



# Pakistan Agricultural Research Council

No. D. 1926/16-DW

December 5, 2016

✓ Mr. Sohail Muzaffar,  
Chairman,  
Transparency International-Pakistan,  
5-C, 2<sup>nd</sup> Floor, Khayaban-e-Ittehad, Phase-VII,  
Defense Housing Authority, Karachi

**Subject: Violation of Public Procurement Rules-2004; PARC's Tender Notice for Construction Works.**

**Reference:** Chairman Transparency International DO letter No. TL16/2811/5A dated 28-11-2016 addressed to the Chairman, PARC along with copies to 5 higher Statutory / Legal forums.

Dear Sir,

Kindly refer your letter under reference written regarding a Tender Notice published in Daily "Dunya" on 24<sup>th</sup> November 2016 (Copy enclosed).

The letter, copies of which have been widely circulated, portrays as if a violation of PPRA Rule # 33 has occurred.

It is to clarify that the same tender notice first appeared at PPRA Web Site on 22-11-2016 at Sr. No. TS296639E after which, it was published in Daily "Dawn" and "Dunya" on 24<sup>th</sup> and 25<sup>th</sup> November 2016. Copies of all three Tender Notices are attached for ready reference.

The Urdu & English versions of the last line of Tender Notice are reproduced as under:

**English Version:**

"PARC reserves the right to accept any or reject all bids by assigning reasons thereof".

**Urdu Version:**

پاکستان ایگریکلچرل ریسرچ کونسل کا اظہار وجوہ کسی ایک پیشکش کو منظور یا تمام پیشکشوں کو مسترد کرتے کا حق حاصل ہے۔

The above words do not violate PPRA Rule 33 as the Rule-33 of PPRA Rules 2004, is about the process of rejection of any bid and communication of the reasons for the rejection.

Your view in this communication appears to be based on misconception. It is therefore very kindly requested to please withdraw the same along with informing all 5 higher Statutory / Legal forums please.

Best regards,

*Aftab Ikram*  
AFTAB IKRAM  
Chief Engineer (Civil) PARC 6/12/16



# Pakistan Agricultural Research Council

Copies forwarded for the kind information and clarification to:

1. Secretary to the honourable Prime Minister of Pakistan,
2. Director General, NAB, Rawalpindi
3. Chairman, Prime Minister's Inspection Commission, Islamabad
4. Registrar, Supreme Court of Pakistan, Islamabad
5. Managing Director PPRA, Islamabad
6. Chairman, PARC
7. Director (W&EM) NARC



December 02, 2016  
Ref: PPRA/2016/12/1

**Engr. Aamir Hasan**  
Managing Director  
Public Procurement Regulatory Authority  
1st Floor FBC Building Near State Bank,  
Sector G-5/2, Islamabad  
Pakistan

## Violation of PPRA Rules 2004 vide PSO's Tender Notice for Supply of Gasoil (HSD)

Dear Sir,

This refers to letter dated November 28, 2016 received from Transparency International-Pakistan (TIP) on above subject with copy of the letter marked to your office also wherein it was observed by TIP that the advertisement published on November 24, 2016 is in violation of PPRA Rules 2004, Rule No. 13 (1).

We would like to clarify that said advertisement was made due to operational emergency in order to avoid critical HSD stock level in December 2016 due to increased sales. In our opinion, the said advertisement is covered under proviso to Rule No. 13 (1) which states that no time limit shall be applicable in case of emergency.

You would appreciate the fact that essence of competitive bidding has been maintained in the said advertisement and only response period was reduced to 10 days from 15 days. We have also notified all our regular suppliers by email and placed the advertisement on PPRA and PSO websites.

Reason for reduction in response period is presented below for your kind perusal:

1. Oil imports are planned based on expected country needs, consumption trends and availability from local refineries. Accordingly Oil Marketing Companies (OMC) finalize import plans as per their respective market shares.
2. Any unanticipated change in meeting supply commitments by other OMCs to meet the demand subsequently results in market imbalance with resultant impact on PSO, being a national and largest oil company, to ensure demand supply equilibrium. However, our imports plan once finalized remains locked for sixty (60) days with no firm provision for any significant increase/decrease to buffer any such situation.
3. Market imbalance situation arose in October 2016 as other OMCs failed to meet their supply commitments (as per their market share) with resultant additional burden on PSO to meet the demand supply gap.
4. Said situation also prevailed throughout November 2016, where PSO closed the month with HSD supply of 480,000 MT against our planned targets of 384,000 MT. PSO market share rose by 10% in November Vs period July to October 2016.

5. As can be seen, gap of nearly 100,000 MT was met by PSO through its stocks which resulted in cascading impact on onward months and critical inventory levels are expected in December 2016 to reach critically low levels unless additional product is arranged on immediate basis to avoid stock out.
6. Taking cognizance of the situation and in order to ease supply side pressures, PSO contacted its long-term diesel supplier, Kuwait Petroleum Company (KPC) for at least one additional cargo in December over and above already finalized import plan. However, KPC regretted in accommodating the request of PSO for one additional cargo in December 2016 due to product availability constraints at their end.
7. Keeping in view the above and after reviewing the supply demand situation and sensitivity analysis based on expected industry volumes, growth trajectory, historical trend and industry imports, PSO decided that tender be floated for December 2016 on immediate basis so PSO could have option to source product to avoid any supply chain related emergency situation and maintain market equilibrium.
8. Accordingly response time was reduced to ensure product availability in December 2016 otherwise if response time were kept as required under PPRA rule; it would have resulted in posing country to emergency situation with untoward ramifications.

Further NAB instructions vide its letter dated January 08, 2016 received by us through above mentioned letter of TIP recommends availability of bidding documents also in downloadable format on the website of procuring agency. This suggestion is already under consideration of PSO.

Hope this will address the observations raised by TIP.

Yours truly



Asad R. Faiz  
General Manager  
(Supply)

CC: SPS to Secretary to Prime Minister, Islamabad.  
Chairman, Prime Minister's Inspection Commission, Islamabad.  
Chairman, Transparency International – Pakistan, Karachi  
Director General, National Accountability Bureau, Karachi  
Director General Oil, Ministry of Petroleum and Natural Resources, Islamabad  
Registrar, Supreme Court of Pakistan, Islamabad.  
Managing Director - PSO  
General Manager (New Business Development) - PSO  
General Manager (Finance) - PSO