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Final Draft

A VIABLE PROCEDURE OF
OPEN TENDER
FOR
PUBLIC
PROCUREMENT OF RICE IN BANGLADESH

Mahfoozur Rahman

International Food Policy Research Institute
Bangladesh Food Policy Project
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A List of Selected Abbreviations and Acronyms

ADP	- Annual Development Programme
BADC	- Bangladesh Agricultural Development Corporation
BARI	- Bangladesh Agricultural Research Institute
BBS	- Bangladesh Bureau of Statistics
BD	- Bangladesh
BIDS	- Bangladesh Institute of Development Studies
BJMA	- Bangladesh Jute Mills Association
BJC	- Bangladesh Jute Corporation
BJMC	- Bangladesh Jute Mills Corporation
BRDB	- Bangladesh Rural Development Board
BKB	- Bangladesh Krishi Bank (Agricultural Bank)
BSB	- Bangladesh Shilpa Bank (Industrial Bank)
BB	- Bangladesh Bank (Central Bank)
BR	- Bangladesh Railways
BRRRI	- Bangladesh Rice Research Institute
BSTI	- Bangladesh Standard and Testing Institution
CIF	- Cost, Insurance and Freight
CSD	- Central Storage Depot
DGDP	- Directorate General of Defense Purchase
DGF	- Directorate General of Food
FAO	- Food and Agricultural Organization (of the United Nations)
FCI	- Food Corporation of India
FFYP	- Fourth Five Year Plan
FM	- Flour Mill
FOB	- Free on Board
FS	- Free Sales
GDP	- Gross Domestic Product
GOB	- Government of Bangladesh
HYV	- High Yielding Variety
IFRI	- International Food Policy Research Institute
LAC	- Lakh, (One Hundred Thousand)
LC	- Letter of Credit
LSD	- Local Storage Depot
MES	- Military Engineering Service
MO	- Marketing Operation
MOF	- Ministry of Food
NBR	- National Board of Revenue
OMS	- Open Market Sales
PFDS	- Public Foodgrain Distribution System
PR	- Palli (Rural) Rationing
PWD	- Public Works Department
SR	- Statutory Rationing
TR	- Test Relief
US	- United States (of America)
USAID	- United States Agency for International Development
USDA	- United States Department of Agriculture
WQSC	- Weight Quality and Stock Certificate

CURRENCY EQUIVALENTS

The exchange rate of Bangladesh currency, Taka (Tk) is tied to a basket of currencies, with prime linkage to United States Dollars. The official rate as on 2nd February 1992 was Tk. 38.9326 per US Dollar.

US \$ 1 = Tk. 38.9326

Tk. 1 = US\$ 0.2569

Weights, Measures and Units of Number

1 maund (md) = 0.03732 metric ton (MT)

1 long ton (British) = 1.016 metric ton (MT)

Lakh, lac = Hundred thousand (00,000)

Crone = Ten Million (00,000,000)

Financial Year(FY)

July 1 - June 30.

I have not ventured to speak from any chance information, nor according to any notion of my own; I have described nothing but what I saw myself, or learned from others of whom I made the most careful and particular inquiry. The task was a laborious one because eyewitnesses of the same occurrence gave different accounts of them as they remembered, or were interested in the actions of one side or the other. And very likely the strict historical character of my narrative may be disappointing to the ear. But he who desires to have before his eyes a true picture of the events which have happened----- shall pronounce what I have written to be useful, then I shall be satisfied.

THUCYDIDES, PELOPONNESIAN WAR, (Volume I, 400 BC)
(Cornelius Ryan : The Last Battle)

Since all that beat about in Nature's range
Or veer or vanish; why should'st thou remain
The only constant in a world of change
O yearning thought ! that liv'st but in the brain,

S.T. Coleridge, 'Constancy to an Ideal Object'

Yesterday, I was on the bridge, watching the mountainous waves and the ship cutting through them and mocking their anger. I asked myself why is it that the ship beats the waves when they are so many and the ship is one ? The reason is that the ship has a purpose and the waves have none. They just flop around, innumerable, tireless but ineffective. The ship with the purpose takes us where we want to go. Let us, therefore, have purpose, both in our national policy and in our private lives. Thus the future will be fruitful for each and for all, and the reward of the warriors will not be unworthy.....

- Sir Winston Churchill, addressing home bound US troops on board the Queen Elizabeth, at the end of an Atlantic crossing in rough weather, on January 9, 1946.

FORWARD

IFPRI has initiated a wide range of investigations on food policy in Bangladesh, from macroeconomic overviews to detailed institutional reviews of specific programs. Few of our studies have contributed to improved food policy as quickly and as directly as these two reports by Mahfoozur Rahman.

His reports serve an extremely valuable function. They introduce the lay person to the complex mechanics of official rice and paddy procurement. At a time when government is anxious to reduce costs in the Public Food Distribution System, this paper and its companion offer an understanding of procurement and storage fundamentals that is essential for successfully initiating reforms.

Open tendering for rice offers strong potential as a means of cost containment in public food distribution. While most observers agree on this basic principle, it requires a solid understanding of the mechanics of foodgrain procurement to make the tendering work. By reviewing in detail the results of two initial government tenders and offering constructive suggestions on how they might be modified, these papers have already contributed to improvements in public foodgrain tendering procedures.

I believe that in five years time, those looking back will find these two papers by Mr. Rahman have played a major role in government's transition to procurement through open tendering for rice. In the short run, this will provide important budgetary relief. In the long run, I believe, public tendering will play a key role in modernizing Bangladesh's rapidly growing domestic rice market.

Dr. Steven Haggblade

Chief of Party

IFPRI : Bangladesh Food Policy Project

Acknowledgements

To reach the goal of food security for the poor of Bangladesh at an affordable cost is an illusive and daunting task. For a democratic Government, it is all the more so, for it has to be responsive to the needs of the electorate and, at the same time, pursue its longrange development strategies within very limited budgetary resources. While it is accepted by many that public procurement at market prices is an efficient method towards containment of budgetary deficits, the mundane procedures of just how to do it, received little attention hitherto. The following pages are results of such an effort to evolve a practicable method of procurement at a lesser cost; all within the rigid frame-work of Rules and Codes of Bangladesh.

It is with a profound sense of gratitude that I recall the assistance and encouragement which I received in the course of my investigations. The concerned officials of Govt. Departments, autonomous bodies, sector corporations and private agencies gave their valuable time and shared the wisdom of their long experience. They unhesitatingly offered data and information from official records whenever asked for. These they were not required to do. Once they felt that these may lead to something for the better for Bangladesh, these senior officials readily volunteered all they knew - at most times to a total stranger. I felt proud to be a Bangladeshi at these times.

It is my duty to acknowledge their debt; but for lack of space alone that I can not record all their contributions. Special mention must be made of Mr. Frans Van de Ven and Prof. G. Mohiuddin of FAO, Syed Nizamuddin of World Bank, Mr. Emdadul Huq, D of P, DGF, and Mr. M. Sirajul Huq, ADD, DGF. These gentlemen went out of their ways to assist me in analyzing and understanding the complex problems of food operations of Bangladesh. Thanks are due to my friends and colleagues at IFPRI, Dr. Steven Haggblade, Dr. Nuimuddin Chowdhury, and Dr. Akhtar U. Ahmed. Distinguished scholars all, I imposed upon them at whatever time I felt like. Their reviews and comments added much to whatever substance these papers have.

All these men and others unmentioned, from home and across the seven seas, are true friends of Bangladesh. Unseen and unsung, they work devotedly and untiringly towards the ultimate objective of providing food for the poor and vulnerable millions of Bangladesh at a lesser cost. In most people's book, including mine, there is no nobler purpose in life.

Mahfoozur Rahman

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AIDE MEMOIRE

A Viable Procedure of Open Tender for Public Procurements of Rice in Bangladesh

1. Areas comprising of today's Bangladesh was historically a land of surplus food grain production. But over population and stagnation of agricultural production created deficits by 1940s. The fall of Burma and consequent collapse of British administration caused the great Bengal famine with a loss of a million lives. The famine of 1974 caused a loss of over 200,000 lives. All these catastrophic events and chronic shortages exert a very powerful influence upon any Government in Bangladesh to evolve and execute a food policy to ensure supply of sufficient food for the people. Ever since its inception, the relevant Government department for execution of food policy procured paddy and rice for distribution by various means like levys, cordons and restriction on trade. But with rising production and near self sufficiency in rice production today, such policies are redundant in real life situation prevailing in Bangladesh. A change of policy is in order to adjust to rising production of rice leading to export in the near future.

Government Intervention and Policy Adjustments

2. In the present situation, the main objective of Government procurement of rice is to provide support price to farmers. The secondary objective is to provide rice to consumers at stabilized prices which the Government assumes to be 'fair'. Analysts are of the opinion that arbitrary fixation of procurement prices are creating inefficiencies and distortion which in no manner help the targeted vulnerable groups of public distribution of food. Rather, it encourages rent seeking and corruption in the food operations of the Government. If the Government could procure rice at the going market rates, a large portion of the rent element would be eliminated. Limitations of statutory and administrative codes preclude free negotiations which is the hall mark of free trade in determination of price of commodities in the market place. The nearest approximation to free negotiation to determine price is a competitive tender within the framework of Government rules and Codes. For this reason, the DGF floated tenders to procure a small quantity of rice recently. The object of this paper is to generate a viable procedure to procure rice by open tender and also to provide basis for policy reforms in related sector so that such tenders become the main instrument of procurement within a short time.

3. Fundamental Considerations

Bangladesh has inherited many Codes and Rules which have regulated expenditure of public funds in an exemplary manner. The chief among those are Finance Regulations and Audit Codes. The principles outlined in those time honored procedures are sound, stringent and clearly opt for competitive procurement of any Govt. stores. Open competitive tender, clear contract after tender, and audit of stores and funds by independent teams are some of the provisions of these rules. These procedures are no different from those adopted by any business house in their purchase operations. These rules and procedures must then be strictly enforced with some modifications which the Rules do not prohibit.

4. Existing Purchase Procedures

As many Government departments and corporations purchase their commodities in as many different ways. Major Departments like DGDP, PWD, Dte of Supply and Inspection purchase by open tender. Corporations like BJC and Sugar Corporation buy at Govt's fixed prices and sale again at fixed rates. Both these corporations have incurred huge financial losses in recent years which has largely restricted their operations. It has been observed that, if the tenders are floated and executed efficiently, the prices thus obtained are excellent in comparison to prevailing market prices. DGDP in particular purchase fine rice at rates which are considered not only fair but a bargain by independent analysis. The long operational records of Dte of supply also point unambiguously towards efficacy of open tendering procedure for procurement of stores and stocks for the Government.

5. A Recommended Procedure

The procedures thus generated must conform to Govt's Rules and Codes with modifications in some aspects to take advantage of existing inspection and banking agencies in Bangladesh. The present specifications of rice by DGF are out dated and inadequate. The BSTI has evolved excellent standard specifications for milled rice. This standard is superior in its scientific methods than those existing in neighboring countries of S.E. Asia. It is recommended that DGF adopt one of the four grades of milled rice with standard sampling and testing methods to standardize rice trade. This will be of great assistance to eventual export trade to which Bangladesh will enter in near future. Inspection by private agencies and payment by inland letters of credit are two other recommendations to help not only the contractor but to benefit the DGF at no extra cost. The contractor will bear the nominal expenses of these services. As a starter, these procedures are kept optional at the choice of the contractor.

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6. Quantities, Times and Methods of Supply

DGF should ideally purchase all rice for its distribution by tender. The places of supply should be at the points of distribution. There should be no tender at procurement zones where floor prices are in force. The time to float tender is at the harvest time with long elapsed time allowed to take advantage of least-cost transport from surplus zones. The entire package should be tendered for ie rice, gunny bags, and transportation. This will ensure economy of operation when free competition will determine the costs of all goods and services.

7. Tender Evaluation

In the last tender by DGF, small quantities of rice were offered at prices which analysis revealed to be good in comparison to present costs of procurement. But owing to procedural problems, orders were placed very late, resulting in supply of a minute quantum of rice. Had the DGF ^{been} more attentive to Govt's own Finance Rules and Codes, such a situation could not arise. In future tenders, attention must also be given to develop a bench mark cost for rice at different points of supply. In the absence of cost data and balance sheets, estimation of cost is very difficult. But it is almost certain that true cost to the Government is much higher than what is estimated hitherto. Future tenders should be evaluated against these bench marks. Promptitude in decision taking is key to successful consummation of tender purchases of rice.

8. Private Sector Constraints

The present private sector in food grain in Bangladesh is weak, financially and organizationally, Decades of control has weakened the initiative and drive of this sub sector so that it can not supply the entire quantity of rice as required by PDS immediately. But with liberalization of restrictions, they can do the job eventually. Many steps like removal of restrictive laws, limitations on finance, and institutional developments are necessary to develop a vigorous private sector in food grain. As a supplementary device, tenders must continue. Side by side other reformative measures should also be under ^{taken}. Donor assistance may also be provided to finance private sector trade in foodgrain as is the case for fertilizer importers to market fertilizer.

9. Conclusion

Presently, there are great pressures on revenue budget of Bangladesh. Revenue surpluses are essential, among reasons, for providing local currency to utilize aided foreign currency development projects. Stoppages of leakages and reducing budget deficit have therefore, assumed new dimensions now. Reducing deficit in Government's food operations should be a priority task in these circumstances. One of the major steps as recommended by many expert groups was to bring down the cost of procurement to match market rates of rice. Tendering procedure is only a step towards

that direction. Since Bangladesh has long standing codes of conduct for Govt. purchases, any procedure must conform to them totally. To be effective, these tenders must continue regularly to give encouraging signals to the private sector. Side by side, steps to strengthen private sector also should be taken. Some tasks like inspection and payment by letter of credit can be introduced immediately. Long term investments like silos and storages in private sector are also necessary. Development of a rice-exchange is to be seriously considered. However, the effort of tendering for rice is a step in the right direction which must not be allowed to fail owing to procedural inefficiencies.

A VIABLE PROCEDURE OF OPEN TENDER FOR
PUBLIC PROCUREMENT OF RICE IN BANGLADESH

I. INTRODUCTION

(1) An Historical Overview

1. The ancient land of Bengal had never known hunger, excepting in historically insignificant moments of catastrophic natural disasters in her millennium of recorded history. The Chinese traveler Huen Sang wrote of a land of plenty and prosperity. It was the most prosperous state in times of the great Moguls in all of India evidenced by an imperial purse of revenues collected by such state governors as Shayesta Khan, still remembered in his old capital of Dhaka. If India was a "Jewel in the Crown" of the British Raj, Bengal was the centerpiece.

2. The natural resources of Bengal, plentiful water, sunshine, fertile land and a hard working population, - produced enough food grains for export, after meeting its needs. The Australian colonies were fed by grains shipped from Calcutta at as late a time as 1870s. But over population and stagnation of agricultural production created a dangerous environment. Bengal was a net importer of food by 1940s, the shortages met mostly by imports from Burma, a province of British India till 1935. The disruptions, unpreparedness and collapse of the British administration after the fall of Burma to the Japanese caused the first great famine in Bengal in two centuries-the famine of 1943. The partition of 1947 caused stupendous human sufferings and cross-migration of population to the new province of East Bengal, its capital again at Dhaka, the old Mogul bastion. By 1950s shortages were felt and met by imports in lean years from various sources. The independence of 1971 caused another great upheaval in an already fragile agro-economic environment. The next famine of 1974, which some term manmade, was not as great as the one of 1943 but severe enough to take 2,00,000 lives by official estimate. All these recent events left an indelible mark on the people of the infant state of Bangladesh and its successive Governments.

(3) Government's attempts to intervene in the food grain market started with the establishment of the Civil Supply Department in 1943. After evolutions in three successive administrations, colonial, Pakistani and now independent Bangladesh, it has matured into Ministry of Food. This Ministry, through its subordinate Directorate of Food is charged with the primary responsibility of formulating and executing the state food policies. The policies may be variable but the objectives are not. It is the unwritten compulsion on any Government of Bangladesh, for historic, political and cultural reasons, if not constitutional, to provide enough food for its people through various mechanisms as devised.

(2) The Recent Scenario:

1. For the people of Bangladesh food means largely rice. The ancient Sanskrit name for paddy is "Dhannya", its synonym being "Dhana" meaning wealth. Paddy and rice are the basic measures of wealth in this predominantly agricultural society. Therefore, to be self sufficient in food means basically self sufficient in rice in Bangladesh context, as it always meant. Provision of food in the form of rice is thus basic to any policy pursued by any Government of Bangladesh.

2. Fundamental changes have taken place in the agricultural sector of our economy in the past twenty years. The green revolution of seed-fertilizer-irrigation-pesticide has silently revolutionized our agricultural production. Truly, Bangladesh is on the verge of a break-through. This ancient land of plenty is again seeing self-sufficiency, even export of rice on the horizon after five decades of chronic shortages. Infrastructural developments, expansion of banking, mechanization of transport and new communication network of telephones have played their silent but benign parts in countrywise integration of rice market. A time of self-sufficiency, a time to change and of time to formulate new policies for a newer vision is in the air. Everyone is talking about it, the traders, wholesalers, millers, the donor community, the government Officials, all the people concerned with these vital issues are expectant for a new era about to usher in.

3. The colonial procedures formulated albeit by able administrators to serve a critical time of war and famine of 1943 can scarcely serve the needs of a free society at the end of the 20th century. The momentous changes with the collapse of communism has removed the last vestiges of socialism with its planned distribution. It is not a time of dogmas and polemics but a time to let the productive energies of a free people work towards betterment of their lives. The people and Government of Bangladesh have categorically opted for democracy with its many ramifications including a free economy. But the hangovers of many decades of control in the food sector can not be wished away. Like the working of a democracy itself, the process of change must then be evolutionary. The recent attempt of GOB to procure rice by free competition is a small but sure step towards the ultimate goal of free market. Seen in this perspective, the procedures for this operation must necessarily be tenable constitutionally, legally and in conformity with the existing codes and rules of GOB. In other words, the viability of the policy must be judged not only from pure economic but also legal and constitutional points of view to be effective under rule of law.

II. OBJECTIVES AND METHODS OF PROCUREMENT

(1) Government Interventions:

1. Ever since its inception, the Government department charged with public distribution of rice for the selected groups procured rice. The mechanism used in the past where levies, cordons, restrictions on movements of food grain and other restrictive measures. The "anti-hoarding" laws and Bengal Rice Millers Acts as adopted and modified by successive administrations are still in the statute book, if not actually enforced.

2. In recent years, Government interventions in the rice market has gradually taken the form of purchase and sale on voluntary basis. The method of operations can be interpreted as 'floor price' and 'ceiling price' fixations towards price stabilization within a target band. Public procurements at announced prices at times of harvest and sales in peak-price time are the mechanisms the Government through its Ministry of Food and Department of Food are pursuing regularly.

3. The object of these operations may mainly be two fold :

(i) To protect producer interest by a support price so that the paddy prices do not crash and there is always an incentive to boost paddy production.

(ii) To protect the consumer interest by distribution through various PFDS channels, also to dampen rises in price of rice by OMS in selected areas to keep the fluctuation in prices within a target band.

4. In economic sense, the two objectives are self-contradictory. The interests of producers and consumers being always conflicting, the Govt., in a sense, is playing the role of an arbiter who attempts to reconcile their differences. In India, the Govt. announces the support price in advance for 3 years and this becomes the procurement price of paddy for the period as a long range supportive effort. In case of MOF, this procurement price (floor price) is announced twice in a year - Aman (Dry) season and Boro (Wet) season.

5. Since farmers produce paddy and consumers eat rice, it follows naturally that the GOB should support these two groups by two different commodities. By buying paddy at the rural areas the Govt. may interfere directly with the market to enforce floor price. The sale of rice, on the other hand, must take place mostly in large urban areas where the ration and OMS operations take place towards ceiling price enforcements. It is, thus, logical for this market operator to obtain the required commodity at the appropriate location. Even Govt. of India through FCI procures most of its rice for public distribution in rice form as levy from mills and purchases paddy for price support in rural areas. By doing so, they try to keep the two operations as separated from each other as possible.

6. If Govt. were to buy rice at centers of distribution many advantages and economy of operations would accrue. The problems of converting so much rice as purchased in rice form would not arise. The leakages in milling, transportation, tied up capital, simplified accounts and lesser interest charges are some of the additional benefits.

7. How best then to procure rice at the points of consumption. The system of forced procurement at fixed prices does not arise. The political and social compulsions in Bangladesh today does preclude the coercive method of levy or cordon. Howbest then to ensure that the nebulous term "market price" does prevail. A system of competition must also be assured. It is thus the voluntary offer of rice which must be bought at a price determined by free competitiveness. This procedure should therefore guarantee competitiveness which in turn will resolve many other difficulties. Fairness, transparency and conformation to the rules of business of the Govt. in expenditure of public money are also to be satisfied.

(2) Free Market Imperatives:

1. There is no totally free market operating in the present day world, just as there is no totally controlled market. For the purpose of this paper, perhaps free market may be adequately defined as the environment in which voluntary exchange of goods and services at prices freely negotiated take place between buyers and sellers without third party interference. The agricultural market of US may be termed free, as compared to controlled market in Cuba, both terms being relative and qualified. A wealth of literature and historical experience prove the efficiency and productivity of a free market unsurpassable by any other rival system. It is well worth noting that all the major exporters of food grain including rice, operate in a free market environment. It is also the declared aim of the present Government of Bangladesh to espouse free market principles in its economic methods.

2. Notwithstanding the premise that a competitive market is efficient, for various reasons, Bangladesh is expected to continue to operate a stabilization programme in one form or the other for the near future at least. The economic benefits of an effective stabilization programme are welknown. It is the cost of such an operation which is the concern at the moment. The object of this paper is to devise a least-cost method of stabilization, the principal instrument of which is the internal procurement. The costs may take in various forms some explicit, some covert. Any inefficient system not only drains hard earned public revenues needed urgently for development work, but also creates distortions in the market. Besides such economic ills, these inefficiencies generate undesirable social traits of corruptions and rent seeking which subverts the productive energies of the people and create dangerous disaffection and fissures in a small integrated society like Bangladesh with its inevitable political backlash.

III. A COMPETITIVE SYSTEM OF PROCUREMENT

(1) The Need to Modify Purchase Procedures:

1. Given the economic and political compulsions to procure rice for the prime objective of price stabilization, a system must be devised which encourages competition, transparency, fair play and allows market forces to interact as freely as possible. There are ominous signs that the Government food operations are becoming increasingly expensive. They have been a constant drain on the Revenue Budget throughout the past decade. A recent study (WB-1991) reports an annual average cash deficit of Tk. 2.3 billion in the FY 80-90 period. The deficit in the GOB food account widened to a staggering Tk. 11 billion in FY 90. This shortfall amount is equivalent to 60 percent of local currency contribution of ADP of 1990. The need for reforms is felt urgent.

2. As has been analyzed by another study (IFRI-91), the basic objective of stabilization effort is to provide support against a harvest season crash of prices. The other objectives of procurement operations are secondary to this principal goal. To achieve that goal in a least-cost procedure, it is suggested that the procurement price should be allowed to match the true market price. If this can be achieved problems of transparency and fair play should be automatically resolved by interplay of market forces. Nonetheless, Government as a buyer in the market place has some serious limitation not experienced by private traders. The Government officials are not free agents of a trading house. The limitations on free negotiations are restrictive in reaching an ideal equilibrium price by a Government official. The nearest approach to a free exchange is by a tender to purchase the commodity. Accepting the various limitations, a freely participated tendering procedure is the closest to a free market equivalent of unrestricted negotiations to resolve the innumerable variables for a free-trade to be successfully consummated.

3. The impact of such freely participated tenders for all the quantities of rice the Government needs, will have an immediate and beneficial effect upon the market place. To be truly effective, the underlying principle that needs emphasizing is : the Government is a buyer no more and no less. On the other hand, the bidders are sellers no more and no less. The instrument of tender and its various ramifications are simply devices to reach a settlement of prices among other factors. That it is not an administrative but an economic device, needs be publicized. Long used to restrictive practices of licensing, levies and later higher procurement prices than the market, the participants need reassurance. A change of attitude is in order. An attempt will be made to analyze various procedures and options with the aim of reaching the economically illusive goal of an equilibrium price, a resultant out of supply and demand. It will also be shown that such prices as reached by a free tender will certainly be the least-cost option to reach that avowed objective.

IV. FUNDAMENTAL CONSIDERATIONS

(1) Statutory and Legal Aspects:

1. As mentioned earlier, the obvious limitations on Government officials restrict their activities as free agents of their principal, the GOB. A tour of the existing rules, regulations and procedures leave no doubt in one's mind that the existing procedures, if followed effectively, are fair, and as free as the limitations on public expenditure permit. For Government financial operations, the underlying fundamental principles are codified in General Finance Rules (Volume II) promulgated under Government of India Act 1935 and subsequently modified. The guiding principle for generations of public officers towards management of Government funds has been declared in Appendix 2 of F.R. VOL-II thus :-

- (i) The cardinal principle governing the assessment of responsibility is that every public officer should exert the same vigilance in respect of public expenditure and public funds, generally as a person of ordinary prudence would exercise in respect of expenditure and custody of his own money.

2. Where there is no precedence, the guiding beacon has been the phrase "a person of ordinary prudence would exercise in respect of expenditure and custody of his own money". Any procedure to purchase any Government stores and stocks should, therefore, conform to practices ordinarily followed by a private entity, be it a person or a commercial firm. Some basic considerations to influence the decisions will be :

- (a) What to buy ? - rice
- (b) What quantity to buy ? - specify quantity
- (c) Where to buy ? - specify location
- (d) What type to buy? - indicate specifications
- (e) What is the price? - obtain market information
- (f) Is the price fair? - ensure competition
- (g) What is the surety of ? - ask for bid bonds the purchase
- (h) Is the quality ok? - ask for inspection from whom I can trust
- (i) Is my agent acting - arrange payment through some one honest and fair in whom I can trust, like my bank. paying my money ?
- (j) Am I buying shrewdly? - time the purchase to match lowest price-time (harvest time)

- (k) Are my papers correct?- get my papers audited
- (l) Are my stocks what
my papers say ? - get my stock checked
- (m) Are my books correct? - reconcile bank statement with
my books.
- (n) Am I happy ? - now I am happy! I have my
warehouse full, my accounts
checked, my books balanced and
I have been charged a fair
price.

The "person of ordinary prudence" will be satisfied with what he has done with the money, no matter if it belongs to the Government or to himself.

3. The procedures of expenditure of government funds are again specifically codified by Audit Code enacted under Govt. of India Act 1935 and subsequently modified and adopted and issued under authority of Comptroller and Auditor General of Bangladesh in 1980. Says Section 126.

" The Government has laid down the following fundamental principles for the guidance of authorities to enter into contracts or agreements involving expenditure from Government revenues. These are financial rules but they state audit principles as well -

(1) The terms of a contract must be precise and definite, and there must be no room for ambiguity or misconstruction therein.

(2) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

(3) Standard form of contract adopted wherever possible, the terms to be subject to adequate prior scrutiny.

(4) The term of a contract once entered should not be materially varied without previous consent of the competent financial authority.

(5) (Not quoted)

(6) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited, and in cases where the lowest tender is not accepted, reasons should be recorded
(Emphasis added)

(7) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors".(Emphasis added).

4. Then again says the Appendix 2 under Article 145:

"2. As regards purchase of stores, Audit will see that -

(i) These are properly sanctioned, are made economically and in accordance with any rules or orders made by competent authority for purchase of stores required for the public service, in particular when stores are purchased from contractors the system of open competitive tender is adopted and the purchase is made from the lowest tender unless there are recorded reasons to the contrary. (emphasis added)

(ii) (Not quoted)

(iii) ,, ,,

(iv) ,, ,,

(v) Audit may call attention to cases of uneconomic purchase of stores and to any loss which may be clearly and definitely attributed to defective or inferior nature of stores which were accepted and certified to be satisfactory in quality. (Emphasis added).

4. Stores, in many cases, represent a locking up of capital, which is not justified unless essential. In order to effect economy----- the balance in hand is not in excess of requirement for a reasonable period" (Emphasis added) that the system of verification adopted by the Executive is adequate and proper, that wherever possible, the staff responsible for verification is independent of the staff which is responsible for the physical custody of the stock or for keeping account of it. It should also be seen that whenever practicable, verifiers of stock work directly under control of Government, and not under heads of individual departments."(Emphasis added).

5. The Manual of Office Procedures (supply) issued by the Government under Ministry of Commerce is the manual to be followed for exact procedures of tendering. It is the standard handbook for Department of Supply & Inspection under Ministry of Commerce who purchase and inspect myriad of articles. As per rule of procedure followed since the British administration, all purchases over a specified amount was handled by this specialized institution centrally. Regrettably, under the autocratic regime, general subversion of procedures and rules were the norm and gradually, this department is now relegated to a secondary role and various organizations effect purchases on their own. Under a democratic set up, the least that is expected is a revival of rule of law, specially in expenditures of public money and acceptable application of time honored financial rules and audit procedures.

6. With this brief survey of general rules in respect of expenditure of Government funds, for purchase of stores consisting of and including any commodity, and the general principles of accounts, we may safely conclude the following fundamental principles for any purchase involving public funds.

- (a) There must be an open tender for procurement with a precise contract to be awarded to the lowest bidder excepting in extraordinary and exceptional circumstances
- (b) Govt. must be satisfied as to the quality and quantity.
- (c) The stocks and items should be verified by persons who should not be subordinate to the heads of departments affecting purchase.

In plainer words three principles emerge as befitting a 'prudent person' - buy from the cheapest source, ensure quality and quantity, obtain verification from independent source. Any system which satisfies the above criteria must of necessity be competitive, fair and transparent, besides satisfying relevant rules and Codes.

2. Constitutional Aspects:

1. Bangladesh constitution grants fundamental rights to its citizens which can not be infringed upon by the State. Unfortunately under much of autocratic rule, the courts could not play their constitutional roles of upholding and enforcing these rights of individual citizens. Notable exception must be made of land mark decision of the Supreme Court of Bangladesh which set aside parts of 8th Amendment to the Constitution, passed by a two third majority in the Parliament under Ershad regime. The principal points of the judgment were that the legislature had no power to effect fundamental changes to the basic structure of the constitution which is the highest contract given by the people of Bangladesh to themselves. This principle extends to business conducted by the Government as well in that the Executive must abide by general laws of contract and ensure fairplay in all its transactions.

2. Indian Supreme Court has been giving a number of judgments upholding individual rights and limiting the powers of the State in matters of award of contracts and tender procedures. The principals repeated in a number of times vindicate that the state can not act in arbitrary manner in purchases out of public money. The individual's constitutional right to be 'treated fairly' is fundamental to award of contracts etc. In limiting the arbitrary action of the authorities. Misra J in H. Singh V. the Union said.

"It is open to the State to adopt a policy different from the one in question. But if the authority or the state Government chooses to invite tenders, then it must abide by the result of the tender and can not arbitrarily and capriciously accept the bid of respondent No. 4 although it was much higher and to the detriment to the state "..... "Constitutional law of India Vol-III 1851

In Hasia's Case, Bhagwat J. said,

" It would be the easiest thing for the Government to assign to a plurality of corporations almost every state business such as Post and Telegraph, TV and Radio, Rail Road, and Telephones-in short every economic activity - and thereby cheat the people of India out of the Fundamental Rights guaranteed to them"

Source : (81) A.Sc. at pp 493-4

3. A distinguished constitutional lawyer who successfully challenged the Ershad Government in the famous 8th Amendment Case opined that in any tender procedure, the authorities of the Government must act constitutionally and not arbitrarily. Principles of fair play, justice and individuals' right must be honored in any purchase by the State through its executives. Any arbitrary action, if challenged in the higher courts of Bangladesh will surely be set aside with suitable compensations awarded to the aggrieved party. Since our courts are fully free now, due considerations must be given not only in floating a tender but also in accepting or rejecting it, when "mind must be applied" in ensuring compliance to individuals' rights guaranteed under our constitution. It is of interest that a number of cases challenging number of tender decisions of the Government are now pending in the Supreme Court of Bangladesh. It would be of great interest to the legal profession as well as general public in the decisions of SC in respect of such matters.

4. Any willful or negligent waste of public money in any matter of purchase or sale by the authorities are dealt with harshly by the higher courts in any democratic country. Utmost cares are to be exercised by those who are charged with responsibilities of expenditures of public funds. Special attention must be given in tender evaluation procedures. Award of a Government contract entails pecuniary advantage to an individual to the detriment of another individual. Therefore, it is to be seen that no arbitrary decision is taken and constitutional rights of individuals to be treated equally and fairly are honored.

IV . EXISTING PURCHASES BY SELECTED DEPARTMENTS/CORPORATIONS

(1) Existing Purchase Procedures and Brief Observations

1. In the course of a short survey of various agencies and department of the GOB who purchase a myriad of items, a bewildering variety of procedures and customs were observed. Some purchase by fairly open and competitive tenders, others do so by Government's fixed prices. Some purchase only the materials, other purchase total service including material. But one fact emerges: whenever the mechanism of purchase is an open competitive tender, cost of purchase tends to plummet. The efficiency of open tender is thus unsurpassed by any other known instrument of purchase.

2. There is no apparent standardization of either specification or procedure or even, there is no standard tender format. Obviously no effort has ever been made at co-ordination or standardization of purchase procedures. A brief description of some of the Government Agencies are given below.

(2) Director General Defense Purchase

1. It is the central procuring body for the Armed Services of Bangladesh who purchase by tender practically all items used by the armed forces. A system of enlistment for contractors and suppliers is in vogue. At the same time, they also float competitive tender for many consumable commodities like dal (grams), salt and high quality rice. Normal parboiled rice is supplied to them by the DGF.

2. It is their procedure to purchase superior quality rice that is of interest in so far that an agency is actually procuring rice at competitive open bids. Although, very small quantities are purchased, the contractors supply the commodity including gunny bag and transportation to the Army stores at Dhaka. No enlistment is necessary to bid for rice. The tenders are floated at beginning of Aman harvest season ie Nov-Dec period.

The rates as obtained for the last three years are quoted below :

Table : 1 PROCUREMENT OF FINE RICE BY TENDER (DGDP)

Sl. No.	Commodity	Quality and Unit of Measurement	Lowest Accepted bid per M.T.	FY
1.	Paijam Rice Atop (White)	70.0 MT	Tk. 19,995/-	1989-90
2.	Paijam Rice Atop (White)	80.0 MT	Tk. 15,999/-	1989-90
3.	Chinigura Atop (White)	35.0 MT	Tk. 21,140/-	1991-92
4.	Chinigura Atop (White)	110.0 MT	Tk. 20,200/-	1991-92

Source : Personal Contact, DGDP

3. Specification are as per Army Supply Corps (ASC) standards. Inspection is done by ASC inspectors and bills are paid by cheque. The price includes new, B-Twill standard gunny bags in 75 Kg rice packing and transportation upto the Dhaka Army Stores located at Tezgaon.

4. Several facts emerge from these successful tender bids and consequent supply, namely :

(a) Contractors are capable of supplying total requirements including transportation.

(b) The rates are highly competitive. Chinigura is a super fine quality rice meant for special dishes. The Normal price ratio of such quality rice to coarse variety is about 1:2.5. In that manner, the DGDP has cut excellent bargain.

(c) The price reduces substantially with increment of quantity. It is only reasonable as fixed overheads of the supplier is spread over larger quantities.

(d) In interviews, it was revealed that little or no problem has been encountered in these purchases which are going on for a number of years.

(3) Directorate of Supply and Inspection:

1. It is a statutory body under Ministry of Commerce to handle all purchases over a specified value for any Government Department. But over the years, the importance and use of this department has been reduced for no known reasons, although the laws as to its function still exist. Presently they handle purchases of only about Tk. 250 million per year. However, it is an well established department with offices at Dhaka, Chittagong and Khulna. The inspection wing of the Directorate has 16 branches with laboratories with capabilities for radiological tests as well. It was they who discovered radiological contamination of imported powder milk from Poland owing to Chernobil nuclear disaster.

2. This Directorate follow a standardized procedure of purchase by open competitive bids. A system of enlistment for contractors exist. The tender schedule for the department is enclosed as Appendix-D. Fairly open, and competitive system of bid is practiced by the department. Bills for the contractors are paid by cheque from AGB Office after being duly certified as to their correctness. By an informal inquiry, it was seen that the items purchased by this Directorate by open tender always costed the Govt. less than those bought by other mechanisms like quotation by sole agents etc by the consumer department.

(4) Public Works Department (PWD)

1. This department, a legacy of the British Administration, was charged with all public construction excepting specialized works like irrigation or harbor. It has well established procedures to purchase all materials needed for construction like cement, bricks, stone, MS Rod, steel etc. The 'Resource Division' of PWD used to handle all material purchase by competitive open bids. However, in recent years, for unknown reasons, the activities of Resource Division is restricted to a great extend.

2. Tender for most of the construction works are now by bids which include all material for which PWD rate books are the guideline. Bids are made against standard rates as percentages above or below the schedule. Advantages of scale in procurement of material are not utilized. Interviews indicated higher costs incurred by Government as compared to the old system of providing standard materials by PWD. Additionally, it is virtually impossible to maintain standardization of materials in the new system.

3. However, the Department still procures some items like timber, boulder, hard stones etc by open tender. The schedule of tender is attached as Appendix -G. It was also observed that cost of those materials purchased by the PWD by open tender compare very favorably with open market prices.

(5) Bangladesh Jute Corporation (BJC)

1. A conglomerate of jute purchasing and sale organizations, some nationalized and some vested property were amalgamated to form this central Corporation to handle jute marketing. Erstwhile entities like Bangladesh Jute Marketing Corporation, Bangladesh Jute Trading Corporation, Bangladesh Jute Export Corporation, APC (Ralley) and Special Property (Jute) were incorporated into this giant nationalized corporation. The major objective was to stabilize jute prices by forcing floor prices, and regulate both external and internal jute trade. This effort has ended in a dismal failure with accumulated losses of over 1250 crores taka to the Government. Presently, the Corporation is practically insolvent with little marketing activities. With a loss of about 912 crore takas in last five years only, the future of the Corporation is cloudy to say the least. They have asked further funds from the Govt with scant chances of receiving them.

2. The damages and colossal costs of a open ended commodity stabilization programme are self-evident in the tragic records of this Corporation.

(6) Sugar and Food Industries Corporation:

1. This Corporation operates in all 16 sugar mills in the country alongwith a number of edible oil refineries and hydrogenation plants. The Corporation purchases sugar cane from growers at Government fixed prices. The prices are presumably formulated on a cost-of-production formula. The corporation fixes its sugar price again at a cost-of-production formula.

2. Presently, the corporation is in dire financial trouble. With a 30,000 MT carried over stock and a very slow sale of this years production, the liquidity crisis is acute. In fact, news papers are full of reports of farmers not being paid for their sugarcane and stores are full of unsold stock. A simple analysis of comparative prices are given.

Table : 2 SUGARCANE AND SUGAR PRICE COMPARISON

Item	Price Bangladesh	Price India	Price Wholesale London Market C&F Chittagong
1. Sugar Cane	Tk. 37.50/md or Tk.100.87/ quintal	Rs 26.00/Quintal or Tk. 39.00 quintal	-
2. Refined Sugar	Tk.25/Kg (Mill gate price)	Rs 6.90/Kg av. or Tk.10.35/Kg	\$0.1850/Kg equivalent to Tk. 7.50/Kg

(India has multitier system of pricing for sugar :(a) Levy price (b) Ration price (c) Open market price)

Source : Market Information from Sugar wholesalers of Dhaka.

3. The corporation bought and sold on a price based on "cost of production " which apparently had no bearing upon the realities of the market place. Their methods of purchase and sale need careful study in so far as to obtain the negative lessons for any commodity purchase procedure based on an independent cost of production basis. So much for fixed prices of commodity trade to 'stabilize' prices.

VI. GENERATION OF A PROCEDURE

(1) General Guide Lines

1. In view of the foregoing discussions, it now appears that a general guide line to conform to the needs of a competitive tender is quite possible within the frame work of GOB rules. The statutory and legal requirements as outlined in FR Part II and the Audit Code of Bangladesh are not a hindrance but, infact, of great assistance in enforcing the requisite checks and balances which are so necessary in any public transaction. They are no more than what a large company would do to effect a large purchase by its employees.

2. The informal check list as befitting a 'prudent person' may now be ticked off in formulating a procedure. The main points of discussion are (a) Specification (b) Quantities (c) Location (d) Timings (e) Inspection (f) Payment (g) Method of Supply (h) Audit and stock verifications. An analysis of the last two tenders floated by DGF will also be made with a short post-tender evaluation. All these, should naturally resolve the variables into constants to be fitted into a standard format.

(2) Specifications:

1. The question of specification is the most important aspect in any commodity dealing. It is on the set specifications that the intrinsic value of the commodity is assessed. The purchase of rice by competitive bids by DGF involves two items (a) rice (b) gunny bag. The ultimate specification should meet two objectives of the DGF ie (a) as long and safe a storage as possible (b) acceptability to users. Since most of the rice of DGF will be used by consumers in urban centers, either by ration channels or by OMS, its quality should conform to acceptable norms of Bangladesh standards. Government should also consider export of rice in not too distant a future, therefore, the specifications should also bear the international norms in rice trade, at least in 3rd World context.

2. It is fortunate that Bangladesh Standard and Testing Institution had in 1987 evolved an elaborate specification for both raw (white) rice and parboiled rice. The specification not only describes in detail the grading standards but also describe in detail procedures of packing, determination of moisture, sampling, analysis of milled rice, and standardization of statistical methods of sampling in consignments of various sizes. The procedures are scientific, elaborate, adequate and of a higher standard than comparable standards in S.E. Asia. The standards are recorded as Appendix - 0 to this paper.

3. Some specifications of raw and parboiled rice are given below to compare the various standards. Specially of Board of Trade, (Thailand) is of great importance to us as most of our imports had been from Thailand in the past.

1. Board of Trade of Thailand (Bangkok)

Chapter II Standard of White Rice

No 1 white 100% class A. Shall consist of the following elements

1.1 Size of Kernels -

Head Rice : having the length of 8/10th or more of the average length of the unbroken kernel.

Brokens : having the length of 5/10th to less than 8/10th of the average length of the unbroken kernel.

1.2 Grain classification shall be composed of : Not less than 70% of extra long grain, and the rest shall be of long grain for which not more than 5% of medium grain are allowed.

- 1.3 Grain composition shall be as follows :
Whole grain not less than 60%
Broken meet more than 4% and
The rest shall be head rice.

The following mixtures shall be allowed :

Chalky kernels not exceeding 0.5%
Glutinous rice not exceeding 0.5%
Paddy not more than 5 grains per one Kg (for rice of early crop).

1.4 Milling degree shall be of extra will milled.

1.5 Moisture not higher than 14%

No. 2 White Rice 100% class B. Shall consist of the following elements :

2.1 Size of Kernels

Head Rice : having the length of 8/10th or more of average length of the unbroken kernel.

(2) Comparative Standard:

1. A comparison of standards of BSTI, DGF, DGDP and Board of Trade (Thailand) are given below :

BSTI (Bangladesh Standard Specification No. 952)

Table 1 (White Rice) [Raw Rice]

Item No.	Grading Factor	Grade Requirements				Method of Test
		Grade I	Grade II	Grade III	Grade IV	
1.	Moisture percent by Mass(Max)	14.0	14.0	14.0	14.0	Refer to Appendix-A [To BSTI Standard]
2.	Head Rice percent (Min)	90.0	85.0	75.0	68.0	
3.	Big Broken, Percent(max)	8.0	12.0	20.0	25.0	
4.	Broken & Small Broken percent (max)	2.0	3.0	5.0	7.0	
5.	Damaged grain percent(max)	0.5	1.0	2.0	3.0	
6.	Contrasting varieties percent(max)	2.0	5.0	10.0	15.0	
7.	Chalky/immature grain percent(max)	1.0	2.0	3.0	4.0	
8.	Paddy (grain per 1000 gm)	1.0	2.0	3.0	4.0	
9.	Foreign matters percent (max)	0.2	0.3	0.5	1	
10.	Degree of Milling	Extra well milled	Well milled rice	Reasonably milled rice	Under milled rice	

Note : (1) Any rice not falling in any of the above grades shall be considered sub-standard

(2) The grade requirements are expressed in percentage except for paddy seeds.

Broken : having the length of 5/10th to less than 8/10th of the average length of the unbroken kernel.

- 2.2 Grain classification shall be composed of :
50% of extra long grain (with a tolerance of 5% more or less)
35% of long grain (with a tolerance of 5% more or less)
and the rest shall be of medium grain for which not more than 5% of short grain are allowed.

2. The Director General Defense Purchase, (DGDP) purchases white rice of superior quality by tender. They use their own specification (Army Service Corps) as follows :-

Specification of Rice Varieties
ASC Specification No. 147

RICE CHINIGURA

The following variety of rice may be included in the list of fine quality rice alongwith Basmati and Sola Basmati :

1. Kalijira (Raw ie Atap)
2. Chinigura (Raw ie Atap)

The admixture of impurity and the tolerance basis for this variety of rice will be as under :

Kalijira

a. Full healthy grain :	- 75%	Mutual
(i) Admixture of fine variety	- 5%	
(ii) Admixture of other variety-	5%	
b. Broken Grains :		
(i) Over 1/4 and below 3/4	- 8%	
(ii) 1/4 and below	- 7%	
c. Red grain	- 1%	
d. Paddy and other foreign matter including rice powder (Koora or Nakoo)	1%	
e. Damaged, chalky, discoloured, shriveled, half hulled grains	- 1%	

- Note :
1. Broken grain above 3/4 will count as full grains
 2. The allowance of all the items within the Brackets are adjustable with each other but it will not be adjusted against the allowance with other refractions.
 3. Excess percentage in (a) (i) will be paid at three quarter and in (a) (ii) as half the accepted price.
 4. Excess percentage in (b) (i) will be at half the price and in (b) (ii) at one fourth of the accepted price. Excess in (b) (iii) will not be paid for at all.
 5. Excess percentages in (c) and (d) will not be paid for at all.
 6. Excess percentage in (e) will be paid at one fourth of the accepted price.

4. Should the DGF decide to procure raw rice, it should conform to one of the grades of BSTI as per BDS. Further it is note worthy that commercial quantities of fine quality raw rice is purchased by DGF ab competitive tender bids without any difficulties.

5. A Comparison is given below between BSTI standards for par-boiled rice and DGF (FAQ) specs.

Parboiled Rice (BSTI) As per BDS 952

Sl. No.	Grading factors	Grade Requirements				Method of Tests
		Grade I	Grade II	Grade III	Grade IV	
1.	Moisture percent by mass (max)	14.0	14.0	14.0	14.0	Refer to Appendix-A (of BSTI booklet)
2.	Head Rice percent (min)	95.0	90.0	85.0	80	
3.	Big Broken, percent (max)	4.0	8.0	12.0	16.0	
4.	Broken and small Broken percent(min)	1.0	2.0	3.0	4.0	
5.	Damaged grain percent (max)	0.5	1.0	2.0	3.0	
6.	Contrasting varieties percent(max)	2.0	5.0	10.0	15.0	
7.	Paddy seeds grain per 1000 gm	1.0	2.0	3.0	4.0	

8. Foreign matters percent (max)	0.3	0.4	0.5	1.0
9. Degree of Milling	Extra well milled	Well milled	Reasonably well milled	Under milled

Note : (1) Any rice not falling in any of the above grades shall be considered as sub-standard

(2) The grade requirements are expressed in percentage except for paddy seed.

(3) DGF (FAQ) Parboiled Rice:

1. There is only one grade of rice, Fair Average Quality (FAQ) for DGF procurement, the specifications of which are given below:

(Translation from Bangla)

- (a) Moisture - 14% (max)
- (b) Foreign matters - 0.5% (max)
- (c) Immature, deshaped, discolored, dead and damaged kernels - 0.5% (max)
- (d) Admixtures of various varieties of rice - 10% (max)
- (e) Broken kernels - 20% (max)
- (f) Chalky and white belly kernels - 6% (max)
- (g) Red and unmilled rice - 6% (max)

2. It is to be noted that the BSTI standard was formulated by national experts with impeccable scientific backgrounds and is of excellent quality to specify parboiled rice. A comparison with BSTI specifications reveals that the DGF specification is of extremely poor standard. There are nine grading factors in BSTI standard whereas there are only seven factors in FAQ. Any comparison is, therefore, impossible in a scientific manner. Moreover, there is no definitions of terms, standard methods of testing, nor method of sampling. Even no explanation is given as to the percentage of the unit in question. Presumably it is by weight, but could be misinterpreted as percentages by number as well. Such ambiguous specifications are expected to create much disputes and hindrance to organized trade. Note should be taken of BSTI assertion that any rice not falling in any of the above grades shall be Sub-Standard.

3. Without going into a futile exercise of technical explanations, one of the grades of BSTI must be classified and accepted as DGF standard and the ambiguous specification of FAQ canceled immediately. Other criteria of testing, sampling etc. as outlined by BSTI should also be adopted as standard practice by DGF and the trade without any further delay. Since BSTI is a specialized organ of the Govt. charged with the task of standardization, DGF should have no hesitation at all to conform to their standard to the benefit of all concerned.

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(4) Specification for Gunny Bags:

1. Gunny bag 44" x 26 1/2" - 2.25 lb 6x8 HD, OHDS, 3 blue stripes, 300 pcs per bale, is the accepted jute industry standard bag for packing of rice and paddy in Bangladesh. This bag must conform to the detailed specifications as per BDS 906:1979. The detailed specifications are attached as Appendix - J to these papers.

The gunny bags for the tendered rice must conform to BDS 906:1979 specifications issued in June 1982

(5) Quantities and Location of Purchase

1. Before any attempt is made to determine the quantities of rice to be procured and at what location they are to be procured, a very brief and broad description of procurement and consumption of rice is in order. Rice procurement is highly concentrated in NW (Rajshahi Division) regions of the country. The internal roads of N.W region are good by Bangladesh standards as they are located in mostly flood free regions and expensive dyking are not necessary. Both broad gauge and meter gauge railways connect important population and commercial points. There is, however little inland waterways. The greatest single handicap to communication with rest of the country is the river Jamuna which isolates this part with rest of the country where most of consumption of rice take place. The river Jamuna is yet to be bridged. All goods must therefore cross by slow ferry which may take days to accomplish. The table below gives a broad picture of the latest procurement figures :

Table : 3 INTERNAL PROCUREMENT (1991-92) IN METRIC TONS.
Period Covered (15.11.91 to 29.01.92)

Commodity	Rajshahi	Khulna	Dhaka	Chittagong	Total
Rice	4,244	17,704	868	0	22,816
Paddy(96% Millgate)	425,829	13,766	6,943	2,680	449,218
Total :	430,073	31,470	7,811	2,680	472,034
Percentages of Total (Rounded Off)	91%	7%	2%	Negligible	100%

Source : Compiled from Data by FAO Reorganization Project, MOF

2. Where as procurement is concentrated in N.W regions, consumption is distributed evenly in other regions broadly consistent with population density, thus :

Table - 4

Rice

Yearly Average Distribution : All Channels (1988-1991)

Region	Rice in PDS Channels(MT)	Percentage of Total
1. Rajshahi Division	1,55,000	21%
2. Dhaka Division	2,83,000	39%
3. Khulna Division	1,10,000	15%
4. Chittagong Division	1,78,000	25%
TOTAL :	7,26,000	100%

Source : Compiled from Data by DGF

(6) Management Solution to Movement Problems

1. It is clear that roughly 6,00,000 MT of rice is carried by various routes from Rajshahi Division to other three regions of the country. At the same time, imported wheat travels Northward from the ports of Chittagong and Chalna. This creates a most complex situation which is further complicated by means of transport ie road, railroad, waterways or any combination of the three. To evolve a least-cost matrix is further complicated by unpredictable arrival of imported wheat and need to move procured rice from N.W zone for shortage of storage space in procurement seasons. Many times rice is to be shifted to wherever there is available storage space "awaiting" final movement to points of distribution. The basic reasons for high movement costs and heavy transit losses of food grain are due to this inherent imbalance of storage location in Bangladesh.

2. At a cursory glance, the problem appears to be a classic case of distribution. Such problems are bread and butter to an industrial manager versed in Operational Research (OR). There are many standard solutions to such problems involving a large number of variables. Linear programming involving Simplex method and Waiting Lines solutions are two possible methods. Digital computers are particularly suited to use numerical models using Waiting Lines methods. It is strongly suggested that this distribution problem be modeled into a computer programme to arrive at a rational distribution matrix. With historic data and real time data inputs into the model, eventual improvements will save untold millions for the GOB in transportation cost, deterioration of stock, and overall efficiency of food grain movement.

3. In the absence of a distribution matrix, the obvious provisional solution is to move as little grains as possible by having the rice at points of consumption. The ~~DGF~~ should try to transfer the problem of transportation to the suppliers of rice at the three centers of consumption - Dhaka, Khulna, Chittagong. Ideally speaking, the entire quantity of PFDS rice should be procured by tender at these three regions of consumption. The CSDs in the regions are :

<u>Region</u>	<u>CSDs</u>
1. Dhaka region	Tejgaon, Dhaka, Narayanganj
2. Khulna region	Khulna, Maheshwar pasha
3. Chittagong region	Dewanhat, Haliashahar, Chandpur.

Besides these CSDs, larger LSDS could also be places of delivery. With the historical data on the offtake/intake situation both in locations and timings, a pattern may be evolved. The tenders should conform to this pattern locationally and in times of delivery. The scenario to encourage is that the private sector supplier should procure rice at his storage to be delivered to Government storage when these storages are having spare capacity and the off take is at the maximum. Therefore, it is not only the location or the quantities which are the deciding factor. These elements must necessarily be meshed into a time-frame. Under no circumstances should there be a tender in the procurement zone as it will be counter productive to the objectives of a least-cost alternative. In any case, procurement at floor prices is abundant in N.W region of Rajshahi division. Any procurement at higher cost is not tenable under present Audit Codes and Finance Rules of Bangladesh.

(7) Times of Tender

1. Bangladesh has now two distinct seasons of harvest, the Aman (dry season) and the Boro (Wet season). The DGF has thus two procurement seasons - Aman from 15th November to 15th March, Boro from 15th April to 15th October every year. The two non-buying periods of two weeks each are used for, stock taking and clearance of outstanding accounts.

2. To be really effective, the tenders should be floated in this period ie before the procurement season starts. The times to bid should be a month after procurement starts, with delivery time extended well into the season. A time schedule is suggested:

Table : 5 Tender for Rice Schedule of Times

Season	Floa- tation Time	Elapsed Time	Bid Time	Elapsed Time	Evalua- tion and Contract	Elapsed Time	Last Delive- ry Date
Aman	15th Oct.	8 Weeks	15th Dec.	2 Weeks	1st Jan	12 Weeks	31 Mar
Boro	15th Mar.	8 Weeks	15th May	2 Weeks	1st Jun	12 Weeks	31 Aug

3. The long delivery time is to facilitate the contractors to use the cheapest mode of transportation by railroad and waterways. The early flotation will help the bidders in market surveys and making advance purchases including forward contracts from mills. By this simple mechanism of correct timings, substantial savings to the Government will be ensured by timing the purchases at peak harvest times which are almost fixed year after year. By a three month delivery time, low cost transportation will also lower the ultimate bid prices at places of delivery.

(8) INSPECTION

1. Specification requirements of the commodity is the buyer's choice. Enforcement of the specifications in a natural requirement for the trade to take place. The seller would, of course, try to defend his supplied commodity. A conflict of interest is, therefore, inevitable in any bargain in a free trade.

2. Inspections are a natural corollary to a trading procedure. To be fair and to meet the ends of natural justice, a third party intervention is most necessary. This 3rd party should of course be totally neutral and proceed strictly by the letter and spirit of the contractual specifications of both quality and quantity.

3. The DGF has been procuring all the rice and paddy by its own inspection. But these purchases take place in widely scattered regions in small quantities. When large commercial quantities of rice are to be purchased by competitive tender, the interest of both parties are best served by appointment of independent inspection agencies. The enforcement of standard conforming to international norms as in BDS will also encourage and train the private trade to eventually enter export market.

4. Fortunately, reputable inspection agencies are located in Bangladesh. They have handled preshipment inspections of imported rice from Thailand in the past. They have long experience in jute, wheat and rice trade. They have following services to offer specifically for internal rice purchases :-

Inspection Services by Private Agencies

(a) Quality Testing : Inspection of condition, packing, marking, quality sampling, and laboratory testing.

(b) Weight Guarantee : Weighing with full outturn guarantee.

(c) Quality Guarantee : Sampling and analysis at either or both suppliers warehouse and Govt.

Source : SGS, Bangladesh.

5. Discussion with reputable agencies (SGS, Bangladesh) revealed that for large lots of rice (1000 MT or more) two inspections are deemed necessary. Standard sampling and analysis of bags as per BDS is quite adequate to ensure quality. Weighing is also to be carried out by standard statistical methods where weighbridging or 100% weighment is not possible.

6. Agencies indicated informally that for lots of 1000 MT or more a commission of 1/4th of one percent of value may be charged. For larger lots, the rates are negotiable and will be lower. DGF may negotiate to obtain firm rates which will be lower than the max of 1/4th of 1% of value of the consignment. This includes two inspections, one at point of supply, the other at point of delivery. There should be no bias towards any Agency. Like the procedure followed by NBR, a number of reputable agencies may be shortlisted. The contractor may choose any one out of this list.

7. If the payment is made by internal letters of credit, then inspection certificate by a mutually agreed third party is absolutely necessary. Further, certificates by international agencies are sufficient guarantees as to quality for negotiations for export operations. It is, therefore, essential for the tender purchaser to appoint reputable inspection agencies as 3rd party arbiters to ensure quality and, if necessary, quantity. The services both the buyer and seller will receive far outstrip the nominal charges, which if required, may be borne by the seller. This question is open to negotiation.

(9) STOP PRESS : Appointment of Inspection Agencies by NBR for Import Cargo.

1. On 16.2.92, the National Board of Revenue (NBR), the highest revenue collecting body of the GOB had issued circular No. DFP(G) 2398 in respect of optional method of clearance of import cargo by customs authorities at ports of Bangladesh. They notified that the Govt. has made special arrangements for speedy clearance of Cargo. The chief obstacle to customs clearance was the valuation and classification the imported consignments.

2. NBR now allows the importers to have their consignments inspected by any of the 29 international inspection agencies in respect of the following criteria :

- (a) Quantity (b) Quality (c) Value (d) Fitness for Import Trade
- (e) HS Code.

If suitable certificates as to the above criteria are obtained prior to shipment, Bangladesh customs generally will not re-examine them. That is to say the basic data on which duties and VAT are levied, is now obtainable from inspection agencies. The importer will have to pay for the inspection fees and there will be no duty upon this fee.

3. This procedure is an excellent reformative step which will undoubtedly enhance Govt. revenue with great deal of saving in time for clearance of cargo. Since Govt. has decided to respect the valuations by international agencies as regards a major source of revenue, there should no hesitation by MOF to appoint inspection agencies to inspect rice that it buys.

(10) Mode of Payment

1. After successful supply, the question of payment arises. For fulfillment of contractual obligations, the contractors only reward is prompt payment of his bills. Any delay is tantamount to punishment.

2. The DGF makes its payment to various contractors in various ways eg.

- a) Rice/Paddy/Wheat - By WQSC
- b) Services like milling - By bank cheque
commission and carrying
contractors bills
- c) Mobile purchase centre - By cash

3. Since the quantities to be bought by open tender are quite large by Bangladesh standards, payment by either of the above methods are inconvenient. Question of cash payment does not arise in such amounts (500 MT at the least). Payment by WQSC, is in effect, cash payment in a designated bank. The payment procedures in vogue entail considerable credit element with the highest interest rates (18%) in the bank rates charged to the Government. A time lapse of at least 4 months is involved between disbursement of borrowed money and their partial repayment. In effect, monies are paid out by DGF before receipt of goods - not a sound financial plan to say the least. The credit outstanding in different commercial banks by DGF is given below :-

TABLE-6 Outstanding Bank Advances with Interest to
DGF
(As on 9-1-92)

Head of Account	(Tk. in Crores)					
	Sonali Bank	Agrani Bank	Janata Bank	Rupali Bank	Pubali Bank	Uttara Bank
1. Foodgrain	4.55	0.02	3.36	-	(0.02)	0.04
2. Internal Procurement	93.71	67.63	19.69	20.31	0.34	0.25
3. Edible Oil	0.01	-	0.13	-	-	-
4. Salt	0.77	-	0.33	0.03	0.19	0.37
TOTAL :	100.04	67.65	23.21	20.34	0.55	0.66

Total Outstanding to All Banks : Tk. 212.43 Crores

Source : Personal Contact : Bangladesh Bank

4. Senior Bangladesh Bank sources could not reveal either the interest fraction or the date from which the amounts are outstanding. But they were of the opinion that much of these amounts are long outstanding and not being repaid due to procedural inefficiencies. Besides, these amounts represent a very large proportion of Government's borrowings from Commercial Banks as per Bangladesh Bank Statements. (Appendix - R). They further create pressure upon limited liquidity of commercial banks.

5. To reduce these credits to a large extent, it is best to use internal letters of credit as an optional mode of payment. The option of payment by WQSC or by internal (domestic) letter of credit should be left up to the bidder. The bank charges should be borne by the beneficiary to the letter of credit ie the contractor. The Government is in no manner paying any additional sum on account of this option.

6. The advantages of this system of payment to the DGF as a buyer are :

- (a) DGF is paying on receipt and inspection of goods
- (b) Simplified accounts may be maintained by debiting one single account at headquarter's bank
- (c) The clerical and accounting tasks are taken over by bank
- (d) Since inspection will be done by an agency, total guarantees as to the correctness of goods and money are obtained.

7. Banks normally charge a commission of 1/4th of 1% of the value of the letter of credit. Discussions with senior private commercial bankers indicated scope of negotiation for reduction of bank charges, if sufficient volume of business is assured. However, DGF may negotiate with both nationalized and private banks to select a number of banks for the job. A spirit of healthy competition will ensure prompt and efficient service from the banks operating DGF accounts.

The advantages to the supplier are :

- (a) He is assured of payment on fulfilling the terms of the contract without a hassle.
- (b) He may obtain a 'packing credit' against the letter of credit from his bank at his own risk and responsibility.
- (c) Since inspection certificate will be given by a 3rd party, he simply has to deliver the requisite documents to his bank for full payment within a minimum time.
- (d) Scope of 'informal payments' is minimum

8. For all these advantages, a charge of 1/4th of 1% is a bargain he would be glad to grab with both hands. Standard forms for letter of credit and Uniform Customs and Practices for Documentary Credit are attached as Appendix - H and Appendix -I. No further explanation than a careful study of these documents are necessary to have a full understanding of the norms and practices of a letter of credit.

(11) Method of Supply

The purchase of rice for PFDS is now seen under three distinct heads :

- (i) Commodity - rice of standard specification
 - gunny bags of standard specification
- (ii) Services - packing conforming to standard specification
 - marking conforming to standard specification
 - transportation to the centre of purchase

The DGF presently obtain these commodities and services from various classes of contractors. The modes and rates of payments are also different to different classes. This creates great difficulties in reconciliation of fiscal accounts. Standard costing of DGF's operations are quite impossible under these circumstances.

2. As for example, standard B. Twill gunny bag is purchased by DGF from BJMC and BJMA ex-mills at Tk. 29.10 (Tk. 25.30 + 15% VAT per piece) by negotiation. At the same time, BJMC exports the same bag at Tk. 18.75 per piece. (Source Personal Contract : BJMC). There is obviously a subsidy element to the jute sector. Private inquiries reveal that BJMA mills are selling the same bags to individual customers at Tk.15/- per piece including vat. This is perhaps the true competitive price of a B-Twill !

3. If the contractor is allowed to supply the rice with bags, a reduction, however small, in total price is bound to take place. Economies of scale will reduce further the unit cost in case of transportation. If whole railways trains be chartered, say by a group of contractors, freight rates of upto 30% will be reduced. (From B.R by private enquiry).

4. In view of the above considerations it is best for the Government to ask for bids in totality. Quantity of rice, packed and delivered at centers of consumption is the best bargain to be had. There should be no difficulty in this, as the DGDG routinely purchase by tender high quality rice in a total package deal.

(12) Recent Tenders for Rice By DGF

1. DGF decided to purchase rice by tenders recently, as described by concerned officials, on "experimental" basis. They floated two tenders for limited quantities. A brief resume of the two tenders are given below :

2. (a) Tender No One = Date of flotation 8-12-91
Owing to maximum price of Tk. 10,100/MT allowed in this tender, there was no bid. No further description of this tender is, therefore, deemed necessary for the purpose of this paper. (Tender Notice is attached as Appendix - A).

(b) Tender No. Two : The salient features of this tender were :

- (i) Date of flotation : 28-12-1991
- (ii) Quantities Tendered : Total 30,000 MT
- (iii) Locations to be supplied : Dhaka, Khulna, Chittagong, Chandpur, Bogra, Munshinganj, Rangpur. (LSDs and CSDs)
- (iv) Specifications of Rice : FAQ of DGF
- (v) Minimum Allowable quantities per bid : 500 MT
- (vi) Bid Bond/Earnest Money : 2% of tendered sum in the form of bank draft pay order (Cashier's cheque)
- (vii) Inspection : By DGF Organized team of officials
- (viii) Payment : By WQSC
- (ix) Bags : To be supplied by DGF after 2% money is deposited in addition to 2% already submitted.
- (x) Packing : Rice is to be packed in bags supplied by DGF. It was not mentioned if the 75 kg asked for is net or gross weight.
- (xi) Contract : Contract is to be signed within 7 days of acceptance of bid. (No contract as yet has been generated by DGF)
- (xii) Validity of Bid : No time limit has been shown as regards validity.
- (xiii) Period of Supply : Within Jan-Feb period of 1992. 50% of quantity must be supplied within January 1992.
- (xiv) Acceptance of Bid : DGF is free to accept or reject all bids without assigning any reason.

(Tender Schedule is attached as Appendix - A)

(13) Results of the Tender (2nd)

The results of this tender which was bid on 16-1-92 are as follows:

Table-7 : DGF BID ANALYSIS - RICE (Tender dated 28.12.91)
Prices Quoted (Tk.per MT)

Sl. No.	Location	No.of Bids	Highest	Lowest
1.	Dhaka (Tejgaon CSD)	9	14,000	12,500
2.	Dhaka (Dhaka CSD)	3	13,400	12,500
3.	Chittagong (Dewanhat CSD)	2	12,950	12,500
4.	Chittagong (Halishahar CSD)	1	-	12,750
5.	Bogra (Shantahar CSD)	2	11,250	11,110

TOTAL Bids : 16

Note : There were no bids at Khulna, Chandpur, Munshinganj and Rangpur.

Source : Compiled from Data from DGF.

(14) Tender Evaluation by DGF

1. The concerned department of DGF did an exhaustive analysis of the above bids. The bids were analyzed by comparison with the known costs incurred by DGF in carrying the procured rice from NW regions to the tendered locations.

2. Total costs were derived from the break down by heads. They were (a) Procurement of paddy (b) Milling commission (c) Mill to storage carriage (d) Handling at LSD/CSD (e) Handling from LSD/CSD for dispatch (f) Godown shortage (g) carrying shortage (h) Handling at points of arrival (i) Bank interest at 18%.

Points of dispatch selected from N.W regions were (a) Dinajpur (b) Thakurgaon (c) Bogra. The results of the cost analysis were as under :

Table - 8: COST OF RICE AT DISTRIBUTION POINTS (DGF)

Points of Dispatch	Points of Arrival by	Per MT Costs at Destination
Average of	a) Tejgaon Road	Tk. 11,888/-
	by Railway	Tk. 11,533/-
1) Dinajpur	b) Dhaka Road	Tk. 11,878/-
	by Railway & Waterways\	Tk. 11,582/-
2) Thakurgaon	c) Dewanhat Road	Tk. 12,269.78
	by Railway	Tk. 11,697.94
3) Bogra	d) Shantahar Road	Tk. 10,910.49
	by Railway	

Source : Compiled from Data by DGF

DGF sources agreed that no consideration in this costing were given to essential elements like profit of the contractor, insurance during storage and carriage, and administrative overheads. The godown and carrying shortages as estimated were on pro-forma basis with no relation to historic data for such losses.

(15) Present Status of the Tender (Latest Position)

1. In view of the above analysis, the DGF tender committee recommended a total of 3000 MT of rice to be purchased at the lowest bid rates at Tejgaon, Dhaka Dewanhat, Haliashahar and Shantahar. It was however found that they need authority from the Government to buy rice at rates higher than the official procurement price. Why this authority was not obtained earlier than floating the bids was not revealed. The matter is now lying with the Ministries of food and finance. No clearance as yet (as on 13-2-92) been received and no purchase order has been placed.

2. Private enquiries indicate that none of the bidders is showing any interest to supply the rice now. It is extremely unlikely that these prices could be held now or any supply could be effected at 4th week of February, 1992.

3. It may safely be concluded that this 2nd experiment at purchase of rice by competitive tender has largely met the same fate as the first experiment. One may observe most respectfully that experiments at public cost are not in the order of business of a Government department. There are many recognized institutions maintained at public cost in Bangladesh to do the necessary research and experiments of varied nature. In trade and commerce, serious men work with their scarce money to do business and have no wish to become a guineapig of any experiment. It is, therefore, an earnest hope that if the DGF wishes to buy rice by tender, they may forsake the experimental approach and try to conduct the business of the Government in a professional manner that brings results.

4. It has been learnt that the DGF has finally obtained clearance from the Govt. to place orders for the tendered rice. Most of the bidders declined to supply at this late stage (between 12-3-92 to 16-3-91). However, following contracts were signed and firm orders had been placed :

Table - 9. Tender for Rice Dated 26-1-92
Contracted Quantities and Price

<u>Place of Delivery</u>	<u>Qty. contracted</u>	<u>Rate per MT</u>
1. Tezgaon CSD	3 x 300 = 900 MT	Tk. 12,050.00
2. Dhaka CSD	300 MT	Tk. 12,050.00
3. Dewanhat CSD	300 MT	Tk. 12,590.00
Total Quantity		= 1,500 MT

Source : Compiled data from DGF.

Out of a tendered quantity of 30,000 MT, orders could be placed for 1,500 MT. The time of delivery is one month i.e. the last date of delivery is upto 16-4-92.

5. From interviews with a few contractors, following were ascertained,

- (a) They were in a position to supply much larger quantities had the order been placed earlier.
- (b) Since they have committed bid bonds etc. they felt that they should transact some business at least for the sake of recouping some of the losses.
- (c) They all expected that the early Boro to be harvested by 1st week of April, will result in some fall in rice price, so that they may purchase rice at a lower price by then.

Thus, the contracted quantities are speculative in nature. It is felt that only a few hundred tons will be supplied and time extension will be asked so that Boro may be supplied at a lower price.

(7th April, 1992)

(VII) AN APPROACH TO ESTIMATE COSTS OF RICE IN PUBLIC PROCUREMENTS

1. It is seen in the tender analysis by DGF that an average cost of a ton of rice in Dhaka is about Tk. 11,732/- per MT. Two major heads of costs were not catered for (i) DGF's administrative overheads (ii) Loss and pilferage. We must compare this figure with the contractors average lowest bid for Dhaka of tk. 12,500/- a difference of 6.5% approximately.

2. But what is the true cost of a ton of rice to the Government? There are various approaches to this question. Only an independent team of cost accountants may discover the figure after a long search of papers and field analysis. The question may be approached in a round about way. It is ascertained fairly accurately that the average distribution cost of rice for the last 5

years is about 24% on the purchase value of rice. It is almost impossible to calculate the purchase value of rice at the procurement centers let alone at points of distribution. Some of the variables are :

Table -10 COST VARIABLES OF CONVERSION OF PADDY TO RICE

<u>Total Cost</u>	<u>Factors of Total Costs</u>
a) Cost of Paddy	- Fixed at Tk. 245/maund
b) Cost of conversion	- Variable on type of mill
c) Cost of rice as function of ratio to paddy	- Variable on district of procurement
d) Carriage to LSD	- Variable on distance from mill
e) Carriage to destination	- Variable mode of transport
f) Transit Loss(allow able)	- Variable on mode of transport and on distance
g) Godown Loss	- Variable on location
h) Loss not catered for	- Unknown (uncatered transit loss, overdue rice from mills etc.)

3. On the average at this season, a very rough average of Tk. 11,000 may be considered a guideline cost for a ton of rice at depots in N.W. region. A rough analysis with experience and judgment may be considered the basis of this cost figure. An average of 24% (IFRI-1992) is the total distribution cost of DGF. It is not known what fraction of this percentage is the cost upto the distribution point storage. But again using judgment, a factor of .75 is estimated, ie 18% of procurement price may be considered as the cost to the Govt. on the average. One may now arrive at a figure of Tk. 11,000 + 18% = Tk. 12,980 as an average cost of rice any where in Bangladesh. other than in the procurement zone without taking into account uncatered for losses. This figure then, is the lowest possible cost of a MT of rice at a storage for distribution for DGF.

Table - 11 GUESS ESTIMATE OF COST OF A TON OF RICE
(At Procurement Zone)

<u>Estimated Total Cost of a maund of rice</u>	<u>One maund of rice</u>
1. Paddy 245/maund	
2. One maund of rice at a ratio of 60:38	Tk. 368.84
3. Milling commission at Tk. 10 average/maund of paddy	Tk. 15.79
4. Carriage to LSD @ Tk. 2.75/km/ton for 4.5 km on the average	Tk. 0.50
5. Handling at LSD	Tk. 1.00
	<hr/>
Total :	Tk. 386.13
Misc. expenditures like godown, storage loss and bank interests at 5%	Tk. 19.30
	<hr/>
Gross Total:	Tk. 405.43

The minimum cost therefore for a ton of rice at procurement centre is Tk. 10,863.61. Add to this the cost of gunny bags @ Tk. 400 per MT and we arrive at a conservative and approximate cost of Tk. 11000 per MT of rice. This figures does not take into account major heads of expenditure. They are (a) DGFS overheads (b) Depreciation of fixed assets (c) Actual transit and storage loss (d) Loss due to quality deterioration which prompts DGF to auction rice at whatever bid price (e) Pilferage and misappropriation. Only when a complete reconciliation of stock and account is done leading to a certified balance sheet would the real cost be apparent. The FAO assisted MIS is thus an imperative tool not only to improve efficiency but also to obtain reliable cost figures.

4. Let us now compare this figure (Tk. 12,980) with average low bids of 4 different centers (12,563). The tender bids were lower by 3.2% to what it conservatively costs the DGF to procure and move rice to its storage centers. If this appears to be a low figure, it is because the cost of distribution has been estimated to be extremely low.

RICE
Table - 12: A COMPARISON OF COSTS AND PRICES (TO THE GOVERNMENT)
Taka per MT of Rice-Country wide Average(January 1992)

Average cost as Estimate by DGF	Average lowest Tender offer (16-1-92)	Independent Estimate
(A)	(B)	(C)
Tk. 11,808/-	Tk. 12,563/-	Tk. 12,980/-
<u>As Percentages of (Whole Nos.)</u>		
- 10% of (C)	+ 6% of (A)	+ 9% of (A)
- 6% OF (B)	- 3% OF (C)	+ 3% OF (B)

Source : Compiled from data from many sources.

Note : In case of cost estimate in (c), the distribution cost was estimated on a pro-forma basis. Without historical data, such a cost-estimate is of academic interests only.

5. All these lead us to only one conclusion, DGF was getting a bargain in these offers. Compared to the superior quality raw rice quotation of Tk. 20,200/- per MT to DGDP the DGF offers were excellent. One may conclude that the economics of scale helped lower the prices.

(VIII) REALITIES OF THE MARKET PLACE (1992)

(1) Private Sector in Food Sub-Sector:

1. The private sector engaged in market operations of foodgrains in Bangladesh is fragmented, impoverished, and not equipped to handle large consignments of foodgrains, financially, managerially and logistically. The few large trading house in Dhaka are not typical of the sub-sector. They were recipients of official patronization in the form of exclusive licenses to monopolize imports of short commodities like salt and sugar in the last nine years of autocratic regime. They will be like fish out of water in a truly free market place.

2. Some of the major constrains of the private sector to become a major player in the domestic foodgrain trade are :

(a) Lack of organized Financial Strength :

The foodgrain financing is stigmatized by such out dated laws as Antihoarding and 'Rice Millers Act 1943.' Although the present Government is expressing willingness to liberalize private trade financing in food grain, these laws have not yet been repealed. Even the restriction to finance a rice mill over 21 days stock has not been rescinded by Bangladesh Bank yet. The Commercial banks of Bangladesh operate by 'circulars' issued from time to time. They will not change their lending policies unless another circular to replace the former is issued by B.B which has yet to do so. Private trade has no access to money market. Not a single food grain processing firm or trading house is registered with Dhaka Stock Exchange, which in any case is in dire financial crisis. Therefore, the scope of operation in even modest lots of 5000 MT of rice are quite beyond the powers of any foodgrain trading or processing company in Bangladesh today.

(b) Lack of Physical Infrastructure :

The largest private sector warehouse is perhaps of 1000 MT capacity. No silo or large warehouse exist in private ownership in Bangladesh. As development of infrastructure is a long term commitment in the future, unless a qualitative changes take place in the market, no such investment is likely.

(c) Lack of an Exchange :

There is no facility or an organized place to trade wholesale lots of say 500 MT. Contrary to reasonably organized nature of Tea or Jute trade, the grain trade has always been ad-hoc and minuscule in scale, although aggregate turn-over is many times the value or size of any other commodity. Without an exchange, where traders and speculators must play their due and necessary role, organization of trade of wholesale lots are quite impossible for individual firms.

(d) Lack of Entrepreneurship :

Absence of experience and organization to trade in wholesale lots are evident in the market. Traders lack in education, access to organized finance and have low profile and status in society. They are not capable of facing the highly competitive free market which one may like to develop eventually in Bangladesh.

3. The basic cause of this dismal situation is the absence of reasonable and sustainable profit. Profit is not only the wage of the capital, it is the very essence to attract talent and hard-work in a free market. On the other hand, if there is little profit presently in the trade, there is also little risk for the average, the mediocre and the corrupt. When Government takes over the essential functions of a trade including storage and distribution of a large segment of a marketable surplus, there is little sense to compete with the Govt. who has unlimited loss-taking (subsidy ?) potential. There is also little need to develop managerial skills, organize finance in a resource poor country, and to gather market information where floor and ceiling prices prevail.

(3) How Best to Help :

1. In this situation, it is no wonder that the response to the tenders floated by the DGF had been poor. Now that the orders have not been placed to those few offers for a minuscule (3000 MT in total) quantity of rice, it must be recognized that those bidders have suffered a needless loss. The bid bonds being tied up, stocks made ready, the essential cost of time and effort have already done their evil best to discourage the trade to come forward. It will take positive effort to bring back the confidence, if at all.

(4) It should be recognized that individual suppliers of rice under Millgate are small local traders and millers. The 1200 DGF contract millers supplied 3,60,000 MT of rice approximately in the Aman season of 1992. That comes to about 300 MT per miller on an average in the whole season of 5 months, that too against advance payment. Only a very few millers/traders are capable of handling 500 MT lots. The incentive must be large enough for them to forego present trading system with DGF and venture into competitive trade. Next to depletion, capital abhors risks and tends to go for the sure thing, however small percentage wise. In this situation, some extra incentives must be provided to attract the trade. Following are some of the assistance packages which may prove helpful in obtaining response without any additional costs to the Government whatsoever.

a) Mobilization Advance :

The DGF is already paying 100% payment in advance against 60% bank guarantee in case of mill gate purchase. Similar facility may be advanced against the successful bidders in a tender. By placing 100% bank guarantee, the contractor may be advanced 80% of bid amount. On successful supply, this advance may be liquidated. As in the case of Millgate scheme, no interest may be charged.

b) Payment by Letter of Credit :

Optionally, on the contractors' request, letters of credit may be opened. Specific terms may be inserted in the credit to allow the contractor to draw a percentage of the credited sum. That percentage and other details should be left upto the beneficiary and his bank.

c) Freeing of Bank Credit :

It is not good enough to just call upon the banks to advance against stocks of food grains. Specific instructions from Ministry of Finance and Bangladesh Bank must be issued to Commercial bank. Jute sector enjoys a subsidized interest rate of 9% for all its advances. If GOB is convinced that private sector should be strengthened in the food grain sector, some form of interest-rate concessions may be given.

d) Long Term Development :

Institutional credit is prerequisite to develop warehouses, silos and other infrastructural investments. Long term credit (over 10 years) are essential as the amortization of such investment is necessarily slow. Steps may be taken in that direction in the interest of long term development. IRR of 15% or over should be the guide line as in the case of public sector investment evaluations.

e) Organization of an Exchange :

For the trade to develop, organization of a Rice Exchange is necessary. Experience of Thailand may be utilized to develop such an exchange. Donors' help may be sought in both financing and transfer of experience to organize the Exchange. Should Bangladesh enter rice export market, the existence of the exchange will be of tremendous assistance.

These are some of the suggestions and observations which are directly linked with the success or failure of MOF's recent efforts of procurement of rice by competitive tender. It is again emphasized that mere mechanism of the tender is meaningless without understanding the market in which it is floated. Strengthening the known free market organs will surely help achieve the desired results.

IX. A PRO-FORMA TENDER AND CONTRACT

1. In view of the preceding discussions as regards the various complex factors in the procurement of rice at free market rates, the least-cost alternative is obviously the competitive tender method at centers of distribution. A proforma tender is formulated as below. No attempt is made to draft the tender schedule itself for the following :

- (a) The tender must be drafted in Bangla
- (b) Detailing of each general term may cause misunderstanding and confusion.
- (c) The buyer (DGF) should 'apply its mind' in the final draft tender to specifically suit its mode of operation.
- (d) The tender in the final form must be approved by Ministry of Law and Parliamentary Affairs as regards its legal implications.
- (e) The financial sanction must be obtained from Ministry of Finance as regards its financial implications.
- (f) Several formats are enclosed as Appendices to suit DGFs requirements.

(2) Tender Pro-Forma :

(1) Details of the Bidder

- (a) Bidders Firm: Name with full address, Telephone, whether the address is registered or not.
- (b) Type of Firm: Proprietorship, Partnership, Private Limited Company, Public Limited Company.
- (c) Membership Status of Relevant Trade Body: Federation of Chamber of Commerce and Industry, National or District Chamber, specialized Association or Chamber.
- (d) Banking References: Bankers Name, Bank Certificate as to the solvency of the firm.
- (e) Earnest Money/Bid Bond: Details with date, issuing bank etc.
- (f) Bid Bonds: May optionally be placed in the form of Bank Guarantees issued by any schedule Bank of Bangladesh.

(2) Times of Tender:

The tender is to be floated and supply effected as below :

	<u>Flotation Data</u>	<u>Bid Date</u>	<u>Ordering Date</u>	<u>Last Delivery Date</u>
Aman	15th Oct.	15th Dec.	1st Jan.	13st March
Boro	15th March	15th May	1st June.	13st Aug.

If the response is not satisfactory, further tenders may be floated every month till March and August of each calendar year.

(3) Specification : Parboiled or Raw Rice of the current season (Aman/Boro) of any of the Grades as per Bangladesh Standard 952:1981 in respect of Bangladesh Standard Specification of Grades of Milled rice issued by BSTI

(4) Quantities: The quantities should ideally be the total quantity of rice moved from Rajshahi Division to other three division. The quantities at each region should be determined on the basis of consumption. However, as a starter at least 50% of rice consumed in each season may be tendered ie.

Dhaka Division	- 70,000 MT
Khulna Division	- 25,000 MT
Chittagong Division.	- 45,000 MT

Total : - 140,000 MT for the season.

CSDS and large LSDS in these Divisions will be the places of delivery. To obtain even a fraction of these quantities, utmost speed and promptitude is necessary in evaluation and placing orders. In no case, these actions should take any more than two weeks, if sufficient advance preparation is made.

(5) Packing: Packing is to be made in new standard B-Twill Gunny Bags of 75 Kg of rice net. in each bag. The gunny bags are to conform to BDS 906:1979 as per BSTI standard. The bags are to stitched as per standard specifications. The marking, stensilling and stacking will be done at DGF stores at Government costs.

(6) Minimum Quantities to Bid: There is no minimum or maximum quantities which a contractor may bid provided he fulfills all other conditions and puts up requisite bid bonds initially. As the response to the tender picks up, minimum limit may be placed.

(7) Inspection: The supplier should have a choice of his goods inspected by either DGF or by a mutually acceptable inspection agency of high reputation. In case of inspection by the private agency, the inspection charges will be borne by the supplier. DGF will make payment for inspection (highest 1/4th of 1%) from the

bid bond of the supplier held with DGF. The balance if any, will be refunded to the contractor. In case the bid bond amount does not cover inspection charges, the amount over due will be adjusted from his bill.

In case of the contractor opting for payment by inland letter of credit, the inspection will invariably be done by an inspection agency. The type of certificate etc to be issued should conform to Uniform Customs and Practices for Documentary Credit.(1983 revision) issued by International Chamber of Commerce, Paris (Publication No. 400).

(8) Payment : Payment will be made either by (i) WQSC (ii) Irrevocable Documentary Credit (inland letter of credit). The choice is given to the contractor. But in case the bid quantities are 100 MT or below (approx valued at Tk. 1.1 million) the contractor will be paid by WQSC to avoid troubles of opening too many letters of credit. The contractor should furnish full details of his bank and account to which his letter of credit will be addressed.

(9) Validity of Bid: The bids are valid of a period of three weeks from the date of opening of tender. At the expiry of this period, if no order is placed, the bids are automatically canceled and bid bonds returned. If the contractor fails to enter into contract within one week of being notified, his earnest money/bid bond/ bank guarantee may be forfeited.

(10) Contract: The contractor will fill and sign blank contract form which is part of the tender. On being notified that his bid has been accepted, the contract is deemed to be in effect. (Please examine the model used by Dte of Supply). A formal acknowledgement may be received from the contractor in this regard.

(11) Mobilization Advance: In case, the contractor has bid quantities at or above 100 MT of rice, he may optionally request for mobilization advance of upto 80% value of his goods. He has to put up valid bank guarantee of this value (ie 100% bank guarantee against advance) and may draw the amount in the form of WQSC/cheque. If he has also opted for payment by letter of credit, this receipt of money will be treated as charge against his credit and his bank notified accordingly. He will be paid no more advance against letter of credit. A term to this effect may be inserted in the letter of credit, if opened on request of the contractor.

(12) Bid Bond/Earnest Money: The bid bond/earnest money may be as per following schedule (as used by DGDP)

- | | | |
|--|-----------|------------------|
| (a) Upto Tk. 1 million | _____ | 1% (one percent) |
| (b) More than Tk. 1 million and upto Tk. 2.5 million | Tk.15,000 | |
| (c) More than Tk.2.5 million and upto Tk.5.0 million | Tk.25,000 | |
| (d) More than Tk.5 million and upto Tk.7.5 million | Tk.30,000 | |
| (e) More than Tk. 7.5 million and upto Tk.10 million | Tk.40,000 | |
| (f) More than Tk. 10 million | Tk.50,000 | |

The earnest money should be in the form of a pay order or bank draft.

Optionally, the contractor may put up the bid bond in the form of a bank guarantee from any schedule bank of Bangladesh.

(13) Bench Mark Rates

Should the DGF decide upon a detum price at each of the locations of supply, the procedure may be much simplified. Such a system is in vogue in PWD, MES, (Military Engineering Service) and BWDB (Bangladesh Water Development Board) etc. In the departments mentioned above, the standard rate books which are revised time to time are used. The contractor bids against this standard as % of above or below. As a matter of interest, in many departments, the rates bid now are below standard rates as is expected in the prevailing low inflation. If standard rates could be ascertained, the format, as for example, would be :

Commodity : Rice Specification: BDS 952:1981

(Parboiled Grade III)

Location	Packing	Standard Rate/MT	Bid Rate
Dhaka CSD	75 kg Net in New 'B'-Twill gunny bags.	Tk. 11500/-	% Above/Below/Per MT <hr/> 3% above / Tk.11,845
<u>Bid Quantity to be supplied</u>		<u>Total Value of Quantities Bid</u>	
500 MT		Tk. 59,22,500/only	

This format helps much in eventual evaluation and award of contract.

(14) Negotiations: Specific term should be inserted to negotiate prices with higher bidders to drop their rates to match the lowest rate. Quantity should also be open to negotiation to allow higher quantities of supply.

(15) Standard Clauses : All other standard clause are to be inserted as is usual in Govt. tenders. Several formats are attached as Appendices for scrutiny.

(16) Explanations:

- (a) The above tender schedule is to be explained in simple language as a 'Note' to the tender.
- (b) Standard specifications along with definition of terms are to be attached as Appendix to the Tender.

- (c) Methods of inspection, testing, sampling, tests of gunny bags including standard stitching methods are also to be attached as Appendix.
- (d) The bidder will sign appropriate columns in the tender as to his options regarding :
 - (i) Inspection
 - (ii) Mode of payment
 - (iii) Request for Mobilization advance.
 - (iv) Bid Bond
- (e) Standard forms of Bank Guarantee forms for the following are to be attached
 - (i) For Bid Bond
 - (ii) For Mobilization Advance

These guarantee formats may be generated by discussion with DGF's banks to whom it must be acceptable.

(4) Proforma Contract:

1. The contract form which should be part of the tender schedule should be a document in simple language having following salient points :-

- (a) Contractors full address, telephone no, Tlx no. etc.
- (b) That he has fully understood all clauses as to the terms, conditions, specifications, inspection etc. of the tender.
- (c) That he agrees to supply the quantities (to be mentioned) within the validity period (mentioning dates)
- (d) That he has put up bid money/bond as per tender terms which may be forfeited if he does not acknowledge receipt of order or violates any other clauses of the tender.
- (e) That he has exercised his options as regards (i) Inspection (ii) Bid Bond (iii) Mobilization advance (iv) Mode of payment
- (f) That he knows and fully understands the penalty clause in the tender.
- (g) That full authorization of the person signing on behalf of his firm is enclosed.
- (h) The document is to be duly signed, sealed and witnessed

(5) Format: The format of tender schedule as used by dte of Supply is comprehensive and adequate. It is strongly recommended that DGF adopt this format which is in use for over 60 years. Suitable translation may be made in Bangla. This Tender and contract format is enclosed as Appendix - D.

(X) EVALUATION AND POST TENDER ACTIONS

(1) Sanction from Proper Authorities:

The tender, contract and the funds allocated are to be approved by proper authorities. In this case approval from Ministry of Law and sanction from Ministry of Finance must be sought prior to floating of any tender. The funds thus allocated should be placed in a separate account for payment of contractors.

(2) Prior Costing:

Cost accountancy exercises should be completed prior to floating of tender to obtain, if possible, bench-mark prices. Since Govt. announces procurement prices prior to season, this should not be a difficult task. The point emphasized is that the costs should be available with evaluation teams before the tender to shorten time of evaluation and to take correct financial decisions.

While doing these costings, major heads like transit and godown losses even on a pro-forma basis, cost of insurance and contractors minimum profit (15% gross) as is allowed in other Departments should be catered for. After all, the contractor will have to pay income tax on all Govt. bills which is deducted at source.

(3) Evaluation

1. With prior sanction of funds and bench-mark costs at hand, the rest of the evaluation is a comparatively simple affair. Due considerations must be given to the bidders antecedents, namely:

(a) The contractors business and financial status as evident from his membership of chambers/associations.

(b) The firms legal standings in the form of registration as a partnership, limited company or otherwise.

(c) His Bank's certificate as to his creditworthiness or solvency etc.

2. Bids may now be accepted keeping the lowest bids as a basis for awarding orders. Since the Govt. enforces floor prices as procurement price, there cannot be any lower prices than what the Govt already pays per unit of rice after converting it from paddy under Mill Gate scheme, in N.W. regions. The only question to evaluate is what is the additional cost for carriage, handling bags and transit loss. Tenders must be evaluated on these basis only.

3. Negotiations may be carried out with the successful bidder to increase their quantities, if necessary. The other bidders may also be asked to supply at the lowest rates offered. If not, their bids may be kept open for a specific period. Should the lowest bidder fail to supply, the higher bidders may be asked to supply at their higher rates again within a stipulated period of say 15 days at most.

(4) Inspection, Stock Verification, and Payment

(1) Inspection:

In case of inspection of goods by DGF, competent technical teams may evaluate and certify quality. The procedure to follow must conform to BSTI Standards. If inspected by an inspection agency, the specification should conform to BSTI standards and standard procedures should be followed. Preferably two inspections, one at contractor's warehouse and one at DGF depots should be done. As to quantity, full 100% weightment should be attempted. If not, statistically sound method as outlined in BSTI standard should strictly be followed.

(2) Stock Verification

Stock should be verified by independent teams of auditors from DGF's own headquarters audit. In case of inspection by Agency, a quantity certificate should be sufficient proof of verification. The need for independent and surprise audit actions can not be over emphasized.

(*) Payment and Reconciliation of Accounts

1. For small lots of 100 MT or below, payment by WQSC is straight forward. For larger quantities and when letter of credit is used, the procedure must conform to normal banking norms. L/Cs may be opened from one single bank from headquarters and account may be maintained centrally. In all L/C matters, Uniform Customs and Practices for Documentary Credit is the final arbiter for all parties.

2. After the L/Cs are negotiated, a consolidated account will be received. This may be reconciled with bank statements. Many clerical and accounts functions now performed by DGF will be taken over by the bank.

(XI) A SUM-UP

1. As reported by Press Trust of India (PTI), on Feb 3, 1992, the Commission for Agricultural Costs and Prices (CACP) of Government of India had demanded a fresh look on all aspects pertaining to the management of food economy in general and India's "Public Distribution System (PDS) in particular. Among other recommendations, the CACP had recommended drastic reduction of Govt. of India's commitment to distribute subsidized food to cover only the poorest and the most vulnerable. The other recommendations are major cuts in subsidy and to rely upon market forces to stabilize food prices rather than PDS and other administrative measures. Says PTI 'Stating that the time has come to have such a fresh look, the CACP regretted that recommendations on these aspects made by it in the past have so far not received due consideration of the Government. "The urgency of action required was in view of the deteriorating budget deficit and balance of payment problems which prompted the Govt. of India to pledge a

portion of its gold reserve to raise foreign exchange to cover current account shortfalls.

2. On 16th Feb 1992, it was reported by the Ittefaq, the largest circulating daily news paper in Bangladesh and other news papers, that the Finance Minister had circulated a most extraordinary letter to his cabinet colleagues. He high lighted the critical state of revenue budget of Bangladesh and opined that the problem is deeper than what is apparent. He pointed out that an alarming trend in increase of revenue expenditure will perhaps wipe out the projected revenue surplus of Tk. 1,017 crores. He apprehended that the contribution to ADP in Tk. account may be reduced to zero. This will have a most adverse impact upon the planned development as well as have repercussions with IMF to which the GOB is committed to a limit of revenue expenditure of Tk. 8224 crores. But the provisional figures indicate a minimum revenue expenditure of over 10,000 crore. This will create not only severe problems in development program but also will have adverse impact in GOB's relations with IMF and other donors. The Finance Minister advised stringent economic measures to slow down the rising revenue deficits. Among others, he emphasized the need for reducing subsidies in various heads of GOB's expenditure to a great extent.

3. As reported by WB (Food Policy Review-Aug 1991), the expectations that Government Food Operations should be a source of budgetary savings to contribute to ADP have not been fulfilled. In fact, they have proved to be a drain on Revenue Budget for the past decade. The deficit on food operation has averaged Tk. 2.8 billion per year in 1980-90 period. The situation became alarming in 1990 with a deficit of more than Tk. 11 billion in economic costs equivalent to 60% percent of Tk. component of the ADP that year. In another report (Cost of PDS-IFRI July 1991), the fiscal cost of PFDS in 1990 was ascertained at Tk. 4.6 billion. Monetary experts are of the opinion that Govt.'s borrowing at high interest rate (18%) from commercial banks are also having negative impact upon the banking sector. All these leads to one conclusion, the deficit must be reduced and, if possible, eliminated in the food operations.

4. There are many ways a remedy to this alarming situation may be affected. But the very first step that may be considered is to improve the efficiency of Govt.'s procurement which in accounting sense pays too high for the commodity which if sells at too low a price. It should be understood that the upper limit to sales prices is set by OMS (ceiling price) by the Govt. The lower limit of purchase price at procurement rates (floor price) is also set by GOB. But the cost to the Government is not what it pays as procurement prices. One study Cost of PDS-IFRI July 1991) ascertains this cost at about 24% of the procurement price. Independent estimates put this cost at much higher taking into account various leakages and undetermined losses. WB reports (Food Policy Review August 1991) that 'an accumulation of nearly 1,50,000 MT of untraced grains which has been listed as in transit were finally written off.' This may indicate the extend of losses in

DGF's food operation.

5. Among the policy recommendations advocated by various expert groups, (WB, IFRI, FAO) one factor is common to all. The procurement price should come to true market price. Arbitrary setting of prices for avowed social benefits has never served the society well. At one time Commodity Credit Corporation (CCC) of the US Govt. tried to hold food reserves to minimize surpluses in an effort to support prices. "Forty years experience with reserve grain stock in the US has demonstrated that they tend to distort production by interfering with market price signals to farmers" These stocks depressed prices rather than support the farmers in the long run. In Bangladesh, the BJC today is liquidated with accumulated losses of over 1250 crores trying to support jute prices. The Sugar Corporation is in terrible financial trouble trying to procure sugar cane at arbitrary (cost of production) prices and sell sugar at fixed prices. There is little reason to expect the DGF will do any better in the long run by pursuing its present policies.

6. Limitations on Govt. purchase by various statutory and administrative codes leaves only one option to reach the market price in procurement of rice. That option is to procure by open competitive tender. This procurement must take place at places of consumption to take advantages of private sector transportation. The net effect upon the prices in surplus zones will exactly be the same. The farmer will get the going market rate for paddy. Perhaps by reducing leakages, the farmer may obtain a higher fraction of the price than he is receiving now under the present system.

7. The private sector in food grain trade in Bangladesh is weak, disorganized and lack financial strength. Essentially taking over the function of the marketing operations of rice in the past for nearly 50 years, the Govt. has not allowed natural growth of this sector. Therefore, they may not be in a position to immediately come forward in supplying large quantities (say 5,00,000 MT) of rice required by the Govt. for PDS. But given certain procedural modifications without any financial cost to the Govt., and some adjustment in administrative procedures, the private sector can eventually play its due role in food sector as well. Given a chance, our people have always proved to be innovative, hard-working and resilient. The success of garments sector which developed from zero to what it is now within ten years is a case in point. It is expected that with regular tenders and efficient execution of policies, the private sector will be able to fulfill all needs of the MOF as regards rice procurement within a short time of say 3 to 5 years. Meantime, this mechanism should be pursued in all earnestness regardless of response.

(XII) CONCLUDING OBSERVATIONS

1. In view of the above discussions which were not restricted to strictly procedural matters but many issues related to this complex subject were reviewed, the following concluding observations are made :

(i) Imperatives for Efficiency: To reduce the costs of procurement should be a major goal towards efficient food operations for GOB. The present negative pressures on revenue budget on account of deficit of food operations are unsustainable. To reduce the costs of procurement, the rice for PDS should be procured at prevailing market prices. But, due to floor price enforcement, it must necessarily be higher than procurement price of rice in N.W. Regions.

(ii) Mechanism of Tender: For public procurement, the mechanism of purchase by open tender is the nearest to a free market operation. Although, it may appear that tendered prices are higher than estimated prices, infact, they constitute considerable savings if all costs of procurement and distribution are catered for. Besides, it has additional benefits of strengthening the private sector towards development of a free and competitive food grain market in Bangladesh.

(iii) Need to Conform to GOB's Rules: In a democratic set up with an independent judiciary, Govt. can not operate arbitrarily in its marketing operations. The existing laws, codes and rules are sufficient and adequate to ensure transparency, efficiency and fair play, if followed strictly. A high standard of public administration is prerequisite to success of any democratic Government. Conformity to Financial Rules and Audit Codes not only restrict leakages of public funds, but also ensures fair play and efficiency in respect of expenditure of scarce revenues.

(iv) Need to Continue with Tenders: The present private sector in food grain trade is weak and disorganized. It can not respond immediately to huge demands of the MOF in supply of entire quantity of rice for PDS. However, the tendering procedures must continue as a supplementary procedure for a number of years to develop full potentialities of the private sector. Regardless of response, the DGF should procure by tender whatever quantity is offered. This quantum is expected to rise dramatically when private sector will gradually be tuned to competitions of free bid.

(v) Need to Develop Supplementary Agencies: Market operations of commodities are complex affairs which need many agencies to function efficiently. Specifically, two major functions of DGF ie inspection of rice as regards quality and quantity and payment (by letter of credit by banks) may be transferred to private agencies, with immediate effect. Long term developments include development a of rice-exchange which if functions properly, may eliminate the need of tenders. A quotation from the exchange is a

true index of market price. Alternately, the brokers bid for quantities in the exchange itself.

(vi) Donor Assistance to Private Sector: Donors like US Aid or IMF may consider providing special funds for food grain trade by private sector. It is very well to say that bank credit be freed. Knowing the sloth and timidity of the banks in Bangladesh, it will be a most difficult task to obtain bank credit. The fertilizer importers were provided with special IMF funds to market fertilizers. It is reasonable to assume that funds should also be provided for output (grains) when such assistance was given for input (fertilizer). The existing banking channels may be utilized to disburse such funds. The modalities may be worked out on the basis of experience gained in financing fertilizer import.

2. In conclusion, it may be said with certainty that the recent effort of DGF to attempt to procure rice by tender is a step in the right direction. The two recent tenders have resulted in only partial success, among many factors owing to the Govt. not being aware fully of the realities of the market place. If floated correctly and executed efficiently, there is no reason why large quantities of rice can not be procured by this method. However, to be truly successful, this procedure must continue regularly for a number of years before, the total quantity of rice may be obtained by GOB at open competitive prices. Simultaneously, parallel efforts must be made to develop market organs to finally develop a free market of food grain in Bangladesh. Removal of all restrictions on credit, import, export and a viable rice exchange are ultimate goals of which the tender is only the first tentative step.

ADDENDUM

An Informal Opinion Poll

In a democratic society, the efficacy of any system or procedure depend a large extend upon the opinion of its members. The subjective opinions of an electorate play a major part on the election to power of a party in a multi-party democracy -a select club to which Bangladesh is a new entrant. It is a long tradition in democratic societies to elicit public opinion on matters of public interest, a system sadly lacking here. Therefore, a trial opinion poll on GOB's food operations were taken on a select number of people. The limitations of this poll, more a game, than any serious study, are well recognized. The game's value may only be to conduct sound polls on all issues of vital public interest. After all, people of Bangladesh should have a right and opportunity to express their opinions.

However, the results are of interest. An overwhelming majority (94%) feel that Government should continue to procure paddy from farmers to support them. A high majority (78%) feel that Govt. should buy rice by competitive tender. Almost all (98%) feel that major reforms are in order in Govt.'s food operation.

<u>Questions</u>	<u>Opinion</u>			
	<u>Yes</u>	<u>No.</u>	<u>Don't</u>	<u>Know</u>
1. Should the Govt. buy paddy directly from farmers to support them.	94%	6%	-	
2. Should the Govt. buy rice by open competitive tender	78%	3%		19%
3. Do you feel that major reforms should be introduced in Govt.'s food operations.	98%	2%	-	

A total of 46 persons were polled. A breakdowns as to their profession and education are given below :

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সংসদপ্রমোদনী বাংলাদেশ সরকার
 বাসাবিভাগ
 সংগ্রহ বিভাগ,
 ১৬, আবদুল গনি রোড, ঢাকা।

স্মারক নং-২২৩৮ ডিবি/স্মারক-২২/১১

তারিখঃ-৬/১২/১১

দরপত্র বিজ্ঞপ্তি

এতদ্বারা ইচ্ছুক ব্যবসায়ী/সাইন বিলার/প্রতিষ্ঠান/সরবরাহকারীগণের বিকট থেকে খাদ্য
 বাসাবিভাগের আওতাধীন নিম্নলিখিত এম্প্লয়মেন্ট সূচক ০০,০০০ (তিন হাজার) মেঃ টন মেনী সিদ্ধ
 আদম চান এম্প্লয়র জন্য দীর্ঘমেয়াদে সূত্র দরপত্র আহ্বান করা যাবে।

এম্প্লয়মেন্টের নাম	চাল এম্প্লয়র পরিমাণ
১। চায়া সি, এম, ডি, ঢাকা	৪০০০ মেঃ টন
২। তেরগাঁও সি, এম, ডি, ঢাকা	৪০০০ "
৩। বুলনা সি, এম, ডি, বুলনা	৩০০০ "
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৯। বীরহামিদ এম, এম, ডি, মুন্সিগঞ্জ	২০০০ "
১০। রংপুর এম, এম, ডি, রংপুর	৩০০০ "

মোট ৩০,০০০ মেঃ টন।

২। দরপত্র প্রতিবেদনটি সিটিসেলের ন্যূন ৩০০ (তিনশত) টান (বেকরডযোগ্য) নগদ অথবা বিদ্যে
 সংশ্লিষ্ট আঞ্চলিক বাস্য নিয়ন্ত্রক/জেলা বাস্য নিয়ন্ত্রক/সিএনডি ম্যানেজারের দপ্তর থেকে এম্প্ল করা
 যাবে।

৩। দরপত্র শিডিউলে চালের মূল্য, সম্পর্কিত্রেপন ইত্যাদি বিস্মৃতিভাবে উল্লেখ করা হয়েছে।
 উক্ত নির্দেশাবলীর কোন ব্যত্যয় ঘটলে দরপত্র বাতিল বলে গণ্য করা হবে। কোন অবস্থাতেই
 ট্রান্সমিটের চাল এম্প্ল করা যাবে না।

৪। একজন সরবরাহকারী/দরপত্রদাতা একটি থেকে ন্যূনতম ৩০০ (শত) মেঃ টন চাল
 সরবরাহের জন্য দরপত্র দাখিল করতে পারবেন। তিনি তিনি এম্প্লমেন্টের জন্য তিনি তিনি দরপত্র
 ও আবেদনপত্র দাখিল করতে হবে। বাংলাদেশের খেঃ কোন উদনীমি ব্যাংক থেকে ব্যাংক ড্রাকট
 আকারে উল্লিখিত মূল্যে ২৪ ঘণ্টা আগে আবেদনপত্র সংশ্লিষ্ট দরপত্র কমিটির সদস্য সচিবের অনুমতি
 অথবা বেকরড দরপত্রের মাধ্যমে দাখিল করতে হবে।

৫। দরপত্র সমূহ সিদ্ধান্তিত কর্তৃকর্তৃপক্ষকে সম্মাধন করে তাদের কার্যালয়ে নির্ধারিত স্থানে ও
 তারিখে দাখিল করতে হবে।

এম্প্লমেন্ট	সর্বমুঠ ও দরপত্র দাখিলের কার্যালয়।	দরপত্র দাখিলের তারিখ ও সময়
১) চায়া সি, এম, ডি	আঞ্চলিক বাস্য নিয়ন্ত্রক, ঢাকা।	২২-১২-১১ ইং তারিখ বেলা
২) তেরগাঁও সি, এম, ডি	মোটম চাল ডোকানা রোড, ঢাকা।	১ (এক)টা পর্যন্ত।
৩) সেওয়ানহাট সি, এম, ডি	আঞ্চলিক বাস্য নিয়ন্ত্রক, চট্টগ্রাম	২
৪) সাদিশহর সি, এম, ডি	২	২
৫) বুলনা সি, এম, ডি	আঞ্চলিক বাস্য নিয়ন্ত্রক, বুলনা	২
৬) য়েহপুরগাঙ্গা সি, এম, ডি	২	২

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No	Location	Profession	Educat. on	
			Graduate	Post-Graduate
9	Dhaka	Trade and Commerce	7	-
9	Dhaka	Manufacturing Industry	6	3
4	Dhaka	Teacher	-	4
4	Dhaka	Banker	-	4
6	Dhaka	Engineer	4	2
2	Dhaka	Architect	2	-
6	Dhaka	Govt. Officer	1	5
2	Dhaka	Lawyer	-	2
4	Dhaka	Physician	1	3
46			21	23

The respondents are 100% educated with 46% bachelor's and 50% post-graduate degrees. All may be termed 'pillars of society' in most responsible positions in life.

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এ প্রবেশ

অর্থসচিব ও সরকার মাধ্যমে
জাতিসংঘ

সরকার মাধ্যমে জাতিসংঘ ও

- ১) মানুসিংগার সি, এম, ডি মাদেনজার মানুসিংগার সি, এম, ডি ২২-১২-১১ ইং তা স্মিথ বেল্লা ১৬
 - ২) চানপুর সি, এম, ডি মাদেনজার, চানপুর সি, এম, ডি ২
 - ৩) খীরা সিং এম, এম, ডি জেলা খা দা নিয়ন্ত্রণ, মুন্সিগঞ্জ ২
 - ৪) রংপুর এম, এম, ডি জেলা খা দা নিয়ন্ত্রণ, রংপুর ২
- ৩। সরকার কর্তৃক প্রতি বছর ১০০ কোটি টাকা আর্থন সেশী সিস্টেম দ্বারা ১০০০০০০০ খরচ
মহা টা ৩০ টা ৩০ খরচ প্রতি মাসে ১০,০০০ টাকা নির্ধারণ করা হয়েছে। কোন সরকার দ্বারা
উৎসর্গের চেয়ে বেশী সরকার উদ্ধৃত করতে পারবেন না। সরকার তাৎক্ষণিক সরকার দ্বারা পরি না তিন বনে
পনা হবে।

৪। এ প্রবেশ জাতিসংঘ মানুসিংগার জন্ম গঠিত পরিদর্শন টিম কর্তৃক পরিদর্শন ও পরীক্ষার
পর এম, এ, ডি মানুসিংগার হলেন জাতিসংঘের করা হবে। মানুসিংগার ডিবিটি কর্তৃক পরীক্ষার পর
এ প্রবেশ স্মিথিংগার জাতিসংঘের মৌলিক ও মানুসিংগার জেলা খা দা নিয়ন্ত্রণ কর্তৃক সরাসরিভাবে যা যা
পর দ্বারা পরিদর্শনের খরচের মিলে প্রচলিত নিয়ম অনুসারে তহবিল, ডিবিটি, এম, সি, র, খা খরচ
উপস্থিতী ব্যাংক খরচের দ্বারা পরিদর্শন করা হবে।

৫। সরকার সিডিউলে বর্ণিত আর্নেক্সমানি, ন্যাংক ড্রাফট সরকারের মাধ্যমে অবশ্যই মা বি.
কর্তে হবে নতুবা সরকার না তিন করে পনা হবে। তাহলে উদ্ধৃত রেট প্রকৃত এবং অবশ্যই
সিডিউলে হবে। কোন সরকার খা দা জাতিসংঘের রেট প্রদানযোগ্য হবে না।

৬। সরকার মন্ত্রণালয় বা বর্তমান তথ্য সংগ্রহীত খা দা নিয়ন্ত্রণ/জেলা খা দা নিয়ন্ত্রণ
মাদেনজার, সি, এম, ডি এবং খা দা পরিদর্শনের সংগ্রহ বিভাগ থেকে জানা যাবে।

৭। পরিদর্শন অবশ্যই যে কোন বা সরকার সরকার কোন সরকার জাতিসংঘের প্রকৃত
না তিন করার ক্ষমতা সংগ্রহীত সরকার ডিবিটি কর্তৃক সংগ্রহিত।

৮। সরকার মন্ত্রণালয় বা খা দা ই ও পরীক্ষা নির্দেশী কর্তৃক মে গুলোর উপর সিডিউল প্রদানের জন্য
সরকার নিম্নোক্ত ডিবিটি গঠন করেছেন।

৯। প্রতিটি এ প্রবেশ কর্তৃক জাতিসংঘ সিস্টেমের সিস্টেম ডিবিটি কর্তৃক প্রকৃত পনা

এ প্রবেশ	সরকার ডিবিটি	
১) জাতিসংঘ সি, এম, ডি	১। সংগ্রহীত বিখ্যাতীকৃত পরিদর্শন	মহা পতি।
২) জেলা ও সি, এম, ডি	২। সংগ্রহীত খা দা নিয়ন্ত্রণ	মদ্যা সচিব।
৩) মেডিক্যাল সি, এম, ডি	৩। জাতিসংঘের সংগ্রহীত খা দা নিয়ন্ত্রণ পরিদর্শন	মদ্যা।
৪) খা দা নিয়ন্ত্রণ সি, এম, ডি	৪। সংগ্রহীত জেলা খা দা নিয়ন্ত্রণ	মদ্যা।
৫) খুলনা সি, এম, ডি	২	
৬) মন্ত্রণালয় খা দা সি, এম, ডি	২	
৭) মানুসিংগার সি, এম, ডি	১। সংগ্রহীত জেলা প্রমাণ	মহা পতি।
৮) চানপুর সি, এম, ডি	২। সংগ্রহীত জেলা খা দা নিয়ন্ত্রণ	মদ্যা।
	৩। সংগ্রহীত উপ-পরিদর্শন জাতিসংঘ মন্ত্রণালয়	মদ্যা।
	৪। সংগ্রহীত খা দা নিয়ন্ত্রণ	মদ্যা সচিব।
৯) খীরা সিং এম, এম, ডি	১। সংগ্রহীত জেলা প্রমাণ	মহা পতি।
১০) রংপুর এম, এম, ডি	২। সংগ্রহীত জেলা খা দা নিয়ন্ত্রণ	মদ্যা সচিব।
	৩। সংগ্রহীত উপ-পরিদর্শন জাতিসংঘ মন্ত্রণালয়	মদ্যা।


 (মাধ্যমে ইমপার্টন)।
 পরিদর্শন সংগ্রহীত ডিবিটি
 খা দা পরিদর্শন, জাতিসংঘ।

সাদা অফিসপুস্তক ৩০,০০০ টাকার আয়ন দেশী সিন্স
 চান এং পুস্তক প্রস্তুতের বিবরণ ।
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১। প্রথম প্রমাণকারী সংস্থা/ব্যবসায়ী/স্বাক্ষর/স্বাক্ষর/স্বাক্ষরকারীর নাম :-

২। ঠিকানা : -----

পো : -----

ডেতা : -----

টেলিফোন নং অফিস ----- বাসা : -----

৩। প্রথম প্রমাণকারী পদের যোগাযোগকারীর নাম :-

ঠিকানা : ----- টেলিফোন নং : -----

৪। প্রথম প্রমাণকারী পদের দ্বিতীয় প্রমাণকারীর নাম :-

ও ঠিকানা : -----

৫। (ক) ব্যাংক ড্রাফট ও আর্নেক্টমা বিদ্যমানের পরিমাণ : -----

(খ) ব্যাংক ড্রাফট নং ----- ও তারিখ : -----

(গ) ব্যাংক ড্রাফট প্রমাণকারী ব্যাংকের নাম -----

৬। চাকরের স্পেশালডিভিশন :- চান আয়ন দেশী সিন্স এম,এ, ডিও-মানেজর হতে হবে । যার মূল্যওম বি-নির্দেশ নিয়ে কর্তব্য করা হলো ।

|     |                                          |       |      |             |
|-----|------------------------------------------|-------|------|-------------|
| (ক) | আপত্তা                                   | ----- | ১০%  | সেই কার্ড । |
| (খ) | বিভাগীয় পদার্থ                          | ----- | ০.০% | ''          |
| (গ) | পুস্তক, ক্রয়াদি<br>বিবরণ, মন্ত্রা বিবরণ | ----- | ৩%   | '' ''       |
| (ঘ) | বিভিন্ন প্রকার চালের<br>সংশ্লিষ্ট        | ----- | ১০%  | ''          |
| (ঙ) | আপোদানা                                  | ----- | ২০%  | ''          |
| (চ) | সফটওয়্যার ও ডিভয়ে<br>সাদাদানা          | ----- | ৬%   | ''          |
| (ছ) | লান ও আফাড়া                             | ----- | ৬%   | ''          |

৭। বেস্ট ডিভিড চান এং পুস্তক পরিমাণ :-

|     |                    |       |       |      |
|-----|--------------------|-------|-------|------|
| (ক) | চাকা সিন্সডি       | ----- | ৪,০০০ | টাকা |
| (খ) | ডেজনা ও সিন্সডি    | ----- | ৪,০০০ | ''   |
| (গ) | খুলনা সিন্সডি      | ----- | ৩,০০০ | ''   |
| (ঘ) | মহেশপুরা সিন্সডি   | ----- | ৩,০০০ | ''   |
| (ঙ) | মেগনা নহাট সিন্সডি | ----- | ৩,০০০ | ''   |
| (চ) | সানিপুর সিন্সডি    | ----- | ৩,০০০ | ''   |
| (ছ) | সানিপুর সিন্সডি    | ----- | ৩,০০০ | ''   |
| (জ) | সংস্কৃত সিন্সডি    | ----- | ৩,০০০ | ''   |
| (ঝ) | চানপুর সিন্সডি     | ----- | ২,০০০ | ''   |
| (ঞ) | সীতারাম সিন্সডি    | ----- | ২,০০০ | ''   |

মোট :- ৩০,০০০ টাকা



- ১৫। এরপর পরবর্তীতে এখানকার প্রথম দল প্রকাশিত হইলে প্রতি বৎসর  
 ১৬। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর  
 ১৭। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর

| ক্রমিক নং | প্রতিষ্ঠানের নাম | প্রতিষ্ঠানের স্থান | প্রতিষ্ঠানের প্রধান |
|-----------|------------------|--------------------|---------------------|
| ১         | প্রথম দল         | প্রথম দল           | প্রথম দল            |

সর্বমোট প্রমাণিত হইবে -----  
 প্রমাণিত

- ১৮। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর  
 ১৯। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর  
 ২০। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর  
 ২১। প্রথম দল প্রকাশিত হইলে প্রথম দল প্রকাশিত হইলে প্রতি বৎসর

| ক্রমিক নং | প্রতিষ্ঠানের নাম | প্রতিষ্ঠানের স্থান | প্রতিষ্ঠানের প্রধান |
|-----------|------------------|--------------------|---------------------|
| ১।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ২।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৩।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৪।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৫।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৬।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৭।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৮।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ৯।        | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১০।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১১।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১২।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৩।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৪।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৫।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৬।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৭।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৮।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ১৯।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ২০।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |
| ২১।       | প্রথম দল         | প্রথম দল           | প্রথম দল            |



যা দা অধিদপ্তর কর্তৃক ৩০,০০০ খেটেব আর্থন দেবী দিমা  
 চান এং টের পরপে এর দিভিউন ।

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- ১। পরপে প্রদা বদা রী পংলা/যা বদা রী/রা ইন মিসুর/পরবরা বদা রীরা না পঃ-  
 -----
- ২। ডিআনা :- -----  
 খোঃ -----, রেলা :- -----  
 টেমিফোন নং এফিগ ----- যা দা :- -----
- ৩। পরপেদাচার পকে খোপাখোপা রীরা না পঃ :-  
 ডিআনা :- ----- টেমিফোন নং :- -----
- ৪। পরপেদাচার পকে তুতিপে গুচরলা রীরা না পঃ -----  
 ও ডিআনা :- ----- ।
- ৫।(ক) যাৎ প্রাফট ও আর্বেফমা নি দা খিলের পরিমান :- -----  
 (খ) যাৎ প্রাফট নং ----- ও তারিখ :- -----  
 (গ) যাৎ প্রাফট ইগুতা রী যাৎ এর না পঃ -----
- ৬। চানের লেনসিডিভেপন :- চান আর্থন দেবী দিমা এক,এ,ডিউ খানেব হতে  
 হেবা গার নুনা তম বি-নির্দেশ নিগে বর্নবা করা হগো ।

FAA.

|     |                                                 |      |            |
|-----|-------------------------------------------------|------|------------|
| (ক) | আ প্রতা -----                                   | ১৪%  | পর্যোক্ত । |
| (খ) | বিজাতীয় পরার্থ -----                           | ০.৫% | "          |
| (গ) | বপুফ, হুচলা বো বিবর্ন, পরা বিবর্ন<br>মানা ----- | ০%   | "          |
| (ঘ) | বিভিন্ন প্রকার চানের গংদিপন -----               | ১০%  | "          |
| (ঙ) | ভাংগা মানা -----                                | ২০%  | "          |
| (চ) | খড়িদপ্তর ও ডিভরে মানা মানা -----               | ৬%   | "          |
| (ছ) | নাম ও আ ডাড়া -----                             | ৬%   | "          |

৭। লেন্স ডিভিক চান এং টের পরিমান :-  
 -----

|     |                            |       |       |
|-----|----------------------------|-------|-------|
| (ক) | চা দা দিএগডি -----         | ৪,০০০ | খেটেব |
| (খ) | ভেজপা ও দিএগডি -----       | ৪,০০০ | "     |
| (গ) | খুলনা দিএগডি -----         | ৩,০০০ | "     |
| (ঘ) | খবেপুত্রনা দা দিএগডি ----- | ৩,০০০ | "     |
| (ঙ) | মেওপ্রানহাট দিএগডি -----   | ৩,০০০ | "     |
| (চ) | খা নিমহর দিএগডি -----      | ৩,০০০ | "     |
| (ছ) | গা নুা ধার দিএগডি -----    | ৩,০০০ | "     |
| (জ) | রংপুর এলএগডি -----         | ৩,০০০ | "     |
| (ঝ) | চা পুত্র দিএগডি -----      | ২,০০০ | "     |
| (ঞ) | খীয়া দিএ এলএগডি -----     | ২,০০০ | "     |

মোট :- ৩০,০০০ খেটেব

୧୮। **କାର୍ଯ୍ୟକ୍ରମ ୧-** ପ୍ରତ୍ୟାହୀ ସମ୍ପର୍କମାତା ଉନ୍ନତ ସଂସ୍ଥର ୧୫ ଶାସନୀୟ ମାସିକ ସେବା ତୁଚ୍ଛ  
 ସ୍ୱାଧିକାର ପର ୧୫୫୫ ଟଙ୍କା ବେଳେ କାମି ବ୍ୟକ୍ତି ସମ୍ପର୍କମାତା ବିକେ ମାଗିବେ ।  
 ସମ୍ପର୍କମାତା ତାର ସିଦ୍ଧ ସମ୍ପତ୍ତି ଓ ମାଗିବ୍ୟବସାୟ ଯେ ତାମ ଏହିପ୍ରକାର ପର୍ଯ୍ୟନ୍ତ  
 ମାଗିବ୍ୟବସାୟ ୧୫୫୫ ଟଙ୍କା ଉପ ଚାଳ ପ୍ରତି ସମ୍ପତ୍ତି ଏବଂ ଚାଳି ସିଦ୍ଧାଦେବ ।  
 ଉପରେ ବ୍ୟକ୍ତି କରା ହେବ । ଏହି କାର୍ଯ୍ୟକ୍ରମର ମଧ୍ୟସ୍ତରରେ ମାଗିବ୍ୟ,  
 ଉପରେ ବ୍ୟକ୍ତି ଓ ମାଗିବ୍ୟର ସମ୍ପର୍କମାତା ସମ୍ପର୍କମାତା ବ୍ୟବସାୟ ହେବ ।

୧୯। **ସମ୍ପର୍କମାତା** ୧- ଏହି କେନ୍ଦ୍ର ଚାଲେର ମାନ ଯାଚା ହେବର ଉପାଦେୟ ସମ୍ପର୍କମାତା ଯିଏ କର୍ତ୍ତୃକ  
 ମାଗିବ୍ୟ ଓ ମାଗିବ୍ୟର ପର ୧୫୫୫ ଟଙ୍କା ମାନ ସମ୍ପର୍କମାତା ହେଲେ ଚାଳ ମଧ୍ୟମ କରା  
 ହେବ । ମାଗିବ୍ୟ ମାଗିବ୍ୟର କମିଟି ବିସ୍ତରଣ ୧-

- (୧) ମାଗିବ୍ୟର କେନ୍ଦ୍ରର ଏହି କର୍ତ୍ତୃକ ମାଗିବ୍ୟର ଚାଳିକର ମାଗିବ୍ୟ
- (୨) ମାଗିବ୍ୟର କେନ୍ଦ୍ରର ଏହି କର୍ତ୍ତୃକ ମାଗିବ୍ୟର ଚାଳିକର ମାଗିବ୍ୟ

ଏହି କେନ୍ଦ୍ର ପ୍ରସ୍ତୁତ ଚାଲେର କେନ୍ଦ୍ରର ଉପାଦେୟ ସମ୍ପର୍କମାତା ସମ୍ପର୍କମାତା ବିସ୍ତରଣ  
 କର୍ତ୍ତୃକ ମାଗିବ୍ୟର ଉପାଦେୟ ସମ୍ପର୍କମାତା ଉପାଦେୟ ସମ୍ପର୍କମାତା ବିକେ ମାଗିବ୍ୟ  
 ପ୍ରତିଷ୍ଠିତ ବିସ୍ତରଣ ମାଗିବ୍ୟର ଚାଳିକର, ଚାଳିକର, ଚାଳିକର ଯା ଯା ଯେ ଚାଳିକର ଯା ଯେ  
 ମାଗିବ୍ୟର କର୍ତ୍ତୃକ ମାଗିବ୍ୟର କରା ହେବ ।

୨୦। ଏକକ ସମ୍ପର୍କମାତା ଏକଟି ଏହି କେନ୍ଦ୍ରର ଉପାଦେୟ ୧୦୦ ଟଙ୍କା ଉପାଦେୟ ସମ୍ପର୍କମାତା ଉପାଦେୟ  
 ସମ୍ପର୍କମାତା ଉପାଦେୟ ମାଗିବ୍ୟ ହେବ । ଏହି କମ ଉପାଦେୟ ସମ୍ପର୍କମାତା ହେବ । ମାଗିବ୍ୟର କମିଟି  
 କର୍ତ୍ତୃକ ମାଗିବ୍ୟର ପର ୧୫୫୫ ଟଙ୍କା ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ  
 ବିକେ ସମ୍ପର୍କମାତା ଉପାଦେୟ ସମ୍ପର୍କମାତା ବିକେ ସମ୍ପର୍କମାତା ଉପାଦେୟ

୨୧। ବା ଉପାଦେୟର ଯେ ଉପାଦେୟ ଚାଳିକର ଯା ଯେ ଉପାଦେୟ ଉପାଦେୟ ଉପାଦେୟ ଉପାଦେୟ  
 ମାଗିବ୍ୟର ୧୫ ଟଙ୍କା ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ଉପାଦେୟ  
 ଉପାଦେୟ ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ଉପାଦେୟ  
 ଉପାଦେୟ ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ଉପାଦେୟ  
 ଉପାଦେୟ ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ଉପାଦେୟ

୨୨। ଏହି ସମ୍ପର୍କମାତାର ମାଗିବ୍ୟ ତୁଚ୍ଛ ମାଗିବ୍ୟର ପର ୧୫୫୫ ଟଙ୍କା ଉପାଦେୟ ମାଗିବ୍ୟର  
 ସିଦ୍ଧାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର  
 ଦେୟା ହେବ ।

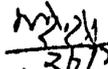
୨୩। ଏହି ସମ୍ପର୍କମାତା ମାଗିବ୍ୟର ତୁଚ୍ଛ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର  
 ସିଦ୍ଧାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର

ସିଦ୍ଧାଦେୟ ତା ଉପାଦେୟ ମାଗିବ୍ୟର ତୁଚ୍ଛ ମାଗିବ୍ୟର ବାର୍ଷିକ ହେଲେ ସମ୍ପର୍କମାତା ବିକେ ମାଗିବ୍ୟର  
 ଏବଂ ସମ୍ପର୍କମାତା ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର ଉପାଦେୟ ମାଗିବ୍ୟର  
 ଦେୟା ହେବ ।

୭୨



- ৭। মনপএ সিডিউমে বর্ণিত কার্যক্রমগুলি, যাৎক প্রকট মনপএর মাধ্যমে সরাসরি পরিচালিত হইবে বলিয়া মনপএ বাতিল হইলে গন্ধ হইবে। উক্তকিমে উল্লিখিত নীতি ক্রমে এবং "সংস্কৃত" মনপএভাবে বিধিত হইবে। কোমন্স অফিসার, স্ট্রিক্টা নোট গুণযোগ্য হইবে না।
- ৮। মনপএ সম্পর্কিত ব্যবসায়িক লগা খাদ্য অধিদপ্তরের সংশ্লিষ্ট বিভাগে প্রেরণ করিয়া উক্ত খাদ্য নিয়ন্ত্রণের কার্যক্রম প্রেরণ করা হইবে।
- ৯। সর্ববিধি লগা যে কোন বা মনপএ কার্যক্রম মনপএ কার্যক্রম পরিচালনা গুণন / বাতিল করা হইলে সংশ্লিষ্ট মনপএ কমিটি কর্তৃক মনসচিত।
- ১০। মনপএ সম্পর্কিত খাদ্য অধিদপ্তরের মনপএ কমিটি কর্তৃক বাতিল করিয়া উক্ত মনপএ কার্যক্রম পরিচালনা গুণন হইবে।
- ১১। প্রতিটি এমপ্লয়েন্স এমপ্লয় চাকরি পরিচালনা টেকনিক কমিটি কর্তৃক মনসচিত হইবে।

  
 ২৬/১২/১১  
 ( যোগ: ইমপ্লয় হইবে )  
 পরিচালক, নংক্রম (চঃসঃ)  
 খাদ্য অধিদপ্তর, ঢাকা।



১। নমুনা ১-

(১) নরপত্রে উল্লিখিত মূল্যসূচক নরপত্র তফসিলে প্রদর্শিত প্রতি ইউনিটের দীর্ঘ মূল্য (প্রযোজ্য ক্ষেত্রে বিক্রয়কর, প্যাকিং ও ডেলিভারি খরচসহ) হইতে হইবে। মূল্যোদ্ধৃতিতে মূল্য, বিক্রয় কর, প্যাকিং, ডেলিভারি খরচ ইত্যাদি অন্তর্ভুক্ত থাকিলে সেইটিকে পৃথকভাবে উল্লেখ করিতে হইবে। কেবলমোগা প্যাকেট থাকিলে উহার মাপ টাকা কেবল বিক্রয় কর পৃথকভাবে উল্লেখ করিতে হইবে।

(২) প্রতিটি প্রকারে মূল্য অবশ্যই পৃথকভাবে বাংলাদেশী মুদ্রায় সংখ্যায় এবং কবার নরপত্রে তফসিলে নির্দিষ্ট স্থানে উল্লেখ করিতে হইবে। অভিজ্ঞিক তথ্যাদি থাকিলে তাহা নরপত্র উল্লিখিত সংশ্লিষ্ট বিধির সংশ্লিষ্ট স্থানে মূল্য করিতে হইবে। আনুমানিক মূল্যের ক্ষেত্রে মূল্যোদ্ধৃতি এক ও বি (F O B) জিহ্বিতে হইবে [আমেরিকা যুক্তরাষ্ট্রের সংশ্লিষ্ট স্থানে বাণিজ্যিক ক্ষেত্রে এক এ এন (FAS) জিহ্বিতে সি, আই এক (CIF) সি এ এফ (C & F) উল্লেখ করিতে হইবে। এইরূপ ক্ষেত্রে ঐহেতুিক মুদ্রায় পরিণোদনযোগ্য অংশ নতকরা দ্বিগুণ এবং বাংলাদেশী মুদ্রায় যে কমিশন স্পষ্টভাবে উল্লেখ করিতে হইবে। মূল মূল্যোদ্ধৃতিতে যাদিক নতুন বা ক্রয়িত সিগুন্স একই প্রত্যয়নপত্র থাকিতে হইবে :-

উল্লেখিত এক, ০, বি/সি এও এক (FOB/C & F) মূল্যে হবে।

প্রতিসিদ্ধি কামিশন/খাটা..... অন্তর্ভুক্ত থাকিলে, অথবা

এই নরপত্র কোন কামিশন অন্তর্ভুক্ত হবে না ইহা হাজা আন কোন ধরনের এক্সেস-কামিশন/খাটা মূল্যোদ্ধৃতি অন্তর্ভুক্ত হবে। (অপ্রযোজ্য অংশ কাটা দিও)

(৩) আপনাদের প্রতিষ্ঠানকে সম্পূর্ণ পরিচয় সরবরাহ করিতে বলা হইলে আপনাদের মোট মূল্যের কত নতকরা হ্রাস করিতে পারিবেন, অনুগ্রহ করিয়া তাহাও উল্লেখ করুন।

(৪) উক্ত মূল্যের সম্বন্ধে উপস্থাপনকারী/সরবরাহকারী প্রদত্ত মূল মূল্যোদ্ধৃতি অবশ্যই সংশ্লিষ্ট করিতে হইবে।

(৫) মূল্যোদ্ধৃতি অবশ্যই দুই কপি পাঠাইতে হইবে।

৭। ডেলিভারির অন্তর্ভুক্তি :- অবশ্যই ডেলিভারি নরপত্র তফসিলে অন্তর্ভুক্ত হইতে হইবে। তবে যদি আপনাদের পক্ষে নির্ধারিত নরপত্রের মধ্যে ডেলিভারি কেতলা শুল্ক না হয় তাহা হইলে কোম্পানি জারিদের মধ্যে আপনাদের প্রার্থিতা পরিচয় করিয়ে দিতে পারেন তাহা অনুগ্রহপূর্বক নরপত্র ফরমের সংশ্লিষ্ট তফসিলে উল্লেখ করুন।

৮। নমুনা ১- বিপণনভায়ে ঢাকা না হইলে নরপত্রের সংশ্লিষ্ট মূল্য পাঠাইবার প্রয়োজন নাই। যেই ক্ষেত্রে নমুনা বিপণনভায়ে ঢাকা হয় সেই ক্ষেত্রে নমুনা হাজা মূল্যোদ্ধৃতি গ্রহণযোগ্য হইবে না।

৯। প্রত্যাহার মনসুখ :- যেকোন প্যাটার্ন পরীক্ষা :- যেই ক্ষেত্রে তফসিলে নামের সিলমোহরকৃত প্যাটার্নের উল্লেখ আছে, সেই ক্ষেত্রে নরপত্রে তফসিলে বর্ণিত স্থানে এই প্যাটার্নসমূহের বর্ণনা বর্ণনা, অথবা উহারের প্রত্যাহারিত মনসুখ কোথা হইতে পারে এবং তাহা আপনাদের পক্ষে কোন উপযুক্ত ব্যক্তি (যিনি নরপত্র সরাসরপত্র সংশ্লিষ্ট রাখিবেন) নরপত্র দাখিল করার পূর্বে পরীক্ষা করিয়া দেখিতে পারেন।

১০। প্যাকিং :- নরপত্র ফরমের তফসিলে প্যাকিংয়ের পদ্ধতি নির্দেশিত না থাকিলে ঠিকাদার কি প্যাকিং পদ্ধতি ব্যবহার করিবেন, তাহা নরপত্র ফরমের তফসিলে অবশ্যই বর্ণনা করিতে হইবে। ঠিকাদার ইচ্ছা করিলে অভিজ্ঞিক বিক্রয় সাইনসমূহের মূল্যসূচক উল্লেখ করিতে পারিবেন এবং নরপত্র তফসিলে উহার বিবরণ দিতে হইবে।

১১। নয়া পরিচালক, প্রতিরক্ষা কর্মকর্তা/অফিসার, টাকা সর্বনিম্ন নরপত্র গ্রহণ করিতে বাধ্য হবেন এবং তিনি নরপত্রের সম্পূর্ণ হাট কে কোন অংশ অথবা প্রত্যাহার পরিচালকের অধিকারের অধিকার রাখেন, এবং উহা আপনাদের উক্ত মূল্যোদ্ধৃতি সরবরাহ করিবেন। আপনাদের ইচ্ছা করিলে সম্পূর্ণ অথবা যে কোন অংশের অধ্যয়ন করিতে পারেন, অথবা নরপত্রে উল্লেখ করিতে পারেন যে, সম্পূর্ণ পরিচয় আপনাদের নিকট হইতে নেওয়া হইলেই কেবল নরপত্রে উল্লিখিত মূল্যসূচক প্রযোজ্য হইবে।

১২। নিম্নোক্ত পরিচালক..... হইতে হইবে।  
নিম্নোক্ত পরিচালক..... হইতে হইবে।  
উপরে মূল্যের পরিচালকের কাছ করিবেন।

১৩। এই অনুমতি কার্য এবং সরবরাহকারী হইতে উক্ত কার্যাদির সংশ্লিষ্ট সকল বিবরণ অফিসিয়াল পিস্তুল এন্ড একট-এর আওতাধীন থাকিবে। সংশ্লিষ্ট সাক্ষরিত সাক্ষরিত তথ্য আপনাদের হাজা বা আপনাদের কর্মচারীর হাজা কোন অনুমতিপত্র থাকিলে নিকট প্রকাশ করা যাইবে না।

(স্বাক্ষরিত/সাক্ষরিত পক্ষে)  
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১. স্বয়ংসহায়তাগণ নিম্নলিখিত প্রসঙ্গগুলির প্রতিটির জন্য অবশ্যই সুনির্দিষ্ট উত্তর প্রদান করিবেন :-

- ১। প্রত্যাহিত করা অথবা পুষ্টির বিবরণে সংশ্লিষ্ট স্বাস্থ্যসুধের  
বুঝিমা, যদি যা হয় তবে অত্যন্ত সন্দেহিত বিজ্ঞপিত তথ্য  
সম্পর্কে বিবেচনা করুন।
- ২। স্বাস্থ্যসুধ কোম্পানির জেনারেল মেনু জেনারেল মেনু বাইরে  
পারে।
- ৩। জেনারেল মেনু ডায়নি।
- ৪। যে প্যাকিং পদ্ধতি ব্যবহৃত হয়েছে। প্যাকিং সম্পর্কিত  
বিষয়ে নির্দেশ অনুসরণ করা হয়েছে কিনা।
- ৫। মোটের বর্তমান (Gross) ওজন প্রতিটি প্রকারের প্যাক  
এখন।
- ৬। ..... গুণমানের পরে পরে ডায়নি বা  
কিউর আপেক্ষিক বীমা করণ ব্যবস্থা।
- ৭। সুবিধার পরিচয় সম্পর্কিত প্রকার সংশ্লিষ্ট একমত  
কিনা।
- ৮। প্রত্যাহিত স্বাস্থ্যসুধ বাংলাদেশে উপস্থিত হইলে উপস্থাপন করে  
যাযে: মূল্য, পরিমাণ, উপস্থাপন ইত্যাদি বাংলাদেশে  
উপস্থাপন হয় কিনা; যদি না হয় তবে যে স্বাস্থ্য, উপস্থাপন  
ইত্যাদি তথ্যগতী করা হয় তাহার বিবরণ ও যে দেশ হইতে  
উপস্থাপন করা হয় তাহার উল্লেখ করিতে হইবে (যদি  
একটি দেশ হয় তবে প্রত্যেক দেশে উপস্থাপন প্রকার আনু-  
মানিক মূল্য উল্লেখ করিতে হইবে)।
- ৯। স্বাস্থ্যসুধ ..... উপস্থাপনের  
উদ্দেশ্যে যথেষ্ট পরিমাণে সংগ্রহ করিয়া রাখা হয়।
- ১০। স্বাস্থ্যসুধের কার্টে নিম্নলিখিত কোন আইন অনুযায়ী নিবন্ধনপূত  
চট্টা পানিয়ে উহার সাংখ্যিক নাম ও পরিমাণ :-  
(১) বি. কোম্পানী আইন, ১৯১৩  
(২) বি. প্যাটার্ন আইন, ১৯১২  
(অংশীদারদের নাম উল্লেখ করুন)  
(৩) অন্য কোন আইন। কোন আইনের অধীনে নিবন্ধন-  
পূত না হইয়া থাকিলে নামিক কাহারা ?  
(নম্বরের পূর্ণ নাম উল্লেখ করুন)।
- ১১। প্রস্তুত করা হইতেছে যে, আর্থ/আবস্থা সংশ্লিষ্ট স্বাস্থ্যসুধের  
মূল্য বেচার পরে এবং স্বাস্থ্যসুধের মান নির্ধারণ  
(Specification) সম্পর্কে সম্পূর্ণরূপে অবহিত চট্টা এট  
মূল্য উদ্ধৃত করিয়াছি।

(স্বয়ংসহায়তাগণ স্বাক্ষর)

### ସିଦ୍ଧି-ପ୍ରାପ୍ତି

ସେବା ଏବଂ ମହା ସିଦ୍ଧିରେ ଯେ, ସମ୍ପାଦନାତ୍ମକ ହୃଦୟର ନିର୍ମାଣର ଏକ ଉତ୍ତମ ଯାଗାରେ  
ଆତ୍ମାତ୍ମ ନିର୍ମାଣର ନାହିଁ ତାହା ସିଦ୍ଧି ମାନେ ଉପାୟର ଏକଟି ସିଦ୍ଧି । ଆତ୍ମାତ୍ମ ନିର୍ମାଣର ସିଦ୍ଧି  
କାଳେ ସା ଯାକ ଯାକ ନିର୍ମାଣତାତ୍ମକ ଆତ୍ମାତ୍ମ ମାନେ ତାହା ସିଦ୍ଧିର ନିର୍ମାଣ ଏବଂ ଏହି ଉପାୟ  
ସିଦ୍ଧିର ସିଦ୍ଧି ନିର୍ମାଣ । ସେବା ଏବଂ ହୃଦୟର ଉପାୟର ଆତ୍ମାତ୍ମତାତ୍ମକ ମାନେ ମାନେ ସିଦ୍ଧିର  
ନିର୍ମାଣର ସିଦ୍ଧିର ଏବଂ ଉପାୟର ସିଦ୍ଧିର ଉପାୟର ମାନେ ମାନେ ମାନେ । ଏହି ସିଦ୍ଧିର  
ନିର୍ମାଣର ସିଦ୍ଧିର ଯେ, ଯେ ନିର୍ମାଣର ସିଦ୍ଧିର ଉପାୟର ହୃଦୟର ନିର୍ମାଣର ଏକ ହୃଦୟର ସିଦ୍ଧିର  
ଆତ୍ମାତ୍ମ ମାନେ  
ଏହି ସିଦ୍ଧିର ଏବଂ ଏହି ସିଦ୍ଧିର  
ଏହି ସିଦ୍ଧିର ଏବଂ ଏହି ସିଦ୍ଧିର  
ଏହି ସିଦ୍ଧିର ଏବଂ ଏହି ସିଦ୍ଧିର



## APPENDIX 'C'

### Definitions of Terms

Standardization of terminology is the first step towards having a uniform standard. This is most important if international trade is to take place. It is therefore, of utmost importance to conform to an internationally acceptable terminology in any national standardization procedure. The terminology used throughout the preceding report is based on the Definition of Terms Used in the Rice Trade as adopted by the working party on Rice Grading and Standardization set up under the FAO Rice Study Group 1972. The Terminology as per Bangladesh standard is shown separately. The authors' explanation is shown under bracket wherever felt necessary.

#### A. General

**Paddy** : Rice in the husk after threshing (also called paddy-rice and rough rice. In US use, it may also indicate flooded diked fields in which paddy is grown).

**Rice** : Kernels obtained after husking or milling of paddy (also called milled rice).

**Sample** : A small quantity taken from various portions of a lot so as to be representative of the lot. *(Standard method must be applied to obtain a sample a lot on whose size the methodology of sample taking is varied)*

#### B. Intrinsic Character

**Bold rice** : The length of the whole milled kernels is between two and three times their breadth. Also known as medium grain rice.

**Extra heavy rice** : 1000 whole milled kernels with 14 percent moisture weigh over 28 g.

**Extra long rice** : Rice with 80 percent or more of whole milled kernels having an average length of 7.0 mm and above.

**Glutinous rice** : A special botanical variety whose grains are white and chalky in appearance. It tends to coagulate into sticky mass when ~~cooked~~ cooked. (A most favorite variety in Japan and some parts of S.E. Asia. Has no commercial significance in S. Asia).

**Heavy rice** : 1000 whole milled kernels with 14 percent moisture weight 20-25 g.

**Long rice** : Rice with 80 percent or more of whole milled kernels changing an average length of 6.0 to 6.99 mm.

**Medium rice** : Rice with 80 percent or more of whole milled kernels having an average length of 5.0 to 5.99 mm.

**Moderately heavy rice** : 1000 whole milled kernels with 14 percent moisture weigh under 20g.

**Round rice** : The length of whole milled kernels is less than twice the breadth. Also known as short grain rice.

**Shape :** Relationship of length to breadth of a whole rice kernel.

**Short rice :** Rice with 80 percent or more of whole milled kernels having a length of less than 5.0 mm.

**Size :** Length of at least 80 percent of whole milled kernels.

**Slender rice :** The length of the whole milled kernel is over three times the breadth. Also known as long grain rice.

### C. Processing

**Bran :** The outer bran layer without part of the germ.

**Coated rice :** Milled rice which has been coated with special powder and glucose. Also known as glazed rice. (Has no significance in S. Asia context).

**Degree of milling :** Extent of milling expressed with reference to the removal of the germ, and the outer and inner bran layers.

**Enriched rice :** Milled rice which has been treated to enhance its nutritive value by adding of vitamin and minerals and some times protective coating. (Although practiced extensively in USA and Europe, has no significance in S.Asia).

**Extra well milled rice :** Paddy from which the husk, the germ (in case of round rice part of germ) and the bran layers have been completely removed.

**Germ :** Small white portion of one end of the rice kernel from where seed germinates. (In case of white milling, the germ is part of the bran fraction removal. In some milling process, it is separated as a valuable animal feed).

**Husk :** Outer thick cover of paddy, the removal of which turns it into rice. (Also known as hull, chaff).

**Husked rice :** Kernels from which only husk has been removed. (It is also known as brown rice, hulled rice, cargo rice, loomzain rice and sbramoto rice).

**Milled rice :** Paddy from which the husk has been removed and layers of bran wholly or partly removed from kernel. Also known as white rice. (with the popularization of parboiling process the world over, the term white rice may cause some confusion. Generally, "white rice" means milled rice without parboiling process, also raw -rice as distinct from parboiled rice meaning milled rice which had pre-milling treatment of parboiling).

**Non-gelatinized rice :** Whole or broken kernels of parboiled rice with distinct white or chalky areas due to incomplete gelatinization of the starch. (Also known as white belly rice. Must not be confused with chalky rice which is only found in raw-rice).

**Oiled rice :** Milled rice to which a thin coat of edible oil has been applied. (has no significance in S.Asia).

**Parboiled rice :** Rice which, before milling, has been soaked in hot water or steamed under pressure and then dried. (The physical change in rice grain is complete or partial gelatinization of starch. The degree of parboiling is evident from completeness of gelatination also visible change in color).

**Polishing :** The outer bran layer, part of germ and the starchy grain. (Only available in modern rubber rolled mills. The mixture of bran, germ, husk and broken grain obtainable from traditional huller mill is known as "mill waste" in international trade and is of little or no commercial value).

**Reasonably well milled rice :** Paddy from which the husk, the germ, the outer bran layers and the greater part of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers may still be present on not more than 30% kernels.

**Undermilled rice :** Paddy from which husk, a part of germ, and all or part of only outer bran layers have been removed.

**Well milled rice :** Paddy from which the husk, the germ, the outer bran layer and most of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers may still be present on not more than 10 percent of the kernels.

**Whole rice :** A kernel or a piece of kernel having length greater than three quarters of the average length of the unbroken kernel (sometimes called head rice).

#### D. Acquired Characteristics

**Big brokens :** Pieces of kernels equal to or smaller than three quarters but bigger than one half of the average length of the unbroken kernel.

**Brokens :** Pieces of kernels equal to or smaller than three quarters of the average length of the unbroken kernel.

**Chalky kernel :** Kernel, whole or broken, one half or more of which is white like the color of chalk. (as different from white belly kernel which is a characteristic of imperfect parboiling resulting in partial gelatinization of grain).

**Chemical residue :** Chemical residue in or on a rice acquired at any stage during growing, processing or marketing other than as approved substance added for human nutritional purposes.

**Chips :** Pieces of kernel that pass through a sieve which has round perforations not greater than 1.4mm in diameter (also known as pin-head brokens).

**Commercially objectionable foreign odors :** Odors entirely foreign to rice which render it unfit for its normal commercial usage.

**Contrasting classes :** Kernels, whole or broken, of varieties of rice other than the variety designated, wherein size and shape of kernel differ distinctly from characteristics of kernels of the variety or class designated.

**Damaged kernels :** Kernels, whole or broken, which are distinctly damaged by insects, water, fungi or any other means, including parboiled kernel in non-parboiled rice.(or raw rice in parboiled rice)

**Discolored kernel :** Kernels, whole or broken, that have changed their normal color as a result of heating including parboiled kernel in non-parboiled rice which are as dark as those discolored as a result of heating. (High moisture paddy damaged due to micro biological action will result in deep coloring after parboiling process. This is the major source of discoloration of grain specially in Boro paddy in Bangladesh. Only post harvest drying and correct storage will correct this damage).

**Foreign matter :** All matters other than rice kernels, broken or whole, rice polishing and paddy.

**Grade :** A designation indicating the quality of rice determined with reference to its acquired characteristics.

**Green kernel :** Immature kernels which are unripe and green in color.

**Immature kernels :** Kernels, whole or broken, which are unripe or underdeveloped.

**Insect-free rice :** Rice which does not contain live or dead weevils or other insects, insect webbing or insect refuse.

**Lightly infested rice :** Rice in which insects are not obvious before sieving and there are not more than 20 live or dead insects, of which not more than 5 are weevils (*Sitophilus* Spp) per 100 kg of rice.

**Medium broken :** Those parts of a kernel which are equal to or smaller than one half but bigger than one quarter of the average length of the unbroken kernel.

**Mixed rice :** A lot of rice in which a minimum of 80 percent of whole milled kernels can not be placed exclusively in any single variety, size, shape or weight classification.

**Red streaked kernel :** Kernels, whole or broken, having red streaks, the total length of which amounts to one half or more of the length of the kernel, but which are free from red patches amounting to 25 percent of the surface area of the grain.

**Small broken :** Those pieces of a kernel which do not exceed one quarter of the average length of the unbroken kernel, the minimum limit varying with different grades of rice, but do not pass through a sieve with round perforations of 1.4 mm in diameter.

**Stained or spotted kernel :** Kernels whole or broken, which show on their surface evident alternations in color, including black streaks or dark halos.

**Yellow kernel :** Kernels or pieces of kernel which possess yellow discoloration due to deterioration.(not to be confused with acquired amber color in parboiled rice).

APPENDIX - D

TENDER FORMAT, DIRECTORATE OF SUPPLY AND INSPECTION

B S 27.

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

MINISTRY OF COMMERCE

Department of Supply and Inspection

(Supply Wing)

Dhaka

INVITATION OF THE TENDER AND INSTRUCTIONS TENDERERS

No. \_\_\_\_\_

Date \_\_\_\_\_

Note :-Though this invitation is issued in the name of and the Tender Form is addressed to the Secretary, Ministry of Commerce the envelope containing the Tender as well as all subsequent communications should be address and delivered to -

THE DIRECTOR OF SUPPLY AND INSPECTION

46, Motijheel Commercial Area

Dhaka.

Telegraphic Address - "SHARBARAHA"

Code used : Bangladesh Word Code (for Government Departments only

Bentley's Complete Phrase Code-Bentley's Second phase.

Code A/B.C. Telegraphic Code (5th and 6th Editions)

All communications must be addressed to the officer named above by title only and not by name.

FORM.: THE SECRETARY TO THE GOVERNMENT OF BANGLADESH

MINISTRY OF COMMERCE

DEPARTMENT OF SUPPLY AND INSPECTION

DHAKA.

Dear Sir/s,

On behalf of the purchaser (name in the schedule) I invite you to tender for the supply of the stores detailed in the .....

Tender Form enclosed. The conditions of contract which will govern any contract made are in Form B.S.35 to 38 as adapted by Government of Bangladesh included in the pamphlet entitled "Ministry of Commerce and Foreign Trade", "Conditions of Contract" (and the special conditions attached). If you are in a position to quote for supply in accordance with the requirements stated in the attached schedule, please submit your quotations to this office on the prescribed tender form attached. In exceptional case and for adequate reasons only telegraphic quotations may be considered if confirmed on the prescribed form within the shortest time for postal delivery.

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2. PARTICULARS, SPECIFICATIONS AND DRAWINGS- The sources from which standard particulars, specifications and drawing and the pamphlet of conditions of contract can be had are detailed in the appendix.

Specifications and drawings which are not priced publications and marked "Returnable" issued in connection with this to should be returned with the tender failing which the tender may not be considered. These will be reissued to the contractor whom the contract is made, who will be responsible for their return after the completion of the contract).

3. PREPARATION OF TENDER -(a) The schedule should be returned in tact, whether you are quoting any item of not. Page should not be detached but when items are not being tendered for, the corresponding space should be deleted by some such words as "not quoting".

(b) In the event of the space on the schedule form being insufficient for the required purpose, additional pages may be added. Such additional page must be numbered consecutively, bear the tender no. and be fully signed by you. In such cases reference to the additional pages must be made in the tendered form.

(c) If any modification of the schedule is considered necessary you should communicate the same by means of a separate letter sent with the Tender.

4. SIGNING OF TENDER - (a) The tender is liable to be ignored if complete information is not given therein or if the particulars and date (if any) asked for in the schedule to the Tender are not fully filled in, particular attention must be paid to delivery date and also to the particulars referred to in the Conditions of Contract as supply has to comply with them.

(b) Individuals signing tender or other documents connected with a contract must specify -

- (1) Whether signing as "sole proprietor" of the firm or his attorney.
- (2) Whether signing as a "registered active partner" of the firm or his attorney
- (3) Whether signing for the firm "per precuratedion"
- (4) In the case of companies and firms registered under the Indian Partnership Act, as adopted in Bangladesh the capacity in which signing, e.g. Secretary, Manager, Partner etc. or their attorney and produce copy of document empowering him to do so if called upon to do so.

NOTE- IN THE CASE OF UNREGISTERED FIRMS ALL THE MEMBERS OR AN ATTORNEY DULY AUTHORIZED BY ALL OF THEM OR THE MANAGER OF THE FIRMS SHOULD SIGN THE TENDER AND OTHER SUBSEQUENT DOCUMENTS

5. DELIVERY OF TENDER-The original copy of the tender is to be enclosed in a double cover. The inner cover should be sealed and the enclosed slip should be pasted on it. The outer cover should bear only address of this office without any indication that there is a tender within. The right to ignore any tender which fails to comply with the above instructions is reserved. All out station tenders should be sent by registered post. Only one tender should be included in one cover.

6. LATEST HOUR FOR RECEIPT OF TENDERS - Your tender must reach this office not later than.....on the working day preceding the date of opening of the tender stated in the schedule to tender.

7. OPENING OF TENDER-You are at liberty to be present or authorize a representative to be present at the opening of the tender at the time and date as specified in the schedule only in case of tenders of the estimated value of tk. 5,000 and above.

8. PRICE (i) The price quoted must be net per units shown in the schedule and must include all packing charges. Refunds on account of returnable packages (if any), are to be separately specified. Prices and refunds must be clear figures and words in Bangladesh currency.

(ii) The price must be stated for each item separately and in addition the percentage of reduction in the total price for demand should also be quoted, should an order to that extent be placed with you.

(iii) UNITS-When quotations are made for units other than those specified in the schedule the relationship should be the Tender, e.g., 1Cwt.-12.440. m/Imperial gallons 1.04 gallon-4/5 Imperial gallons, etc.

9. DELIVERY TERMS-The delivery of the stores is required as stated in the schedule to tender.

If, however, it is not possible for you to give delivery in the period, stated, please note in the prescribed schedule to form annexed the date by which you can guarantee to deliver the stores.

10. SAMPLES - Tender samples are not required unless specifically called for.

QUOTATIONS WITHOUT SAMPLES WHERE SAMPLES ARE SPECIFICALLY CALLED FOR ARE LIABLE NOT TO BE CONSIDERED.

Samples of what you offer to supply should not be less than the quantity necessary for test given in the specification. If any in the schedule to tender. Each sample should have a card affixed to it with-

- (a) Your name and address
- (b) Tender No.
- (c) Date of opening of the Tender
- (d) Item No. against which tendered
- (e) Any other description if necessary written clearly on it. The samples should be sent to the Inspector or other officer (named in the schedule to tender) to reach him by the date specified in the schedule. The cost and freight of sending the samples shall be borne by you and there will be no obligation on the part of the Receiving Office for their safe custody.

Samples received late are liable to be ignored .

If the samples are sent by Railways parcel, the Railway Receipt should be posted separately to the address to which the samples are sent (under a covering letter giving the necessary particulars to enable the addresses easily to connect the Railway Receipt with the parcel) and not enclosed with the tender documents. Samples submitted with tender which have not been accepted, will if

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they have not been destroyed during testing be delivered to your representative if he calls for them or can be returned direct to you at your cost provided the application for return is made to the officer to whom the samples are sent, within one month of the date fixed for the opening of the tender or after notification of cancellation of demand. If no application is received within the due date, the samples will be disposed of by public auction and the sale-proceed credited to Government.

11. EXAMINATION OF PATTERNS OF CERTIFIED SAMPLES - When sealed patterns of stores are mentioned in the schedule to the tender form or specification these, or certified samples thereof, may be seen at the place stated in the schedule to tender and should be examined by a competent person on your behalf (who should take this invitation with him) before the tender is submitted.

12. PACKING-Unless a method of packing is indicated in the specification or in the schedule to the tender form, the method of packing which the contractor proposes to employ must be described in the schedule to the tender form. Contractors are at liberty to quote for additional alternative size and description of packs and these must be described in the schedule to tender.

13. The Secretary, Ministry of Commerce and Foreign Trade does not pledge himself to accept the lowest or any tender and reserves to himself the right of accepting the whole or any part of the tender or portion of the quantity offered and you shall supply the same at the rate quoted. You are at liberty to tender for the whole or any portion or to state in the tender that the rate quoted shall apply only if the entire quantity is taken from you.

14. Acceptance by the purchaser will be communicated by telegram, express letter of acceptance or formal 'Acceptance of Tender' B.S. Form No. 15. In case where acceptance is communicated by telegram, or express letter, the formal acceptance of tender will be forwarded to you as soon as possible but the instructions contained in the telegram or express letter should be acted upon immediately.

For and on behalf of the PRESIDENT  
of the People's Republic of Bangladesh.

#### APPENDIX TO INVITATION TO TENDER

#### SOURCES OF SUPPLY OF STANDARD SPECIFICATIONS AND DRAWINGS AND PAMPHLETS CONTAINING CONDITIONS OF CONTRACT.

Arrangements are being made to revise and reprint S&D/PRS specification. Unit copies of SD/PRS specification are available. The following arrangements have been made to provide facilities to prospective tenderers to consult S&D/PRS specifications and drawing :-

I. ISD/IRS/S&D/PRS SPECIFICATIONS-Tenderers should approach the Director of Supply and Inspection (Inspection Wing), Government of Bangladesh and the Controller of Inspection, Chittagong.

II. ISD/S&D DRAWINGS-Can be seen at the office of the Director of Supply and Inspection (Inspection Wing), Dhaka.

III. IRS/PRS DRAWINGS-The contractors should approach the Railway Division Officer, Controller of Stores, Railways whose area the supply is required.

TENDER NO.

Contractor's Telegraphic  
Address.....  
Telephone No. ....  
Code used.....

From

.....  
.....

To

The Secretary to the Government of the People's  
Republic of Bangladesh  
Ministry of Commerce, Department of Supply  
and Inspection, Dhaka.

Dear Sir,

I/We hereby offer to supply to the Secretary, Ministry of Commerce (Department of Supply & Inspection) the stores detailed in the schedule hereto or such portion thereof as you may specify in the Acceptance of Tender at the Prices given in the said schedule and agree to hold this offer open till.....

I/We shall be bound by a communication of acceptance dispatched within the prescribed time.

2. I/We have understood the instructions to Tenders and Conditions of Contract in No. Form B.S. .... included in the pamphlet entitled "Ministry of Commerce Conditions of Contract", as adopted by the Government of Bangladesh and have thoroughly examined the specification/drawing and/or Pattern quoted in the schedule hereto am/are fully aware of the nature of the stores required and my/our offer is to supply stores strictly in accordance with the requirements.

The following pages have been added to.....  
of this tender.....

Yours faithfully,

Here paste coupon in case  
where coupons are supplied  
to Contractors on payment.

\*(Signature of Tenderer)

Address.....  
Dated .....198  
Signature of Witness.....  
Address.....

Strict compliance with para, 4 of the Invitation to  
Tender is essential.

[For Imported Stores only]

B.S.29

SCHEDULE TO TENDER NO.

DUE BY.....ON.....

TIME AND DATE OF OPENING OF TENDER AT .....ON.....

The tender shall remain open for acceptance till\*

| Item Description<br>No. of Goods | Specification<br>No. of other<br>paper parti-<br>culars | Number<br>Or<br>quantity | Account-<br>ing<br>unit | Price<br>per unit<br>C & F<br>(in Tk)<br>F.O.R. | Percen-<br>tage of<br>commi-<br>sion<br>included | Total<br>value<br>(in Tk)<br>C&F<br>F.O.R. |
|----------------------------------|---------------------------------------------------------|--------------------------|-------------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------------|
|----------------------------------|---------------------------------------------------------|--------------------------|-------------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------------|

(The special Instructions and conditions of the Contract applicable to this Tender are attached to this Schedule).

NOTES

1. The price must be firm in respect of Foreign Exchange as well as Taka portion and given in Bangladesh Taka on C&F, Chittagong basis, if not offered ex-stock. The calculations must be made Taka 1=

Tenders quoting in other than Starling currency must indicate clearly the total value of stores in the currency of the country of origin, the equivalent rate in Bangladesh Taka and the rate of exchange thereof.

2. The percentage of Agency commission should be included in the price quoted and should clearly be stated which will be paid by A.G. Bangladesh, Dhaka, in Bangladesh currency.

3. Quantity offered by Tender-Tenders should, if not in a position to quote for entire quantity and for delivery as required, state specifically the quantities which they can deliver at the price quoted and according to the required delivery. Silence on the point will entail responsibility for supply at the quoted price of full quantities.

4. The validity of quotation must remain in force at indicated above.

5. The tenderer must submit this form duly signed along with their offer if quoted on separate sheets.

6. The Stores are to be supplied as per conditions of contract laid down in DGS & D Form No. B.S.35 and as adapted by the Government of Bangladesh.

7. Payment for stores on forward delivery basis and being imported from abroad would be made through L/C for the net C & F value only excluding commission.

8. Quotations must be in the same unit as shown above.

9. Tenderers must give full name and address of the manufacturers and the name and address of the beneficiary in whose favour of L/C is to be open, failing which the quotation is liable to be ignored altogether.

10. No deviation after the quotation has been accepted and A/T issued would be allowed. In case there are any deficiencies in the tender enquiry and these are of a nature clarification of which is essential before taking the order in hand, these deficiencies must be pointed out in the quotation itself, failing which and for subsequent consequential delay the firm would be responsible.

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N.B.-Tenders not complying with the above instructions  
are liable to be ignored.

[Directorate of Supply and Inspection]

TENDERERS MUST GIVE SPECIFIC ANSWERS AGAINST EACH  
OF THIS FOLLOWING QUESTIONS

1. Whether stores offered conform to particulars quoted on the reverse if not details of deviations must be stated here :
2. (i) Brand :  
(ii) Name and address of manufacturer:  
(iii) Station of manufacture :
3. Earliest date by which delivery can be effected:
4. Guaranteed date of delivery :
5. Packing it is proposed to employ, whether specification packing will be adhered to :
6. Whether sample submitted :
7. Gross weight of each consignment :  
Net weight of each Item :
8. Insurance charges against breakage or loss in transit up to destination at :
9. Whether you agree to the inspection clause as stipulated :
10. Stock in hand at the present time consist of-  
(a) Held by us :  
(b) Held by M/S.:  
over which we have secured an option:
11. Stocks en route to Bangladesh:
12. If the stores offered are manufactured in India/Bangladesh whether all the raw materials, components, etc, used in their manufacture are also produced in India/Bangladesh. If not, give details of materials, components, etc, that are imported and their countries of origin. (Approximate cost of stores manufactured in each country should be given if more than one country in concerned).
13. Raw materials are held in stock sufficient :  
for the manufacture of :

14. Whether the price tendered by you is to the best of your knowledge and belief, and more than the price which it is permissible for you to charge a private purchaser for the same class and description of goods under the provisions of any law for the time being in force :

15. Business-name and constitution of tendering firm if the firm is registered under-

- (i) the Companies Act, 1932;
- (ii) the Partnership Act, 1932;  
(Please give full names)
- (iii) Any Act, (if not) who are owners;  
(Please give full name).

APPENDIX - E

NOTIFICATION  
OF  
THE MINISTRY OF COMMERCE  
RE : STANDARD OF RICE  
IN EFFECT AS FROM JANUARY 30, B.E. 2517  
PUBLISHED BY  
RICE INSPECTION COMMITTEE  
BOARD OF TRADE OF THAILAND  
(BANGKOK)

(UNOFFICIAL TRANSLATION)

NOTIFICATION OF THE MINISTRY OF COMMERCE

RE : STANDARD OF RICE

CHAPTER I General Provisions

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1. RICE STANDARD means the quality of rice which is set according to its varieties and grades. The quality is determined by the types of grains, grain composition as well as milling degree set for each variety and grade of rice. The quality of rice may differ from season to season; and, thus, for the sake of comparison, standard rice samples will be established from time to time.

2. RICE means milled rice which includes cargo rice, white rice, glutinous rice, and boiled rice, whether it be whole grain, head rice, big brokens or small brokens.

2.1 Cargo Rice (LOONZAIN RICE, BROWN RICE, HUSKED RICE) means rice obtained from non-glutinous paddy or glutinous paddy of which only the husk has been removed. The includes its whole grain, head rice, big brokens, and small brokens.

2.2 White Rice means rice obtained from non-glutinous paddy which has been husked and milled white by removing its bran layers. This includes its whole grain, head rice, big brokens and small brokens.

2.3 White Glutinous Rice means rice obtained from glutinous paddy which has been husked and milled white by removing its bran layers. This includes its whole grain, head rice, big brokens, brokens and small brokens.

2.4 Boiled Rice means rice obtained from the milling of non-glutinous paddy which, prior to the milling, has undergone the process of soaking, steaming and drying. It is called "Boiled Rice" if its bran layers are entirely removed, and "Cargo Boiled Rice" if only its husk has been removed.

3. GRAIN CLASSIFICATION means the proportional mixture of rice of different classes to form up a grade. Rice kernel is divided into four classes, namely.

3.1 Extra Long Grain shall be the whole grain having the length of more than 7.0 mm.

3.2 Long Grain shall be the whole grain having the length of more than 6.6 mm, but not more than 7.0 mm.

3.3 Medium Grain shall be the whole grain having the length of more than 6.6 mm, but not more than 6.6 mm.

3.4 Short Grain shall be the whole grain having the length of 6.2 mm or less.

4. PARTS of KERNEL. The whole kernel is divided into ten equal parts.

5. SIZES of KERNEL. Rice kernel is divided into five sizes, namely.

- 5.1 Whole Grain means the full kernel without any broken part.
- 5.2 Head Rice means the kernel that retains the length of 8/10th or more of the average length of the unbroken kernel, after either head or tail part or both is broken. The remaining length shall be as specified for each grade under this Standard.
- 5.3 Big Broken means the broken kernel having its length of 5/10th or more of the average length of the unbroken kernel as specified for each grade under this Standard but at any rate, the length of the kernel must be less than that of head rice.
- 5.4 Broken means the broken kernel having its length of 2.5/10th or more of the average length of the unbroken kernel as specified for each grade under this Standard but at any rate, the length of the kernel must be less than that of big broken.
- 5.5 Small Broken means the broken kernel having its length less than 2.5/10th of the average length of the unbroken kernel and having the length conforming with the grade of small broken as specified under this Standard.
6. MOISTURE means condensed vapor in the rice which is measurable.
7. RED STREAKED KERNEL means the kernel which is marked with red lines or part of such lines on either side of it. The length of the streaks may be equal to half or more than half of the length of the kernel, but the surface area formed up by the streaks shall be less than 25% of the area of the kernel.
8. RED KERNEL means the kernel having 25% or more of its surface area covered with outer red bran layer.
9. CHALKY KERNEL means the kernel with half or more of the surface area of which is white like the color of chalk.
10. DAMAGED KERNEL means the kernel of which the quality is obviously deteriorated by heat, water, disease or other causes.
11. YELLOW KERNEL means the kernel having certain parts which have turned yellow.
12. PADDY means rice encased in its husk.
13. SHRIVELED KERNEL means an unusually slender kernel
14. IMMATURE KERNEL means a light green kernel obtained from paddy not yet fully matured.
15. SPLIT KERNEL means a kernel that breaks lengthwise into parts. The part with 80% or more of its whole area shall be regarded as head rice and the lesser part as broken
16. FOREIGN MATTER means all material other than kernel, bran or paddy.
17. SEED means the whole or the broken seed of any plants other than that of ordinary rice.

**18. GRADE of MILLED RICE** The milling degree of rice is divided into four, namely.

18.1 Extra Well Milled means the milling of paddy from which the husk, the germ, and the outer bran layers together with the inner ones (cargo and white meal) have been completely removed to the extent that the appearance of the kernel is delicately translucent.

18.2 Well Milled means the milling of paddy from which the husk, the germ and both of its outer and inner bran layers (cargo and white meal) have been entirely removed to a degree that the translucence of the kernels is slightly less than that of extra well milled rice.

18.3 Reasonably Well Milled means the milling of paddy from which the husk, the greater parts of the germ and of both of its outer and inner bran layers (cargo and white meal) have been removed to a certain extent that the kernel presents its moderate translucence in a degree less than that of well milled rice.

18.4 Ordinarily Milled means the milling of paddy from which the husk and certain parts of the germ and the whole part of its outer bran layers (cargo meal) have been removed with some part of its inner bran layers (white meal) remain intact. The degree of its translucence is moderate and being less than that of reasonable well milled rice.

**19. SIEVE** shall be the thick metal sheet perforated with round holes of different lengths of diameter as follows :

19.1 Sieve No. 8 1/2 is the metal sheet of 0.031 inch thick with round perforation of 0.092 inch in diameter.

19.2 Sieve No. 8 is the metal sheet of 0.031 inch thick with round perforations of 0.069 inch in diameter.

19.4 Sieve No. 6 1/2 is the metal sheet of 0.031 inch thick with round perforations of 0.062 inch in diameter.

Addition by authority

CHAPTER II Standards of White Rice

The grade of white rice including white broken and small white broken is determined as follows :

No. 1 White Rice 100% Class A. shall consist of the following elements :

1.1 Head rice : having the length of 8/10th or more the average length of the unbroken kernel.

Broken : having the length of 5/10th to less than 8/10th of the average length of the unbroken kernel.

1.2 Grain classification shall be composed of: Not less than 70% of extra long grain, and the rest shall be of long grain for which not more than 5% of medium grain are allowed.

1.3 Grain composition shall be as follows :

Whole grain not less than 80%

Broken not more than 4% , and

The rest shall be of head rice.

The following mixtures shall be allowed:

Chalky kernels not exceeding 0.5%

Glutinous rice not exceeding 0.5%

Paddy not more than 5 grains per one kg.

(for rice of early crop).

1.4 Milling degree shall be of extra well milled

1.5 Moisture not higher than 14%

No. 2 White Rice 100% Class B. shall consist of the following elements:

2.1 Size of kernels -

Head rice : having the length of 8/10th or more of the average length of the unbroken kernel.

Broken : having the length of 5/10th to less than 8/10th of the average length of the unbroken kernel.

2.2 Grain classification shall be composed of :

50% of extra long grain (with a tolerance of 5% more or less)

35% of long grain (with a tolerance of 5% more or less), and the rest shall be of medium grain for which not more than 5% of short grain are allowed.

## APPENDIX - F

WEEKLY NATIONAL PROCUREMENT STATUS REPORT (NPR)  
Period Covered From : 16.01.91 to 22.01.92

Commodity : Rice

| Region       | Rajshahi  | Khulna     | Dhaka    | Chittagong | Total (MT) |
|--------------|-----------|------------|----------|------------|------------|
| Godown       | 91        | 223        | 0        | 0          | 314        |
| Mobile       | 0         | 0          | 0        | 0          | 0          |
| Millgate     | 0         | 0          | 0        | 0          | 0          |
| Others       | 0         | 0          | 0        | 0          | 0          |
| <b>Total</b> | <b>91</b> | <b>223</b> | <b>0</b> | <b>0</b>   | <b>314</b> |

## Cumulative Procurement Quantity

| Region       |              |               |            |          |               |
|--------------|--------------|---------------|------------|----------|---------------|
| Godown       | 4,219        | 0             | 0          | 0        | 4,219         |
| Mobile       | 0            | 0             | 0          | 0        | 0             |
| Millgate     | 0            | 0             | 0          | 0        | 0             |
| Others       | 0            | 0             | 0          | 0        | 0             |
| <b>Total</b> | <b>4,219</b> | <b>17,584</b> | <b>867</b> | <b>0</b> | <b>22,670</b> |

## Procurement Cost

| Region       | Taka in Lakh |              |             |             |              |
|--------------|--------------|--------------|-------------|-------------|--------------|
| Godown       | 9.14         | 0.00         | 0.00        | 0.00        | 9.14         |
| Mobile       | 0.00         | 0.00         | 0.00        | 0.00        | 0.00         |
| Millgate     | 0.00         | 0.00         | 0.00        | 0.00        | 0.00         |
| Others       | 0.00         | 0.00         | 0.00        | 0.00        | 0.00         |
| <b>Total</b> | <b>9.14</b>  | <b>22.50</b> | <b>0.00</b> | <b>0.00</b> | <b>31.68</b> |

## Cumulative Procurement Cost

| Region       |               |                |              |             |                |
|--------------|---------------|----------------|--------------|-------------|----------------|
| Godown       | 426.07        | 0.00           | 0.00         | 0.00        | 426.07         |
| Mobile       | 0.00          | 0.00           | 0.00         | 0.00        | 0.00           |
| Millgate     | 0.00          | 0.00           | 0.00         | 0.00        | 0.00           |
| Others       | 0.00          | 0.00           | 0.00         | 0.00        | 0.00           |
| <b>Total</b> | <b>426.07</b> | <b>1775.90</b> | <b>87.50</b> | <b>0.00</b> | <b>2289.47</b> |

Cumulative: as per start of procurement season 15.11.91

66

## Commodity : Paddy

| Region   | Rajshahi | Khulna | Dhaka | Chittagong | Total(MT) |
|----------|----------|--------|-------|------------|-----------|
| Godown   | 730      | 514    | 3     | 85         | 733       |
| Mobile   | 0        | 0      | 0     | 0          | 0         |
| Millgate | 29,650   | 0      | 90    | 0          | 29,650    |
| Others   | 0        | 0      | 0     | 0          | 0         |
| Total    | 30,290   | 514    | 93    | 85         | 30,982    |

## Cumulative Procurement Quantity

| Region   |         |        |       |       |         |
|----------|---------|--------|-------|-------|---------|
| Godown   | 14,491  | 0      | 3,399 | 0     | 17,890  |
| Mobile   | 0       | 0      | 0     | 0     | 0       |
| Millgate | 384,969 | 0      | 3,435 | 0     | 388,404 |
| Others   | 0       | 0      | 0     | 0     | 0       |
| Total    | 399,460 | 13,308 | 6,834 | 2,660 | 422,262 |

## Procurement Cost

| Region   | Taka in Lakh |      |      |      |         |
|----------|--------------|------|------|------|---------|
| Godown   | 47.90        | 0.00 | 0.19 | 0.00 | 4.80    |
| Mobile   | 0.00         | 0.00 | 0.00 | 0.00 | 0.00    |
| Millgate | 1939.10      |      | 5.90 | 0.00 | 1945.10 |
| Others   | 0.00         | 0.00 | 0.00 | 0.00 | 0.00    |
| Total    | 1987.00      | 0.00 | 6.09 | 0.00 | 1949.90 |

## Cumulative Procurement Cost

| Region   |          |        |        |        |          |
|----------|----------|--------|--------|--------|----------|
| Godown   | 950.60   | 0.00   | 222.80 | 0.00   | 1173.40  |
| Mobile   | 0.00     | 0.00   | 0.00   | 0.00   | 0.00     |
| Millgate | 25253.90 | 0.00   | 225.30 | 0.00   | 25479.20 |
| Others   | 0.00     | 0.00   | 0.00   | 0.00   | 0.00     |
| Total    | 26204.50 | 873.10 | 448.10 | 174.50 | 27700.20 |

Source : FAO Reorganization Project.

## APPENDIX -G

Bangladesh Form No. 2909  
(Approved in B.G-P.W.D.  
No.39G,dated 3-1-1930)

Form No.44(New),(Old)

## DEPARTMENT OF COMMUNICATIONS AND WORKS

(Communication and Buildings)

## TENDER FOR THE SUPPLY OF MATERIALS

## Conditions of Contract

1. The person/s whose tender may be accepted shall within days (not exceeding 10) deposit with the Executive Engineer in cash a sum which with the earnest-money already deposited will equivalent to (10) ten percent of the total estimated cost of the materials to be supplied under the contract, as security for the due performance of the contract. Where the period of the contract exceeds 12 months, Government securities endorsed to the Executive Engineer of the equivalent value at the current market rate may be deposited in lieu of cash for the same purpose. All damages payable by the contractor under the terms of his contract may be deducted by the Executive Engineer from, or paid by the sale of a sufficient part of this security deposit, or from the interest of any such Government security, or from any other sums due, or which become due to him by the Government.
2. The Contractor is to deliver the materials on or before the dates mentioned in the Tender. Failing which he shall be subject to pay or allow one percent on the total amount of the contract for every day not exceeding ten days that he shall exceed his time, as and for liquidated damages.
3. In every cash in which the payment or allowance mentioned in clause 2 shall have been incurred for ten consecutive days, the Executive Engineer shall have power either to annual the contract altogether, or to have the supply completed without further notice at the Contractor's risk and expense, as he may deem best suited to the interests of Government, and the Contractor shall have no claim to compensation for any loss that he may incur in any way.
4. If the Contractor shall be hindered in the supply of the materials so as to necessitate an extension of the time allowed in this Tender he shall apply in writing to the Executive Engineer, who shall grant it in writing, if reasonable grounds be shown for it, and without such written authority of the Executive Engineer, the Contractor shall not claim exemption from the fine leviable under clause-2.
5. The Contractor shall give notice to the Executive Engineer or the Sub-divisional Officer of his intention of making delivery of materials, and, on the materials being approved a receipt shall be granted to him by the Executive Engineer or Sub-divisional Contd.Appendix -G  
Officer, and no material will be considered as delivered until so approved.
6. On the completion of the delivery of materials, the Contractor shall be furnished with a certificate to that effect, but the delivery will not be considered complete until the Contractor shall have removed all rejected

materials, and shall have the approved materials stacked or placed in such position as may be pointed out to him.

7. The materials shall be of the best description and in strict accordance with the specification, and the Contractor shall receive payment for such materials only as are approved and passed by the Executive Engineer or the Sub-divisional officer.

8. In the event of the materials being considered by the Executive Engineer to be inferior to that described in the specification, the Contractor shall, on demand in writing, forthwith remove the same at his own charge and cost, and in the event of his neglecting to do so with such period as may be named by the Executive Engineer or the Sub-divisional officer, that Officer may have such rejected materials removed at the Contractor's risk and expense, the expense incurred being liable to be deducted from any sums due or which may become due, to the Contractor.

9. If the Contractor or his work-people break or deface any building, road, fence, enclosure or grass land, or cultivated land, he shall make good the same at his own expense, and in the event of his refusing or failing to do so, the damages shall be repaired at his expense by the Executive Engineer, who shall deduct the cost from any sums due or which may become due, to the Contractor.

10. The Contractor shall supply at his own expense all tools, plant and implements, required for the due fulfillment of his contract, and the material shall remain at his risk till the date for final delivery unless it shall have been in the meantime removed for use by the Executive Engineer or the Sub-divisional Officer.

11. This contract shall not be sublet without the written permission of the Executive Engineer. In the event the Contractor subletting his contract without such permission he shall be considered to have thereby committed a breach of contract, and shall forfeit his security deposit and shall have no claim for any compensation for any loss that may accrue from the materials he may have collected or engagements entered into.

12. The decision of the Superintending Engineer for the time being shall be final, binding and conclusive on all questions relating to the meaning of the specification.

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TENDER FOR THE SUPPLY OF MATERIALS

\*The undersigned do hereby tender for the supply of the Materials described in the following specification subject to the conditions hereunto annexed

| Descri-<br>tion or<br>specifica-<br>tion of<br>materials<br>to be<br>supplied | Total<br>quanti-<br>ties<br>of each<br>to be<br>supplied | Places at<br>which to<br>be deliv-<br>ered | Quanti-<br>ties to<br>be deli-<br>vered at<br>each<br>place | Dates<br>by which<br>delivery<br>at all<br>places<br>must be<br>completed | Rates at<br>which ar-<br>ticles<br>are to<br>be supp-<br>lied in-<br>clusive<br>of every<br>demand | Unit<br>cost | Total<br>cost<br>of each<br>article<br>inclusive<br>of every<br>demand | Rem-<br>arks |
|-------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------|--------------|
|-------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------|--------------|

Tender accepted  
on behalf of the  
President of the  
People's Republic  
of Bangladesh

Should this Tender be accepted (a) hereby to abide by and fulfill all the terms of the above specification and all the conditions of contract annexed hereto, or, in default thereof, to forfeit and pay to the President of the Bangladesh or his successors, the penalties or sum of money mentioned in the said conditions.

Signature of the Officer  
by whom the Tender is  
accepted -----

The sum of Tk.....in currency notes is here with forwarded as earnest money to be absolutely forfeited to the said President or his successor should(a) -not deposit the full amount of security, in accordance with clause 1 of the Conditions of Contract, in the event of his Tender being accepted

Dated .....

The .....19

Signature .....

Address .....

Signature of witness to Signature of Tender.....

Dated .....19..... Address.....

**GENERAL RULES AND DIRECTIONS FOR THE GUIDANCE OF CONTRACTORS**

1. In the event of the Tender being submitted by a firm, it must be signed separately by each member thereof, or in the event of the absence of any partner it must be signed on his behalf by a person holding a power-of- Attorney authorizing him to do so.

2. Receipts for payments made to a firm must be signed by the several partners, except in the case of well-known and recognised firms, and except where the Contractors are described in their tender or contract as a firm.

3. The amount of earnest-money to be deposited will be -

|                                                 |                             |                  |                   |
|-------------------------------------------------|-----------------------------|------------------|-------------------|
| If the amount of the tender does not exceed     | Tk.2,000..                  | Tk. 50           |                   |
| If exceeding                                    | Tk. 2,000 and not exceeding | Tk.5,000..Tk.100 |                   |
| Ditto                                           | Tk. 5,000                   | Ditto            | Tk.10,000..Tk.200 |
| and for each additional Tk. 5,000 or portion of |                             |                  |                   |
| 5,000 a further sum of                          |                             |                  | Tk.100            |

and such earnest-money is to be deposited in currency notes.

4. All tenders received will be opened by the Executive Engineer or the Sub-division Officer at the time specified in the presence of any tenderer who may be at the Executive Engineers or the Sub-divisional Officer's Office at the time.

5. The Executive Engineer or the Sub-divisional Officer reserves the right to reject any or all of the tenders without assigning any reason and to accept any tender in whole or in part.

APPENDIX -H

BANK LETTER OF CREDIT FORM(OPTIMIZED FOR INLAND USE)

\_\_\_\_\_BANK LIMITED  
\_\_\_\_\_DHAKA  
BANGLADESH

Irrevocable  
Documentary Credit  
Freely Negotiable in  
Beneficiary's Country  
No. \_\_\_\_\_  
Transmitted through

Messrs \_\_\_\_\_  
(Name and Address of Beneficiary)

\_\_\_\_\_ BANK LTD

Bangladesh

BANGLADESH

All Foreign Bank charges out side/inside  
Bangladesh are on Beneficiary's account

Dear Sirs,

At the request of Messrs (openers name and address)

We hereby establish our irrevocable Documentary Credit in your favour for the amount of.....  
available by your manually signed drafts drawn on importer at....  
purporting to be : (Commodity with specifications)

accompanied by the following documents :-

Your manually signed original invoices in octuplicate certifying merchandise to be of Bangladesh origin. Full set of clean "Shipped on board" Ocean Bills of Lading drawn or endorsed to the order of Bank showing freight prepaid and marked notify openers and us.  
Short form/Blank Back Bills of Lading and invoice exceeding this credit amount not acceptable. A copy of shipment advice sent to Insurance Company. (In case of inland use the above documents are not necessary)

Partial shipment Allowed

Transshipment (Prohibited)

Insurance covered by openers beneficiary. All shipments under this credit must be advise by you immediately after shipment direct to M/S. \_\_\_\_\_

\_\_\_\_\_ and to the openers, referring to \_\_\_\_\_

Cover Note No. \_\_\_\_\_ giving full details of shipments  
Shipment (s) from \_\_\_\_\_ to \_\_\_\_\_ by steamer (not necessary)

All documents to evidence shipments as indicated above.

Bills of lading must be dated not before the date of this credit and not letter than

Bills of Exchanges must be negotiated within ..days from the of bills of lading but not latter than \_\_\_\_\_

in the Country of Beneficiary.

Goods are importable under the following LCA and Registration Numbers which should appear on invoices :

LCA No.(s) Regn.No. (s)(Not necessary for inland use)  
Other terms and conditions :-

Drafts must be marked Drawn under .....Bank Credit No. ....  
and amounts thereof endorsed on this letter of credit of Negotiating Bank.

We hereby agree with drawers, endorsers and bonafide holders of drafts drawn under and in compliance with the terms of this Credit that the same shall be duly honored on due presentation. This credit is subject to Uniform Customs and Practice for Documentary Credits (1983 Revision), International Chamber of Commerce Publication No. 400.

.....BANK

CARE : Inform us within SEVEN days of any discrepancy otherwise it will be assumed that captioned L/C advised by us is in order

Letter of Credit No. \_\_\_\_\_

Dated : \_\_\_\_\_

OTHER TERMS AND CONDITIONS :[Specific for inland use]

1. Documents to accompany original delivery receipt (s) duly signed by the buyers authorized representative whose signature must be verified by the L/C opening Bank confirming that goods have been received at their \_\_\_\_\_ warehouse.
2. Documents must accompany your certificate stating that specification, quantity, quality, packing, marking, rate and all other details are as per your Proforma Invoice/Tender No.:..... dated..... and that all terms and conditions thereof have been complied with.
3. All documents except bill of exchange must quote Tender No—
4. Inspection certificate issued by representative of M/S. .... whose signature must be verified by L/C opening Bank must accompany the documents.[Inspection Certificate]
5. INSTRUCTION FOR THE NEGOTIATING BANK :

We shall arrange remittance of proceeds to you in eqvt. Taka on maturity only provided documents negotiated are in order and strictly complying with the terms of this credit.

6. (Additional terms may be inserted as per tender/contract conditions)

APPENDIX - I

UNIFORM CUSTOMS AND PRACTICE FOR  
DOCUMENTARY CREDITS (1983 REVISION)-  
EFFECTIVE OCTOBER 1, 1984

International Chamber of Commerce, Paris, Publication No.400.

| Contents                                                      | Articles(s) |
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A. GENERAL PROVISIONS AND DEFINITIONS

Article 1 :

These articles apply to all documentary credits, including, to the extent to which they may be applicable, standby letters of credit, and are binding on all parties thereto unless otherwise expressly agreed. They shall be incorporated into each documentary credit by wording in the credit indicating that such credit is issued subject to Uniform Customs and Practice for Documentary Credits, 1983 revision, ICC Publication No. 400.

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Article 2:

For the purposes of these articles, the expressions "documentary credit(s)" and "standby letter(s) of credit" use herein (hereinafter referred to as "credit(s)", mean any arrangement, however named or described, whereby a bank (the issuing bank), acting at the request and on the instructions of a customer (the applicant for the credit).

(i) is to make a payment to or to the order of a third party (the beneficiary), or is to pay or accept bills of exchange (drafts) drawn by the beneficiary,

or

(ii) authorizes another bank to effect such payment, or to pay, accept or negotiate such bills of exchange (drafts),

against stipulated documents, provided that the terms and conditions of the credit are complied with.

Article 3:

Credits, by their nature, are separate transactions from the sales or other contract(s) on which they may be based and banks are in no way concerned with or bound by such contract(s), even if any reference whatsoever to such contract(s) is included in the credit.

Article 4:

In credit operations all parties concerned deal in documents, and not in goods, services and/or other performances to which the documents may relate.

Article 5:

Instructions for the issuance of credits, the credits themselves, instructions for any amendments thereto and the amendments themselves must be complete and precise.

In order to guard against confusion and misunderstanding, banks should discourage any attempt to include excessive detail in the credit or in any amendment thereto.

Article 6:

A beneficiary can in no case avail himself of the contractual relationships existing between the banks or between the applicant for the credit and the issuing bank.

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**B. FORM AND NOTIFICATION OF CREDITS**

**Article 7 :**

(a) Credits may be either

- i. revocable, or
- ii. irrevocable,

(b) All credits, therefore, should early indicate whether they are revocable or irrevocable.

(c) In the absence of such indication the credit shall be deemed to be revocable.

**Article 8 :**

A credit may be advised to a beneficiary through another bank (the advising bank) without engagement on the part of the advising bank, but that bank shall take reasonable care to check the apparent authenticity of the credit which it advises.

**Article 9 :**

(a) A revocable credit may be amended or canceled by the issuing bank at any moment and without prior notice to the beneficiary.

(b) However, the issuing bank is bound to :

(i) reimburse a branch or bank with which a revocable credit has been made available for sight payment, acceptance or negotiation, for any payment, acceptance or negotiation made by such branch or bank prior to receipt by it of notice of amendment or cancellation, against documents which appear on their face to be in accordance with the terms and conditions of the credit.

(ii) reimburse a branch or bank with which a revocable credit has been made available for deferred payment, if such branch or bank has, prior to receipt by it of notice amendment or cancellation, taken up documents which appear on their face to be in accordance with the terms and conditions of the credit.

**Article 10:**

(a) An irrevocable credit constitutes a definite undertaking of the issuing bank, provided that the stipulated documents are presented and that the terms and conditions of the credit are complied with:

(i) if the credit provides for sight payment-to pay, or that payment will be made ;

(ii) if the credit provides for deferred payment-to pay, or that payment will be made, on the date(s) on the date(s) determinable in accordance with the stipulations of the credit ;

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(iii) if the credit provides for acceptance to accept drafts drawn by the beneficiary if the credit stipulates that they are to be drawn on the issuing bank, or to be responsible for their acceptance and payment at maturity if the credit stipulates that they are to be drawn on the applicant for the credit or any other drawer stipulated in the credit;

(iv) if the credit provides for negotiation-to pay without recourse to drawers and/or bonafide holders, draft(s) drawn by the beneficiary at sight or at a tenor, on the applicant for the credit or on any other drawn stipulated in the credit other than the issuing bank itself, or to provide for negotiation by another bank and to pay, as above, if such negotiation is not effected.

(b) When an issuing bank authorizes or requests another bank to confirm its irrevocable credit and the latter has added its confirmation, such confirmation constitute a definite of such bank (the confirming bank), in addition to that of the issuing bank, provided that the stipulated documents are presented and that the terms and conditions of the credit are complied with:

(i) if the credit provides for sight payment-to pay, or that payment will be made ;

(ii) if the credit provides for deferred payment-to pay, or that payment will be made, on the date(s) determinable in accordance with the stipulations of the credit.

(iii) if the credit provides for acceptance-to accept drafts drawn by the beneficiary if the credit stipulates that they are to be drawn on the confirming bank, or to be responsible for their acceptance and payment at maturity if the credit stipulates that they are to be drawn on the applicant for the credit or any other drawn stipulated in the credit;

(iv) if the credit provides for negotiation-to negotiate without recourse to drawers and/or bonafide holders, draft(s) drawn by the beneficiary, at sight or at a tenor, on the issuing bank or on the applicant for the credit or on any other drawn stipulated in the credit other than the confirming bank itself.

(c) If a bank is authorized or requested by the issuing bank to add its confirmation to a credit but is not prepared to do so, it must so inform the issuing bank without delay. Unless the issuing bank specifies otherwise in its confirmation authorization or request, the advising bank will advise the credit to the beneficiary without adding its confirmation.

(d) Such undertakings can neither be amended nor canceled without the agreement of the issuing bank, the confirming bank (if any), and the beneficiary. Partial acceptance of amendments contained in one and the same advice of amendment is not effective without the agreement of all the above named parties.

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Article 11 :

(a) All credits must clearly indicate whether they are available by payment, by deferred payment, by acceptance or by negotiation.

(b) All credits must nominate the bank (nominated bank) which is authorized to pay (paying bank), or to accept drafts (accepting bank), or to negotiate (negotiating bank), unless the credit allows negotiation by any bank (negotiating bank).

(c) Unless the nominated bank is the issuing bank or the confirming bank its nomination by the issuing bank does not constitute any undertaking by the nominated bank to pay, to accept, or to negotiate.

(d) By nominating a bank other than itself, or by allowing for negotiation by any bank, or by authorizing or requesting a bank to add its confirmation, the issuing bank authorizes such bank to pay, accept or negotiate, as the case may be against documents which appear on their face to be in accordance with the terms and conditions of the credit, and undertakes to reimburse such bank in accordance with the provisions of these articles.

Article 12 :

(a) When an issuing bank instructs a bank (advising bank) by any teletranscription to advise a credit or an amendment to a credit, and intends, the mail confirmation to be the operative credit instrument, or the operative amendment, the teletranscription must state "full details to follow" (or words of similar effect), or that the mail confirmation will be the operative credit instrument or the operative amendment. The issuing bank must forward the operative credit instrument or the operative amendment to such advising bank without delay.

(b) The teletranscription will be deemed to be the operative credit instrument or the operative amendment, and no mail confirmation should be sent, unless the teletranscription states "full details to follow" (or words of similar effect), or states that the mail confirmation is to be the operative credit instrument or the operative amendment.

(c) A teletranscription intended by the issuing bank to be one operative credit instrument should clearly indicate that the credit is issued subject to Uniform Customs and Practice for Documentary Credits, 1983 revision, ICC Publication No. 400.

(d) If a bank uses the services of another bank or banks (the advising bank) to have the credit advised to the beneficiary, must also use the services of the same bank(s) for advising any amendments.

(e) Banks shall be responsible for any consequences arising from their failure to follow the procedures set out in the preceding paragraphs.

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Article 13 :

When a bank is instructed to issue, confirm or advise a credit similar in terms to one previously issued, confirmed or advised (similar credit) and the previous credit has been the subject of amendment(s), it shall be understood that the similar credit will not include any such amendment(s) unless the instructions specify clearly the amendment(s) which is/are to apply to the similar credit. Banks should discourage instructions to issue, confirm or advise a credit in this manner.

Article 14 :

If incomplete or unclear instructions are received to issue, confirm, advise or amend a credit, the bank requested to act on such instructions may give preliminary notification to the beneficiary for information only and without responsibility. The credit will be issued, confirmed, advised or amended only when the necessary information has been received and if the bank is then prepared to act on the instructions. Banks should provide the necessary information without delay.

#### C. LIABILITIES AND RESPONSIBILITIES

Article 15 :

Banks must examine all documents with reasonable care to ascertain that they appear on their face to be in accordance with the terms and conditions of the credit. Documents which appear on their face to be inconsistent with one another will be considered as not appearing on their face to be in accordance with the terms and conditions of the credit.

Article 16 :

(a) If a bank so authorized effects payment, or incurs a deferred payment undertaking, or accepts, or negotiates against documents which appear on their face to be in accordance with the terms and conditions of a credit the party giving such authority shall be bound to reimburse the bank which has effected payment, or incurred a deferred payment undertaking or has accepted, or negotiated and to take up the documents.

(b) If, upon receipt of the documents, the issuing bank considers that they appear on their face not to be in accordance with the terms and conditions of the credit, it must determine, on the basis of the documents alone, whether to take up such documents, or to refuse them and claim that they appear on their face not to be in accordance with the terms and conditions of the credit.

(c) The issuing bank shall have a reasonable time in which to examine the documents and to determine as above whether to take up or to refuse the documents.

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(d) If the issuing bank decides to refuse the documents, it must give notice to that effect without delay by telecommunication or if that is not possible, by other expeditious means, to the bank from which it received the documents (the remitting bank), or to the beneficiary, if it received the documents directly from him. Such notice must state the discrepancies in respect of which the issuing bank refuses the documents and must also state whether it is holding the documents at the disposal of, or is returning them to, the presenter (remitting bank or the beneficiary, as the case may be). The issuing bank shall then be entitled to claim from the remitting bank refund of any reimbursement which may have been made to that bank.

(e) If the issuing bank fails to act in accordance with the provisions of paragraphs (c) and (d) of this article and/or fails to hold the documents at the disposal of, or to return them to, the presenter, the issuing bank shall be precluded from claiming that the documents are not in accordance with the terms and conditions of the credit.

(f) If the remitting bank draws the attention of the issuing bank to any discrepancies in the documents or advises the issuing bank or negotiated under reserve or against an indemnity in respect of such discrepancies, the issuing bank shall not be thereby relieved from any of its obligations under any provision of this article. Such reserve or indemnity concerns only the relations between the remitting bank and the party towards whom the reserve was made, or from whom, or on whose behalf, the indemnity was obtained.

Article 17 :

Banks assume no liability or responsibility for the form, sufficiency, accuracy, genuineness, falsification or legal effect of any documents, or for the general and/or particular conditions stipulated in the documents or superimposed thereon; nor do they assume any liability or responsibility for the description, quantity, weight, quality, condition, packing, delivery, value or existence of the goods represented by any documents, or for the good faith or acts and/or omissions, solvency, performance or standing of the consignor, the carriers, or the insurers of the goods, or any other person whomsoever.

Article 18 :

Banks assume no liability or responsibility for the consequences arising out of delay and/or loss in transit of any messages, letters or documents, or for delay, mutilation or other errors arising in the transmission of any telecommunication. Banks assume no liability or responsibility for errors in translation or interpretation of technical terms, and reserve the right to transmit credit terms without translating them.

Article 19 :

Banks assume no liability or responsibility for consequences arising out of the interruption of their business by Acts of God, riots, civil commotions, insurrections, wars or any other causes beyond their control, or by any strikes or lockouts. Unless specifically authorized, banks will not, upon resumption of their business, incur a deferred payment undertaking, or effect payment, acceptance or negotiation under credits which expired during such interruption of their business.

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Article 20 :

(a) Banks utilizing the services of another bank or other banks for the purpose of giving effect to the instructions of the applicant for the credit do so for the account and at the risk of such applicant.

(b) Banks assume no liability or responsibility should the instructions they transmit not be carried out, even if they have themselves taken the initiative in the choice of such other bank(s).

(c) The applicant for the credit shall be bound by and liable to indemnify the banks against all obligations and responsibilities imposed by foreign laws and usages.

Article 21 :

(a) If an issuing bank intends that the reimbursement to which a paying, accepting or negotiating bank is entitled shall be obtained by such bank claiming on another branch or office of the issuing bank or on a third bank (all hereinafter referred to as the reimbursing bank) it shall provide such reimbursing bank in good time with the proper instructions or authorization to honor such reimbursement claims and without making it a condition that the bank entitled to claim reimbursement must certify compliance with the terms and conditions of the credit to the reimbursing bank.

(b) An issuing bank will not be relieved from any of its obligations to provide reimbursement itself if and when reimbursement is not effected by the reimbursing bank.

(c) The issuing bank will be responsible to the paying, accepting or negotiating bank for any loss of interest if reimbursement is not provided on first demand made to the reimbursing bank, or as otherwise specified in the credit, or mutually agreed, as the case may be.

D. DOCUMENTS

Article 22 :

(a) All instructions for the issuance of credits and the credits themselves and, where applicable, all instructions for amendments thereto and the amendments themselves, must state precisely the document(s) against which payment, acceptance or negotiation is to be made.

(b) Terms such as "first class" "well known", "qualified", "independent" "official", and the like shall not be used to describe the issuers of any documents to be presented under a credit. If such terms are incorporated in the credit terms, banks will accept the relative documents as presented, provided that they appear on their face to be in accordance with the other terms and conditions of the credit.

(c) Unless otherwise stipulated in the credit, banks will accept as originals documents produced or appearing to have been produced :

- (i) by reprographic systems;
- (ii) by, or as the result of, automated or computerized systems
- (iii) as carbon copies,

If marked as originals, always provided that, where necessary, such documents appear to have been authenticated.

Article 23 :

When documents other than transport documents, insurance documents and commercial invoices are called for, the credit should stipulate by whom such documents are to be issued and their wording or data content. If the credit does not so stipulate, banks will accept such documents as presented, provided that their data content makes it possible to relate the goods and/or services referred to therein to those referred to in the commercial invoice(s) presented, or to those referred to in the credit if the credit does not stipulate presentation of a commercial invoice.

Article 24 :

Unless otherwise stipulated in the credit, banks will accept a document bearing a date of issuance prior to that of the credit, subject to such document being presented within the time limits set out in the credit and in these articles.

D1. TRANSPORT DOCUMENTS (DOCUMENTS INDICATING LOADING ON BOARD OR DISPATCH OR TAKING IN CHARGE)

Article 25 :

Unless a credit calling for a transport document stipulates as such document a marine bill of lading (ocean bill of lading or a bill of lading covering carriage by sea), or a post receipt or certificate of posting.

(a) Banks will, unless otherwise stipulated in the credit, accept a transport document which :

(i) appears on its face to have been issued by a named carrier, or his agent, and

(ii) indicates dispatch or taking in charge of the goods, or loading on board, as the case may be, and

(iii) consists of the full set of originals issued to the consignor if issued in more than one original, and

(iv) meets all other stipulations of the credit.

(b) Subject to the above, and unless otherwise stipulated in the credit, banks not reject a transport document which :

(i) bears a title such as "Combined transport bill of lading", "Combined transport document", "Combined transport bill of lading or port-to-port bill of lading", or a title or a combination of titles of similar intent and officer, and/or.

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(ii) indicates some or all of the conditions of carriage by reference to a source or document other than the transport document itself (short form/blank back transport document), and/or

(iii) indicates a place of taking in charge different from the port of loading and/or a place of final destination different from the port discharge, and/or

(iv) relates to cargoes such as those in Containers or on pallets, and the like, and/or

(v) contains the indication "intended", or similar qualification, in relation to the vessel or other means of transport, and or the port of loading and/or the port of discharge.

Unless otherwise stipulated in the credit in the case of carriage by sea by more than one mode of transport but including carriage by sea, banks will reject a transport document which.

(i) indicate that it is subject to a charter party, and/or

(ii) indicates that the carrying vessel is propelled by sail only

Unless otherwise stipulated in the credit, banks will reject a transport document issued by a freight forwarder unless it is the FIATA Combined transport Bill of Lading approved by the International Chamber of Commerce or otherwise indicates that it is issued by a freight forwarder acting a carrier or agent of a named carrier.

Article 26 :

If a credit calling for a transport document stipulates as such document marine bill of lading :

Banks will unless otherwise stipulated in the credit, accept a document which

(i) appear on its face to have been issued by a named carrier, his agent, and

(ii) indicates that the goods have been loaded on board or shipped on a named vessel, and

(iii) consists of the full set of originals issued to the consignor if issued in more than one original, and

(iv) meets all other stipulations of the credit.

Subject to the above, and unless otherwise stipulated in the credit banks will not reject a document which:

(i) bears a title such as 'Combined transport bill of lading, "Combined transport document", Combined transport bill of lading or port-to-port bill of lading", or a title or a combination of titles of similar intent and effect, and/or

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(ii) indicates some or all of the conditions of carriage by reference to a source or document other than the transport document itself (short form/blank back transport document), and/or

(iii) indicates a place of taking in charge different from the port of loading and/or a place of final destination from the port of discharge, and/or

(iv) relates to cargoes such as those in Containers or on pallets, and the like.

Unless otherwise stipulated in the credit, banks will reject a document which

(i) indicates that it is subject to a charter party, and/or

(ii) indicates that the carrying vessel is propelled by sail only, and/or

(iii) contains the indication "intended", or similar qualification in related.

\* the vessel and/or the port of loading unless such document bear and on board notation in accordance with article 27(b) and also indicates the actual port of loading, and/or

\* the port of discharge-unless the place of final destination indicated on the document is other than the port of discharge, and/or

(iv) is issued by a freight forwarder unless it indicates that it is issued by such freight forwarder acting as a carrier, or as the agent of a named carrier.

Article 27 :

(a) Unless a credit specifically calls for an on board transport document, or unless inconsistent with other stipulation(s) in the credit, or with article 26, banks will accept a transport document which indicates that the goods have been taken in charge or received for shipment.

(b) Loading on board or shipment on a vessel may be evidenced either by a transport document bearing wording indicating loading on board a named vessel or shipment on a named vessel, or, in the case of a transport document stating "received for shipment" by means of a notation of loading on board on the transport document signed or initialed and dated by the carrier or his agent, and the date of this notation shall be regarded as the date of loading on board the named vessel or shipment on the named vessel.

Article 28 :

(a) In the case of carriage by sea or by more than one mode of transport but including carriage by sea, banks will refuse a transport document stating that the goods are or will be loaded on deck, unless specifically authorized in the credit.

(b) Banks will not refuse a transport document which contains a provision that the goods may be carried on deck, provided it does not specifically state that they are or will be loaded on deck.

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Article 29 :

(a) For the purpose of this article transshipment means a transfer and reloading during the course of carriage from the port of loading or place of dispatch or taking in charge to the port of discharge or place of destination either from one conveyance or vessel to another conveyance or vessel within the same mode of transport or from one mode of transport to another mode of transport.

(b) Unless transshipment is prohibited by the terms of the credit, banks will accept transport documents which indicate that the goods will be transhipped, provided the entire carriage is covered by one and the same transport document.

(c) Even if transshipment is prohibited by the terms of the credit, banks will accept transport documents which :

(i) incorporate printed clauses stating that the carrier has the right to transship, or

(ii) state or indicated that transshipment will or may take place, when the credit stipulates a combined transport document, or indicates carriage from a place of taking in charge to a place of final destination by different modes of transport including a carriage by sea, provided that the entire carriage is covered by one and the same transport document, or

(iii) state or indicate that the goods are in a Container(s) trailer(s), "LASH" barge(s), and the like and will be carried from the place of taking in charge to the place of final destination in the same Container(s), trailer(s), "LASH" barge(s), and the like under one and the same transport document.

(iv) state or indicate the place receipt and or of final destination as C.E.S. (container freight station) or C.Y. (container yard), at or associated with, the port of loading and or the port of designation.

Article 30 :

If the credit stipulates dispatch of goods by post and calls for a post receipt or certificate of posting, banks will accept such post receipt or certificate of posting if it appears to have been stamped or otherwise authenticated and dated in the place from which the credit stipulates the goods are to be dispatched.

Article 31 :

(a) Unless otherwise stipulated in the credit, or inconsistent with any of the documents presented under the credit, banks will accept transport documents stating that freight or transportation charges (hereinafter referred to as "freight") have still to be paid.

(b) If a credit stipulates that the transport document has to indicate that freight has been paid or prepaid banks will accept a transport document on which words clearly indicating payment or prepayment of freight appear by stamp or otherwise, or on which payment of freight is indicated by other means.

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(c) The words "freight prepayable", or "freight to be prepaid" or words of similar effect, if appearing on transport documents, will not be accepted as constituting evidence of the payment of freight.

(d) Banks will accept transport documents bearing reference by stamp or otherwise to costs additional to the freight charges, such as costs of or disbursements incurred in connection with, loading, unloading or similar operations, unless the conditions of the credit specifically prohibit such reference.

Article 32 :

Unless otherwise stipulated in the credit, banks will accept transport documents which bear a clause on the face thereof such as "shippers load and count" or "said by shipper to contain" or words of similar effect.

Article 33 :

Unless otherwise stipulated in the credit, banks will accept transport documents indicating as the consignor of the goods a party other than the beneficiary of the credit.

Article 34 :

(a) A clean transport document is one which bears no superimposed clause or notation which expressly declares a defective condition of the goods and/or the packaging.

(b) Banks will refuse transport documents bearing such clauses or notations unless the credit expressly stipulates the clause or notations which may be accepted.

(c) Banks will regard a requirement in a credit for a transport document to bear the clause "clean on board as complied with if such transport document meets the requirements of this article and of article 27 (b).

D2. INSURANCE DOCUMENTS

Article 35 :

(a) Insurance documents must be stipulated in the credit, and must be issued and/or signed by insurance companies or underwriters, or their agents.

(b) Cover notes issued by brokers will not be accepted, unless specifically authorized by the credit.

Article 36 :

Unless otherwise stipulated in the credit, or unless it appears from the insurance document(s) that the cover is effective at the latest from the date of loading on board or dispatch or taking in charge of the goods, banks will refuse insurance documents presented which bear a date later than the date of loading on board or dispatch or taking in charge of the goods as indicated by the transport document(s).

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Article 37 :

(a) Unless otherwise stipulated in the credit, the insurance document must be expressed in the same currency as the credit.

(b) Unless otherwise stipulated in the credit, the minimum amount for which the insurance document must indicate the insurance cover to have been effect is the CIF (cost, insurance and freight, "named port of destination) or CIP (freight/carriage and insurance paid to "named point of destination) value of the goods, as the case may be plus 10%. However, if banks cannot determine the CIF or CIP value, as the case may be, from the documents on their face, they will accept as such minimum amount the amount for which payment, acceptance or negotiation is requested under the credit, or the amount of the commercial invoice, whichever is the greater.

Article 38 :

(a) Credits should stipulate the type of insurance required and, if any, the additional risks which are to be covered. Imprecise terms such as usual risks or customary risks should not be used, if they are used, banks will accept insurance documents as presented, without responsibility for any risks not being covered.

(b) Failing specific stipulation in the credit, banks will accept insurance documents as presented, without responsibility for any risks not being covered.

Article 39 :

Where a credit stipulates "insurance against all risks", banks will accept an insurance document which contains any "all risks" notation or clause, whether or not bearing the heading "all risks" even if indicating that certain risks are excluded, without responsibility for any risk(s) not being covered.

Article 40 :

Banks will accept an insurance document which indicates that the cover is subject to a franchise or an excess (deductible), unless it is specifically stipulated in the credit that the insurance must be irrespective of percentage.

D 3. COMMERCIAL INVOICE

Article 41 :

(a) Unless otherwise stipulated in the credit, commercial invoice must be made out in the name of the applicant for the credit.

(b) Unless otherwise stipulated in the credit, banks may refuse commercial invoice issued for amounts in excess of the amount permitted by the credit. Nevertheless, if a bank authorized to pay, incur a deferred payment undertaking, accept, or negotiate under a credit accepts such invoices, its decision will be binding upon all parties, provided such bank has not paid, incurred a deferred payment undertaking, accepted or effected negotiation for an amount in excess of that permitted by the credit.

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(c) The description of the goods in the commercial invoice must correspond with the description in the credit. In all other documents, the goods may be described in general terms not inconsistent with the description of the goods in the credit.

D 4 OTHER DOCUMENTS

Article 42 :

If a credit calls for an attestation or certification of weight in the case of transport other than by sea, banks will accept a weight stamp or declaration of weight which appears to have been superimposed on the transport document by the carrier or his agent unless the credit specifically stipulates that the attestation or certification of weight must be by means of a separate document.

E. MISCELLANEOUS PROVISIONS

QUANTITY AND AMOUNT

Article 43 :

(a) The words " about", "circa" or similar expressions used in connection with the amount of the credit or the quantity or the unit price stated in the credit are to be construed as allowing a difference not to exceed 10% more or 10% less than the amount or the quantity or the unit price to which they refer.

(b) Unless a credit stipulates that the quantity of the goods specified must not be exceeded or reduced, a tolerance of 5% more or 5% less will be permissible, even if partial shipment are not permitted, always provided that the amount of the drawings does not exceed the amount of the credit. This tolerance does not apply when the credit stipulates the quantity in terms of a stated number of packing units or individual items.

PARTIAL DRAWINGS AND/OR SHIPMENTS

Article 44 :

(a) Partial drawing and/or shipments are allowed, unless the credit stipulates otherwise.

(b) Shipments by sea, or by more than one mode of transport but including carriage by sea, made on the same vessel and for the same voyage, will not be regarded as partial shipments, even if the transport documents indicating loading on board bear different dates of issuance and/or indicate different ports of loading on board.

(c) Shipments made by post will not be regarded as partial shipments if the post receipts or certificates of posting appear to have been stamped or otherwise authenticated in the place from which the credit stipulates as goods are to be dispatched, and on the same date.

(d) Shipments made by modes of transport other than those referred to in paragraphs (b) and (c) of this article will not be regarded as partial shipments, provided the transport documents are issued by one and the same carrier or his agent and indicate the same date of issuance, the same place of dispatch or taking in charge of the goods, and the same destination.

#### DRAWING AND/OR SHIPMENTS BY INSTALLMENTS

##### Article 45 :

If drawings and/or shipments by installments within given periods are stipulated in the credit and any installment is not drawn and/or shipped within the period allowed for that installment, the credit ceases to be available for that subsequent installments, unless otherwise stipulated in the credit.

#### EXPIRY DATE AND PRESENTATION

##### Article 46 :

(a) All credits must stipulate an expiry date for presentation of documents for payment, acceptance or negotiation.

(b) Except as provided in Article 48.(a), documents must be presented on or before such expiry date.

(c) If an issuing bank states that the credit is to be available "for one month" for six months or the like, but does not specify the date from which the time is to run, the date of issuance of the credit by the issuing bank will be deemed to be the first day from which such time is to run. Banks should discourage indication of the expiry date of the credit in this manner.

##### Article 47 :

(a) In addition to stipulating an expiry date for presentation of documents, every credit which calls for a transport document(s) should also stipulate a specified period of time after the date of issuance of the transport document(s) during which presentation of documents for payment, acceptance or negotiation must be made. If no such period of time is stipulated, banks will refuse documents presented to them later than 21 day after the date of issuance of the transport document (s). In every case, however, documents must be presented not later than the expiry date of the credit.

(b) For the purpose of these articles the date of issuance of a transport document(s) will be deemed to be:

(i) In the case of a transport document evidencing dispatch or taking in charge, or receipt of goods for shipment by a mode of transport other than by air - the date of issuance indicated on the transport document or the date of the reception stamp thereon whichever is the later.

(ii) in the case of a transport document evidencing carriage by air - the date of issuance indicated on the transport document or, if the credit stipulates that the transport document shall indicate an actual flight date, the actual flight date as indicated on the transport document.

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(iii) in the case of a transport document evidencing loading on board a named vessel-the date of issuance of the transport document or, in the case of an on board notation in accordance with article 27 (b), the date of such notation.

(iv) in cases to which Article 44 (b) applies, the date determined as above of the latest document issued.

Article 48 :

(a) If the expiry date of the credit and or the last day of the period of time after the date of issuance of the transport document(s) for presentation of documents stipulated the credit or applicable by virtue of Article 47 falls on a day on which on the presentation has to be made is closed for reasons other than those referred to in article 19, the stipulated expiry date and/or the last day of the period of time after the date of issuance of the transport document(s) for presentation of documents, as the case may be, shall be extended to the last following business day on which such bank is open.

(b) The latest date for loading on board or dispatch, or taking in charge shall not be extended by reason of the extension of the expiry date and/or the period of time after the date of issuance of the transport document(s) for presentation of document(s) an accordance with this article. If no such latest date for shipment is stipulated in the credit or amendments thereto, banks will reject transport documents indicating a date of issuance later than the expiry date stipulated in the credit or amendments thereto.

(c) The bank to which presentation is make on such first following business day must add to the documents its certificate that the documents were presented within the time limits extended in accordance with Article 48 (a) of the Uniform Customs and Practice for Documentary Credits, 1983 revision, ICC Publication No.400.

Article 49 :

Banks are under no obligation to accept presentation of documents outside their banking hours.

LOADING ON BOARD DISPATCH AND TAKING IN CHARGE (SHIPMENT)

Article 50 :

(a) Unless otherwise stipulated in the credit the expression "shipment used in stipulating an earliest and/or a latest shipment date will be understood to include the expressions "loading on board" dispatch and taking in charge.

(b) The date of issuance of the transport document determined in accordance with article 47(b) will be taken to be the date of shipment.

(c) Expressions such as "prompt", immediately, as soon as possible and the like should not be used. If they are used, banks will interpret them as a stipulation that shipment is to be made within thirty days from the date of issuance of the credit by the issuing bank.

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(d) If the expression "on or about" and similar expressions are used, banks will interpret them as a stipulation that shipment is to be made during the period from five days before to five days after the specified date, both end days included.

DATE TERMS

Article 51 :

The words "to", "unit", "all", from and words of similar import applying to any date term in the credit will be understood to include the date mentioned. The word after will be understood to exclude the date mentioned.  
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Article 52 .

The terms "first half" second half or end of a month shall be construed respectively as from the 1st to the 15th and the 16th to the last day of each month inclusive.

Article 53 :

The terms "beginning", "middle", or end of a month shall be construed respectively as from the 1st to the 10th the 11th to the 20th and the 21st to the last day of each month, inclusive.

F. TRANSFER

Article 54 :

(a) A transferable credit is a credit under which the beneficiary has the right to request the bank called upon to effect payment or acceptance or any bank entitled to effect negotiation to make the credit available in whole or in part to one or more other parties (second beneficiaries).

(b) A credit can be transferred only if it is expressly designated as transferable by the issuing bank. Terms such as divisible, fractionnable, assignable and transmissible add nothing to the meaning of the term transferable and shall not be used.

(c) The bank request to effect the transfer (transferring bank), whether it has confirmed the credit or not, shall be under no obligation to effect such transfer except to the extent and in the manner expressly consented to by such bank.

(d) Bank charges in respect of transfers are payable by the first beneficiary unless otherwise specified. The transferring bank shall be under no obligation to effect the transfer until such charges are paid.

(e) A transferable credit can be transferred once only fractions of transferable credit (not exceeding in the aggregate the amount) of the credit can be transferred separately, provided partial shipments are not prohibited and the aggregate of such transfer will be considered as constituting only one transfer of the credit. The credit can be transferred only on the terms and condi-

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tion expressed in the original credit, with the exception of the amount of the credit, of any unit prices stated therein, of the period of validity of the last date for presentation of documents in accordance with Article 47 and the period for shipment, any or all of which may be reduced or curtailed, or the percentage for which insurance cover must be effected which may be increased in such a way as to provide the amount of cover stipulated in the original credit, or these articles. Additionally, the name of the first beneficiary can be substituted for that of the applied for the credit, but if the name of the applicant for the credit is specifically required by the original credit to appear in any document other than the invoice such requirement must be fulfilled.

(f) The first beneficiary has the right to substitute his own invoices (and drafts if the credit stipulates that drafts are to be drawn on the applicant for the credit) in exchange for those of the second beneficiary, for amount not in excess of the original amount stipulated in the credit and for the original unit prices if stipulated in the credit, and upon such substitution of invoices (and drafts) the first beneficiary can draw under the credit for the difference, if any, between his invoices and the second beneficiary's invoices. When a credit has been transferred and the first beneficiary is to supply his own invoices (and drafts) in exchange for the second beneficiary's invoices (and drafts) but fails to do so on first demand, the paying, accepting or negotiating bank has the right to deliver to the issuing bank the documents received under the credit, including the second beneficiary's invoices (and drafts) without further responsibility to the first beneficiary.

(g) Unless otherwise stipulated in the credit, the first beneficiary of a transferable credit may request that the credit be transferred to a second beneficiary in the same country, or in another country. Further, unless otherwise stipulated in the credit, the first beneficiary shall have the right to request that payment or negotiation be effected to the second beneficiary at the place to which the credit has been transferred up to and including the expiry date of the original credit, and without prejudice to the first beneficiary's right subsequently to substitute his own invoices and drafts (if any) for those of the second beneficiary and to claim any difference due to him.

ASSIGNMENT OF PROCEEDS

Article 55 :

The fact that a credit is not stated to be transferable shall not effect the beneficiary's right to assign any proceeds to which he may be, or may become, entitled under such credit, in accordance with the provisions of the applicable law.

Appendix -J

SALIENT FEATURES  
OF  
BANGLADESH STANDARD  
SPECIFICATION FOR B-TWILL JUTE BAGS

0. FOREWORD

0.1 This Bangladesh Standard was adopted by the Bangladesh Standards Institution on 30 June, 1979 after the draft finalized by the Jute Products Sectional Committee had been approved by the Jute and Textile Division Council.

0.2 In the preparation of this standard considerable assistance has been drawn from the Indian Standard IS 2566:1965, the use of which is acknowledged with thanks.

0.3 All quantities and dimensions in this standard have been expressed in the system. However, corresponding values in the metric system have also been given, wherever necessary, within brackets as a guidance to manufacturers and consumers.

1. SCOPE

1.1 This standard prescribes the constructional details and other particulars of B-twill jute bags of dimensions 44 x 26 1/2 in (112 x 67.5 cm).

2. TERMINOLOGY

2.0 For the purpose of this standard, the following definitions shall apply.

2.1 Lot-All bales of jute bags purporting to be of specified dimensions and quality, containing one definite number of bags, delivered to one buyer against one dispatch note.

2.2 Bale - A rectangular or square pressed, rigid package, containing jute bags, covered with bale covering with outer layer stitched and bound by metal hoops, in conformity with BDS 894:1978.

2.3 Contract weight (Bale)-The weight as obtained by multiplying nominal weight of a bag and specified number of bags per bale (see Note 2 in Table 2).

2.4 Corrected net weight (Bale) - The weight obtained by adjusting the actual net weight on the basis of actual regain to the contract regain (see Note 3 in Table 2).

2.5 Contract regain - The contract moisture regain is the percentage regain on the basis of which the corrected net weight is calculated.

2.6 Ends- The warp threads of a fabric.

BDS 909 : 1979

2.7 Porter - The value obtained by counting, in bags made of jute sacking as marketed, the number of warp threads per full gauge length of 37/20 in (47 mm) and dividing it by the number of warp threads per split, which here is 6.

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Note - This definition of porter, based on Bangladesh practice, refers to the finished fabric, and has to be distinguished from the Dundee practice, according to which porter is evaluated in terms of loom reed used in weaving the cloth.

2.8 Picks (or Shots) - The waft or filling threads of a fabric

Note - Shots per inch = Picks per decimeter x 0.254

2.9 Joined bag - A bag made out of two pieces of jute sacking

### 3. GENERAL REQUIREMENTS

3.1 Sacking - The bags shall be made from single pieces of double warp, 2/1 twill weave jute sacking of uniform construction and of 26 1/2 in (67.5 cm) width, and the warp running along the length of the bags. There shall be as single blue stripe (or stripes) of single or double warp, as agreed to between the buyer and the seller, woven along the length of the bag. The weight per square yard of sacking used in the fabrication of the bag shall be 1.187 lbs. (or 613 g per square metre).

3.2 Seam - The sides of the bags shall be sewn with overhead or heracles stitches on selves through two layers of sacking (see Fig.1) using two strands of 3 ply jute twine of 11 gristX3 (or 380 tex X3). The stitching shall be of even tension throughout with all the loose ends securely fastened. The number of stitches per 4 in (approximately 10 cm) at the sides shall be between 9 and 11.

3.3 Hemming at the mouth - At the mouth of the bags, the raw edges of sacking shall be turned over first to a depth of about 0.7 in (or 1.8 cm) and then to a depth of about 0.78 in (or 2 cm) and the three layers of sacking thus formed shall be hemmed with jute yarn of 8 to 10 grist (or 275 to 315 tex). The number of stitches per 4 in (approximately 10 cm) in the hem shall be between 9 and 11.

3.4 Joined bag - The seam used to join the two pieces of cloth in a joined bag shall have strength not less than the breaking load of seam as specified in Table 1 and the seam shall be sufficiently tight to prevent sifting or leakage of the contents of the bag.

3.5 Freedom from defects - The cloth used for the bags should be generally free from weaving defects, such as holes, cuts, gnaws, Contd. Appendix-J

tears, floats, crushed selvages, spots and stains. The bags should be generally free from sewing defects such as gap stitches, loose ends and frayed ends.

### 4. SPECIFIC REQUIREMENTS

4.1 The sacking and bags made out of it shall conform to the requirements laid down in Table 1.

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2 C M

SINGLE YARN

LOWER LAYER

1 C M

OF BAG

UPPER LAYER  
OF BAG

TWO STRANDS OF  
3-PLY TWINE

ENLARGED SECTION xx  
HEMMED OUTSIDE  
AT MOUTH  
UPPER LAYER

SELVEDGES                      OF BAG

ENLARGED SECTION yy  
SEWN THROUGH TWO  
THICKNESSES OF SACKING

Fig : 1 B-Twill Jute Bag

TABLE 1 PARTICULARS OF SACKING AND BAG

| Sl. No. | Characteristic      | Requirements           | Tolerance                         | Method of Test<br>(Ref to Clause<br>No. or Appendix-B) |
|---------|---------------------|------------------------|-----------------------------------|--------------------------------------------------------|
| (1)     | (2)                 | (3)                    | (4)                               | (5)                                                    |
| i)      | Dimensions of a bag |                        |                                   |                                                        |
|         | a) Outside length   | 44 in<br>(112 cm)      | -1.574 in<br>-0<br>-4<br>cm<br>-0 | B.5                                                    |
|         | b) Outside width    | 26 1/2 in<br>(67.5 cm) | +1.574 in<br>-0<br>+1<br>cm<br>-0 |                                                        |

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TABLE 1 PARTICULARS OF SACKING AND BAG-Contd.

| Sl. No. | Characteristic                                            | Requirements          | Tolerance                        | Method of Test<br>(Ref to Clause<br>No. of Appendix-B<br>(5)) |
|---------|-----------------------------------------------------------|-----------------------|----------------------------------|---------------------------------------------------------------|
| (1)     | (2)                                                       | (3)                   | (4)                              | (5)                                                           |
| ii)     | Weight per bag                                            | 2 1/2 lb<br>(1 020 g) | +3.52<br>-2.64<br>+100<br>- 75 g | B-3                                                           |
| iii)    | Porter(Ends per dm)                                       | 6<br>(76)             | +0.33<br>(+1)                    | B-6                                                           |
| iv)     | Shot per inch<br>(or picks per dm)                        | 8<br>(31)             | +0.51<br>(+2)                    | B-6                                                           |
| v)      | Breaking load of<br>sacking[Strip method<br>(10 x 20 cm)] |                       |                                  | B-7                                                           |
|         | Warpway                                                   | 353 lb<br>(or 160 kg) | -                                | -                                                             |
|         | Weftway                                                   | 364 lb<br>(or 165 kg) | -                                | -                                                             |
| vi)     | Breaking load of<br>seam                                  | 137 lb<br>(or 62 kg)  | -                                | B-8                                                           |

Note - The buyer and the seller may agree to the dimensions other than those specified above. In that case, same tolerance of

1.571 -4  
- 0 in ( cm ) shall apply; the weight of bags shall be  
-0

proportional to the weight of standard bag [2] lb, 44x26 1/2 (or  
+10  
1020g, 112x67.5 cm)] with a tolerance of -7.5 percent on bag weight and calculated on the basis of :

a) the weight per square yard of cloth of 1.187 lb (or 643 g per square metre).

b) the area of the cloth including the hem length 3 in (7.6 cm);

c) the weight of twine used in hemming and stitching, taking the length of twine as 5 times the length of hemming or seam and taking the count of hemming twine as 310 tex (mid-value of the range 275 to 345 tex specified in 3.3), and the count of sewing twine in the seam as 380 tex x 3.

4.2 The bales containing the bags shall conform to the provisions laid down in Table 2.

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Contd. Appendix - J

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TABLE 2 REQUIREMENTS OF PACKED BALES

| SL. NO. | Characteristic                              | Requirements                  | Method of Test (Ref to Clause No. of Appendix-A) |
|---------|---------------------------------------------|-------------------------------|--------------------------------------------------|
| (1)     | (2)                                         | (3)                           | (4)                                              |
| (i)     | Total number of bags per bale               | 300                           | B-1                                              |
| (ii)    | Number of joined bags per bundle of 25 bags | 1                             | B-1                                              |
| (iii)   | Contract weight of a bale                   | 675 lbs<br>(306 kg)           | -                                                |
| (iv)    | Corrected net weight of bale                | Not less than contract weight | B-1                                              |
| (v)     | Moisture regain                             | 22 percent, Max               | B-2                                              |
| (vi)    | Oil content on dry deoiled material basis   | 8 percent, Max                | B-9                                              |

Note - The number of bags per bale shall be 300 or as specified in an agreement between the buyer and the seller.

No - 2 Contract weight of a bale is calculated as follows :

Contract weight of a bale = nominal weight of a bag X specified number of bags per bale.

(Contract weight of a bale specified in the table is on the basis of 2 1/4 lbs or 1 020g per bag and 300 bags per bale).

Note - 3 Corrected net weight of a bale is calculated as follows:

$$\text{Corrected net weight of a bale} = \frac{\text{net weight X (100+contract regain percent)}}{100 + \text{average moisture regain percent}}$$

Note - 4 The specified oil content value of 8 percent corresponds to about 7 percent when determined on dry deoiled material plus 20 percent regain basis.

4.3 Contract regain-The contract moisture regain shall be 20 percent

## 5. PACKING AND MARKING

5.1 Packing - The bags shall be packed in bales as laid down in BDS 894:1978\* or as specified in an agreement between the buyer and the seller.

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Contd. Appendix - J

5.2 Marking - The bales shall be marked as laid down in BDS 804:1978\*. Additional markings shall be made as stipulated by the buyer or required by the regulations or law in force.

\* Specification for packaging of jute products in bales.

BDS 900:1979

5.2.1 The bales may also be marked with the BDSI Certification Mark.

Note - The use of the BDSI Certification Mark is governed by the BDSI Certification Mark Ordinance 1977 and the Rules and Regulations made thereunder. Manufacturers desirous of using the BDSI Certification Mark may obtain detailed conditions for obtaining such a licence from the Bangladesh Standards Institution, Dhaka.

The presence of Certification Mark on a product covered by Bangladesh Standard conveys the assurance that it has been produced to comply with the requirements of that standard under a system of inspection, quality control and testing operated during manufacture and including periodical inspection at the manufacturer's works in accordance with the Certification Mark Scheme of the BDSI.

## 6. SAMPLING AND INSPECTION

6.1 Unless otherwise agreed to between the buyer and the seller, the procedure for sampling shall be given in Appendix A and the procedure for testing and inspection as given in Appendix B.

## 7. CRITERIA FOR CONFORMITY

7.1 The lot shall be considered as conforming to the requirement of the standard, if the following conditions are satisfied :

a) The total of the corrected net weight of the bales under test is not less than the total contract weight of the bales (see Table 2).

b) The number of bags in each bale under test is not less than the specified number (see Table 2).

c) The number of joined bags in each bundle of bags under test is not more than the specified number (see Table 2).

d) The average moisture regain percent of the bags under test is not more than the specified percentage (see Table 2).

e) The average oil content of the bags under test is not more than the specified percentage (see Table 2).

f) The dimensions of at least 90 percent of the bags under test are in accordance with the requirements specified (see Table 1). In the remaining bags, no bag shall have dimensions less than 1.5 cm below the specified values.

g) The weight of at least 90 percent of bags under test is in accordance with the requirements specified (see Table 1). In the remaining bags, no bag shall

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have weight less than 10 percent below the specified value.

h) The average ends per decimeter of the bags under test is in accordance with the requirement specified (see Table 1).

j) The average picks per decimeter of the bags under test is in accordance with the requirement specified (see Table 1).

k) The average breaking load values of the bags under test for both warp and weft directions are not less than the requirements specified (see Table 1).

m) The average breaking load of seam of the bags under test is not less than the requirement specified (see Table 1).

SAMPLING

A-0 SAMPLING PROCEDURE

A-0.1 The following minimum number of bales and bags shall be taken at random from the lot and subjected to corresponding tests (See Appendix - ).

A-1 GROSS WEIGHT

A-1.1 For evaluating the gross weight of bales, 10 percent of bales, selected from the lot, shall constitute the test sample.

A-2. REQUIREMENTS OTHER THAN GROSS WEIGHT

A-2.1 For assessing the conformity to the requirements, other than gross weight of bales the number of bales to be selected from the lot shall be in accordance with the following table :

| No.of Bales in the Lot<br>(1) | No.of Bales to be Drawn and<br>Opened for Inspection<br>(2) |
|-------------------------------|-------------------------------------------------------------|
| Up to 10                      | 1                                                           |
| 11 to 20                      | 2                                                           |
| 21 to 100                     | 3                                                           |
| 101 to 150                    | 4                                                           |
| 151 to 200                    | 5                                                           |
| 201 to 250                    | 6                                                           |
| 251 to 300                    | 7                                                           |
| 301 to 350                    | 8                                                           |
| 351 to 400                    | 9                                                           |
| 401 to 500                    | 10                                                          |
| 501 and above                 | 10+1 for every 100 bales or part<br>thereof above 500 bales |

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A-2.2. From the bales selected as in A-2.1 the test sample shall be drawn as follows :

| Sl. No. | Test                                                          | Test Sample                                                                     |
|---------|---------------------------------------------------------------|---------------------------------------------------------------------------------|
| i)      | Tare weight (of baling hoops and all other packing materials) | The bales selected in A-2.1                                                     |
| ii)     | Total number of bags per bale                                 | Two bundles of bags from each bale                                              |
| iii)    | Number of joined bags per bale                                | Selected as in A-2.1                                                            |
| iv)     | Moisture regain, percent                                      | 10 bags from each bale selected as in A-2.1                                     |
| v)      | Length and width                                              |                                                                                 |
| vi)     | Ends and picks                                                |                                                                                 |
| vii)    | Weight per bag                                                | 10 percent of bags from each bale selected as in A-2.1                          |
| viii)   | Breaking load- sacking                                        |                                                                                 |
| ix)     | Breaking load-seam                                            | One bag from each bale selected as in A-2.1, subject to a minimum of three bags |
| x)      | Oil content, percent                                          |                                                                                 |

Note - Joined bags shall not be selected for the purpose of test for (v) to (x).

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## Appendix-K

## Unit Costs of Public Foodgrain Distribution, 1985/86 to 1989/90

|                                                 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 |
|-------------------------------------------------|---------|---------|---------|---------|---------|
| (Taka/metric ton)                               |         |         |         |         |         |
| FISCAL COST                                     |         |         |         |         |         |
| Rice :                                          |         |         |         |         |         |
| Purchase cost                                   | 4,039   | 5,580   | 4,981   | 5,653   | 8,138   |
| Distribution cost                               | 1,074   | 1,177   | 1,282   | 1,324   | 1,360   |
| Administrative                                  | 173     | 153     | 137     | 130     | 124     |
| Movement & storage                              | 752     | 814     | 960     | 985     | 934     |
| Interest                                        | 250     | 797     | 327     | 418     | 231     |
| Gross cost                                      | 5,113   | 6,754   | 6,263   | 6,977   | 9,497   |
| Distribution cost as a percent of purchase cost | 26.6%   | 21.0%   | 25.7%   | 23.4%   | 16.7%   |
| Wheat :                                         |         |         |         |         |         |
| Purchase cost                                   | 1,316   | 754     | 1,366   | 2,096   | 2,006   |
| Distribution cost                               | 975     | 1,041   | 1,162   | 1,154   | 1,133   |
| Administrative                                  | 162     | 149     | 134     | 126     | 124     |
| Movement & Storage                              | 763     | 865     | 977     | 950     | 935     |
| Interest                                        | 461     | 881     | 1,245   | 3,409   | 2,754   |
| Gross cost                                      | 2,321   | 1,796   | 2,528   | 3,250   | 3,140   |
| Distribution cost as a percent of purchase cost | 72.5%   | 138.1%  | 85.1%   | 55.1%   | 55.5%   |
| Foodgrain :                                     |         |         |         |         |         |
| Purchase cost                                   | 1,983   | 1,868   | 2,068   | 2,946   | 3,904   |
| Distribution cost                               | 998     | 1,072   | 1,185   | 1,195   | 1,203   |
| Gross cost                                      | 2,981   | 2,939   | 3,254   | 4,141   | 5,108   |
| Distribution cost as a percent of purchase cost | 50.3%   | 57.4%   | 57.3%   | 40.5%   | 30.8%   |

Source : Estimated by authors from provisional data provided by the Food Directorate, Ministry of Food.  
(Cost of Public Food Distribution in Bangladesh)-IFRI: July 1991

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APPENDIX -L

Unit Costs of Public Foodgrain Distribution, 1985/86 to 1989/90

|                                                 | 1985/86 | 1986/87           | 1987/88 | 1988/89 | 1989/90 |
|-------------------------------------------------|---------|-------------------|---------|---------|---------|
| ECONOMIC COST                                   |         | (Taka/metric ton) |         |         |         |
| Rice :                                          |         |                   |         |         |         |
| Purchase cost                                   | 5,567   | 5,507             | 5,807   | 6,400   | 8,342   |
| Distribution cost                               | 1,482   | 1,102             | 1,518   | 1,637   | 1,791   |
| Administrative                                  | 173     | 153               | 137     | 130     | 124     |
| Movement & storage                              | 752     | 814               | 960     | 985     | 934     |
| Interest                                        | 605     | 608               | 667     | 920     | 916     |
| Gross cost                                      | 7,049   | 6,610             | 7,325   | 8,037   | 10,132  |
| Distribution cost as a percent of purchase cost | 26.6%   | 20.0%             | 26.1%   | 25.6%   | 21.5%   |
| Wheat :                                         |         |                   |         |         |         |
| Purchase cost                                   | 5,136   | 4,788             | 4,759   | 5,851   | 6,316   |
| Distribution cost                               | 1,039   | 1,054             | 1,209   | 1,169   | 1,179   |
| Administrative                                  | 162     | 149               | 134     | 126     | 124     |
| Movement & storage                              | 763     | 865               | 977     | 950     | 935     |
| Interest                                        | 562     | 506               | 529     | 706     | 687     |
| Gross cost                                      | 6,175   | 5,842             | 5,968   | 7,020   | 7,494   |
| Distribution cost as a percent of purchase cost | 20.2%   | 22.0%             | 25.4%   | 20.0%   | 18.7%   |
| Foodgrain :                                     |         |                   |         |         |         |
| Purchase                                        | 5,238   | 4,954             | 4,962   | 5,982   | 6,943   |
| Distribution cost                               | 1,144   | 1,065             | 1,269   | 1,281   | 1,368   |
| Gross cost                                      | 6,382   | 6,019             | 6,231   | 7,236   | 8,311   |
| Distribution cost as a percent of purchase cost | 21.8%   | 21.5%             | 25.6%   | 21.4%   | 19.7%   |

Source : Estimated by authors from provisional data provided by the Food Directorate, Ministry of Food.  
(Cost of Public Food Distribution in Bangladesh - IFRI: July 1991)

APPENDIX -M

Official Accounting of Physical Loss of Foodgrains,  
1985/86 to 1989/90

| Year    | Total Supply           | Offtake | Loss | Loss as a percent<br>of supply |
|---------|------------------------|---------|------|--------------------------------|
|         | (thousand metric tons) |         |      | Percent                        |
| 1985/86 | 1,589                  | 1,541   | 48   | 3.0                            |
| 1986/87 | 2,176                  | 2,119   | 57   | 2.6                            |
| 1987/88 | 2,630                  | 2,505   | 125  | 4.8                            |
| 1988/89 | 3,004                  | 2,941   | 63   | 2.1                            |
| 1989/90 | 2,310                  | 2,164   | 146  | 6.3                            |
| Average | 2,342                  | 2,254   | 88   | 3.8                            |

Source : Estimated by authors from data provided by the Food Directorate, Ministry of Food.

(Cost of Public Food Distribution in Bangladesh)-  
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APPENDIX -N

Import and Domestic Procurement Prices of Foodgrains,  
1984/85 to 1989/90

|                     | Unit     | 1984/85 | 1985/86 | 1986/87 | 1987/88 | 1988/89 | 1989/90 |
|---------------------|----------|---------|---------|---------|---------|---------|---------|
| <b>Rice :</b>       |          |         |         |         |         |         |         |
| CIF Price           | US\$/ton | 180     | 168     | 167     | 184     | 254     | 218     |
| CIF price:          | Tk/ton   | 4,906   | 5,022   | 5,115   | 5,748   | 8,164   | 8,164   |
| Official rate       |          |         |         |         |         |         |         |
| CIF Price:          | Tk/ton   | 5,553   | 5,500   | 5,524   | 6,061   | 8,350   | 9,328   |
| WES rate            |          |         |         |         |         |         |         |
| Domestic            | Tk/ton   | 6,660   | 6,774   | 7,877   | 8,224   | 8,186   | 8,987   |
| procurement price   |          |         |         |         |         |         |         |
| <b>Wheat</b>        |          |         |         |         |         |         |         |
| CIF price           | US\$/ton | 176     | 156     | 130     | 146     | 195     | 186     |
| CIF Price:          | Tk/ton   | 4,569   | 4,663   | 4,258   | 4,561   | 6,267   | 6,123   |
| Official rate       |          |         |         |         |         |         |         |
| CIF Price:          | Tk/ton   | 5,171   | 5,107   | 4,598   | 4,809   | 6,417   | 6,216   |
| WES rate            |          |         |         |         |         |         |         |
| Domestic            | Tk/ton   | 4,020   | 4,705   | 5,360   | 5,360   | 5,620   | 5,620   |
| procurement price   |          |         |         |         |         |         |         |
| Exchange Rates :    |          |         |         |         |         |         |         |
| Official            | Tk/US\$  | 25.96   | 29.89   | 30.63   | 31.24   | 32.11   | 32.92   |
| Wage                | Tk/US\$  | 29.38   | 32.74   | 33.08   | 32.94   | 32.91   | 33.58   |
| earners scheme(WES) |          |         |         |         |         |         |         |

Source : CIF prices:FAO Food Outlook (different issues) and the Food Directorate,Ministry of Food;exchange rates: Bangladesh Bank (Economic Trend); and procurement price: the Food Directorate.

- Note: 1 CIF price of rice represents Thai Broken A1 Super, FOB Bangkok price, plus freight rates provided by the Food Directorate.
2. CIF price of wheat represents U.S Soft Red Winter No.2 FOB US Atlantic ports price, plus freight rates obtained from FAO Food Outlook
3. Domestic procurement prices represent weighted average prices,using respective procured quantities of rice and wheat as weights.  
(Cost of Public Food Distribution in Bangladesh)  
-IFRI July 1991

APPENDIX -0

Bangladesh Standard (PDS 952:1981)  
SPECIFICATION FOR  
GRADES ON MILLED RICE  
(First Revision)

0. FOREWORD

0.1 This Bangladesh Standard was adopted by the Bangladesh Standards and Testing Institution on 18 December 1986 after the draft finalized by the Cereals, Pulses and Their Products Sectional Committee had been approved by the Agricultural and Food Products Divisional Council.

0.2 Rice known botanically as 'Oryza Sativa' is produced in huge quantity in Bangladesh and consumed by the people as staple food. Innurable varieties of rice with varying intrinsic quality are found in the market. To facilitate internal and external trade proper grading of rice is considered necessary.

0.3. In the preparation of the standard the committee took into consideration the views of the Rice Millers, Technologist, Research Workers and the Govt. and the Semi-Govt. Deptts. and on the recommendations by the Technical Committees of the Inter-Ministerial Working group on rice and wheat grading considerable assistance have also been derived from the following publication which are acknowledged.

- 1) Model Grading system of Rice of FAO
- 2) MS 3.19:74 Specification for grading of Milled Rice
- 3) Doc CX/CCP 80/5 Codex Alimentarius Commission
- 4) ISO 950:1979.

0.4. For the purpose of deciding whether a particular requirement of this standard is complied with, the final value observed or calculated expressing the result of a test or analysis shall be rounded off in accordance with BDS 103-1960-Bangladesh Standard methods of rounding off numerical values. The significant places retained in the rounded off value shall be the same as that of the specified value in the standard.

1. SCOPE

1.1 This Standard applies to milled rice (genus Oryza) of Bangladesh origin and fit for human consumption.

2. TERMINOLOGY

2.1 Paddy : Rice in husk after threshing

2.2 Husk : Outer thick protective cover of paddy also known as hull.

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2.3 Milled rice : Paddy from which the husk has been removed and separated and the germ and layers of bran wholly or partly removed and separated from the kernels.

2.4 Kernel : Edible portion of the grain

2.5 Germ : Embryo situated at one end of the grain.

2.6 Chalky kernel : Kernels whole or broken, one half or more of the surface of which is white like the color of chalk.

2.7 Immatured kernel : Kernels whole or broken, which are unripe and under developed

2.8 Damaged kernel : Kernels whole or broken, which are distinctly damaged by insects, water, fungi or any other means which materially affect the quality of the grains.

2.9 Contrasting classes : Kernels, whole or broken, or varieties or classes of rice other than the variety or class designated, wherein size and shape of kernels differ distinctly from characteristics of kernels by the variety or class designated.

2.10 Degree of milling : A value expressed with reference to the removal during milling of the germ, the outer and inner bran layers.

2.11 Head rice : The head rice or whole kernels shall be kernels of milled rice of not less than 8/10th of the length of grain. The head rice shall be determined by the use of intended places, perforated sieves or head picking.

2.12 Commercially objectionable foreign odour : Odours which are entirely foreign to rice and which because of their presence render rice unfit for its normal commercial usage.

2.13 Insect-free rice : Rice which does not contain live or dead weevils or other insects, insect webbing or insect refuse.

2.14 Adulteration : Alteration of the composition of the milled rice by any means whatsoever so that the resulting mixture or combination is not of the nature prescribed its color quality or flavor is injuriously affected or its bulk or mass adversely affected. Parboiled kernels in non parboiled rice or vice-versa will be considered as adulteration.

2.15 Foreign material : All matter other than rice kernels, rice polishing and paddy.

2.16 Parboiled rice : Rice which before milling has received hydrothermal treatment (Soaking and steaming) to gelatinize all or part of the grain's starch and then dried.

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2.17 White rice : Rice which has not received hydrothermal treatment.

2.18 Broken rice : Pieces of kernels having its length 2.5/10th or more of the average length of the unbroken kernels Broken rice shall be of two types namely (a) Big Broken (b) Small Broken as defined below :

- (a) Big Broken : Pieces of kernels having its length 5/10th or more of the average length of the unbroken kernels.
- (b) Small Broken : Pieces of kernels not exceeding the 2.5/10th of the average length of the unbroken kernels of the variety concerned.

3. SIZES AND SHAPE OF MILLED RICE : (See Also Annex - D )

3.1 Milled rice shall be of the following three classes according to grain size :

- (a) Long grain : Rice with 80 percent or more of whole milled kernels having a length of 6.0 mm and above.
- (b) Medium grain : Rice with 80 percent or more of whole milled kernels having a length of 5.0 mm to 5.99 mm.
- (c) Short grain : Rice with 80 percent or more of whole milled kernels having a length of less than 5.0 mm.

3.2 Rice shall also be of the following three types of shape :

- (a) Fine (Slender) : Rice with whole milled kernels having length/breadth ratio 2.8 and above.
- (b) Medium (Bold) : Rice with whole milled kernels having length/breadth ratio between 2.1 and 2.7.
- (c) Coarse (Round) : Rice with whole milled kernels having length/breadth ratio less than 2.1.

4. PROCESSING

4.1 Milled rice shall conform to any of the following degree of milling :

- (a) Husked rice : Paddy from which only the husk has been removed. Also known as brown rice 'cargo rice' hulled rice' 'loonzain rice', and 'anramato rice',
- (b) Undermilled rice : Paddy from which the husk, a part of the germ and all or part of the outer bran layers, but not the innerbran layers, have been removed.

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- (c) Reasonably well milled rice (Medium milled rice) : Paddy from which the husk, the germ (part of the germ in the case of round rice), the outer gram layers and the greater part of inner bran layers have been removed but parts of the lengthwise streaks of the bran layers may still be present on not more than 80 percent of the kernels.
- (d) Well milled rice : Paddy from which the husk, the germ (part of the germ in the case of round rice), the outer bran layers and the greater part of the inner bran layers have been removed, but parts of the lengthwise streaks of the bran layers may still be present on not more than 10 percent of the kernels.
- (e) Extra well milled rice : Paddy from which the husk, the germ (part of the germ in the case of round rice) and the bran layers have been completely removed.

5. GRADES

5.1 Each class (see 3.1) of milled rice shall be divided into four distinct grades on the basis of the composition and quality factors as specified in Table 1 and 2.

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Contd. Appendix - O

TABLE 1. (White Rice)

| Item No. | Grading factors                      | Grade Requirements     |                  |                        |                   | Method of Tests     |
|----------|--------------------------------------|------------------------|------------------|------------------------|-------------------|---------------------|
|          |                                      | Grade-I                | Grade-II         | Grade III              | Grade-IV          |                     |
| 1.       | Moisture, Percent, by Mass (max)     | 14.0                   | 14.0             | 11.0                   | 14.0              | Refer to Appendix-A |
| 2.       | Head Rice, percent(min)              | 90.0                   | 85.0             | 75.0                   | 68.0              |                     |
| 3.       | Big Broken, percent (max)            | 8.0                    | 12.0             | 20.0                   | 25.0              |                     |
| 4.       | Broken & small Broken, percent (max) | 2.0                    | 3.0              | 5.0                    | 7.0               |                     |
| 5.       | Damaged grain, percent (max)         | 0.5                    | 1.0              | 2.0                    | 3.0               |                     |
| 6.       | Contrasting varieties percent(max)   | 2.0                    | 5.0              | 10.0                   | 15.0              |                     |
| 7.       | Chalky/immatured grain percent(max)  | 1.0                    | 2.0              | 3.0                    | 4.0               |                     |
| 8.       | Paddy (grain per 1000 gm).           | 1.0                    | 2.0              | 3.0                    | 4.0               |                     |
| 9.       | Foreign matters, percent (max)       | 0.2                    | 0.3              | 0.5                    | 1                 |                     |
| 10.      | Degree of milling                    | Extra well milled rice | Well milled rice | Reasonably milled rice | Under milled rice |                     |

NOTE : (1) Any rice not falling in any of the above grades shall be considered as sub-standard.

(2) The grade requirements are expressed in percentage except for paddy seeds.

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TABLE 2. (Parboiled Rice)

| Sl. No. | Grading factors                         | Grade Requirements |             |                        |              | Methods of Test     |
|---------|-----------------------------------------|--------------------|-------------|------------------------|--------------|---------------------|
|         |                                         | Grade-I            | Grade-II    | Grade-III              | Grade-IV     |                     |
| 1.      | Moisture percent mass (max)             | 14.0               | 14.0        | 14.0                   | 14.0         | Refer to Appendix-A |
| 2.      | Head Rice, percent (min)                | 95.0               | 90.0        | 85.0                   | 80.0         |                     |
| 3.      | Big Brokens, percent (max)              | 4.0                | 8.0         | 12.0                   | 16.0         |                     |
| 4.      | Brokens and small Brokens percent (min) | 1.0                | 2.0         | 3.0                    | 4.0          |                     |
| 5.      | Damaged grain, percent (max)            | 0.5                | 1.0         | 2.0                    | 3.0          |                     |
| 6.      | Contrasting varieties percent (max)     | 2.0                | 5.0         | 10.0                   | 15.0         |                     |
| 7.      | Paddy seeds grain per 1000 gm           | 1.0                | 2.0         | 3.0                    | 4.0          |                     |
| 8.      | Foreign matters percent (max)           | 0.3                | 0.4         | 0.5                    | 1.0          |                     |
| 9.      | Degree of milling                       | Extra well milled  | Well milled | Reasonably well milled | Under milled |                     |

NOTE : (1) Any rice not falling in any of the above grades shall be considered as sub-standard.

(2) The grade requirements are expressed in percentage except for paddy seed.

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## 6. CONTAMINANTS :

6.1 Pesticide residues ; milled rice shall be prepared with special care under good manufacturing practices, so that residues of those pesticides which may be required in the production storage or processing do not remain, or if technically unavoidable are reduced to the maximum extent possible. Residue limits for pesticides shall be those recommended by Codex Alimentarius Commission.

6.2 Other contaminants : Milled rice shall be free from harmful contaminants especially toxins and coloring material.

## 7. HYGIENE

7.1 To the extent possible in good manufacturing practice milled rice shall be free from objectionable matter.

7.2 When tested by appropriate methods of sampling and analysis milled rice :

- i) shall not contain any substances originating from micro-organisms in amounts which may represent a hazard to health and
- ii) shall not contain any other poisonous or deleterious substances in amounts which may represent a hazard to health.

7.3 Milled rice should be prepared, packed and stored under sanitary conditions as presented in BDS 822:1975

## 8. PACKING AND MARKING

8.1 Packing : Milled rice shall be packed in containers which will safe-guard the hygienic and other qualities of the food.

8.1.1 The containers including packing materials shall be made only of substances which are safe and suitable for their intended use. Where the Codex Alimentarius Commission has established a standard for any substance used as packing material, the standard shall apply.

8.2 Marking : Each bag shall be suitably marked so as to give the following information if agreed between the buyer and the seller:

- a) Name and grade of the material ;
- b) Name and address of the Miller ;
- c) Batch or code number ;
- d) Net mass ;

8.2.1 All marking shall be applied on the bags in such a manner that the dye or ink does not penetrate into the material.

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## 9. METHODS OF SAMPLING AND ANALYSIS ;

9.1 Sampling : Milled rice shall be sampled according to the methods prescribed in Appendix -B

8.2 Analysis : Milled rice shall be analyzed according to the methods prescribed in Appendix - C

### APPENDIX - A

[Table 1 and Item 9i) ]

#### DETERMINATION OF MOISTURE CONTENT

##### A 1. METHOD

A1.1 The moisture content is determined by measuring the weight loss of a powdered sample dried at a temperature of 130°C-133°C.

##### A2. APPARATUS

a) Analytical balance

b) Grinding mill, which shall be made of material which does not absorb moisture: is easy to clean and has as little dead space as possible; enables grinding to be carried out rapidly and uniformly, without appreciable development of heat and, as far as possible, without contact with the outside air; and is adjustable so as to obtain particles of dimensions indicated in A3.

c) Dish of non-corrodible or, failing this of glass, with a sufficiently tight-fitting lid, the effective surface enabling the test portion to be distributed so as to give not more than 0.3 g/cm<sup>2</sup>.

d) Constant-temperature oven, electrically heated, controlled in such a way that the temperature of air and of the shelves carrying the test portions is within the range 130°C, to 133°C in the neighborhood of the test portions, in normal working.

The oven shall have a heat capacity such that, when initially adjusted to a temperature of 131°C, it can again reach this temperature in less than 45 minutes (preferably in less than 30 minutes) after inserting the maximum number of test portions than can be dried simultaneously.

e) Desiccator, with a thick perforated plate of metal or, failing this, of porcelain, containing pure phosphorus pentoxide (P<sub>2</sub>O<sub>5</sub>) of analytical grade or anhydrous calcium sulphate (CaSO<sub>4</sub>) granulated and impregnated with cobalt chloride as indicator, or any other effective desiccant.

##### A 3. PREPARATION OF SAMPLE

A3.1 The sample shall be ground so as to obtain a portion having particles of sizes below or equal to 1.7 mm, less than 10% mass being over 1 mm and more than 50% by mass being less than 0.5 mm. Adjust the grinding mill to obtain particles of the requisite dimensions, grind a small quantity of the product

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and reject this. Then quickly grind and amount of sample slightly greater than that required for the test, which shall be at least 10 g.

#### A 4 PROCEDURE

A4.1 Transfer the ground portion to a previously dried and tared dish. Quickly close the latter and weigh it to the nearest mg. (The time between taking the sample and weighing before drying should be less than 2 minutes, if a small mill of the classical cone hammer type is used).

Place the open dish containing the test portion, in the oven and leave it for 2 hours, reckoned from the moment when the oven temperature again reaches 130°C.

After this period, and carrying out the operation rapidly, take the dish out of the oven cover it and put in the desiccator; never put dishes on the top of one another in the desiccator.

Carry out at least two determinations on the same sample.

#### A 5 CALCULATION OF RESULTS

$$\text{Moisture content, percent by mass} = \frac{m_0 - m_1}{m_0} \times 100$$

Where,

$m_0$  = initial mass of test portion, and

$m_1$  = mass of the dry test portion

Take as the result the arithmetic mean of the two determinations

#### AG NOTE :

a) The difference between two determinations carried out simultaneously or in rapid succession by the same analyst should not exceed 0.1 g of moisture per 100 g of sample. If it does so, the determination should be repeated duplicate.

b) Never place together in the oven moist samples and nearly dry test portions as this will result in partial rehydration of the latter.

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APPENDIX -B

(Clause 8.1)

SAMPLING OF MILLED RICE

B.1 Scope and field of application :

This Bangladesh Standard specifies general conditions relating the sampling for assessment of quality of cereal grains. It does not apply to seed grain.

B.2 Definitions :

For the purpose of this Standard, the following definitions shall apply.

B-2.1 Consignment : The quantity of grain dispatched or received at one time and covered by a particular contract or shipping document. It may be composed of one or more lots.

B-2.2 Lot : A stated quantity, presumed to be of uniform characteristics taken from the consignment, and allowing the quality to be assessed.

B-2.3 Increment : A small quantity of grain taken from a single position in the lot.

B-2.4 Bulk sample : The quantity of grain obtained by combining and mixing the increments taken from a specific lot.

B-2.5 Laboratory sample : The quantity of grain removed from the bulk sample and intended for analysis or other examination.

B-3 General

B-3.1 Samples shall be taken jointly by sampling superintendents appointed by buyers and sellers or by a sampling superintendent appointed jointly.

B-3.2 Samples shall be fully representative of the lot from which they are taken. Therefore, as the composition of the lot is seldom uniform, a sufficient number of increments shall be taken and carefully mixed, thus giving a bulk sample from which are obtained, by successive divisions, the laboratory samples.

B-3.4 Special care is necessary to ensure that all sampling apparatus is clean, dry and free from foreign odours.

Sampling shall be carried out in such a manner as to protect the samples, the sampling instruments, and the containers in which the samples are placed from adventitious contamination such as rain, dust etc.

B-4 Apparatus

Apparatus is required as follows (see figures 1 to 9 for examples)

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NOTE - many different types and variations of apparatus are available. The dimensions given in the figures are included, therefore, solely as a guide.

B-4.1 Sampling from bulk

Shovels hand-scoop, cylindrical samplers and apparatus for taking increments periodically from a flow of grain.

B-4.2 Sampling from bags

Sack-type spears or triers.

B-4.3 Mixing and dividing

Shovels and dividing apparatus

B-5 Location of sampling

The location and time of sampling shall be determined by agreement between the parties concerned. Particular requirements applying to loading and discharge are given below.

B-5.1 Loading

It is important that grain which is to be dispatched by vessel is sampled during loading, or immediately before at the place of loading.

B-5.2 Discharge

Lost grain is revised from ocean-going vessels or river transport. In both cases, sampling shall be carried out during discharge from the vessel.

B-6 Method of taking samples from cereals carried in bulk

B-6.1 Carriage by sea or inland waterway

B-6.1.1 Unless otherwise specified in the contract consignments shall be considered in lots of 500 tones or such part thereof as constitutes as single consignment.

B-6.1.2. When sampling takes place while the product is in motion, increment shall be taken at time intervals dependent on the rate of flow.

B-6.1.3 When bulk grain is sampled in the hold during discharge, increments shall be taken from as many places as possible, excluding the run, and at intervals determined by the rate of discharge.

B-6.1.4 If sampling takes place from weigh hoppers increments shall be taken by means of cylindrical samplers, shovels, or mechanical samplers in accordance with the practice of the port.

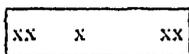
B-6.1.5. The procedure for silos or warehouses is necessarily dependent on local conditions.

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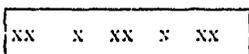
B-6.2 Carriage by rail or road

B-6.2.1. Unless otherwise specified in the contract, each laden wagon or lorry shall be sampled.

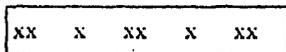
B-6.2.2 If sampling takes place from laden wagons or lorries, the increments shall be taken throughout the whole depth of the layer, by means of a cylindrical sampler and at the following points:



Wagons or lorries up to 15 t :  
Five sampling points (middle and approximately 500 mm from sides)



Wagons from 15 to 30 t :  
Eight sampling points



Wagons from 30 to 50 t :  
Eleven sampling points

B-6.2.3. If the type of wagon does not allow samples to be taken in this manner, or by agreement between buyer and seller, the method of sampling shall be as described in 6.1.2.

B-7 Method of taking samples from cereals carried in bags

Unless otherwise specified in the contract or unless the practice at a port requires otherwise, increments shall be taken from different parts of a bag (for example, top, middle and bottom) by means of a sack-type spear from the number of bags specified in Table 1.

TABLE 1 : NUMBER OF BAGS TO BE SAMPLED

| In Consignment | Number of bags to be sampled                                                                |
|----------------|---------------------------------------------------------------------------------------------|
| Up to 10       | Each bag                                                                                    |
| 10 to 100      | 10 taken at random                                                                          |
| More than 100  | Square root (approximately) of total number, taken according to a suitable sampling scheme* |

\* See, for example, the annex.

B.8 Bulk sample

The bulk sample shall be formed by combining the increments and mixing them well.

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#### B.9 Laboratory samples

The bulk sample shall be divided to obtain the required number of laboratory samples by use of the apparatus mentioned in clause 4. The number of laboratory samples to be taken for analysis and arbitration shall be specified in the contract or otherwise agreed between the buyer and the seller.

#### B.10 Size of samples

Samples of the sizes given in Table 2 are usually suitable for all grains.

| Lot               | Increment | Bulk sample | Laboratory sample |
|-------------------|-----------|-------------|-------------------|
| Upto<br>500 tones | 1 Kg(max) | 100 Kg      | 5 Kg              |

Larger or smaller laboratory samples may be required in some cases, according to the tests to be carried out.

#### B-11. Packaging and labeling of samples

B-11.1 The laboratory samples shall be packed in unglazed unbleached unsewn, cotton bags of very close texture 1).

B-11.2 Samples for the determination of moisture, or for other tests in which it is important to avoid the loss of volatile matter (for example, examination for evidence of chemical treatment), shall be packed in air-tight and moisture-tight closures. The containers shall be completely filled and the closures shall be sealed to prevent lessening or tampering.

B-11.3 The bags and other containers shall carry the seal of each sampler.

If paper labels are used for the samples, they shall be of a suitably high quality for the purpose. The eyelet hole on the label shall be reinforced. The label shall be sealed to the container holding the sample and shall carry the seal of each sampler; these seals shall be arranged in such a way as to guarantee the inviolability of the sample.

The information on the label shall include such of the following items as are required by the terms of the contract :

- 1) Ship or wagon
- 2) From
- 3) To
- 4) Date of arrival
- 5) Quantity
- 6) Bulk/Bags/Number
- 7) Goods
- 8) Identification mark or Lot No.

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- 9) Name of seller
- 10) Name of buyer
- 11) Contract No. and Date
- 12) Date of sampling
- 13) Date of final discharge
- 14) Place and point of sampling
- 15) Sampled by

The information recorded on the label shall be permanent. By agreement between seller and buyer a duplicate label may be included inside the sample container, unless the sample is intended for moisture determination. Also by agreement between seller and buyer, the above information may also be recorded indelibly on the bags containing the samples.

B-12 Dispatch of samples

Laboratory samples shall be dispatched as soon as possible, and only in exceptional circumstances more than 48 h after, sampling has been completed, non-business days excluded.

B-13. Sampling report

If a sampling report is prepared besides giving the usual information, it shall make reference to the condition of the grain sample including signs of insect infestation visible in the warehouse or silo, or during working the vessel or other carrier. This infestation is not always readily apparent in the sample except on close inspection or sieving. The report shall also refer to the technique applied, if this is other than that described in this Bangladesh Standard and all the circumstances that may have influence sampling.

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ANALYSIS OF MILLED RICE

- C.1 Definition :
- For the purpose of this standard the following definitions apply.
- C.1.1 Original sample: A representative portion of the laboratory sample
- C.1.2. Test sample: Portion of sample used for a specific test.
- C.2 Paddy and foreign matter
- C.2.1 Basis of determination : Original sample
- C.2.2 Obtaining test sample : Divide the laboratory sample using a sample divider to obtain a test sample of 100 + 1g.
- C.2.3 Weighing accuracy: Use a balance that is accurate to at least 1 g for weighing test sample and 0.1g for weighing separated paddy and foreign matter.
- C.2.4 Method of determination : Handpicking
- C.2.5 Procedure : Remove all paddy kernels and foreign matters from test sample. Count number of paddy kernels and express result as number of paddy grains per 1.000 g. Weigh foreign matters to nearest 0.1 gm and express result as per cent. Preserve the sample portion free from paddy and foreign matter for other determinations and call it as 'secondary sample'.
- C.3 Moisture :
- C.3.1 Basis of determination : Secondary sample
- C.3.2 Obtaining test sample : Divide the secondary sample as mentioned at C 2.5 using a sample divider to obtain a test sample of not less than 50 g. Then proceed as per Appendix -
- C.4 Head Rice, big broken and broken & small broken
- C.4.1 Basis of determination : Secondary sample
- C.4.2 Obtaining test sample : Divide the secondary sample using a sample divider to obtain a test sample of not less than 25 g.

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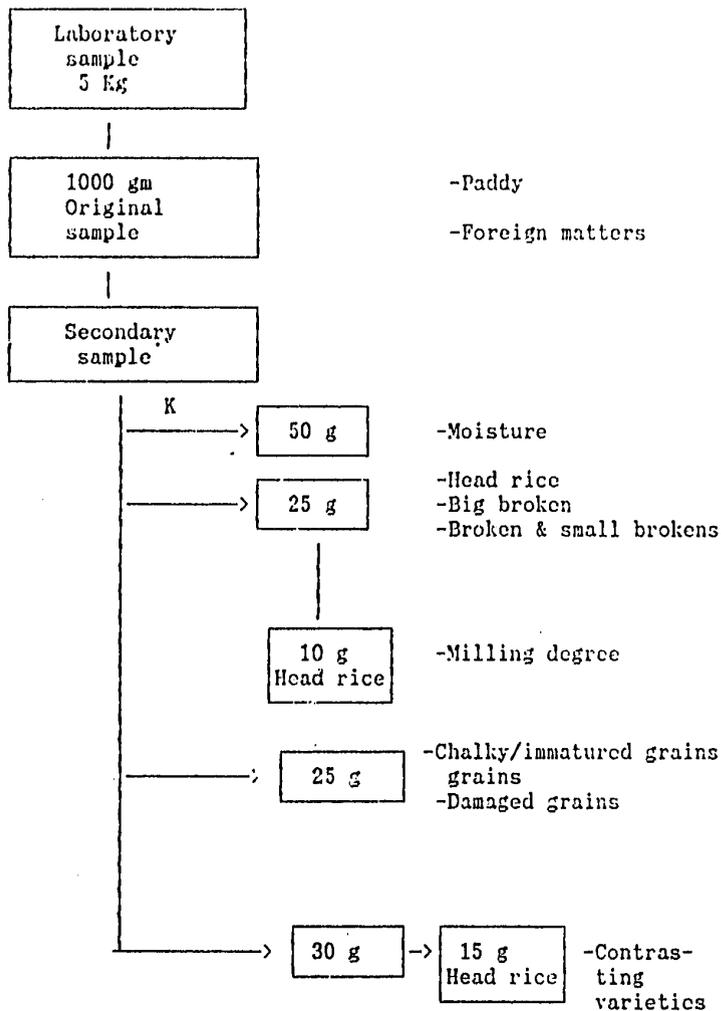
- C.4.3 Weighing accuracy : Use a balance that is accurate to at least 0.01g
- C.4.4 Method of determination : Handpicking
- C.4.5 Procedure : Handpick and separate head rice, big broken and broken & small broken from test sample. Express result of each factor as percentage of test sample at C.4.2. Preserve head rice for determination of degree of milling
- C.5 Chalk/immatured grains and damaged grains
  - C.5.1 Basis of determination : Secondary sample
  - C.5.2 Obtaining test sample : Divide the secondary sample using a sample divider to obtain a test sample of not less than 25 g.
  - C.5.3 Weighing accuracy : Use a balance that is accurate to at least 0.01g.
  - C.5.4 Method of determination : Handpicking
  - C.5.5 Procedure : Separate chalk/immatured grains or damaged grains from the test sample and express result as percentage.
- C.6 Contrasting varieties
  - C.6.1 Basis of determination : Secondary sample
  - C.6.2 Obtaining test sample : Divide the secondary sample divider and obtain a portion of about 30g separate all broken from this portion and divide the whole grain portion to obtain a test sample of not less than 15g
  - C.6.3 Weighing accuracy : use a balance that is accurate to at least 0.01g.
  - C.6.4 Method of determination : Handpicking
  - C.6.5 Procedures : Separate contrasting varieties from the test sample and express result as percentage.
- C.7 Degree of milling :
  - C.7.1 Basis of determination : Head rice
  - C.7.2 Obtaining test sample : Divide the head rice portion as mentioned at C.4.5. using a sample of not less than 10g.

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C.7.3 Method of determination : Handpicking

C.7.1 Procedure : Separate husked rice, undermilled rice and medium milled rice from the test sample as defined in clause 4. Count the number of grains in each portion calculate percentage and categorize as Reasonably well milled rice, Well milled rice and extra well milled rice.

ANALYSIS OF MILLED RICE  
(BREAKDOWN)



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Contd. Appendix - O

CLASSIFICATION OF COMMON COMMERCIAL  
RICE VARIETIES OF BANGLADESH

| Sl.No. | Variety            | Size   | Shape  |
|--------|--------------------|--------|--------|
| 1.     | Jhingashail        | Long   | Fine   |
| 2.     | Latashail          | Long   | Fine   |
| 3.     | Bribalam (BR 7)    | Long   | Fine   |
| 4.     | Shahibalam (BR 16) | Long   | Fine   |
| 5.     | I R - 28 (BR 6)    | Long   | Fine   |
| 6.     | I R - 8            | Long   | Medium |
| 7.     | Kataribhog         | Medium | Fine   |
| 8.     | Joshua             | Medium | Fine   |
| 9.     | Mohini (BR 15)     | Medium | Fine   |
| 10.    | Progoti (BR 10)    | Medium | Fine   |
| 11.    | Chandina (BR 1)    | Medium | Medium |
| 12.    | Brishail (BR 4)    | Medium | Medium |
| 13.    | Mukta (BR 11)      | Medium | Medium |
| 14.    | Banshful           | Short  | Coarse |
| 15.    | Tepi Hai           | Short  | Coarse |

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ANNEX

Sampling Scheme for Consignments of more than 100 Bags

For consignments larger than 100 bags, the number of bags to be sampled is approximately the square root of the number of bags in the consignment. The consignment shall be mentally divided into a number of groups, each including a number 'n', of bags corresponding with the square root of the number of bags in the consignment (rounded upwards). For sizes n of 101...10,000 bags, the number, n

of bags forming one group is indicated in table 3. For each of these groups, one bag shall be selected at random for sampling.

If there is a remainder after dividing the consignment into a number n of bags, one bag from this remainder shall also be taken for sampling.

In order to be sure that in the groups the sampler obtains a division at random of the bags to be sampled, it is recommended that he notes the number 1...n and each time crosses out one number before choosing out of the group of n bags and sampling the bag that corresponds with this number.

Example :

The consignment contains 200 bags (N). For N equal to 197...225, the size n of each group equals 15 bags. Note the numbers, 1, 2, 3, .... 14, 15. Cross out one number, for example 7. Take from the first group of 15 bags the seventh bag and sample it. Cross out another number, for example 3. Take from the second group of 15 bags the third bag and sample it. Continue in this way until 13 bags (a total of 195 bags) have been sampled. The remaining groups is smaller than 15 bags; still take one bag at random out of it. A total of 14 bags (=n-1) has therefore been sampled out of a consignment of 200 bags.

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TABLE 3.-SAMPLING SCHEME FOR CONSIGNMENTS OF MORE THAN 100;  
N=Number of bags in consignment;n=Number of bags in group

| N         |       | n  | N         |        | n   |
|-----------|-------|----|-----------|--------|-----|
| 101 ...   | 121   | 11 | 3 026 ... | 3 136  | 55  |
| 122 ...   | 144   | 12 | 3 137 ... | 3 249  | 57  |
| 145 ...   | 169   | 13 | 3 250 ... | 3 364  | 58  |
| 170 ...   | 196   | 14 | 3 365 ... | 3 481  | 59  |
| 197 ...   | 225   | 15 | 3 482 ... | 3 600  | 60  |
| 226 ...   | 256   | 16 | 3 601 ... | 3 721  | 61  |
| 257 ...   | 289   | 17 | 3 722 ... | 3 844  | 62  |
| 290 ...   | 324   | 18 | 3 845 ... | 3 969  | 63  |
| 325 ...   | 361   | 19 | 3 970 ... | 4 096  | 64  |
| 362 ...   | 400   | 20 | 4 097 ... | 4 225  | 65  |
| 401 ...   | 441   | 21 | 4 226 ... | 4 356  | 66  |
| 442 ...   | 484   | 22 | 4 357 ... | 4 489  | 67  |
| 485 ...   | 529   | 23 | 4 490 ... | 4 624  | 68  |
| 530 ...   | 576   | 24 | 4 625 ... | 4 761  | 69  |
| 577 ...   | 625   | 25 | 4 762 ... | 4 900  | 70  |
| 626 ...   | 676   | 26 | 4 901 ... | 5 041  | 71  |
| 677 ...   | 729   | 27 | 5 042 ... | 5 184  | 72  |
| 730 ...   | 784   | 28 | 5 185 ... | 5 329  | 73  |
| 785 ...   | 841   | 29 | 5 330 ... | 5 476  | 74  |
| 842 ...   | 900   | 30 | 5 477 ... | 5 625  | 75  |
| 901 ...   | 961   | 31 | 5 626 ... | 5 776  | 76  |
| 962 ...   | 1 024 | 32 | 7 777 ... | 5 929  | 77  |
| 1 025 ... | 1 089 | 33 | 5 930 ... | 6 084  | 78  |
| 1 090 ... | 1 156 | 34 | 6 085 ... | 6 241  | 79  |
| 1 157 ... | 1 225 | 35 | 6 242 ... | 6 400  | 80  |
| 1 226 ... | 1 296 | 36 | 6 401 ... | 6 561  | 81  |
| 1 297 ... | 1 369 | 37 | 6 562 ... | 6 724  | 82  |
| 1 370 ... | 1 444 | 38 | 6 725 ... | 6 889  | 83  |
| 1 445 ... | 1 521 | 39 | 6 890 ... | 7 056  | 84  |
| 1 522 ... | 1 600 | 40 | 7 057 ... | 7 225  | 85  |
| 1 601 ... | 1 681 | 41 | 7 226 ... | 7 396  | 86  |
| 1 682 ... | 1 764 | 42 | 7 397 ... | 7 569  | 87  |
| 1 765 ... | 1 849 | 43 | 7 570 ... | 7 744  | 88  |
| 1 850 ... | 1 936 | 44 | 7 745 ... | 7 921  | 89  |
| 1 937 ... | 2 025 | 45 | 7 922 ... | 8 100  | 90  |
| 2 026 ... | 2 116 | 46 | 8 101 ... | 8 281  | 91  |
| 2 117 ... | 2 209 | 47 | 8 282 ... | 8 464  | 92  |
| 2 210 ... | 2 304 | 48 | 8 465 ... | 8 649  | 93  |
| 2 305 ... | 2 401 | 49 | 8 650 ... | 8 836  | 94  |
| 2 402 ... | 2 500 | 50 | 8 837 ... | 9 025  | 95  |
| 2 501 ... | 2 601 | 51 | 9 026 ... | 9 216  | 96  |
| 2 602 ... | 2 704 | 52 | 9 217 ... | 9 409  | 97  |
| 2 705 ... | 2 809 | 53 | 9 410 ... | 9 604  | 98  |
| 2 810 ... | 2 916 | 54 | 9 605 ... | 9 801  | 99  |
| 2 917 ... | 3 025 | 55 | 9 802 ... | 10 000 | 100 |

For consignments larger than 10 000 bags, n equals the square root of N. rounded upwards.

Fundamental Rights-General Considerations

7.86 The principles laid down by Bhagwati J. in respect of the acceptance of a tender by a public authority which was 'the State' within the meaning of Art. 12 were applied in Harjinder Singh V. Union by R. B. Misra J. for himself, Pathak and Oza JJ. The facts of the case were these : The appellant carried on business in milk and milk products and he had a pasteurization plant in Poona. He had been supplying large quantities of milk, inter alia, to Govt. Departments including respondents 2 and 3. He was also capable of supplying any quantity of pasteurized milk. The Military Farm had its own pasteurization plant and for several years respondents No. 2 and 3 purchased only fresh buffalo milk and pasteurized it in its own plant.

7.87 Respondent No. 2 issued a tender to supply of fresh buffalo or cow milk to respondents Nos. 2 and 3 at Military Farms of Pimpri, Poona. The appellant tendered for supply of fresh buffalo milk as per the requirements of the tender notice. His rate came to Rs. 421 for each 100 liters. His tender was the lowest. On request of respondents Nos. 2 and 3 the appellant extended the validity period till November 30, 1985.

"During this period respondents 2 and 3 kept on receiving supplies of fresh buffalo milk to (their) satisfaction till the appellant was asked to stop and discontinue supply from November 20, 1985 although (he) had been requested earlier to continue the supply at least upto December 1, 1985...The appellant thus had to suffer a huge loss on account of the abrupt stoppage of the supply."

7.88 Tenders had been opened on August 23, 1985. Respondent No. 4 tendered for pasteurized buffalo milk, although the tender notice invited tenders for the supply of fresh buffalo milk. The Appellant's tender conformed to the requirements of the tender notice. The appellant was the lowest bidder. The concerned officer made a report to higher authorities in respect of the tenders of the appellant and respondent No. 4. The report stated that if the tender of respondent No. 4 was accepted it would amount to a loss of Rs. 4.48 lakhs in terms of blended milk and Rs. 5.69 lakhs in terms of standard milk. The above report showed that respondents 2 and 3 would be put to substantial loss of about Rs. 10 lakhs. Notwithstanding the position disclosed by the report, the tender of the 4th respondent was accepted.

7.89 The appellant filed a writ petition in the Bombay High Court challenging the order accepting the tender of respondent 4. The High Court rejected the petition in limine by a 'cryptic order'. The appellant appealed to the Sup. Ct. by special leave. The main contentions urged by the appellant before the High Court and repeated before the Sup. Ct. were (i) the concerned authorities had acted contrary to the principles of law, unfairly, arbitrarily and had discriminated against the appellant; (ii) the appellant's was the lowest tender and there was absolutely no reason or justification for rejecting it; (iii) the tender of respondent 4 should have been rejected as it was not in conformity with the requirements of the tender notice since the 4th respondent had not tendered for fresh milk but for pasteurized milk ; (iv) at any rate, if respondents wished to alter the requirements of the tender, the respondents were under an obligation to call the appellant for negotiations, as para 16 of

Contd. Appendix - P

the terms of the tender expressly permitted, before rejecting the appellant's tender.

7.90 For his submission that the authorities acted arbitrarily in accepting the 4th respondent's tender, the appellant relied on the Airport Case (para 7.72 of the text). Misra J. followed and applied that case and held :

"In the instant case, the instrumentalities of the State invited tenders for the supply of fresh buffalo's and cow's milk and, therefore, this case has to be decided on the basis of bid by the tenderer. There was no question of any policy in this case. It is open to the state to adopt a policy different from the one in question. But if the authority or the State Government chooses to invite tenders then it must abide by the result of the tender and cannot arbitrarily and capriciously accept the bid of respondent No. 4 although it was much higher and to the detriment of the State....There was no question of any policy decision in the instant case. The contract of supply of milk was to be given to the lowest bidder under the terms of the tender notice and the appellant being the lowest bidder he should have been granted the contract to supply, especially when he has been doing so for the last so many years."

Accordingly, the order accepting the tender of the 4th respondent was quashed, and the concerned authorities were directed to accept the appellant's tender.

7.91 It is submitted that the line of reasoning adopted by Matthew J. in Sukhdev Singh's Case and adopted by Bhagwati J. for himself, Tulzapurkar and Pathak JJ. in the Airport Case marks a development, in the right direction, of administrative law and the clear emphasis put on Art. 14 as negating arbitrary action on the part of the State. It is submitted that the broader test applied by Matthew J., and accepted by Bhagwati. J. for determining whether a Corporation is to be considered as "the State is to be preferred to the narrower test laid down by the majority in the Rajasthan Electricity Board Case and adopted by the majority in Sukhdev's Case. The above submission is now supported by the unanimous decision of 5 judges in Hasia's Case considered in paras 7.92 to 7.98 below.

7.92 Hasia's Case marks the culmination of the process which "Matthew J. stated as to the meaning or "other authorities" in Art.12. In Hasia's Case the question for determination arose out of writ petitions filed under Art. 32 challenging the validity of admissions to the Regional Engineering College, Srinagar ('the College') which was one of 15 Engineering Colleges in India sponsored by the Govt. of India. The College was run by a Society ('the Society') registered under the Jambu and Kashmir Registration of Societies Act 1893. The question was whether the Society was 'the State' under Art. 12, for only if it was the State could the admissions to the College be challenged as violating Art. 14. Bhagwati J. delivering the unanimous judgment of a Constitution Bench scrutinized the Memorandum of Association and the Rules of the Society and held that the Society was an instrumentality or agency of the State and Central Governments and the Society was an authority under Art.12, for reasons we have set out in paras 7.93 to 7.98 below.

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7.93 Bhagwati J started the discussion with his judgment in the Airport Case, and he quoted several passages from that judgment . But it is unnecessary to refer to them because, as we have seen, in the Airport Case he preferred the views of Matthew J. in Sikhdev's Case to that of the majority, and we have already considered the views of Matthew J at length. In Masia's Case, Bhagwati J. said that if agencies and instrumentalities of govt. were not held to be 'other authorities' under Art 12, then,

"It would be the easiest thing for the government to assign to a plurality of corporations almost every State business such as Post and Telegraph, TV and Radio Rail Road and Telephones - in short every economic activity-and thereby cheat the people of India out of the Fundamental Rights guaranteed to them. That would be a mockery of the Constitution and nothing short of treachery and breach of faith with the people of India, because, though apparently the Corporation will be carrying out these functions, it will in truth and reality be the Government which will be controlling the corporation and carrying out these functions through the instrumentality or agency of the corporation. We cannot by a process of judicial construction allow the Fundamental Rights to be rendered futile and meaningless and thereby wipe out Chapter III from the Constitution. That would be contrary to the constitutional faith of the post Maneka Gandhi era.

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## APPENDIX -Q

Procurement Price of Irri/Boro  
including transport bonus

| Year    | Effective Date |      |      | Price      |        |            |        |
|---------|----------------|------|------|------------|--------|------------|--------|
|         | Month          | Date | Year | Paddy      |        | Rice       |        |
|         |                |      |      | Tk/Quintal | Tk/md. | Tk/Quintal | Tk/md. |
| 1979-80 | November       | 15   | 1979 | 294.69     | 110    | 412.03     | 165.00 |
| 1980-81 | November       | 4    | 1980 | 308.06     | 115    | 432.22     | 180.00 |
| 1981-82 | December       | 7    | 1981 | 332.20     | 124    | 509.01     | 190.00 |
| 1982-83 | April          | 15   | 1983 | 361.66     | 135    | 562.60     | 210.00 |
| 1983-84 | April          | 26   | 1984 | 385.78     | 144    | 602.77     | 225.00 |
| 1984-85 | April          | 27   | 1985 | 442.03     | 165    | 661.71     | 247.00 |
| 1985-86 | April          | 27   | 1986 | 455.43     | 170    | 683.15     | 255.00 |
| 1986-87 | May            | 2    | 1986 | 468.82     | 175    | 709.93     | 265.00 |
| 1986-87 | April          | 22   | 1987 | 535.80     | 200    | 557.23     | 200.00 |
| 1987-88 | April          | 20   | 1988 | 535.80     | 200    | 825.13     | 303.00 |
| 1988-89 | April          | 20   | 1989 | 562.60     | 210    | 866.40     | 323.40 |
| 1989-90 | March          | 15   | 1990 | 590.00     | 220    | 907.50     | 338.45 |
| 1990-91 | April          | 15   | 1991 | 643.00     | 240    | 990.00     | 369.50 |

Source : Ministry of Food.

## Appendix - R

OUT STANDING ADVANCES WITH INTEREST  
CLASSIFIED BY SECTOR;  
ALL BANKS

| Sectors                                                                                             | A                  |                    | S               |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|-----------------|
|                                                                                                     | 30-6-89            | 31-12-89           | 30-6-90         |
|                                                                                                     | Amount             | Amount             | No. of Accounts |
|                                                                                                     | II                 | I                  | J               |
| I. Public Sector :                                                                                  | 3023,33            | 3977,08            | 68,775          |
| 1. Government .                                                                                     | 236,68             | 214,09             | 6,501           |
| 2. Autonomous & Semi<br>Autonomous Bodes                                                            | 452,51             | 404,56             | 19,473          |
| 3. Financial Institutions                                                                           | 17,94              | 6,22               | 4,562           |
| 4. Non-Financial Public<br>Enterprises                                                              | 2303,25<br>2275,91 | 3333,27<br>3221,65 | 4,542<br>2,409  |
| a) Nationalized<br>Sector Corporations                                                              |                    |                    |                 |
| b) Others                                                                                           | 27,34              | 111,62             | 2,133           |
| 5. Local Authorities                                                                                | 2,95               | 18,91              | 3,694           |
| 6. Others                                                                                           | -                  | -                  | -               |
| II. Private Sector :                                                                                | 13673,39           | 14394,73           | 57,04,574       |
| 1. Agriculture &<br>Professionals                                                                   | 3560,36            | 3618,52            | 47,26,936       |
| 2. Manufacturing<br>Companies                                                                       | 3618,20            | 4521,33            | 3,65,804        |
| 3. Commerce and Trade                                                                               | 4127,40            | 4444,60            | 2,53,197        |
| 4. Transport & Storage<br>Companies                                                                 | 322,50             | 387,38             | 5,277           |
| 5. Constructions Companies                                                                          | 230,90             | 345,71             | 4,452           |
| 6. Private Trust Funds & Non-<br>Profit Organisations                                               | 16,15              | 53,17              | 313             |
| 7. Financial Institutions                                                                           | 19,13              | 73,22              | 20,382          |
| 8. Professionals & Self<br>Employed Persons                                                         | 1717,72            | 421,87             | 1,72,612        |
| 9. Foreign Official Enterprises<br>& Foreign Companies/Firm<br>engaged in business in<br>Bangladesh | 31,03              | 231,29             | 57,140          |
| 10. Others                                                                                          | -                  | 297,64             | 98,461          |
| TOTAL :                                                                                             | 16686,72           | 18371,81           | 73,349          |

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| O        |                 | N        |                                                                                            | Sectors |
|----------|-----------------|----------|--------------------------------------------------------------------------------------------|---------|
| 90       |                 | 31-12-90 |                                                                                            |         |
| Amount   | No. of Accounts | Amount   |                                                                                            |         |
| K        | L               | M        |                                                                                            |         |
| 4028,86  | 71,917          | 3947,74  | I. Public Sector :                                                                         |         |
| 234,58   | 10,823          | 134,56   | 1. Government                                                                              |         |
| 391,97   | 52,529          | 448,64   | 2. Autonomous & Semi Autonomous Bodies                                                     |         |
| 16,57    | 332             | 349      | 3. Financial Institutions                                                                  |         |
| 3271,87  | 4,555           | 3318,58  | 4. Non-Financial Public Enterprises                                                        |         |
| 3168,32  | 2,389           | 3219,84  | a) Nationalized Sector Corporations                                                        |         |
| 103,55   | 2,166           | 98,74    | b) Others.                                                                                 |         |
| 110,87   | 3,678           | 42,47    | 5. Local Authorities                                                                       |         |
| -        | -               | -        | 6. Others                                                                                  |         |
| 15880,57 | 57,15,979       | 17097,97 | II. Private Sector :                                                                       |         |
| 3923,75  | 47,64,113       | 4025,89  | 1. Agriculture & Professionals                                                             |         |
| 5141,04  | 3,24,612        | 5787,63  | 2. Manufacturing Companies                                                                 |         |
| 4861,23  | 2,56,991        | 5286,81  | 3. Commerce and Trade                                                                      |         |
| 373,75   | 4,051           | 393,79   | 4. Transport & Storage Companies                                                           |         |
| 431,16   | 3,821           | 404,28   | 5. Construction Companies                                                                  |         |
| 56,11    | 494             | 58,79    | 6. Private Trust Funds & Non-profit Organisation                                           |         |
| 90,32    | 22,171          | 108,45   | 7. Financial Institutions                                                                  |         |
| 465,86   | 1,73,465        | 448,39   | 8. Professionals & Self-Employed Persons                                                   |         |
| 207,74   | 60,271          | 232,58   | 9. Foreign Official Enterprises & Foreign Companies/Firm engaged in business in Bangladesh |         |
| 329,61   | 1,05,690        | 351,36   | 10. Others                                                                                 |         |
| 19909,43 | 57,87,896       | 21045,71 | GRAND TOTAL :                                                                              |         |

Source : Statistics Department, Bangladesh Bank.

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APPENDIX -S

Weight Quality and Stock  
Certificate (WQSC)

Directorate General of Food

|                |                   |                               |
|----------------|-------------------|-------------------------------|
| Seller : _____ | LSD/CSD/TPC _____ | Date _____                    |
| Address: _____ | _____             | _____                         |
| _____          | Code _____        | Millgate/Mobile/Godown: _____ |

| Commodity | Variety | Quantity |       | Quality Indicators |        |      | Price Per Kg | Total Price |
|-----------|---------|----------|-------|--------------------|--------|------|--------------|-------------|
|           |         | Bags     | Kilos | MC%                | Others | QLTY |              |             |
|           |         |          |       |                    |        |      |              |             |

Total Price (In word) \_\_\_\_\_-only.

1. Certified that the stock has been purchased in the condition and quality stated above.
2. Certified that the stock stated above has been received and stored in Godown  
No. \_\_\_\_\_ Stack No. \_\_\_\_\_
3. Certified that the commodity has been weighed 100% and the stock has been purchased on behalf of the Government as Government stock.

Approved for payment

|                                        |                                   |              |
|----------------------------------------|-----------------------------------|--------------|
| Remarks _____                          | Bank _____                        | Branch _____ |
| Name of Procurement Officer _____      | Seller Signature/Thumb mark _____ |              |
| Signature of Procurement Officer _____ |                                   |              |

Payment information (to be filled by the Bank)

|                             |           |
|-----------------------------|-----------|
| AMOUNT PAID(in words) _____ | Bank Seal |
| _____only                   |           |

Received  
Tk. \_\_\_\_\_ Seller Sig/Thumbmark \_\_\_\_\_ Agent/Teller \_\_\_\_\_

Form No. SM-WQSC 1

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APPENDIX -T

NATIONAL STANDARD SPECIFICATION OF  
MILLED RICE (WHITE RICE) OF PHILIPPINE

Milled Rice :

This standard specification for Milled Rice is hereby promulgated under a fixed designation PTS (Philippine Trade Standard) No.042-02:1973.

This standard was revised due to the request of the National Grains Authority and upon the suggestion of the Technical Committee to update the standard specification and the definition of terms to suit the present trend in the rice industry. It also includes the weight per sack of rice to be 50 kilograms in accordance with NGA Act.

Suggestions for revision should be addressed to the Bureau of Standards, P.O. Box 3719, Manila, Philippines.

1. Scope :

1.1 This standard specification covers milled rice produced in the Philippines, both for foreign and domestic trade.

2. Definition of Terms :

2.1 For the purpose of this standard, the following terms relating to milled rice are hereby defined as follows :

2.1.1 Milled rice-whole or broken kernels where the hulls and at least the outer bran layers and a part of the germ are removed.

2.1.2 Nonglutinous rice - generally translucent with greater amylose content than amylopectin and turns bluish when treated with potassium iodide-iodine solution.

2.1.3 Glutinous rice - generally opaque, sticky when cooked, with higher amylopectin than amylose content and turns reddish-brown when treated with potassium iodide-iodine solution.

2.1.4 Brewer or binlid - portions of a kernel which will pass through a 4/61 sieve (1.587 mm).

2.1.5 Broken kernels-milled rice smaller than head rice but larger than brewer or binlid.

2.1.6 Chalky kernels - kernels with 50% or more white portion.

2.1.7 Flinty kernel - kernel with less than 50% white portion.

2.1.8 Foreign matter-impurities such as weed seeds, stones, sand, dirt, etc. foreign to milled rice.

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- 2.1.9 Head rice - whole kernels and those not less than 3/4 in size.
- 2.1.10 Kernel - edible portion of a paddy grain.
- 2.1.11 Milling degree- the extent or degree of polishing the rice kernel.
- 2.1.12 Other Varieties - rice kernels of different varieties other than the variety under consideration.
- 2.1.13 Paddy of Palaly - unhulled grain.
- 2.1.14 Red rice - rice with any degree of redness.
- 2.1.15 Yellow kernel - yellowish milled rice due to fermentation or heat.
- 2.1.16 Damaged kernel - kernels attacked by microorganisms, insects and/or other means.

3. Classification and Grading

3.1 Philippine milled rice shall be the following type based on the length of the kernel.

- 3.1.1 Type I - Long grain - long than 5.9 mm.
- 3.1.2 Type II - Medium grain - length ranges from 5.0 to 5.9 mm.
- 3.1.3 Type II - Short grain - shorter than 5.0 mm.

3.2 Each type shall be graded into sub-types according to the shape based on the length-width ratio.

- 3.2.1 Slender - Length-width ratio 3.0 or more.
- 3.2.2 Bold- Length-width ratio ranges from 2.0 to 2.9
- 3.2.3 Round - Length-width ratio is less than 2.0.

3.3 The description of the milled rice according to types and sub-types shall be taken collectively under the term Grain type.

3.4 Rice shall be classified according to varietal names. See Table 16.

3.5 Each group of milled rice shall conform to any of the following classes according to the degree of milling.

- 3.5.1 First Class-milled rice from which the husk, the germ, the outer and the inner bran layers have been removed.

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Standard Grade Requirements for Philippine Milled Rice

|                                         | Premium | Grade I  | Grade II | Grade III |
|-----------------------------------------|---------|----------|----------|-----------|
| 1. Head rice (%)                        | 95 min  | 85.0 min | 75.0 min | 65.0 min  |
| 2. Broken (%)                           | 4 max   | 12.0 max | 20.0 max | 28.0 max  |
| 3. Binlid(Passes through sieve 4/G4)(%) | 1       | 3.0 max  | 5.0 max  | 7.0 max   |
| 4. Yellow and damaged(%)                | 0.5     | 1.0 max  | 2.0 max  | 4.0 max   |
| 5. Chalky and immature kernels (%)      | 2.0     | 4.0 max  | 6.0 max  | 8.0 max   |
| 6. Paddy (No./100g)                     | none    | 1 max    | 2 max    | 3 max     |
| 7. Other varieties (%)                  | 2       | 4 max    | 6 max    | 8.0 max   |
| 8. Red rice (%)                         | none    | 0.50 max | 1.0 max  | 1.5 max   |
| 9. Foreign matter (%)                   | none    | 0.25 max | 0.5 max  | 1.0 max   |

3.5.2 Second class - milled rice from which the husk, germ, the outer and the major part of the inner bran layers have been removed.

3.5.3 Third class - milled rice from which the husk, a part of the germ and outer bran layer but not the inner bran layer has been removed.

3.5.4 Pinawa (brown rice) - milled rice from which only the husk and part of the germ has been removed.

3.6 Each class of milled rice shall be graded according to the following description.

3.6.1 Premium grade - Head rice not less than 95%, not more than 5% of which are 3/4 kernels, broken 4%, binlid 1%, yellow and damaged 0.5%, chalky and immature kernels 2%, paddy none, other varieties 2%, red rice none and foreign matter none.

3.6.2 Grade I - Head rice not less than 85%, not more than 5% of which are 3/4 kernels, broken 12%, binlid 3%, yellow and damaged 1%, chalky and immature kernels 4%, paddy 1 grain/100 grams, other varieties 4%, red rice 0.5%, and foreign matter 0.25%.

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3.6.3 Grade II-Head rice not less than 75%, not more than 5% of which are 3/4 kernels, broken 20%, binlid 5%, yellow and damaged 2%, chalky and immature 6%, paddy 2 grains/100 grams, other varieties 6%, red rice 1%, and foreign matter 0.5%.

3.6.4 Grade II-Head rice not less than 65%, not more than 5% of which are 3/4 kernels broken 28%, binlid 7%, yellow and damaged 4%, chalky and immature kernels 8%, paddy 3 grains/100 grams, other varieties 8%, red rice 1.5%, and foreign matter 1%.

4. General Requirements :

4.1 Moisture content shall not exceed 14%.

4.2 It shall be free from unpleasant and/or repulsive odor.

4.3 It shall be free from insect infestation.

4.4 The unit of trading shall be by weight expressed in kilograms or metric tons.

5. Packing :

5.1 Milled rice shall be packed in new or good used Hessian cloth bag, jute gunny, or plastic sacks without patches and weighing 50 kilograms net to afford maximum protection from normal hazards of transportation and handling. Smaller packages may be allowed provided the net weight shall be in full kilograms of 1, or multiple of 5 kilograms subject to buyer/seller agreement.

6. Marking :

6.1 Each bag shall be properly labeled with the following information :

(a) Type and subtype, variety, class, and grade

(b) Name and address of miller

(c) Net weight in kilograms

(d) Crop year and date of milling

7. Sampling :

7.1 Ten percent (10%) of the total number of bags should be sampled but in no case should the number of bags sampled be less than five (5) bags.

7.2 Each probe or handful of sample drawn is called the primary sample. The combined primary samples are called a composite sample. When a composite sample has been properly reduced, it is called the submitted sample. A sample obtained from the submitted sample is called a working sample.

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7.3 The submitted sample should carry the following information :

7.3.1 Name and address of owner

7.3.2 Variety

7.3.3 Lot number

7.3.4 Number of bags in the lot

7.3.5 Crop year and date of milling

7.3.6 Date of sampling

7.3.7 Name of inspector

7.4 Preparation of the working sample - Samples received in the laboratory are reduced to a working sample. The sample submitted shall be repeatedly divided so that the working sample will be the representative of the original. An efficient divider must be used in the absence of a mechanical divider.

8. Test Method :

8.1 Grading test - Weigh about 100 grams of milled rice from the representative sample. The head rice shall be separated from other extraneous matter and weighed to determine the percentage.

8.2 Moisture content determination - The moisture content of milled rice shall be determined by using a properly calibrated moisture tester or by oven drying. In the air-oven method the temperature should be maintained at  $105^{\circ}\text{C} + 0.1^{\circ}\text{C}$ . +

8.3 Potassium iodide-iodine test—In case of doubt whether a variety is glutinous or not, a KI-I test shall be made on the kernels.

9. Effectivity :

9.1 This Standards Administrative Order shall take effect 20 days after completion of its publication.

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## OPEN TENDERING FOR RICE

### Why Tender?

The cost of food subsidies weighs heavily on the government budget. After averaging 2.8 billion taka (\$70 million) per year during the 1980's, losses in the Public Food Distribution System (PFDS) exploded in 1990. In that year alone, total subsidies jumped to 11 billion taka (\$280 million), an amount equal to 60% of the government's taka contribution to the Annual Development Plan. Although the drain has returned to its "normal" 3.5 billion taka (\$90 million) level in fiscal year 1991, the recurring high costs have spurred government and donors to action.

Open tendering for rice offers one way to contain costs in public food distribution. Through tenders, government can procure foodgrains domestically at lowest-cost bids from private traders instead of contracting at higher, "official" procurement prices.

In November 1991, the Ministry of Food agreed to tender for a small portion of their rice procurement on an experimental basis. To see if tendering would work well in practice, they floated two tenders during the recent Aman harvest season.

Unfortunately, these two tenders largely failed. But they need not have. With minor modifications, they could easily have succeeded.

This policy brief reports the procedural problems that caused these tenders to fail. And it suggests adjustments that will permit the tendering procedure to work in subsequent seasons.

### Current Procurement

● **location:** The Directorate General of Food, government's agent for purchasing and distributing public food, purchases over 90% of domestically procured public foodgrain from Rajshahi Division. Yet they distribute that food primarily in other regions south and east of the Jamuna River, especially in the large urban centers of Dhaka and Chittagong (Table 1).

Location has important implications for cost containment in public procurement. Given the long distances rice must travel from the procurement zones in the North West, transport charges and transit losses figure heavily in costs of supplying grain to the distribution centers in the South and East. Rice purchased at 10.1 taka per kilogram in Bogra will cost 11.1 delivered in Dhaka, a 10% increase over procurement price in the North West.

These long supply lines increase prospects for transit loss and system leakage.

Table 1

Public Procurement and Distribution of Rice,  
by Region

|            | <u>Procurement</u> | <u>Distribution</u> |
|------------|--------------------|---------------------|
| Rajshahi   | 91%                | 21%                 |
| Dhaka      | 2%                 | 39%                 |
| Chittagong | 0                  | 25%                 |
| Khulna     | 7%                 | 15%                 |
| Total      | 100%               | 100%                |

● **commodities:** Domestically, the DG Food procures about 800,000 tons of foodgrains per year for distribution through the Public Food Distribution System (PFDS). Over 90% of domestic procurement is rice (Table 2).

● **contracting mechanism:** To procure this rice, DG Food depends primarily on what they call "millgate contracts", which accounts for 85% of public foodgrain procurement (Table 2). Through millgate contracts, the Directorate General of Food, purchases rice from millers. In theory, the millers are to pay farmers the official procurement price of 245 taka per maund for their paddy. DG Food then adds on standard transport and milling charges to arrive at the official price it will pay for milled rice. This season,

that calculation produced a price of 10.1 taka per kilo of rice throughout most of the procurement areas. Although many officials and observers refer to millgate contracts as procurement of paddy, the system actually involves purchase of rice.

Table 2

Domestic Procurement for PFDS, 1991/92

|                               |      |
|-------------------------------|------|
| Rice                          |      |
| - millgate contract           | 85%  |
| - direct purchase             | 5%   |
| - paddy, for contract milling | 4%   |
| Total rice equivalents        | 93%  |
| Wheat                         | 7%   |
| Total foodgrains              | 100% |

#### Inefficiencies in Millgate Contracting

Three major problems arise in public procurement through millgate contracts.

1. Procurement above market price. First, government pays higher than market price for the rice it procures in the North West. They pay millers the official 10.1 taka per kilo procurement price for rice, based on the understanding that millers will then pay farmers the official producer price of 245 taka per maund of paddy (one maund equals 37.32 kg).

But this past Aman season, as in most, the market price for paddy lay well below the "official" price during the post-harvest months when procurement was heaviest. This past December and January, the market price for paddy hovered in the neighborhood of 220 taka per maund in the North West.

2. Subsidy to millers, not farmers. Do the millers actually pay farmers the official 245 taka per maund for their paddy? No. In fact, most millers don't even deal directly with farmers. Instead, they buy paddy from private traders. Recent IFPRI research indicates that government contract millers purchase over 90% of the paddy for their millgate contracts through intermediaries.

Do these intermediary traders pay the farmer 245 taka per maund? No, they pay the 220 taka market price. (Box 1)

So who keeps the 25 taka, the difference between the official producer price of 245 and the average market price of 220? It gets split between the miller, the trader and perhaps the persons who award these

lucrative millgate contracts.

It's clear, of course, who pays the 25 taka. The government does. The 25 taka contribute to the huge annual deficit in the food budget. It represents a direct subsidy payment from government to millers, traders and rent-seeking food officials.

3. High storage, handling and transport costs. On top of this higher procurement price, government pays higher handling and transport costs than the private sector would. The Directorate General of Food pays double the market price for their standard B-twill gunny bags, 29 taka instead of 15. For transport, they pay 40 to 100% more than the private sector does (World Bank, 1992). And transit losses for publicly handled grain are notoriously high.

The result? Public procurement, handling and transport to consumption zones results in high supply cost. (see Box 3)

#### **Box 1. What about farm price support?**

Government purchases grain for two reasons: a) to secure grain for public distribution; and b) to support farmgate paddy prices. This Policy Brief deals primarily with the first of these two, the cheapest means of supplying grain for public distribution. But the two objectives are obviously related.

In procuring grain for public distribution, government contributes to farm price support. It does so by transferring purchasing power to vulnerable groups, thereby increasing aggregate demand for paddy. Given this income transfer, demand for paddy is higher than it would otherwise be. And the farmgate price of paddy is higher, as well, than it would be in the absence of government procurement and redistribution. How much higher is a complex question that will be discussed in future Policy Briefs.

Note that open tendering and millgate contracting generate exactly the same impact on farm prices. Under both systems, farmers receive market price, not the official procurement price, for their paddy. But that market price is higher than it would otherwise be, given government's redistribution of purchasing power through the Public Food Distribution System.

## Tendering for Least-Cost Public Procurement

To take full advantage of these potential cost savings, government should adopt a tendering system that invokes three basic rules:

1. procure rice, not paddy
2. buy in consumption centers, not in production zones
3. tender at market price, not official prices

Buying rice (Rule 1) at consumption centers (Rule 2) relieves the Directorate General of Food of stocking, milling contracts, bag supply, transport and handling charges. Instead, it lets the private sector supply these services, since they do so more efficiently than government.

Setting the purchase price through open tender (Rule 3) will likewise reduce cost to government without altering the price farmers receive for paddy. Under current millgate rice purchases, the farmer receives market price for his paddy. He will continue to do so under the proposed rice tendering scheme (Box 2).

### **Box 2. Tender Summaries**

#### **Tender No. 1**

- Date floated: Dec. 8, 1991
- Quantity tendered: 30,000 tons
- Maximum bid price: Tk.10.1 per kg.
- Number of bids: none

#### **Tender No. 2**

- Date floated: Dec. 28, 1991
- Quantity tendered: 30,000 tons
- Minimum bid: 500 tons
- Bids due: January 16, 1992
- Bids received: 16
- Bids accepted: 8,000 tons
- Orders placed: 1,500 tons
- Original delivery date: Feb. 29, 1992
- Final delivery date: April 16, 1992

### Why the Two Tenders Failed

Of the two initial rice tenders launched this Aman season, both disappointed.

The first tender failed for one simple reason. The tender documents listed a maximum allowable bid price of 10.1 taka per kilo, the official procurement price in the North West. Yet the DG Food tendered for delivery in Dhaka and Chittagong. Quite naturally, private traders were unwilling to transport grain 300 to 600 kilometers for free. So nobody bid.

The second tender made provision for transport costs by allowing use of a benchmark price, the official 10.1 taka procurement price plus estimated transport and other costs to the consumption zones. Calculated in this way, the benchmark price in consumption zones came to 11.7 taka per kilo of rice, on average. Bids came in higher than this, at 12.1 and 12.6 taka per kilo, because the benchmark calculations did not include insurance, depreciation, administrative overhead, actual transit and storage losses, or profit (Box 3).

Even at those higher-than-benchmark prices, the tender committee recommended purchase of 3,000 tons at the lowest bid prices. Then they ran squarely into a procedural bottleneck. Government financial regulations require clearance from the Ministry of Finance to purchase rice anywhere in Bangladesh at above the 10.1 taka official procurement price. DG Food sought and obtained the necessary clearance, at the cost of a ten-week delay. Half the bidders dropped out during that period, as market prices

### **Box 3. What does it cost DG Food?**

Private traders tendered for rice at 12.1 to 12.6 taka per kilogram, delivered to Dhaka. Does DG Food's benchmark price of 11.7 taka imply that government could have supplied the grain at lower cost? Probably not, since their figure excludes insurance, depreciation, administrative overhead, actual transit and storage losses, and profit.

One independent estimate of actual cost to government places the landed cost of publicly procured rice landed in Dhaka at 13 taka per kilo (Rahman, 1992). But even this figure excludes actual transit and storage losses, overheads and profits.

Adding in the missing items, a conservative guesstimate places actual costs to DG Food at closer to 14 taka per kilo, 10 to 15% higher than market prices. If so, a switch to open tendering at market prices would save government 1.1 billion taka (\$30 million) this year alone.

Precise estimates of the cost of public procurement will not be available until late 1992 when the Directorate General of Food, with assistance from the FAO, is scheduled to institute a new Management Information System.

continued to rise. Five bidders, however, held on till the end and signed contracts to deliver 1,500 tons. They negotiated an extension of the delivery date to

April 16, evidently hoping to procure at least part of their supply from new Boro season rice at lower than their contracted price.

### Necessary Adjustments

To make future tenders work will require several technical adjustments in the tendering procedures.

#### 1. Price

- a. obtain financial sanction before tendering, to enable purchase at other than official prices
- b. accept the lowest bid market price; drop use of the official benchmark except for comparative purposes

#### 2. Timing

- a. float the tenders earlier, at the beginning of the season, October and November for the Aman harvest, March or April for Boro
- b. award bids earlier, by January 1 for Aman procurement, by June 1 for Boro
- c. require delivery well before the next harvest

#### 3. Mechanics

- a. let private traders supply gunny bags, grade B-twill, as part of the package
- b. drop the 500 ton minimum bid
- c. offer payment by inland letter of credit as an option to the current Weight Quality Stock Certificate (WQSC), at suppliers cost (see Rahman, 1992 for details)

#### 4. Quality standards

- a. introduce inspection by an outside agency, cost to be borne by supplier
- b. introduce more discriminating quality standards than the current single grade of Fair Average Quality (FAQ); Bangladesh Standards and Testing Institute (BSTI) offers as one possibility the Bangladesh Standard 952 for rice.

### The Transition

Public tendering for rice must be introduced gradually. As government refines its rice tendering procedures, they can increase the tender volumes and frequency.

As they do, private firms will organize finance, develop storage facilities and the confidence necessary for them to supply large-scale public requirements. At the same time, government must scale down and improve management of their own direct procurement programs.

Ultimately, government can aspire to procure all foodgrains through open tenders.

### Priorities for the Future

1. Adjust tender procedures, as detailed above.

2. Reform regulations that inhibit private rice trade.

- a. abolish anti-hoarding laws permanently
- b. abolish the Bengal Rice Millers Act permanently
- c. abolish the ban on bank credit for grain storage.

3. Introduce the new Management Information System at the Directorate General of Food, with all possible speed. Designed with assistance from the FAO, this new system will not only improve public management, it will, for the first time, allow a reliable estimate of actual costs of public procurement, transportation, storage and handling. Only when this information is compared with market tenders will government know the full benefits of open tendering for rice.

### The Payoff

In the long run, government's forward contracts for rice will serve a valuable integrating role for private rice traders. Government contracts will provide price benchmarks that serve as the reference standard for private trade. Ultimately, as in many wealthy countries, private firms will also enter into forward contracts. These futures markets play a valuable stabilizing role in advanced country grain markets. Bangladesh, too, can benefit from the information and market integration they provide. In addition to its immediate budgetary relief, public tendering for rice can play a major role in modernizing Bangladesh's rapidly growing domestic rice market.

#### **Box 4. References**

IFPRI Policy Briefs aim to summarize recent research and provide it to decision makers quickly, in an easily digestible form. The Policy Briefs draw on a range of published and draft manuscripts as well as on research still under way.

This Brief draws, in particular, on the following documents:

- o Mahfoozur Rahman, "A Viable Procedure of Open Tender for Public Procurement of Rice in Bangladesh," IFPRI, Dhaka, May 1992.
- o World Bank, "Bangladesh Food Policy Review," Washington, DC, Feb. 28, 1992.

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PERSONAL REFERENCES

(In Alphabetical Order)

1. Mr. Nurul Afsar Director, IPFS, Directorate of  
Food, Abdul Ghani Road, Ramna  
Dhaka.
2. Mr. Mahe Alam Director General, Food Direc-  
torate of Food, Abdul Ghani  
Road, Ramna, Dhaka.
3. Mr. Mohammad Ruhul Amin General Manager, Bangladesh  
Bank, Head Office,  
Motijheel C/A. Dhaka-1000
4. Gp Capt(Retd) Khairul Aman Director, Directorate of Supply  
and Inspectorate  
46, Motijheel C/A. Dhaka-1000
5. Mr. Haider Ali Chief Manager, Habib Bank Ltd.  
54, Motijheel C/A. Dhaka-1000
6. Mr. David R. Cann FAO, Re-organization Project,  
House No. 43A, Road No. 16  
Dhanmondi R.A. Dhaka.
7. Mr. Mohammad Hossain Director General (Acting)  
Bangladesh Standard and Testing  
Institute,  
116A, Tejgaon Industrial Area  
Dhaka-1208
8. Mr. Anisul Huq Executive Director  
Arab Bangladesh Bank Ltd.  
BCIC Bhavan, Dilkusha C/A.  
Dhaka-1000.

9. Mr. Emdadul Huq Director, Procurement,  
Directorate of Food, Abdul  
Ghani Road, Ramna, Dhaka.
10. Mr. Amirul Islam Senior Partner,  
Bar-at-Law The Law Associates,  
104 Motijheel C/A. Dhaka-1000
11. Mr. Zahidul Islam Manager  
SGS (Bangladesh) Ltd.  
19, Dilkusha C/A. Dhaka-1000
12. Maj.Gen. (Retd) Abdul Jabbar Chairman,  
Bangladesh Automatic Rice Mills  
Association,  
114 Segun Bagicha, Ramna, Dhaka
13. Mr. Abul Kashem Director, Budget and Accounts,  
Directorate of Food,  
Abdul Ghani Road, Ramna Dhaka.
14. Mr. Md. Golam Mohiuddin Associate Professor,  
Bangladesh University of Engi-  
neering and Technology (BUET)  
Consultant to FAO, Dhaka)
15. Mr. Syed Nizamuddin Programme Officer  
The World Bank (Local Office)  
Paribagh, Dhaka.
16. Mr. T. Ali Sarkar Director, Inspection,  
Bangladesh Standards and Test-  
ing Institute,  
116A, Tejgaon Industrial Area  
Dhaka.
17. Mr. M.A. Taher General Manager  
Bangladesh Jute Mills Corpora-  
tion, Adamjee Court (Annex)  
115-120, Motijheel C/A. Dhaka.
18. Mr. Fans Van de Ven Chief Technical Adviser,  
Ministry of Food.  
FAO Re-Organization Project.  
House No. 43A, Road No. 16,  
Dhanmondi R/A. Dhaka.

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