



TRANSPARENCY INTERNATIONAL-PAKISTAN

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10th November, 2009

Senior Manager Commercial,
National Fertilizer Marketing Ltd,
53-Jail Road,
Lahore

Sub: Violation of Public Procurement Rules, 2004 in NTML. Procurements

Dear Sir,

Transparency International Pakistan refers to the NFML Tender Advertisement in Dawn of 7th November 2009, for the Transportation of Fertilizer from Karachi Port to various cities in Pakistan. The bid money fixed at Rs 10 million seems to be too high as an average transporter may not have such large liquid funds. Kindly note that the Rule No. 25 the maximum limit of bid security is 5% of the contract, which means NFML has restricted this tender for an average transporter, as the minimum transport contract value will be Rs 200 million. This is to inform that no negotiations are allowed under Rule No. 40, and NFML is not allowed to award Transportation Contract at the price of the lowest quoted Tender to bidders who have quoted higher costs.

The restriction on an average transporter being fixed by NFML may cause formation of a group of transporters who may collude to fix the minimum price of the Transportation higher than would be the case with genuine competition. This practice is termed as cartelization and is to be dealt with under the rule No 2(f) quoted below;

(a) "corrupt and fraudulent practices" includes collusive practices among bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the procuring agencies of the benefits of free and open competition.....

The Rs 10 million bid security condition may also be a violation of Rule 32 ***Discriminatory and difficult conditions.- Save as otherwise provided, no procuring agency shall introduce any condition, which discriminates between bidders or that is considered to be met with difficulty.***

It is recommended that in order to avoid the delay as well as collusion amongst bidders and allow an average transporter to participate in the bidding, tender for small quantity may be invited by NFML for Rs 10 million contracts for various cities to be named. The bidder quoting the minimum rates shall be awarded the Contract. This procedure will save millions of exchequer money and eliminate corruption from transportation contracts.

With regards,


Syed Adil Gilani,
Chairman,

Copies forwarded for the information of;

1. Chairman Public Accounts Committee, National Assembly, Islamabad.
2. Minister of Industry and Production, Islamabad.
3. Auditor General Pakistan, Islamabad
4. Managing Director PPRA, Islamabad



Govt. of Pakistan
Ministry of Industries & Production

National Fertilizer Marketing Limited



Gallop Tenders for Award of Cartage Contracts for Transportation and Delivery of Imported Fertilizer, Ex-Karachi Port

The experienced and financially sound cartage transporters are invited to collect tender documents for providing cartage facilities for transportation and delivery of imported fertilizer from Karachi port to various destinations in country by depositing Rs. 100, 00,000/- as bid bond amount (refundable) and tender documents cost @ Rs. 1000/- (non-refundable) from the under mentioned address latest by 21-11-2009 upto 4:00 p.m. The amount(s) should be submitted in the shape of Demand Draft / Pay Order in the name of National Fertilizer Marketing Limited, payable at Lahore. The details are also dispatched to the NFML, registered parties by post.

It is clarified that the tender documents cannot be issued if the above mentioned conditions are not fulfilled. Tender Documents shall be submitted on 23-11-2009 on 11:00 hours to be opened at the same day at 12:00 hours in the presence of the tenderers who wish to be present at that time.

National Fertilizer Marketing Limited may reject all bids or proposals at any time prior to the acceptance of a bid or proposal.

Senior Manager (Commercial)
National Fertilizer Marketing Limited
53-Jail Road, Lahore.