

**INSURANCE REGULATORY DEVELOPMENT AUTHORITY OF INDIA
HYDERABAD**

24TH May 2016

Subject: Minutes of the 40th Procurement Committee meeting held on 24th May 2016

Present:

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| (i) Shri D.D.Singh, Member (Distribution) | - Chairman |
| (ii) Shri Randip Singh Jagpal, (Sr. JD- Intermediaries) | -Member |
| (iii) Smt J.Meena Kumari, (Sr.JD- Inspection) | - Member |
| (iv) Shri M.S.Jayakumar,(CAO) | - Member Convener |

User Department present:

- (v) Shri A.R.Nithyanadham, (Sr. JD - IT)

Leave of absence granted to Shri M.Pulla Rao, Sr. JD. (Gen)

Chairman and Members of the committee were apprised about the agenda items by IT Department.

1. Procurement of 30 Nos. of desktops on DGS&D rate contract

IT Department apprised the Committee that it is proposed to procure 30 Nos. of Desktops on urgent basis on 'DGS&D Rate Contract' in view of joining of new OSDs and Assistants. IT Department desired to purchase HP Desktops on DGS&D Rate Contract, in view of its performance.

IT Department informed the Committee that the DGS&D Rate Contract for Desktop Computers had validity up to 31st May 2016 as per the amendment issued by DGS&D 1T-1/ RC-71090000 / 1215 / 81 / O0259 / 4541 / 58181 dated 11th April 2016, and the relevant order had been verified by IT Department.

The Committee was informed of the following provisions of the 'Procurement Manual' pertaining to DGS&D Rate Contracts:

- Clause 6.1 of the procurement manual, which permits the department to procure goods up to Rs.25 lacs in a year through DGS&D.
- Para 2 clause 6.5 of the procurement manual, which states that IRDA will operate rate contracts to the maximum extent possible.
- The provision in the 'Procurement Manual' that states that in case IRDAI procures 'DGS&D Rate Contracted Goods' directly from suppliers; the prices to be paid for such goods shall not exceed those stipulated in the RC;



and ALL terms and conditions of the purchase should be in line with those specified in the RC.

The following information regarding the proposed Procurement of Desktops was placed by IT Department before the Procurement Committee:

- The proposed procurement of 30 Desktop Computers from M/s HEWLETT PACKARD INDIA SALES PVT LTD is for a total cost of Rs. 15,42,030/- plus taxes (Rupees Fifteen lakhs Forty Two thousand and Thirty only). (Unit price per desktop is 51,401/- plus taxes) and the same is within the DGS&D purchase limit of Rs. 25 lacs as stated above.
- M/s HEWLETT PACKARD INDIA SALES PVT LTD vide their email dated 11th May 2016 has stated that the order may be placed directly in the DGS&D Online Process.
- The Online procurement process usually taken about 3 to 4 weeks
- Since the desktops were needed URGENTLY by IRDAI, M/s HEWLETT PACKARD INDIA SALES PVT LTD was requested for supply of Desktops ON URGENT BASIS.
- M/s HEWLETT PACKARD INDIA SALES PVT LTD, informed vide its email dated 11-5-2016 that the order may be placed to M/s Youdan Marketing for supply of computers.

The deliberations of the Committee are recorded below:

- I. As per the provision 2.3 of 'IRDAI's Manual on Policies and Procedures for purchase of goods through a Central Purchase Organization', in case IRDAI does not have the required expertise or manpower, it may send its indent to the Central Purchase Organization (e.g., DGS&D) with the approval of its ED (Admin). The indent form to be utilized for this purpose is as per the STANDARD FORM evolved by the Central Purchase Organization. The committee opined that this procedure could be followed, wherever required.
- II. Provisions in Chapter 14 of the 'IRDAI's Manual on Policies and Procedures for purchase of goods' with respect of SELECTION OF VENDOR for supply of the Computer Hardware / Rate Contract should be examined and adhered to.
- III. DGS&D Rate Contract IS A PACKAGE RATE, which specifies the rates of the Computer Hardware to be procured and the AMC RATES with the OEM after expiry of warranty.



IV. DGS&D has the LOGIN PROVISION by which organizations can place orders directly ONLINE with DGS&D.

IT department observed as follows:

- (a) If the order is directly placed with the Original Equipment Manufacturer (OEM) it will take 3 to 4 weeks for delivery. Since the requirement is immediate and urgent, the OEM vendor was requested to recommend a channel partner who can supply the computers at the earliest. HP the OEM vendor advised IRDAI either to apply ONLINE through DGS&D or place order with OEM. On further request it indicated that the order could be placed with M/s Youdan Marketing for supply of Desktop computers.
- (b) AMC with the OEM vendor as per DGS&D provisions will be taken into consideration after the expiry of warranty i.e. 3 years.
- (c) IT Department has not explored the ONLINE ORDER MODULE of DGS&D and will explore it in the future requirements.
- (d) IT Department has been following the above procedure for procurement of IT hardware since long; and hence requested the Procurement Committee to consider the proposal due to the URGENCY involved.

The committee recommended the following:

- I. The procedures specified in the IRDAI's Manual on Policies and Procedures for purchase of goods should be complied 'In Toto' in all procurements of IT department henceforth without any deviations.
- II. HR department should necessarily inform the IT department well in advance regarding the Computer Hardware requirement for the new / additional manpower deployment.
- III. The proposal of IT department to purchase 30 desktops is recommended as below:
 - a. IT Department may purchase FIVE Desktops through Online Mode.
 - b. IT Department may purchase the remaining TWENTY-FIVE DESKTOPS from the OEM suggested vendor, due to urgency indicated by the IT department, and adhere to all the Terms are as per DGS&D Rate Contract, including the AMC as per the Rate Contract terms.



2. BAP- Approval of Change Request (CR) proposal submitted by L&T InfoTech

IT Department had listed FIVE CHANGE REQUEST PROPOSALS for consideration of the Procurement Committee.

Procurement Committee pointed out that the CHANGE REQUESTS submitted to the Procurement Committee were 'accumulated' over a period of time. IT Department was advised NOT to accumulate "Change Requests" that was approved / signed-off by the HOD's of the User Departments, and present CR's to the Procurement Committee on a regular basis..

IT Department informed that the PROCEDURE FOR EXECUTION OF CHANGE REQUEST by IT Department is now approved; and shall be adhered to scrupulously in future.

The following CR's were discussed:

(a) Non-Life Use & File CRs

The Committee enquired about

- (i) The existing product classifications already built into BAP in accordance with the File & Use circular issued in 2006.
- (ii) The existing product classification and the proposed product classifications that are to be linked in the new / updated system.

The committee discussed the following:

- The proposed product classification requires the system to create a radio button for "Retail" and "Commercial". However, the existing product classification consists of five divisions i.e.
 - (a) Internal tariff rated products,
 - (b) Packaged or customized products,
 - (c) Individual experience rated products,
 - (d) Exposure rated products and
 - (e) Insurance of large risks.
- Once "retail" is selected, it should not give an option to select further classifications which are not relevant to retail such as "insurance of large risks" etc.



- Hence, creating a radio button for "retail" may only complicate the File & Use application in BAP.
- Similarly, would be the case with respect to other provisions to be created i.e. "Will the product also be marketed to Commercial customers (Y/N)" and "Commercial product up to Rs 5 Crores (Y/N) " appear to be redundant, as the three changes proposed can be achieved through one provision
 - (i) "Whether the product is a commercial product with sum insured more than Rs 5 Crores (Y/N)"
 - (ii) If Yes generate UIN &
 - (iii) If No File & Use procedure

The Committee pointed out that the CR proposal was shown as 'STOP GAP' and suggested that the department should examine the CR comprehensively and place the CR Proposal to the appropriate committee in the next meeting.

The Committee also suggested that the department should place the CR before the concerned MEMBER and obtain approvals, before placing the CR PROPSAL in the Procurement Committee Meetings.

The IT department to examine and explain why all the three CRs are clubbed together to calculate the Man hours, whereas with respect to changes proposed in health each change is identified separately. This may be examined for each of the CRs proposed.

(b) Health Advertisement & Product Filing CRs

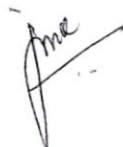
Health Department may provide a detailed presentation of the

- Existing provisions and
- Proposed changes with reason for change.

It was suggested that IT department should examine and explain all the CRs in the above format with diagrams / flowcharts if possible and explain how each CR is treated or clubbed to identify the man hours needed.

(c) F&I Life CRs

It was informed that IT department has already implemented the CR changes 'DUE TO URGENCY', and the item is placed for ratification. Procurement Committee noted the above observation, and suggested that F&I Life Department may provide a detailed presentation of the existing provisions and



proposed changes with reason for change to the appropriate Procurement Committee for examination and ratification.

Surveyors CRs

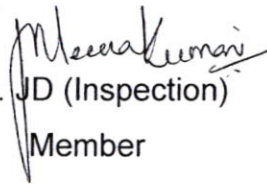
It was informed that, 'DUE TO URGENCY', IT department has already implemented the CR changes, and the item is placed for ratification.

Procurement Committee noted the above observation, and suggested that Surveyor Department may provide a detailed presentation of the existing provisions and proposed changes with reason for change to the appropriate Procurement Committee for examination and ratification.

The meeting ended with vote of thanks to the Chair.



CAO
Member-Convener



Sr. JD (Inspection)
Member



Sr J D (Intermediaries)
Member



Member (Distribution)
Chairman

Date: