



# Unit 2

## Transport Operations- II

Unit-2: Transport Operations - II				
Location	Learning Outcomes	Knowledge Evaluation	Performance Evaluation	Teaching Training Method
Session - 1: Lorry Hire System				
Classroom transport booking office, transport service centers.	<ul style="list-style-type: none"><li>✧ Demonstrate concept of lorry hire systems.</li><li>✧ Develop the skill of filing procedure of documentation.</li><li>✧ Demonstrate the lorry hire processing procedure.</li></ul>	<ul style="list-style-type: none"><li>✧ Fundamental concepts of lorry hire system.</li></ul>	<ul style="list-style-type: none"><li>✧ Define lorry hire systems.</li></ul>	Lecture method, interaction exercises, visiting to transport company to understand processes of transport operation like-lorry hire, system fleet, operation and maintenance procedure, project method, data convection, on the spot training program in the hubs.
	Session - 2: Fleet Operation, Maintenance and Fleet Utilization			
	<ul style="list-style-type: none"><li>✧ Demonstrate fundamental of fleet operation and maintenance procedure.</li><li>✧ List the mandatory documents of fleet according to the motor vehicle act 1988.</li><li>✧ Demonstrate the fleet management process.</li><li>✧ Demonstrate the procedure of selecting the vehicle.</li></ul>	<ul style="list-style-type: none"><li>✧ Fleet operation and maintenance procedures.</li><li>✧ Process of planning of scheduling truck routes.</li><li>✧ Fleet management.</li></ul>	<ul style="list-style-type: none"><li>✧ Documents of lorry hire, lorry hire processing and its objectives.</li><li>✧ Routing and scheduling of truck and different processes involved in planning and scheduling of truck.</li><li>✧ Explain fleet management.</li></ul>	
	Session - 3: Billing Procedure			
	<ul style="list-style-type: none"><li>✧ Demonstrate the reasons for issues of a</li></ul>	<ul style="list-style-type: none"><li>✧ (i) Define bill and its type.</li></ul>	<ul style="list-style-type: none"><li>✧ Explain in brief bill accounting procedure,</li></ul>	



	bill. ☆ List the different types of bill, bill collection statement and process of write off the bill.	(ii) What are the reasons for write off a bill.	procedure of write off a bill, bill preparation procedure.	
	Session - 4: Tendering Process			
	☆ Demonstrate the tendering process.	☆ What is tender, state the contents of tender and what are the different methods of tendering.	☆ Explain in brief tender processes.	
	Session - 5: Quotation to Customers			
	☆ Demonstrate the quotation procedure.	☆ What is comparative statement and what is its need.  ☆ What are the content of quotation.	☆ Explain in brief quotations.	



## Session 1: Lorry Hire System

The incharge of loading branch must plan the route wise load available in warehouse in order to hiring truck from market. For loading a consignment preference is given for company own truck, if it is not available in that condition, incharge has to make a plan with the help of his executive for hiring a truck from market as per demand and need. The lorry hire system is a computerized system dealing with the accounting of lorry hire contract prepared for trucks engaged from the market and in respect of payments made through the local lorry hire voucher. The system ensures that for market trucks, payments have been correctly made against valid lorry hire contract.

### 1.1 Documentation in Lorry Hire System

The following document is prepared in this system:

- A) Lorry Hire Contract Advance Copy:** When a truck is hired from the market, an agreement is entered into with the owner / driver of truck. This agreement is called Lorry Hire Contract. This is prepared in quadruplicate (4 copies) at the loading station.
- B) Lorry Hire Contract Final Payment Copy:** The final payment of the lorry hire contract is collected at the unloading station and final payment is done.

Truck Rental Agreement			
Company name:			ABN
Address:			
Phone:			
Vehicle Reg No		Area of Use:	Km radius from
Make:		Date out:	Time :
Model:		Due in:	Time :
Year:		Actual time in:	
Colour:		Extra Hours:	
Rental location:		Km Out:	
Return location:		Km in:	
Damage/Loss liability	\$	Total Km:	
Credit card:		Less Allowance:	
Expiry date:		Extra Klms:	
(card holders authorisation)		The Hirer is responsible for all overhead, undercarriage and Pantech damage. Also any damage received while being driven by any unlicensed, unauthorised or illegal Driver. All loss or damage must be reported to the company and police within 24 hours X.....	
Authorisation No			
Hirer Full Name:	Deposit	Charges	Extension
Address:		Daily	

Figure 1: Lorry Hire Contract



- C) Local Lorry Hire Voucher:** The local lorry hire voucher is prepared for payment to trucks / tempo hired from the market for door collection or door delivery. For such trucks/ tempo, lorry hire contract should not be prepared. Local lorry hire contract is also prepared for payment. The local lorry hire voucher is prepared in duplicate. Both copies of the voucher are to be sent by the branch in to its accounting centre where they will be given a voucher no. in continuous serial order. The accounting centre will forward the first copy along with lorry hire payment summary and retain the second copy as file copy.
- D) Debit Voucher:** Debit voucher is prepared only in exceptional cases when certain payment such as repayment of lorry hire amount previously deducted from balance amount payable to the driver / owner may have to be made. It is to be prepared in duplicate and both copies are to be sent to the accounting centre where they will be given a voucher no. in continuous serial order. The first copy will be attached with the lorry hire payment summary and the second copy retained as a file copy. Lorry hire payment summary - In the lorry hire payment summary all payments pertaining to lorry hire (LHC advance and final payment, local lorry hire payment and payment made through debit voucher) are entered. Payment made for contract parcel trucks for which a trip contract sheet is prepared are not entered in the lorry hire payment.
- E) Lorry Hire Payment Summary:** Payment made through TCS is to be entered in the CBS. It is prepared by accounting centre in duplicate. The first copy of the lorry hire payment summary with all supporting vouchers is sent to corporate office, as enclosure to CBS. The second copy is file copy of the accounting centre.

Documentation .....

Debit Voucher .....

Name & Add of Transport Company Lorry No. ....

.....

.....

Advice No. .... Date .....

Branch Code .....



## Pay to

Description	Account Code	Party Code	Amount
		Total	
By Cash/Cheque No. on Bank			
Amount in Word Rupees			

Certificate By	Prepared By	Audited By
Identification No.	Identification No.	Identification No.

**F) Local Lorry Hire Voucher:** It is prepared when company hire a lorry for local purpose i. e. home delivery and home booking.

Name and Add of Transport Company ..... To ..... Challan

Consignment Note ..... Code and Name .....

Paid To .....

Truck No. ....



Description	No.	From	To	Wt.(Kgs)	Amount

By Cash /Cheque/DD/No.                      Date on Bank                      Total

Passed By Identification No.	Certificated By Identification No.	Prepared By Identification No.	Payee Signature Identification No.
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## 1.2 Lorry Hire Processing System

It has been developed to capture basic Lorry Hire System documents at field level and to keep control over lorry hires expenses.

### Objectives

- ✧ LHS data capture at field level.
- ✧ Highlighting the trucks weight loss.
- ✧ Highlighting of excess payment made against LHC.
- ✧ Providing Management Information System on LHC.
- ✧ To provide On-line query to users regarding status of LHC i.e. whether it is out standing, prepaid etc.

### Review Questions

1. Define lorry hire system.
2. Which documents are prepared in lorry hire system?
3. What is lorry hire processing system? What are its objectives?
4. Write short notes on
  - a) Local Lorry Hire Voucher.
  - b) Local Lorry Hire Contract.
  - c) LHC Advance Copy.



- d) LHC Payment Summary.
- 5. Explain debit voucher with format.

### Activity Questions

1. Visit transport company of your choice and collect information about different local rate for hiring vehicle.
  - a) Local Lorry Hire Rate
  - b) Outside City
2. Visit transport company of your city and collect a data of company weight loss and prepare a write up how they over come.

### Checklist for Assessment Activity

#### Part-A

Use the following checklist to see if you have met all the requirement for assessment activity.

1. Differentiated between different lorry hire systems.
2. What are the uses of lorry hire contract advance copy?
3. Differentiate between lorry hire contract and lorry hire payment.
4. What are the fundamentals of lorry hire system.

#### Part-B

Discuss in the class:

1. Discuss procedure of wagon hire contract by railway.
2. Discuss different methods of payment in lorry hire contract.
3. Why LHC is calling a legal document?
4. Discuss LHC processing process.

#### Part-C

#### Performance Standards

Performance standards may include, but not limited to:

Performance Standards	Yes	No
Able to fill up format of lorry hire system.		
Able to draw debit voucher.		
Able to do online lorry hire system.		
Able to do online payment.		





## Session 2: Fleet Operation, Maintenance and Fleet Utilization

Fleet means group of trucks for the purpose of smooth running of fleet. It require maintenance as per pre-determine schedule. Generally transport companies run a separate department for performing this objective i.e fleet operation & maintenance process. This chapter describes the routing and schedule of trucks, statutory regulation of truck as per Motor Vehicle Act 1988, truck statutory documents, road` tax, different type of permit according to STA, (State Transport Authority) fleet management process, etc.



Figure 2: Fleet Operation Procedure at Service Center

### 2.1 Fleet Operation and Maintenance Procedure

#### The procedure is adopted in Operating and Maintenance Procedure

- A) Routing and scheduling optimal fleet size distribution and scheduling for a transit system is a difficult optimization problem. Efficiency of transit system can be improved by optimally allocating the resources available to the various routes of a transit system as well as by proper scheduling of the route. The primary resource that needs to be allocated is the fleet size i.e. the total number of vehicle available for applying on the various routes.



Figure 3: Fleet Maintenance Procedure

However, efficient utilization of the fleets on the various routes depends on proper scheduling. A good schedule is one which not only minimizes the starting time from the origin but also the transfer of goods from the point of origin to the point of destination. The problem is to determine the fleet size and the schedule for each route given the demand of the transit system which provide the best level of service within the resources available. The steps involved in planning route and schedules are firstly the total load of the route is to be analyzed. Tonnage and frequency (total) of load is to be calculated precisely. The next step would be to find out if a direct route would be feasible or not. If not then number & location of the touch points is to be decided. Then route survey has to be arranged were in all the details of distance and check posts are to be captured. Then a proper route schedule is to be repaired which should include the touching time, handling time & ideal time. Once all this done we have to plan for vehicles. It has to be done in such a way that always we are having a vehicle ready to depart at the state point. The final step is to be selection and development of





the vendor and finally operating the route. Initially the route should be closely monitored.

- B) Fleet Number:** Every truck operating under parcel service of the company will have a fleet number. Fleet number once is allotted to a truck will remain the same till the truck continues to operate in the company. The fleet number of truck is allotted by the company corporate office. The fleet number allotted for the company owned truck will have four numerical digits as described below. The first numerical digit of the fleet number will indicate the last digit of the year of manufacturing of the truck. The last three digit of the fleet number will give the serial number of truck irrespective of the year in which it was bought.



Figure 4: Fleet No

- C) Statutory Regulations:** According to the Motor Vehicle Act 1988 truck should have all the following documents renewed.

**Truck fitness from the Road Transport Authority:** Truck fitness means truck worthiness. Fitness certificate will be issued by the State Transport Authority where the truck was.



Figure 5: Payment System in RTO

**Truck Road Tax Payments:** Truck road tax is to be paid to the State Transport Authority once in three months quarterly.

**Truck Road Permit:** There are mainly three types of permits:

- ☆ Temporary Permit (T.P.): This is issued for a specific destination for a fixed duration only from the State Transport Authority.
- ☆ Pucca Permit (PP): This is issued for trip within the home state by the State Transport Authority.
- ☆ National Permit (NP): This is issued by the State Transport Authority for three states other than for the home state.
- ☆ Truck Insurance
- ☆ PUC: Pollution under control certificate.



Figure 6: RTO Office

## 2.2 Fleet Management

Fleet management is the management of a company vehicle fleet. Fleet management includes commercial motor vehicles such as cars, van and trucks. Fleet management can include a range of functions, such as vehicle financing, vehicle maintenance, vehicle telemetric (tracking and diagnostics) driver management, fuel management and health & safety management. Fleet management is a function which minimizes the risk associated with vehicle investment, improving efficiency productivity and reducing their overall transportation costs, providing 100% compliances with government regulation and many more. These functions can be dealt with either an in house fleet management department or an out sourced fleet management provider.

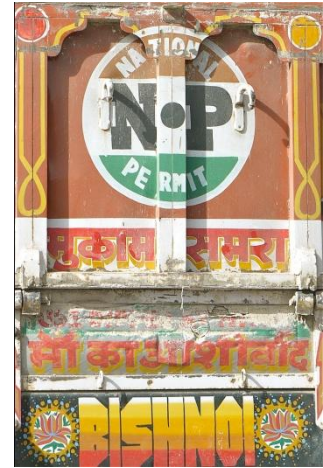


Figure 7: National Permit

### A) Vehicle Procurement Process

The steps for the procurement process of the fleet are-

- ✧ Based on operating unit requirement and load factor.
- ✧ Offer from at least 3 commercial vehicle manufacturers.
- ✧ Negotiation price and service.
- ✧ Finalization of financier.
- ✧ Offer submission.
- ✧ Location wise delivery as per fabrication schedule.
- ✧ Registration of vehicle.
- ✧ Allotment of fleet code.

### B) Selecting Right Vehicle

The selection of the right vehicle is done on the basis of several factor which include-

- ✧ Expectation of the load factor.
- ✧ Technical and operational requirements.
- ✧ Standardization.
- ✧ The driver compartment design.
- ✧ Selection of alternative and new technologies.
- ✧ Life cycle cost and performance technologies.
- ✧ RTA regulations (Regional Transport Authority) it includes.
- ✧ Vehicle invoice should be in party name.



- ☆ Local address proof.
- ☆ Vehicle should be painted with approved colour code for national permit/ local at the front and rear.
- ☆ Vehicles should be registered in particular state RTO.
- ☆ Financer No objection certificate (NOC).

### Review Questions

1. What is routing and scheduling of truck?
2. Give the process of planning of route.
3. Describe fleet number? How is it allocated?
4. Explain statutory regulation according to the motor vehicle act 1988.
5. Explain fleet management.
6. Explain vehicle procurement process.
7. Which factors are considered while selecting vehicle?

### Activity Questions

1. Visit a road ways workshop and collect information about vehicle management process.
2. Visit a milk dairy plant of your city and collect information on routing and scheduling of vehicle.
3. Make project on statutory documents according to the Motor Vehicle Act 1988.
4. Visit a railway yard of your city and make project on maintenance system.

### Checklist for Assessment Activity

Use the following checklist to see if you have not all the requirement for assessment activity.

#### Part-A

1. Differentiate between RC and Permit.
2. Differentiate between fleet operation and maintenance procedure.
3. Concept of fleet management process.
4. List the mandatory documents of fleet according to the Motor vehicle Act 1988.

#### Part-B

Discuss in the class:

1. Contents of Motor vehicle Act 1988.
2. Process of Planning of scheduling of truck.



3. Functioning of RTO office.
4. Process of issue a RC copy of truck.

### Part-C

#### Performance Standards

Performance standards may include, but not limited to:

Performance Standards	Yes	No
Able to apply fleet operation and maintenance procedure.		
Able to apply safety and security measure in fleet.		
Able to do fleet management process.		
Able to do plan scheduling of truck.		

## Session 3: Billing Procedure

Introduction - Bill is an accounting document. It is issued by the transport company to the consignor or consignee party in evidence that the payment is received either by cash / cheque.

Following are the two situations for preparation of bill.

- ✧ The bill is raised immediately after a TBB consignment note is prepared.
- ✧ The bill is prepared at the delivery station of the consignment.

### 3.1 Bills Preparation Procedure

- A)** Bills Prepared at booking station. It is prepared for collection of paid freight.
- ✧ Billing station address and code.
  - ✧ Customer name, address and customer code.
  - ✧ Contract no. and date bill no, and date.
  - ✧ Customer code, whenever the contract is entered with the customer, the customer code has to be allotted to the customer by respective branches.
- B)** Bill prepared at delivery station for recovery of octroi in general; the octroi should be collected at the time of delivery of consignment. Bill is prepared in triplicate and distribution as follows. First copy to customer. It will print party copy at the end of the page. Second copy to head office it will print H.O. copy at the end of the page. Third to file copy, it will print File copy at the end of the page.



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TOTAL -  
PAID -  
TOTAL DUE -

Logo Transportation Service Company Name

Address  
City, State ZIP  
Contact Info. Federal Tax ID# xxxxxxxx

DATE:  
INVOICE #:

DATE and INVOICE #  
For new invoices, the default DATE is today's date, and a new INVOICE # will be generated automatically if left blank on clicking Save To DB.

Customer Information  
Click the selection button (magnifier icon) to select a customer. Click Save As New Customer to create a new customer account.

Invoice Body  
Fill invoice items continuously into these rows, starting from the first row.

Bill To: ID  
Name  
Address  
City, ST ZIP  
Phone

Account Executive Name  
Terms Due Date

Save As New Customer View Customer Info.

# Taxable	Date	Product code	Passenger	Description	Fare
1					
2					
3					
4					
5					
6					
7					

Invoice Sales Report Customer Report Product Report Customer Statement Sales Rep. Report Payment Report

Figure 8: Billing Procedure

### C. Types of Bills

- (i) **Regular Bill:** Bill raise against a consignment note for collection of freight is termed as regular bill.
- (ii) **Supplementary Bill:** In some cases, bill is realized for part payment because the customer does deduction from bill due to some reason, but after negotiation, the customer agrees to pay the deducted amount but wants a bill, in such circumstances, the supplementary bill is raised.
- (iii) **Miscellaneous Bill:** In some cases, the bill is raised for collection of demurrage, handling/octroi etc because same is not collected in regular bill, then it is termed as miscellaneous bill. Bill realization whenever the bill is settled by the customer, the payment is received either by cash/cheque; the money receipt should be issued for bill payment.





Figure 9: Bill Filling Procedure

## 3.2 Bill Accounting Procedure

### A) When a Bill is Raised

- ✧ Whatever the bill raised during the month the same should be entered in to bill register.
- ✧ Bill register amount should be tallied with the each bill raised during the month.
- ✧ The bill register amount should tally with billing entry in CBS which is entered in the CBS once in a month.

### B) When a Bill is Released

- ✧ When the amount is collected against a bill then money receipt is issued to the customer. All such money receipt are entered into bills collection statement (BCS) for inclusion in CBS.
- ✧ The actual amount should be written against the bill payment column.
- ✧ On the back side of the M/R against bill amount column the amount of bill should be written and same should be credited (Sundry Debtors Control A/c).
- ✧ If bill amount is more than bill payment then, there will be deduction and the same should be collected in relevant a/c head such as freight, demurrage, misc, etc.



- ☆ When the bill amount is less than bill payment then there will be an excess realization and the same should be credited to relevant A/c.

### **C) Bill Collection Statement**

Bill collection statement should be prepared/generated from the money receipts accounts head wise. In case the actual amount received is more than the bill amount the bill amount will be written in sundry debtors column and excess amount will be written in excess amount column.

It should be noted that while preparing CBS entry crediting sundry debtors control A/C, BCS number should be entered in first line of document reference column and total number of bills as per BCS should be given in second line of documents reference column of CBS deduction from bill. While raising a bill every precaution should be taken to ensure that bill raise are correct so that customers do not make any deduction from the bill, except tax deduction at sources if applicable. However in case any deduction is made from the bill the branch Incharge should ensure that justification for such deduction is received for record. Some customer make deduction while they make payment of bills, on account of various reasons including claims. In that cases of claim deduction the deducted amount is debited to claim account though BCS. Any debit to the claims supported by COF (Certificate of Facts).

### **3.3 Procedure for write off of bill if controlling manager feels that it is not possible to realize the amount of any bill then he gives his requisition under his signature to write off the said bill in the prescribed requisition form.**

#### **Following aspects should be taken care while preparing the requisition:**

- ☆ One requisition should be prepared for one bill.
- ☆ Reasons for write off of bill should be clearly mentioned.
- ☆ The steps taken at various level for realization of bill must be summarized.
- ☆ Copy of correspondence and relevant document should enclosed with requisition.
- ☆ The requisition shall be sent by the controlling manager to his regional head for this comments and recommendation.
- ☆ If the regional head recommends write off bill then the requisition should be sent to the vice-president or MD (Managing Director) at the corporate office.
- ☆ At CRPO the accounting aspect of the requisition shall be looked into and based on available information and facts the requisition shall be approved by the vice president.
- ☆ The accounts department at CRPO shall advice the controlling manager for passing necessary entries in the CBS of the controlling office as and when the requisition to write off the bill is approved.





### Review Questions

1. Define bill.
2. Give two situations for preparing bill.
3. What are the different types of bill?
4. Explain in brief bill accounting procedure.
5. What is BCS?
6. What are the reasons for write off a bill?
7. Explain the procedure of write off a bill
8. Explain the bill preparation procedure.

### Activity Questions

1. Visit any transport company of your choice and collect information about contents of bill.
2. Visit a railway parcel office and collect information on bill preparation procedure.

### Checklist for Assessment Activity

Use the following checklist to see if you have met the entire requirement for assessment activity.

#### Part-A

1. List the different types of bill.
2. Different between Regular and Supplementary Bill.
3. What are the conditions in which supplementary bill issued?
4. Why bill collection statement is prepared.

#### Part-B

Discuss in the class:

1. Procedure of 'write off' a Bill
2. Bill accounting procedure.
3. Why bill is a legal document?
4. 'Bill raised' procedure.

#### Part-C

##### Performance Standards

Performance standards may include, but not limited to:

Performance Standards	Yes	No
Able to apply online billing procedure.		
Able to draw format of bill.		
Able generate BCS from Money Receipt.		
Able to apply bill write off procedure.		



## Session 4: Tendering Process

Tender may be defined as an offer to supply certain goods or execute certain work at a specified cost. Sometimes a person requires certain goods or services from time to time in such cases he may invite tender for the supply of specific goods or services. The tender usually invited by an advertisement in news paper. An advertisement inviting tender is not an offer but merely an invitation to receive offer. On the basis of such advertisement many person send their tender for the supply of required goods or services and specify the rates to be charged for the same. There after the person inviting tender may accept the one which is lowest in rates. On such approval the tender is converted offer or open offer i.e. an offer for the continuous supply of certain goods or service at certain rate over a definite period of time. The tendering process can be a mine field of potential litigation with tenders complaining of the lack of a fair and consistent approach to tendering and accusations of favoritism and corruption. Tender should be invited before purchase, whenever practicable both in India and abroad unless it is not clearly in the public interest to do so.


 Australian Government Department of the Environment and Heritage Australian Antarctic Division	
<b>Request for Tender</b> for the provision of <i>(Insert description of requirement)</i>	
Issue Date	<i>Insert date</i>
Closing Date	<i>Insert date</i>
Closing Time	2 pm [Local Hobart Time]
Closing Place And Tender Address	RFT <i>Insert reference number</i> Tender Box Australian Antarctic Division 203 Channel Highway Kingston, Tasmania AUSTRALIA 7050
Contact Officer:	<i>(Insert name)</i>
Telephone:	(03) 62 323 XXX
Facsimile:	(03) 62 323 256
Email:	<a href="mailto:tenders@aad.gov.au">tenders@aad.gov.au</a>
Closing Place And Tender Address	
<b>NOTE TO TENDERERS</b> Tenderers need not return the information provided. When submitting offers (Annexes B, C and D), Tenderers agree to abide by the terms and conditions of the Request for Tender.	

Figure 10: Tender Performa



## 4.1 Method of Tendering

- A) Open or public tendering or advertise tender means calling tenders by open advertisement through Indian Trade Journal and important news paper in India and abroad.
- B) Selective tendering or limited tender means calling of tenders from a limited number of fresh contractors chosen from pre qual register.
- C) Sole or direct tendering - Sole bid invited without competitive bids from any or particular supplier or firms without inviting tenders this system should be adopted when the supplier officer is satisfied then no other firm is in position to quote.

<b>HASSALLS</b> <i>The best in the field</i>		<h1 style="margin: 0;">TENDER FORM</h1>	
<b>TO:</b> HASSALL AUCTIONS  Fax: 61 7 3348 8553    or    Email: <a href="mailto:soft@hassalls.com.au">soft@hassalls.com.au</a>			
<b>TENDER REFERENCE:</b> <b>BUYERS PREMIUM:</b> <b>TENDER CLOSES:</b> <b>INSPECTION:</b>	<b>TRPIP410</b> 8.8%    Will be added to the tendered price, CST will be added to the Buyers Premium where applicable <b>Thursday 22<sup>nd</sup> April at 4pm</b> <b>Strictly by appointment only</b>		
In Accordance with your conditions of sale by Tender confirm I hereby submit the following tender together with my Tender Registration form:			
LOT No.	BRIEF DESCRIPTION	AUD \$	PRICE OFFERED
1	9 Lengths of 450nb Pipe Schedule 60x12m.	\$	GST INCLUSIVE
2	13 Lengths of 450nb Pipe XS × 12m seamless.	\$	GST INCLUSIVE
3	17 Lengths of 450nb Pipe std wt × 12 m Seamless.	\$	GST INCLUSIVE
4	107 Lengths of 350mm Pipe xs × 12m.	\$	GST INCLUSIVE
5	17 Lengths of 500nb Pipe schedule 80×12m (Reject).	\$	GST INCLUSIVE
Comments:			
Signed:	Name:	Date:	
Tender: (Vendor)			Page 1 of 4

Figure 11: Tender Form



## 4.2 Tendering Process

- ✧ Invitation of Tender
- ✧ Pre/Post Qualification Questionnaire
- ✧ Bid Bond
- ✧ Site Visit Mandatory and Non Mandatory
- ✧ Tender Boxes
- ✧ Receipt of Tender
- ✧ Withdrawal of Offer
- ✧ Tendering Opening
- ✧ Evaluation of Tenders
- ✧ Recommendation for Award /Approvals
- ✧ Letter of Award
- ✧ Conditions of Award

### Review Questions

1. What is a tender?
2. Explain in brief tender process.
3. What are the contents of tender?
4. What are different methods of tendering?

### Activity Questions

1. Visit any company of your choice and collect information on tender.
2. Visit divisional railway manager office of railway (DRM OFFICE) and collect information on process of tender.

### Checklist for Assessment Activity

Use the following checklist to see if you have met the entire requirement for assessment activity.

#### Part-A

1. Method of tendering process
2. Process of tendering
3. Conditions of tender
4. Evaluation of tender



## Part-B

Discuss in class room:

1. Discuss the format of tender.
2. Legal provisions of tender.
3. Process of tender in government department.
4. Discuss purchasing method of any company.

## Part-C

### Performance Standards

Performance standards may include, but not limited to:

Performance Standards	Yes	No
Able to draw a format of tender.		
Able to write a notice of tender.		
Able to invite a tender.		

Quotation		Exporter Reference	Date
Shipper/Exporter		Customer Reference	
Bill To		Terms of Payment	
Consignes/Ship To		Incoterms	Export Date
		Ship Via	Import License Numbers
		Carrier Name	
		Letter of Credit Number	
		Marks and Numbers	
		Special Instructions	MCO Code
		Hazardous Material	ITN
		Packing information	
Item #	Quantity	U M	Product ID
			Product Description
			HTS No
			C/O
			Unit Price
			Total
Shipping Number			

Figure 12: Quotation Form



## Session 5: Quotation to Customers

On enquiry the supplier quotes his prices and the terms and conditions of the supply of material to the purchase department indicating the quality, quantity, time of delivery, price discount and other concession in his reply to the enquiry. Usually this is known as submission of quotations. This is the one of the important legal document and requires proper and careful handling in the purchase department. It is an offer in legal terms, hence require proper preservation.

**Quotation:** Quotation is a reply to trade enquiry stating price, terms & conditions of supply. Generally quotation is sent by the supplier to the prospective purchaser.

### 5.1 Comparative Statement

The comparative statement is also known as comparative schedule of quotations. This is prepared after the receipt of quotations from supplier with a view of comparing their price, terms conditions etc to select one of the supplier whose terms are favorable to the organization. The comparative statement is an important document which should be carefully kept in record for future purpose and guidance. The statement that is prepared is submitted to the head of purchase department. Various analysis come at this stage, comes into picture. The head of the purchase department requires carrying out value analysis before selecting one of the suppliers.

#### PRICE QUOTATION FORM

DATE	
NAME OF COMPANY	ADDRESS:
TELEPHONE NUMBER:	QUOTED BY:
(       )	

Item #	Description of Item	Quantity	Unit Price	TOTAL




Figure 13: Price Quotation Form

## 5.2 Terms Used in Quotations

- ☆ **Loco Price:** A price which only include the cost of goods naturally the profit are added to it.
- ☆ **FOB Price (Free On Board):** This price covers cost of goods, packing cost, transport to dock and loading charges. Freight and insurance are excluded and are shown separately as expenses under C.I.F price. The price include cost of goods, packing cost transportation cost to transport agencies, loading charges, freight to the station of the consignee and the insurance charges.
- ☆ **C.I.F:** If expanded will read as cost insurance freight commission and interest free which means that all the expenses enumerated above are covered by the price so quoted.
- ☆ **C.F. Price:** This price covers the cost of goods packing transportation loading charges and freight to the station of the consignee.
- ☆ **FAS Prices (Free Alongside Ship):** This price is the same as the free on board (FOB), excluding loading charges.

## Summary

Today, increased globalization and heightened competition are changing the way the transport operation is being viewed. Operating at a global level has its own challenge and issues which need to be addressed by the transport operators. Consumers pull the strings of the service





provider industry and the business models of these providers have evolved rapidly in the recent past to provide holistic solutions to the consumers. In the future the transport industry will be more concentrated providing better services to the different types of customers segments and with better execution capabilities.

### Review Questions

1. Explain in brief quotations.
2. What is comparative statement? Why is it required?
3. What are the contents of quotations?
4. Write short notes on
  - a) Loco price
  - b) C.I.F
  - c) FAS price
  - d) C.F
5. Give the format of local lorry hire voucher.
6. What are the reasons for hiring a local lorry?
7. Why trucks insurance are necessary?
8. Give the format of bill.
9. What are the uses of bill?
10. What are the contents of comparative statements?

### Practical Questions

- 1) Make a physical model on lorry hire system with all possible characteristics and demonstrate.
- 2) On the basis of on the Job training prepare a case study on lorry hire contract.
- 3) Make case study on management information system in the context of lorry hire system.
- 4) Visit any transport company of your choice and make a project report on documentation procedure in lorry hire system.
- 5) Make project on statutory documents according to the Motor Vehicle Act 1988.
- 6) Visit a railway yard of your city and make project on maintenance system.
- 7) Prepare a project on bill accounting procedure.
- 8) Visit electricity board office of your city and make a project on tender for purchasing of different items.



## Checklist for Assessment Activity

Use the following checklist to see if you have met all the requirement for assessment activity.

### Part-A

1. Differentiate between tender and quotations.
2. Different between LOCO and FOB price.
3. Why comparative statement is a legal document.
4. Who draws a quotation?

### Part-B

Discuss in the class room:

1. Applicability of price quotation form.
2. Contents of price quotation form.
3. Price quotation of different companies.
4. Legal provision regarding quotation.

### Part-C

#### Performance Standards

Performance standards may include, but not limited to:

Performance Standards	Yes	No
Able to draw price quotation form.		
Able to identity activity of purchasing department.		
Able to fill up comparative statement.		