



TRANSPARENCY INTERNATIONAL-PAKISTAN

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6th July 2010

Brigadier (R) Rashid Siddiqi,
Chairman,
Pakistan National Shipping Corporation,
PNSC Building,
M.T.Khan Road,
Karachi

Sub: Complaint on violation of Public Procurement Rules 2004 in PNSC

Dear Sir,

Transparency International Pakistan has received complaint on the corrupt and fraudulent practice in awarding tenders in PNSC, and award of Water Proofing on Old Rally Building to second lowest bidder, M/s Navaish Enterprises at more cost of Rs 450,000, which is **34.43%** more than the lowest evaluated bid.

Public Procurement Rules 2004 have eliminated all discretions from the procurement process.

The allegation of the complainant is that lowest evaluated bidders was rejected due to fact that one BOQ rates quoted in figures was Rs 45/, whereas in words it was quoted as rupees four and fifty paise. The bid was rejected on this basis. Second complaint is that the bidders were not provided evaluation report as required under Rule No 35.

Copy of the complaint is enclosed which may be examined and confirmed whether the complaint is correct or not. And if the complaint is correct, we request you to kindly take action under Rule No 48, with final decisions taken by the Secretary Ports & Shipping, as per PPRA rules and notifications may be communicated to TI Pakistan so that the complainant is informed accordingly.

PNSC is informed that according to SBDs for Works by PEC are made mandatory to be used by PNSC under Pakistan Procurement Code (www.ppra.org.pk), S. R. O. 805(I)/2008 dated 11 July 2008, which state that a Procuring agency when engaged in procurement of works, shall use the standard form of bidding documents prescribed by the Pakistan Engineering Council constituted under the Pakistan Engineering Council Act, 1975 (V of 1976). According to SBD of PEC, in case of discrepancy in quoted rates in words and figures, following rules will apply.

IB.27 Correction of Errors

27.1 Bids determined to be substantially responsive will be checked by the Employer for any arithmetic errors. Errors will be corrected by the Employer as follows:

- (a) where there is a discrepancy between the amounts in figures and in words, the amount in words will govern; and
- (b) where there is a discrepancy between the unit rate and the line item total resulting from multiplying the unit rate by the quantity, the unit rate as quoted will govern, unless in the opinion of the Employer there

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is an obviously gross misplacement of the decimal point in the unit rate, in which case the line item total as quoted will govern and the unit rate will be corrected.

- 27.2 The amount stated in the Form of Bid will be adjusted by the Employer in accordance with the above procedure for the correction of errors and with the concurrence of the bidder, shall be considered as binding upon the bidder. If the bidder does not accept the corrected Bid Price, his Bid will be rejected, and the Bid Security shall be forfeited in accordance with Sub- Clause 15.6(b) hereof.

Kindly note that if the bidder does not accept the corrected Bid Price, his Bid will be rejected, and the Bid Security shall be forfeited.

This is also to point out that PNSC is not abiding with the PPRA requirements of posting on PPRA website mandatory information on procurement 1. Evaluation Reports, 2. Procurement Contracts, 3 Procurement Planning and Procurement Reports. You are requested to kindly post all relevant information of PPPRA website immediately.

TIP refer to the Supreme Court order given on 28th April 2010 in case of disputed award of multibillion dollar LNG contract to GDF-Suez, in which the SC has announced that "Here we may observe that it is duty of the court to ensure that the Public Procurement Regulatory Authority Ordinance 2002 read with the Public Procurement Rules 2004 are adhered strictly to exhibit transparency".

TI Pakistan is for across the board **Rule of Law** in Pakistan.

.With Regards



Syed Adil Gilani
Chairman

Copy forwarded for the information and appropriate action to,

1. Chairman Public Accounts Committee, Islamabad
2. Minister, Ports & Shipping, Islamabad
3. Auditor General Pakistan, Islamabad
4. Managing Director PPRA, Islamabad