method	Documentation Required
1.	Upto 5000	Petty Cash	Bill / payment voucher
2.	₹50,01 – ₹50,000	Local Purchase	Bill, approval slip
3.	₹50,001 – ₹4,00,000	3 Quotations	Project director approval and Comparative Statement (CS) shall be prepared
4.	Above ₹4,00,001	Limited Tender	Written bids from Minimum 3 vendors with Governing Board approval

7. PROCUREMENT PLANNING & PROCESS FLOW

7.1 ANNUAL PROCUREMENT PLANNING

Procurement Planning shall form an integral part of the Annual Budgeting Process of the Organisation.

RESPONSIBILITY FOR PLANNING

- The **Governing Body** shall be responsible for planning the Project's estimated procurement needs on an annual basis.
- This shall be done through preparation of an **Annual Procurement Plan (APP)** indicating:
 - Items to be procured during the year
 - Estimated quantities
 - Estimated cost
 - Project / budget head allocation
 - Tentative procurement timeline

The Annual Procurement Plan shall ensure that procurement activities are aligned with approved budgets, donor commitments, and project implementation schedules.

7.2 PREPARATION AND REVIEW OF ANNUAL PROCUREMENT PLAN

1. The Respective **accountant** shall prepare the draft Annual Procurement Plan based on:
 - Approved project budgets
 - Expected operational requirements
 - Inputs from Project and Administrative Teams
2. The draft APP shall be shared with the respective **Project Directors** for review and comments.
3. Project directors should submit to the **chief functionary** of the BMM

4. After incorporating necessary revisions, the APP shall be submitted to the by the **chief functionary to Governing Body for approval.**
5. The approved APP shall serve as the basis for initiating procurement requisitions during the year.

7.4 ROLE OF PROCUREMENT COMMITTEE IN PLANNING

- Discuss and review the Annual Procurement Plan at the beginning of each financial year.
- Meet periodically during the year to review procurement progress.
- Recommend revisions to the Plan where necessary due to:
 - Budget modifications
 - Donor directives
 - Urgent or unforeseen requirements

All discussions and decisions shall be documented in meeting minutes.

7.5 PROCUREMENT PROCESS FLOW (OPERATIONAL STAGE)

All procurements shall strictly follow the approved Annual Procurement Plan unless otherwise justified and approved.

STEP 1 – REQUISITION INITIATION

- Requisitions shall be raised by the Project or Administrative Team.
- The Accountant shall verify whether the item is included in the approved Annual Procurement Plan.
- In case of non-planned procurement, written justification and additional approval from the Governing Body shall be required.

STEP 2 – BUDGET & AUTHORITY APPROVAL

- The Accountant and Project Director shall confirm:
 - Availability of funds
 - Alignment with approved budget and APP

STEP 3 – QUOTATION PROCESS

- Minimum three written quotations shall be obtained for standard procurements.
- High-value procurements shall follow a formal tender process.
- Any deviation (single-source procurement) must be justified in writing and approved by the competent authority.

STEP 4 – EVALUATION BY PROCUREMENT COMMITTEE

The Procurement Committee (minimum three members) shall:

- Review quotations
- Prepare a comparative statement
- Apply a scoring method considering:
 - Technical compliance
 - Quality
 - Cost
 - Delivery timeline
 - Vendor reliability

Committee decisions shall be recorded and signed.

STEP 5 – VENDOR SELECTION & APPROVAL

Vendor selection shall be based on value for money and compliance with specifications, not merely lowest price.

Final approval shall be granted by the Chief Functionary of BMM

STEP 6 – PO / CONTRACT EXECUTION

- Purchase Order or Contract shall be issued by the Chief Functionary of BMM.
- Terms shall clearly define scope, cost, timeline, taxes, and payment conditions.

STEP 7 – INSPECTION & DELIVERY

- Goods/services shall be inspected for quantity and quality.

STEP 8 – PAYMENT PROCESSING

Payment shall be processed only upon:

- Invoice verification
- Approval by the chief functionary of the BMM

All payments shall be made through banking channels.

STEP 9 – RECORD RETENTION

All procurement documents shall be retained for a minimum of eight (8) years or longer as required by law or donor agreements.

8. VENDOR MANAGEMENT

The purpose of Vendor Management is to ensure that all suppliers of goods, services, and works engaged by **Bheemabhai Mahila Mandali** are:

- Legally compliant
- Financially credible
- Ethically sound
- Free from conflict of interest
- Capable of delivering quality and value

8.1 VENDOR EMPANELMENT

For recurring or frequently procured goods and services, the Organisation may maintain a **Pre-Qualified / Empanelled Vendor List**.

Empanelment Process:

- Vendors shall submit:
 - Registration details
 - PAN and GST registration (if applicable)
 - Bank account details
 - Past experience credentials
- The Procurement Committee shall review and approve empanelment.
- Empanelment shall normally be valid for a period of 1–3 years, subject to performance review.

Empanelment does not guarantee award of work but enables faster procurement for routine requirements.

8.2 VENDOR VETTING & DUE DILIGENCE

Before issuing a Purchase, Order or releasing payment, the following checks shall be completed:

- Verification of PAN
- GST registration validation (where applicable)
- Bank account KYC confirmation

- Confirmation that vendor is not related to Governing Body members or staff (or if related, full disclosure and approval under related party provisions)
- Verification of statutory compliance for FCRA-funded procurements

For foreign contribution or donor-funded projects, additional documentation may be required as per donor agreement.

The accountant shall maintain vendor verification records.

8.3 BLACKLISTING / SUSPENSION OF VENDORS

The Organisation reserves the right to suspend or blacklist vendors in cases of:

- Fraud or misrepresentation
- Submission of false documents
- Conflict of interest
- Poor performance or repeated default
- Overbilling or financial irregularity
- Violation of contract terms

Blacklisting decisions shall:

- Be recommended by the Procurement Committee
- Be approved by the Governing Body
- Be documented with reasons in writing

Blacklisted vendors shall not participate in procurement processes for the period specified.

8.4 PAYMENT CONTROLS

- All payments above ₹5,000 shall be made strictly through banking channels (NEFT/RTGS/Account Payee Cheque).
- Cash payments shall be restricted to petty cash transactions within approved limits.
- No advance payment shall be made without proper approval and contractual justification.
- Payments shall be processed only after

- Invoice verification

§.5 VENDOR PERFORMANCE MONITORING

The Procurement Committee may periodically review:

- Quality of goods/services delivered
- Timeliness
- Compliance with contractual terms
- Cost competitiveness

Unsatisfactory performance may result in removal from empanelment.

9. ASSET PROCUREMENT & CAPITALIZATION

- **Assets (₹10,000 and above)** must be entered into **Asset Register**
- **Depreciation** as per Income Tax Act or donor norm
- **Donor-Owned Assets:** Must be tagged and reported in donor-specific formats
- **Disposal:** With Board or donor approval and documentation

10. PROCUREMENT RECORDS & AUDIT

S.NO	Record Type	Retention Period	Location
1.	Purchase Orders	8 years	Finance/Store
2.	Comparative Statements	8 years	Finance/Proc.
3.	Vendor Contracts	8 years	Legal/Finance
4.	Bid Documents/Tenders	8 years	Admin
5.	Asset Register	10 years	Admin

11. DOCUMENTATION AND RECORDS

All procurement shall be supported with:

- Purchase requisition
- Quotations/proposals
- Comparative statement
- Payment Invoice
- Payment proof

Records shall be preserved for **8 years** (or as per FCRA/CSR norms) for audit purposes.

12. ROLES & RESPONSIBILITIES

S.NO	Person / Committee	Responsibility
1.	Requisition	Initiates purchase request by defining technical specifications and operational need.
2.	Procurement Committee	Reviews & scores bids
3.	Accountant	Verifies budget and bills
4.	Project Director	Approves contracts/tenders
5.	Board (if > ₹4 lakhs or conflict)	Sanctions or reviews high-value/related procurements

S.NO	Role	Responsibilities
1.	Procurement Committee	Evaluate tenders/quotations, vendor selection
2.	Project Director	Requisition initiator, ensures budget alignment
3.	Finance Officer/accountant	Ensures fund availability and compliance
4.	Chief functionary of the organisation/ Project director	Final approval above ₹up to 3,50,000
5.	Governing body	Final approval above ₹3,50,000

13. REVIEW & POLICY UPDATE

- Reviewed **Annually** in annual general meeting or earlier if donor or law changes
- Changes must be **approved by the Governing Body**
- Communicated through staff training and updated manuals

14. BOARD APPROVAL

Approved by Governing Board of

Organisation Name: Bheemabhai Mahila Mandali

Date:15/09/2025

Chief functionary Signature: _____

ANNEXURE - I

ANNUAL PROCUREMENT PLAN (APP) TEMPLATE

Organisation Name: _____

Financial Year: _____

Prepared By (Accountant): _____

Reviewed By (Project Director): _____

Approved By (Governing Body): _____

Date of Approval: _____

TABLE 1 - ANNUAL PROCUREMENT PLAN

S.NO	PROJECT NAME	ITEM DESCRIPTION	CATEGORY	ESTIMATED QUANTITY	ESTIMATED UNIT COST	ESTIMATED TOTAL COST	BUDGET HEAD	FUNDING SOURCE	METHOD	Expected quarter	Responsible person

TABLE 2 - SUMMARY OF ANNUAL PROCUREMENT BUDGET

Category	Total Estimated Amount
Goods	
Services	
Works	
Administrative Procurement	
Project Procurement	
Grand Total	

TABLE 3 – HIGH-VALUE PROCUREMENTS

S. No.	Item Description	Estimated Value	Proposed Tender Type (Open / Limited)	Tentative Tender Month	Approval Authority
1					
2					

Table 4 – Donor-Specific Procurement

S. No.	Donor Name	Project	Procurement Item	Donor Conditions / Restrictions	Special Approval Required (Yes/No)
1					
2					

Notes for Preparation

1. The Annual Procurement Plan must align strictly with the approved annual budget.
2. Any procurement not included in the APP must be treated as unplanned and require special justification and approval.
3. The Procurement Committee shall review this plan at the beginning of the financial year and periodically thereafter.
4. Revisions to the APP must be documented and approved by the Governing Body.
5. The APP shall be used by the Accountant to monitor procurement commitments and avoid budget overruns.

ANNEXURE – II

VENDOR EMPANELMENT APPLICATION FORM
TEMPLATE

Vendor Empanelment Application Form

Organisation Name: Bheemabhai Mahila Mandali.

Financial Year: _____

Application Date: _____

Section 1 – Basic Information

1. **Name of Firm / Vendor:** _____
2. **Type of Entity:** (Proprietorship / Partnership / Pvt Ltd / LLP / NGO / Others)
3. **Year of Establishment:** _____
4. **Nature of Business (Goods/Services/Works):** _____
5. **Registered Office Address:** _____
6. **City / State / PIN:** _____
7. **Contact Person Name & Designation:** _____
8. **Mobile Number:** _____
9. **Email ID:** _____

SECTION 2 – STATUTORY & REGISTRATION DETAILS

PAN NUMBER: _____

GST Number (if applicable)

MSME Registration (if applicable)

Shop & Establishment / Trade License

FCRA-related compliance (if applicable)

Section 3 – Bank Details (For Electronic Payments Only)

1. **Bank Name:** _____
2. **Branch:** _____
3. **Account Name:** _____
4. **Account Number:** _____
5. **IFSC Code:** _____
6. **Cancelled Cheque Attached:** Yes / No

Note: All payments above ₹5,000 will be made only through NEFT/RTGS/Account Payee Cheque.

Section 4 – Experience & Capacity

1. Brief description of goods/services offered:
2. Major clients in last 3 years (attach additional sheet if required):

Client Name Nature of Work Year Contract Value

Average Annual Turnover (Last 3 Years):

FY 1: _____

FY 2: _____

FY 3: _____

3. Number of Employees (if applicable): _____

Section 5 – Compliance & Declarations

Please confirm the following:

- The firm is not blacklisted by any Government Department, NGO, or Agency.
- No criminal or fraud case is pending against the firm.
- The firm agrees to comply with BMM Procurement Policy.
- The firm agrees to comply with donor conditions (including FCRA, CSR, etc.) where applicable.
- The firm confirms there is no conflict of interest with any Governing Body Member or staff of BMM.

If any relationship exists, please disclose details:

Section 6 – Documents Checklist

- PAN Copy
- GST Certificate
- Registration Certificate
- Bank Cancelled Cheque
- Address Proof
- Experience Certificates (if applicable)

Section 7 – Declaration by Vendor

I/We hereby certify that the information provided above is true and correct to the best of my/our knowledge. I/We understand that any false declaration may result in rejection of empanelment or blacklisting.

Name: _____

Designation: _____

Signature & Seal: _____

Date: _____

For Office Use Only

Verification Item Verified By Date Remarks

PAN Verified

GST Verified

Bank KYC Verified

Conflict Check

Recommendation by Procurement Committee:

Approved / Rejected

Signatures:

1. Governing Body Member: _____
2. Project Director: _____
3. Accountant: _____

Final Approval by President: _____

Empanelment Valid Till: _____