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Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan,
New Delhi Dated the 13th July, 2020.

OFFICE MEMORANDUM

Subject: Advisory regarding turnover criteria in Consultancy Contracts.

Attention is invited to para 5.2 of Manual for Procurement of Consultancy & other Services, 2017 regarding Short Listing of Consultants wherein it is stated that the Procuring Entity shall evaluate the consultants for shortlisting, inter-alia, based on their past experience of handing similar types of projects, strength of their man power and financial strength of the firm. For example, it is important to find out if the firm:

- (i) is a small specialized firm or a large firm with access to a pool of expertise;
- (ii) has been in business for an extended period and **has a track record in the field of assignment and in the region**; and
- (iii) has appropriate certification in in-house quality control (firm adheres to the requirement of International Organization for Standardization (ISO) as relevant to the task and has an ethics code in place.

2. It is seen that the process of shortlisting is one of the most difficult and time-consuming tasks in the selection process of a consultant. The short list of firms is required for the selection of consultancy services in a competitive process with a minimum of three and generally not more than eight. The Procuring Entity may assign scores to the response of each consultant based on weightages assigned to each of the criteria in the EoI. Each criteria may be sub-divided into further sub-criteria, if called for. Normally, the weightages shown in the Table below may be used for such an evaluation (this is just an indicative criteria to assist the evaluators. The criteria and their weightage may be changed as per the need of Procuring Entity).

Qualification criteria and their weightages

Sl. No.	Criteria Sub-criteria	Weightage	
		Criteria	Sub-criteria Total
1	Past experience of the consultant (track record)	60%	
	<ul style="list-style-type: none">• Number of years' relevant experience• Past experience of studies of similar nature• Past experience in carrying out<ul style="list-style-type: none">◆ Studies in the related sector◆ Studies carried out in the region		<ul style="list-style-type: none">20%50%20%10%
2	General profile of qualification, experience and number of key staff (not individual CVs)	25%	
	• Qualifications		30%

Sl. No.	Criteria Sub-criteria	Weightage	
		Criteria Total	Sub-criteria
	• Relevant experience		70%
3	Overall financial strength of the consultant in terms of turnover, profitability and cash flow (liquid assets) situation	15%	
	Turnover figure for last three years.		50%
	Net profit figure for last three years		50%
	Totals	100%	

3. It is also noted that while selecting consultants, some procuring entities are keeping the minimum qualifying turnover at the level of 5-10 times of the estimated cost of the consultancy work. This, *prima facie*, appears high. Higher qualification criteria increase the likelihood of adequate experience/ capacity, but reduce the competition; if set unduly high they may increase the cost without any improvement in quality. **It is suggested that the criteria should be fixed on a reasonable basis while drafting tender documents and such higher minimum qualifying turnover should be kept only, if adequately justified.**

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To

Secretaries of all Central Government Ministries/ Departments.