



Head Quarters
Civil Aviation Authority
Jinnah International Airport
Karachi -75200


Ref: HQCAA/2175/1/2968/Sup.(Proc.)

Dated 26 November' 2012

**COMPLAINT OF M/S KARSAZ (PVT) LTD. AGAINST PCAA ON RETENDERING OF
PROCUREMENT OF 400HZ COMPOSITE CABLE FOR AIIAP LAHORE**

1. Further to our letter of even No. dated July 17, 2012 in response to your letter regarding complaint initiated by M/s Karsaz (Pvt) Ltd.
2. Following points are elaborated:
 - a. Tenders for the said cable have already been published twice during 2008 to 2011 but not materialized due to non-compliance of technical specification. (**Annexure "A"**)
 - b. In 2011, tender action was taken the third time and 6 firms participated. However, only one firm i.e. M/s Karsaz (Pvt) Ltd. was technically qualified. (**Annexure "B"**)
 - c. A financial concurrence was accorded for Rs.4.551 million on 13-07-2011. (**Annexure "C"**)
 - d. The Competent Authority i.e. DG CAA instructed to take Re-tender action on 14-9-2012 and 18-12-2011. (**Annexure "D"**)
 - e. Accordingly, a tender was published a fourth time where only two firms participated. The previously qualified lowest bidder i.e. M/s Karsaz (Pvt) Ltd. did not participate this time. The lowest cost received is Rs.2.907 million offered by M/s International Marketing Services (**Annexure "E"**) with the same specification & country of origin.
 - f. However, in the course of processing the case, the price validity of the lowest bidder expired and DG CAA instructed to take a fresh tender action again. (**Annexure "F"**)
 - g. Now, the tender action is in process for the fifth time. (**Annexure "G"**)
3. In the mean-time, M/s Karsaz (Pvt) Ltd. approached M/s PPRA & Transparency International Pakistan, on the plea that inspite of the only technically qualified bidder, the order was not placed to them. (**Annexure "H"**)
4. It is worth mentioning that none of the participating bidders were technically qualified in the two biddings at different occasions. Therefore, healthy competition was not found. Furthermore, one sided signing the contract documents may not be considered a legal contract deed, therefore, the contract for the said procurement was never awarded. DG CAA being Chief Executive of PCAA is Competent to drop all tender proceedings on solid ground. The reason of dropping the previous tender (lowest bid Rs.4.6 million by M/s Karsaz) is that the competition was not healthy as there was only a single technically qualified bidder. Moreover, as a result of Re-tendering, lowest bid received for Rs.2.902 million i.e. Rs.1.6 million less than that of M/s Karsaz (Pvt) Ltd. (**Annexure "E"**)

5. It is therefore, concluded that the Standard Operating Procedure 31 of Manual of procurement policies & Standard Bidding Document for procurement of goods (Annexure "J"), works and services applies for the said case. This Standard Operating Procedure states as under:
"The cancellation of procurement proceedings should be avoided, wherever possible, as it means a waste of time and resources for both the procuring agency and the bidders. However, where it is in the public interest to do so, procurement proceedings may be cancelled at any stage prior to the award of a contract. This SOP establishes a procedure to ensure that any unavoidable cancellations are handled properly and in a manner which is fair to all bidders."
6. Considering the above, there is no breach of laid down rules and regulation on the following grounds:
- That no contract has so far been signed between PCAA & complainant for the said procurement.
 - There was no healthy competition during the tender taken on 16-2-2011 as M/s Karsaz were the only technically qualified bidder.
 - The Re-tender action was taken in the public interest as per above stated SOP 31, which subsequently proved more competitive as the bid received was less by an amount of Rs.1.6 million as compare to the bid offered by M/s Karsaz (Pvt) Ltd.
 - Foregoing in view, there is no need to hold a BOI.
7. Foregoing in view, PPRA may kindly settle the issue under intimation to all concerned as the case has already been amicably resolved & M/s Karsaz (Pvt) Ltd consented to be participated in fresh tender proceedings.

Capt. 
(SYED HAMID ABBAS GARDEZI)
Principal Director Airport Services
Director General PCAA

for

Mr. Muhammad Tariq Masood Ch.
Section Officer (AT-II)
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N.O.O

Copy to:-

1. Chairman, Public Accounts committee, Islamabad - for kind information please.
2. Chairman, National Accountability Bureau, Islamabad - -do-
3. Registrar, Supreme Court of Pakistan, Islamabad - -do-
4. Secretary, Ministry of Defence, Islamabad - -do-
5. Managing Director, PPRA, Islamabad - -do-
6. **Transparency International Pakistan, Karachi - -do-**
7. Auditor General, Islamabad - -do-
8. Complainant – M/s Karsaz (Pvt) Ltd. – Please refer your meeting with PD APS on 16-11-2012.