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F No. 16/1/2016-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division  
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516, Lok Nayak Bhawan, New Delhi.  
Dated the 4<sup>th</sup> August, 2016.

**OFFICE MEMORANDUM**

Subject: - Recommendation of Expenditure Management Commission (EMC) – regarding

The Government of India had constituted EMC in September, 2014 to look into various aspects of Expenditure Reforms to be undertaken by the Government. The Committee was headed by Dr. Bimal Jalan, eminent economist and public policy experts.

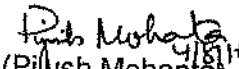
2. In this context it is noted that EMC has recommended following related to Public Procurement:

**Recommendation No.71 (December, 2015)**

*Qualifying criteria for bidders – While defining qualification criteria for selecting bidders, experience for execution for similar works and total turnover of bidder is generally defined. However solvency/ financial capacity of the bidder and liquidity of the bidder do not generally form a part of the criteria for large projects other than PPP projects. EMC is of the view that solvency of the bidder and liquidity are important criteria to determine the capacity of the contractor, especially for large value contracts. It is recommended that the bid document for large value projects should also include the requirement of a viable financial model to explain how the contractor proposes to fund the execution of the project.*

3. In this regard, it is noted that the Rule 160 (i) (a) of GFR, 2005 already stipulates that bidding document should contain criteria for eligibility and qualifications to be met by the bidders including their financial position.

4. All Ministries/ Departments are requested to consider and implement the EMC recommendation.

  
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To  
1. Secretaries/ All Ministries & Departments.  
2. Financial Advisors/ All Ministries & Departments.