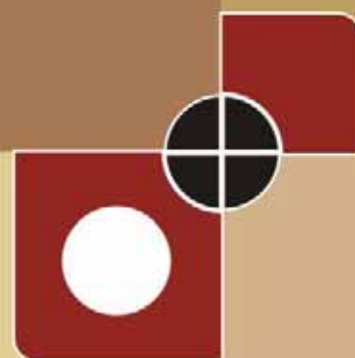


PROCUREMENT MANUAL

(Version 1.0, 2011)



SPMCIL

भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड

मिनीरत्न श्रेणी-I, सीपीएसई
(भारत सरकार के पूर्ण स्वामित्वाधीन)

Security Printing and Minting Corporation of India Ltd.

Mini-Ratna Category-I CPSE

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पंजीकृत कार्यालय : 16वीं मंजिल, जवाहर व्यापार भवन, जनपथ, नई दिल्ली-110001

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प्रणब मुखर्जी
PRANAB MUKHERJEE



वित्त मंत्री, भारत
FINANCE MINISTER
INDIA

FOREWORD

General Financial Rules, 2005 and Manual for procurement of Goods, 2006, issued by the Ministry of Finance form the broad generic guidelines of Public Procurement. It is, therefore, very heartening that Ministry's own Miniratna Public Sector Enterprise- Security Printing and Minting Corporation (SPMCIL), has built upon this foundation with the publication of its Procurement Manual for Goods.

SPMCIL plays a pivotal role in the Financial Sovereignty and Security of the Nation. Procurements that it makes - being from restricted and security cleared sources - are, therefore, far more nuanced and sensitive than other Public Sector Organizations.

The Manual has, wherever possible, adapted and expanded upon best practices from existing Public Procurement Manuals like-Defence Procurement Manual, Ordinance Factories Board Manual, DGS&D Manual and Indian Railway Stores Code etc.

The Manual also incorporates comprehensive Standard Bidding Documents and brings about synergy between the Policies and Practices in such organizations.

I congratulate SPMCIL for this excellent work and fervently hope that publication of this Procurement Manual will serve a guide and practical operating instructions for the functionaries in a transparent manner and would enable SPMCIL to discharge its onerous duties to the Nation.

(Pranab Mukherjee)

PREFACE

Currency Printing, Coins Minting, Production of Security Paper and Printing of Security Products by SPMCIL form the bloodline of India's Financial and Commercial Health. We have to be technologically one step ahead of even the cutting edge technology to ensure security of our products.

Procurement of such constantly evolving technological products from restricted, security cleared sources requires much more fine-tuned processes and procedures than in other Public Procurement situations. At the same time we have the responsibility to do our procurements with efficiency, economy, transparency and equity.

This Procurement Manual balances both these needs admirably. It breaks fresh grounds in addressing Pre-Qualification Bidding, Procurement and Disposal of Security Items, Indigenization & Development Contracts, Handling of Samples, Handling of Dissent within TEC and sharing of work & responsibility across the organization. At the same time, the routine of Procurement Principles & Policies; Modes of Procurements; ABC Analysis; Reasonableness of prices; Negotiations; Price-variations; Liquidated Damages; Option Clause; Dispute Resolution; Removal and Banning of Vendors and Disposal of Scrap have been thoroughly addressed in detail.

The structure of topics in Manual follows the actual work-flow in Public Procurement. Lot of efforts have gone into keeping consistency in Housekeeping - indexes, Abbreviations, Definitions and Cross-references. Variable delegation limits have been gathered together in an Annexure to avoid modification of the body of the Manual with changes in delegation limits.

The manual while laying down the detailed operating procedure highlights the background and logic of topic so that decisions can be taken in an enlightened and informed manner.

Standard Bidding Documents (SBD) for Tenders also forms part of this manual. It has been ensured that the policies and procedures in the Manual and the clauses of the SBD have synergy and consistency. Fixed and Variable portions in SBD have also been kept separate, so that core of the SBD can be used as a printed document.

The formulation of the Manual is a result of thorough due-diligence in SPMCIL at various levels. The drafts of the Manual were examined in detail by CVO, Director Technical and Director Finance. I have also personally gone through the Drafts at various stages line-by-line. The drafts were also circulated and discussed with the units and their suggestions have been incorporated as far as feasible.

The consultancy for writing this manual was entrusted to Indian Railway Institute for Logistic and Materials Management (IRILMM), who deputed Shri Girish Bhatnagar, former General Manager E. C. railway as their Chief Consultant for this work. His 36 years long expertise in Public Procurement is reflected in the excellence of this manual. We acknowledge his hard work and sage advice during writing of the manual.

I also thank Shri Ashwini Kumar, Director Technical, Shri Madan Mohan, Director Finance, Shri Ajay Nath, CVO and Field Officers who have participated in the deliberations on the drafts. I specially commend the out-of-course efforts of Shri Ajay S. Singh, General Manager (IA) in coordinating and contributing to the creation of this Procurement Manual.

I hope this Procurement Manual would help all concerned officers and staff to do Procurements speedily and confidently without fears or doubts.

Date : 23 April, 2011

(M. S. Rana)

Chairman & Managing Director

Security Printing and Minting Corporation of India Ltd.

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List of Abbreviations used in this Manual

Note: For the purpose of this Manual, some designations, wherever mentioned, would also include/ cover some equivalent designations prevalent in the organisation.

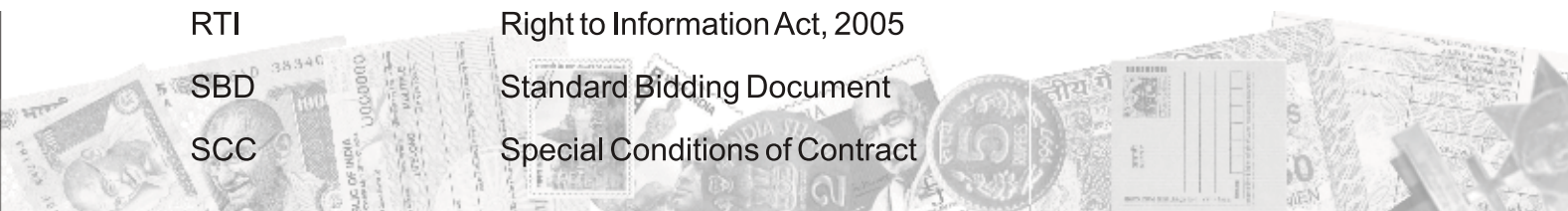
Abbreviation	Term
AAEC	Appreciable Adverse Effect on Competition – as defined by Competition Act 2005 – to identify anti-competition tactics.
ADO(Cost)	Administrative Officer (Cost)
ADO(Purchase)	Administrative Officer (Purchase) also see OM – which is equivalent
AM(F)/AM(A/C)	Assistant Manager (Finance)/ Assistant Manager (Accounts)/ Assistant Manager (Finance&Accounts).
AO (F)	Assistant Manager (Finance) (AM/F), Officer (F&A) or equivalent of Finance and Accounts department
AWM	Assistant Works Manager. AWM implies ACE/CO or equivalent officer of concerned department
BG	Bank Guarantee
BOC	Bid Opening Committee
BIS	Bureau of Indian Standards, earlier known as ISI
B/L	Bill of lading
BRBNMPL	Bhartiya Reserve Bank Note Mudran Pvt. Limited
C&AG	Comptroller and Auditor General of India
CA	Competent Authority (used interchangeably with CFA at some places)
CA	Chartered Accountant
CBI	Central Bureau of Investigation
CC	Condemnation Committee
CCO	Chief Control Officer
CE	Chief Engineer
CEO	Chief Executive Officer
CFA	Competent Financial Authority (used interchangeably with CA at some places)

CIF	Cost, Insurance and Freight Included
CMD	Chairman and Managing Director
CMIE	Centre for Monitoring Indian Economy
COTS	Commercially Off The Shelf (Stores)
CPA	Certified Public Accountant
CPSE	Central Public Sector Enterprises, see PSU also
CPSO	Chief Purchase and Stores Officer
CPWD	Central Public Works Department
CST	Comparative Statement of Tenders
CVC	Central Vigilance Commission
DACR	Deposit at Call Receipt
DBT	Direct Bank Transfer (Payment)
DC	Denial Clause
DCE	Deputy Chief Engineer
DD	Demand Draft
DGM	Deputy General Manager
DGS&D	Director General Supplies and Disposals
DP	Delivery Period
DoC	Directorate of Currency
DWM	Deputy Works Manager, Works Manager of Mints. DWM implies CCO/DCE or equivalent officer of concerned department
ECS	Electronic Clearing System
EMD	Earnest Money Deposit
EOI	Expression of Interest (Tendering System)
ERV	Exchange Rate Variations
FA&CAO	Financial Advisor and Chief Accounts Officer
FAS	Free Alongside Shipment
FEMA	Foreign Exchange Management Act
FOB	Free on Board
FOR	Free on Rail



FOT	Free on Truck/ Transport
FPS	Foot Pound Second – British System of Measurements
GC	Grievance Committee
GCC	General Conditions of Contract
GFR	General Financial Rules (current Edition is of 2005)
GIT	General Instructions to Tenderers
GM	General Manager
GRN	Goods Receipt Note
H1, H2 etc	First Highest, Second Highest Offers etc in Disposal Tenders
H1, H2	First Half Year and Second Half Year in Procurement Planning
IATA	International Air Transport Association
ICB	International Competitive Bidding
ICC	International Chamber of Commerce
IEEMA	Indian Electrical Equipments Manufacturers Association
Incoterms	International Commercial Terms, 2000 (of ICC)
INR	Indian Rupees
ICB	International Competitive Bidding
IS	Indian Standard (Presently called BIS standards)
ISI	Indian Standards Institute, now known as BIS
ISO	International Standards Organization
ITJ	Indian Trade Journal
L1, L2 etc	First or second Lowest Offer etc.
LC	Letter of Credit
LME	London Metal Exchange (Indices/ rates)
LOI	Letter of Intent
LPP	Last Purchase Price, sometimes also called LPR = Last Purchase Rate
LTE	Limited Tender Enquiry
MEA	Ministry of External Affairs
MHA	Ministry of Home Affairs

MIC	Marketing Intelligence Cell
MRN	Material Requisition Note (Indent)
NCB	National Competitive Bidding
NIT	Notice Inviting Tender
NOC	No Objection Certificate
NSIC	National Small Industries Corporation
OEM	Original Equipment Manufacturer
OM	Officer Material, also see ADO(Purchase) which is equivalent
OTE	Open Tender Enquiry
P&F	Packing and Forwarding (Charges)
PAC	Proprietary Article Certificate
PBG	Performance Bank Guarantee (Also see SD)
PIO	Public Information Officer (RTI Act)
PO	Purchase Order
PQB	Pre Qualification Bidding
PQC	Pre Qualification Criteria
PR	Procurement Register
PSU	Public Sector Undertaking
PVC	Price Variation Clause
QAP	Quality Assurance Plan
R/R	Railway Receipt
RBI	Reserve Bank of India
RC	Rate Contract
RFI	Request for Information
RFP	Request for Proposal
RFQ	Request for Qualification
RTI	Right to Information Act, 2005
SBD	Standard Bidding Document
SCC	Special Conditions of Contract





SCGM	Standing Committee of General Managers
SD	Security Deposit (also see PBG)
SDC	Scrap Disposal Committee
SIT	Special Instructions to Tenderers
SO	Supply Order
SPC	Spot Purchase Committee
SPMCIL	Security Printing and Minting Corporation of India Limited
SSI	Small Scale Industry
STE	Single Tender Enquiry
STEC	Special Tender Evaluation Committee
TC	Tender Committee (used interchangeably with TEC at some places)
TEC	Tender Evaluation Committee (used interchangeably with TC at some places)
TLD	Token Liquidated Damages
UCPDC	Uniform Customs and Practices for Documentary Credits
UNCITRAL	United Nations Commission for International Trade Law
WM/SWM	Works Manager of Presses/Mill. WM implies Chief Engineer, Manager(Control), Senior Works Manager of Mints and Chief Chemist or equivalent
YTD	(consumption in the) Year to Date



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PART A: CHAPTERS

Chapter 1: Introduction

1.1 About This Manual:

SPMCIL has four main lines of business namely Currency printing, Coins minting, production of Security Paper and printing of Security Products. Besides its sovereign function of producing currency, coins, and other high security products like Passports for Government of India, it also produces security items like post cards, inland letters, and envelopes. SPMCIL also produces commemorative coins; Security Ink and Medallions. Some of its units have gold and silver refining facility and facility of producing standard weights and measures. SPMCIL needs to procure various items and services to support its activities at its headquarters (HQs) and the nine units.

Public institutions of SPMCIL's magnitude have an overall responsibility to exercise their financial powers for making procurements in all stake holders' interest and also a wider accountability not only to bring in efficiency, economy, and transparency in its processes but also, to be fair and equitable in its treatment to suppliers by promotion of transparency in public procurement. To achieve these objectives and also to eliminate arbitrariness in a public procurement system, it is essential that the officials engaged in purchase be provided with all the required rules, regulations, instructions, directives, etc. in the form of a Manual. This Manual has been prepared keeping the same in view.

This procurement manual elaborates the principles of segregation of responsibilities between requisitioning and procurement entities by specifying several of such separate and distinct functions within the overall procurement system. The procurement manual underlines the best practices available to help the organization to procure goods and services that meet the specifications at best value for money and within the required time frame. This manual should be used as the definitive guide for procurement rules, and should be followed in letter and spirit. The Directors in the corporate office and GMs of units are responsible for distribution of manual and the amendments.



1.2 Intent of the Manual

The intent/objective of the manual can be summarized as follows:

- (i) To attain best value for money taking into account principles of efficiency, economy and transparency. Best value for money implies the use of optimum criteria which incorporates total cost of ownership of the goods necessary to satisfy the long term goals of SPMCIL, along with satisfactory performance in use.
- (ii) Robust contract monitoring and control mechanisms to ensure effective assessment of all the options in specified circumstances throughout the life of the contract.
- (iii) Transparent and fair Procurement process facilitating optimum competition possible in procurement of goods.
- (iv) Providing sufficient notice & opportunity to bidders and hence provide equal opportunity to market players to do business with the Corporation.
- (v) Ensuring proper diligence and accountability in all procurement decisions.
- (vi) Achieving a uniform, systematic, efficient and cost-effective procurement process. The process should also be in accordance with the applicable rules & regulations of the Government.

1.3 Amendments and Revisions to the Manual

This manual shall be referred for all procurements to be done in SPMCIL. In case of doubt or clarification and items not covered in the manual, the matter shall be referred to CMD as detailed hereunder:

Given the commercial environment and technology changes, this manual may require changes and refinement. This manual is therefore subject to change from time to time as deemed necessary. Changes will be provided in the form of sequentially numbered amendments to the manual or if deemed necessary, as a new version of the manual.

A Procurement Manual, like this is a living/ evolving document which matures with time, based on the collective experiences of the organization. In case there are inconsistencies in the clauses of this Manual, or manual is either silent or its language unclear/ ambiguous in a particular case, then the concerned procurement (or

any other) officer can initiate the process of amendment by filling a change request form given in Annexure 24: Change Request Form and getting it approved by GM through CPSO (in the case of units and DGM/GM of concerned division in HO). The request shall then be placed before the CMD (or competent authority designated for this purpose by CMD) for clarification or amendment to the Manual. After the approval the amendment/ clarification shall be circulated for execution. The amendment so issued shall form part of the manual.

1.4 Definitions

1.4.1 Procurement

The term "Procurement" refers to the process by which goods, services and works are acquired from third parties. This is a lifecycle process that covers from the initial purchase concept through to the end of the life (and disposal also in case of Goods/assets) of the purchased asset or service.

1.4.2 Supplier

Supplier is the party, which contracts to supply goods and services. The term includes his employees, agents, successors, authorized dealers, stockists and distributors. Other homologous terms are: Contractor, Vendor, Firm, Manufacturer, OEM, Bidder, Tenderer etc.

1.4.3 Contract

The proposal or offer when accepted is a promise, a promise and every set of promises forming the consideration for each other is an agreement and an agreement, if made with free consent of parties competent to contract, for a lawful consideration and with a lawful object is a contract. Other homologous terms are: Supply Order, Purchase Order, Supply Agreement, Work Order etc. This includes "Notification of Award".

1.4.4 Stores

The term "stores" applies generally to all articles and materials purchased or otherwise acquired including not only expendable, consumable, and issuable articles in use or accumulated for specific purposes, but also articles of dead stock like plant, machinery, tools and machinery spares, instruments, furniture, equipment, fixtures etc. Other homologous terms are: goods, materials etc.

1.4.5 Competent Financial Authority

The Competent Financial Authority (CFA) is an authority duly empowered by the Board of SPMCIL to sanction and approve expenditure from company accounts to a specified limit in terms of amount of such expenditure and availability of funds.

For the purpose of this manual, a CFA is defined as the person/body which is authorized to sanction purchase of goods and incur expenditure. It is also the responsibility of the CFA to monitor that a demand is not split into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase of the original demand. Some times “Competent Authority” may also be used for CFA.

1.4.6 Financial Powers

Financial power is the power vested in an authority by SPMCIL Board or delegated to an authority to approve expenditure from the funds placed at the disposal of that authority. The CFA may authorize staff officers to sign the financial document on his behalf with the clear understanding that the accountability for the correctness of such documents remains with the CFA. No CFA can approve an expenditure involving amounts beyond his financial powers.

1.4.7 Indent

An indent is a requisition placed by competent authority of user department on purchase Department to procure item/items. Duly approved indent is the authority for initiating procurement action and may contain one or more items, each with distinct item code / part Number. All necessary details of the item including quantity, denomination, estimated price, specification, scope of supply, date required by, place of delivery and inspection authority are to be indicated in the indent to enable prompt procurement of the item. Other homologous terms are: Requisition, Material Requisition Note (MRN) etc.

1.4.8 Tender Committee (TC)/ Tender Evaluation Committee (TEC)

These two terms are used interchangeably sometimes in this Manual, though the terminology prevalent in SPMCIL is TEC.

1.4.9 Head of Division

Any officer in charge of any Division/ Section or Department e.g. WM/ CCO/ CE etc.

Chapter 2



Chapter 2: Procurement- Principles and Policies

2.1 Canons of Financial Propriety

There are fundamental canons of Financial Propriety for competent financial authorities (CFA) in Government and Public Sector that they must pay due regard to the following principles, while sanctioning financial expenditure: -

- (i) The expenditure should not prima facie be more than the occasion demands, and that every CFA should exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of his own money.
- (ii) No authority should exercise its powers of sanctioning expenditure to pass an order, which will be directly or indirectly to its own advantage.
- (iii) Public moneys should not be utilised for the benefit of a particular person or section of the community unless –
 - a) The amount of expenditure involved is insignificant; or
 - b) A claim for the amount could be enforced in a Court of Law;
 - c) The expenditure is in pursuance of a recognised policy or custom;
- (iv) The amount of allowances, such as travelling allowances, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole, a source of profit to the recipients.

2.2 Code of Ethics

SPMCIL as well as Bidders, Suppliers, Contractors, and Consultants under SPMCIL contracts shall observe the highest standard of ethics during the procurement or execution of such contracts. In pursuit of this policy, for the purposes of this provision, the terms set forth below are defined as follows:

- (i) “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, at any stage, of anything of

value to influence the action of a public official in the procurement process or in contract execution;

- (ii) “Fraudulent practice” means a misrepresentation or omission of facts, directly or indirectly, at any stage, in order to influence a procurement process or the execution of a contract;
- (iii) “Collusive practice” means a scheme or arrangement, directly or indirectly, at any stage, between two or more Bidders, with or without the knowledge of the Purchaser, designed to establish bid prices at artificial, non competitive levels; and
- (iv) “Coercive practice” means harming or threatening to harm, directly or indirectly, at any stage, persons or their property to influence their participation in the procurement process or affect the execution of a contract.

A particular violation of ethics may span more than one of above mentioned unethical practices. The following Policies will be adopted in order to maintain the standards of ethics during procurement:

- (i) A proposal for award will be rejected if it is established that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question.
- (ii) A contract will be cancelled if it is determined at any stage that SPMCIL representatives/ officials have directly or indirectly, engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract.
- (iii) In case any individual staff is found responsible, suitable disciplinary proceedings should be initiated against such staff under the SPMCIL Conduct Discipline and Appeal (CDA) Rules. The existing provisions under the Indian law including the instructions of Central Vigilance Commission should be followed in this regard.
- (iv) Firms or individuals shall be banned/ blacklisted after following due process, including declaring them ineligible, either indefinitely or for a stated period of time, to participate in or be awarded a SPMCIL contract, if it at any stage it is established

that they have, directly or indirectly, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a SPMCIL contract.

2.3 Basic Aim of the Procurement Function

The basic aim of the procurement function is to ensure five essential parameters in every procurement decision (these are called the 5 R's of Procurement):

- (i) Right quality
- (ii) Right quantity
- (iii) Right 'price & value' for money
- (iv) Right 'Time & Place' of delivery
- (v) Right source of supply.

2.4 Laws/Guidelines governing Procurement

While India has no separate legislation for the specific purpose of public procurement, there exist various rules, legislations & directives which guide public procurement process, key among them being:

- (i) Constitution of India
- (ii) General Financial Rules (GFR), 2005, Government of India (GOI) and Delegation of Financial Powers Rules, 1978
- (iii) Ministry of Finance, GOI, Manual for Procurement of Goods and Services, 2006
- (iv) Indian Contracts Act, 1872
- (v) Sale of Goods Act, 1930
- (vi) Arbitration and Conciliation Act, 1996
- (vii) Competition Act, 2002 as amended with Competition (Amendment) Act, 2007
- (viii) The Information Technology Act, 2000 (IT Act, regarding e-Procurement and e-Auction, popularly called the Cyber Law)
- (ix) Export Import Policy of Government of India
- (x) Foreign Exchange Management Act (FEMA) and FEMA (Current Account Transactions) Rules, 2000

- (xi) Central Vigilance Commission (CVC) guidelines related to public procurement
- (xii) Right to Information (RTI) Act 2005

These guidelines and directives have been studied, and appropriately incorporated into this manual.

2.5 Special obligations of Public Procurement

Over and above the principles of Procurement, Public Procurement places onerous obligations on the Public procurement Organizations – which distinguish Public procurement from Procurements done by Private Organizations.

2.5.1 Equality for Bidders

Right of equality before law (Art. 14) and the Right to carry out any profession (Art. 19 (1) g), are as follows:-

“FUNDAMENTAL RIGHTS

Right to Equality

- 14.** *Equality before law. - The State shall not deny to any person equality before the law or the equal protection of the laws within the territory of India.*

Right to Freedom

- 19.** Protection of certain rights regarding freedom of speech, etc.-
- (1) All citizens shall have the right-
 - (a) to freedom of speech and expression;
 - (b) to assemble peaceably and without arms;
 - (c) to form associations or unions;
 - (d) to move freely throughout the territory of India;
 - (e) to reside and settle in any part of the territory of India; [and]
 - (g) *to practise any profession, or to carry on any occupation, trade or business.”*

These have been interpreted by Courts in such a way, so as to ensure that every citizen of India has a right to get equal opportunity to bid for

and be considered for a government/public contract. However this provision does not debar the organization from laying down reasonable eligibility or prequalification criteria for selection of successful bidders in a contract. Thus a Public Procurement Organization should be ready to prove in court that no bidder has been denied equal opportunity to bid and be considered for the concerned contract.

2.5.2 Transparency and Disclosures of Procurement Decisions

Under the Right to Information Act, 2005 (RTI Act); every citizen has the right to demand transparency and information in Public Dealings including Procurements. Thus a Public Procurement Organization should be ready to provide Documented Record of its Procurement Process/ Decisions to general public who may not be conversant with intricacies of Public Procurement.

2.5.3 External Accountability

Apart from internal accountability to which even Private Sector Procurements are subject to, Public Procurements are answerable and accountable to a number of external organizations, like Parliament and Parliamentary Committees, CVC, CBI, C&AG, Concerned Ministries etc. Thus a Public Procurement Organization has to conduct its procurements and keep records in such a way that the decisions can be explained to Organizations who may not be fully conversant with peculiarities of its operations.

2.6 Fundamental Principles of Public Buying

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

The procedure to be followed in making procurement must conform to the following yardsticks:-

- (i) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in

view the specific needs without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;

- (ii) Offers should be invited following a fair, transparent and reasonable procedure;
- (iii) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
- (iv) The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (v) At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

2.7 Purchase Policy

2.7.1 Price Preference

As per existing Government instructions, SSIs, who are registered with NSIC, can be allowed price preference up to 15% in comparison to the large scale Industries. However, such a preference “is to be considered strictly on merit in consultation with the FA&CAO and GM (Jointly) in such a manner as to discourage inflation and prevent profiteering and creation of sense of self complacency in economy”. The Tender Document shall mention the specific price preference consideration to SSIs.

2.7.2 Purchase Preference

As per the latest directives (Department of Public Enterprises' OM No.DPE/13(15)/2007-Fin dated: 21.11.2007) the Purchase Preference Policy stands lapsed w.e.f. 31.03.2008. This however does not apply to Sector-wise Price preference policies e.g. for SSIs. Hence there is at present no Purchase Preference for Central Government Public Sector Enterprises (CPSE).

Chapter 3



Chapter 3: Procurement - Roles and Responsibilities

3.1 Introduction:

The current Chapter outlines the roles of various departments and key officials involved in the procurement of goods at SPMCIL and its Units. It also details the functions of the committees in the context of procurement.

3.1.1 Strengthening of Procurement Department

The procurement department should be strengthened by taking the following steps:

- (i) Preferably one AWM or equivalent officer of grade pay Rs.5400 and one DWM or equivalent officer of grade pay Rs.6600 from technical section should be deputed to purchase department for a period of at least three years. This should be done on a rotation basis. AWM or equivalent officer of grade pay Rs.5400 can replace PO in various committees and DWM or equivalent officer of grade pay Rs.6600 can replace CPSO in various committees wherever PO and/ CPSO or not available.
- (ii) A market intelligence cell should be incorporated in the Purchase department as elaborated in Para 3.4.
- (iii) CPSO shall remain the head of the procurement section. PO/CPSO shall be the member Secretary of all relevant Committees. He will discharge all functions to get the committee meeting convened, minutes issued and follow up etc

3.1.2 Centralized Procurement

Centralized Procurement should be done for items of critical requirement for more than one unit identified by Director (Technical) and General Manager of concerned units. The demand for these items should be estimated at the beginning of the previous year and tenders for such planned procurement shall be finalized preferably by November of the previous year. These items include steel/metal for coins, paper and ink for printing. Other materials can be included as and when required in this list. The list of items to be procured centrally will be released by SPMCIL HQ.



3.1.3 Procurement by Purchase department

Ideally the purchase department should consolidate requirements of all user departments and then float tender for annual procurement. Annual procurement should be done by the Purchase department for the following types of items:

- (i) Items used by more than one department
- (ii) Regularly consumed throughout the year and procured in large quantities requiring large storage facilities or storage at different locations.

However, for goods which are not covered in annual tender, purchase department should do ad-hoc procurements of such goods through appropriate mode of procurement subject to financial limits specified for such modes of procurements. These procurements may be done by the purchase department for the following types of items:

- (i) Items not covered in annual tender.
- (ii) Items for which requirements are not commonly encountered and hence not planned in annual tender.
- (iii) Items for which future demand could not be anticipated at the time of annual tender.

3.1.4 Procurement by User department:

In situations when emergency/ ad-hoc procurement is absolutely necessary to address specific requirement of goods, user department should procure such goods through emergency/ad-hoc procurements through LTE/ Spot Purchase subject to financial limits specified for such modes of procurements – duly recording the reasons of such purchase at their level and keeping CPSO informed.

Purchase department should do the following as a precautionary measure to avoid emergency/ad-hoc procurement:

- (i) At the beginning of the year, the purchase department will ask all the user departments, through a written inquiry, to submit a list of goods required for operations for the whole year.
- (ii) The purchase department should update the list for

annual procurement by adding goods that have been procured through emergency procurement in the past three years.

- (iii) Possibility of execution of suitable rate contract should be explored to avoid any requirement of making emergency purchases at User department.

3.2 Organization Structure:

Please refer to abbreviations portion to view equivalent authority under the generic Designation.

3.2.1 General Manager (GM)

- (i) The GM is the Principal Executive Officer of the unit/division and oversees the day-to-day operations of the unit/division of SPMCIL.
- (ii) GM is the final administrative approving authority for all procurements up to the limit as decided by the Board and is member representative in Tender Evaluation Committee.
- (iii) GM is responsible for reviewing the list of empanelled bidders.
- (iv) Deviations to General Terms and Conditions and any deviation in GIT and GCC of the SBD, if any should be approved by him for procurements requiring approval upto his level. SIT and SCC of the SBD shall invariably be approved by the GM for procurements requiring approval upto his level.
- (v) He is over all responsible for ensuring compliance of instructions regarding security items as per para 6.12.
- (vi) GM should supervise the administrative actions of procurement officials and staff.
- (vii) He is responsible for taking certain procurement decision on behalf of higher level CFAs with concurrence of FA&CAO, as laid down in Para 3.6.4.
- (viii) In all proposals in connection with Procurement going to SCGM or SPMCIL HQ, he should record his approval with the concurrence of FA&CAO and ensure harmonization of divergence in views between Departments as far as feasible before the proposal is put up to CFA.

3.2.2 Deputy General Manager (DGM)

- (i) DGM is the administrative approving authority for all procurements upto the limit as delegated through this manual
- (ii) He is responsible for periodic review of indents and plan for procurement.
- (iii) He is member of the relevant Tender Evaluation Committees.

3.2.3 Financial Advisor and Chief Accounts Officer (FA&CAO)

- (i) He should supervise all financial approvals and payments of contractor/ supplier bills in time.
- (ii) He is member of the Tender Evaluation Committee.
- (iii) He should concur any deviation in the GIT and GCC of the SBD and specifically record his observations on SIT and SCC.
- (iv) He should vet all agreements before their release.
- (v) He should ensure availability of all important documents (e.g. inspection reports, purchase order) before release of payment to suppliers.
- (vi) As laid down in Para 3.6.4, certain Post Contract decision are taken by GM on behalf of higher level CFAs, with his concurrence.
- (vii) In all proposals in connection with Procurement going to SCGM or SPMCIL HQ, he should give his concurrence, before the proposal leaves the Unit.
- (viii) Responsible for Safe custody of EMD, SD and ensure their validity as per contract

3.2.4 Works Manager of Presses and Mill or Sr.Works Manager of Mints

- (i) He would be responsible for approving annual procurement plan for his department.
- (ii) He participates in various committees. He delegates subordinates responsibility for tender evaluation and inspection of goods for certain items as mentioned in this manual.

- (iii) He would be responsible to make available inspection reports on time.
- (iv) He is responsible for timely preparation and submission of Indents of Materials in his jurisdiction.
- (v) He is responsible for procurement for the items within his capacity as CFA.

3.2.5 Chief Purchase and Stores Officer (CPSO)

- (i) CPSO is responsible for planning, aggregating and procuring goods required for functioning of SPMCIL unit.
- (ii) He supervises the administrative actions of all officers and staff of the Stores and Purchase functions.
- (iii) He is also responsible for exercising administrative power on issues like finalization of procurement plan, initiate timely procurement, monitoring of stages of tenders, compliance to timelines stipulated in the tender, ensuring validity of tender offer, amendment of contract, and acceptance of deviation after seeking approval of competent authority
- (iv) He is also a member secretary in BOC and TEC as mentioned in Para 3.3.1 and 3.3.2.
- (v) He should ensure availability of material as and when required and avoid stock out situations.
- (vi) In case of procurement of goods, CPSO shall be responsible for the execution of the contract with the successful bidder.
- (vii) He is responsible for all aspects of contract management, taking appropriate approval wherever required as per Para 3.6 and Chapter 11 & 12.
- (viii) He is responsible for ensuring compliance of all laid down procedures in all procurements.
- (ix) On completion of contractual obligations, he should initiate action for release of EMD/SD.

3.3 Committees

3.3.1 Bid Opening Committee (BOC)

Role & Mandate: The key role and mandate of the Bid Opening Committee (BOC) has been detailed at para 8.9.2.

Composition: The bid opening committee shall comprise of one purchase officer, one officer from the Finance department and one officer from technical section. The day wise (Tuesdays and Fridays) standing committees should be constituted for opening of bids. The committee approved for a particular day shall open the bids due to be opened on that day. Committee shall be approved for every quarter with the approval of GM in consultation with FA&CAO.

3.3.2 Tender Evaluation Committee

Role and Mandate: Tender Evaluation Committee (TEC) members, wherever required shall be approved by CFA or GM in case CFA is GM or higher authority. Approval shall be accorded on the recommendation of CPSO/PO. The key role and mandate of the TEC will be as follows:

- (i) The TEC will check whether the participating bidders satisfy the eligibility criteria in respect of the Tender Notice and declare the eligible parties (responsive tenders). Bids of only the eligible bidders shall be processed for evaluation thereafter. The evaluation criteria for evaluating the tender should be predetermined, pre-disclosed and documented in the tender documents.
- (ii) To evaluate the techno-commercial responses of the bidders and ensure that they meet user requirements in a comprehensive manner, in cases where two bid system is used.
- (iii) To mark the scores of the bidders as per the tender terms and conditions of the Tender Document..
- (iv) To rank the bids by scores/ marks awarded or prices and identify the preferred bidder to be considered for approval by the competent authority.
- (v) Make comparative statement in case of both Technical and price/Financial Bid.
- (vi) The TEC shall have the mandate to carry out the evaluation of all eligible tenders and select the preferred eligible bidder, duly monitoring compliance of laid down purchase procedures in all stages of the tender, reasonability of estimates and bids (e.g. ascertaining whether rates are fair or not) and, if required, associated technical details of the tender.

- (vii) To prepare a report and forward its findings to the competent authority.

Composition: Composition of Committee and CFA shall be as per Annexure 28: Composition of Tender Evaluation Committee and Powers of CFA. PO/CPSO should be member secretary of the committee. The specific composition of the committee will be value-based as well as depend upon the nature of procurement.

3.3.3 Special Tender Evaluation Committee (STEC)

In case of procurement which needs approval of Board of Directors of SPMCIL or in cases where procurement involves non-SPMCIL units, a Special Tender Evaluation Committee (STEC) may be constituted by CMD, SPMCIL or the Government of India – which will have responsibilities, quorum and other requirements similar to SCGM. For the joint procurements of goods and services for SPMCIL and BRBNMPL, the committee will evaluate and do the necessary processing.

3.3.4 Condemnation Committee (CC)

CC members, wherever required shall be approved by CFA or GM in case CFA is GM or higher authority. Approval shall be accorded on the recommendation of CPSO/PO. Condemnation Committee will recommend disposal of surplus/ obsolete items and condemning capital and security items.

Role & Mandate: The key role and mandate of the Condemnation Committee (CC) are as follows.

- (i) Evaluate users' request for disposal against available data on book value.
- (ii) Decide whether the goods recommended for disposal by competent authority or inventory audit, should be disposed off, or retained in inventory, and categorize disposable goods into surplus/ unserviceable/ condemned/ obsolete/ unusable / scrap with reasons for disposal.
- (iii) The Committee will recommend condemnation and CFA, on the basis of recommendation of the committee issue Condemnation Certificate as acceptance to the condemnation report. For all scrap

items 'Fit for Disposal Certificate' (in case of Security/ sensitive items/ Machinery) shall also be issued.

Composition: Composition of Committee and CFA is given at Annexure 28: Composition of Tender Evaluation Committee and Powers of CFA

3.3.5 Surplus Disposal Committee (SDC)

SDC members, wherever required shall be approved by CFA or GM in case CFA is GM or higher authority. Approval shall be accorded on the recommendation of CPSO/PO. Surplus Disposal Committee shall recommend disposal of condemned/ surplus/ obsolete items and the disposal process.

Role & Mandate: The key role and mandate of the SDC are as follows.

- (i) Prioritize disposal of surplus/ scrap items across the Unit.
- (ii) Consider and approve recommendations of the TEC and select preferred bidder for disposal tenders.

Composition: Composition of Committee and powers would be as per Annexure 28: Composition of Tender Evaluation Committee and Powers of CFA

3.3.6 Standing Committee of General Managers (SCGM)

For certain Higher Level Procurements, role of CFA is assigned to Standing Committee of General Managers, as detailed in Annexure 28: Composition of Tender Evaluation Committee and Powers of CFA.

Role and Mandate: The key role and mandate of the SCGM is to discharge the function of CFA as mentioned above.

Composition: SCGM shall consist of

- (i) In case Mints: GMs/ HODs of Mints and FA&CAO of Concerned Unit
- (ii) In case of Presses: GM/HOD of ISP, SPP & SPM and FA&CAO of concerned Unit.
- (iii) In case of Currency Presses: GMs/ HODs of BNP, CNP & SPM and FA&CAO of concerned Unit.
- (iv) In case of Paper Mill: GMs/ HODs of BNP, ISP and SPM and FA&CAO of concerned Unit

3.4 Market Intelligence Cell

Market Intelligence Cell (MIC) should be created under the CPSO and it shall be assigned with following tasks:

- (i) To gather and compile information on the prices of end products and input raw materials.
- (ii) In relation to the existing items on rate contracts and empanelment for new products proposed to be bought, MIC will collect the names of possible sources with a view to improve participation by the industry in SPMCIL purchases;
- (iii) To maintain data base on past contracts showing details of items procured, their essential spec(s), unit rate, quantity, total value, mode of procurement, number of tenders received, number of tenders considered as acceptable, reasons for exclusion of overlooked tenders, un-negotiated rates of L1 and contract rates in order to help in ascertaining reasonability of prices of future procurements.
- (iv) Data on price trends and price indices for various items will also be compiled to the extent feasible.
- (v) They will ensure inter-unit sharing of price indices and price database as indicated in Para 10.13.4
- (vi) To consider suggesting new items for conclusion of the rate contracts;
- (vii) Any other related functions.

3.5 Time Limit for Procurement & Accountability

The ill-effects of delay in processing and clearance of various procurement activities needs no emphasis. The decentralization of decision making mechanism and delegation of financial powers are aimed at facilitating faster decision making and obtaining best value for money. However, the delegation of powers also implies "authority with accountability". Every individual in the chain of the procurement process is accountable for taking action in a specified time period so that the requirements are met on time. The timelines for procurement are given in Annexure 1: Time Frame for Procurement.

3.6 Work & Responsibility Sharing when SCGM or Higher authority is CFA

3.6.1 Introduction

In a multi-unit, multi-specialty organization, like SPMCIL, Competent Financial Authority (CFA) has to be at levels of Standing Committee of GMs (or Special Tender Evaluation Committee referred in Para 3.3.3) and various levels in SPMCIL HQ. Since the main functions of SCGM and higher levels are Direction, Management, and Supervision across the matrix of different departments - these levels cannot be expected to go into nitty-gritty of the facts of the proposal, but have to approve the decisions based on logical rigor/ consistency, taking into account the Factual/ Technical issues brought out at lower expert levels. A check list as well as certificates shall be submitted by TEC to CFA as part of proposal giving and confirming all relevant details of the proposal which are essential for informed decision making.

3.6.2 Techno-Economic Decisions

Therefore as far as Techno-Economic decisions are concerned, the basic work and fundamental responsibility for factual, technical and logical rigor/ Consistency would still remain with the concerned officials of the Unit, despite a concurrence/ approval by the CFA at SCGM or higher level – except when the CFA has enforced a suo-moto (without referring such changes back to the concerned officials of the unit for reconsideration) alteration/ deletion/ addition in the Techno-economic submission of the concerned officials of the Unit. CFA at SCGM or Higher levels would have supervisory responsibility for logical rigor/ Consistency only in such matters. Within the responsible Unit there would be internal sharing of such work and responsibility depending on the internal preparation, review and approval of such decisions. Common use items of SPMCIL and BRBNMPL such as currency paper, security inks, common machinery etc. shall be procured after due consultation by the organisations. Procurement of Bank note paper and quickset intaglio ink shall be done as per the existing practice whereby one agency is the nodal agency and committee consisting of officers from both organisations decide on the procurement. Procurement of OVI and other

security features shall be handled by DoC. As and when equipment and machinery of similar usage is to be procured by SPMCIL or BRBNMPL both organisation would consult each other and decide about procurement after giving due cognisance to the requirements and inputs of others.

Regarding procurement of paper, same system shall be continued for the requirement of paper of SPMCIL and BRBNMPL, till a decision is taken by DoC on changed procedure of procurement of base paper and security features incorporated in the same.

Concerned Unit, in case of processing of common requirement of more than one units of SPMCIL (or BRBNMPL/RBI) would be the nodal unit nominated by SPMCIL HQ for the item. The nodal unit will associate other concerned units in such decisions or processing of the case. STEC will be the committee for review/evaluation of such tenders.

3.6.3 Committee Decisions

However in case of Tender Evaluation Committee (TEC) Decisions, all TEC members and CFA/ constituents of CFA will have collective responsibility for decisions taken by them, except for dissent, in which case it will be as per Para 10.15.

3.6.4 Contract Management Decisions

At post-contract stage also, the responsibility would be shared jointly between the proposal initiating Department and the CFA (including associated Finance and other constituents) on the line similar to TEC/ TC decisions.

In case of drafting/ issue of contract/ Amendments, the responsibility would be shared by the drafting/ signing/ financial vetting officials.

All contract management actions shall be done with the approval of CFA. Where CFA is SCGM or Board, such actions and contract management in general will be done by the GM of the concerned unit with the concurrence of FA&CAO – keeping in mind para 3.6.6.

3.6.5 Higher Level Decisions

All proposals to the SCGM or to SPMCIL HQ should be sent only with the concurrence of FA&CAO and approval of GM of the concerned unit. GM of the unit should record his approval with comments and ensure harmonization of divergence in views between Departments of his unit as far as feasible before the proposal leaves the Unit. In case CFA is Committee of Directors/ Board of Directors the proposal shall be recommended by SCGM for approval of Corporate Office. For the procurement of HO, in place of SCGM, proposals shall be submitted to Director/ Committee of 3 functional Directors/ Committee of Directors/ CMD or Board as the case may be.

3.6.6 Stages at which approval of Higher Level CFA shall be required

Stages at which approval of higher CFA may be taken: Approval of CFA at SCGM and higher level may be taken at following stages, to avoid discovery of an anomaly at a very late stage:

- (i) At Specification finalization stage, in case of Machinery/ Plant and in case of change of regular specification for other raw material/ consumable/ security items
- (ii) At PQC formulation stage in case of deviation from standard documents
- (iii) PQB Tender finalization Stage
- (iv) At tender Document stage, if there is a change/ deviation from Standard Bidding Documents, SBD/ GCC/ SCC used in past.
- (v) At procurement tender finalization stage of techno-commercial and financial bidding.

All aspects of Contract Management are to be done by CPSO taking approvals of appropriate CFA in accordance with Chapters 11 and 12. However approval of next higher authority than CFAs for approval of procurement may be taken for following decisions:

- (i) Termination of Contract
- (ii) Amendment to Contract other than Extension of DP.
- (iii) Waiver or change of modality or Agency of Inspection.
- (iv) Removal from registration list or banning/ Blacklisting of Firms.

In the cases where CFA is Board of Directors/ Committee of Directors/CMD, CMD's approval shall be taken for the above.

Chapter 4



Chapter 4: Types and Modes of Procurement

Section I) Types of Procurement

Seen from budgetary point of view, procurements can be categorized into following types:

- Capital Procurement
- Revenue Procurement
- Indigenous Procurement
- Foreign Procurement (Import)

4.1 Capital Procurement

Expenditure of a capital nature shall be an expenditure with the object of increasing assets of material and it should include charges for first construction and equipment of a project as well as charges for immediate maintenance of the work while not yet open for service.

4.2 Revenue Procurement

Revenue procurement should bear all subsequent charges for maintenance and all working expenses; these include all expenditure on working and upkeep of operations. The revenue procurement, therefore, is for items and equipment including replacement equipment (functionally similar) assemblies/sub assemblies and components to maintain and operate already sanctioned assets in the service, the necessity of which have been established and accepted.

4.3 Indigenous Procurement

Procurement from indigenous sources is called indigenous procurement. Proper loading criteria for all taxes, duties and other expenses involved in procurement of an item need to be applied to provide level playing field to the indigenous manufacturers. Payments against indigenous procurement are normally made in rupee terms.

4.4 Foreign Procurement (Import)

For such equipment and assets, which are of foreign origin, items required to maintain and operate the equipment also need to be procured from suppliers abroad. Payment against foreign procurement is made in foreign currency through a Letter of Credit (LC) or Direct Bank Transfer (DBT)

Section II) Modes of Procurement

The following are the various mode of procurement that can be resorted to, with details:-

- Nomination Basis Tenders
 - Proprietary Article Purchase (PAC)
 - Single Tender
- Open Tenders
 - International Competitive Bidding (ICB)

- National Competitive Bidding (NCB)
- Limited Tender Enquiry (LTE)
- Short Notice Tenders (Express Tenders)
- Direct Contracting
 - Purchase of Goods without Quotations
 - Purchase of Goods by Purchase Committee (Local Procurement)
 - Spot Purchase Committee (SPC)
- Rate Contracts (RC)
- Repeat Orders

4.5 Proprietary Article Purchase

- 4.5.1 Certain items, particularly equipment and spares, are the Proprietary product of a manufacturing firm. Such items are only available with that firm or their dealers, stockist or distributors as the detailed specifications are not available for others to manufacture the item. In such situations, a Proprietary Article Certificate (PAC) is issued in favour of the original equipment manufacturer (OEM) and items procured on PAC basis (STE) from that particular firm or their authorized dealers or distributors. While PAC is issued only in respect of the concerned OEM, the item may be bought from any supplier listed in that particular PAC provided supplies are accompanied by a proper manufacturer certification. PAC once issued will be valid for one year from the date of issue unless cancelled earlier. Certification to be issued for PAC procurement is given in Annexure 21 Certificate for Proprietary Article Item.
- 4.5.2 PAC bestows monopoly and obviates competition. Hence, PAC status must be granted after careful consideration of all factors like fitness, availability, standardization and value for money. Even if last procurement was on PAC basis, the next PAC certificate may not be issued without a fresh review.
- 4.5.3 It is clear that PAC certificate will be given only when this item is manufactured only by the recommended firm (clause 6(a) of the PAC certificate) but there are two different circumstances:
- (i) There may be no other firm who manufactures similar or alternative items (Clause 6(b) in PAC certificate).
 - (ii) There may be other firms manufacturing similar or alternative items but no other make/brand is considered to be suitable for reasons that may be recorded. This also can be for two types of reasons:
 - (a) There could be tangible reasons (Clause 6(c-1) in PAC certificate) - like in case of spares for specialized Machines, it is necessary to buy

spares from OEM only for reasons of warranty and so as not to endanger the functioning of the machine.

- (b) There could be other reasons which may not be tangible (Clause 6(c-2) in PAC certificate).

4.5.4 In situations like Clauses 6(b) and 6(c-1) in the PAC certificate, which are PAC situations beyond any doubt, the powers of purchase at all levels would be same as their maximum purchase powers under normal circumstances.

4.5.5 Situation like clause 6(c-2) in the PAC certificate is prima-facie a PAC situation but research and exploration of market may be necessary before next procurement cycle. In such cases powers of Purchase would be same as in case of STE. For such items if two consecutive purchases have been done on PAC basis, the third procurement must be done by normal tender route to explore the market.

4.6 Single Tender

Invitation to one firm only is called 'Single Tender'. Single Tendering for non PAC items may be resorted to only on the grounds of existing or prospective emergency relating to operational or technical requirements, as per delegation of powers laid down in Annexure 28 (Item B). The reasons for single tender enquiry (STE) and selection of a particular firm must be recorded and approved by the CFA prior to single tendering. Purchases on STE basis should be made from reputed firms after determining reasonableness of rates. A quarterly report of all such purchases finalized during the quarter shall be prepared and sent to HQs for submission to Audit Committee and Board of Directors.

4.7 International Competitive Bidding (ICB)

ICB procedures should be adopted in following situations if any of the conditions mentioned below is true:

- (i) Non-existence of local representative of the global principal of the manufacturer/ supplier.
- (ii) Requirement for compliance of specific international standards in technical specifications.
- (iii) Absence of sufficient number of competent domestic bidders likely to comply with the required technical specifications.
- (iv) Goods contracts exceeding the threshold of Rs Twenty Five (25) Crores.
- (v) ICB is similar to open tendering but involves participation of foreign firms in the bidding process.

Terms & Conditions

- (i) ICB tenders shall be openly advertised and copy of the NIT should be sent to the embassies of the prospective bidders and posted on

SPMCIL website and the Indian Trade Journal - ITJ. All bidders shall be allowed to submit bids, and after pre-qualification shall be used to determine responsive tenders.

- (ii) ICB tender documents must be in English and express a freely convertible currency.
- (iii) ICB tender documents must contain technical specifications which are in accordance with National requirements and are also based on international trade standards.
- (iv) The bidding period shall not be less than 6 weeks from the date of advertisement or the date of availability of the tender document whichever comes later.
- (v) Relevant Inco Terms should be included in the tender

4.8 National Competitive Bidding (NCB)

NCB procedures should be adopted for all annual tenders in any of the following situations:

- (i) All common use items with clear technical specifications.
 - (ii) Items which are ordinarily available in open market but it is found necessary to evaluate competitive offers to decide the most suitable and economical option available.
 - (iii) Goods contracts exceeding the threshold of Rs twenty five (25) Lakhs.
- Bidders already registered with SPMCIL are also free to participate in NCB. NCB is normally a two-stage bidding, first stage of which evaluates credential of bidders.

Terms & Conditions

- (i) All interested parties should be allowed to bid for the tender.
- (ii) Invitations to bid shall be advertised in at least one widely circulated national (amongst top 5 newspapers by circulation) and local newspaper of wide publication (with circulation of over 2 Lakh copies), on SPMCIL website and the ITJ
- (iii) Deadline for submission of bids shall be at least thirty (30) days from the last date of issue of the Tender Documents. Extension of deadline of submission shall not be allowed without prior concurrence of GM when:
 - (a) for the first request from the bidders for extension if it is longer than eight (8) weeks; and
 - (b) for all subsequent requests from the bidders for extension irrespective of the period;
 - (c) Re-tendering shall not be carried out without the prior concurrence of the GM or CFA.

4.9 Limited Tender Enquiry (LTE)

4.9.1 When Estimated Value of Procurement is less than Rs 25 Lakhs:

LTE procedures should normally be adopted, for procurements when estimated value of procurement is upto Rs. Twenty Five (25) Lakhs. Copies of the bidding documents should be sent directly by speed post/courier/e-mail to firms which are registered suppliers.

Prospective bidders for LTE should be selected in a non-discriminatory manner from its registered bidders' data-base and it should also select a sufficient number of suppliers or contractors (at least three) to ensure effective competition.

Terms & Conditions

- (i) The minimum number of suppliers to whom LTE should be sent is three. In case less than three approved suppliers are available, LTE may be sent to available approved suppliers with approval of the competent authority duly recording the reasons.
- (ii) In case it is proposed to exclude any registered/ approved supplier, detailed reasons like failure in supply should be duly recorded and approval of competent authority be taken before exclusion.
- (iii) Adequate time should be given for submission of quotes, which should not be less than three weeks. Longer period (six weeks) could be given in case of import of the materials and in complex cases, if justifications are given and allowed.
- (iv) In limited tendering, suppliers or contractors should be selected from whom to solicit tenders in a non-discriminatory manner and it shall select a sufficient number of suppliers or contractors to ensure effective competition.
- (v) Before resorting to limited tendering it would be essential to ensure that the demand is not split into small quantities for the sole purpose of avoiding the necessity of taking approval of the competent authority required for sanctioning the purchase of the original demand or for avoiding NCB mode of Procurement.

4.9.2 Special cases when Estimated Value of Procurement is more than Rs 25 Lakhs:

Limited Tender enquiry may also be adopted for Estimated Value of Procurement above Rs. Twenty Five (25) Lakhs in following special cases:-

- (i) Existing or prospective urgency for operational or technical requirements certified by the competent authority.

OR

Government policy designates procurement from specific agencies.

OR

It is not in the public interest to procure goods through advertised tender enquiry.

AND

- (ii) Possibility of fresh source(s) beyond those being tapped is remote or the sources of supply are definitely known and are limited.

The tendering process would be exactly same as in case of normal LTE described above. Powers to sanction processing procurement on LTE basis in such special cases would be as laid down in Annexure 28 (Item E) based on a certificate of urgency signed by the nominated level of authority therein. Since the development of panel of suppliers and consolidation of panels is likely to take some time and there are likely to be requirement to procure goods under urgency. In such cases, purchase may be done by sending enquiries/bidding documents to the known firms which are established and who have been security cleared, wherever applicable.

4.10 **Express Tenders**

In the case of urgencies of operational or technical reasons a Tender needs to be floated with short opening time. In such case tenders may be floated giving not less than 10 working days for tender opening. However tender issuing officer should ensure that tenders reach all the target group of Tenderers. The reason for calling this type of tender should be recorded and approval should be taken from the CFA or CMD whichever is lower.

4.11 **Direct Contracting: Purchase of Goods without Quotation**

This procedure should be adopted, for procurements in any or all of the following situations:

- (i) Requirement is urgent but was not covered in annual tender.
- (ii) Requirement is for off-the-shelf goods of simple and standard specifications.
- (iii) Goods contracts not exceeding the threshold of INR fifteen thousand with an annual ceiling of INR 5 Lacs for each division (such as printing, processing and maintenance) per year

Examples of procurement are Bearings, nuts and bolts etc.

ACE/AWM of user section and ACE/AWM of any other section can initiate and complete this purchase after filling Annexure 2: Purchase without Quotation Format. Upto Rs. Five thousand (5000) cash payment can be done. Above Rs. 5000 cheque payment needs to be followed strictly.

Terms & Conditions

- (i) In cases of urgent need for the goods (less than seven days notice period), the reasons for urgency shall be documented and approval sought from competent authorities before initiating direct contracting.

- (ii) The procurement officer shall prepare a list of items for proprietary procurement that may be procured through direct contracting and this list shall be approved by competent authority.

4.12 Local Procurement: Purchase of Goods by Purchase Committee

Purchase of goods upto Rs.1,50,000/- only on each occasion may be made on the recommendations of duly constituted local purchase committee consisting of three members as follows:

One member from the user department/ administration/ technical/engineering, one member from finance and accounts department and one member from purchase. Purchase department representative shall act as member secretary of the committee. Different committees shall be constituted at unit level for different types of purchases. Such purchases shall be approved by concerned CFA of the level as indicated in Section A of Annexure-28.

Before recommending placement of purchase order, the members of the committee will jointly record the certificate given in Annexure 3: Purchase Certificate Format.

For specific types of items from PSU like oil sector PSU there is no cap on the amount of purchase which can be made using this mode.

Terms & Conditions

- (i) Quotations shall be solicited from as many different suppliers as possible but in any case not less than three.
- (ii) Depending on circumstances, quotations may be submitted via email, telex or fax if so specified.
- (iii) Before resorting to local procurement, it would be essential to ensure that the demand is not split into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase of the original demand or for avoiding LTE or NCB mode of Procurement. If in any case it is essential to split the work than the approving authority shall be same (who has given the approval for the work)
- (iv) Annual review of such procurement shall be done to ensure that in future procurements are done by following open tender.

4.13 Spot Purchase Committee (SPC)

For items involving aesthetic evaluation like in wooden furniture, works of Decoration/ Art, cutlery/ fine china, household/ kitchen/ hospitality/ home or office Electronics etc items required for corporate use; specification cannot be drawn and these cannot be effectively purchased through tendering process. Such items may be procured (more than Rs 1.50 lacs but upto Rs. 10 lacs in each case) as a very special case by a Special Purchase Committee known as the Spot Purchase Committee (SPC) – who will physically go to the known show-rooms/ dealers in appropriate



markets for such items and identify models/ part numbers that will suit from more than three vendors. These vendors will be asked to submit sealed quotations for such identified products on the spot/ by hand at a later time. Thereafter the SPC would finalize and place Purchase orders on the selected vendor for the selected model of item. SPC would be nominated by CMD in consultation with Director Finance and concerned Director. SPC should, inter alia, include officers of level competent to procure items of this value, besides the PO/CPSO & Finance Officers, any one or more of the Technical Officers as per need & nature of item under purchase.

Before recommending placement of purchase order, the members of the committee will jointly record the certificate given in Annexure 3: Purchase Certificate Format.

4.14 **Rate Contracts (RC)**

RC procedures should be adopted for procurements in following situations:

- (i) Commonly used goods of low value needed on recurring basis by various user departments.
- (ii) Goods for which Rate Contract is convenient to operate economically.

However, RC should not be operated in following situations:

- (i) In case of goods of low value and which are required by the users in very small quantities, rate contracts should not be concluded.
- (ii) Rate Contract may not be resorted to for the scarce/critical goods in perpetual short supply.

Examples of RC based procurement are Auto spares, Towels, Brooms etc.

Rate contract of DGS&D or any other agency approved by Government such as Kendriya Bhandar and NCCF may also be operated. In case items are not covered in such RCs or if it is decided to have own RC then it should be finalized through open tendering adopting NCB procurement procedures. As far as feasible, termination period of different RC should be fixed in such a way that tax rate changes during annual budget of the Government are avoided – since any adverse effect may frustrate the RC. Moreover termination period of RCs of different items should be staggered so that work load is evened out during the year. RC essentially is an agreement with the supplier at a specified price and terms & conditions (as incorporated in the agreement) during the period covered by the Rate Contract. No quantity is mentioned nor is any minimum commitment guaranteed in the Rate Contract. The Rate Contract is in the nature of a standing offer from the supplier firm. SPMCIL is entitled to withdraw/cancel the Rate Contract by serving an appropriate notice to supplier, at any time. Reason for such action shall be recorded and communicated to the concerned rate contract holder. Additional General

Instructions to Tenderers (GIT) and Special Conditions of Contract (SCC) for Tenders for RC are laid out in the SBD.

Terms & Conditions

- (i) Rate Contracts shall be awarded to the firms who are registered for the goods in question and fulfill the laid down eligibility and qualification criteria including availability of ISI mark, service centers across the country etc. Suitable stipulations are to be incorporated in the tender enquiry documents to this effect.
- (ii) In respect of new items being brought on rate contract for the first time where there is no registered supplier (for the subject items), the requirement of registration can be relaxed with the approval of competent authority. The award of such rate contracts will, however, be subject to the suppliers' satisfactory technical and financial capability.
- (iii) Some of the bidders (who are otherwise registered for the subject goods) may also be holding current rate contracts and/or held past rate contracts for the required goods. Their performance against such earlier/current rate contracts shall be critically reviewed before they are considered for award of new rate contracts.
- (iv) Specific performance and achievement criteria as on a selected cut-off date is to be evolved for this purpose and incorporated in the tender enquiry document. The bidders will be asked to furnish the relevant details (along with their tenders). Their performance and achievement should be judged against the past/ current rate contracts. These criteria are to be evolved and decided by the purchasing department during procurement planning stage for incorporation in the corresponding tender documents.
- (v) The purchase department should post the descriptions, specifications and other salient details of all the rate contracted goods, appropriately updated, on its web site and forward a hard copy for use by the procuring user departments

4.15 Repeat Orders

Repeat Orders is an extraordinary exceptional process and is not normally resorted to. Repeat orders against a previous order may be considered for approval by the respective CFA under exceptional circumstances subject to the following stipulation, recording the reasons for the same. CFA in this case would be as per the delegation of power for STE for the value of additional Repeat order quantity. :-

- (i) It should be exercised only after exhausting the provisions for option clause in the original contract and only in extra-ordinary unforeseeable cases of existing and prospective emergency for which there is not enough time to procure the material by processing the procurement case in the normal manner.



- (ii) In case of security items, if there is a delay in finalizing a tender due to non-receipt of security clearance from relevant Govt. Deptt, a Repeat Order may be exercised.
- (iii) Concerned items ordered have been delivered successfully, in the original contract.
- (iv) Original order did not cover urgent/emergent demand.
- (v) It is not placed to split requirement to avoid sanction of the next CFA.
- (vi) That there is no falling trend in prices for this item as evidenced from the fact that in the intervening period neither orders have been placed at rates lower than this contract nor any tender has been opened where such rates have been received even though tender is not yet decided. If no tender has been handled in the intervening period then other means of price evaluation may be used as detailed in Para 10.13.1.
- (vii) The firm is prepared to hold the same prices terms and condition including delivery schedule as per requirement.
- (viii) The requirement is for stores of identical nature/specification, nomenclature etc. Minor improvements in spec(s) or phasing out of products due to obsolescence should not be precluded from purview of repeat order.
- (ix) It is placed within 9 months (12 months in case of security sensitive machines/ items) from the date of last supply against previous order and only once.
- (x) Repeat order quantity is to be normally restricted to a maximum of 50% of last order quantity, both in case of indigenous procurement and import orders. In case of S.O/contract where option clause has been availed of, total of both option and Repeat order quantities should not exceed 50% of the originally ordered quantity.
- (xi) The original order placed should be on the basis of lowest (negotiated) price and was not on delivery preference.
- (xii) Repeat Order should not be exercised in case of Development orders.
- (xiii) This provision could also be exercised in case of PAC/Single Vendor OEM case.
- (xiv) However, where multiple vendors are available, necessary care should be taken in exercising Repeat Order so that the original tender decision of splitting quantities and differential pricing is not upset or vitiated. Other things being equal, repeat order should first be considered on the vendor with lower rate.

Exercise of Repeat Order provision should be a rare occasion. Since the circumstances of operation of Repeat Order are unforeseeable, provision for repeat order should not be made as a matter of course in the Tender as these clauses have an impact on price. In the absence of a clause in the Tender, repeat order exercise may be treated as procurement under Single Tender basis.

Chapter 5



Chapter 5: Tendering Systems

Section I) Two Bid Tender System

5.1 Two Bid Tender System:

For procurement of commercially off the shelf (COTS) stores, where qualitative requirements and technical specifications are clear, single bid system may be followed. In other cases two bid system needs to be followed:-

- (i) The tenderers should be asked to bifurcate their quotations in two parts – first part, called the Techno-commercial Bid, containing the relevant technical details of the equipment/ machinery etc. offered by them with reference to the specification and allied technical details incorporated in the tender enquiry documents indicating confirmation to technical and commercial conditions and, in the second part, called the Financial Bid, the price quotation along with other allied issues.
- (ii) The Techno-commercial Bid with EMD and the Financial Bid should be sealed by the Tenderer in separate covers duly super-scribed and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super-scribed with tender number, the officer receiving tender and the name of the Tenderer.
- (iii) These details regarding submission of bids should also form a part of the General and/ or Special Instructions to tenderers (GIT & SIT) in the tender documents.
- (iv) The Techno-commercial Bids are to be opened in the first instance, at the prescribed time & date by the Bid Opening Committee and the same will be scrutinized and evaluated by the TEC with reference to parameters prescribed in the tender documents.
- (v) Thereafter, in the second stage, the Financial Bids of only the techno-commercially acceptable offers (as decided in the first stage above) are to be opened for further scrutiny, evaluation, ranking and placement of contract. The Financial Bids of unacceptable bidders should be returned unopened to the respective bidders under Registered AD/ Reliable Courier or any other mode with proof of delivery.
- (vi) CVC has suggested that technical specification and techno-commercial conditions should be modified, if required in a prebid conference in two bid tender and it would be desirable not to invite



fresh Financial Bid after opening of Techno-commercial Bids.

- (vii) PQB, EOI, Techno-commercial or financial bids shall be opened in the presence of willing bidders after giving them due notice about the date, time and venue of opening of bids.

Section II) Pre Qualification Bidding (PQB)

5.2 Background:

Prequalification Bidding (PQB) is a procedure for selection of competent qualified tenderers by using a Prequalification Criterion (hereinafter referred as PQC), prior to the issue of the “Invitations to Tender” or otherwise. The crux of PQB is in locating suppliers with proven skills essentially required for the supply of items/ works/ Services so as to ensure fair and wider competition among such a set of suppliers. CVC stipulates that PQB should meet the norms of Transparency, Fairness & Maintenance of competition.

5.3 Knife-Edge Balancing Act:

These PQC Criteria should be un-restrictive enough so as not to leave out even one capable supplier (otherwise it can lead to higher price of procurement/ works/ services) but on the other hand should be restrictive enough so as not to allow even one incapable supplier to get in and thus vitiate fair competition for capable suppliers – to the detriment of the buyer's objectives. A misjudgment in either direction has serious consequences for the buying organization and is stressed by CVC also.

5.4 PQB only as an exception:

Since aim of Public Procurement is to generate widest possible competition in its Tenders, PQB should be done as an exception under specified circumstances. It should not be a normal mode of Procurement of Goods (as opposed to works tenders) where an Eligibility Criteria Clause as part of Single/ two packet tendering should suffice.

5.5 Categories of Procurement where PQB is Desirable or Undesirable

5.5.1 Desirable Categories

In following categories of procurements, PQB shall be called for in SPMCIL for procurement of Goods:

- (a) Security Items; Raw Material and Plant & Machinery/ Equipment of Security and Sensitive Nature, where the specifications can be shared only with PQC compliant

bidders who are cleared by security agencies,

- (b) Non-security items- For non-security items exceeding estimated cost of more than Rs.25 lacs and proposed to be procured through open tender, the PQB criteria shall be followed for short-listing before technical bids are opened. To reduce the lead time for procurement of items, PQB, Technical and financial bids shall be invited at one go (Single Stage in three packets containing PQB, Technical bid and Commercial bid).
- (c) Development Tenders or Exceptional One-Off Cases; Development of Sources of items where SPMCIL finds it necessary to develop more sources or desires to develop indigenous sources for imported proprietary/ non-proprietary items – only in those cases where SPMCIL has the specifications/ drawings. (henceforth referred as Development Tender).

5.5.2 Undesirable Categories

In following categories of procurement, PQB need not be done:

- a) Where Specifications of the items to be procured are not available.
- b) Where procurement can be done through Limited Tender Enquiries.
- c) When procurement is to be done through a sample.

5.6 Separate PQB or Combining it with Procurement tender

For non-security category of ITEMS to reduce the lead time for procurement of ITEMS, the buyer may apply post qualification by requiring bidders to submit the information pertaining to their qualification together with their bids (i.e. as three packet systems: PQB, Techno-commercial, Financial packets), provided the Time, Effort and Money required of the bidder to participate in a tender is not very high.

In this event, it will be necessary to ensure that a bidder's risk of having its bid rejected on grounds of qualifications is remote if due diligence is exercised by the bidder during bid preparation. For that purpose, clear-cut, fail-pass qualification criteria need to be specified by the buyer in both the Invitation for Bids as well as the Bidding Document in order to enable bidders to make an informed decision whether to pursue a specific contract and, if so, either as a single entity or in joint venture.



5.7 PQB Procedures

5.7.1 Advertisement and Notification

The Invitation for Prequalification Bidding (PQB) shall be processed (Advertised, Bid Document Preparation and Evaluation etc) in the same manner as a normal ICB or NCB (as the situation calls for) tender, ensuring widest possible coverage.

The PQC (based on Annexure 29 Prequalification Criteria Summary) and the evaluation criterion should be notified clearly in the Bid-Documents. The Bid Documents should also indicate complete schedule of Items for which this PQB is being done, including approx. likely quantity of requirements. Manufacturers/manufacturers under license or their authorized dealers who are exclusively appointed by the principal manufacturer to represent them in the country shall be eligible to apply or to take part in the bid. One manufacturer can authorize only one agent/dealer. There can be only one bid from

- (i) The principal manufacturer directly or through one Indian agent on his behalf or
- (ii) The foreign principal or any of its branch/ division or
- (iii) Indian/ Foreign Agent on behalf of only one Principal.

Principal/manufacture shall meet the Qualifying criteria. Agent may be required to furnish necessary details for security clearance, in the case of security products. A minimum period of 45 days may be allowed for submission of Prequalification Bids. In the case of urgency, duly approved by competent authority, time limit may be reduced to 30 days.

5.7.2 Evaluation

- (a) Pre-qualification Criteria for PQB to be done in the following cases have been prescribed in the Annexure:
 - (i) Procurement of Plant & machinery/equipment
 - (ii) Procurement of items other than plant & machinery/equipment
 - (iii) Development tender or Exceptional One-Off Cases
- (b) Evaluation shall be strictly done as per the criteria prescribed. It should be clarified in the PQB Documents

that bidders have to submit documents in support of eligibility criteria. Supporting documents submitted by the bidder must be certified as follows:

- (i) All experience, past performance and capacity/capability related data should be certified by the Authorized Signatory of the Bidder firm. The credentials regarding experience and past performance to the extent required as per eligibility criteria submitted by the bidder should be verified from the parties for whom work has been done.
- (ii) All financial standing data should be certified by certified accountants e.g. Chartered Accountants (CA) in India and Certified Public Accountant/Chartered Accountants of other countries.
- (c) PQC credentials and data called should be verified (except in cases where the offer does not meet the specified PQC criteria, as per credentials submitted by the Tenderer himself) and evaluation may be done strictly as per notified criteria. In case relaxation is considered necessary, re-tendering may be done. Decision making should not be left to the Tender Evaluation Committee.
- (d) Decision of the PQB shall be conveyed to the successful as well as unsuccessful bidders. However, in the case of Security Products, PQB results shall be conveyed to bidders only after receipt of security clearance from competent authority. Reasons for disqualification of unsuccessful bidder(s) should also be communicated to them.

5.7.3 Subsequent Procurement tender

It is desirable that the gap of time between Prequalification Approval and floating of the linked main procurement Tender is less than 6 months. Prequalification Approval would normally be valid only for the Procurement Tender immediate following the PQB.

Only Pre-qualified Bidders are to be allowed to quote in the Procurement tender immediate following the PQB and all other bids may be treated as unsolicited offers – which are normally rejected.

5.8 PQC Summary Table:

A summary of PQC is laid down in Tabular form separately for machinery and plant and for items other than machinery and plant, for different categories of items (as per para 5.5.1 above) . It has been



Tabulated as Annexure 29 Prequalification Criteria Summary for these categories of procurements.

Section III) Tenders Involving Samples

5.9 Existing Guidelines:

As per the existing guidelines on Public Procurement of Goods, purchase is to be done as per drawing/standard/ specification etc. and purchase as per sample should not be normally done. How to comply with these guidelines in various situations involving samples is detailed in following Paras.

5.10 Indeterminable Characteristics:

In certain specifications, there may be built in sample clause. Usually such clauses are stipulated to illustrate indeterminable characteristics such as shade/tone, size, make-up, feel, finish and workmanship etc. In some specification there may not be a sample clause but such indeterminable characteristics may not be specified and may be left to be agreed to between seller and buyer. In either case, supply is to be in conformity with an agreed sample in such respects only, whereas for the remaining characteristics the supplies must be in conformity with the laid down Drawings /specifications. In such cases also CVC recommends that calling for sample along with tender and deciding the Tender on basis of evaluation of Sample may NOT be done. Procurement of such items should be decided on the basis of detailed specifications/ Drawings and no sample is to be called or evaluated along with the bids. In addition, if desired a Purchaser's sample may be put on display for prospective Tenderers, indicating the example of desired indeterminable characteristics, which final supplies from successful Bidder(s) will have to meet – in addition to meeting the Specifications/ Drawings. If required, in addition to or instead of Purchaser's Sample, provision for submission of a pre-production sample to the inspection agency/ User by successful bidder(s) may be stipulated for indeterminable characteristics, before giving clearance for bulk production of the supply.

5.11 Specifications Not Known:

There are occasions when items, normally PAC products, cannot be procured from the original manufacturer. In such situations, if possible, either

- (a) A substitute similar usable item - for which specification/ drawings can be obtained - be procured as per specification in-lieu, or

(b) Wherever it is feasible, Procurement may be done as per Specifications/ Drawings to be developed through:

- (i) In-house technical capability or
- (ii) Through other agencies/consultants.

5.12 Indigenization and Development Tenders:

Cases of Indigenization and Development Tenders where specifications/ Drawings are not available and cannot be even prepared through means described in Para 5.11 b) - are detailed in following Paras. However it may not be feasible to prepare a list of such items and we may go on case to case basis and by precedence. In such a case also no samples are to be called along with bids thus there is no evaluation of samples during the tender. If necessary, Purchaser's samples may be displayed for prospective bidders. If further considered necessary, the successful bidders may be asked to submit pre-production sample before regular production is allowed.

5.13 Purchaser's Sample:

In cases, where it is decided to display Purchaser's sample, it may be displayed for prospective Tenderers (with or without stipulation of submission of pre-production sample by the successful Bidder, before bulk manufacture). In the Tender enquiry, the methodology and Tests that will be done should be made clear for ensuring compliance of Supplies (and Pre-production sample, if indicated) with the Purchaser's sample. Such Purchaser's samples would also have to be later provided to successful bidders for guidance.

5.14 Pre-production sample:

Where pre-production samples are required to be approved under the terms of the contract before bulk manufacture is permitted, the Contractor shall submit the sample (free of cost if Contract does not specify explicitly any cost for these) to the Inspecting Officer/ or the nominated authority mentioned in the contract within the time specified in the acceptance of tender. If the Contractor is unable to do so, he must apply immediately to the Office issuing the acceptance of tender for extension of time stating the reasons for the delay. If the Purchaser is satisfied that a reasonable ground for an extension of time exists, he may allow such additional time as he considers to be justified (and his decision shall be final) with or without alteration in the delivery period stipulated in the acceptance of tender and on such conditions as he deems fit. In the event of the failure of the Contractor to deliver the pre-production sample by the date specified in the acceptance of tender or any other date to which the time may be



extended as aforesaid by the Purchaser or of the rejection of the sample, the Purchaser shall be entitled to cancel the contract and, if so desired, purchase or authorize the purchase of the stores at the risk and cost of the Contractor (except in case of Development/Indigenization Contracts – where this provision is not there). In such an event, in case of Security Items where urgency develops due to such delays, not more than one year's requirement may be procured against this “Risk & Cost” tender from existing pre-qualified and security cleared firms, with the approval of SPMCIL HQ. Therefore Performance Security (SD) should be called for in all cases of Security/ Sensitive Items, even in case of Development/Indigenization Tenders.

5.15 Testing of Samples:

5.15.1 Testing Procedures and Declarations:

If any technical test is envisaged, then the procedure shall be prescribed in the tender for the method and process of testing. The technical test, wherever involved for the item of procurement, should be carried out by way of adopting a specific transparent system and strictly as per the procedure prescribed in the tender document.

5.15.2 Validation/ Prolonged Trials

In case of certain pre-production samples it may be necessary to do validation or extended trial before their performance can be declared satisfactory – which should be made clear in the Tender and Contract Documents. This can be for example in Machine/ Spares used in the Production line – where performance during prolonged production run may be required to verify the output claimed by the vendor.

This may also be relevant during the process of Development or Indigenization contracts.

Such Validations may only be done on pre-production samples that too during first Supply order of the vendor. This should be declared in the Bid Documents, indicating the Parameters Settings and duration of Validation Tests – which should be objective Tests with measurable/ repeatable results. If the duration of validity Trials is in terms of mileage/ output levels – an outer time limit may also be fixed. Normally the period of validation should not be more than 3 months. It should also be indicated whether the Permission to start bulk production will have to wait full validation or it can go on in parallel.

5.15.3 Testing Laboratories:

Tests from External Testing Authorities may be done in accordance with provisions of Para 12.7.2. Some tests may only be possible in SPMCIL units. TEC may monitor such in-house tests to ensure transparency and objectiveness.

5.15.4 Failure of Samples:

- (i) In case of Development of Sources or in case of Indigenization of Imported items, firms may be given three chances to make improvements, in a transparent and equitable manner. Such chances shall be given with a reasonable time-frame and it should not be left open-ended. The reasons of failure of sample of one bidder may be shared with all bidders while hiding the identity (without violating any IPR involved) of the Bidder of failed sample.
- (ii) In case of Pre-production samples, firm may be given one more chance if the first sample does not come up to the Contract requirement. However, this shall be done without re-scheduling of Delivery Time.
- (iii) Authority to accept/ Reject Samples: Final Acceptance/ Rejection of samples may be done by the TEC.

5.16 Handling and Preservation of Samples:

5.16.1 When a contract is concluded on the basis of an approved sample/ purchaser's sample the same shall bear seals/signatures of the approval of the different agencies as appropriate. The Samples thus bearing the seals/signatures shall serve as guide for inspection against the particular contract as given in its scope.

5.16.2 In all such cases CPSO should issue suitable local instructions to guide procurement, inspection, receipt and account of samples. It should be ensured that sealed and signed samples are available in the following manner

- (i) One No. with the stores officer nominated by CPSO for incoming inspection, record and dispute resolution.
- (ii) One No. with the supplier to guide manufacture (in case of Purchaser's sample)
- (iii) One No. with the Inspecting Authority to guide inspection.



Sealed samples intended to guide supplies against orders placed should not as a rule be sent to firms, except in cases of procurement to Purchaser's sample. Where it is necessary to show a sealed sample to a firm it shall be done through the CPSO.

- 5.16.3 The examination of the condition and correctness of seals of samples is of great importance. If a sample bears a seal of doubtful character or otherwise open to question the same shall be immediately brought to the notice of all concerned failing which the responsibility for the defect shall lie on the person in charge of the samples at the time when the defect is noticed.
- 5.16.4 Unless otherwise directed samples sealed at Unit and issued to stores shall be returned after the order is completed.
- 5.16.5 Sample shall be issued for departmental use only. The CPSO shall be responsible for maintenance and accounting for the samples registered and issued for departmental use.

Section IV) Indigenization and Development Tenders

5.17 Indigenization and Development Tenders

These are tenders with special dispensations to develop adequate sources or Specifications/ Drawings and also to indigenize manufacturing of certain items for strategic reasons. It has been dealt in Chapter 16.

Section V) Expression of Interest Tenders (EOI)

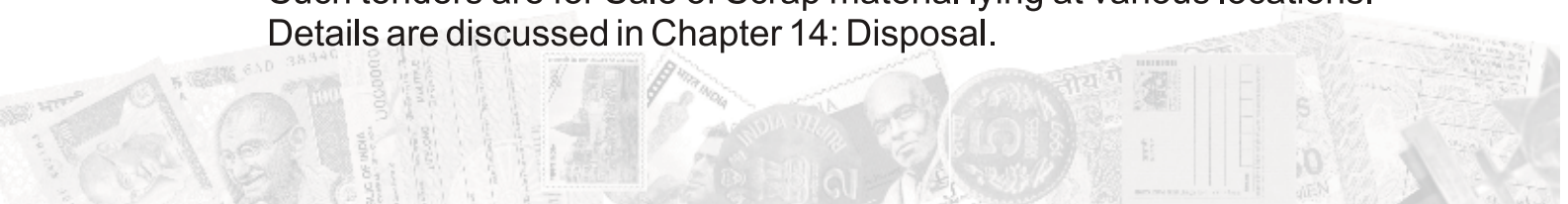
5.18 Expression of Interest Tenders

These are tenders to identify suppliers interested in registration with SPMCIL or for Development/ Indigenization of Items. These are detailed in Chapters 7 and 16.

Section VI) Tenders for Disposal of Scrap

5.19 Tenders for Disposal of Scrap

Such tenders are for Sale of Scrap material lying at various locations. Details are discussed in Chapter 14: Disposal.



Chapter 6



Chapter 6: Procurement Planning and Indenting of Materials

Section I) Procurement planning

6.1 Procurement Planning:

Procurement planning should include the following activities:

- (i) Finalization of annual requirements
- (ii) Deciding on the mode of procurement
- (iii) Review of the procurement plan at pre-defined intervals

For items such as paper and ink for which multi year contract is entered into, planning for multi years (3-5 years) should be undertaken in the final year of the existing contract.

6.2 Finalization of annual requirements

The first step in procurement planning is the finalization of the annual requirements. Annual requirement is finalized at the beginning of the year considering following parameters:

- (i) Production target of the year
- (ii) Analysis of past consumption data of last 3 years.
- (iii) Consolidation of requirements raised by all user departments.
- (iv) Estimation of requirement based on new projects
- (v) Current stock level.

Based on the above analysis a procurement plan is prepared for incorporation in SPMCIL budget. The activities for the plan of current year that should be undertaken as a part of procurement planning are as under :

- (a) Store sends consumption related figures for the last three years to all the user departments by first week of August of the previous year.
- (b) In reply, each user department then forwards its time-linked requirements for the following year (with at least half yearly requirements break-up) to the Purchase Section by first week of September of the previous year

- (c) The CPSO collates all the data and compiles the aggregate requirements and submits them for approval to the competent authority by second week of October of the previous year after budget is finalised.
- (d) After approval, the Purchase department finalizes the procurement plan by last week of October of the previous year
- (e) Finance department can use this data for budgeting purposes
- (f) It is desirable that order should be placed with the vendor clearly defining the requirements for two half-year blocks. After a mid-year review, the quantity for the second block may be revised within a range of +/- 5%. Further deviations would require competent authority's approval.

A standard template for annual requirement finalization is provided in Annexure 4: Annual Requirement Finalization.

6.3 Review of the procurement plan

A mid-year review of the annual procurement plan should be undertaken. In this review, the quantities procured should be compared to the actual consumption during the period. Purchase/Store department should send the consumption data for the last six months to the user departments asking them to re-look at the proposed requirement for the next six months. This modified demand is then sent back to the purchase department. Necessary adjustments in contract execution may be made based on modified requirements plan furnished by user departments. Preponement and postponement of delivery period if thus called for may be negotiated with the Vendors, without levy of LD or Denial Clause. If review so indicates Option clause may also be exercised.

6.4 Deciding on Mode of Procurement

After finalization of procurement plan, the mode of procurement for goods/services should be decided. Any one of the modes of procurement outlined in Chapter 4 above may be resorted to -

depending on nature and expected value of procurement of the item and/ or type of requirement. A onetime exercise should be carried out by a taskforce comprising user department officials, stores and finance officials for classification of all existing items procured annually in any one of the categories given in chapter 4, subject to the approval from competent authority. On addition of any new item to the list of procurement, CPSO shall decide the mode of procurement for the same with approval from competent authority.

Section II) Indenting of material

6.5 ABC Categories of Items – Pareto principle

The Pareto principle (also known as the 80-20 rule) states that, for inventory/ procurement, roughly 80% of the value of inventory/ procurement comes from 20% of the Items stocked/ purchased. Based on this, items are normally classified into A, B and C categories as follows:-

1. "A Category Items" inventory/ procurement will typically contain items which are 20% of total items but account for 80% of total value, and
2. "B Category Items" inventory/ procurement will typically contain items which are 30% of total items but account for next 15% (81% - 95%) of total value, and
3. "C Category Items" inventory/ procurement will typically contain items which are 50% of total items but account for next 5% (96% - 100%) of total value.

Normally buffer levels; permitted inventory levels and types/ modes of procurement are decided based on such categorization. A onetime exercise may be done for common items by SPMCIL HQ and for local items by the concerned units to categorize items in such categories.

6.6 Indenting of Material

User Department may initiate a Material Requisition. The process starts with filling up the Material Requisition Form. If the information



provided is not adequate, the requisition will be returned to originator. The Material Requisition Form should be signed by the originator and must include a work order number and/or an account number. Template of Material Requisition Form is given in Annexure 16: Material Requisition Note.

6.7 Preparation of Indent: Quantity

The quantity of requisition should be mentioned on the requisition form. It should be noted that one time exercise should be undertaken to determine reorder level and lot size for all materials. The requisition sought should be verified against the procurement planning as discussed in Paras above.

6.8 Units of Quantity

Units of quantity are a very important parameter of an Item. Some items may be manufactured in Metric Tons but may be used in units of numbers or units of lengths (for example Steel Sheets/ structural). It is important to buy an item in units, which has transparency. For example it's more transparent to buy steel structural in Units of weight, since they have a tolerance in weight per unit of length, which works normally to the disadvantage of buyer, if these are bought in units of length. The Buying and issuing units of an item may be different – but should be standardized.

It is also necessary to round off calculated quantity to nearest Wagon Load/ Truck load to economize on transportation. It is important to gather information in regard to Transportation Loads of every item

6.9 Specifications

The specifications are the detailed qualitative requirements of the items being procured and should indicate the material composition, physical, dimensional and performance parameters, tolerances if any, manufacturing process wherever applicable, test schedule, preservation and packing etc. Under the Standards of Weight and Measures Act, 1956, the metric system of weights and measures was

introduced. Accordingly, no contract should be concluded in FPS system in respect of the description of stores, drawings, specifications, or rate per unit since such an action would contravene the provisions of law and the resultant contract would be liable to be held as void.

Normally, the following types of specifications are relevant to items:-

6.9.1 PAC Specifications

These are available only with the PAC firm and are protected by the intellectual property right. Hence, PAC specifications are normally not available with SPMCIL and firm's certificate of quality is accepted. However, essential characteristics required for inspection should be made available.

6.9.2 Branded Product

The specification for branded commercial product is not available with SPMCIL or the inspecting agency and these are to be accepted at the firms guarantee. In specifying branded products CVC recommends to use the clause 'or equivalent'. Ex. XYZ bulbs or equivalent.

6.9.3 Industrial Specification

There are standard industrial specifications like the IS, BS, available for sale in the market. Every purchase agency and the inspection authority should acquire such specifications and hold with them for reference to ensure quality standards of the product being procured.

6.9.4 Ad-hoc Specifications

There are items for which industrial specification is not available. In such cases, the indenter must indicate the general parameters, normally the dimensional and performance parameters to enable procurement and inspection. Such ad-hoc specifications must be broad enough to permit wider participation by the suppliers and should not be restrictive so that adequate competition is not obviated.

6.9.5 As per Sample

Refer Para 5.10 and 5.12.

6.9.6 Common Use Items

There are a large number of items used, which are common use items freely available in open market. However, as the quality of products of various manufacturers vary widely; such items should be procured from reputed manufacturers capable of meeting quality standards of the items.

6.9.7 Specifications of Integrated v/s Sub-systems of Production Lines:

The decision to purchase complete production lines, having several work stations/ machines/ sub-systems, or sub-systems separately should be vested in the specifications Committee to be constituted by the competent authority in SPMCIL or BRBNMPL, comprising of members representing different departments in the relevant fields. The specifications to be drawn by Specifications Committee should be broad based and vendor neutral. Before recommendations of the specifications are tendered, they have to receive the approval of the competent authority according to the delegation of powers.

6.10 Approval of Indent (Purchase Proposal)

Administrative approval and expenditure sanction should be accorded by the Competent Financial Authority (CFA) in consultation with FA & CAO or AM (F) as per the amount / value of the proposal. Approval for Indent will be value based as laid down in Annexure 30: Power of Approval of Indent (Purchase Proposal).

6.11 Estimated Rate

Estimated rates are vital element in establishing the reasonableness of prices and therefore, should be worked out in realistic and objective manner on the basis of methods described in Para 10.13.1, including taxes and duties etc.

6.12 Products Requiring Security Clearance:

6.12.1 Criteria of classifying sensitive and non-sensitive impaired machinery/items:

- (i) Non-Security, Non-Sensitive machines/ Equipments: These machines/ Equipments are available in open market. They don't have any special features or special arrangements, permanent or temporary for printing/manufacturing security documents/items. Such machines may be classified as 'Non-security non-Sensitive Machinery'.
- (ii) Security/ Sensitive Machines/ Equipments: These machines/ Equipments are specially designed and manufactured for printing / manufacturing security documents/ security products. They will have permanent or temporary arrangements for printing/ producing (intermediate or final) security Products. Such machine may be classified as 'Security Sensitive Machinery'.
- (iii) Security Sensitive Items: The material or substrate itself or the material on which or by which the security features are being printed are to be considered as 'Security Sensitive Items'.

The authority to classify raw material; machinery & equipment in the category that requires security clearance is vested in a committee comprising of representatives of proposed DoC, MHA, MEA, Department of Posts, SPMCIL and BRBNMPL. Such classification may be reviewed and updated periodically. The committee may create and adopt a guideline for its working methodology.

Till this is done, existing practice of treating a product security or non-security may be followed. In case there is any new product or equipment, a note shall be prepared by the procuring agency about its justification for the product to be

considered as security. Such justification shall be sent to SPMCIL HQs for decision on classification of the product.

6.12.2 Precautions in Procurement

- (i) Whenever a proposal is prepared, the Security Clearance Status and the period of its validity may be brought out therein.
- (ii) Utmost secrecy should be maintained about any information pertaining to these items. The specifications, drawing etc of these items should never be published in any form including News Paper or on the Website. Only controlled number of copies of such documents would be prepared. Each copy should carry the copy number.
- (iii) During the process of procurement, Tender Documents and the specifications/ drawings of such items would be issued only to Vendors having security clearance within the validity of such clearance. The tender documents/ specifications thus issued should be prominently marked with the name of the recipient, so that it shows if any copies are made thereof. More sophisticated methods like watermarking the name of the recipient may be used to the extent feasible.
- (iv) Results of the Prequalification Bids would not be disclosed to even the successful bidders unless the security clearances are received.

6.12.3 Precautions in Disposal:

Precautions to be taken in segregation, marking, cutting and disposal of such items are detailed in Chapter 14 of this manual – which may be strictly followed.



Chapter 7



Chapter 7: Sourcing and Supplier Appraisal

7.1 Empanelment of vendors

It is recommended to have an empanelled vendor's database for all work/services procurement whose value is less than Rs 25 Lakhs or for emergency/calamity situation. The list of empanelled vendors may be referred to while floating limited tender/ local purchases/ direct contracting/ rate contracts. For such tenders, it may be possible to skip bidder qualification so as to avoid unnecessary repetition/ duplication of records thereby saving time, especially in case of emergency procurement.

All empanelled vendors should be allocated a unique registration number.

Annual review of empanelled vendors should be done to eliminate vendors whose performance is not satisfactory. Potential new vendors may also be added to empanelment list every year based on their satisfying the eligibility criteria.

Empanelment of vendors should be undertaken through EOI. The stages to be followed together with applicable guidelines have been detailed in Para 7.2 to 7.5.

7.2 Invitation of Expression of Interest

The first process for empanelment of vendor is invitation for Expression of Interest (EOI). An advertisement calling "Invitation for Expression of Interest" should be published. A prescribed format for Invitation for Expression of Interest is specified in Annexure 12: Invitation for submission of EOI.

The invitation to EOI document shall contain following information:

- (i) Copy of the advertisement
- (ii) Objectives and scope of requirement: This may include brief description about objectives and broad scope of the requirement. This may also include the validity period of empanelment.
- (iii) Instructions to the Suppliers: It may include instructions regarding nature of supply, fees for empanelment (if any), last

date of submission, place of submission and any other related instructions.

- (iv) Eligibility Criteria: Invitation to EOI should clearly lay down the eligibility criteria which shall be applied for short listing.
- (v) Formats for submission: This section shall specify the format in which the suppliers are expected to submit their EOI.

The copies of the EOI document should be made available to the interested supplier in hard copy form as well as on its website in a downloadable form. A prescribed format for Application for Empanelment is specified in Annexure 13: Application for Empanelment.

7.3 Short List of Suppliers

The suppliers shall be evaluated for short listing, inter-alia, based on their past experience of supplying goods in similar context, financial strength, technical capabilities etc. Each supplier will be assigned scores based on weightages assigned to each of the criteria in EOI. More weightage should be given to point number 1, 5 and 6.

S.No	Criteria	Weightage*
1	Past Experience of The firm of supplying goods	aaa*
2	Financial Strength of the Bidder	aaa*
	• Turnover figures of last three years	aaa*
	• Net Profit figures of last three years	aaa*
3	Quality Accreditations	aaa*
4	Manufacturing capabilities/ tie-ups	aaa*
5	After Sales Support Infrastructure	aaa*
6	Product Support	aaa*

* Weightages shall be decided by CFA separately after assessment of requirement and profile of the potential suppliers.

All suppliers who secure the minimum required marks (normally 50%) should be short listed. The minimum qualifying requirement shall be specified in the EOI document. Alternatively, EOI document

may specify minimum qualifying requirement for each of the criteria i.e. minimum years of experience, minimum number of assignments executed, minimum turnover etc. Under such circumstances, all suppliers who meet the minimum requirement, as specified, will be short listed. The short lists shall normally comprise at least four firms.

7.4 Removal from the Approved List

Whenever a vendor is found lacking in performance in terms of response, delivery compliance, capacity, quality standards or ethics, the vendor may be removed from the approved list with the approval of the CFA or CMD whichever is lower after giving performance notice as per the conditions of empanelment.

Removal from approved list may also be warranted in following cases:

- (i) Termination of the contract due to default or insolvency on part of the supplier declared by a court of law
- (ii) Non-performance or performance below specified standards such as repeated delays in delivery (more than twice during a contract period), low quality of goods (rejection of goods more than two times during a contract period), non-delivery etc. during the period of delivery specified in the purchase order
- (iii) In case liquidated damages have been claimed against the supplier more than twice, during a contract period
- (iv) In case the firm is banned/ blacklisted by SPMCIL or any other Government agency.

Besides, there may be registered firms who may have ceased to exist or may have been acquired by or merged with another firm, may have switched over to other sector of business operation or indulged in unethical business practices and influence peddling. Such firms should be removed from the list of approved vendors. Whenever a firm is removed from the lists of approved vendors, their registration stands cancelled. Such removal must be promulgated to all units so that any unit of SPMCIL conducts no further business



relation with such firms who have failed to perform contractual obligations even though SOs were placed on them during last three years.

7.5 Ban and Blacklisting

When the misconduct and moral turpitude of a firm justifies imposition of ban on business relation with the firm or ultimately its blacklisting, this action should be taken by the appropriate authority after due consideration of all factors and circumstances of the case, after giving due notice and opportunity to the firm to present its case. Due to Constitutional provisions, this has to be done on lines similar to disciplinary proceedings. Ban for a specified period of time may be imposed by keeping board informed.

In the following cases, firms or individuals should be banned/blacklisted including declaring them ineligible, either indefinitely or for a stated period of time, to participate in the tenders to be floated :

- (i) If any of the bidder(s) is found presenting misleading/ false information/ documents in the tender forms, statements etc.
- (ii) If a firm submits fraudulent non-encashable Financial Instruments stipulated under the Tender and Contractual conditions.
- (iii) If a firm violates the Code of Ethics (Para 2.2) and directly or through an agent, engages in corrupt, fraudulent, collusive or coercive practices in procurement or execution of Contract.
- (iv) Cartel formation or quotation of Pool/ Co-ordinated rates leading to “Appreciable Adverse Effect on Competition” (AAEC) as identified under the Competition Act, 2002.
- (v) Deliberate attempts to pass off inferior goods or short quantities.
- (vi) Violation of Fall Clause by Rate Contract holding Firms.
- (vii) Attempts to influence SPMCIL's decisions on scrutiny, comparison, evaluation and award of Tender.

Chapter 8



Chapter 8: Pre Tender Stage and Bid Opening

8.1 Introduction

Tender documents should be prepared in order to provide clear technical and commercial terms of reference for the proposed procurement. The standard bidding documents attached with the manual should be used for details. The preparation of the following parts of the tender document shall be emphasized during the preparation of the tender document:

- (i) Invitation for bids/ Notice Inviting Tender (NIT)
- (ii) General and Special Instructions to Tenderers (GIT & SIT)
- (iii) Forms of bid, qualification information, technical specifications including drawings (if any)
- (iv) Terms and Conditions of contract
- (v) Payment terms (detailed in Chapter 9)
- (vi) Forms of security
- (vii) Delivery Schedules

The checklist for tender preparation is given in Annexure 23: Check points for Tender Enquiry. SPMCIL's Standard Bidding Documents for procurement of goods is given in SBD section of the manual

Terminology for Tendering Documents in USA and International Procurement like RFI, RFP and RFQ has nowadays become prevalent even in Indigenous procurement. These terminologies unfortunately are used quite differently. World Bank and Asian Development Bank use RFQ and RFP terminology but do not use RFI term (for which they use EOI). However common usage is as follows:

- (i) **RFI** – Request for Information (approx like Expression of Interest-EOI Tender)

An open enquiry that spans the market seeking broad data and understanding.



(ii) **RFQ** – Request for Qualification (Approx like PQB)

An opportunity for potential suppliers to get shortlisted for subsequent procurement tender. Lays down precise Qualification Criteria for short listing of Vendors, to whom RFP would be issued.

(iii) **RFP** – Request for Proposal (Approx Tender floated to a target suppliers like after the RFI or RFQ)

8.2 **Standard Bidding Documents (SBD)**

The Standard Bidding Document has been grouped under different broad sections in order to make the system transparent, comprehensive, efficient and user-friendly. The broad sections of the document are:

1. Section I - Notice Inviting Tender (NIT)
2. Section II - General Instructions to Tenderers (GIT)
3. Section III - Special Instructions to Tenderers (SIT)
4. Section IV - General Conditions of Contract (GCC)
5. Section V - Special Conditions of Contract (SCC)
6. Section VI - List of Requirements
7. Section VII - Technical Specifications
8. Section VIII - Quality Control Requirements
9. Section IX – Qualification/ Eligibility Criteria
10. Section X - Tender Form
11. Section XI - Price Schedule
12. Section XII - Questionnaire
13. Section XIII - Bank Guarantee Form for EMD
14. Section XIV - Manufacturer's Authorization Form
15. Section XV - Bank Guarantee Form for Performance Security
16. Section XVI - Contract Form
17. Section XVII: Letter of Authority for attending a Bid Opening

18. Section XVIII: Shipping Arrangements for Liner Cargoes

19. Section XIX: Proforma of Bills for Payments

A reading of the sections of the tender document, in the above order will make it amply clear about the purpose and instructions behind the same. However, some broad guidelines for preparing this document (viz. Standard Bidding document) are provided in the subsequent paragraphs. While formulating SIT and SCC and other special conditions, care should be taken not to violate any instruction/ directive contained in the Procurement Manual and approval of the competent authority must be taken.

8.3 Invitation for Bids/ Notice Inviting Tender (NIT)

This model format is to be used for publishing the Tender Notice. The Invitation for Bids specifies minimum acceptable functional, technical and contractual requirements, and the evaluation criteria governing the award of a contract. NIT should be brief but should contain sufficient details for a prospective Bidder to decide whether to participate in the tender or not; and if he decides to participate – how to go about that. Potential suppliers are provided copies of the Invitation for Bids and requested to submit bids compliant to all given requirements by a specified date. A prescribed format for Notice Inviting Tender is given in SPMCIL's Standard Bidding Documents for procurement of goods. This section of SBD may be modified if the situation so warrants with the approval of CFA or CMD whichever is lower.

8.4 General and Special Instructions to Tenderers (GIT and SIT)

General Instructions to Tenderers (GIT) contain all the relevant information as well as guidance to the prospective tenderers for preparation and submission of a responsive bid. The GIT clearly states the payment terms, date, time and venue for obtaining, submitting and opening the bids. It also states the qualification criteria. This section is to be included unchanged in every Tender Document. Any changes warranted by special circumstances are to be indicated in the Special Instructions to Tenderers (SIT). The

format for preparing SIT along with corresponding cross-reference with GIT provision is available in SBD. It is also indicated therein that the provisions in the SIT will supersede the corresponding provisions in the GIT. Clauses and Topics of GIT that indicate a possibility for variation in their provisions through SIT are listed for guidance in the SIT Proforma.

8.4.1 Eligibility

Eligibility criteria have been stipulated in the Bid Documents. The bidder has to ensure that he provides convincing proof of having fulfilled these criteria.

8.4.2 Clarification of Bidding Documents

A prospective bidder requiring any clarification of the bidding documents shall notify to SPMCIL in writing, well before the due date of submission of the bids, and response will be sent in writing to the clarifications sought prior to the date of opening of the tenders. Copies of the query and clarification shall be sent to all prospective bidders who have received the bidding documents.

8.4.3 Pre-Bid conference

If found necessary, Technical specification and techno-commercial conditions of the tender should be fine-tuned in a prebid conference in two bid tender and in those single-bid tenders where Technical Specification is considered to be sophisticated.

8.4.4 Amendment of Bidding Documents

At any time prior to the date of submission of bids purchaser may, whether at his own initiative or in response to a clarification requested by a prospective bidder, may modify bid documents by amendments. The amendments shall be notified in writing by registered/ speed post or by fax/ telex/ e-mail, followed by copy of the same by registered post to all prospective bidders. In order to afford prospective bidder a reasonable time to take the amendment into

account in preparing their bids, purchaser may, at his discretion, extend the deadline for submission of bids.

If at the time of publication of the amendment, the number of days left for tender opening are less than the following period, it may be extended so that at least following number of days are available to the bidders:

- (i) ICB: 21 days
- (ii) NCB: 14 Days
- (iii) Others: 7 Days

8.4.5 Bid Validity

A bid shall remain valid for 90 days in case of single bid tender system and 120 days in case of two-bid system, unless otherwise specified, from the date of submission of offer. A bid valid for shorter period can be rejected, as being non-responsive. In exceptional circumstances the consent of the bidder may be requested for an extension to the period of bid validity. Such requests should be made much before the expiry of the bid validity. Such requests shall be made in writing. The bid security provided shall also be suitably extended. A bidder accepting the request and granting extension shall not be permitted to modify his bid. Bidding documents should be made carefully and re-tendering should be resorted to sparingly.

8.4.6 Late Bids

A tender, which is received after the specified date and time for receipt of tenders will be treated as “late” tender and will be ignored.

8.4.7 Modification; Alteration & Withdrawal of Bids

The bidder, after submitting its bid is permitted to submit alterations/ modifications to its tender so long such alterations/ modifications are received duly sealed and marked like original tender, upto the date & time of receipt

of tender. Any amendment/ modification received after the prescribed date & time of receipt of tenders are not to be considered. The bidder may also withdraw his bid after submission provided that the written notice of withdrawal is received prior to deadline prescribed for submission of bids. A withdrawal notice may be sent by fax but followed by a signed confirmation copy by post not later than the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and expiration of the period of bid validity specified. Withdrawal of a bid during this period will result in forfeiture of Bidder's bid security (EMD) and other sanctions.

8.4.8 Agents of supplier

One agent cannot represent two suppliers or quote on their behalf in a particular tender enquiry. Such quote has to be rejected. CVC (CTE) No.12-02-6-CTE/Sp-II(1)-2 dated 07 Jan 2003 refers in this regard. One manufacturer can also authorize only one agent/dealer. There can be only one bid from

- (i) The principal manufacturer directly or through one Indian agent on his behalf
- (ii) The foreign principal or any of its branch/ division
- (iii) Indian/ Foreign Agent on behalf of only one Principal.

8.5 Forms of bid & qualification information

SPMCIL's Standard Bidding Documents (SBD) alongwith the relevant forms for tender submission, Performance Bank Guarantee, Letter of Authority for attending bid opening, Manufacture's Authorization Form and Contract Form shall be enclosed.

The tender should clearly define the qualification criteria based on which proposals will be considered as responsive.

8.6 Terms & Conditions of the Contract

The General conditions of contract (GCC) to be used for contracting for procurement along with Form of Contract are given in SPMCIL's Standard Bidding Documents for procurement of goods. These

terms and conditions are general and should be used unchanged with all types of contracts.

Special conditions of Contract (SCC) of contract may be included in the tender documents, depending upon the need, and with the prior approval of competent authority. The GCC/ SCC shall also clearly specify the mode of procurement. The format for preparing SCC along with corresponding cross reference with GCC provision is available in this section. It is also indicated therein, the provisions in the SCC will supersede the corresponding provisions in the GCC. Clauses and Topics of GCC that indicate a possibility for variation in their provisions through SCC are listed for guidance in the SCC Proforma.

8.7 Forms of Security

Provisions of this Para would not be applicable to Tenders of Value upto Rs. One Lakh and fifty thousands.

8.7.1 Earnest Money Deposit

Earnest Money Deposit (EMD) is also known as Bid Security. To safeguard against a bidder's withdrawing/ altering its bid during the bid validity period in the case of advertised or limited tender enquiry, EMD is to be obtained from all the bidders along with their bids.

- (i) Amount of EMD should ordinarily be 2% of the estimated value of the goods to be purchased rounded off to nearest thousands of Rupees. Depending on the type of goods to be purchased, total value of purchase and urgency of requirement, the exact amount of EMD should be decided. In indigenous procurements, it may be capped at Rs 5 Lakhs for tenders upto Rs 10 Crores and 1% for the tender of more than Rs.10 crore, denominated in Indian Rupees.
- (ii) The tenderers who are currently registered and, also, will continue to remain registered during the tender validity period with Directorate General of Supplies & Disposals or with National Small Industries Corporation, New Delhi are exempted from payment of earnest money. In case the tenderer falls in these

categories, it should furnish certified copy of its valid registration details (with DGS&D or NSIC, as the case may be).

- (iii) The earnest money shall be furnished in one of the following forms:
 - (a) Account Payee Demand Draft
 - (b) Fixed Deposit Receipt
 - (c) Banker's cheque and
 - (d) Bank Guarantee issued/confirmed by scheduled commercial bank of India (Only in case of ICB) in the proforma given in Section XIII of SBD
- (iv) The demand draft, fixed deposit receipt or banker's cheque shall be drawn on any "Scheduled Commercial Bank" in India, in favour of the authority to be specified in SBD (NIT). In case of bank guarantee, the same is to be provided from any scheduled commercial bank in India as per the format specified under Section XIII in these documents.
- (v) EMD may be waived with CFA's approval in case of Indigenization/ Development Tenders
- (vi) In case of separate PQB tender before floating Procurement Tenders, EMD may be taken only once from the successful Bidders and EMD may not be asked from them in the Procurement Tender again. The EMD clause in PQB tender should cover this aspect.
- (vii) The EMD should remain valid for a period of 45 days beyond the final tender validity period.

Forfeiture of Earnest Money Deposit

EMD of a bidder will be forfeited, if the bidder withdraws or amends its tender or impairs or derogates from the tender in any respect within the period of validity of its tender. Further, if the successful

bidder fails to furnish the required performance security within the specified period, its EMD will be forfeited.

Refund of Earnest Money Deposit

EMD furnished by all unsuccessful bidders should be returned to them without any interest whatsoever, at the earliest after expiry of the final tender validity period but not later than 30 days after conclusion of the contract. EMD of the successful bidder should be returned after receipt of performance security from it as called for in the contract.

8.7.2 Performance Security

To ensure due performance of the contract, Performance Security (also called Performance Bank Guarantee – PBG or Security Deposit – SD) is to be obtained from the successful bidder who has been awarded the contract. Performance Security is to be obtained from every successful bidder irrespective of its registration status etc. SD/PBG may be received after the verification of FA & CAO / designated officer in adherence with said terms and conditions. BG must be verified from the issuing bank. Performance Security should be for an amount of 10% of the value of the contract. Performance Security may be furnished in the form of an Account payee Demand Draft from a “Scheduled Commercial Bank” or Bank Guarantee from a scheduled Commercial bank in an acceptable form safeguarding SPMCIL's interest in all respects.

Security is to be furnished by a specified date (generally 21 days after notification of the award) and it should remain valid for a period of 60 days beyond the date of completion of all contractual obligations of the contractor, including warranty obligations. Performance security is to be forfeited and credited to SPMCIL's Account in the event of a breach of contract by the contractor, in terms of the relevant contract. Performance Security should be refunded to the contractor without any interest, whatsoever, after it duly performs and completes the contract in all respects but not

later than 60 days of completion of all such obligations under the contract. A model format of Bank Guarantee for obtaining Performance Security is provided at Annexure 5: Bank Guarantee for Performance Security.

8.8 Publication of Tenders

8.8.1 Media for Publicity

Following procedure may be adopted to publish various types of tenders for publication of tenders for different modes of procurement:

S. No	Mode of Procurement	National Paper	Local Paper	India Trade Journal (ITJ)	SPMCIL Web Site	tender.gov.in tender website of govt. of India
1	ICB (see note 1)	Min. 2	Min. 2	Yes	Yes	Yes
2	NCB (see Note 2)					
	(a) Upto Rs.5 Lakhs	No	Yes	No	Yes	No
	(b) Between Rs. 5- Rs.25 Lakhs	Yes	Yes	No	Yes	No
	(c) Above Rs.25 Lakhs	Min. 2	Min. 1	Yes	Yes	Yes
3	Invitation to EOI	Min. 2	Min. 1	Yes	Yes	Yes
4	Limited Tendering (see Note 3)	No	No	No	Yes	No

Note 1: ICB tenders should also be published in International press at least 6 weeks prior to the deadline of submission of bids, in addition to national newspaper(s) of wide circulation. Copies of the tender enquiry may be sent to the Indian embassies abroad as well as the foreign embassies in India. The selection of embassies would depend on the possibility of availability of the required goods/services in such countries.

Note 2: In NCB, in addition to publication of advertisements, notices may be sent by Registered Mail/ Reliable Courier/ Other Recorded Method to SPMCIL's registered vendors of the item/ category and also to past successful suppliers, drawing their attention to the NCB.

Note 3: In limited tendering, direct written enquiries along with detailed specifications of requirements should be sent by Registered Mail/ Reliable Courier/ Other Recorded Method to SPMCIL registered bidders without open advertisement. To avoid situations where some of selected prospective bidders may not receive the Bid-Documents by post/courier, the Tender Notice may also be put up on website with a note that:

“This notice is being published only as an abundant precaution and is not an open invitation to quote in the Tender. Participation in this tender is by invitation only and is limited to the selected SPMCIL's Registered Bidders for the item, who have been sent this Tender by Post/ Courier. Unsolicited offers are liable to be ignored”

8.8.2 Guidelines for Publicity

Following guidelines may be followed by the officer inviting tender, regarding publicity of tenders:

- (i) In addition to publication of advertisements, attention of known reputed suppliers, SPMCIL registered vendors and also past/ current successful suppliers may also be drawn wherever possible.
- (ii) Request for release of advertisement should be sent well in advance so that adequate time is available for release through press.
- (iii) Newspapers cuttings in each case should be collected and kept on record as a proof of publicity actually achieved as far as possible.
- (iv) Full details of the dates on which advertisements have actually appeared in the Newspapers should be indicated while sending cases to higher authorities
- (v) Wherever applicable, for publication of tender notices in national newspaper, widely circulated publication in English and Hindi shall be chosen, preferably also having a local edition, with circulation of over two Lakh copies or the one amongst top 10 newspapers by circulation (as per the latest available NRS/ IRS survey)
- (vi) Depending on the target vendors, local/vernacular newspapers with circulation of over one Lakh copies or one amongst top three newspapers by circulation (as per the latest available NRS/ IRS survey) shall be selected.



- (vii) Selection of Newspaper may be reviewed every 3 years.
- (viii) Print out of the tenders published in the website shall be kept in the file and also shown to TEC.

8.8.3 Economy in Publicity

For economy in cost, following guidelines should be kept in view:

- (i) As far as possible, combined tender notice may be issued for all the works to be awarded around the same time.
- (ii) The official designation and address of the relevant officers should not to be repeated at the end.
- (iii) Based on media consumption for the last three years, media buying for the entire year should also be initiated.
- (iv) Advertisement in newspapers may be brief and shall give reference to SPMCIL website.

8.9 Tender Submission & Bid Opening

8.9.1 Receipt & Custody of Tenders

Following key guidelines shall be followed for receipt and custody of bids:

- (i) Receipt and custody of bids shall be done in a transparent manner to maintain credibility of the process.
- (ii) Purchase department shall maintain a Tender Box for receiving the bids. Tender Boxes should be separate for each day of the week of Tender Opening and should be sealed by nominated competent authority.
- (iii) The location of Tender Box should be such as to facilitate easy access to bidders.
- (iv) For oversized bids which cannot be dropped into Tender Boxes, the officials authorized to receive the bid shall provide a receipt signed by them with date and time to the bearer of the bid.
- (v) Bids received by courier shall be deposited in tender box by the Despatch section till the date & time of bid opening.
- (vi) In cases where the tender is required to be submitted by hand, it may be ensured that the names and designation of at least two officers are mentioned in the bid documents. The information about these officers should be displayed at the entrance reception of the premises where the tenders are to be deposited so as to ensure convenient approach for the bidders.

- (vii) Bulky tenders which cannot be dropped in the Tender Box can be accepted by Despatch section. While taking delivery of such bulky tender(s), the officer who receives the tender(s), will sign on the cover; duly indicating the date and time of receipt of the tender(s).

8.9.2 Procedures to be followed during Bid Opening

- (i) The Committee will meet every Tuesday and Friday. In case of holiday, the committee will meet on the next working day.
- (ii) Bid Opening Committee should Collect Bids from Tender Box kept at security gate at prescheduled time
- (iii) The BOC will prepare a list of the representatives attending the tender opening and obtain their signatures on the same. The list will also contain the representatives' names and the corresponding bidders' names & addresses and the authority letters brought by the representatives. This list will also be signed by BOC members with date & time.
- (iv) BOC should ensure the bid envelopes are duly sealed and untampered. Before opening each bid, envelop should be held up for all participants, to see that it is in sealed and untampered condition.
- (v) All the tenders received on time shall be opened in the presence of Bid Opening Committee and the tenderers or their authorized representatives (who have submitted regular tenders) at the prescribed time, date and place. The authorized representatives, who intend to attend the tender opening, are to bring with them letters of authority from the corresponding tenderers. Key role and mandate of Bid Opening committee is detailed at Para 3.3.1, which may be strictly followed.
- (vi) Ensure all mandatory requirements (e.g. EMD, specific supporting documents etc.) as specified in the bid-documents are fulfilled.
- (vii) The Bid Opening Committee is to announce the salient features of the tenders like description and specification of the goods, quoted price, terms of delivery, delivery period, discount if any, whether EMD furnished or not and any other special feature of the tender for the information of the representatives attending the tender opening.



- (viii) After opening, every tender shall be numbered serially, initialed, and dated on the first page by one of the officials authorized to open the tenders. Each page of the price schedule or letter attached to it shall also be initialed with date, particularly the prices, delivery period etc., which shall also be circled and initialed with date. Blank tenders, if any, should be marked accordingly by the tender opening officials.
- (ix) The original (and duplicate, if any) copies in a tender set are to be marked accordingly by the tender opening panel.
- (x) Alterations/ overwriting/ use of whitener/ columns left unfilled in tenders, if any, made by the tenderers, shall be initialed with date & time and numbered by the officials opening the tenders to make it perfectly clear that such alterations were present on the tenders at the time of opening. Wherever any erasing or cutting is observed, the substituted words should also be encircled and initialed with date & time - to make clear that such erasing/ cutting of the original entry was present on the tender at the time of opening.
- (xi) An on-the-spot report containing the names of the tenderers (serial number wise) salient features of the tenders, as read out during public opening of tenders will be prepared by the tender opening officers duly signed by them with date & time.
- (xii) The tenders, which have been opened, the list of the representatives attending the tender opening and the on-the spot report are to be handed over to the nominated purchase officer and acknowledgement obtained for the same.
- (xiii) Money documents should be handed over to AM (F)/ AO(F) for safe custody and monitoring as per Para 10.17.8.
- (xiv) In case of samples which accompany the bid, proper codification needs to be done on samples as well
- (xv) Prescribed format for letter of authority for attending bid opening is given in Annexure 7: Letter of Authority for attending a Bid Opening.
- (xvi) Prescribed format for bid opening attendance sheet is given in Annexure 8: Bid Opening Attendance Sheet.

Chapter 9



Chapter 9: Payment Terms and Price Variations

9.1 Payment Terms and Price Variations

The elements of price included in the quotation of a bidder depend on the nature of the payment terms. It is, therefore, necessary that, the tender documents should clearly specify the terms of payment to enable the bidders to frame their quotations properly in a meaningful manner.

- (i) Where the price has several components like price of the goods, costs for installation & commission, operators' training etc. the bidders should be asked to furnish the cost break-up indicating the applicable prices and taxes for each such component along with the overall price. The payment schedule & terms will be linked to this cost break-up. Refer Para 9.8 and 9.10.
- (ii) Milestones for partial payment should be clearly defined in case of contracts of large value, and the same shall be clearly specified in the tender documents.
- (iii) The tender documents should also specify the currency in which the tenders are to be priced.
- (iv) Unless otherwise specified, usual payment term is 100% on receipt and acceptance of goods by the Purchase department and on production of all required documents by the supplier.
- (v) As far as possible, the payment terms and the schedule given therein should be adhered to. Any foreseen payment delays should be communicated to the suppliers in advance.
- (vi) Release of payment and settlement of final bill will be done only after the concurrence of FA & CAO or any other designated officer in his absence.

9.2 Firm Price vis-à-vis Variable Price

- (i) For short term contracts where delivery period does not extend beyond 18 months, contract should normally be concluded with firm and fixed price by inviting tenders accordingly.
- (ii) However even for shorter deliveries Price Variation clause may be stipulated for items with non-ferrous and other Raw

Materials prone to short term price volatility - especially for critical or High Value Items – otherwise there is possibility of failure of contract or the purchaser having to pay more prices in a situation of fall in prices.

- (iii) For High Value (more than Rs. 3 Crores) Tenders with deliveries longer than 18 months a Price Variation Clause may be provided to protect Purchaser's interests also.
- (iv) Where it is decided to conclude the contract with variable price, an appropriate clause incorporating, inter-alia, suitable price variation formula should also be provided in the tender documents. In the price variation clause, the price agreed upon should specify the base date viz, the month and year to which the price is linked, to enable variations being calculated with reference to the price indices prevailing in that month and year.
- (v) A formula for calculation of price variation that has taken place between the base level and the scheduled delivery date is to be included in the price variation clause. The variations are to be calculated periodically by using indices published by Governments/ Chamber of Commerce/ London Metal Exchange (LME)/ any other neutral and fair sources of Indices. Suitable weights are to be assigned to the applicable elements viz. fixed overheads & profits, material and labour in the price variation formula. If the production of the goods needs more than one raw material, then the input cost of material may be further sub-divided for different categories of material, for which cost indices are published.
- (vi) The price variation formula is also to stipulate a minimum percentage of variation of the contract price, only above which the price variation will be admissible (e.g., where the resultant increase is lower than, say, 2% of the contract price, no price adjustment will be made in favour of the supplier).
- (vii) The Price Variation Clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both. In cases of highly volatile indices like Non-ferrous etc, this upper limit may be dispensed with the approval of CFA. The buyer should ensure a provision in the contract for benefit of any

reduction in the price in terms of the Price Variation Clause being passed on to him. An illustrative PVC clause is placed at Annexure 27: Formula for Price Variation Clause.

- (viii) The Raw Materials used in manufacture of stores are procured some weeks before its submission for inspection. This period is called the Time Lag for Price Variation. It applies both for Base Date and Date of Supply. This should be stipulated in the Price Variation Clause as is done in Annexure 27: Formula for Price Variation Clause.
- (ix) Where advance or stage payments are made, there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment.
- (x) Where deliveries are accepted beyond the scheduled Delivery Date subject to levy of liquidated damages as provided in the Contract, the liquidated damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price Variation Clause.
- (xi) No upward price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier. However downward price variation would be availed by the purchaser as per the Denial Clause in the letter of extension of DP.
- (xii) In respect of contracts providing for price variation, care should be taken to finalize price before final payment is made, after obtaining necessary data and documents in support of claims for escalation, if any. Where no such claims are submitted by the Suppliers, it would need to be examined whether there has been downward trend in the cost which forms the basis of variation as per the formula incorporated in the contract such as price of input material like steel, non-ferrous metals etc. At any rate undertaking should be obtained from the contractor to the following effect in case it becomes necessary to make final payment before they have submitted required data/documents related to price variation clause.

“It is certified that there has been no decrease in the price of Price Variation Indices and in the event of any decrease of such indices during the currency of this contract we shall promptly notify the same to the purchaser and offer requisite reduction in the contract rate “.

- (xiii) Notwithstanding the above formalities, it should be appreciated that it is in the interest of the purchaser to be vigilant about downward variation and it is therefore the basic responsibility of the purchase officers to make sure that the benefits of downward variation, wherever the same occurs are fully availed of.

9.3 Exchange Rate Variation (ERV)

In case of delivery period exceeding one year from the date of contract involving substantial import content, foreign exchange variation clause needs to be provided.

The offer of the tenderer should indicate import content and the currency used for calculating import content.

Base Exchange rate of each major currency used for calculating FE content of the contract should be indicated. The base date of ERV would be the date of opening of financial bid and variation on the base date can be given up to the midpoint manufacture, unless firm has already indicated the time schedule within which material will be imported by the firm.

In case delivery period is refixed/ extended, ERV will not be admissible, if this is due to default of the supplier. ERV benefits arising out of downward trends should be passed on to SPMCIL.

9.3.1 Documents for claiming ERV:

- (i) A bill of ERV claim enclosing working sheet
- (ii) Banker's Certificate/debit advice detailing F.E. paid and exchange rate
- (iii) Copies of import order placed on supplier
- (iv) Invoice of supplier for the relevant import order

9.4 Statutory Duties and Taxes on Domestic Goods

- (i) The duties and taxes including excise duty and VAT levied by the Government on domestic goods vary from product to product.

- (ii) As a general policy, the statutory variations in such duties & taxes are to be allowed during the period from the date of tender to the date of acceptance of the tender (i.e. placement of contract) and during the original/ re-fixed delivery period of the contract so that both the supplier and SPMCIL are equally compensated for rise or fall in the prices of the goods on account of such statutory variations. (Note: Re-fixed delivery period means the fresh delivery period which is arrived at by recasting the original contractual delivery period after taking care of the lost period, for which the supplier was not responsible.)
- (iii) In the tender enquiry conditions, the tenderers, wherever applicable, should be asked to specifically state in their offer whether they intend to ask for the duties and taxes as extra over and above the prices being quoted. In the absence of any indication to this effect by the tenderers, it is to be assumed that the prices quoted include these elements and no claim for the same or statutory variations thereon will be entertained after opening of tenders and during the currency of the resultant contract.
- (iv) However, where the Tenderer in its quotation mentions that the prices are exclusive of statutory duties & taxes and the same will be payable extra, this condition should be incorporated in the resultant contract in clear terms.
- (v) Sometimes, the Tenderer, in its tender mentions that its quotation includes current rates of taxes and duties as applicable and statutory variations, if any at the time of supply will be applicable. This condition may be acceptable. However, correctness of the taxes and duties quoted by a Tenderer as applicable during that period is to be verified while considering its tender. Also, only statutory variations, and not any other type of variations are allowed.
- (vi) Sales tax is not leviable on transactions of sale in the course of import. Categories of cases constituting sale in course of Import are:
 - (a) Where the movement of goods from the foreign country to India is occasioned directly as a result of the sale.
 - (b) Where the Indian supplier acts as the agent of the foreign manufacturer in the agreement of the sale.



9.5 Octroi and Local Taxes

- (i) In case, the goods supplied against contracts placed by SPMCIL are exempted from levy of Town Duty, Octroi Duty, Terminal Tax and other Levies of local bodies, the suppliers should be informed accordingly by incorporating suitable instructions in the tender enquiry document and in the resultant contract. Wherever required, the suppliers should obtain the exemption certificate from the purchasing department to avoid payment of such levies and taxes.
- (ii) In case, where such payments are not exempted (in spite of exemption certificate), the supplier should make the payment to avoid delay in supplies and forward the receipt of the same to the purchasing department for reimbursement and, also, for further necessary action.

9.6 Custom Duty on Imported Goods

- (i) In respect of imported goods, the tenderers shall also specify separately the total amount of custom duty included in the quoted price. The tenderers should also indicate correctly the rate of custom duty applicable for the goods in question and the corresponding Indian Customs Tariff Number.
- (ii) Where customs duty is payable, the contract should clearly stipulate the quantum of duty payable etc. in unambiguous terms. The standard clauses to be utilized for this purpose are to be incorporated in the tender enquiry documents.

9.7 Duties/ Taxes on Raw Materials

SPMCIL is not liable for any claim from the supplier on account of fresh imposition and/or increase (including statutory increase) of excise duty, custom duty, sales tax etc. on raw materials and/or components used directly in the manufacture of the contracted goods taking place during the pendency of the contract, unless such liability is specifically agreed to in terms of the contract. A clause to this effect should also form a part of the tender documents.

9.8 Terms of Payment for Domestic Goods

- (i) Where the terms of delivery is FOR dispatching Station, the payment terms, depending on the value and nature of the

goods, mode of transportation etc. maybe – 50% to 90% on proof of despatch and other related documents and balance on receipt at site and acceptance by the consignee.

- (ii) Where the terms of delivery is CIF destination/delivery at site/FOR destination, usual payment term is 100% on receipt and acceptance of goods by the consignee and on production of all required documents by the supplier.
- (iii) Where goods to be supplied also need installation and commissioning by the supplier, the payment terms are generally as under:
- (iv) For a contract with terms of delivery as FOR dispatching station
 - (a) 50% on proof of despatch along with other specified documents
 - (b) 30% on receipt of the goods at site by the consignee and balance
 - (c) 20% on successful installation and commissioning and acceptance by the user department.
- (v) For a contract with terms of delivery as CIF destination/Delivery at site/FOR destination
 - (a) 90% on receipt and acceptance of goods by the consignee at destination and on production of all required documents by the supplier
 - (b) 10% on successful installation and commissioning and acceptance by the consignee.
- (vi) Generally (especially for goods requiring installation and commissioning at site by the supplier), the desirable terms of delivery are CIF destination or Delivery at site, so that the supplier remains responsible for safe arrival of the ordered goods at the site. Therefore, unless otherwise decided Ex-works or FOR dispatching station terms should be avoided.

9.9 Modes of Payment for Domestic Goods

Payments to suppliers are usually made by account payee cheque or through ECS only. In case any other mode of payment is to be

decided, concurrence should be sought from the Finance and Accounts Department before contracting. Gradually efforts may be made so that all payments should eventually shift to ECS payments.

9.10 Terms of Payment for Imported Goods

- (i) The usual payment terms, unless otherwise directed by competent authority, are indicated below:
- (ii) Cases where Installation, Erection and Commissioning (if applicable) are not the responsibility of the Supplier – 80 % net FOB/FAS price is to be paid against invoice, shipping documents, inspection certificate (where applicable), manufacturers' test certificate, etc. and balance 20% on receipt of goods and its suitability ascertained by the user.
- (iii) Cases where Installation, Erection and Commissioning are the responsibility of the Supplier – 70% - 90% net FOB/FAS price will be paid against invoice, inspection certificate (where applicable), shipping documents etc. and balance within 21 - 30 days of successful installation and commissioning at the consignee's premises and acceptance by the consignee.
- (iv) The amount of LC should be equal to total amount and be released as per the clauses mentioned above.
- (v) For revenue purchases payment should be made on receipt of the material and post inspection. However if the goods are procured under manufacturer's own quality certification; inspection is not required. In FOB cases payment needs to be made on receipt of invoice, inspection certificate (where applicable), shipping documents etc.

9.11 Modes of Payment for Imported Goods

It should be ensured that the imports into India are in conformity with the Export Import Policy in force; Foreign Exchange Management (FEMA); FEMA (Current Account Transactions) Rules, 2000 framed by Government of India vide Notification No G.S.R. 381(E) dated 03 May 2000 and the directions issued by Reserve Bank of India under Foreign Exchange Management Act (FEMA) from time to time.

Normal banking procedures should be followed and provisions of Uniform Customs and Practices for Documentary Credits (UCPDC) should be adhered to while opening Letters of Credit for import into India.

A. Letter Of Credit (LC)

9.11.1 What is an LC

A letter of credit is a written understanding given by the buyer's bank (the issuing bank) on behalf of and at the request of its customer (the applicant) routed through the agency of a bank in the seller's country (advising bank) to the seller that it (issuing bank) guarantees to pay the seller for the goods within a specified time provided that the conditions laid down in documentary credit are fully satisfied.

9.11.2 Reasons for using LC

In international trade, buyer and seller being located in different countries may not know each other well. The two countries will have different legal systems, currencies, trade and exchange regulations. Due to this fact both the Buyer and Seller, need some conditions to be fulfilled, to suit their requirements, before releasing the payments and goods respectively. The buyer and seller want the following:-

- (i) Seller would want:-
 - (a) To be paid as soon as he ships the goods
 - (b) An assurance that he will be paid by the buyer or his bank as per contractual obligations.
 - (c) Convenience of receiving payments in his own country.
- (ii) Buyer would want:-
 - (a) To pay for the goods only after they are shipped by the seller.
 - (b) An assurance that seller will ship the goods ordered for and deliver them in time

For suppliers having more than three years of relationship with SPMCIL, procurement department should make efforts to avoid payment through LC. As a policy, LC should be used only in procurements where it can not be avoided.

9.11.3 Basic forms of LC

Basic forms of LC are enumerated below:-

9.11.4 Revocable letter of credit

A revocable letter of credit is one which may be amended or cancelled by the issuing bank at any moment without prior notice to the beneficiary. Therefore such a type of letter of credit does not give complete sense of security to the beneficiary. However when the revocable letter of credit is made available at a branch of a bank concerned, the notice of amendment or cancellation is effective only upon receipt of such notice. If such a bank has undertaken liability (i.e. Paid, negotiated or accepted) against documents, which appear on the face of it to be in conformity with the terms and conditions of the credit before notice of amendment/cancellation, then the issuing Bank is bound to reimburse such a bank. If the letter of credit is silent as to whether it is revocable or irrevocable, the credit is deemed as IRREVOCABLE.

9.11.5 Irrevocable letter of credit

When the issuing Bank gives a definite, absolute and irrevocable undertaking to honour its obligations provided the beneficiary complies with all the terms and conditions such a credit is known as an irrevocable letter of credit. That means that the letter of credit cannot be amended, cancelled or revoked without the consent of the parties to the letter of credit. This gives the beneficiary definite protection.

9.11.6 Confirmed letter of credit

A confirmed letter of credit is one when another Bank in the beneficiary's country adds its confirmation at the request of the issuing Bank. This undertaking of the confirming Bank to pay/negotiate/accept is in addition to the undertaking of the issuing bank. This is an added protection to the beneficiary.

9.11.7 Revolving letter of credit

In such credits, the amount is restored, after it has been utilized, to the original amount. Such credits are used when the buyer is to receive partial shipment of goods at specific intervals for a long duration. It can be cumulative or non-cumulative in nature. It avoids opening letter of credit for each and every consignment. For procurement of goods such as security paper or raw material where there is staggered supply, the payment can be done using revolving Line of Credit.

9.11.8 Payment through letter of credit

The letter of credit mechanism works as follow:-

- (i) The issuing bank is requested to open an LC
- (ii) Issuing Bank conveys LC through Advising bank
- (iii) Advising bank advises the credit to beneficiary
- (iv) Beneficiary after complying with terms and conditions against stipulated documents gets the value either from the Advising bank or Nominated bank as per the terms of LC.
- (v) After passing on the value, negotiating Bank claims reimbursement from the opening Bank or nominated bank as per the terms of LC.
- (vi) Ultimately opening Bank recovers the amount from the applicant. It is the definite commitment of Opening Bank to reimburse to the negotiating bank whether applicant provides the value of negotiation or not.

9.11.9 Essential Elements of LC

Following essential elements are to be clearly stipulated while opening LC:-

- (i) Type of LC
- (ii) Name and address of applicant and beneficiary
- (iii) Amount of credit and currency

- (iv) Validity of LC
- (v) Latest shipment date (delivery date as per contract)
- (vi) Basis of delivery (FOB/FCA/CIF)
- (vii) Contract No. and date
- (viii) Shipment from To
- (ix) Consignee and ultimate Consignee
- (x) Part shipment allowed/not allowed
- (xi) Documents required to be produced by the beneficiary for release of payment from LC
- (xii) LD Clause
- (xiii) Any other special instructions

9.11.10 Documents to be provided by the Seller

Paid shipping documents are provided to the Bank by the Supplier as proof of despatching goods as per contractual terms so that the supplier gets his payment from LC. The Bank forwards these documents to the Buyer for getting the goods/stores released from Port/Airport. Documents include:-

- (i) Clean on Board Airway Bill/Bill of Lading (B/L)
- (ii) Original Invoice
- (iii) Packing List
- (iv) Certificate of Origin from Seller's Chamber of Commerce
- (v) Certificate of Quality and current manufacture from OEM
- (vi) Dangerous Cargo Certificate, if any.
- (vii) Insurance Policy of 110% if CIF/CIF contract.
- (viii) Performance Bond/Warranty Certificate
- (ix) Authenticated signature of the supplier or his authorized representative should be available with

the bank and verified by them before releasing LC payment.

9.11.11 Extension of LC

Following points should be checked before initiating the case for extension of LC:-

- (i) Extension of delivery date in the contract and corresponding amendment in LC for latest date of shipment.
- (ii) Performance Bank Guarantee (PBG) extension.
- (iii) Onus of charges for LC extension.

9.11.12 Amount of LC

The payment using LC should follow the clauses as mentioned in Para 9.8 and 9.10 above.

B. Direct Bank Transfer (DBT)

9.11.13 Documents Needed for DBT

A transferable credit is a credit under which the Beneficiary may request the bank authorized to pay, incur a deferred payment undertaking, accept or negotiate or in the case of a freely negotiable credit, the bank specifically authorized in the credit as a transferring bank to make the credit available in whole or in part to one or more than one beneficiaries. Direct Bank Transfer shows high degree of trust between parties. It should be ensured that the payment is released only after receipt of the following:-

- (i) Clean on Board Airway Bill/Bill of Lading (B/L)
- (ii) Original Invoice
- (iii) Packing List
- (iv) Certificate of Origin from Seller's Chamber of Commerce
- (v) Certificate of Quality and current manufacture from OEM
- (vi) Dangerous Cargo Certificate, if any.



- (vii) Insurance Policy of 110% if CIF/CIF contract.
- (viii) Performance Bond/Warranty Certificate
- (ix) Authenticated signature of the supplier or his authorized representative should be available with the bank and verified by them before releasing LC payment.

For contracts below USD 50,000.00, DBT payment terms should be insisted upon

9.11.14 Specified time limit and Delivery Schedule for Imports

The normal delivery schedule for spares procurement should be as follows

LC Payments: - Six months from the date of signing of contract which will include:-

- (i) Obtaining export license and giving notification of readiness for opening of LC by seller – 45 days.
- (ii) Obtaining Foreign Exchange Release and opening of LC through CDA by buyer – 45 days
- (iii) Validity period of LC – 90 days. The LC will be opened three months prior to the expiry of delivery period only.
- (iv) In case the spares under procurement are in large quantity or their technical production cycle is long as specified by the seller in the RFP, then the LC shall be opened for more than one quarter as agreed by the TPC

DBT Payments: - Preferably within three months of signing of the contract

9.11.15 Payment of Air Freight Charges

Goods that are required to be air lifted are to be dispatched through Air India/Indian Airlines/ IATA approved airlines only on a 'Charge forward basis'. All air freight charges, which are shown on the relevant consignment note as chargeable to the consignee, are to be paid in Rupees.

9.12 Advance Payment to Suppliers

- (i) Ordinarily, payments for goods should be released to the supplier only after the supplies are made and services have

been rendered. However, it may become necessary to make advance payments in the following types of cases:

- (a) Advance Payments in case of Development and Indigenization Contracts.
 - (b) Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
 - (c) Advance payment demanded by firms against fabrication contracts, turn-key contracts etc.
 - (d) Advance payments may be admissible in cases of direct contracting.
- (ii) The specific terms of advance payment must be included in the tender documents
 - (iii) Any advance made to supplier will carry interest of PLR of SBI + 2% as indicated in the tender documents. However, advance payment should be given against an unconditional bank guarantee from a “Scheduled Commercial Bank” duly authorized by RBI to handle Government Transactions, provided by the supplier.
 - (iv) If it is decided to provide advance payment, only a minimum reasonable %age should be incorporated upfront in RFP upto the 15% of the contract value or in case of maintenance contract, the amount should not exceed the amount payable for six months under the contract; against Bank Guarantee. Advance %age exceeding 15% would require approval of CFA but should in no case exceed 30%.
- (v) The Advance Payment should be adjusted in full, wherever possible/ set-off pro-rata against the successive payments due to the supplier as per the Clause incorporated in the Tender. However it must be ensured that advance alongwith interest is recovered before 80% payments are released to the supplier.
 - (vi) Where advance or stage payments are made, no price variations, if stipulated in the contract will be admissible on such portions of the price, after the dates of such payment.

9.13 Intermediate Payments

Intermediate payment should normally not be agreed to except in case of Fabrication contract; Turn-key Contracts or Development and Indigenization contract where strong justification exists for the same. If it is found justified to allow intermediate payments in such contracts, this should be brought out in the Tender Documents. The intermediary payments, if any, should be spread over the period of execution of the projects/contract and made in suitable installments keeping in view various stages of development/manufacture. These stages should be pre-determined and it should be ensured that the payments made are in consonance with work actually performed by the firm/contractor and linked to verifiable milestones viz. Preliminary Design Review, Detailed Design Review, purchase of raw materials and realization of prototype etc. The quantum of payment will generally not exceed 50% of the estimated expenditure incurred by the contractor upto that stage. About 20 to 25% amount as last installment should be released only after the completion of the project or rendering of the services/supplies to the entire satisfaction of the authority placing the order.

9.14 Documents for Payment

- (i) The documents, which are needed from the supplier for release of payment, are to be clearly specified in the contract.
- (ii) The paying authority is also to verify the documents received from the supplier with corresponding stipulations made in the contract before releasing payment.
- (iii) While claiming payment, the supplier is also to certify in the bill that the payment being claimed is strictly in terms of the contract and all the obligations on the part of the supplier for claiming this payment have been fulfilled as required under the contract.
- (iv) There should also be a suitable provision for verification of the authenticity of the person signing the invoice etc. for claiming the payment.

Chapter 10



Chapter 10: Tender Evaluation and Award of Contract

10.1 Tender Evaluation

In any purchase decision, the core issues to be decided by the CFA are whether the offered items meet the essential tender requirements, prices being charged are reasonable and the procedures followed are proper, fair and transparent. This responsibility is not discharged merely by selection of cheapest offer but must conform to the following yardsticks of financial propriety:-

- (i) Whether the offers have been invited in accordance with this Manual and after following fair and reasonable procedures in prevailing circumstances.
- (ii) Whether the authority is satisfied that the selected offer will adequately meet the requirement for which it is being procured.
- (iii) Whether the price of the offer is reasonable and consistent with the quality required.
- (iv) Above all, whether accepted offer is the most appropriate one taking all relevant factors into account and keeping with the standards of financial propriety.

Evaluation of tenders is one of the most significant areas of Purchase Management. The entire process of tender evaluation and placement of contract must be transparent. All the aspects, which are to be taken into account for evaluating the tenders including the method to be adopted for evaluation of tenders and the techniques for determining the lowest evaluated responsive tender for placement of contract are to be incorporated in the tender enquiry document in clear and comprehensive manner without any ambiguity and/ or confusing stipulations therein, so that the interested tenderers can formulate their competitive offers in a meaningful manner and participate in the tendering process with confidence.

All the tenders are to be evaluated strictly on the basis of the terms & conditions incorporated in the tender enquiry document (based on which offers have been received) and the terms, conditions etc. stipulated by the tenderers in their tenders. No new condition should be brought in while evaluating the tenders. Similarly, no tender enquiry condition (specially the significant/ essential ones) should



be over looked while evaluating the tenders. Aim should be to ensure that no Tenderer gets undue advantage at the cost of other tenderers and/ or at the cost of SPMCIL. The process of tender evaluation proceeds as follows:

10.2 Preliminary Examination

The Bid Opening Committee will forward all the tenders to the TEC nominated for further evaluation. In this context, it should be ensured that no tender is rejected by the Bid Opening Committee at the tender opening stage; they are to open all the tenders as received and send them to the TEC. Prescribed format of checklist for preliminary examination is given in Annexure 9: Checklist for Preliminary Examination.

10.3 Conditions under which Tenders can be declared Unresponsive

All the tenders so received will first be scrutinized by the TEC to see whether the tenders meet the basic requirements as incorporated in the tender enquiry document and to identify the unresponsive tenders, if any. The tenders, who do not meet the basic requirements, are to be treated as unresponsive and ignored. The following are the important points, for which a tender may be declared as unresponsive and to be ignored, during the initial scrutiny:

- (i) The tender is unsigned.
- (ii) The Tenderer is not eligible as per qualification criteria
- (iii) The tender validity is shorter than the required period.
- (iv) Required EMD has not been provided.
- (v) Tenderer has not agreed to give the required performance security.
- (vi) The goods quoted are not meeting the required specification etc.
- (vii) The Tenderer has quoted for goods manufactured by a different firm without the required authority letter from the proposed manufacturer.
- (viii) Against a schedule in the List of Requirement (incorporated in the tender enquiry), the Tenderer has not quoted for the entire requirement as specified in that schedule.

(**Example:** In a schedule, it has been stipulated that the Tenderer will supply the equipment, install and commission it and also train SPMCIL's operators for operating the equipment. The Tenderer has however, quoted only for supply of the equipment).

- (ix) The Tenderer has not agreed to essential condition(s) incorporated in the tender enquiry.

(**Example:** Some such important essential conditions are – terms of payment, liquidated damage clause, warranty clause, dispute resolution mechanism, applicable law and any other important condition having significant bearing on the cost/ utility/ performance of the required goods, etc.)

10.4 Non-conformities between the figures and words

Sometimes, non-conformities/ errors are also observed between the quoted prices in figures and that in words. The same is to be taken care of as indicated below:

- (i) If, in the price structure quoted for the required goods, there is discrepancy between the unit price and the total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly.
- (ii) If there is an error in a total corresponding to the addition or subtraction of subtotals, the subtotals shall prevail and the total shall be corrected; and
- (iii) If there is a discrepancy between words and figures, the amount in words shall prevail.

If there is such discrepancy in an offer, the same is to be conveyed to the Tenderer with target date on the above lines and if the Tenderer does not agree to the observation of SPMCIL, the tender is liable to be rejected.

10.5 Discrepancies between original and additional copies of a Tender

Sometimes discrepancies are also observed between the original copy and the other copies of the same tender set. In such a case, the text etc. of the original copy will prevail. Here also, this issue is to be taken up with the Tenderer in the same manner as above and subsequent actions taken accordingly.

10.6 Minor Infirmary/ Irregularity/ Non-Conformity

During the above preliminary examination, some minor informality and/ or irregularity and/ or non-conformity may also be found in some tenders these may be waived provided the same does not constitute any material deviation and financial impact and, also, does not prejudice or affect the ranking order of the tenderers. Wherever necessary, observation on such 'minor' issues (as mentioned above) may be conveyed to the Tenderer by registered letter/ speed post etc. asking the Tenderer to respond by a specified date also mentioning therein that, if the Tenderer does not confirm SPMCIL's view or does not respond at all by that specified date, its tender will be liable to be rejected. Depending on the outcome, such tenders are to be ignored or considered further. (Example: A tender enquiry stipulates, as an essential condition, that the Tenderer, along with its quotation, must also submit a certified copy of its latest income tax clearance certificate (ITCC). If a Tenderer does not provide this document, it may be asked for with target date as above. If, the Tenderer does not respond by that target date, its offer will be liable to be ignored). Details of all the tenderers, which have been declared unresponsive and ignored as per above analysis and, also, the grounds for their becoming unresponsive are to be accurately recorded in the purchase file.

10.7 Clarification of Bids

During evaluation and comparison of bids, purchaser may, at its discretion ask the bidder for clarification of its bid. The request for clarification shall be in writing and no change in prices or substance of the bid shall be sought, offered or permitted. No post bid clarification at the initiative of the bidder shall be entertained.

10.8 Tenderers Contacting SPMCIL During Evaluation

From the time of submission of tender to the time of awarding the contract, if a tenderer needs to contact SPMCIL for any reason relating to this tender enquiry and / or its tender, it should do so only in writing. It will be treated as a serious misdemeanor in case a tenderer attempts to influence SPMCIL's decision on scrutiny, comparison, evaluation and award of the contracts. In such a case the tender of the tenderer shall be liable for rejection in addition to appropriate administrative actions being taken against that tenderer, as deemed fit by SPMCIL, in terms of Para 7.5.

10.9 Techno commercial Bid, Scrutiny, evaluation and ranking of Tenders –General

Evaluation of a tender will include and take into account the following:

- (i) Tenders of the tenderers, who do not meet the required qualification criteria prescribed in SBD Section IX, will be treated as unresponsive and will not be considered further.
- (ii) Normally the comparison of the responsive tenders shall be on CIF destination basis, duly delivered, commissioned, etc. as the case may be.
- (iii) in the case of goods manufactured in India or goods of foreign origin already located in India, sales tax & other similar taxes and excise duty & other similar duties, which will be contractually payable (to the tenderer), on the goods if a contract is awarded on the tenderer; and
- (iv) In the case of goods of foreign origin offered from abroad, customs duty and other similar import duties/ taxes, which will be contractually payable (to the tenderer) on the goods if the contract is awarded on the tenderer.
- (v) Evaluation of tender will also take into account additional factors, if any, incorporated in SIT in the manner indicated therein.
- (vi) As per policies of the Government from time to time, the SPMCIL reserves its option to give price preference to Small Scale Industries in comparison to the large scale Industries. This price preference cannot however be taken for granted and every endeavor need to be made by such firms to bring down cost and achieve competitiveness.
- (vii) In case the List of Requirements contains more than one schedule, the responsive tenders will be evaluated and compared separately for each schedule. The tender for a schedule will not be considered if the complete requirements prescribed in that schedule are not included in the tender. However, tenderers have the option to quote for any one or more schedules and offer discounts for combined schedules. Such discounts, wherever applicable, will be taken into account to determine the tender or combination of tenders offering the lowest evaluated cost for SPMCIL in deciding the

successful tenderer for each schedule, subject to that tenderer(s) being responsive.

- (viii) If the tenders have been invited on variable price basis, the tenders will be evaluated, compared and ranked on the basis of the position as prevailing on the day of tender opening and not on the basis of any future date.
- (ix) SPMCIL, through the above process of tender scrutiny and tender evaluation will determine to its satisfaction whether the tenderer, whose tender has been determined as the lowest evaluated responsive tender is eligible, qualified and capable in all respects to perform the contract satisfactorily. If, there is more than one schedule in the List of Requirements, then, such determination will be made separately for each schedule.
- (x) The above mentioned determination will, inter-alia, take into account the tenderer's financial, technical and production capabilities for satisfying all the requirements of SPMCIL as incorporated in the tender document. Such determination will be based upon scrutiny and examination of all relevant data and details submitted by the tenderer in its tender as well as such other allied information as deemed appropriate by SPMCIL.

10.10 Techno commercial Bid, Scrutiny, evaluation and ranking of Tenders – ICB Tenders

A template for Evaluation of Financial Bids is given at Annexure 10: Template for Evaluation of Financial Bid .

10.10.1 Currency of bidding:

Price in the quotation should be in the single currency in addition to Indian Rupees as specified in the Tender Documents except for expenditure incurred in India (including agency commission if any) which should be stated in Indian Rupees.

10.10.2 Evaluation of offers:

- (i) As per Government Policy Ministries/Departments/ PSUs should ensure imports on FOB/FAS basis failing which necessary No objection certificate (NOC) should be obtained from Ministry of Surface Transport (Chartering Wing).

- (ii) The Foreign bidders are normally asked in the bid documents to quote both on FAS/FOB basis and also on C&F/ CIF basis duly indicating the break-up of prices indicating freight, Insurance – with purchasers reserving right to order on either basis. They are also to indicate the Custom Tariff Number and the custom duty applicable in India. In the case of FAS/FOB offers, the freight and insurance amounting to 11% of FAS/FOB cost shall be added to make it CIF cost. Above charge shall be indicated in the tender documents. To arrive at FOR cost, 1% shall be added over CIF as Port Handling Charges , Custom Duty, Countervailing Duty and Surcharges as applicable on the date of opening of tender as well as Clearing Agency charges, Inland freight and Octroi/ entry tax as assessed may be added to make it FOR/ FOT destination. FOR/ FOT destination price for Domestic Offers may be calculated as in NCB Tenders. For bids with LC payment, likely LC charges (as ascertained from our Bankers) should also be loaded. Indicative charges of above items shall be mentioned in the SIT.
- (iii) In ICB tenders all offers are to be converted to Indian Rupees based on the “BC selling” Exchange Rate of SBI on the date of Tender Opening (Financial Offer).
- (iv) In case both Indian and Foreign bidders have quoted in the Tender, the comparison of the offers would be done on the basis of FOR/ FOT Destination including all applicable taxes and duties (on the principle of total outgo from SPMCIL's pockets). In case there are no domestic bidders comparison of offers can be done on the basis of CIF/ landed costs since rest of costs would be same for all bidders.

10.10.3 Currency of payment:

The contract price will be normally paid in the currency /currencies in which the price is stated in the contract.

10.11 Consideration of Unsolicited offers in LTE

Unsolicited offers against Limited Tender enquiries should be ignored. However, under exceptional circumstances, where it is felt necessary to consider such offers, on account of inadequate

competition, non-availability of suitable quotations from Registered suppliers, urgent demands, capacity/capability of the firms offering to supply the relevant items being known etc., the acceptance should be at the next higher level and in any case not below the rank of a DGM with the concurrence of FA&CAO.

10.12 Consideration of single offer received in LTE

When in response to a call for Limited Tenders (as distinct from single & Open Tenders under rules in force) only one tender is received, fresh tender should be invited except in urgent cases of purchases. The urgency has to be certified duly recording the reasons by DGM for all purchase upto Rs.50,000/- and by GM for purchases above Rs.50,000/-.

10.13 Reasonableness of Prices

10.13.1 Price evaluation

Following are the various methods in which a price can be analyzed for “Estimated Rate” in the indent or for Reasonableness of Rates in the Tender:

- (i) Estimated Rate in the Indent
- (ii) Last Purchase Price accepted as reasonable/ workable during last purchase.
- (iii) Prevailing Market Price ascertained through a Market Survey or Budgetary quotations from one or more prospective suppliers or Published Catalogues or MRP printed on the item (with ascertained appropriate discount). User department shall collect the documents and authenticate the same.
- (iv) Costing analysis based on costs of various components/ Raw materials of the Item.
- (v) Price of a similar / nearly equivalent Item.
- (vi) Rough assessment from the price of the assembly/ machine of which the item is a part or vice versa.
- (vii) Through Market Intelligence Cell (MIC) under CPSO (para 3.4) or External Expert Costing Agencies
- (viii) As a last resort, rough assessment from the opportunity cost of not using this item at all.

These methods are not mutually exclusive. These methods can be

supplemented with escalations to cater for inflation, price increases of raw materials, Labour, Energy, Statutory changes, Price Indices etc to make them usable in conditions prevailing currently.

In case of various foreign currencies, the rate should be reduced to a common denomination of Indian Rupees.

10.13.2 Use of Market Intelligence Cells:

It is already envisaged in Para 3.4 to have a Market Intelligence Cell (MIC) under CPSO as a part of strengthening of Purchase function. Their services may be utilized for reasonableness of price, escalation clauses, cost verification where prices are fixed subject to a ceiling price – as per details given therein.

10.13.3 Price Indices:

For price indices, internet should be accessed by officers dealing with purchases/associated with Tender Evaluation Committee from important sites. In regard to price indices of indigenous items, website of Ministry of Industry <http://www.eaindustry.nic.in> should be accessed for the latest indices/trends. For metals and other minerals access <http://www.mmr.online.com> or www.metalprices.com (subscription required) or www.asianmetal.com (subscription required) for updates. The other useful sites are <http://www.tradintelligence.com> and www.cmie.com. The monthly report of CMIE (Centre for Monitoring Indian Economy). PROWESS Package of CMIE giving updates on performance of listed Indian companies, RBI monthly bulletin, Economic survey and its Appendix containing statistical tables are excellent reference material for market trends. The World Economic Outlook – a monthly report from IMF, gives inputs on price trends of different countries. LME (London Metal Exchange) gives price trends of nonferrous details, which often show volatile trends. Organization/ Chamber of Commerce like IEEMA www.ieema.org (for Electrical Manufacturers) also publish regular data on Price Indices and Price Variations – which can be subscribed to. Important publications like RBI Monthly Bulletin, CMIE'S monthly report, business/commercial newspapers etc should be subscribed to similarly.

A ready Database of important price indices derived from above sources may be kept updated for ready reference.

10.13.4 Data Sharing:

A system for data sharing and data networking must be put in place, among the Units in order to widen the procurement sources and obviate different prices being paid for the same item by different Units.

10.13.5 Last Purchase Price (LPP)

While using Last Purchase Price as the basis following may be kept in view:

- (i) The Last Paid Rate is the price paid in the latest successful contract. The Basic Price, Taxes, Duties, Transportation charges, P&F Charges to be indicated separately
- (ii) Where the firm holding the LPP contract has defaulted, the fact should be highlighted and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be indicated.
- (iii) Where the price indicated in the LPP is subject to variation, besides indicating the original price as of the LPP contract, the updated price as computed in terms of the price variation clause, may also be indicated.
- (iv) Where the supply against the LPP contract is yet to commence i.e. delivery is not yet due, it should be indicated, whether the contract holder is a past established supplier / new supplier.
- (v) In case of new supplier the price paid against the previous contract as in the case of (b) above should be indicated.
- (vi) In case the LPP is more than three years old it cannot be taken as a real scale for comparison. However, such LPP can be used as an input for assessing the rates.

- (vii) In the case of wholly imported stores the comparison of the Last Purchase Rate should be made with the net C.I.F. value at the current Foreign Exchange rate.
- (viii) It's natural to have marginal differences in prices obtained at different Units for the same item due to their different circumstances.
- (ix) The prices obtained are greatly influenced by Quantity, Delivery Period, Terms of the contract – these may be kept in view.
- (x) Prices paid in emergencies or prices offered in distress sale are not accurate guidelines for future use. Such Purchase orders and Tender Evaluation Committee Proceedings should indicate that “These Prices are not valid LPP for comparison in future procurement”.
- (xi) In case the rates received in the last purchase are abnormally high or low. TEC should clearly indicate the same in its recommendations.

10.14 Cartel Formation/ Pool Rates

It is possible that sometimes a group of bidders quote same rate against a tender. Such Pool/ Cartel formation is against the basic principle of competitive bidding and defeats the very purpose of open and competitive tendering system. Such and similar tactics to avoid/ control true competition in a tender leading to "Appreciable Adverse Effect on Competition" have been declared as an offence under the Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007. Such practices should be severely discouraged with strong measures. In case of evidence of cartel formation, detailed cost analysis may be done by associating experts if necessary, including the GM. Besides, suitable administrative actions, like rejecting the offers, reporting the matter Competition Commission, National Small Industries Corporation etc should be initiated against such firms, on case to case basis, as decided by the competent authority, such unhealthy practice may also be brought to the notice of the concerned trade associations requesting them, inter-alia to take suitable strong actions against such firms. New firms may also be encouraged to get themselves registered for the subject goods to break the monopolistic attitude of the firms forming cartel.

10.15 Handling Dissent

10.15.1 Dissent among Tender Evaluation Committee

- (i) All Members of the Tender Evaluation Committee should resolve differences through personal discussion instead of making to and fro references in writing. In cases where it is not possible to come to a consensus and differences persist amongst members of Tender Evaluation Committee, the reasons for dissent of a member should be recorded along with majority's views on dissent note. The final recommendations should be that of Majority View. However such situations should be rare. The CFA can overrule such dissent notes after recording reasons for doing so clearly. His decision would be final.
- (ii) The situations where all the TEC members have individual and dissenting views – there would be no Majority view. Such situations are not acceptable and the case should be referred back to TEC Committee for presenting a majority view through reconciliation or else the CFA's decision would prevail – duly noting unsatisfactory handling by the Tender Evaluation Committee members.
- (iii) In cases where the CFA does not agree with a majority or unanimous recommendations of the Tender Evaluation Committee, he should record his views and firstly send it back to Tender Evaluation Committee to reconsider along the lines of CFA's views. However if Tender Evaluation Committee after considering the views of CFA, sticks to their own earlier recommendations, CFA can finally decide the Tender as deemed fit duly recording detailed reasons. He will be responsible for such decisions. However, such situations should be rare.

10.15.2 Dissent among CFA:

On lines similar to Para 10.15.1 above, dissent within CFA may be handled with tact and in a spirit of teamwork. However in case of a

dissent, the majority decision shall prevail as the decision of CFA, without reference to higher authorities.

10.16 Negotiations

10.16.1 Only as a rare exception

Normally there should be no negotiation. Selection of contractors by negotiations should be a rare exception rather than the rule and may be resorted to only in the exceptional circumstances under the following circumstances:--

- a. Where the procurement is done on proprietary basis
- b. Items to be procured are supplied by only limited sources of supply
- c. Items where there is suspicion of cartel formation.

10.16.2 On CFA's Approval

Before recommending negotiation, adequate care should be taken to re-scrutinize the rates received to avoid infertile instances of negotiations. The decision whether to invite fresh tenders or to negotiate and in the latter case, with whom to negotiate, should be taken by the CFA after receiving the recommendations of the Tender Evaluation Committee. After the approval of CFA, negotiations shall be conducted by the Tender Evaluation Committee.

10.16.3 Counter-offers are Negotiations by other means

Normally all counter-offers are considered as negotiations by other means and the principles of negotiations should apply to such counter-offers. For example, counter Offer to L1, in order to arrive at an acceptable rate shall amount to negotiation. However, any counter-offer to L2, L3 etc. (at the rates accepted by L1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be negotiation.

10.16.4 Whom to Negotiate with

The negotiations will be held only with the lowest acceptable bidder (L1), who is techno-commercially responsive/ approved for supply of bulk quantity and on whom the contract would have been placed but for the decision to negotiate.



10.16.5 Procedure for Negotiation

After the competent authority has decided to call specific bidder for negotiation, the following procedure should be adopted:-

- (i) It must be understood that if the period of validity of the original offer expires before the close of the negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be got extended, wherever necessary.
- (ii) The Tenderer to be called in for negotiations should be addressed as per format of letter laid down in Annexure 31: Format of Invitation and declaration for Negotiations, so that the rates originally quoted by them shall remain open for acceptance in the event of failure of the contemplated negotiations.
- (iii) Before negotiation is started an attendance sheet may be signed by the parties present in the negotiations. Negotiations meeting should be started only after obtaining signed undertaking from the Negotiating Supplier as per Annexure 31: Format of Invitation and declaration for Negotiations.
- (iv) Revised bids should be obtained in writing from the selected tenderers at the end of the negotiations in format of letter laid down in Annexure 32: Format of Revised Offer in Negotiations. If necessary negotiating party may be given some time to submit their revised offer.
- (v) In case however, the selected Bidder prefers to send a revised bid instead of being present at the negotiation, the offer should be taken into account.
- (vi) The revised bids so obtained should be read out to those tenderers or such of the representatives of the tenderers as are present, immediately after completing the negotiations. In case a bidder does not submit the revised bid, its original bid shall be considered.

- (vii) In no case, including where a cartel/ pool rates are suspected, should negotiations be extended to those who had either not tendered originally or whose tender was rejected because of unresponsiveness of bid, unsatisfactory credentials, inadequacy of capacity or unworkable rates.

10.17 Award of Contract, Contract Execution and Disclosure

10.17.1 Recommendations for Award of Contract

Unit/HO inviting tender will award the Contract, subject to approval from the competent authority, to the bidder whose bid has been determined to be substantially responsive and has been determined to be the lowest evaluated bid, provided further that the Bidder is determined to be qualified to perform the Contract satisfactorily and the credentials have been verified. Any agreement required to be signed with the supplier shall be vetted by the Finance Representative of the Tender Evaluation Committee which process the case and it has to be approved by CFA. In case, CFA is higher than General Manager, it shall be approved by the General Manager concerned.

Price Negotiation with the tenderers should be severely discouraged. During procurement planning and before floating the tender notice, expected cost of goods shall be ascertained by the user department before forwarding to Competent Authority for approval. Competent Authority may decide the expected cost of goods and thus determine reasonable and acceptable rates. A template of notification of award of contract is given in Annexure 11.

10.17.2 Variation of Quantities at the Time of Award

At the time of awarding the contract, quantity shall not be increased or decreased

10.17.3 Parallel Contracts

Parallel contracts, with more than one bidder (for the same contract) may be concluded in the following cases:

- (i) When the order quantity is large and the existing suppliers/ tenderers are not capable of meeting tendered requirements individually.

- (ii) When due to the critical/ strategic/ specific nature of the supplies/ goods, it is desirable to have multiple sources of supply and in case rate contracts may not be opted for such goods. For such cases, specific permission should be sought from the competent authority. In such cases, the parallel contract clause should be added to the bid documents, clearly stating that SPMCIL reserves the right to split the contract quantity between suppliers, and the details of the percentage of split are also to be specified upfront in the Tender Documents.

The following guidelines are to be considered while opting for parallel contracts:

- (i) A tender may not be split into smaller quantities for the reason that one supplier may not be able to supply the entire quantity.
- (ii) The proposed share of lowest bidder (L1) contractor and the rest of the contractors/tenderers should be clearly defined, along with the minimum number of suppliers sought for the contract, and the minimum supply capacity. It should also be mentioned in such cases that the firms should not quote for less than 25% of the tendered quantity; otherwise their offer would be considered as unresponsive.
- (iii) The lowest bidder L1 should be awarded at least 60% of the total contract value or his spare supply capacity, whichever is lower. The ratio of splitting given above is approximate and may be subject to limitation of order quantity.
- (iv) For the rest of the contract quantity the lowest rate accepted will be counter offered to L2 party. On acceptance of the counter offer, order will be placed on L2 party for 40% of the proposed quantity/ value or the spare supply capacity of the L2 bidder, whichever is lower, and so on to other tenderers. In case of non acceptance of counter offer by L2 party, similar offer shall be given to L3 and L4 and so on.
- (v) In case of splitting in two and three it shall be done in the ratio of 70:30, 50:30:20 respectively.

There may be cases when though the price of L1 is reasonable, there are inadequate numbers of responsive tenderers falling

within the reasonable price band. To take care of such situation, special permission has to be taken from CFA to resort to negotiation and counter offering, for the rest of the order quantity, as per the procedure indicated below:

- (i) After determining the maximum quantity which can be supplied by the lowest bidder (L1), for the balance quantity being procured, the lowest rate accepted shall be counter offered to the second lowest bidder (L2). On acceptance of the counter offer, order will be placed on L2 party for remaining quantity/ value or the spare supply capacity of the L2 bidder, whichever is lower, and so on for the other tenderers. In case of non acceptance of counter offer by L2 party, similar offer shall be given to L3 and L4 and so on.
- (ii) There may be a situation where parallel contracts are necessary, but the price of even the lowest responsive bidder (L1) is not reasonable. In that case, price negotiations may be conducted with L1 in the first instance strictly as per CVC guidelines i.e. normally there should be no negotiation. Selection of contractors by negotiations should be a rare exception rather than the rule and may be resorted to only in the exceptional circumstances under the circumstances mentioned in Para 10.16.1.
- (iii) If L1 agrees to bring down the price to the reasonable level, contract may be concluded with L1 and counter offer for the balance quantity shall be given to other responsive tenderers. If, however, L1 does not agree to reduce its price in the first instance itself, then the Tender will have to be retendered, or the reasonableness of price may be re-examined by CFA.

10.17.4 Notification for Award of Contract to Successful Bidder

Prior to the expiration of the period of bid validity, the successful Bidder will be notified in writing by registered letter or by phone, to be subsequently confirmed in writing by registered letter, that its bid has been accepted. The notification of award will constitute the conclusion of the Contract.

Upon the successful Bidder's furnishing of the signed Contract Form and performance security, each unsuccessful Bidder will be promptly notified and their bid security be discharged. Bid Security of the successful supplier shall be adjusted against the Security Deposit or returned as per the terms of the Tender Documents.



If, after notification of award, a Bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request to purchaser. Purchaser will promptly respond in writing to the unsuccessful Bidder. However purchaser need not go into confidential details in its reply – which can be legally misused.

The results identifying the bid and lot numbers and the information as per CVC Proforma circulated by CVO SPMCIL shall be published on SPMCIL's Web Site.

The template for notification for award of contract is given in Annexure 11: Notification of Award of Contract. EMD of unsuccessful bidders need to be released immediately after the release of LOI/FOI.

10.17.5 Signing of Agreement/issue of Supply Order

- (i) Agreement shall be entered into by the CFA. Wherever CFA is GM or higher authority, GM shall sign the agreement.
- (ii) It should be ensured that the contract is unambiguous and transparent i.e. there is no scope for any interpretations other than those already been agreed to between the parties.
- (iii) It should also be ensured by TEC that any deviation/ variation quoted by the Supplier in his bid are not left un-discussed and ruled upon in the TEC – otherwise there may be delay in acceptance of contract by the supplier.
- (iv) Supply Order or Agreement shall be issued/ entered strictly as per approval of competent authority.
- (v) The procurement cases submitted for approval to the Headquarters are approved by CFA with or without modifications in the draft Supply Order/Agreement. In the case where no modification in the proposal is directed by the competent authority, contract signing authority shall issue supply order or enter into an agreement strictly in accordance with the conditions of the tender. All such agreements/supply orders shall not be referred back to the headquarters for further approval.
- (vi) However, cases where modifications are directed to be incorporated in the agreement/supply order, these shall be included in the supply order/agreement mutatis - mutandis. In these cases also Supply Order/Agreement need not be

referred to the headquarters. In case of any doubt or issue related to different interpretation of the modifications directed by the approving authority, the proposed changes shall be incorporated in the Supply Order/Agreement and it shall be sent to the headquarters for the approval of only relevant clause(s)".

10.17.6 Performance Security

Purchase department is to ensure that the supplier receiving the contract furnishes the required Performance Security in the prescribed form by the specified date (as per Para 8.7.2), failing which necessary action including forfeiture of the Earnest Money Deposit is to be taken against the supplier.

10.17.7 Acknowledgement of Contract by Successful Bidder and Execution

Promptly after the successful Bidder is notified that his bid has been accepted, the Bidder will be sent the Contract Form provided in the Bidding Documents, incorporating all agreements between the parties. The supplier should acknowledge and unconditionally accept, sign, date and return the contract form within the 7 days from the date of issue of contract. While acknowledging the contract, the supplier may raise some issues and/ or ask for some modifications against some entries in the contract; such aspects shall be immediately looked into for necessary action and, thereafter, supplier's unconditional acceptance of the contract obtained. If both the parties (viz. SPMCIL and the supplier) simultaneously sign the contract across the table, further acknowledgement from the supplier is not required.

10.17.8 Safe Custody & Monitoring of EMD, Performance Security & Other Instruments

After the bid opening, Bid Opening Committee (BOC) should hand over Money documents to AM (F)/AO(F) along with complete detail of its validity, requirement and time period and likely date of refund. On receipt it will be credited to SPMCIL account by depositing it in the bank, if it is a DD or Bankers' Cheque and to be kept in safe custody of Finance Department and timely release of such money should be ensured by FA&CAO. There should be a separate register maintained by finance department for money documents received. This register should have a one page for each week of the year, and



Money Documents should be entered on the page relating to the week, when its validity is lapsing. There should also be an index to the register sorted as per tender opening date, so that Money Value Documents of Tenders opened on a date can be cross-connected with the page on which it is listed in the register. In case of extension of the validity of the Money document, it will be re-entered at a new page with appropriate changes in the index. PO/CPSO shall intimate about the completion of stage process of tender to facilitate release of financial instruments. Financial instruments shall be made available to CPSO for onward release to the supplier/ tenderer.

Status of pages in this register relating to next three months should be updated and reviewed on every Monday of each week to ensure that money documents are not pending any status change. Review should include all Bank Guarantees and other instruments expiring in next 3 months, along with a review of the progress of the corresponding contracts. Extension of Bank Guarantees and other instruments, where warranted, should be sought immediately and implemented within their validity period. CPSO and Finance Officer concerned take all necessary actions on time for extension or encashment or refund of EMDs and Performance Securities, as the case may be.

10.18 Rejection of Tenders

Purchaser would be justified in rejecting of all tenders when none of the tenders are substantially responsive. As per CVC guideline retendering should be done if L1 bidder withdraws offer. However, the lack of competition should not alone be the criterion for rejection, on the basis of number of bids received. Tenders rejected due to inadequate competition should be re-tendered. If all tenders are rejected, the causes justifying the rejection shall be reviewed and suitable revisions to the conditions of contract may be considered, before inviting new tenders.

Approval for re-tendering should be accorded by CFA after recording reasons/proper justification in writing. Purchaser should review the qualification criteria, technical and commercial terms of the tender before re-tendering and also consider wider publicity to receive sufficient number of responses. Before re-inviting the tenders the specifications may be reviewed for revision, if any.

Chapter 11



Chapter 11: Contract Management

Section I) Contract Management

11.1 Contract Management

Contract Management involves monitoring the implementation of a contract after it is placed to ensure timely completion of all the supplies and related services shown in the contract as per terms & conditions incorporated therein. Contract Agreement and expenditure sanction shall be prepared strictly as per tender and approved by CFA through FA & CAO / designated officer.

11.2 Amendment to Contract

- (i) Many a times, due to various reasons, changes and modifications are needed even in a duly concluded contract. Requests for such changes and modifications mostly emanate from the supplier. Once a contract has been concluded, the terms and conditions thereof will not be varied. However where it becomes necessary/inescapable any modification will be carried out with the prior approval of the CFA with Finance concurrence.
- (ii) No amendment to the contract should be made that can lead to vitiation of the Tender Decision or bestows an undue advantage on the contractor.
- (iii) CPSO may receive a request for amendment in the conditions of contract from the supplier. Immediately on receiving such a contract amendment request, CPSO shall examine the same and take action as necessary with the approval of the competent authority. Any amendment to contract terms requested by the supplier may have, inter alia, financial impact and/ or technical impact and/ or legal impact.
- (iv) Therefore, before agreeing to the request of the supplier, CPSO should scrutinize the issue on its merits to ensure that the requested amendment will not have any adverse effect on SPMCIL. All possible impacts (positive or negative) should be recorded and presented to the competent authority.
- (v) Financial concurrence should be obtained before issuing any amendment having financial implications/ repercussions from FA&CAO. Further, if legal opinion is considered necessary before issuing the proposed amendment - the file should be



routed through the GM or CFA, whichever is lower, with his opinion/ remarks for legal consultation.

11.3 Safeguards for Handing over SPMCIL Materials/ Equipment to Contractors

Whenever stores are required to be issued to the firm/contractor for fabrication or prototypes or sub-assemblies are issued for guidance in fabrication, these should be issued against appropriate Bank Guarantee. In addition to the Bank Guarantee, appropriate insurance may be asked only where it is considered necessary. For low value items of less than Rupees one Lakh (Rs. 1,00,000), or for sending spares for repairs to the OEMs, this stipulation of BG shall be waived.

11.4 Payment to the Supplier

It shall be ensured that all the payments due to the firm including release of performance security are made on priority basis without avoidable delay as per Tender/ Contract conditions.

11.5 Safe Custody, Monitoring and Return of Securities and Other Instruments

Proper procedure for safe custody, monitoring and return of bank guarantees and other instruments is laid down in para 10.17.8 and may be followed accordingly.

11.6 Closure of Purchase File

On completion of all activities against a contract, the purchase file should be preserved for a period of five years in the record room and then destroyed after expiry of the applicable mandatory retention period with the approval of the competent authority. However, SPMCIL at its discretion may retain some of the important records for future reference in storage places.

11.7 Contract Enforcement

The office/ authority inviting tender shall be responsible for monitoring and enforcement of provisions of the contract. When the goods are procured by the purchase department, the CPSO shall be the officer responsible to see that the terms and conditions of the contract are not breached by either the supplier or SPMCIL. In case of any problem, he shall approach his immediate superior.

11.8 Imposition of sanctions

Sanctions may be imposed on any of the bidder(s) for presenting misleading/ false information in the tender forms, statements etc. Such sanctions will include blacklisting those bidders from all SPMCIL units for a period not less than two years from the date of opening of the tender.

If at any time during the currency of the contract, the supplier encounters conditions hindering timely delivery of goods, he shall promptly inform the concerned officer in writing about the same and its likely duration and make a request to the department for extension of the schedule accordingly. On receiving the supplier's communication, CPSO shall examine the situation and, on approval from competent authority, may agree to extend the delivery schedule, with or without liquidated damages for completion of contractor's contractual obligations. A note of extension shall be made in the respective procurement file and computerized records.

11.9 Vendor Performance Monitoring

CPSO shall ensure proper monitoring of vendors' performance after signing of the contracts. Monitoring should ensure that vendors adhere to contract terms, performance expectations are achieved (like timely deliveries, quality of goods supplied, adherence to proper procedure for submitting invoices, etc) and any problems/ issues are identified and resolved in a timely manner.

Without a sound monitoring process, there can be no assurance that buyer has received what was contracted for. It shall be ensured that the copy of performance monitoring report (Approving Authority Annexure 17: Vendor Evaluation) is made available to supervisory officers as per Para 7.4 of this manual for proper enforcement of the contract. The procedures governing such performance monitoring shall be formulated. Copies of the report should also be provided to the Tender Evaluation Committee and the Tender Evaluation Committee as well as for assessing the past performance of the bidders whose bids are being evaluated by these committees.

11.10 Risk in Goods – The Concept of "Passing of Title of Goods"

As per the concept of "Passing of Title of Goods" in Procurement Contracts, the risk in Goods (damages, loss, shortages etc.) is the responsibility of person who holds the Title of Goods at that point of time. This may be different from actual physical possession of such



Goods. Normally unless otherwise defined the Title of Goods passes from supplier to purchaser in accordance with the delivery terms, as explained in the chart in Annexure 25: Incoterms.

Section II) Liquidated Damages

11.11 Liquidated Damages

Compensation of loss on account of late delivery (financial as well as notional) where loss is pre-estimated and mutually agreed to is termed as the Liquidated damage (LD). Law allows recovery of pre estimated loss provided such a term is included in the contract and there is no need to establish actual loss due to late supply [Malla Baux Vs. UOI (1970)]. The legal position with regard to claim for liquidated damages is as follows:-

- (i) Whatever the quantum of the loss sustained, the claim cannot exceed the sum stipulated in the contract.
- (ii) Only reasonable sum can be calculated as damages, which in a given situation may be less than the sum stipulated.
- (iii) What is reasonable sum depends on fact.
- (iv) Court may proceed on the assumption that the sum stipulated reflects the genuine pre-estimates of the parties as to the probable loss and such clause is intended to dispense with proof thereof.
- (v) The distinction between penalty and LD has been abolished by the Indian Contract Act and in every case, the Court is not bound to award more than "reasonable compensation" not exceeding the amount so named.

11.12 Force Majeure Clause (FM)

If such a clause is provided in the contract, the legal concept of "Force Majeure" absolves/ mitigates the contractual obligations for delay/ performance of contract, in case it is due to circumstances/ forces beyond the control of either party. Notwithstanding the punitive provisions contained in contract for delay or breach of contract, the supplier would not be liable for imposition of any such sanction so long as the delay and/ or failure of the supplier in fulfilling its obligations under the contract is the result of an event covered in Force Majeure Clause. Action and time periods relating to FM clause are detailed in the GCC.

11.13 Quantum of LD

As a general rule, if the contractor fails to deliver the stores or any installment thereof within the DP or at any time repudiates the contract before expiry of such period, the CFA without prejudice to the right of SPMCIL to recover damages for breach of contract may recover from the contractor as agreed L/D and not by way of penalty a sum equivalent to 0.5% of the prices of any stores which the contractor has failed to deliver within the period agreed for delivery in the contract, for each week or part thereof during which the delivery of such stores may be in arrears where delivery thereof is accepted after expiry of the aforesaid period. The total damages shall not exceed value of 10% of undelivered goods. The LD cannot exceed the amount stipulated in the contract. [NC Sanyal Vs. Calcutta Stock Exchange (1971)]. In contracts governed by any type of Price Variation Clause (PVC, ERV or Statutory variations) the liquidated damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price Variation Clause.

11.14 Waiver of LD and Levy of Token LD:

- (i) There should normally be no system of waiver of Liquidated Damages and imposition of Token Liquidated Damages for delayed supplies in supply contracts. System of waiver of Liquidated Damages and imposition of Token Liquidated Damages for delayed supplies in supply contracts will strictly be an exception rather than rule.
- (ii) The CFA who has approved the tender has full powers to grant extensions in Delivery period with levy of LD in respect of contracts entered into under his own powers. However for extension of Delivery with waiver of LD or for levy of Token LD (10% of the full LD applicable) approval of one level above the CFA may be taken. In the case of tenders where CFA is higher than GM, SCGM would be the competent authority and cases need not go beyond this level for such matters.
- (iii) When waiving LD or levy of Token LD, the reasons for doing so must be fully recorded on the relevant files with finance concurrence. Normally following guidelines may be relied upon for waiver of LD or levy of Token LD:
 - (iv) Even in case no loss nor any inconvenience is caused due to Delays (as certified by the indenter), extension may be

granted with levy of Token LD (10% of ½% per week) along with application of Denial Clause, since the very fact of processing the case for extension is an inconvenience.

- (v) In case loss is suffered due to delays which can be quantified, LD may be levied along with Denial Clause, upto the value of loss or the stipulated %age (1/2% per week of delay), whichever is less.
- (vi) In case loss is incurred but cannot be quantified or if no loss is incurred but inconvenience is felt (which cannot be quantified), Token LD (10% of 1/2% per week) may be levied, along with Denial Clause.
- (vii) Wherever extensions to contracted delivery period are granted subject to the levy of LDs, a copy of extension letter should invariably be endorsed to the indenter asking him to indicate clearly whether any loss or inconvenience (which cannot be quantified) has been suffered by him on account of belated supplies within a target date be specified in the endorsement.
- (viii) When firms apply for extension of contract delivery period and it is decided to extend the same subject to recovery of liquidated damages for delay in supplies, contractors must be given a warning to this effect in writing at the time of granting extensions. It is not correct to grant extensions without any mention of the liquidated damages if it is proposed to recover such charges eventually.
- (ix) It is also not correct to grant extension of delivery period by merely stating that the extension is granted “without prejudice to the rights of the purchaser under the terms and conditions of the contract” as this would mean that all the options given in the conditions of contract would be available to the Purchaser on the expiry of the extended delivery period and would not amount to exercise of the option to recover liquidated damages from the original date of delivery period to the date of actual supply.
- (x) Liquidated damages accrue only in case of delayed supplies. Where or in so far as no supplies have been made under a contract, upon cancellation, recovery of only the loss occasioned thereby can be made, notwithstanding the fact

that prior to the cancellation one or more extensions of the delivery period with reservation of right to liquidated damages were granted.

- (xi) Government Establishments/Departments, as distinct from Public Sector Undertakings, undertaking contract work should not be dealt with as ordinary contractors and they should not generally be penalized for late delivery in terms of the conditions of the contract and claims for loss on re-purchase should not be enforced against them. Serious cases of defaults should, however, be brought to the notice of the Head of the Department or the State Government concerned.
- (xii) Relaxations allowed to Government Establishments / Departments, as above will not apply to Public Sector Undertakings as a matter of course. Each case should be decided on merits and the decision to waive the recovery of liquidated damages or risk purchase expenditure should be taken as per Para 11.14 and 11.24.
- (xiii) In the case of educational or development contracts, liquidated damages are not leviable. However, the nature of such contracts should be declared at the time of placing them.
- (xiv) In case of non-severable contracts (please refer to Para 11.21) where staggered deliveries have been indicated, it may happen that supplies are not received according to the delivery schedule. In such cases, having regard to the fact that the deliveries indicated under the contract are non-severable, no question of liquidated damages or enforcement of Risk purchase on the original contractor would arise so long as there has been no delay on the part of the original contractor in the completion of supplies with reference to the total delivery period.

11.15 Denial Clause (DC)

Since delay in delivery is a default by the seller, buyer may protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above Levy of Liquidated Damages) in the letter conveying extension of delivery period. In denial clause any increase in statutory duties and/or upward rise in Prices due to PVC clause and/or any adverse fluctuation in Foreign Exchange are to be borne by the seller during the extended Delivery

period, while Purchaser reserves its right to get any benefit of downward revisions in Statutory Duties, PVC and Foreign Exchange Rate. Thus PVC, other variations and Foreign Exchange clauses operate only during the original delivery period. Denial Clause is incorporated in Annexure 26: Format for Extension of Delivery Period.

Section III) Delivery Schedules & Extension of Delivery

11.16 Period of Delivery

The period for delivery of the ordered goods and completion of any allied service(s) thereof (like installation and commissioning of the equipment, operators' training, etc.) are to be properly specified in the contract with definite dates and the same shall be deemed to be the essence of the contract. Delivery terms stipulated in contracts should be specific and practical in terms of quantities/installments and the period/time /indicated to the point of date, month and year. Vague and ambiguous terms such as 1,000/5,000 Nos. per month, "2/16 weeks from the date of receipt of order", 'immediate', 'ex-stock', "as early as possible", 'off the shelf', 'approximately' and the like should be scrupulously avoided as these will not be legally binding. Delivery schedule may be decided so as to meet the procurement requirement plan discussed under Chapter 3 of this manual.

11.17 Delivery Schedule:

In case of items like raw-material which are delivered throughout the year, a delivery schedule of monthly rate of supply should be specified. It is usual in such cases that there is slight deviation from such monthly rate of supply. It should be clarified in such cases that the variation in periodic rate of supply beyond +/- 10% in any calendar month; or +/- 7% cumulative in any calendar quarter; or +/- 5% cumulative in any calendar year - would be considered as delay in delivery attracting imposition of LD.

11.18 Terms of Delivery

The terms of delivery is decided depending on the nature of goods to be purchased, transportation facility available, location of the prospective suppliers etc. Terms of delivery, inter alia, determine the delivery point of the ordered goods from where stores department is to receive/ collect the goods. It also decides the legally important issue of when the 'titles of the goods' have passed to the purchaser.

The delivery period is to be read in conjunction with the Delivery Terms – therefore the delivery is taken to have been done at the time when goods reaches the delivery point as per the delivery terms. Please refer to Annexure 25: Incoterms for details. The supplier should give delivery schedule in prescribed format, if the supplier is required to submit different types of goods under the same contract, to facilitate easy and timely inspection. A prescribed format for delivery schedule is given in Annexure 6: Delivery Schedule.

11.19 Acceptance of the stores dispatched after the expiry of delivery period.

- (i) If the contractor makes supplies locally after the expiry of delivery period, the supplies should not be accepted unless the contractor has obtained extension in delivery period from SPMCIL with or without any penal clause.
- (ii) As regards the supplies from outside contractors if the contractor dispatches the stores after the expiry of delivery period, the consignee should after the receipt of the R/R send an intimation to the contractor stating that the action taken by him in dispatching the goods after the expiry of delivery is at his own risk and responsibility and that the consignee is not liable for any demurrage, wharfage and deterioration of goods at the destination station and in his own interest and contractor should get extension in delivery period from the purchasers . This communication should be in accordance with Para 11.20 below. A copy of the communication sent to the Contractor should also be sent to the Purchaser.]
- (iii) In case of imports the contractor must not despatch consignment after expiry of delivery period without taking prior extension of Delivery period. In any case the terms of LC should be such that if there are dispatches beyond the delivery period, payment should be denied without levy of full LD and without formal extension of Delivery period by the purchaser.
- (iv) The Consignee/ Store may exercise their discretion in accepting supplies in respect of orders valued up to Rs. 3,00,000/- on application by the supplier provided the initial delivery period does not exceed six months. Acceptance of goods would lead to deemed extension in delivery schedule. In other cases prior extension of the delivery period from the purchase officer is necessary.

11.20 Extension of Delivery

- (i) According to legal advice if stores are accepted after the expiry of the delivery date of a particular installment without extension in delivery period being given, reserving our rights to levy liquidated damage, the Purchaser will not be legally entitled to claim the liquidated damages.
- (ii) Extension in delivery when granted should only be done in writing in the laid down proforma given in Annexure 26: Format for Extension of Delivery Period.
- (iii) No extension of delivery date is to be granted as a matter of routine unless it is specifically asked for by the supplier. Extension of delivery date amounts to changing the terms of the original contract and such an extension can be only with the consent of both the parties (i.e. the purchaser and supplier).
- (iv) However, in a few cases it may be necessary to grant extension of delivery period suo moto in the interest of the administration because of the sources of supplies being limited or as otherwise inescapable. In such cases it is necessary to obtain an acceptance absolute or unqualified to all the terms and conditions of the extension from the supplier.
- (v) No correspondence should be entered into with the supplier after expiry of the contract delivery period which has the effect of keeping the contract alive. When it is necessary to obtain certain information regarding past supplies etc., it should be made clear that calling for such information is not intended to keep the contract alive and does not waive the breach and that is without prejudice to the rights and remedies available to the purchaser under the terms of the contract.
- (vi) The extension of delivery dates may be sanctioned with or without Liquidated damages/ Denial Clause as per Para 11.14 of the Purchase Manual by authorities specified therein provided -
 - (a) That the rate in the contract was not accepted against other lower tenders in consideration of the date of delivery;
 - (b) That there is no falling trend in prices for this item as evidenced from the fact that in the intervening period

neither orders have been placed at rates lower than this contract neither any tender has been opened where such rates have been received even though tender is not yet decided.

- (c) Note: In cases of certain raw material supplies, where prices are linked to Price variation clause, extension may be granted even in case of falling trend in price indices, since purchasers interests are protected by the pricing mechanism. It should however be ensured that extensions are done with Denial clause.

11.21 Extension of delivery period in entire/severable contracts

- (i) Unless otherwise agreed, the buyer of goods is not bound to accept delivery thereof by installments. Such contracts where installments are not specified are known as 'Entire contracts'. Even non-delivery of a part quantity can lead to a breach of contract. However variation of 5% of the contract quantity is exempted in the Contract Conditions.
- (ii) Contracts where there is clearly laid out installment deliveries' mentioning exact dates and each installment is paid for separately - are known as Severable Contracts. In severable contracts delay or breach of one installment does not affect other installment, since each installment is considered as a separate contract.
- (iii) The legal position however is not very straightforward since mere mention of monthly/ quarterly rate of delivery (this is called delivery schedule) is not sufficient to make it a severable contract. However installments specifying exact dates (i.e. 310 nos. by 20th June 2010 etc) would be amounting to severable contract.
- (iv) In the case of severable contracts (i.e.) contracts providing delivery in instalment and not merely a delivery schedule, extension in delivery period are necessary for each instalment separately as according to legal advice if stores are accepted after the expiry of the delivery date of a particular instalment without extension in delivery period being given, reserving our rights to levy liquidated damage, the Buyer will not be legally entitled to claim the liquidated damages.

- (v) In the case of an entire contract providing delivery schedule it is not however, necessary to grant extension in delivery period in the case of delay in intermediate installments and such extension would be necessary only in case of delay beyond the final date for completion of delivery.

Section IV) Option Clause

11.22 Option Clause

- (i) Under this clause, the Purchaser retains the right to place orders for additional quantity up to a maximum of 25% of the originally contracted quantity at the same rate and terms of the contract. CFA's approval should be taken for exercising the option clause based on the value of contract with increased quantity. In case the recalculated value of the contract goes beyond the delegation of powers of original CFA, approval of CFA for the enhanced value may be taken.
- (ii) Normally in case of Raw Materials/ Consumables of regular and year-on-year recurrent requirements, all tenders of value above Rs. 50 Lakhs should invariably include this clause. However competent authority may approve inclusion of such clause in lower denomination tenders if such items concerned have a history of frequent disruptions in continuity of supplies. The clause may be on following lines:

“The Purchaser reserves the right to increase the ordered quantity by 25% at any time, till final delivery date of the contract, by giving reasonable notice even though the quantity ordered initially has been supplied in full before the last date of Delivery Period.”

11.23 Conditions governing Option Clause:

- (i) Additional demands should be available for coverage and over-provisioning may be avoided by keeping informed the officers concerned with provisioning/ tender evaluation for the next cycle of procurement.
- (ii) There should be no declining trend in the price of the stores as evidenced from the fact that no orders has since been placed at lower rates and no tender has been opened since where offers have been received at lower rates – even if not finalised.
- (iii) If option clause exists, during provisioning of next cycle and during the tender evaluation in next cycle of procurement,

application of option clause must be positively taken into account. The contract management authority must also keep a watch on the Delivery against contract; if other conditions are satisfied option clause must be exercised.

- (iv) Option clause is normally exercised after receipt of 50% quantity, but if the D/P is going to expire and other conditions are fulfilled, it can be exercised even earlier.
- (v) Option clause shall be exercised during the currency of the contract such that the contractor has reasonable time/notice for executing such increase and can be exercised even if the original ordered quantity is completed before the original last date of delivery.
- (vi) In case the D/P as originally fixed in the contract expires and extension is given to the firm to supply the balance quantity of materials outstanding, the percentage indicated in the option clause will be applicable only in respect of the balance quantity which was outstanding and in respect of which the D/P extension has been granted.
- (vii) If not already agreed upon D/P shall be fixed for the additional quantity on the lines of D/P in the original Order – this will satisfy the requirement of giving reasonable notice to the vendor for exercising option clause.
- (viii) The quantum of 'Option Clause' will be excluded from the value of tenders for the purpose of determining the level of CFA in original Tender.
- (ix) There should be no option clause in the Development orders.
- (x) This provision could be exercised in case of PAC/Single Vendor OEM case.
- (xi) However, where multiple vendors are available, necessary care should be taken in exercising Option Clause, so that the original tender decision of splitting quantities and differential pricing is not upset or vitiated. Other things being equal, option quantity should first be considered on the vendor with lower rate.

Section V) Termination of Contracts

A contract may be terminated by competent authority in the following cases:

11.24 Cancellation of Contract for Default

Without prejudice to any other remedy for breach of contract, like removal from the list of registered supplier, by written notice of default sent to the supplier, the contract may be terminated in whole or in part:

- (i) If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted.
- (ii) If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted.

11.25 Options in Terminating Contracts

In the event the contract is terminated in whole or in part; recourse may be taken to any one or more of the following actions:

- (i) The Performance Security is to be forfeited.
- (ii) Upon such terms and in such manner as it deems appropriate, goods similar to those undelivered, may be procured, and the supplier shall be liable for all available actions against it in terms of the contract.
- (iii) However, the supplier shall continue to perform the contract to the extent not terminated.
- (iv) Before cancelling the contract and taking further action, it may be desirable to obtain legal advice.

11.26 Termination of Contract for Insolvency

If the supplier becomes bankrupt or otherwise insolvent, at any time, the contract may be terminated, by giving written notice to the supplier, without compensation to the supplier provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to SPMCIL.

11.27 Termination of Contract for Convenience

After placement of contract, there may be some unforeseen situation compelling SPMCIL to cancel the contract. In such a case, a suitable notice is to be sent to the supplier for cancellation of the contract, in whole or in part, for its (SPMCIL's) convenience, inter alia, indicating the date with effect from which the termination is to become effective. Depending on the merits of the case, the supplier may have to be suitably compensated on mutually agreed terms for terminating the contract. Suitable provisions to this effect are to be incorporated in the tender document as well as in the resultant contract.

Chapter 12



Chapter 12: Goods Receiving and Quality Assurance

12.1 Introduction

The current objective of this chapter is to outline and establish the process of receiving goods at the store, carrying out inspection of the same and accepting/ rejecting the goods. The chapter begins with the description of the process. The various stages of the process including sampling are elaborated in this chapter.

12.2 Pre-requisite for goods inspections

Before accepting the ordered goods, it must be ensured that the goods have been manufactured as per the required specifications and are capable of performing the functions as specified in the contract.

To achieve the same, the tender document and the subsequent contract should specify the details of inspection and tests to be carried and stages and manner for carrying out the same.

The required inspections and tests should be carried out by the technically qualified and competent personnel. If the purchasing department does not have such qualified personnel, it may engage competent professionals from other departments (Engineers) or even outside agencies for the same.

12.3 Receipt of consignment

At the time of the delivery at the stores, the Storekeeper should receive the goods on “Subject to Inspection” basis and should issue Goods Receipt Note (GRN) in the standard format given in Annexure 14: Goods Received Note (GRN).

12.4 Preliminary Inspection

On opening the packages (if applicable), the respective Storekeeper shall initiate preliminary inspection of the goods received. This should include checks for any obvious damage in transit and other physical/ visual checks specific to functional characteristics of the product. The quantity of the goods received should also be verified at this stage by the storekeeper against the purchase order and the vendor's invoice. The quantity received should also be mentioned in the provisional receipt certificate to be given to the supplier.

12.5 Detailed Inspection

Following preliminary inspection, preparations are initiated for a more organized and detailed inspection as detailed below:

12.5.1 Scheduling detailed inspection

On receipt of goods at stores, the Storekeeper should immediately notify user department requesting for scheduling inspection. The user department will then fix a date of inspection and assign the task to concerned Inspector.

12.5.2 Various Modes of inspection

The stages and modes of inspection may vary depending on the nature of the goods, total value of the contract, location of the supplier, location of the user, etc. Depending on the nature of goods being procured, usually, following types of inspection may be adopted:

Pre-despatch Inspection

A pre-despatch inspection may be conducted either during the production process (which is known as Stage Inspection) or on production of the finished products, but before despatch of the goods from supplier's premises.

Highly technical/ electrical/ mechanical/ security goods or BIS marked goods whose physical inspection or testing is difficult and the quality of manufacturing process is likely to have considerable effect on the final quality and durability of the goods and such goods should may be inspected using this procedure. Paper, steel coils and machinery may fall into this category.

Inspections on delivery at Stores

Post delivery of such inspection is carried on receipt of goods at site before accepting the same. This should be typically done for goods that are available off-the-shelf and are IS marked.

All final goods which may be directly consumed or utilized on delivery (excluding machinery installations etc) and for which detailed inspection of manufacturing process is not required and only a physical inspection regarding their physical characteristics is required, may be inspected using this method.

SPMCIL has the right to reject the goods on receipt at site during final inspection even though the goods have already been inspected and cleared at pre-despatch stage by SPMCIL's inspector. However, criteria for such rejection should be clearly documented in the tender document.

Inspection on Installation & Commissioning

This method is adopted to check the performance and output of the equipment/ machinery after the same is commissioned at site and operational.

12.6 General Considerations for Inspections

12.6.1 Deciding Sample-size

The quantum/ number of samples to be drawn from a particular lot or batch of goods for inspection and tests shall be as laid down in the governing specifications, departmental instructions, or inspection protocol decided as the case may be. Where these are not specifically indicated the supervisory officer or the testing authority can decide the sample-size as may be required.

When a sample-size is laid down in a specification for test or examination, this sample-size is to be followed. Technical specification should indicate a standard sample-size based on relevant code if applicable, for carrying out tests/ examinations.

In cases of failure in a test or examination, the Inspector may order a further sample-size for test or examination as per sampling procedure or extant instructions before pronouncing rejection.

If the defects or deviations observed are of rectifiable nature, such rectification may be permitted to be completed within a reasonable time frame and goods resubmitted for inspection within the stipulated delivery period for making further sampling examination, or making re-test of the samples, as may be permissible under the governing specifications/ departmental orders before making a complete rejection of the goods.

12.6.2 Selecting a representative sample

Where inspection is to be carried out against clear technical specification along with an approved sample, the requirements of these specifications must be carefully followed during inspection. In such cases in addition to these clear guidelines, certain qualitative yet indeterminable aspects of the sample such as feel, finish, shade, workmanship could also be critical in acceptance/ rejection of the sample. Detailed instructions in this regard as given in Para 5.15 may be followed.

12.6.3 Verification of well defined criteria

In case of certain goods, it may be possible to specify certain well defined physical/ functional characteristic of the product to be inspected. For example, for some goods, it may be possible to specify parameters such as unit weight/ density/ length and breadth etc in the technical specifications and a range of acceptable values against each of these parameters may be prescribed. In such a case a logical representative sample of the product may be weighed/ measured (as the case may be) under test conditions to assess if the product meets criteria for acceptance.

12.6.4 Checking goods packages

When goods are supplied in boxes, bundles or coils as in the case of tools, rope, canvas, barbed wire, etc. each of which is required to contain a specified quantity, reasonable number of such packages should be opened up and checked.

12.6.5 Other Considerations during Inspection

- (i) A separate Inspection Report must be prepared for each consignment under the Acceptance of Tender or Supply Order.
- (ii) In the case of large consignments, the issue of Inspection Report may not be held up until the inspection is completed but these must be issued for the quantity inspected and accepted during not more than 48 hours.

- (iii) Accounting Unit is in terms of 'Sets' or 'Number' and the stores are such that they comprise of a number of components or accessories. Inspection Report may be issued when all the parts, components and accessories forming a set are inspected and accepted. Where the “Accounting Unit” is on “Tonnage” basis, Part-Inspection Report can be issued when the details of weight and despatch particulars are available from the Suppliers.
- (iv) When Plant and Equipment are ordered with spares, Inspection Report for spares should not be issued before acceptance of main equipment.
- (v) In the case of contracts for imported stores which involve initial inspection in the country of origin and final inspection in India, final Inspection Note will be issued giving reference to the certificate issued abroad.

12.7 Inspection Authorities

Inspection modalities or agencies of Inspections specified in the contract should normally not be changed. In rare cases when this becomes inescapable, this should not be done at unit level but approval of CFA should be taken, justifying the rare circumstances.

12.7.1 Internal Inspection Authorities

For inspections where user department is required to participate, stores shall intimate the user on the proposed date of inspection at least one week in advance. The representatives of the user departments and/or lab representative shall respond to stores as early as possible. CPSO shall be final authority for acceptance of goods. Based on the user department inspection report/lab reports, an Inspection Report shall be issued by CPSO.

12.7.2 External Inspecting Authorities

Sometimes it becomes necessary to conduct type test, acceptance test or special test at external laboratories, when facilities for these tests are not available in-house with the supplier or carrying out of confirmatory tests is

considered desirable before accepting the goods. The following guidelines will apply in all such cases:

- (i) External testing may invariably be got done normally from National Accredited/ Government Laboratories. A list of approved testing laboratories should be drawn up for testing the samples drawn from the lots offered by the supplier and choose an inspection agent qualified to conduct random sampling in accordance with ISO/ IS requirements.
- (ii) In case of items prone to contentions (a list of such items and tests may be evolved over time) about results of Tests, Testing may be got done from more than one such Laboratories in parallel. The list of external Laboratories should also contain approved laboratories, which can be used as referral/ appellate laboratories for retest, when samples tested at one laboratory are decided to be re-tested.
- (iii) Test reports must contain the values obtained in the Tests besides, fail/ Pass results. Laboratory must preserve the sample and test records for a period of three years.
- (iv) A written confirmation should be requested from the supplier that the results of the testing laboratory chosen for qualification and compliance testing will be accepted by the supplier. The name of the testing lab should be incorporated in the tender document.
- (v) The Department shall lay down a Liability Statement for cost of samples expended in tests, despatch of samples, transportation costs, test charges etc. in respect of samples tested at outside laboratories as may be applicable.
- (vi) In cases where the samples are to be tested at supplier's cost on account of non-availability of their own testing arrangements, the responsibility of depositing the testing fee, etc. would rest with the supplier.

- (vii) Goods accepted at initial inspection and in final inspection in terms of the contract shall in no way dilute SPMCIL's right to reject the same later, if found deficient in terms of the warranty clause of the contract.

12.7.3 Joint Inspection on Complaint

In case a written complaint is received from the supplier disputing rejection of goods by SPMCIL's inspecting officer, the same should be jointly investigated by a team consisting of an authorized representative of SPMCIL, a senior representative of the inspecting agency, who is well conversant with the goods and an authorized representative of the supplier.

Detailed procedure to be followed in this regard and the format of the joint inspection report (to be signed by all the team members) are to be prescribed by the purchasing department and the matter processed accordingly for further necessary action.

12.8 Approval of Acceptable deviations

Under no circumstances, no officer shall have the authority to modify the governing specifications, approved drawings or samples during inspection without reference to the competent authority that approved the tender. For all cases of acceptance with deviation, nature of deviation along with justification for acceptance against such deviation shall be duly documented. The competent authority that approved the tender shall take final decision on deviations.

- (i) Deviations from the contract specifications/ requirements not affecting price, quality, performance and other terms of contract may be allowed at the level of CPSO on consultation with the indenter on merits/ nature of deviations.
- (ii) In all other cases, the goods shall be rejected giving full reasons by issuing a rejection Inspection Report. Rejections shall not be made in a piecemeal basis.
- (iii) Rejection Inspection Report shall be issued with the approval of CPSO.

12.9 Storage and Issue of Inspected goods

12.9.1 Storage of goods

After satisfactory inspection and tests, the acceptable materials shall be stamped, labeled, marked, or sealed and stored in a systematic manner so as to facilitate easy retrieval at a later stage. Storage occurs when an object is kept and protected against unauthorized removal. As all the goods needed / procured cannot be consumed at one point of time, storage is an inevitable process. The storage system forms the key component of any materials management system. Thus storage-stores management has a very important role to play. Material pilferage, deterioration and careless handling may lead to lower availability of stocks to the beneficiaries.

- (i) The Storekeeper shall ensure that the lots which are under inspection, accepted, or rejected are properly segregated and identified. The details of goods accepted after inspections are entered into a Stores ledger, a template for which is given in Annexure 15: Stock Ledger.
- (ii) The storekeeper shall also make sure that the goods are stored in such conditions that their usability/ effectiveness are not decreased for the duration of storage/ shelf-life.
- (iii) There shall not be any initial provisional acceptance at a lower level. Inspection Reports shall be prepared detailing the inspection done, samples examined, the requirements as per the relevant specification/ contract and the observations jointly with the representative of the firm.
- (iv) In respect of stores which have been rejected by the user department, the rejection Inspection Report will be issued immediately following the completion of the inspection with the approval of the competent authority.
- (v) The criteria for rejection should not be subjective. All the reasons of rejection and deviations found from the governing specifications, drawings or other particulars

should invariably be noted in detail in the “Remarks” column of the Rejection Inspection Note.

Some of the important functions of Storage are as follows:

- (i) Issue: fulfilling the demand of indenters by proper issue of items on receipt of authorized issue requisitions/ indents.
- (ii) Records: to maintain proper records and update receipt and issue of materials, either in manual or electronic form.
- (iii) Housekeeping: Keeping the stores clean and in good order so that the handling, preservation, stocking, receipt and issue can be done satisfactorily.
- (iv) Control: Keeping a vigil on the discrepancies, abnormal consumption, accumulation of stocks etc., and enforcing control measures.
- (v) Surplus Management: Minimization of wastage, surplus and obsolescence through proper inventory control and effective disposal of surplus and obsolete items.
- (vi) Verification: Verifying the bin card balances with the physical quantities in the bins and initiating the purchase cycle at appropriate time so as to avoid the out of stock situation.
- (vii) Stores ledger: It contains more information than bin cards. It also records additional entries like P.O. details, Qty. ordered, Qty. received, Qty. accepted, Material Requisition no. etc.
- (viii) If quality assurance measures have been strictly followed during the manufacturing process, the conditions of the warehousing and storage play a major role in ensuring that quality goods received reach final users in good condition. They should be left in their original packaging during storage.

The prescribed format for Material Requisition Note (MRN) is given in Annexure 16: Material Requisition Note.

The prescribed format for stores ledger is given in Annexure 15: Stock Ledger.

12.9.2 Issue of goods

The stored goods are issued to the user department upon receipt of a requisition note from the user department.

12.10 Documentation of inspection

12.10.1 Inspection Documents

Inspection Reports (Annexure 15: Stock Ledger) are issued in significance of the stores on acceptance; against which payments are made by the Finance department as per the conditions of the contract.

Issue/ distribution of Inspection Report when supplies are accepted

Inspection Reports should be printed in sets of 4 leaves each having the same number. On the top of each leaf the details for whom the copy is meant is printed. The copies of Inspection Report to be made out and distributed by the CPSO when the supplies are accepted with or without some rejections shall be as under:

COPY	ISSUED TO
Supplier/Contractor's Copy	Contractor/ Supplier
Stores Copy	Storekeeper
User Department's Copy	WM
Finance & Account's Copy	FA&CAO
Purchaser's Copy	CPSO

The following guidelines should be adhered to regarding distribution of Inspection Reports:

- (i) The Inspection Note copies meant for payments shall be attested with full signature in ink by the CPSO. Accounts would make payments against copies so attested only.
- (ii) Corrections if any on the Inspection Note shall be duly authenticated by the officer issuing the same. Similarly each Continuation Sheet if attached to the Inspection Note should be signed by the CPSO at the relevant places and any correction duly authenticated.

- (iii) Each Inspection Note copy issued shall invariably bear the individual's name, stamp along with his Designation and Code No. of the officer authorized to sign and issue Inspection Documents.
- (iv) In case of total rejections no copies meant for payments/Accounts Office will be issued. Such copies will be cancelled across by the Inspecting Officer with his signature and retained in the inspection file along with the office copy of rejection Inspection Note. In respect of initial or final inspections only appropriate copies of Inspection Report shall be signed and released.
- (v) No 'Certified true copy' of the lost original payment copies will be issued until a 'Non Payment Certificate' has been received from the concerned Accounts Officer or that payment has not been made and will not be made against the original Inspection Report even if received subsequently. This copy must be endorsed as "Certified Copy" and this endorsement will be attested in full in indelible ink by the officer giving cross reference to the Accounts Officer's Non Payment Certificate with the name stamp with designation and Code No. of the officer issuing the duplicate copy.

12.10.2 Handling of inspection stamps/ inspection documents

- (i) For reasons of security and to avoid irregular or incorrect issue, the Inspection Reports should be machine numbered and wherever possible different colour copies marked for different users.
- (ii) An account of the details of the Inspection Reports and other inspection documents and accessories issued shall be maintained serial number wise in an appropriate register.
- (iii) The Department should also develop a foolproof system to avoid any fraudulent and unauthorized use of the inspection notes.

12.11 Guidelines on Pre-Despatch Inspection Schedule

12.11.1 General Guidelines

As far as possible, the inspection should be commenced and finished and Inspection Report issued during the validity period of the contract so that the contract is not kept alive after expiry of delivery period.

In cases where the supplier offers stores for inspection during the last few days of the contract delivery period or even on the last day of the contract delivery period, efforts should be made by the Inspecting Officer to commence the inspection before the expiry of the delivery period.

In cases where it is not possible to commence/ conclude the inspection before the expiry of the delivery period, the Inspecting Officer should immediately on receipt of the intimation or request for inspection of the stores, bring to the notice of the supplier orally as well as in writing that the stores have been submitted for inspection at the very late stage and that it is not possible to commence/ conclude the inspection before the expiry of the delivery period.

The supplier should also be informed that the goods offered for inspection will, however, be inspected till the completion of the inspection which can be after the expiry of the delivery period and such an inspection continuing after the expiry of the delivery period is neither intended nor is to be construed as keeping the contract alive.

The Inspecting Officer should invariably issue such notice to avoid the contract being kept alive after the expiry of the delivery period. In a case, where the inspection is commenced before the expiry of the delivery period and the Inspection Note is issued after the expiry of the delivery period, the Inspection Note, whether accepting or rejecting the goods, shall be duly franked as per franking clause as given below as an abundant precaution against keeping the contract alive:

12.11.2 Franking Clause on Acceptance

The fact that the goods have been inspected after the delivery period and passed by the Inspecting Officer will not have the effect of keeping the contract alive hence Inspection report should have a franked endorsement:-

“The goods are being passed without prejudice to the rights of SPMCIL under the terms and conditions of the contract.”

This clause may also be incorporated in conditions of contract.

12.11.3 Franking Clause on Rejection

The fact that the goods have been inspected after the delivery period and rejected by the Inspecting Officer will not bind the purchase in any manner - hence Inspection report should have a franked endorsement:-

“The goods are being rejected without prejudice to the rights of SPMCIL under the terms and conditions of the contract.”

This clause may also be incorporated in conditions of contract.

12.12 Waiver of inspection and acceptance of goods under firm's 'quality self-certification'

Certain goods in respect of which manufacturers could be relied upon for quality products may not be subjected to physical inspection and the stores may be accepted under firm's quality self-certification. Physical inspection clause stipulating inspection authority and the inspecting officer in such cases will not be included in the contracts entered into.

CPSO may recommend such goods/services for inclusion in the exempted category in respect of which there have been no rejections during the last three years to GM. On approval by GM, such goods/services may be then included in an exempted list. This

list should be revised periodically and changes may be suggested by CPSO. Waiver of pre-despatch Inspection and acceptance of stores under firm's quality self-certification may be considered:

- Where user departments indicate in their indent that physical inspection is not necessary and that the stores can be accepted on firms' quality self-certification
- Where the user department requests for waiver of inspection to meet his urgent requirement and where the firm is agreeable for 100% payment against consignee's receipt and acceptance, in such cases, the user departments themselves will be responsible for ensuring quality of goods supplied.
- For waiving pre-despatch inspection of imported stores, the stores are normally accepted under firm's quality self-certification.

However, the right for waiver of inspection may be reserved only for specific requirements and justification for waiver shall be recorded. Also, a suitable clause may be incorporated in conditions of contract.



Chapter 13



Chapter 13: Record Keeping & Reporting

13.1 Introduction

This chapter details on the practices to be followed for proper record keeping and monitoring of procurement of goods.

13.2 Procurement Audit

All the procurements done by SPMCIL are subject to post audit by internal audit, statutory audit and Comptroller and Auditor General (CAG). Hence, all the documents related to the procurement should be filed and kept systematically and safely. Files shall be properly numbered in notes and correspondence side. Directions already issued by CVO in this regard shall be followed.

13.3 Procurement Record-keeping

Purchase department should maintain the following basic records (either in manual or electronic form):

- (i) Purchase order log: It contains a numerical brief record of all Purchase Orders issued. It contains Purchase Order nos., supplier's name, brief description of purchase, total value of the order etc.
- (ii) Open order file: contains status of all outstanding orders.
- (iii) Closed order file: contains historical data of all completed purchases.
- (iv) Vendor record file: contains the names, addresses of suppliers, materials that a vendor can supply delivery and quality records.
- (v) Rate contract file: contains the purchase records of items under a term contract. It is especially important when the contract is an open one against which orders may be placed.
- (vi) Purchase reports: Since the Purchase Department handles a sizable portion of organization finances, it is

desirable to have some summary reports periodically (monthly/ quarterly/ half yearly/ annually) available to the management. Some of important reports are:

- (a) Total value of purchase
- (b) Allocation of purchase value against major items
- (c) Budget for purchase for the next year
- (d) Proposal for revision of budget in current year

Besides the above, the CPSO should maintain all the records of issue, receipt, opening, evaluation of tenders, award of contracts i.e. all pre-order and post-order records in chronological order and the files kept in an identified place and should be retrievable for scrutiny whenever needed without wastage of time. The records of complaint handling, correspondences with clients, consultants, Banks, Vendors etc. also should be kept separately and should be retrievable.

13.4 Procurement Register (PR)

There shall be a procurement register maintained by the procuring department (purchase department for annual procurement of goods) which shall be used for recording key information which includes:

- (i) Date of request for procurement/ Indent/ Planned Procurement Activity
- (ii) Name of the department making the request/ Annual Procurement Plan
- (iii) Procurement Number
- (iv) Mode/ Method of Procurement
- (v) Date of invitation for bids/ preparation of bid document
- (vi) Date of decision of Tender Evaluation Committee

- (vii) Contract date & number
- (viii) Name(s) of supplier(s) and all other participants to the tender
- (ix) Codes, unit size, short description and quantity of units, unit price, total cost per item and expected delivery date
- (x) Date of receipt of Shipping Document
- (xi) Date of delivery and the total quantity delivered
- (xii) Stores receipt voucher date and number
- (xiii) Remarks

The PR should contain records for Invitation for Bid Notification of Contract and the Contract. These documents shall help in monitoring the progress of procurement process. The CPSO shall be responsible for maintenance of PR. The official entrusted to maintain the PR shall ensure that all documents are filed centrally in a sequential order. Different procurement activity will be filed in a separate file. All pages should be numbered and signed/initialed by some responsible officer.

13.5 Filing Structure

Some of the broad guidelines for the filing structure are presented below:

- (i) A general box labeled “PG” (Procurement General) shall be used to record the following documents for each project:
 - (a) Appraisal report
 - (b) Reference number list for bulky bid documents
 - (c) Contracts with separate filing for goods and services
- (ii) All boxes/ drawers shall have computer printed labels for clear legibility. The boxes used for filing contracts shall be marked “G” indicating goods.

- (iii) A separate box shall have individual folders for the following items:
 - (a) Each procurement step for the contract concerned
 - (b) A folder for complaints
 - (c) A folder for procurement review or technical audits
- (iv) Large boxes shall be created for storing bulky documents like:
 - (a) Prequalification and bidding document
 - (b) Consultant's proposal
 - (c) Contract documents

These documents shall be provided a reference number and the reference list shall be placed in each Procurement General box for the project for their easy traceability.

13.6 Filing Folders

Some of the key folders for proper filling of the procurement process are listed below:

13.6.1 General Folders

The general folder shall consist of the folders like:

- (i) Basic Document Folder which contains the appraisal report, loan documents, list containing reference number and notice for invitation for bids, request for expression of interest and publication date and the responses of interested firms in case of consultancy services.
- (ii) Procurement Review Folder/ Project audit folder
- (iii) Box for bulky documents as mentioned

13.6.2 Specific folders for goods

Specific folder for recording documents related to procurement of goods shall consist of folders like:

- (i) Complaints Folder
- (ii) Bid launching folder
 - (a) Procurement notice for the specific procurement with the date of issue.
 - (b) Bid document sold
 - (c) Modifications/ alterations to the bid
- (iii) Bid Evaluation folder
 - (a) On-the-spot report of the Tender opening official
 - (b) Clarifications requested by bidders and written clarification provided for the same
 - (c) Bid evaluation report and recommendations as submitted by TEC
- (iv) TEC's Bid Award Folder
 - (a) Copy of the letter of acceptance as received from the successful bidder
 - (b) No objection to signed contract
 - (c) Copy of the signed contract
- (v) Contract Management Folder
 - (a) Contract amendments
 - (b) Inspection certificates
 - (c) Payment certificates
 - (d) Completion certificates
 - (e) Copies of guarantees
 - (f) Claims & Disputes

13.7 Management Reporting

Regular reports measuring the vital characteristics and performance on multiple parameters of the procurement process should be made



available monthly to the various authorities. These reports would be prepared by Production Planning Section (PP).

Different reports should be sent to different levels of authorities as detailed below:

- (i) **GM/DGM/FA&CAO:** Monthly variance analysis against budgets, Variance analysis for Category 'A' items, No. of stock outs and average period of stock out for Category 'A' items, average time taken for payment, Top 10 suppliers by value, etc.
- (ii) **CPSO/WM:** Monthly variance analysis for select items, No. of stock outs and average period of stock out for select items, average period of outstanding indents & invoices, % of defects for select items, Performance analysis of top 25 suppliers.

The list given above is only indicative and the various field officers directly involved in procurement and execution of contracts should bring to the notice of competent authorities, any issues that they feel might have substantial impact on the procurement activities/ policies of SPMCIL.

Templates for management reports are given in Annexure 18: Templates for Management Reports.



Chapter 14



Chapter 14: Disposal

14.1 Introduction

This chapter describes the different actions and procedures to be adopted for the disposal of Sensitive and Non Sensitive Machinery / Equipments and other items in the units under SPMCIL.

An item may be identified as surplus, obsolete or unserviceable (hereafter referred to as 'disposable') if the same is neither usable by the department nor it is of any operational value. The reasons for declaring the item surplus or obsolete or unserviceable should be recorded by the user department. Authority competent to purchase stores of the value of the items as per the book value shall be competent to declare the store as obsolete/surplus/ unserviceable in the case of non-security it shall be one level below.

The competent authority may, constitute a Condemnation Committee (CC, refer Para 3.3.4) at appropriate level to declare/ identify item(s) as surplus or obsolete or unserviceable item(s). Since disposal is a continuous activity, separate standing CCs may be setup for different categories of items.

The book value and the reserve price of the surplus item are important considerations in disposal. In case book value is not readily available, the original purchase price of the surplus item may be used to calculate book value by factoring the original price with an appropriate rate of depreciation in consultation with associated finance.

A standard format for disposal of goods is provided in *Annexure 19: Report of Stores for Disposal*.

14.2 Classification and Categorization:

There are different varieties of materials/ items for disposal under each Unit- e.g. Paper, Steel, old machineries and equipments, Electrical and Electronic items, Inks, Chemicals, Brass, Copper, Nickel, Old vehicles, Cotton Wastes, Packing materials, oils, Wood, G.I. Sheets, Polythene, Plastic, Computers, Films, Printing Presses, Printing plates, Blankets, Rollers and Cylinders, Numbering Boxes, Perforation Tools, Ink Drums, Printed wastes, Old Spare parts, Old construction materials etc

Above mentioned items may be classified as **Security and non Security items** as per Para 6.12.

It's very important to categorize the scrapped item into various



categories. These categories are based on the use to which the scrap purchaser can put the scrap to commercial use – e.g. for melting, re-rolling, burning, recycling etc. A properly categorized and sorted scrap is likely to attract better value. It also helps in keeping data for history of prices and facilitates fixing of Reserve prices. The main suggestive preliminary categories (This can be locally fine-tuned) are:

I. Security Related Scrap

II. Non-Security

1. Metal Scrap
 - a. Ferrous Scrap:
 - i. Cast Iron
 - ii. MS (Mild Steel)
 - iii. Mixed Ferrous
 - b. Non-Ferrous Scrap
 - i. Aluminum
 - ii. Batteries with Lead
 - iii. Copper/ Wires with PVC/ Rubber covering
 - iv. Brass
2. Scrapped Vehicles
3. Scrap Used Oil
4. Scrap Paper
5. Scrap Ink and Chemicals
6. Scrap Tyre/ Tubes/ Rubber Items
7. Scrap Wood/ Wooden Furniture
8. Empty Oil/ Grease Drums
9. Condemned Machines, M/c parts, Bearings (with or without Non-ferrous attachments)
10. Junk Kutchra Mixed

14.3 Segregation and Strong Room:

Scrap disposal process is prone to leakages and frauds unless abundant vigilance is practiced by the custodians. It is very important to keep security related scrap and high-value/ non-ferrous scrap entirely away from non-security/ low-value scrap, in a separate secure

strong-room with recorded opening register. Within the security and non-security type of scrap; it is necessary to keep - new and usable materials; incoming unclassified scrap and ready for sale scrap - physically segregated from each other.

14.4 Marking and Cutting:

To prevent leakages and errors, it is important to mark all security and high-value reusable scrap in colour coded Marking – if not possible on the material itself then on the container or bags. These could be:

- (i) Yellow Stripes: Rejected or Reusable hi-value scraps like Bearings
- (ii) Red Stripes: Security Scrap
- (iii) Green Stripes: Environmentally Hazardous Scrap like Lead, Acid, Asbestos etc.
- (iv) White Lime (Chooona) Stripes (In addition to other Paint Codes): Ready for sale Lot-Formed Scrap. These should be so painted that any disturbance to the scrap lot should disturb the continuity of such stripes – which should be visible even in a cursory glance.

In all security and High-Value reusable (like Bearings) scrap, if possible- vital parts may be damaged by cutting or hammering, so as to render them unusable as described in Para 14.8. This may reduce the likely price that may be obtained, but it would be worth the reduction.

14.5 Composition and Description

Complete description of the scrap lot is very important in obtaining a fair price for the scrap. The description should specify all recoverable elements of the scrap and their likely proportion. For this purpose as far as feasible, a technical examination of the scrap should be done to gauge the proportion of various elements of the Scrap. Especially if there are non-ferrous parts/ fittings – those should be clearly declared.

14.6 Process of Disposal

14.6.1 The Condemnation Committee (CC) may initiate the process of disposal at the end of annual inventory audit for respective departments. Items may be identified as disposable in any of the following cases:

- (i) The item has completed its expected useful life, and is no longer operational or in use. For this purpose, the expected useful life of various categories of items is to be decided by user department officers and approved

by WM.

- (ii) Where the life period has been prescribed or stipulated and is over, it should normally be taken as enough ground for declaring the item obsolete and unserviceable. However, the condition of the item should still be thoroughly examined by the committee to see whether the item could be put to further use.
- (iii) The item, disregarding its expected useful life, in case it is non-operational or no longer useful due to breakage, wear and tear, unserviceability, obsolescence, negligence or acts of nature or has already been replaced by another similar item.
- (iv) The cost of ownership (including cost of repair and costs due to down-time or non-availability) is more than the cost of procuring a new item of the same specification.
- (v) The item has a limited shelf life and exists in surplus quantities and there is likely to be no future use of the item during the remaining period of its useful life.
- (vi) An item remaining in stock for over a year beyond the provisioning cycle shall be considered surplus unless there is any good reason to treat that otherwise.

14.6.2 After identification of disposable goods and documenting the reasons for recommendation to dispose, CC may seek approval from competent authority. Authority competent to purchase stores of the value of assessed reserve scrap value/ book value shall be competent to approve declaration of the store as obsolete/surplus/ unserviceable and their subsequent disposal (please refer Annexure 28 Item I). Items identified as disposable by a user department shall be then sent/ custody handed over to the stores.

14.6.3 After required approval, in case of sensitive/ security scrap, the CC shall also ensure that such scrap is properly cut-up/ destroyed as per Para 14.8 and then issue a 'Fit for Disposal Certificate' only after satisfying themselves that the machinery are safe for disposal; - without which such scrap should not be accepted for disposal by CPSO and the Surplus Disposal Committee (SDC – refer Para 3.3.5). CC may obtain a certificate signed by respective head of department stating

that all security items on the machine have been removed and kept under safe custody and no security item is on the machine/equipment. Original shall be sent to CPSO and copies to store, purchase, workshop and finance. Photography/ Videography to the extent required of the machines before and after making ready for disposal should be kept. Copies of these video/ Photo records may be retained by CPSO.

14.6.4 List of approved disposable items shall be then forwarded by the CPSO to the SDC, duly ensuring formation, marking and numbering of scrap lots keeping Para 14.3 and 14.4 in mind.

14.6.5 The SDC shall then initiate proceedings to dispose off the items as per procedure given below.

14.7 Modes of Disposal

- (i) If assessed scrap value of the item is more than Rs. Two lakhs, it may be disposed off by either obtaining bids through advertised tender or through public/ e- Auction. Items with assessed scrap value of less than Rs 50,000 (Rupees Fifty Thousand) may be disposed through LTE to known/ registered scrap merchants. Mode of disposal may be determined by the CFA, keeping in view the necessity to avoid accumulation of such goods and consequent blockage of space and also deterioration in value of goods to be disposed off.
- (ii) E-Auction may also be encouraged, which at present is done though outsourcing this activity – and where instructions of the outsourcing service provider may be followed. However, any violation of prudence; transparency; equality and competition among bidders or value for money principles of normal auction is noticed, it should be asked to be rectified by the service provider. In case of e-auction, depending on the particular e-auction software used by the service provider, the highest bid above the Reserve Price is automatically declared successful by some types of software. In some other types of software the seller has to individually accept such bids – but even then there is no scope or time to go into a de-novo examination of reasonableness of the bid even though it is already above reserve price. Therefore due

diligence in fixing Reserve Price is very important.

- (iii) For certain disposable goods such as expired chemicals, inks, papers etc., which are hazardous, should be written off or destroyed immediately by adopting suitable mode so as to avoid any health hazard and/ or environmental pollution and also the possibility of misuse of such goods. Disposal or destruction shall be done strictly in accordance with the procedures prescribed in the relevant Pollution Control Act/Rules and any other Municipal Provisions in this regard.
- (iv) Disposable goods, equipment and documents, which involve security concerns (e.g. currency, negotiable instruments, receipt books, stamps, security press etc.) should be disposed of / destroyed as per para 14.8.

14.7.1 Disposal through Tender

The broad steps to be adopted for this purpose are as follows:

- (i) Assessment of book value of disposable goods.
- (ii) Finalization and approval of tender estimates for disposal.
- (iii) Preparation of bidding documents.
- (iv) Invitation of tender for the surplus goods to be sold.
- (v) Opening of bids.
- (vi) Analysis and evaluation of bids received.
- (vii) Selection of highest responsive bidder.
- (viii) Collection of EMD against sale from the selected bidder.
- (ix) Issue of sale release order to the selected bidder.
- (x) Release of the sold surplus goods to the selected bidder.
- (xi) Receipt of payment from the highest responsive bidder.
- (xii) Return of bid security to the unsuccessful bidders.

The important aspects to be kept in view while disposing the goods through advertised tender are as under:

- (a) The basic principle for sale of such goods through advertised tender is ensuring transparency, competition, fairness and elimination of discretion. Wide publicity should be ensured of the sale plan and the goods to be sold. All the required terms and conditions of sale are to be incorporated in the bidding document comprehensively in plain and

simple language. Applicability of taxes, as relevant, should be clearly stated in the document.

- (b) The bidding document should also indicate the location and present condition of the goods to be sold so that the bidders can inspect the goods before bidding.
- (c) The bidders should be asked to furnish bid security (EMD) along with their bids. The amount of bid security should ordinarily be 5% (five per cent) of the assessed or reserved price of the goods. The exact bid security amount should be indicated in the bidding document. The Earnest Money shall be forfeited if the tenderer unilaterally withdraws amends, impairs or derogates from his offer in any respect within the period of validity of his offer.
- (d) If the offer of the tenderer is not accepted by the SPMCIL, the Earnest Money deposit made by the tenderer shall be refunded to him. No interest shall be payable on such refunds. The EMD deposited by the successful tenderer shall remain with the SPMCIL till payment of the security deposit (SD) money, as stipulated in relevant Clause, has been made. It may be adjusted as part of the total SD money at the discretion of the SPMCIL.
- (e) The bid of the highest acceptable responsive bidder should normally be accepted. However, if the price offered by that bidder is not acceptable, negotiation may be held only with that bidder.
- (f) In case the total quantity to be disposed of cannot be taken up by the highest acceptable bidder, the remaining quantity may be offered to the next higher bidder(s) at the price offered by the highest acceptable bidder. Minimum quantity to be accepted shall be indicated in the tender.
- (g) The successful tenderer, herein after referred to as purchaser shall have to submit security deposit (SD) @ 10% of the total sale value of the contract within 5 working days of issue of the sale contract (excluding the date of issue of sale contract). The SD shall be

deposited in the form of bank draft/pay order, drawn on any scheduled “Scheduled Commercial Bank” in favour of SPMCIL as mentioned in clause pertaining to EMD in the NIT.

- (h) The purchaser has to pay balance payment within 20 days from the date of notification of acceptance, which is to be issued by SPMCIL or his authorized representative, in form of Bank draft drawn on any bank in favor of SPMCIL as mentioned above. In case of any, default to deposit balance payment, SPMCIL reserves right to terminate the contract and forfeit the security deposit. No interest will be paid to the purchaser for the amounts paid or deposited with the SPMCIL and subsequently found refundable to the purchaser under any of the conditions of the contract.
- (i) In case the selected bidder does not show interest in lifting the goods, the bid security should be forfeited and other actions initiated including resale of the goods in question at the risk and cost of the defaulter, after obtaining legal advice.
- (j) Late bids i.e. bids received after the specified date and time of receipt should not to be considered.
- (k) Further details have been given in Para 54 of GIT and Para 36 of GCC.

14.7.2 Disposal through Auction

Purchase Department may undertake auction of goods to be disposed of either directly or through approved auctioneers.

- (i) The basic principles to be followed here are similar to those applicable for disposal through advertised tender so as to ensure transparency, competition, fairness and elimination of discretion. The auction plan including details of the goods to be auctioned and their location, applicable terms and conditions of the sale etc. should be given wide publicity in the same manner as is done in case of advertised tender.
- (ii) While starting the auction process, the condition and location of the goods to be auctioned, applicable terms and conditions of sale etc., (as already indicated earlier

while giving wide publicity for the same), should be announced again for the benefit of the assembled bidders.

- (iii) During the auction process, acceptance or rejection of a bid should be announced immediately on the stroke of the hammer. If a bid is accepted, earnest money (not less than twenty-five per cent. of the bid value) should immediately be taken on the spot from the successful bidder either in cash or in the form of Deposit-at-Call-Receipt (DACR), drawn in favour of the Department selling the goods. The goods should be handed over to the successful bidder only after receiving the balance payment.
- (iv) Delivery conditions and procedures would be same as detailed in Para above and in Para 36 of GCC
- (v) The composition of the auction team will be decided by the competent authority. The team should however include an officer of Finance department.

A sale account should be prepared for goods disposed of duly signed by the officer who supervised the sale or auction.

14.7.3 Disposal at Scrap Value or by Other Modes

If the Department is unable to sell any surplus or obsolete or unserviceable item in spite of its attempts through advertised tender or auction, it may dispose off the same at its scrap value with the approval of the competent authority in consultation with Finance division. In case the Department is unable to sell the item even at its scrap value, it may adopt any other mode of disposal including destruction of the item in an eco-friendly manner in accordance with guidelines of Central Pollution Board or State Pollution Board, after GM's approval.

14.8 Disposal of Security Items:

Extreme care has to be taken during disposal of Security scrap. It should be secured, marked and cut-up as per Para 14.3 and 14.4 above. If such Security scrap is rendered innocuous by way of cutting-up/ damaging, it may be sold as non-security scrap, after obtaining approval of Scrap Disposal Committee. Cutting-up/ shredding procedures for following items are detailed:

- (i) **Printed/ unprinted security items:** After the condemnation of the item, entire quantity shall be cut into small pieces/ shredded and bailed. The tender shall be called for pulping. The pulping shall be carried out in presence of the



representative from unit and one representative from the security along with firm's representative and completion certificate signed by all the three representatives is to be put in the record.

- (ii) **High security printed items:** Like printed currency notes etc., shall be cut in to small pieces/ shredded and burned in the incinerator or briquetted in the presence of the SDC. Photography/ Videography of important steps of the destruction process may be recorded.
- (iii) **Printing Plates and Cylinders:** All the designs on the plates and cylinders shall be defaced by using suitable method (chemical/mechanical) available in the units. Un-serviceable plates are cut into small pieces and to be melted in presence of SDC members. Photography/ Videography of important steps of the destruction process may be recorded.
- (iv) **Printing cylinders, after defacing:** It shall be broken into pieces and to be sold as iron scrap.
- (v) **Security films and other items from studio/ design section:** All items are to be cut in to small pieces and are to be burned in presence of the SDC. Photography/ Videography of important steps of the destruction process may be recorded.
- (vi) **Numbering Boxes/Dies/Perforation plates/Coins /Coin Blanks:** All the designs on the Numbering Boxes and Dies shall be defaced by grinding or by welding or by any other available methods in the units to remove the design totally before disposal and to be broken in to pieces. Perforation plates are also to be broken into pieces. All the broken pieces are to be melted in presence of the SDC. Coins segregated during the production process and Coin blanks are de-fined first and then melted in presence of the Disposal Committee. If the unit does not have the facilities for disposing, breaking and melting etc., the same can be outsourced. Maximum care should be taken for transporting items from units to the area where the above facilities are available. All items shall be transported in sealed boxes/ container with security. Representatives from unit and security shall be present at the time each activity is carried out and certificate shall be submitted. Photography/ Videography of important steps of the destruction process may be recorded.

- (vii) **Security Sensitive Machines:** Parts of the impaired machinery should be disposed only after the machine parts are destroyed by pressing or gas cutting and the dies etc are defaced. The disposal cell shall find out suitable method to destroy the machine parts with the help of workshop or any outside agencies utilizing in-house facility to the maximum, if available. The other parts of the machine like dies, perforating cylinders/ pin cylinders, all used plates, Numbering Boxes, coins, coin blanks, etc., should be destroyed as mentioned above. All the software installed on the machine should be removed completely by formatting/ removing Hard Disk drive from machine. All the PLCs should be defunct before sending the machine to stores. The programmed CDs, DVDs, EPROMs should be destroyed in front of SDC.

Definitive identification of the purchaser is more feasible in Disposal through Tenders than in disposal through Auctions. Traceability of purchaser is important in sale of security scrap; hence such scrap should normally be sold through tenders – unless the scrap is rendered innocuous by way of cutting-up/ damaging. Appropriate non-misuse declaration (and continued responsibility for the same even after resale down the line) and proof of identity of the purchaser may be incorporated in the Tender. Appropriate clause may also be inserted insisting on delivery in dismantled and cut-up condition – if not already done – in such cases these have to be sold in units of weight not in numbers. Naturally with such restrictions the price obtained may be less than warranted by commercial considerations, which may be kept in view while fixing reserve price

14.9 Reserve Price Considerations:

14.9.1 Drivers of Scrap Prices

Forecast/ comparison of prices that is obtained in sale of Scrap Material are not as straight-forward as in case of Purchase of a new material. This is mainly due to

- (i) Level of classification, sorting and segregation/ Mix-up of other materials – which have an important bearing on the price.
- (ii) Lack of standardization/ Uncertainty in condition/ quality and composition of seeming similar material.
- (iii) Distances from main Scrap Markets/ Consumption Points.

- (iv) Size/ Quantity of Lot have complex relationship to the price obtained, with both low and high quantities getting lower rates. It also matters - how efficiently the quantity will utilize the capacity of Truck.
- (v) Market situation of Demand and Availability at different points of Time
- (vi) Mode of Disposal – In sufficient quantities: A public Auction is likely to obtain better price for popular items – while e-auction may be good for commoditized type of items. For others Open Tender may be appropriate.
- (vii) Level of possible delays/ leakages in Disposal system

Therefore a wider variation may be noticed during comparison with Last Sale Price or among various offers. A variation of 20% - instead of 10% as in case of Purchase - may be noticed.

14.9.2 Methods of determining Reserve Price:

Some of the methods for determining Reserve prices are:

- (i) Book Value with Depreciation
- (ii) Last Sale Price moderated by Quantity, Quality, Location, Market Condition, Price Trend of Various Metals etc.
- (iii) Prevailing Market Price ascertained through a Market Survey
- (iv) Costing analysis based on costs of various elements of the Item.
- (v) Through Market Intelligence Cell (MIC) under CPSO (Para 3.4) or External Expert Costing Agencies

Use of Market Intelligence Cell, External Costing Experts, Price Databases, Price Indices and data sharing may be done in the same manner as detailed in Para 10.13.2 to 10.13.4 relating to reasonableness for procurement prices. In addition Metal scrap rates have their own dedicated publications published from Mandi Gobindgarh in Punjab – which may be subscribed to.

14.10 Repeated Failure to get Reserve price:

In case there is failure to get a reasonable price, efforts may be made to change mode of tendering and to attract more competition - with or without gradual stepped reduction in reserve prices. Sometimes conducting auctions from a different location (without shifting the material) may be beneficial. Even after this if reserve price is not met-with; it may be decided to sell the material at the best price obtained with proper justification and CFA's approval, as per delegation of powers.

Chapter 15



Chapter 15: Losses; Write-Offs; Grievance/ Dispute Resolution; Audit & Investigations

15.1 Powers to Write Off

All profits and losses due to revaluation, stock-taking or other causes shall be duly recorded and adjusted where necessary. Formal sanction of the CFA with the concurrence of FA&CAO shall be obtained by concerned section (WM for factory) in respect of losses and write-off after due investigation/enquiry by head of the section. This shall be required in all cases even though no formal correction or adjustment in accounts is involved.

15.2 Losses due to depreciation

Losses due to depreciation shall be analyzed and recorded under following heads, as applicable:

- (i) Normal fluctuation of market prices;
- (ii) Normal wear and tear;
- (iii) Lack of foresight in regulating purchases; and
- (iv) Negligence after purchase.

15.3 Losses not due to depreciation

Losses not due to depreciation shall be grouped under the following heads:

- (i) Losses due to theft or fraud after due enquiry;
- (ii) Losses due to neglect;
- (iii) Anticipated losses on account of obsolescence of stores or of purchases in excess of requirements;
- (iv) Losses due to damage, shrinkage, retail issues, and
- (v) Losses due to extra ordinary situations under 'Force Majeure' conditions like fire, flood, enemy action, etc.

15.4 Grievance/ Dispute Resolution

Ideally, there should not be any scope of dispute between SPMCIL and the supplier after entering into a mutually agreed valid contract. However, due to various unforeseen reasons, problems may arise

during the progress of the contract leading to disagreement between SPMCIL and the supplier. Therefore, the conditions governing the contract shall contain suitable provision for settlement of such disputes/ differences binding on both the parties.

- (i) Any supplier, contractor, or consultant that claims to have suffered, or that may suffer loss or injury due to a breach of a duty imposed on SPMCIL by the provisions of this manual may seek review.
- (ii) The following procedures notwithstanding above clause shall not be subject to review:
 - (a) Selection of procurement method
 - (b) Choice of selection procedure
 - (c) Limitations of procurement proceedings
 - (d) Decision by SPMCIL to reject tender/proposals/offers/ quotations.
- (iii) Issues related to ambiguity in contract terms may not be taken up after a contract has been signed, all such issues should be highlighted before consummation of the contract by the supplier.
- (iv) Complaints against specifications provided, under the premise that they are either vague or too specific so as to limit competition, may be permissible.
- (v) Other cases include breach of provisions of contract by SPMCIL, non-performance/delay on part of SPMCIL, unethical behaviour on part of any SPMCIL officer related to procurement.

15.5 Mechanisms for Grievance Redressal

In order to deal with the complaints received from the contractors effectively, a complaint handling mechanism should be available at the higher level, and immediate action should be initiated on receipt of complaints to redress the grievances.

- (i) All complaints should be handled at a level higher than that of the level at which the procurement process is being

undertaken and the allegations made in the complaints should be enquired into by such a Grievance Redressal Authority (GRA). For procurements done at level of SCGM or Higher level, SPMCIL HQ would nominate the GRA. If found substantial, appropriate remedial measure should be taken by the GRA.

- (ii) All grievances at unit level shall be addressed to the CPSO. He in turn would obtain approval of CFA for further processing of complaint and if required for appointment of local Grievance Committee (LGC) to investigate the grievance/ complaint.
- (iii) The LGC shall submit a report on the findings in writing to the authority higher than CFA. If the grievance is resolved at Unit level, the final decision will be informed to the party lodging the grievances in writing after approval by the authority higher than CFA.
- (iv) In case the grievance is not resolved, or in case of procurements done at GM or higher level, the matter may be referred to Independent Monitor if available as per CVC guidelines. Till the appointment of Independent Monitors, it may be sent to SPMCIL HQ for further action.
- (v) In case any individual staff is found responsible, suitable disciplinary proceedings should be initiated against such staff under the applicable government conduct rules. The existing provisions under the Indian law including the instructions of Central Vigilance Commission (CVC) should be followed in this regard.
- (vi) The Grievance Redressal Mechanism shall also be guided by the relevant provisions of Right to Information (RTI) Act 2005.

15.6 Mode of Settlement of Disputes

When a dispute/ difference arise, both SPMCIL and the supplier shall first try to resolve the same amicably by mutual consultation. Normally, there should not be any scope of dispute between the purchaser and the supplier after entering into a mutually agreed valid contract. However, due to various unforeseen reasons,



problems may arise during the progress of the contract leading to disagreement between the purchaser and the supplier. Therefore, the conditions governing the contract shall contain suitable provision for settlement of such disputes/differences binding on both the parties. Mode of settlement of such disputes/differences shall be through Arbitration. However, when a dispute/ difference arises, both the purchaser and the supplier shall first try to resolve the same amicably by mutual consultation. If the parties fail to resolve the dispute by such mutual consultation within twenty one days, then, depending on the position of the case, either the purchaser or the supplier shall give notice to the other party of its intention to commence arbitration. When the contract is with domestic supplier, the applicable arbitration procedure will be as per Indian Arbitration and Conciliation Act, 1996.

15.6.1 Arbitration Clause:

Having regard to legal complications, cost involved in litigation and difficulties in enforcing legal awards, if amicable settlement is not forthcoming, recourse may be taken to settlement of disputes through arbitration as per The Arbitration and conciliation Act, 1996. For this purpose, when the contract is a domestic supplier, a standard arbitration clause may be included in the SBD indicating the arbitration procedure to be followed in accordance with Indian Arbitration and Conciliation Act, 1996. The venue of arbitration shall be the place from where the contract has been issued.

15.6.2 Foreign Arbitration

The Arbitration and conciliation Act, 1996 has provision for international commercial arbitration which will be applicable if one of the parties has its central management and control from any foreign country. The salient features of this law are:-

- (a) The parties can choose either Indian or Foreign Law governing arbitration.

- (b) Minimization of interference of courts in stalling arbitration proceedings.
- (c) Arbitrator can be changed by mutual consent without approaching court.
- (d) Vesting of enhanced powers to arbitrator.
- (e) Clearly defining obligations of the arbitrator.
- (f) Arbitrators award to be enforceable as if it were a decree of court.

Purchase contracts with Foreign Firms should be in the form of self-contained agreements, especially for large value contracts or those for costly plant and machinery which involves elaborate erection & commissioning, trying out of capacity/quality/consumption rate/time cycles warranty period etc. The venue of arbitration shall be in accordance with UNCITRAL or Arbitration Rules of India, whereby it may be in India or in any neutral country. When the contract is with foreign supplier, the supplier has the option to choose either Indian Arbitration and Conciliation Act, 1996 or Arbitration in accordance with the provision of UNCITRAL (United Nations Commission on international Trade Law) Arbitration Rules.

15.7 Offences Relating to Procurement

Any person, who contravenes the provisions of this manual, shall be deemed to have committed an offence. The following shall also constitute an offence:

- (i) Entering or attempting to enter into a collusive agreement or agreements, whether enforceable or not, with any other supplier or contractor whereby the prices quoted in their respective tenders, proposals or quotations are or would be, as the case may be, higher than would have been the case had there been no collusion between the candidate(s) concerned.
- (ii) Directly or indirectly influencing in any manner or attempting to influence the procurement process with the object of obtaining an unfair advantage in the award of a procurement contract.



- (iii) Altering any procurement document with the intent of influencing the outcome of a tender proceeding. Such alteration shall include but not be limited to forged arithmetical correction, insertion of documents such as bid security or tax clearance certificate after same have been found not to have been submitted at bid opening request for clarification in a manner not permitted under this manual.
- (iv) An offence committed under this manual may be appropriately sanctioned by the competent authority or prosecuted in a court of competent jurisdiction.

15.8 Procurement Investigation

The Competent authority may if he/she considers that an investigation is necessary or desirable for the purpose of preventing, investigating or detecting a contravention of this manual, appoint a person or persons to conduct an investigation into any matter related to the conduct of any procurement proceedings, or the conclusion or operation of any procurement contract. The appointed person or persons shall carry out the investigation to see and report the compliance to the procedures prescribed in this manual.

15.8.1 Procedures on Completion of Investigation

On completion of an investigation an investigator shall:

- (i) forward report thereon to the competent authority;
- (ii) send a summary of his findings and recommendations to the competent authority

If, after considering an investigator's report sent to him/her, the Competent authority is satisfied that there has been a contravention of this manual or any other written law in relation to any procurement proceedings or procurement contract, the Competent authority may take such action as, in his/her opinion, is necessary to rectify the contravention, including:

- (i) Annulment of the procurement proceedings;
- (ii) Cancellation of the procurement contract;

Chapter 16



Chapter 16: Indigenization and Development Contracts

16.1 Background

SPMCIL is engaged in Manufacture and Production of Coins/ Currency and other Security and sensitive products which have implications for sovereignty and integrity of the country. The processes, Machines and Materials used in such areas are unique and have very small volumes; very few sources and very few users in the world. It's a challenge to maintain Technological edge; Quality; economic viability and uninterrupted supplies in procurement of Machines, Spares, Raw Materials and Tools for such processes in such a cloistered and restricted market. For these reasons it is necessary to develop adequate sources. In many cases vendor development is to be done for items where no specifications/ Drawings are available. Moreover it is also necessary to indigenize manufacturing of certain items for strategic reasons.

16.2 Stages in Vendor Development/ Indigenization

Steps involved in the processing of development/ indigenization contracts are as follows:-

- I. Selection of items for vendor development/ indigenization.
- II. Development of Engineering Aspects of the Item.
- III. EOI Tenders and Development/ Indigenization Tenders.
- IV. Post Contract Management
- V. Post Development Activities
- VI. Retention of Reliable & Efficient Established Vendors

16.3 Stage I - Selection of Items

16.3.1 Vendor Development:

Vendor development is called for under following conditions:

- (i) When a new item is to be procured or when an in-house manufactured item is to be outsourced.
- (ii) When there are frequent breaks in continuity of supplies.
- (iii) When there are frequent Quality/ Performance Issues in the Item, despite help from purchaser to Vendor.



- (iv) When there is increase in prices beyond normal inflation and negotiations/ persuasions are proving fruitless despite appearance of a scope for reduction in prices?

Applying these tests, selection of items for Vendor Development may be done.

16.3.2 Indigenization

Following broad guidelines may be adopted to arrive at the decision for indigenous development of items/equipments (if it cannot be manufactured in-house) after assessment of the economic viability of indigenous manufacture in terms of volume (a clear indication of requirement over a long period of say 3-5 years); economies of scale; likelihood of future requirement; residual life of the equipment/item and:-

- (a) When OEM is closing down or has closed down the production line and spares are not available ex-import for equipment which has adequate residual life and population.
- (b) Items of recurring requirement which is either low tech or fast moving and which it would be economic to develop.
- (c) Goods for which the import price is considered exorbitant.
- (d) Where an Indian firm offers to develop an item on 'No Cost - No Commitment' basis.
- (e) In special cases, where it is considered in the interest of the SPMCIL to indigenize due to their criticality, technological processes involved and consumption rate or for any other strategic reason to be recorded.

16.4 Stage II – Development of Engineering aspects of the Item

16.4.1 Models of Development of Engineering Aspects of the Item:

Development contracts are generally of the following two types:-

- (a) Those where Production Engineering of Prototype models is to be done by the firm based on the

complete design data which has already been evolved in the SPMCIL by the design and development of an existing/original model.

- (b) Those where designing, developing and engineering are completely done by a firm under technical guidance and advice from SPMCIL or its consultants.

16.4.2 Engineering Aspects:

The contract should contain a provision for the development of engineered models/equipment and supply of models/ equipment at various stages with submission of relevant manufacturing drawings and other documents by the contractor. The design material, workmanship and performance of the equipment for a specific period should also be guaranteed by the contractor.

16.4.3 Acquiring Manufacturing Drawings:

In order to rapidly develop alternative sources of supply of an item after this has been developed and put to production by one contractor, it is essential that the manufacturing drawings are passed on by the contractor to the SPMCIL. Since the manufacturing drawings are evolved and finalized by the contractor who has initially developed the item, it is likely that the contractor would claim his rights on such drawings and not agree to part with them. Accordingly, a clause should be included in the Tender Enquiry clarifying that the manufacturing related drawings/specification/ Details of Sources of item/tools/ jigs/ fixtures / dies/moulds prepared by the contractor for manufacture of the store required shall be the property of the SPMCIL and as such shall be passed on to the Purchaser.

16.5 Stage III - EOI Tenders and Development/ Indigenization Tenders.

16.5.1 Identification of Target Vendor Group.

Identification of appropriate vendors is a vital step and must be well considered. Exploration of sources for placement of development order should be as wide as possible, both in the public and private sector, to encourage competition. Wherever possible, the vendors who are registered with SPMCIL/ DGS&D/ NSIC or any other Agency in Public/ Govt Sector should be approached. Unregistered firms

may be considered taking into account their infrastructural facilities, capacity, technical competence and financial standing. Firms of national repute may also be considered based on self certification. Attention of these firms may be specifically drawn to the EOI or Development Tender being floated.

16.5.2 Floating EOI and Development/ Indigenization Tenders.

Following procedure should be followed:-

a) Expression of Interest

For stores which require long period (more than 6 months) for development or heavy investment for creating the necessary infrastructure (say equal to or more than one year's cost of requirements):

- (i) An EOI open tender may be floated, for enlisting firms who are willing to develop the items. The minimum number of products/components required to be submitted by the vendor for evaluation and likely demand for those products/ components for the next two to three years should be indicated in the advertisement. Infrastructure requirement and other eligibility criteria should also be indicated in the Tender Documents.
- (ii) Interested firms may visit the Unit concerned as indicated in the tender to see the product/ component required to be developed. If necessary a Purchaser's sample may be displayed for prospective bidders.
- (iii) Capacity assessment/verification of firms may be undertaken by TEC or through a third party Technical Consultancy / Inspection agencies on fast track to ensure that firms identified are capable to develop prototype equipment and systems as required.
- (iv) Thereafter the firms found capable may be informed of being accepted for participation the LTE for Development Tender.

b) Direct Tendering

For stores requiring short time/ relatively less investment for development; open tender enquiry in two bid (techno-

commercial and Financial) system for development orders may be resorted to. Firms may be evaluated in the first stage (Techno-commercial Bid) for their technical capabilities. Firms qualifying in the first stage only may be considered for the second stage i.e. price bid stage. Visits to the concerned Unit and Capacity assessment may be done as in sub para a) above.

16.5.3 General Principles for Development/ Indigenization Contracts.

Whilst it is not possible to lay down any rigid rules covering all the contingencies that may arise in the finalization of specific development contracts, the following guiding principles may, however, be borne in mind :-

- (i) Normally EOI and development Tenders (without EOI) may be floated by OTE. However, depending upon the specific requirements of the case (security or other reasons), issue of Tender either on LTE or STE basis, may be justified as required.
- (ii) Already developed firms or firms who have already received development orders for the item (with whatever results) should not be considered in such tenders.
- (iii) **Pre-bid Conference.** For development of sophisticated and complex equipment, a suitable provision is to be made in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specification and other technical details of the plant, machinery and equipment projected in the bidding document.
- (iv) The contract documents may be issued free of cost. Further, submission of earnest money deposit and security deposit may be relaxed in case of such identified firms on case to case basis. However for reasons mentioned in Para 5.14, for security/ sensitive items, SD must always be taken even in development/ indigenization contracts.
- (v) The Tenderers may be asked in the tender price schedule to quote separately for

- (a) Price/rate for bulk supply of item in development supplies and
- (b) Separately, cost of development including cost of pre-production samples. He should be paid only for the number of samples specified in the Tender. If he has to manufacture more samples due to failure of earlier one, he should not be paid for it.

This way the rate of item will not get loaded with development and prototype cost thus vitiating last purchase price (LPP) for future procurements.

- (i) **Reasonableness of Price:** Reasonableness of price should basically relate to the rate of bulk supply of item. Cost of Development may be separately justified as a % of value of Annual requirement. The last purchase price (LPP) (of imported item in case of indigenization) should be taken as the base price to arrive at the reasonableness of the quoted rates. In case LPP is not available the base price should be arrived at by the internal efforts which should be done prior to opening of the Financial Bid.
- (ii) L1 should be determined not only on rate of item quoted but also with reference to total cost of the development cost (including the cost of prototype) plus the total cost of quantities that will be required over next two to three years. These aspects should also be given in the Tender.
- (iii) Development contracts may, as far as feasible, be concluded with two or more contractors in parallel, subject to the other vendor(s) agreeing to match the price of L1. In case of higher deviation the full order may be placed on the L1 firm, subject to price being found reasonable.
- (iv) Placing of parallel contracts on two parties is particularly necessary/desirable to have more than one source of supply at bulk production stage - apart from competition, to ensure successful completion of development if one of the contractors fails to develop the equipment in time.

- (v) The ratio of splitting of the supply order between various development agencies/firms in cases of parallel development, including criteria thereof, must be pre-disclosed in the Development tender itself. In case of splitting in two and three it shall be done in the ratio of 70:30, 50:30:20 respectively. More than one to be encouraged. In case of L-2/L-3 or both do not agree to supply then order may be placed on L-1.
- (vi) However, in case the requirement is meager and complex technology is involved, or quantity of the equipment/ spares is limited/small/ uneconomic if distributed between two vendors, the entire order could be placed upon the L1 vendor only with appropriate justification.
- (vii) Advance and Intermediate Payment to Suppliers: These may be allowed if considered justified in such contracts and be regulated as per Para 9.12 and 9.13 of this manual.
- (viii) Once a contract has been concluded, the terms and conditions thereof should not be varied. However where this becomes necessary/inescapable any modification should be carried out with the prior concurrence of the appropriate Competent Authority with Finance concurrence, within whose powers the revised contract value falls.
- (ix) Whenever stores are required to be issued to the firm/contractor for fabrication or prototypes or sub-assemblies are issued for guidance in fabrication, these should be issued against appropriate Bank Guarantee. In addition to the Bank Guarantee, appropriate insurance may be asked only where it is considered necessary.
- (x) **Quantity for Development:** During the developmental stage, 20% of the total annual quantity may be earmarked for development. This quantity – fully or partly may be over and above normal requirement depending on the likelihood and the time-scale of development. This would, however, not be considered as a case of dual procurement.

Indents/ Special Requisition should be the basis to proceed with the development after requisite quantity vetting has been done, as per laid down procedure.

- (xi) **Pre-production samples & Validation Trials:** In case it is necessary to call for Pre-production sample before the vendor is allowed to start bulk production this may be done so in accordance to Para 5.14 In case validation/ prolonged trials are considered necessary, these may be done in accordance with Para 5.15.2.
- (xii) **Return of Materials and Documents.** Materials, documents, specifications, drawings issued to the firms/contractors or prepared by them should be taken over as these belong to SPMCIL. A provision to this effect should be made in the contracts. Loss or damage to these documents shall be recoverable from the contractors.

16.6 Stage IV – Contract Management

16.6.1 Inspections:

There may be two or more inspections during the development stage and firms may be made more accountable for their product. They may be asked to furnish reports of various tests from the various laboratories as required by the Purchaser. The requirements are to be indicated in the approved Quality Assurance Plan (QAP).

16.6.2 Helping hand to New Entrants:

A new entrant firm for development needs to be met more than half-way through by the Purchaser to make the Development a success. The commonly adopted steps are called 'Hand Holding'. This option could include such policy measures as:

- (i) Establishing in house facilities for the products,
- (ii) Providing testing facilities,
- (iii) Sharing of knowledge and resources,
- (iv) Making of firm commitments, and
- (v) Long term associations and certain incentives.

These measures may be adopted individually or jointly depending upon the products/ services required at a particular point of time and the market conditions therein.

16.6.3 Incentives in Development Contract management

Proper guidance/help, wherever necessary, should be extended to the vendors for development.

Development orders placed on firms may not have a liquidated damage clause.

In Vendor Development Orders, realistic delivery schedule may be given determined on the complexity of the item, estimated time for its development, no of developed sources etc.

In cases of the late supplies and complete failures, the case should be decided on merits. Resorting to 'Risk Purchases' should occur only in rare cases. Generally if the CFA concerned is satisfied that the party has made sincere efforts and yet failed, the question of risk purchase should not arise.

16.7 Stage V – Post development Actions

16.7.1 Quantity for Development Commitment

In Next three years, after the newly developed firm is able to successfully complete Development orders with +/-5% tolerance, 80% of the quantity may be procured from earlier established sources and remaining 20% quantity may be set aside in the same Procurement Tender to be reserved for Newly Developed firms. In Annexure 29 it is stipulated that PQC would be tailor-made to suit Development/ insufficient market capacity or exceptional one-off cases. Therefore in this context PQC/ eligibility criteria in Technical-bids should such as to facilitate participation by such newly developed sources during this 3 year period of Development Commitment.

If the rates quoted by a newly developed firm are lower than L1 rates of already developed firms – and its performance is considered reliable capable and satisfactory, Tender Evaluation Committee may take a decision to place an order up to 50% on such newly developed firms. This aspect may be indicated in the Tender documents.

16.7.2 Period of Development Commitment

A newly developed firm would be granted this facility till only three years after completing the initial Development order. However this facility is not a bar to the firm from competing with already established firms for quantities larger than 20% provided their prices and performance so warrant. A decision may be taken after this 3 years' period for Development Commitment, to extend this period (but not more than 5 Years) or not based on assessment whether the newly developed firms, though promising may not be able to meet the normal PQC/ Eligibility criteria. After the development commitment period the newly development firms would have to compete on equal terms with other already developed firms.

16.7.3 Further Development Orders:

A re-look is needed at Para 16.3 again after the successful completion of first development order with +/- 5% tolerance in quantity only. If the test criteria of that Para still indicate need for further development of sources, this may be redone where already developed firms may not participate.

16.8 Stage VI – Retention of Reliable & Efficient Established Vendors

The question is how to retain reliable and efficient established vendors? This largely depends on three factors:

- (i) The organization's ability to generate sufficient business for the vendors,
- (ii) The existence of sound, and reliable and transparent system of procurement and
- (iii) Honest and effective implementation of that system.

The organization cannot help much in regard to the first factor in Security Industries; it can however definitely ensure introduction and implementation of reliable and fair tendering or procurement system.

16.9 Applicability of Other Chapters.

All indigenous development and indigenization contracts should be processed as per the provisions and procedures given in this Chapter. The policy, procedures and provisions contained elsewhere in the Procurement Manual would be applicable to Indigenous Development and Indigenization Contracts only to the extent the subject is not specifically covered in this Chapter.



PART B: ANNEXURES

Annexure 1: Time Frame for Procurement

(Refer Para 3.5)

Receipt of Indent

Raising indent	T i.e. Day -1
Indent Approval	T+ 1 week
Preparation of Tender Enquiry	T+ 2 week
CFA Approval	T+ 4 week

Procurement Process

Reception of Bids	B=T+7 weeks LTE (4 weeks) B=T+8 weeks OTE (5 weeks) B=T+10 weeks GTE (6 weeks)
Opening and Preparation of CST	B+2 weeks
TEC Evaluation - techno commercial (in two bid)	B+6 weeks
Approval of techno-commercial offer by CFA	B+8 weeks
Price bid opening and evaluation by TEC	B+ 9 weeks
Purchase Proposal Making	B+10 week
TEC/CFA Approval	B+12 week
TEC/CFA Approval in case CFA is Committee of Directors/CMD/Board	B+14 week
Preparation and Despatch of SO or LOI	B+13 week
Preparation and Despatch of SO or LOI in case CFA is Committee of Directors/CMD/Board	B+16 week

Note: For Procurement of One -off capital goods and machinery as well as development tender, time lines shall be decided on case to case basis.





Annexure 2: Purchase without Quotation Format

(Refer Para 4.11)

Place:..... Date:.....

"I,....., am personally satisfied that the goods (described below) purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price."

Item:

Quantity:

Indentor:

Unit Rate:

Taxes/Duties:

Other Charges:

Total Unit Price:

Total Price:

Purchased from: M/S

Vide Bill No.:

It has taken ----- days for procurement

Justification:

Cheque may be drawn in favour of:

Name:

Designation:

Signature:



Annexure 3: Purchase Certificate Format

(Refer Paras 4.11 & 4.12)

Place:..... Date:.....

"Certified that we the undersigned, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question." The details of recommended purchase are:

Item:

Quantity:

Indentor:

Details of quotations: 1.
2.
3.

Recommended quotation:

Unit rate (with taxes and duties):

Total Value of purchase:

Cheque may be drawn in favour of:

Name 1:

Designation:

Signature:

Name 2:

Designation:

Signature:

Name 3:

Designation:

Signature:



Annexure 4: Annual Requirement Finalization

(Refer Para 6.2)

Name of Department
Annual Requirement for the period April.....
to March

Item Code	Name of Item	Unit of Measure	Half Yearly Quantity Required	Previous Year's consumption	Opening Stock (April)	Receipt (April to Oct)	Issued (Apr 06 to Oct)	Closing Stock (Oct)	Remarks
xxx1	Item1(H1)	million pieces							
xxx1	Item1 (H2)	million pieces							
xxx2	Item2 (H1)	Numbers							
xxx2	Item2 (H2)	Numbers							

H1-1st half year

H2-2nd half year

Reasons to be given in the remarks column for any variations more than +/- 10% of the last year's demand

Annexure 5: Bank Guarantee for Performance Security

(Refer Para 8.7.2)

Proforma given in Section XV of SBD





SPMCIL

Delivery Schedule

Annexure 6: Delivery Schedule

(Refer Para 11.18)

Contract No. _____ Name of the Supplier _____

S. No.	Description	Particulars Quantity	Rate	Date of Delivery	Place of Delivery	Remarks
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(Name & Signature)



Annexure 7: Letter of Authority for attending a Bid Opening

(Refer Para 8.9.2)

The General Manager

Unit Address

Subject: Authorization for attending bid opening on (date) in the Tender of Following persons are hereby authorized to attend the bid opening for the tender mentioned above on behalf of(Bidder) in order of preference given below.

Order of Preference	Name	Specimen Signatures
I.		
II.		
Alternate Representative		

Note:

- 1 Maximum of two representatives will be permitted to attend bid opening. In cases where it is restricted to one, first preference will be allowed. Alternate representative will be permitted when regular representatives are not able to attend.
2. Permission for entry to the hall where bids are opened may be refused in case authorization as prescribed above is not recovered.

Signatures of bidder
or

Officer authorized to sign the bid
Documents on behalf of the bidder



Annexure 8: Bid Opening Attendance Sheet

(Refer Para 8.9.2)

[illegible]

Annexure 9: Checklist for Preliminary Examination

(Refer Para 10.2)

Tender No:

Tender Title:

Date of opening:

Time of opening:

Check List for submission of Techno-commercial & Financial Bids in respect of
[insert tender description]

S.No	Items	Received	Remarks
1	Original and number of specified copies of the bid.	Yes/ No	
2	Earnest Money Guarantee to be submitted as required by the tender document	Yes/ No	
3	Letter authorizing the representatives to attend the bid opening.	Yes/ No	
4	Documents to support [insert number of years] of manufacturing and marketing experience.	Yes/ No	
	The above Documents attested by the chartered accountant.	Yes/ No	
5	Capacity certificate and other supporting documents to prove production capacity of at least [insert percentage] of average annual off take by SPMCIL for last five years.	Yes/ No	
6	All financial documents specified for in the invitation for bid document like audited financials for the last year, etc are enclosed	Yes/ No	
7	Self declaration to certify that the bidder has not been barred from participation under conditions specified in the tender document is enclosed.	Yes/ No	

(Signature & Designation of the tender opening official).

(Signature & Designation of the tender opening official).

(Signature & Designation of the tender opening official).

(Signature & Designation of the tender opening official).

Annexure 10: Template for Evaluation of Financial Bid

(Refer Para 10.9)

Tender No.....	Opened on:	Item:
Bidder:		

1	2	5	6	7			8	9	10	11
Product code	Product	Unit pack size	Qty. offered	Unit prices (Rs.)			Total unit Price (Rs.) [a+b+c]	Total price per item (Rs.) [6 x 8]	Sales and other taxes payable if contract is awarded	Name of manufacturer
				[a] Ex-factory Ex-warehouse Ex-showroom Off the shelf	[b] Inland transport, insurance & other local costs incidental to delivery	[c] Other incidental costs				
Total Bid Price:										
Currency:										
In figures:										
In words:										

(Signatures)

TEC Member

(Signature)

TEC Member

(Signature)

TEC Member

Annexure 11: Notification of Award of Contract

(Refer Para 10.17.4)

Contract No:

[Insert date]

Contract Title:

Private & Confidential

To,

[Insert name & address]

Sub: Award of contract for Contract No: [Insert contract number] and Contract title: [Insert contract title]

REF. Your offer No. [Insert offer number] against our tender No [Insert tender no] Opened on [insert date of opening of tender]

Dear Sir/ Madam

I am directed to inform you that after evaluating the bid documents submitted by you on [enter date] SPMCIL is pleased to inform you that you have been selected as the successful bidder for the supply of [enter description]. The total purchase price shall be [enter amount] as indicated in your financial bid submitted on [enter date], in accordance with the procedures intimated to you by SPMCIL.

You/ your authorized representative(s) are requested to be personally present at [insert address] for the signing of the contract by [enter date]. In this respect, we also request you to submit the performance security of [insert amount of rupees in words] by [insert date].

Security Deposit being 10% of the Total Cost = Rs._____. Please arrange to deposit Rs._____ as further Security Money over and above the Earnest Money of Rs._____ already deposited.

Please apply for refund of Excess earnest Money deposited over and above the Security Deposit of Rs._____, if any.

You are requested to execute necessary agreement within 7 days from the date of issue of this letter in the enclosed Agreement form. Special Adhesive Stamp of Rs.10 and Revenue Stamp of Rupee One shall be affixed on the enclosed Agreement form. Treasury Receipts of EMD and Security Money Deposit shall be deposited in office within the stipulated time limit as above. Separate Acceptance Letter will be issued in case of any additional allotment of materials

Yours truly,

[CPSO]

Enclosure: Agreement Form along with the schedule of delivery



Annexure 12: Invitation for submission of EOI

(Refer Para 7.2)

1. Name of the Organization:
2. Type of the Organization:
3. Reference No:
4. EOI Title:
5. Category:
6. Sub-category:
7. Date of Announcement:
8. Last date for submission:
9. Broad description of work:
10. Pre-qualification criteria:
11. Bid documents : (If any)
12. EOI should be submitted to:

Designation.....

Email.....

Phone.....

Fax.....



Annexure 13: Application for Empanelment

(Refer Para 7.2)

[The applicant should study carefully the Rules of Enlistment and the list of documents to be annexed with the application form before filling the form. Applications found deficient in any respect are liable to be rejected without any further correspondence]

CLASS/ CATEGORY

1. Name of applicant Shri/M/s.....

2. Nationality.....

3. Office Address:

Home Office

Regd. Office

4. Telephone Number.....

5. Fax No.Email ID:

6. Constitution - (Tick the appropriate)

Individual

☐ Sole Proprietorship
Concern☐ Partnership Firm ☐Public Ltd. Company ☐ Private Ltd. company ☐

7. Names of Partners/Directors:

S.No.	If Company-Names of Directors	If Partnership Firm-Name Partners
-------	-------------------------------	-----------------------------------

1

2

3

8. Is the individual/ sole proprietor/ any partner/ directors of company:

S. No	Particulars	Yes /No
-------	-------------	---------

(a) Dismissed Government Servant

(b) Removed from approved list of contractors

(c) Demoted to a lower class of contractors

(d) Having business banned/suspended by any government in the past

(e) Convicted by a court of law



- (f) Retired engineer/official from engineering Department of Govt. of India within last two years
 - (g) Director or partner of any other company/firm enlisted with CPWD or any other department
 - (h) Member of Parliament or any State Legislative Assembly
- If answer to any of the above is 'Yes', furnish details on a separate sheet

9.(a) Name of person holding power of attorney.....

(b) Nationality Indian / Other

(c) Liabilities

10. Name of Bankers with full address and Account Details

.....

11. Place of business

12. Full time technical staff in applicant's employ

Categories

Number

Graduate engineers with minimum 5 years' experience

Graduate engineers with minimum 3 years' experience [excluding above]

Diploma engineers with minimum 3 years' experience

13. Does the applicant have sufficient T&P, Machinery, Equipments, arrangements for quality control and workshop as per requirements?

[Attach details on separate sheet] [In case of authorized dealers, provide these details pertaining to OEM]

14. Does the applicant possess valid Electrical Licence [For Electrical]: Yes/ No

15. Whether registered with Sales tax authorities [Give details of registration and enclose copies thereof]

16: Financial Reports: Provide copies of last 3 year's Annual report/ Balance Sheet/ Profit and loss statement

17. (a) Whether already enlisted with any other organization: Yes/ No

(b) If yes, give details:

(i) Name of department

(ii) Class of category

(iii) Empanelment authority & address

(iv) Empanelment No. & date

- (v) Date of validity
- (vi) Tendering limit
18. Is any person working with the applicant is a near relative of the officer/official of SPMCIL: Yes/No
If yes, give details
19. Empanelment fee enclosed:
- | Date | Draft No. | Amount | Issuing Bank Branch | In favour of |
|------|-----------|--------|---------------------|--------------|
|------|-----------|--------|---------------------|--------------|
20. Details of Works completed and in progress during the last 5 years. This list should include all works whose gross amount of work done is more than the required magnitude for the class in which registration is required.
21. Certificates:
- (i) I/We (including all partners) certify that I/We have read the Rules of Enlistment of Contractors in SPMCIL as amended upto date and shall abide by them.
- (ii) I/We certify that the information given above is true to the best of our knowledge. I/We also understand that if any of the information is found wrong. I am liable to be debarred.
- (iii) I/We certify that I/We will not get myself/ourselves registered as contractor(s) in SPMCIL under more than one name.
- Signature(s) of applicant(s):

S.No	Names	Signature	Address
1			

Date:

No. of documents attached



(Refer Para 12.3)

Vendor Registration No.....

Specified delivery date:

Lorry No./ RR/PWB No.

Item Description	Material Code	Quantity as per Vendor Chalan	Unit	Actual Quantity Received		Remarks
				Qty.	Daily Receipt Register No.	

All goods received as above shall be accepted subject to inspection

(Sign & Name of Store Keeper)

Annexure 15: Stock Ledger

(Refer Para 12.9.1)

Item Code:

Item Name:
Optimum Stock Level:
Estimated Annual Consumption:
Unit:.....Category:.....

Date	Particulars	Gate Pass/IR No. & Date	Quantity Received	Quantity Issued	Balance Quantity in Stock	Validity of Inspection Report	Remarks/ Initials of Storekeeper
------	-------------	----------------------------	----------------------	--------------------	---------------------------------	-------------------------------------	--

Annexure 16: Material Requisition Note

(Refer Para 6.6 and 12.9.1)

Indent No: _____ Date: _____ Note: For non annual items

Cost Centre Code _____ Accounts Head _____ Section: _____

Item Code	Description	Category/Security/PAC Item:	Unit	Qty in Hand	Past Consumption	Quantity Requisitioned	Estimated Unit rate (Rs.)	Total Estimated Cost (Rs.)	Delivery Requirement	Last Purchase Rate & details:
					Yr-3 Yr-2 Yr-1					

Recommended For Purchase through Mode: _____

Indenting Officer	Section Head	Stores Officer	CSPO/ AM/P	FA&CAO AM/F
-------------------	--------------	----------------	------------	-------------

Approving Authority

Annexure 17: Vendor Evaluation

(Refer Para 11.9)

This form will help you evaluate the overall performance of vendors you are currently working with or plan to work with. Include all vital information associated with the vendor in the top portion of the form. In the bottom portion of the form, apply a strength factor, 5 being the strongest, to each item you evaluate. Total each column once you conclude the evaluation. Add up the columns to arrive at a total. Compare that total against the totals of similar vendors to gauge the vendor's performance.

Date _____ **Prepared By** _____

Evaluation Ref _____ **Title** _____

Supplier Information

Company Name:	Type Of Business:				
Company Address:	Legal Form Under Which Business Operates:				
City: State: ZIP:	Fax:				
Phone:					
Number Of Employees:	Number Of Employees At Headquarters:				
Size Of Headquarters:	Number Of Locations:				
Names Of Salespeople (if applicable):	Names Of Key Officers:				
Vendor Evaluation	1	2	3	4	5
1. Timeliness Of Deliveries					
2. Quality Of Parts/Products/Material Upon Delivery					
3. Overall Quality Of Parts/Products/Material					
4. Competitiveness Of Price					
5. Quality Of after-sales Service Provided					
6. Competitiveness Of Terms And Conditions					
7. Credit Rating					
8. Overall Financial Condition					
9. Reputation Of Company					
10. Quality Of Design Compared To Specifications					
11. Level Of Assistance In Research And Development					
12. Expertise Of Sales Staff					
13. Technical Support Staff's Level Of Expertise					
Column Totals					



Annexure 18: Templates for Management Reports

(Refer Para 13.7)

MIS for DGM/WM/CPSO/SWM

1.

i) Reporting for monthly variance (Top 25 Items by Annual Consumption value)

Item Code	Item Description	Total Planned Consumption for YTD	Actual Quantity Consumed for YTD	Variance %	Remarks

ii) Reporting for Stock Outs (Top 25 items by Annual Consumption value)

Item Code & Description	Opening Stock	Procured YTD	Consumption YTD	Duration of Stock out	Follow up action	Remarks

iii) Reporting for Top 25 suppliers

Serial No.	Supplier Regn No.	Supplier Name	Items Supplied	Value Of Orders Placed	Value Of Orders Delivered	Remarks
1						
2						
3						
.....						
		TOTAL				

iv) Delayed Delivery Report

Po No.	Vendor Registration No.	Vendor Name	P.O. date	Date Of Delivery As Per Contract	Indicative Delivery Date as per Vendor	Whether Notice Sent To Vendor	Remarks

v) Reporting for Defects

Name of the Supplier	Contract No. & Date	Item Description & Item Code	% of defects	Nature of defects	Follow-up action	Remarks

vi) Reporting for Outstanding Indents/POs/Invoices (Top 25 item by urgency)

	Item Code	Description	Present Stock Position	Quantity Required/Ordered	Remarks
I. Indents pending beyond 21 days					
II. Indents pending beyond 14 days					
III. Indents pending beyond 7 days					

2. MIS for GM/FA&CAO

i) Reporting for top 10 suppliers

Serial No.	Supplier Regn No.	Supplier Name	PO No. & Date	Items Supplied	Value Of Orders Placed	Value Of Orders Delivered	Remarks
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
		TOTAL					

ii) Reporting for Average Time of Payment (From F& A)

Serial No.	Description	Value (in Rs.)
I	VALUE OF BILLS PENDING FOR LESS THAN 2 weeks	
II	VALUE OF BILLS PENDING BETWEEN 2 and 4 weeks	
III	VALUE OF BILLS PENDING FOR MORE THAN 4 weeks	
	AVERAGE TIME FOR PAYMENT	----- DAYS



	For the Month		YTD		
Month	Budget	Expenditure on Goods	Budget	Expenditure on Goods	Remarks

i) Outstanding Indents/POs/Invoices Report

ii) Re-Ordering Report

iii) Rejection Report

iv) **Bill Register**[illegible]

PROCUREMENT MANUAL

v) Pending Inspection Notes:

Po No.	Vendor Registration No.	Vendor Name	Date Of Delivery	Store At Which Delivered	Inspector Name	User Dept Person Name	Remarks

vi) Pending Deliveries/ Delayed deliveries (same as 1 iv)

PO No. & Date	Vendor Registration No.	Vendor Name	Date Of Delivery As Per Order	Indicative Delivery Date as per Vendor	Whether Notice Sent To Vendor

vii) Pending Inspection Report (repeat of item v)

PO No.	Material code	Vendor Name	Date Of Delivery	Store At Which Delivered	User Dept Person Name	Remarks



**Annexure 19: Report of Stores for Disposal**

(Refer Para 14.1)

Date:

Item No.	Category of Item (Security/ Non-Security)	Particulars of stores	Quantity / Weight	Book Value /Last Sale Price/ Original purchase Price (Unit price and total price)	Estimated Sale Price/ Value	Condition and year of purchase (if applicable)	Recommended Mode of Disposal (Tender, Public Auction, Sale Etc.)	Remarks

(Signature)
Designation
Member CC

(Signature)
Designation
Member CC

(Signature)
Designation
Member CC



Annexure 20: Sale Account for Goods Disposed By Auction

(Refer Para 14.7.2)

Lot No.	Particulars of Stores	Quantity / Weight	Name and full address of Purchaser	Highest bid accepted (Name of bidder & bid value)	Highest bid rejected (Name of bidder & bid value)	Earnest money Realized on the spot	Date on which the complete amount is realized and credited into treasury	Whether the articles were actually handed over on the spot. If not, the actual date of handing over of the articles with quantities	Signatures of the Bidders	Auctioneer's Commission and Acknowledgment for its payment

Date on which the complete amount is realized & credited into treasury _____

Whether the articles were actually handed over on the spot. Y/N ____

Date of handing over of the articles ____

(Signature) Committee Member Designation (Signature) Committee Member Designation (Signature) Committee Member Designation

**Annexure 21 Certificate for Proprietary Article Item**

(Refer Para 4.5)

- (1) Description of Article _____
- (2) Quantity/ Annual Requirement _____
- (3) Approximate cost, if known _____
- (4) Maker's name and address _____
- (5) Name of Agents/ Stockists _____
- (6) I approve the above purchase on PAC basis and I certify that: --
- ☐ (a) This is the only firm who is manufacturing/stocking this item.
AND
- ☐ (b) A similar article is not manufactured/ sold by any other firm, which
could be used in lieu
- ☐ (c-1) No other make/brand will be suitable for following tangible reasons
(like OEM Spares) _____

- ☐ (c-2) No other make/brand will be suitable for following intangible
reasons (If PAC was also given in the last procurement cycle, please
also bring out efforts made since then to locate more sources): _____

Note- Tick to retain only one out of (b), (c-1) or (c-2) whichever is applicable and cross-out others. Please do confirm (a) by ticking it - without which PAC certificate will be invalid.

(7) History of PAC Purchases of this Item for past 5 years may be given:

Date of Tender Opening	Quantity Decided	Basic Rate on Order (Rs.)	Adverse Performance Reported if Any

(8) Concurrence of finance wing to the proposal vide:-----

Signature of Approving Authority-----

Date -----

Designation of Officer -----

Annexure 22: Inspection Note

(Refer Para 12.10.1)

Stores Reference: _____ Date _____

Please inspect the following Materials early:

Purchase Order Reference and Date: _____

Name of Supplier: _____

Description of Item _____ Unit _____

Item Code _____ Category _____ Urgency Level _____

Total Qty on Order _____ Qty Supplied before this lot: _____

GRN Number & Date _____ Qty Supplied in this lot _____

Balance Qty now outstanding _____

Due Delivery Date: _____ Actually Supplied this lot on _____

Store Keeper

-----Inspection Note No: _____ Date: _____

Following Materials have been accepted / rejected as follows:

Sr. No	Description	Quantity Accepted	Quantity Rejected	Reasons for Rejection			

Asst. Chief Engineer

Dy. Chief Engineer

Chief Engineer

Copies:

- i) A/cs with concerned papers
- ii) CPSO
- iii) Store Officer
- iv) User Section



Annexure 23: Check points for Tender Enquiry

(Refer Para 8.1)

Ensure that

1. Standard and correct forms are used for tender enquiry and all amendments authorized to these forms from time to time are carried out before issue.
2. Time and date for receipt and opening of tenders are indicated as per the guidelines.
3. The prescribed time been allowed to the tenderers to submit their quotations, depending on the type of enquiry being issued.
4. The period for which the tenders are to be kept open for acceptance been indicated realistically keeping in view the nature of the store and the time lag likely to be involved where consultation with the indenter on the suitability of offers received would become necessary.
5. Cost of tender documents & place for obtaining tender documents is indicated.
6. The amount to be furnished by unregistered firms as EMD been calculated correctly and indicated if the enquiry is for purchase against adhoc indent.
7. Description of stores including specifications/drawing is correctly indicated in the schedule.
8. The sources from where the specification/drawing can be obtained are indicated.
9. If stores are required as per BIS specification a clause for giving Purchase Preference to ISI Marked stores is included.
10. If the store is required to non-standard specification/drawing, required number of copies of drawings/specifications are available.
11. Where tender sample is required to be furnished authority to which it should be sent for testing and the time within which the sample should be submitted are indicated correctly in the enquiry.
12. Eligibility criteria is clearly mentioned.
13. If the store is reserved item for purchase from any particular sector of industry a clear indication is given to that effect.

14. Inspecting Authority is correctly indicated.
15. In case of multi item/ multi schedule enquiry, indicate whether evaluation is to be made on the basis of individual item/ schedule or all items/ schedules as one package.
16. The instructions to invitation to tender and conditions of contract applicable have been correctly indicated in the enquiry.
17. Contract clauses contained in the standard forms used for issue, of tender enquiry and the general and Special Conditions of contract are not reproduced in the tender enquiry.
18. The appropriate price variation clauses in the enquiry where such a provision is necessary has been given along with base price on which firms should offer their prices.
19. Delivery required is correctly given. Where purchase of large quantities of stores are involved delivery may be specified in installment particularly in respect of cases where contracts are likely to be concluded on variable price basis.
20. Insertion of standard pre-estimated Liquidated Damages Clause in Tender Enquiry for claim against delay in supplies.
21. Insertion of modified clause for cancellation of contract and effecting repurchase.
22. In case of purchase of imported stores the appropriate shipping clauses are incorporated. Other special conditions viz. payment terms for FOB/FAS contracts etc. should also be indicated in the enquiry.
23. That all other special conditions as per existing orders are incorporated in the Tender Enquiry.
24. Period of validity of, performance guarantee whether to cover warranty period also.





Annexure 24: Change Request Form

(Refer Para 1.3)

Request No: *[Department name/date]* Request Date:

Request Title: Phone/Email:

Originator's Name:

Sponsor's Name: *[GM's name]*

Request Description (Indicate relevant clause number of the Manual)

Justification



Annexure 25: Incoterms

(Refer Para 11.18)

Incoterms or international commercial terms are a series of international sales terms that are widely used throughout the world. They are used to divide transaction costs and responsibilities between buyer and seller and reflect state-of-the-art transportation practices. They closely correspond to the U.N. Convention on Contracts for the International Sale of Goods.

Incoterms deal with the questions related to the delivery of the products from the seller to the buyer. This includes the carriage of products, export and import clearance responsibilities, who pays for what, and who has risk for the condition of the products at different locations within the transport process. Incoterms are always used with a geographical location and do not deal with transfer of title.

They are devised and published by the International Chamber of Commerce (ICC). The English text is the original and official version of Incoterms 2000, which have been endorsed by the United Nations Commission on International Trade Law (UNCITRAL). Authorized translations into 31 languages are available from ICC national committees.

Group E - Departure:

- **EXW. Ex Works (named place):** the seller makes the goods available at his premises.

Group F - Main Carriage Unpaid:

- **FCA. Free Carrier (named place):** the seller hands over the goods, cleared for export, into the custody of the first carrier (named by the buyer) at the named place. This term is suitable for all modes of transport, including carriage by air, rail, road, and containerized / multi-modal transport.
- **FAS. Free Alongside Ship (named loading port):** free Alongside Ship: the seller must place the goods alongside the ship at the named port. The seller must clear the goods for export; this changed in the 2000 version of the Incoterms. Suitable for maritime transport only.
- **FOB. Free On Board (named loading port):** the classic maritime trade term, Free On Board: seller must load the goods on board the ship



nominated by the buyer, cost and risk being divided at ship's rail. The seller must clear the goods for export. Maritime transport only.

Group C - Main Carriage Paid:

- **CFR. Cost and Freight (named destination port):** seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail. Maritime transport only.
- **CIF. Cost, Insurance and Freight (named destination port):** exactly the same as CFR except that the seller must in addition procure and pay for insurance for the buyer. Maritime transport only.
- **CPT. Carriage Paid To (named place of destination):** the general/containerized/multimodal equivalent of CFR. The seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.
- **CIF. Carriage and Insurance Paid to (named place of destination):** the containerized transport/multimodal equivalent of CIF. Seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier.

Group D - Arrival:

- **DAF. Delivered At Frontier (named place)**
- **DES. Delivered Ex Ship (named port)**
- **DEQ. Delivered Ex Quay (named port)**
- **DDU. Delivered Duty Unpaid (named destination place)**
- **DDP. Delivered Duty Paid (named destination place)**

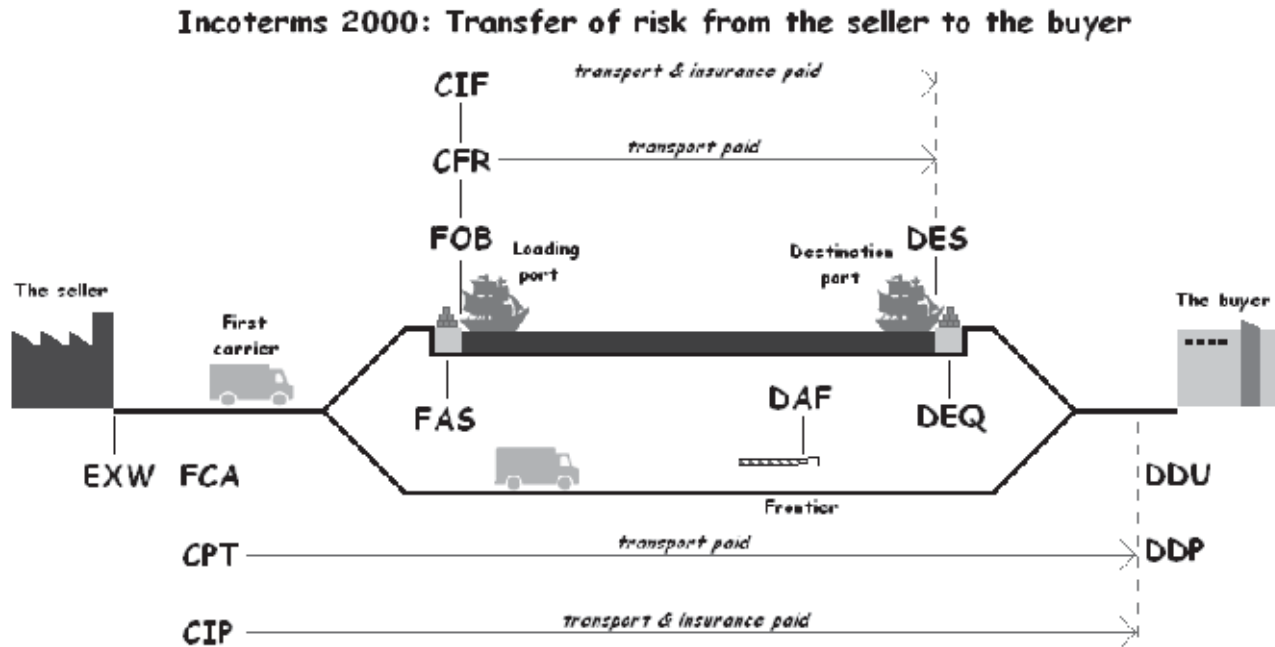
For a given term, "Yes" indicates that the seller has the responsibility to provide the service included in the price. "No" indicates it is the buyer's responsibility. If insurance is not included in the term (for example, CFR) then insurance for transport is the responsibility of the buyer.



[illegible]



http://en.wikipedia.org/wiki/Image:Incoterms_Robert_Wielgorski_EN.PNG



Annexure 26: Format for Extension of Delivery Period

(Refer Section II & III Chapter 11)

To **Registered A/D or Speed Post****Sub: Contract No** ----- **dated** ----- **for the supply of** -----
----- **against Indent No** ----- **Dated:** -----**Ref: Your letter No** ----- **Dated:** -----

Dear Sir,

You have failed to deliver the Stores -----the entire quantity of Stores within the contract delivery period as last extended upto -----.

In your letter under reply you have asked for (further) extension of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from -----to -----please note that amount equal to the pre-estimated/liquidated damages for delay in the supply of the stores after the contract delivery period shall be recovered from you as specified in the conditions of Contract for the extended period notwithstanding the grant of this extension. You may now tender the Stores for inspection (balance of the Stores) in terms of this letter. Stores if any already tendered by you for inspection but not inspected will be now inspected accordingly.

2. The above extension of delivery date will also be subject to the following further conditions.
 - (a) That no increases in price on account of any statutory increase in or fresh Imposition of customs duty, excise duty, Sale Tax or on account of any other Tax duty (including Custom Duty) leviable in respect of the Stores specified in the said Acceptance of tender which takes place after (insert here the original delivery date or the last unconditionally extended delivery date) shall be admissible on such of the said Stores, as are delivered after the said date; and.
 - (b) That notwithstanding any stipulation in the contract for increase in price on any other ground (including Foreign Exchange Rate Variation) no such increase which takes place after (insert here the original delivery



date or the last unconditionally extended delivery date) shall be admissible on such of the said Stores as are delivered after the said date.

- (c) But nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, excise duty, Sales Tax or on account of any other Tax or duty or on any other ground as stipulated in the price variation clause or Foreign Exchange Rate Variation which takes place after the expiry of the above mentioned date namely (insert here the original delivery date or the last unconditionally extended delivery date)
3. All other terms and conditions of the contract remain unaltered. Please convey your unconditional acceptance.

Yours faithfully,
For and on behalf of



Annexure 27: Formula for Price Variation Clause

(Refer para 9.2)

(The formula for Price Variation should ordinarily include a fixed element, a material element and a labour element. The figures representing the material element and the labour element should reflect the corresponding proportion of input costs, while the fixed element may range from 10 to 25%. That portion of the price represented by the fixed element will not be subject to variation. The portions of the price represented by the material element and labour element along will attract Price Variation.)

The formula for Price Variation will thus be:-

$$P_A = \frac{P_o}{100} \left(F + a \frac{M_1}{M_o} + b \frac{L_1}{L_o} \right) - P_o$$

Where: -

P_A is then adjustment amount payable to the supplier (a minus figure will indicate a reduction in the Contract Price) on the date of supply.

P_o is the Contract Price on the base date (which is taken as the date on which tender is due to open).

F is the fixed element (as the percentage of the Total Price) not subject to Price Variation.

a is the assigned percentage to the material element in the Contract Price.

b is the assigned percentage to the labour element in the Contract Price.

(F, a and b being percentages should total 100)

L_o and L_1 are the average wage indices for the Quarter before the quarter in which base month falls and for the Quarter before the quarter in which date of supply falls; respectively. For example for a tender opening on 17th March 2010 (base date), L_o would be average wage index for the Quarter of Oct-Dec 2009.

M_o and M_1 are the material prices/ indices as average of the month, two month prior to the month in which base month falls and average of the month, two month prior to the month in which date of supply falls; respectively. For example for a tender opening on 17th March 2010 (base date), M_o would be prices/ index as average of the month of January 2010. All material prices/ indices will be basic prices without excise duty/CV and without any other Central, State, Local Taxes & Duties and Octroi.



If more than one major item of material is involved, the material element can be broken up into two or three components such as M_x , M_y , M_z .

Following conditions would be applicable to Price Adjustment –

- i. Base dates shall be due dates of opening of price bids.
- ii. Date of supply shall be the date of calculation/ determination of the Price variation.
- iii. No price increase is allowed beyond original DP.
- iv. Total adjustment will be subject to maximum ceiling of ____%.
- v. No price adjustment shall be payable on the portion of contract price paid to the Seller as an advance payment.
- vi. No price adjustment shall be payable if this is less than or equal to 2% of Po.
- vii. Payments for each supply would initially be made as per the base price mentioned in the contract. Price Adjustment bill should be submitted only quarterly for the supplies made during the quarter.
- viii. Even if there is no Price Adjustment, Vendor must submit all relevant data to prove that there is no downward Variation. In any case he must submit a declaration as follows;

“It is certified that there has been no decrease in the price of Price Variation Indices and in the event of any decrease of such indices during the currency of this contract we shall promptly notify the same to the purchaser and offer requisite reduction in the contract rate “.



Annexure 28: Composition of Tender Evaluation Committee and Powers of CFA

(Refer Para 3.3.2)

Composition of committee for different types of procurement shall be as given below subject to following:

1. Procurement of Capital goods e.g. Plant and machinery and execution of Capital works (new work) shall be done only when investment proposal has been approved by the competent authority and budget is available.
2. Standing Committee of General Managers (SCGM) shall consist of GMs/HoDs and FA&CAO. Composition of SCGM shall be as per Para 3.3.2. For the procurement proposals of HQs, where CFA is higher authority than the concerned DGM/GM, it shall be approved by Director/ Committee of Functional Directors/ Committee of Directors/ CMD or Board as the case may be. Delegation for Directors and Committee of Functional Directors for the procurement of SPMCIL HQs is given in Section H of this table.
3. Procurements to be approved by CFA higher than Standing Committee of General Managers (SCGM) shall be processed by the Tender Evaluation Committee and its recommendations shall be reviewed by Standing Committee of General Managers and then put up to Committee of Directors or CMD or Board as the case may be.
4. Committee of Directors shall consist of Concerned Director (user department), Director (Finance) and CMD. In case Finance or department headed by Director (Finance) is the user department then he, any other Director and CMD will be part of the Committee.
5. In a Tender Evaluation Committee, where user department is Finance, officer of finance will act as user representative. Finance representative of TEC shall be substituted by an officer of same level from other department.
6. Members of the Tender Evaluation Committee may be of the level as indicated in the table or higher. In cases where some other officer is looking after the charge of the member, same will represent in the TEC but CFA has to be the officer designated or higher. In the HQs, in place of FA&CAO, equivalent or higher officer of finance department shall represent.
7. Quorum of Standing Committee of General Manager will be three, necessarily consisting of GM and FA&CAO of the unit proposing the case.
8. Any proposal leading to creation of new facility/service shall necessarily be approved by competent authority before decision of procurement is taken.
9. Airlifting of stores shall be resorted to only in rare cases of extreme urgency.

Composition of Tender Evaluation Committee and Powers of CFA

A Purchase of	(i) Stores required for production and maintenance,	
	(ii) Plant and machinery through tender,	
	(iii) Procurement of stores on proprietary basis after approval of PAC by the competent authority ,	
	(iv) Direct purchase of canalized items as mentioned in Import trade policy and from PSU or	
	(v) Purchase of stores available on rate contract of DGS&D or other central agency.	
Value of Tender (in Rs.)	Tender Evaluation Committee Members	CFA
Upto Rs.2 Lacs	PO, AO(F) and Officer of User Department with grade pay of Rs.5400/-	Officer of User Department with grade pay of Rs.6600/-
More than Rs.2 Lacs but upto Rs.10 lacs	PO, AO(F) and Officer of User Department with grade pay of Rs.6600/-	Officer of User Department with grade pay of Rs.7600/-
More than Rs.10 lacs but upto Rs.25 lacs	AO(F), CPSO and Officer of User Department with grade pay of Rs.6600/-	DGM
More than Rs.25 lacs but upto Rs.2 crore	FA&CAO, CPSO and Officer of User Department with grade pay of Rs.7600/-	General Manager
More than Rs.2 Crores but upto Rs. 20 crores	FA&CAO, CPSO, DGM and General Manager	Standing Committee of General Managers
More than Rs.20 crores, and upto Rs. 50 Crores	FA&CAO, CPSO, DGM and General Manager	Committee of Directors
More than Rs. 50 Crores	FA&CAO, CPSO, DGM and General Manager	Board of Directors

B Procurement of stores on		
Proprietary basis (for items certified under Clause 6(C-2) of PAC Certificate (Annexure-21) and		
Procurement of Stores on Single Tender (Nomination) Basis		
Value of Tender (in Rs.)	Committee to recommend PAC or Nomination Members	CFA to approve PAC or Nomination
Upto Rs.1.50 lacs	FA&CAO, CPSO and Officer of User Department with grade pay of Rs.6600/-	General Manager
More than Rs1.5 lacs and upto Rs.5 lacs	FA&CAO, CPSO, DGM and General Manager	SCGM
More than Rs.5 lacs and less than Rs. 20 crores	FA&CAO, CPSO, DGM and General Manager	Committee of Directors
More than Rs. 20 crores	FA&CAO, CPSO, DGM and General Manager	Board of Directors
Procurement on PAC as per above and nomination basis shall be done only when the CFA as per above has approved the mode of procurement through PAC or Nomination. Once approved, procurement shall be done by following due process and as per delegation given in Section A of this table.		
C (i) Procurement of Services through normal Tender (ii) Procurement of Goods/Services for development Order (iii) Execution of Capital Works (New)/ Maintenance through Private Contractor(s)/ agencies (iv) Execution of Capital work (New) / Maintenance on nomination basis through CPWD/PWD or through limited tender among the PSUs/Govt. Autonomous Organisation (minimum 3 organisations)::		
Value of Tender (in Rs.)	Tender Evaluation Committee Members	CFA
Upto Rs.1 Lacs	PO, AO(F) and Officer of User Department with grade pay of Rs.5400/-	Officer of User Department with grade pay of Rs.6600/-
More than Rs.1 Lacs but upto Rs.5 lacs	Asstt. Manager (Finance), CPSO and Officer of User Department with grade pay of Rs.6600/-	DGM



More than Rs.5 lacs but upto Rs.25 lacs	FA&CAO, CPSO and Officer of User Department with grade pay of Rs.7600/-	General Manager
More than Rs.25 lacs but upto Rs.1 crore	FA&CAO, CPSO, DGM and General Manager	Standing Committee of General Managers
More than Rs.1 Crores but upto Rs. 50 crores	FA&CAO, CPSO, DGM and General Manager	Committee of Directors
More than Rs.50 Crores	FA&CAO, CPSO, DGM and General Manager	Board of Directors

D Approval of

- (i) Air lifting of raw material and spares on nomination basis through Air India or Balmer & Lawrie or other govt.approved agency ; and**
- (ii) Insurance of goods/machines in transit through insurance firm to be selected out of approved insurance firms:**

Value of Tender (in Rs.)	Tender Evaluation Committee Members	CFA
Upto Rs.50,000	PO, AO(F) and Officer of User Department with grade pay of Rs.5400/-	Officer of User Department with grade pay of Rs.7600/-
More than Rs.50,000 but upto Rs.1 lacs	Asstt. Manager (Finance), CPSO and Officer of User Department with grade pay of Rs.6600/-	DGM
More than Rs.1 lacs but upto Rs.5 lacs	Asstt. Manager (Finance), CPSO and Officer of User Department with grade pay of Rs.7600/-	General Manager
More than Rs.5 lacs but upto Rs.25 lacs	FA&CAO, CPSO, DGM and General Manager	Standing Committee of General Managers
More than Rs.25 lacs but upto Rs. 50 crores	FA&CAO, CPSO, DGM and General Manager	Committee of Directors
More than Rs. 50 crores	FA&CAO, CPSO, DGM and General Manager	Board of Directors

E Approval of Limited Tender (LTE) in special cases for Estimated values above Rs. 25 Lakhs (refer Para 4.9.2):		
Estimated Value of Procurement	Delegation of Power to approve	Based on an Urgency Certificate Signed by
Upto 25 lacs	SCGM	FA&CAO, CPSO, DGM and General Manager
More than Rs.25 lacs but upto Rs. 20 crores	Committee of Directors	FA&CAO, CPSO, DGM and General Manager
Above 20 Crores	Board of Directors	FA&CAO, CPSO, DGM and General Manager

Procurement on LTE as per above basis shall be done only when the CFA as per above has approved the mode of procurement. Once approved, procurement shall be done by following due process and as per delegation given in Section A of this table.

F. Composition of Condemnation Committee (CC)		
Book Value of the goods proposed to be condemned	Condemnation Committee	CFA
Amount as per book value for which GM is CFA to do procurement	AO(F), CCO, WM (User section)	GM
Amount as per book value for which officer above the level of GM is CFA to do procurement	WM, CE and FA&CAO	SCGM
Amount as per book value for which GM or any officer below the level of GM is CFA to do procurement	DCE (Engg and Maintenance), PO, AO(F)	Same level of officer who is CFA to do similar procurement
Amount as per book value for which GM or any officer above the level of GM is CFA to do procurement	WM, CE and FA&CAO	GM





G. Composition of Scrap Disposal Committee (SDC)

Based on the value of items of disposal as decided by the condemnation (reserve price) Disposal Committee shall process the disposal cases. Same committee as per Annexure 28 (A) shall be the TEC and CFA.

H. Procurement proposal of HQs

Procurement shall be done in the manner and with the approval of CFA as prescribed in the tables given above. However, in place of SCGM, proposals shall be approved by Director concerned or Committee of Functional Directors (three, other than CMD). TEC for the CFA as under for high value procurement shall consist of GM/DGM of user department, DGM (F&A) and DGM of other department which is not a user. In the case of user department being Finance, DGM of any other department shall be part of TEC.

CFA for all such procurements of HQs shall be as under:

Value of Tender (in Rs.)			CFA
For items covered in Table A above	For items covered in Table B above	For items covered in Table C above	
Upto Rs. 10 crores	upto Rs. 5 lac	upto Rs.1 crore	Director concerned
More than Rs.10 crores but upto Rs. 20 Crores	More than Rs. 5 lac crore but upto Rs.1 crores	More than Rs.1 crore but upto Rs.5 crores	Committee of Functional Directors
More than Rs.20 Crores but upto Rs. 50 crores	More than Rs.5 Crores but upto Rs.20 crores	More than Rs.5 Crores but upto Rs.50 crores	Committee of Directors including CMD
More than Rs.50 Crores	More than Rs.20 Crores	More than Rs.50 Crores	Board of Directors

Annexure 29 Prequalification Criteria Summary

(Refer Para 5.8)

A. For Plant and Machinery/ equipment

Item Categories -	i) Security items ii) Non-Security items	Development/ insufficient market capacity or Exceptional One-Off Cases Note 3
Experience & Past Performance	Bidder Firm should have manufactured, supplied, installed and commissioned at least one similar Plant and Machinery/equipment during last five years.	PQC Should be Decided with the approval of CFA in individual cases.
Capability- Equipment & manufacturing Facilities	The Bidder Firm must have an annual Capacity to Manufacture and supply at least 50% of the tendered requirement of Plant and Machinery/equipment rounded off to the next whole number.	
Financial Standing	Average Annual Turnover of the Bidder firm during last three years should be more than 30% of the estimated cost. Bidder Firm should not have suffered any financial loss for more than one year during the last three years. The net worth of the firm should not have eroded by more than 30% in the last three years.	

Note:

- All experience, past performance and capacity/capability related/ data should be certified by the authorized signatory of the bidder firm. The credentials regarding experience and past performance to the extent required as per eligibility criteria submitted by bidder should be verified from the parties for whom work has been done.
- All financial standing data should be certified by certified accountant's e.g Chartered Accounts (CA) in India and Certified Public Accountant/Chartered Accountants of other countries. .
- Development/Insufficient Market Capacity categories are those items which are either being newly developed where vendors are yet to be developed or for new/ existing items where the capacity available in market is inadequate compared to our annual requirements. Exceptional one-off cases are such items/ Plant & Machinery which are procured infrequently (say once in 3 years or longer periods)



B. For items other than Plant and Machinery/ equipment:

Item Categories -	i) Security items ii) Non-Security items	Development/ insufficient market capacity or Exceptional One-Off Cases Note 3
Experience & Past Performance	Bidder Firm should have manufactured and supplied in any one year during last five years - at least 30% of the annual requirement of the item. In case of multiple products in a tender, this criteria shall be applicable product wise. For example, in case of for bank note paper, it shall be applicable to the denomination wise annual requirement of paper .	PQC Should be Decided with the approval of CFA in individual cases.
Capability- Equipment & manufacturing Facilities	The Bidder Firm must have an annual Capacity to Manufacture and supply at least 30% of annual requirement of the item. In case of Global/ ICB tenders for security sensitive items, the Bidder must have supplied such products to at least to two countries during last five years.	
Financial Standing	Average Annual turnover of the Bidder firm during last three years should be more than 30% of the estimated cost of annual requirement of the item.	
	Bidder Firm should not have suffered any financial loss for more than one year during the last three years.	
	The net worth of the firm should not have eroded by more than 30% in the last three years.	

Note:

1. All experience, past performance and capacity/capability related/data should be certified by the authorized signatory of the bidder firm. The credentials regarding experience and past performance to the extent required as per eligibility criteria submitted by bidder should be verified from the parties for whom work has been done.
2. All financial standing data should be certified by certified accountants e.g. Chartered Accountants (CA) in India and Certified Public Accountant / Chartered Accountant in other countries.
3. For the purpose of PQB, items which are either being newly developed where vendors are yet to be developed or for new/ existing items where the capacity available in market is inadequate compared to our annual requirements shall be treated under Development/Insufficient Market Capacity categories. whereas Exceptional one-off cases are such items/ Plant & Machinery which are not procured frequently (say once in 3 years or longer periods)

Annexure 30: Power of Approval of Indent (Purchase Proposal)

(Refer Para 6.10)

Estimated Value (in Rs.) A	Approval of Indent Stock Items⁴
Less than 1,00,000	CPSO and AO(F) ⁵ Jointly
More than 1,00,000	but FA&CAO and WM(Jointly)
less than 10,00,000	
More than 10,00,000	but DGM and FA&CAO jointly
less than 25,00,000	
More than 25,00,000	GM and FA&CAO jointly

B	Raw Material/Consumable Items⁶
Less than 10,00,000	DWM and AO(F) jointly
More than 10,00,000	but FA&CAO and WM/CE (Jointly)
less than 25,00,000	
More than 25,00,000	but DGM and FA&CAO jointly
less than 1,00,00,000	
More than 1,00,00,000	GM and FA&CAO jointly

Note: It should be noted that for higher values requiring approval at higher level, the authorities mentioned for lower values would also append their signatures to the purchase proposal/ indent before obtaining approval of higher authorities.

4 Items of Regular Usage not linked to core production activities

5 Please see AO(F) in abbreviation for explanation

6 Items, machines parts and machine consumables for production



Annexure 31: Format of Invitation and declaration for Negotiations

(Refer Para 10.16.5)

To M/s

Registered A/D

Sub: **Tender No ----- Opened on ----- for the supply of -----**

Dear Sir,

The rates quoted in your tender are considered high. You are therefore, requested to come for negotiations of rates, you are, therefore, requested to come for negotiations on..... (Date) at (time) at (venue).

You should however, come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.

A copy of the form in which you may submit your revised offer after negotiations is enclosed.

Yours faithfully,
For and on behalf of.....

Enclosure: Form of Declaration
Form of Revised Offer

FORM OF DECLARATION

To

Sub: **Tender No ----- Opened on ----- for the supply of -----**

Ref: Your invitation for negotiations No: dated:

Dear Sir,

I do declare that in the event of failure of the contemplated negotiations relating to Tender No..... Opened on my original tender shall remain open for acceptance on its original terms and conditions.

Yours faithfully,



Annexure 32: Format of Revised Offer in Negotiations

(Refer Para 10.16.5)

From.....

Full address.....

To,

Sir,

Sub: **Tender No ----- opened on -----for the supply of -----**

Ref: Your invitation for negotiations No: dated:

1. On further discussions with your representatives on
.....in response to your letter No
..... Dated

We are not prepared to reduce the rates already quoted in
the original tender, which will remain valid upto.....

Or

1. I / We reduce my/our rates as shown in the enclosed
schedule of items.
2. I / We am/are aware that the instructions to Tenderers,
Special and general conditions of contract and appendices
to the original tender remain valid and binding on me.
3. I/We agree to complete the supply as per following Delivery
Schedule





4. I/We agree to abide by this tender on the revised rate quoted by me / us, it is open for acceptance for a period of 60/120 days from date *i. e.* upto and in default of my/our doing so, I/We will forfeit the earnest money deposited with the original tender/ attached herewith. Eligibility as valid tenderers shall be deemed to be the consideration for the said forfeiture.

Yours faithfully





PART-C STANDARD BIDDING DOCUMENTS (SBD)

Standard Bidding Document (SBD)

(Procurement of Goods and Services)

(Name, address, telephone no., Fax, e-mail, Website etc. of the Unit)

Not Transferable

Security Classification: _____

TENDER DOCUMENT FOR PURCHASE OF _____

Tender No. _____, **dated** _____

This Tender Document Contains _____ **Pages.**

Tender Documents is sold to:

M/s _____

Address _____

Details of Contact person in SPMCIL regarding this tender:

Name, Designation:

Address:

Phone, Fax, email:

Email:



**Section I: Notice Inviting Tender (NIT)**

(Name, address, telephone no., Fax, e-mail, website etc. of the Unit)

.....

(Tender Sl. No.)

.....

(Date)

1. Sealed tenders are invited from eligible and qualified tenderers for supply of following goods & services:

Schedule No.	Brief Description of Goods/ services	Quantity (with unit)	Earnest Money (in Rs.)	Remarks

Type Of Tender (Two Bid/ PQB/ EOI/ RC/ Development/ Indigenization/ Disposal of Scrap/ Security Item etc.)	
Dates of sale of tender documents:	
Price of the Tender Document	
Place of sale of tender documents	
Closing date and time for receipt of tenders	
Place of receipt of tenders	
Time and date of opening of tenders	
Place of opening of tenders	
Nominated Person/ Designation to Receive Bulky Tenders (Clause 21.21.1 of GIT)	

1. Interested tenderers may obtain further information about this requirement from the above office selling the documents. They may also visit our website mentioned above for further details.
2. Tender documents may be purchased on payment of non-refundable fee of Rs.....(amount) per set in the form of account payee demand draft/ cashier's cheque/ certified cheque, drawn on a scheduled commercial bank in India, in favour of ...SPMCIL

.....(name of unit), payable at.....(name of the place).

3. If requested, the tender documents will be mailed by registered post/speed post to the domestic tenderers and by international air-mail to the foreign tenderers, for which extra expenditure per set will be Rs..... for domestic post and Rs.for international air-mail. The tenderer is to add the applicable postage cost in the non-refundable fee mentioned in Para 3 above.
4. Tenderer may also download the tender documents from the web site..... and submit its tender by utilizing the downloaded document, along with the required non-refundable fee as mentioned in Para 3 above.
5. Tenderers shall ensure that their tenders, duly sealed and signed, complete in all respects as per instructions contained in the Tender Documents, are dropped in the tender box located at the address given below on or before the closing date and time indicated in the Para 1 above, failing which the tenders will be treated as late and rejected.
6. In the event of any of the above mentioned dates being declared as a holiday/ closed day for the purchase organisation, the tenders will be sold/ received/ opened on the next working day at the appointed time.
7. The tender documents are not transferable.

.....

.....

[Name, designation, address, tel. No etc.

of the officer signing the document]

For and on behalf of

.....





Section II: General Instructions to Tenderer (GIT)

Part I: General Instructions Applicable to all Types of Tenders

A PREAMBLE

1. Introduction

- 1.1 Definitions and abbreviations, which have been used in these documents, shall have the meanings as indicated in GCC.
- 1.2 For sake of convenience, whole of this Standard Bidding Document (including all sections) is written in reference to Procurement of Goods Tenders. However this SBD would be utilized for all types of Tenders e.g. EOI, PQB, Rate Contract, Tenders involving Samples, Sale/ Disposal of Scrap Material and Development/Indigenization, Procurement of Services etc. Therefore the construction of all clauses are to be interpreted in the context of particular type of tender beyond the letter of the clause, read with the additional clauses for the specific type of tenders in Part II GIT/ GCC.
- 1.3 These tender documents have been issued for the requirements mentioned in Section –VI - “List of Requirements”, which also indicates, inter-alia, the required delivery schedule and terms & place (i.e. destination) of delivery.
- 1.4 This section (Section II - “General Instruction Tenderers” - GIT) provides the relevant information as well as instructions to assist the prospective tenderers in preparation and submission of tenders. It also includes the mode and procedure to be adopted for receipt and opening as well as scrutiny and evaluation of tenders and subsequent placement of contract. With this limited objective, GIT is not intended to be complete by itself and the rest of this document - SIT, GCC and SCC in particular may also be thoroughly studied before filling up the Tender Document. There would be certain topics covered in GIT/SIT as well as in GCC/ SCC from different perspectives. In case of any conflict between these, provisions of GCC/ SCC would prevail.
- 1.5 The tenderers shall also read the Special Instructions to Tenderers (SIT) related to this purchase, as contained in Section III of these documents and follow the same accordingly. Whenever there is a conflict between the GIT and the SIT, the provisions contained in the SIT shall prevail over those in the GIT.

2. Language of Tender

The tender submitted by the tenderer and all subsequent correspondence and documents relating to the tender exchanged between the tenderer and SPMCIL, shall be written in the Hindi or English language, unless otherwise specified in the Tender. However, the language of any printed literature furnished by the tenderer in connection with its tender may be written in any other language provided the same is accompanied by Hindi or English translation. For purposes of interpretation of the tender, the English translation shall prevail.

3. Eligible Tenderers

This invitation for tenders is open to all suppliers who fulfill the eligibility criteria specified in these documents. Please refer to Section IX: Qualification/Eligibility Criteria.

4. Eligible Goods and Services

All goods and related services to be supplied under the contract shall have their origin in India or other countries, subject to any restriction imposed in this regard in Section III (SIT). The term “origin” used in this clause means the place where the goods are mined, grown, produced, or manufactured or from where the related services are arranged and supplied.

5. Tendering Expense

The tenderer shall bear all costs and expenditure incurred and/ or to be incurred by it in connection with its tender including preparation, mailing and submission of its tender and for subsequent processing the same. SPMCIL will, in no case be responsible or liable for any such cost, expenditure etc regardless of the conduct or outcome of the tendering process.

B TENDER DOCUMENTS**6. Content of Tender Documents**

6.1 The tender documents includes:

1. Section I - Notice Inviting Tender (NIT)
2. Section II - General Instructions to Tenderers (GIT)
3. Section III - Special Instructions to Tenderers (SIT)
4. Section IV - General Conditions of Contract (GCC)
5. Section V - Special Conditions of Contract (SCC)
6. Section VI - List of Requirements
7. Section VII - Technical Specifications

8. Section VIII - Quality Control Requirements
9. Section IX – Qualification/ Eligibility Criteria
10. Section X - Tender Form
11. Section XI - Price Schedule
12. Section XII - Questionnaire
13. Section XIII - Bank Guarantee Form for EMD
14. Section XIV - Manufacturer's Authorization Form
15. Section XV - Bank Guarantee Form for Performance Security
16. Section XVI - Contract Form
17. Section XVII: Letter of Authority for attending a Bid Opening
18. Section XVIII: Shipping Arrangements for Liner Cargoes
19. Section XIX: Proforma of Bills for Payments

6.2 The relevant details of the required goods and services, the terms, conditions and procedure for tendering, tender evaluation, placement of contract, the applicable contract terms and, also, the standard formats to be used for this purpose are incorporated in the above-mentioned documents. The interested tenderers before formulating the tender and submitting the same to SPMCIL, should read and examine all the terms, conditions, instructions etc. contained in the tender documents. Failure to provide and/ or comply with the required information, instructions etc. incorporated in these tender documents may result in rejection of its tender.

7. Amendments to Tender Documents

- 7.1** At any time prior to the deadline for submission of tenders, SPMCIL may, for any reason deemed fit by it, modify the tender documents by issuing suitable amendment(s) to it.
- 7.2** Such an amendment will be notified in writing by registered/ speed post or by fax/ telex/ e-mail, followed by copy of the same by suitable recorded post to all prospective tenderers, which have received the tender documents and will be binding on them.
- 7.3** In order to provide reasonable time to the prospective tenderers to take necessary action in preparing their tenders as per the amendment, SPMCIL may, at its discretion extend the deadline for the submission of tenders and other allied time frames, which are linked with that deadline.

8. Pre-Bid conference

If found necessary, a prebid conference may be stipulated in the SIT, for clarification/ amendment to Technical specifications/techno-commercial conditions in two bid tender.

9. Clarification of Tender Documents

A Tenderer requiring any clarification or elucidation on any issue of the tender documents may take up the same with SPMCIL in writing or by fax / e-mail/ telex. SPMCIL will respond in writing to such request provided the same is received by SPMCIL not later than twenty one days (unless otherwise specified in the SIT) prior to the prescribed date of submission of tender. Copies of the query and clarification shall be sent to all prospective bidders who have received the bidding documents.

C PREPARATION OF TENDERS**10. Documents Comprising the Tender**

10.1 The tender to be submitted by Tenderer shall contain the following documents, duly filled in, as required:

- a) Tender Form and Price Schedule along with list of deviations (ref Clause 19.19) from the clauses of this SBD, if any.
- b) Documentary evidence, as necessary in terms of GIT clauses 3 and 16 establishing that the tenderer is eligible to submit the tender and, also, qualified to perform the contract if its tender is accepted.
- c) Documents and relevant details to establish in accordance with GIT clause 17 that the goods and the allied services to be supplied by the tenderer conform to the requirement of the tender documents along with list of deviations if any (ref clause 17.17.3 of GIT).
- d) Earnest money furnished in accordance with GIT clause 18.18.1 alternatively, documentary evidence as per GIT clause 18.18.2 for claiming exemption from payment of earnest money. and
- e) Questionnaire as per Section XII.
- f) Manufacturer's Authorization Form (ref Section XIV, if applicable

NB: The tenderers may also enclose in their tenders, technical literature and other documents as and if considered necessary by them.



10.2 A tender, that does not fulfill any of the above requirements and/ or gives evasive information/ reply against any such requirement, shall be liable to be ignored and rejected.

10.3 Tender sent by fax/email/ telex/ cable shall be ignored.

11. Tender currencies

11.1 Unless otherwise specified, the tenderer shall quote only in Indian rupees.

11.2 Where the tender condition specifies acceptance of quotations in different currencies, then, for domestic goods, prices shall be quoted in Indian rupees only and for imported goods, prices shall be quoted either in Indian rupees or in the currency stipulated in the SIT, mentioning, inter-alia, the exchange rate adopted for converting foreign currency into Indian Rupees. As regards price(s) for allied services, if any required with the goods, the same shall be quoted in Indian Rupees if such services are to be performed / undertaken in India. Commission for Indian Agent, if any and if payable shall be indicated in the space provided for in the price schedule and quoted in Indian Rupees only.

11.3 Tenders, where prices are quoted in any other way shall be treated as unresponsive and rejected.

12. Tender Prices

12.1 The Tenderer shall indicate on the Price Schedule provided under Section XI all the specified components of prices shown therein including the unit prices and total tender prices of the goods and services it proposes to supply against the requirement. All the columns shown in the price schedule should be filled up as required. If any column does not apply to a tenderer, same should be clarified accordingly by the tenderer.

12.2 If there is more than one schedule in the List of Requirements, the tenderer has the option to submit its quotation for any one or more schedules and, also, to offer special discount for combined schedules. However, while quoting for a schedule, the tenderer shall quote for the complete requirement of goods and services as specified in that particular schedule.

12.3 The quoted prices for goods offered from within India and that for goods offered from abroad are to be indicated separately in the applicable Price Schedules attached under Section XI.

12.4 While filling up the columns of the price schedule, the following aspects should be noted for compliance:

12.5 For goods offered from within India, the prices in the corresponding price schedule shall be entered separately in the following manner:

- a) The price of the goods, quoted ex-factory, ex-showroom, ex-warehouse or off-the-shelf, as applicable, including all taxes and duties like sales tax, VAT, custom duty, excise duty etc. already paid or payable on the components and raw material used in the manufacture or assembly of the goods quoted ex-factory etc or on the previously imported goods of foreign origin quoted ex-showroom etc.
- b) Any sales or other taxes and any duties including excise duty, which will be payable on the goods in India if the contract is awarded.
- c) Charges towards inland transportation, insurance and other local costs incidental to delivery of the goods to their final destination as specified in the List of Requirements and
- d) The price of incidental services, as and if mentioned in List of Requirements.

12.6 For goods offered from abroad, the prices in the corresponding price schedule shall be entered separately in the following manner:

- a) The price of goods quoted FAS / FOB port of shipment, CIF port of entry in India or CIF specified place of destination in India as indicated in the List of Requirements.
- b) Wherever applicable, the amount of custom duty and import duty on the goods to be imported.
- c) The charges for inland transportation, insurance and other local costs incidental to delivery of the goods from the port of entry in India to their final destination, as specified in the List of Requirements. and
- d) The charges for incidental services, as and if mentioned in the List of Requirements.

12.7 Additional information and instruction on Duties and Taxes:

If the Tenderer desires to ask for excise duty, sales tax, custom duty etc. to be paid extra, the same must be specifically stated. In

the absence of any such stipulation the price will be taken inclusive of such duties and taxes and no claim for the same will be entertained later.

12.8 Excise Duty:

- a) If reimbursement of excise duty is intended as extra over the quoted prices, the supplier must specifically say so also indicating the rate, quantum and nature of the duty applicable. In the absence of any such stipulation it will be presumed that the prices quoted are firm and final and no claim on account of excise duty will be entertained after the opening of tenders.
- b) If a Tenderer chooses to quote a price inclusive of excise duty and also desires to be reimbursed for variation, if any, in the excise duty during the time of supply, the tenderer must clearly mention the same and also indicate the rate and quantum of excise duty included in its price. Failure to indicate all such details in clear terms may result in statutory variations being denied to the tenderer.
- c) Subject to sub clauses 12.8 (a) & (b) above, any change in excise duty upward/ downward as a result of any statutory variation in excise duty taking place within original Delivery Period shall be allowed to the extent of actual quantum of excise duty paid by the supplier. In case of downward revision in excise duty, the actual quantum of reduction of excise duty shall be reimbursed to SPMCIL by the supplier. All such adjustments shall include all reliefs, exemptions, rebates, concession etc. if any obtained by the supplier.

12.9 Sales Tax/ VAT/ CST/ GST:

If a tenderer asks for sales tax/ VAT/ CST/ GST to be paid extra, the rate and nature of such taxes applicable should be shown separately. Such taxes will be paid as per the rate at which it is liable to be assessed or has actually been assessed provided the transaction of sale is legally liable to such taxes and is payable as per the terms of the contract.

12.10 Wherever Value Added Tax is applicable, the following may be noted :

- (i) The tenderer should quote the exact percentage of VAT that they will be charging extra.
- (ii) While quoting the rates, tenderer should pass on (by way of reduction in prices) the set off/input tax credit that would become available to them by switching over to the system of VAT from the existing system of sales tax, duly stating the quantum of such credit per unit of the item quoted for.
- (iii) The tenderer while quoting for tenders should give the following declaration:
 “We agree to pass on such additional set off/input tax credit as may become available in future in respect of all the inputs used in the manufacture of the final product on the date of supply under the VAT scheme by way of reduction in price and advise the purchaser accordingly.”
- iv) The supplier while claiming the payment shall furnish the following certificate to the paying authorities: “We hereby declare that additional set offs/input tax credit to the tune of Rs. _____ has accrued and accordingly the same is being passed on to the purchaser and to that effect the payable amount may be adjusted .

12.11 Octroi and Local Taxes:

Unless otherwise stated in the SIT, the goods supplied against contracts placed by SPMCIL are not exempted from levy of Town Duty, Octroi Duty, Terminal Tax and other Levies of local bodies. In such cases, the supplier should make the payment to avoid delay in supplies and forward the receipt of the same to the purchasing department for reimbursement and, also, for further necessary action.

In cases where exemption is available, suppliers should obtain the exemption certificate from the purchasing department to avoid payment of such levies and taxes.

12.12 Duties/ Taxes on Raw Materials

SPMCIL is not liable for any claim from the supplier on account of fresh imposition and/or increase (including statutory increase) of excise duty, custom duty, sales tax etc. on raw materials and/or

components used directly in the manufacture of the contracted goods taking place during the pendency of the contract, unless such liability is specifically agreed to in terms of the contract.

12.13 Imported Stores not liable to Above-mentioned Taxes and Duties:

Above mentioned Taxes and Duties are not leviable on imported Goods and hence would not be reimbursed.

12.14 Customs Duty:

In respect of imported stores offered from abroad, the tenderer shall specify the rate as well as the total amount of customs duty payable. The tenderer shall also indicate the corresponding Indian Customs Tariff Number applicable for the goods in question.

12.14.1. For transportation of imported goods offered from abroad, relevant instructions as incorporated under GCC Clause 11 shall be followed.

12.14.2. For insurance of goods to be supplied, relevant instructions as provided under GCC Clause 12 shall be followed.

12.14.3. Unless otherwise specifically indicated in this tender document, the terms FOB, FAS, CIF etc. for imported goods offered from abroad, shall be governed by the rules & regulations prescribed in the current edition of INCOTERMS, published by the International Chamber of Commerce, Paris

12.14.4. The need for indication of all such price components by the tenderers, as required in this clause (viz., GIT clause 12) is for the purpose of comparison of the tenders by SPMCIL and will no way restrict SPMCIL's right to award the contract on the selected tenderer on any of the terms offered.

13. Indian Agent

If a foreign tenderer has engaged an agent in India in connection with its tender, the foreign tenderer, in addition to indicating Indian agent's commission, if any, in a manner described under GIT sub clause 11.2 above, shall also furnish the following information:

- a) The complete name and address of the Indian Agent and its permanent income tax account number as allotted by the Indian Income Tax authority.
- b) The details of the services to be rendered by the agent for the subject requirement.

One manufacturer can authorize only one agent/dealer. Also one agent cannot represent more than one supplier or quote on their behalf in a particular tender enquiry. Such quote is likely to be rejected. There can be only one bid from

- a) The principal manufacturer directly or one Indian agent on his behalf
- b) The foreign principal or any of its branch/ division
- c) Indian/ Foreign Agent on behalf of only one Principal.

14. Firm Price / Variable Price

- 14.1** Unless otherwise specified in the SIT, prices quoted by the tenderer shall remain firm and fixed during the currency of the contract and not subject to variation on any account.
- 14.2** In case the tender documents require offers on variable price basis, the price quoted by the tenderers will be subject to adjustment during original Delivery Period to take care of the changes in the cost of labour and material components in accordance with the price variation formula to be specified in the SIT. If a tenderer submits firm price quotation against the requirement of variable price quotation, that tender will be prima-facie acceptable and considered further, taking price variation asked for by the tenderer as zero.
- 14.3** However, as regards taxes and duties, if any, chargeable on the goods and payable, the conditions stipulated in GIT clause 12 will apply for both firm price tender and variable price tender.
- 14.4** Subject to provisions of Clause 11 above, where prices are quoted in foreign currencies, involving imports - Foreign Exchange Rate Variation (ERV) would be borne by the Purchaser within the original Delivery Period. The offer of the Tenderer should indicate import content and the currency used for calculating import content.
- 14.5** Base Exchange rate of each major currency used for calculating FE content of the contract should be indicated. The base date of ERV would be contract date and variation on the base date can be given up to the midpoint manufacture, unless firm has already indicated the time schedule within which material will be imported by the firm.

14.6 In case delivery period is refixed/ extended, ERV will not be admissible, if this is due to default of the supplier.

14.7 Documents for claiming ERV:

- i. A bill of ERV claim enclosing working sheet
- ii. Banker's Certificate/debit advice detailing F.E. paid and exchange rate
- iii. Copies of import order placed on supplier
- iv. Invoice of supplier for the relevant import order

15. Alternative Tenders

Unless otherwise specified in the Schedule of Requirements, alternative tenders shall not be considered.

16. Documents Establishing Tenderer's Eligibility and Qualifications

16.1 Pursuant to GIT clause 10, the tenderer shall furnish, as part of its tender, relevant details and documents establishing its eligibility to quote and its qualifications to perform the contract if its tender is accepted.

16.2 The documentary evidence needed to establish the tenderer's qualifications shall fulfill the following requirements:

- a) In case the tenderer offers to supply goods, which are manufactured by some other firm, the tenderer has been duly authorized by the goods manufacturer to quote for and supply the goods to SPMCIL. The tenderer shall submit the manufacturer's authorization letter to this effect as per the standard form provided under Section XIV in this document.
- b) The tenderer has the required financial, technical and production capability necessary to perform the contract and, further, it meets the qualification criteria incorporated in the Section IX in these documents.
- c) In case the tenderer is not doing business in India, it is/ will be duly represented by an agent stationed in India fully equipped and able to carry out the required contractual functions and duties of the supplier including after sale service, maintenance & repair etc. of the goods in question, stocking of spare parts and fast moving components and other obligations, if any, specified in the conditions of contract and/ or technical specifications.\

- d) In case the tenderer is an Indian agent quoting on behalf of a foreign manufacturer, the Indian agent is already enlisted under the Compulsory Enlistment Scheme of Ministry of Finance, Govt. of India, operated through Directorate General of Supplies & Disposals (DGS&D), New Delhi.

17. Documents establishing Good's Conformity to Tender document

- 17.1** The tenderer shall provide in its tender the required as well as the relevant documents like technical data, literature, drawings etc. to establish that the goods and services offered in the tender fully conform to the goods and services specified by SPMCIL in the tender documents. For this purpose the tenderer shall also provide a clause-by-clause commentary on the technical specifications and other technical details incorporated by SPMCIL in the tender documents to establish technical responsiveness of the goods and services offered in its tender.
- 17.2** In case there is any variation and/ or deviation between the goods & services prescribed by SPMCIL and that offered by the tenderer, the tenderer shall list out the same in a chart form without ambiguity along with justification, and provide the same along with its tender.
- 17.3** If a tenderer furnishes wrong and/ or misleading data, statement(s) etc. about technical acceptability of the goods and services offered by it, its tender will be liable to be ignored and rejected in addition to other remedies available to SPMCIL in this regard.

18. Earnest Money Deposit (EMD)

- 18.1** Pursuant to GIT clause 10.1 (d) the tenderer shall furnish along with its tender, earnest money for amount as shown in the List of Requirements. The earnest money is required to protect SPMCIL against the risk of the tenderer's unwarranted conduct as amplified under sub-clause 23.23.2 below.
- 18.2** The tenderers who are currently registered and, also, will continue to remain registered during the tender validity period with DGS&D or with National Small Industries Corporation, New Delhi or with SPMCIL are exempted from payment of earnest money. In case the tenderer falls in these categories, it should furnish certified copy of its valid registration details (with DGS&D or NSIC or SPMCIL as the case may be).

- 18.3** The earnest money shall be denominated in Indian Rupees.
- 18.4** The earnest money shall be furnished in one of the following forms:
- a) Account Payee Demand Draft or
 - b) Fixed Deposit Receipt or
 - c) Banker's cheque or
 - d) Bank Guarantee, only in the case of Global Tender

The demand draft, fixed deposit receipt or banker's cheque shall be drawn on any scheduled commercial bank in India, in favour of Account specified in the Clause 33 of NIT. In case of bank guarantee, the same is to be provided from/confirmed by any scheduled commercial bank in India as per the format specified under Section XIII in these documents.

- 18.5** The earnest money shall be valid for a period of forty five days beyond the validity period of the tender.
- 18.6** Unsuccessful tenderers' earnest monies will be returned to them without any interest, after expiry of the tender validity period, but not later than thirty days after conclusion of the resultant contract. Successful tenderer's earnest money will be returned without any interest, after receipt of performance security from that tenderer.
- 18.7** Earnest money of a tenderer will be forfeited, if the tenderer withdraws or amends its tender or impairs or derogates from the tender in any respect within the period of validity of its tender. The successful tenderer's earnest money will be forfeited if it fails to furnish the required performance security within the specified period.

19. Tender Validity

- 19.1** If not mentioned otherwise in the SIT, the tenders shall remain valid for acceptance for a period of 90 days (Ninety days) in case of single bid tender system and 120 days in case of two-bid system after the date of tender opening prescribed in the tender document. Any tender valid for a shorter period shall be treated as unresponsive and rejected.
- 19.2** In exceptional cases, the tenderers may be requested by SPMCIL to extend the validity of their tenders upto a specified period. Such request(s) and responses thereto shall be conveyed by surface mail or by fax/email/ telex/ cable followed by surface mail. The tenderers, who agree to extend the tender

validity, are to extend the same without any change or modification of their original tender and they are also to extend the validity period of the EMD accordingly.

19.3 In case the day upto which the tenders are to remain valid falls on/ subsequently declared a holiday or closed day for SPMCIL, the tender validity shall automatically be extended upto the next working day.

19.4 Compliance with the Clauses of this Tender Document: Tenderer must comply with all the clauses of this Tender Document. In case there are any deviations, these should be listed in a chart form without any ambiguity along with justification.

20. Signing and Sealing of Tender

20.1 An authenticated copy of the document which authorizes the signatory to commit on behalf of the firm shall accompany the offer. The individual signing the tender or any other documents connected therewith should clearly indicate his full name and designation and also specify whether he is signing,

- (a) As Sole Proprietor of the concern or as attorney of the Sole Proprietor;
- (b) As Partner(s) of the firm;
- (c) as Director, Manager or Secretary in case the of Limited Company duly authorized by a resolution passed by the Board of Directors or in pursuance of the Authority conferred by Memorandum of Association.

20.2 The authorized signatory of the tenderer must sign the tender at appropriate places and initial the remaining pages of the tender.

20.3 The tenderers shall submit their tenders as per the instructions contained in GIT Clause 10 .

20.4 Unless otherwise mentioned in the SIT, a tenderer shall submit two copies of its tender marking them as “Original” and “Duplicate”.

20.5 The original and other copies of the tender shall either be typed or written in indelible ink and the same shall be signed by the tenderer or by a person(s) who has been duly authorized to bind the tenderer to the contract. The letter of authorization shall be by a written power of attorney, which shall also be furnished along with the tender.

- 20.6** All the copies of the tender shall be duly signed at the appropriate places as indicated in the tender documents and all other pages of the tender including printed literature, if any shall be initialed by the same person(s) signing the tender. The tender shall not contain any erasure or overwriting, except as necessary to correct any error made by the tenderer and, if there is any such correction; the same shall be initialed by the person(s) signing the tender.
- 20.7** The tenderer is to seal the original and each copy of the tender in separate envelopes, duly marking the same as “Original”, “Duplicate” and so on and writing the address of SPMCIL and the tender reference number on the envelopes. The sentence “NOT TO BE OPENED” before (The tenderer is to put the date & time of tender opening) are to be written on these envelopes. The inner envelopes are then to be put in a bigger outer envelope, which will also be duly sealed, marked etc. as above. If the outer envelope is not sealed and marked properly as above, SPMCIL will not assume any responsibility for its misplacement, premature opening, late opening etc.
- 20.8** For purchasing capital equipment, high value plant, machinery etc. of complex and technical nature, tender document will seek quotation in two parts (Two Bid System)- first part containing the relevant technical details of the equipment / machinery etc., and in the second part, price quotation along with other allied issues. First part will be known as 'Technical Bid', and the second part 'Financial bid'. Tenderer shall seal separately 'Technical Bid' and 'Financial bid' and covers will be suitably super scribed. Both these sealed covers shall be put in a bigger cover and sealed and evaluation would be done as described in clause 25.24.4 below. Further details would be given in SIT, if considered necessary.
- 20.9** If permitted in the SIT, the tenderer may submit its tender through e-tendering procedure.

D SUBMISSION OF TENDERS

21. Submission of Tenders

- 21.1** Unless otherwise specified, the tenderers are to deposit the tenders in the tender box kept for this purpose at a place as indicated in para 11 of NIT. In case of bulky tender, which cannot

be put into tender box, the same shall be submitted by the tenderer by hand to the designated officers of SPMCIL, as indicated in clause 11 of NIT. The officer receiving the tender will give the tenderer an official receipt duly signed with date and time.

- 21.2** The tenderers must ensure that they deposit their tenders not later than the closing time and date specified for submission of tenders. In the event of the specified date for submission of tender falls on / is subsequently declared a holiday or closed day for SPMCIL, the tenders will be received upto the appointed time on the next working day.

22. Late Tender

A tender, which is received after the specified date and time for receipt of tenders will be treated as “late” tender and will be ignored.

23. Alteration and Withdrawal of Tender

- 23.1** The tenderer, after submitting its tender, is permitted to alter / modify its tender so long as such alterations / modifications are received duly signed, sealed and marked like the original tender, within the deadline for submission of tenders. Alterations / modifications to tenders received after the prescribed deadline will not be considered.

- 23.2** No tender should be withdrawn after the deadline for submission of tender and before expiry of the tender validity period. If a tenderer withdraws the tender during this period, it will result in forfeiture of the earnest money furnished by the tenderer in its tender besides other sanctions by SPMCIL.

E TENDER OPENING

24. Opening of Tenders

- 24.1** SPMCIL will open the tenders at the specified date and time and at the specified place as indicated in clause 11 of NIT. In case the specified date of tender opening falls on / is subsequently declared a holiday or closed day for SPMCIL, the tenders will be opened at the appointed time and place on the next working day.

- 24.2** Authorized representatives of the tenderers, who have submitted tenders on time may attend the tender opening, provided they bring with them letters of authority as per the format in SBD XVII from the corresponding tenderers. The tender opening official(s) will prepare a list of the representatives attending the tender

opening. The list will contain the representatives' names & signatures and corresponding tenderers' names and addresses.

24.3 During the tender opening, the tender opening official(s) will read the salient features of the tenders like description of the goods offered, price, special discount if any, delivery period, whether earnest money furnished or not and any other special features of the tenders, as deemed fit by the tender opening official(s).

24.4 In the case of two bid system mentioned in clause 20.8 above, the technical bids are to be opened in the first instance, at the prescribed time and date. These bids shall be scrutinized and evaluated by the competent committee/ authority with reference to parameters prescribed in the tender document. Thereafter, in the second stage, the financial bids of only the technically acceptable offers (as decided in the first stage) shall be opened for further scrutiny and evaluation. Other financial bids would be returned unopened to the respective bidders under Registered AD/ Reliable Courier or any other mode with proof of delivery.

F SCRUTINY AND EVALUATION OF TENDERS

25. Basic Principle

Tenders will be evaluated on the basis of the terms & conditions already incorporated in the tender document, based on which tenders have been received and the terms, conditions etc. mentioned by the tenderers in their tenders. No new condition will be brought in while scrutinizing and evaluating the tenders.

26. Preliminary Scrutiny of Tenders

26.1 The tenders will first be scrutinized to determine whether they are complete and meet the essential and important requirements, conditions etc. as prescribed in the tender document. The tenders, that do not meet the basic requirements, are liable to be treated as unresponsive and ignored.

26.2 The following are some of the important aspects, for which a tender may be declared unresponsive and ignored;

- a) Tender is unsigned.
- b) Tenderer is not eligible.
- c) Tender validity is shorter than the required period.
- d) Required EMD has not been provided.
- e) Tenderer has quoted for goods manufactured by a different firm without the required authority letter from

that manufacturer.

- f) Tenderer has not agreed to give the required performance security.
- g) Goods offered are sub-standard, not meeting the required specification etc.
- h) Tenderer has not agreed to essential condition(s) specially incorporated in the tender enquiry.
- i) Against a schedule in the List of Requirement (incorporated in the tender enquiry), the Tenderer has not quoted for the entire requirement as specified in that schedule. (Example: In a schedule, it has been stipulated that the Tenderer will supply the equipment, install and commission it and also train SPMCIL's operators for operating the equipment. The Tenderer has however, quoted only for supply of the equipment).

27. Minor Infirmary/ Irregularity/ Non-Conformity

If during the preliminary examination, SPMCIL find any minor infirmity and/ or irregularity and/ or non-conformity in a tender, SPMCIL may waive the same provided it does not constitute any material deviation and financial impact and, also, does not prejudice or affect the ranking order of the tenderers. Wherever necessary, SPMCIL will convey its observation on such 'minor' issues to the tenderer by registered/ speed post etc. asking the tenderer to respond by a specified date. If the tenderer does not reply by the specified date or gives evasive reply without clarifying the point at issue in clear terms, that tender will be liable to be ignored.

28. Discrepancy in Prices

28.1 If, in the price structure quoted by a tenderer, there is discrepancy between the unit price and the total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly, unless SPMCIL feels that the tenderer has made a mistake in placing the decimal point in the unit price, in which case the total price as quoted shall prevail over the unit price and the unit price corrected accordingly.

28.2 If there is an error in a total price, which has been worked out through addition and/ or subtraction of subtotals, the subtotals shall prevail and the total corrected; and

28.3 If there is a discrepancy between the amount expressed in words and figures, the amount in words shall prevail, subject to sub clause 28.1 and 28.2 above.



28.4 If, as per the judgment of SPMCIL, there is any such arithmetical discrepancy in a tender, the same will be suitably conveyed to the tenderer by registered / speed post. If the tenderer does not agree to the observation of SPMCIL, the tender is liable to be ignored.

29. Discrepancy between original and copies of Tender

In case any discrepancy is observed between the text etc. of the original copy and that in the other copies of the same tender set, the text etc. of the original copy shall prevail. Here also, SPMCIL will convey its observation suitably to the tenderer by register / speed post and, if the tenderer does not accept SPMCIL's observation, that tender will be liable to be ignored.

30. Clarification of Bids

During evaluation and comparison of bids, purchaser may, at its discretion ask the bidder for clarification of its bid. The clarification should be received within 7 days from the bidder from date of receipt of such request. The request for clarification shall be in writing and no change in prices or substance of the bid shall be sought, offered or permitted. No post bid clarification at the initiative of the bidder shall be entertained.

31. Qualification/ Eligibility Criteria

Tenders of the tenderers, who do not meet the required qualification/ eligibility criteria prescribed in Section IX, will be treated as unresponsive and will not be considered further.

32. Conversion of tender currencies to Indian Rupees

In case the tender document permits the tenderers to quote their prices in different currencies, all such quoted prices of the responsive tenderers will be converted to a single currency viz., Indian Rupees for the purpose of equitable comparison and evaluation, as per the B.C. selling exchange rates established by the State Bank of India for similar transactions, as on the date of tender opening.

33. Schedule-wise Evaluation

In case the List of Requirements contains more than one schedule, the responsive tenders will be evaluated and compared separately for each schedule. The tender for a schedule will not be considered if the complete requirements prescribed in that schedule are not included in the tender. However, as already mentioned in GIT sub clause 12.2 , tenderers have the option to quote for any one or more schedules and offer discounts for combined schedules. Such discounts, wherever applicable, will be taken into account to determine the tender or combination of tenders offering

the lowest evaluated cost for SPMCIL in deciding the successful tenderer for each schedule, subject to that tenderer(s) being responsive.

34. Comparison on CIF Destination Basis

Unless mentioned otherwise in Section-III – Special Instructions to Tenderers and Section-VI – List of Requirements, the comparison of the responsive tenders shall be on CIF destination basis, duly delivered, commissioned, etc. as the case may be.

35. Additional Factors and Parameters for Evaluation and Ranking of Responsive Tenders

35.1 Further to GIT Clause 33 above, SPMCIL's evaluation of a tender will include and take into account the following:

- a) in the case of goods manufactured in India or goods of foreign origin already located in India, sales tax & other similar taxes and excise duty & other similar duties, which will be contractually payable (to the tenderer), on the goods if a contract is awarded on the tenderer; and
- b) In the case of goods of foreign origin offered from abroad, customs duty and other similar import duties/ taxes, which will be contractually payable (to the tenderer) on the goods if the contract is awarded on the tenderer.

35.2 SPMCIL's evaluation of tender will also take into account the additional factors, if any, incorporated in SIT in the manner and to the extent indicated therein.

35.3 As per policies of the Government from time to time, the purchaser reserves its option to give price preference to Small Scale Industries in comparison to the large scale Industries. This price preference cannot however be taken for granted and every endeavor need to be made by such firms to bring down cost and achieve competitiveness.

35.4 If the tenders have been invited on variable price basis, the tenders will be evaluated, compared and ranked on the basis of the position as prevailing on the day of tender opening and not on the basis of any future date.

36. Tenderer's capability to perform the contract

36.1 SPMCIL, through the above process of tender scrutiny and tender evaluation will determine to its satisfaction whether the tenderer, whose tender has been determined as the lowest evaluated responsive tender is eligible, qualified and capable in

all respects to perform the contract satisfactorily. If, there is more than one schedule in the List of Requirements, then, such determination will be made separately for each schedule.

- 36.2** The above mentioned determination will, inter-alia, take into account the tenderer's financial, technical and production capabilities for satisfying all the requirements of SPMCIL as incorporated in the tender document. Such determination will be based upon scrutiny and examination of all relevant data and details submitted by the tenderer in its tender as well as such other allied information as deemed appropriate by SPMCIL.

37. Cartel Formation/ Pool Rates

Cartel formation or quotation of Pool/ Co-ordinated rates, leading to “Appreciable Adverse Effect on Competition” (AAEC) as identified in Competition Act, 2002, as amended by Competition (Amendment) Act, 2007, would be considered as a serious misdemeanor and would be dealt accordingly as per Clause 44 below.

38. Negotiations

Normally there would be no price negotiations. But SPMCIL reserves its right to negotiate with the lowest acceptable bidder (L1), who is technically cleared/approved for supply of bulk quantity and on whom the contract would have been placed but for the decision to negotiate, under special circumstances in accordance with CVC guidelines i.e. Normally there should be no negotiation. Selection of contractors by negotiations **should be a rare** exception rather than the rule and may be resorted to only in the exceptional circumstances under the following circumstances:-

- a. Where the procurement is done on proprietary basis
- b. Items to be procured are supplied by only a limited sources of supply
- c. Items where there is suspicion of cartel formation.

39. Contacting SPMCIL

- 39.1.** From the time of submission of tender to the time of awarding the contract, if a tenderer needs to contact SPMCIL for any reason relating to this tender enquiry and / or its tender, it should do so only in writing.

39.2. It will be treated as a serious misdemeanor in case a tenderer attempts to influence SPMCIL's decision on scrutiny, comparison, evaluation and award of the contracts. In such a case the tender of the tenderer shall be liable for rejection in addition to appropriate administrative actions being taken against that tenderer, as deemed fit by SPMCIL, in terms of clause 44 of GIT.

G AWARD OF CONTRACT

40. SPMCIL's Right to Accept any Tender and to Reject any or All Tenders

SPMCIL reserves the right to accept in part or in full any tender or reject any tender without assigning any reason or to cancel the tendering process and reject all tenders at any time prior to award of contract, without incurring any liability, whatsoever to the affected tenderer or tenderers.

41. Award Criteria

Subject to GIT clause 36 above, the contract will be awarded to the lowest evaluated responsive tenderer decided by SPMCIL in terms of GIT Clause 34 .

42. Variation of Quantities at the Time of Award

No variation of quantities at the time of awarding the contract.

43. Parallel Contracts

SPMCIL reserves its right to conclude Parallel contracts, with more than one bidder (for the same tender). If this is foreseen at the time of Tendering, a clause would be included in SIT giving further details.

44. Serious Misdemeanors

44.1. Following would be considered serious misdemeanors:

- i. Submission of misleading/ false/ fraudulent information/ documents by the bidder in their bid
- ii. Submission of fraudulent/ unencashable Financial Instruments stipulated under Tender or Contract Condition.
- iii. Violation of Code of Ethics laid down in Clause 32 of the GCC.
- iv. Cartel formation or quotation of Pool/ Co-ordinated rates leading to "Appreciable Adverse Effect on Competition" (AAEC) as identified under the Competition Act, 2002.
- v. Deliberate attempts to pass off inferior goods or short quantities.
- vi. Violation of Fall Clause by Rate Contract holding Firms.



vii. Attempts to influence SPMCIL's Decisions on scrutiny, comparison, evaluation and award of Tender.

44.2. Besides, suitable administrative actions, like rejecting the offers or delisting of registered firms, SPMCIL would ban/ blacklist Tenderers committing such misdemeanor, including declaring them ineligible to be awarded SPMCIL contracts for indefinite or for a stated period.

45. Notification of Award

45.1 Before expiry of the tender validity period, SPMCIL will notify the successful tenderer(s) in writing, by registered / speed post or by fax/email / telex/ cable (to be confirmed by registered / speed post) that its tender for goods & services, which have been selected by SPMCIL, has been accepted, also briefly indicating therein the essential details like description, specification and quantity of the goods & services and corresponding prices accepted. The successful tenderer must furnish to SPMCIL the required performance security within twenty one days from the date of this notification. Relevant details about the performance security have been provided under GCC Clause under Section IV.

45.2 The notification of award shall constitute the conclusion of the contract.

46. Issue of Contract

46.1 Within seven working days of receipt of performance security, SPMCIL will send the contract form (as per Section XVI) duly completed and signed, in duplicate, to the successful tenderer by registered / speed post.

46.2 Within seven days from the date of issue of the contract, the successful tenderer will return the original copy of the contract, duly signed and dated, to SPMCIL by registered / speed post.

47. Non-receipt of Performance Security and Contract by SPMCIL

Failure of the successful tenderer in providing performance security within 21 days of receipt of notification of award and / or returning contract copy duly signed in terms of GIT clauses and above shall make the tenderer liable for forfeiture of its EMD and, also, for further sanctions by SPMCIL against it.

48. Return of EMD

The earnest money of the successful tenderer and the unsuccessful tenderers will be returned to them without any interest, whatsoever, in terms of GIT Clause .

49. Publication of Tender Result

The name and address of the successful tenderer(s) receiving the contract(s) will be mentioned in the notice board/ bulletin/ web site of SPMCIL.

Part II: Additional General Instructions Applicable to Specific Types of Tenders:

50. Rate Contract Tenders

50.1 In addition to GIT in Part I above, following GIT will be applicable to rate contract Tenders:

- i. Earnest Money Deposit (EMD) is not applicable.
- ii. In the Schedule of Requirement, no commitment of quantity is mentioned; only the anticipated requirement is mentioned without any commitment.
- iii. SPMCIL reserves the right to conclude more than one rate contract for the same item.
- iv. Unless otherwise specified in SIT, the currency of a Rate Contract would normally be for one year.
- v. During the currency of the Rate Contract, SPMCIL may withdraw the rate contract by serving suitable notice. The prescribed notice period is generally thirty days.
- vi. During the currency of the Rate Contract, SPMCIL would have the option to renegotiate the price with the rate contract holders.
- vii. During the currency of the Rate Contract, in case of emergency, SPMCIL may purchase the same item through ad hoc contract with a new supplier.
- viii. Usually, the terms of delivery in rate contracts are FOR dispatching station.
- ix. Supply orders, incorporating definite quantity of goods to be supplied along with all other required conditions following the rate contract terms, will be issued by nominated Direct Demanding Officers (DDO) for obtaining supplies through the rate contract.
- x. SPMCIL is entitled to place supply orders up to the last day of the validity of the rate contract and, though supplies against such supply orders will be affected beyond the validity period of the rate contract, all such supply will be guided by the terms & conditions of the rate contract.
- xi. The rate contract will be guided by "Fall Clause" as described below.

50.2 Fall Clause

If the rate contract holder reduces its price or sells or even offers to sell the rate contracted goods, following conditions of sale similar to those of the rate contract, at a price lower than the rate contract price, to any person or organization during the currency of the rate contract, the rate contract price will be automatically reduced with effect from that date for all the subsequent supplies under the rate contract and the rate contract amended accordingly. Any violation of the fall clause would be considered a serious misdemeanor under clause of the GIT and action, as appropriate, would be taken as per provision of that clause.

50.3 Performance Security

Value of Performance Security would be stipulated in the SIT. Performance Security shall, however, not be demanded again in the individual supply orders issued subsequently against rate contracts.

50.4 Renewal of Rate Contracts

In case, it is not possible to conclude new rate contracts before the expiry of existing ones, due to some special reasons, the existing rate contracts would be extended with same terms, conditions etc for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extension, will be left out. Period of such extension would generally not be more than three months.

51. Prequalification Bidding

51.1 Prequalification Bidding is for short listing of qualified Bidders who fulfill the Prequalification criteria as laid down in SIT or in Section IX of SBD – “Qualification Criteria” for procurement of Goods or Services as listed in Section VI of SBD – “List of Requirements”. Shortlisted Bidders would be informed of their qualification and short listing in accordance with the stipulations laid down in the SIT. Unless otherwise stipulated in the SIT the PQB short listing would be valid only till the next procurement tender. Further conditions will be elaborated in the SIT.

51.2 If stipulated in the SIT, only these shortlisted qualified bidders would be invited to participate in the Procurement of the

requirements. Otherwise SIT may also indicate that instead of floating a separate PQB tender, it may be combined with the Procurement Tender, as a three bid tender. Initially the first Packet containing PQB would be opened and evaluation would be done. Thereafter the rest of tender would be handled as a two bid system for only those bidders who succeed in PQB.

52. Tenders involving Samples

- 52.1 Normally no sample would be called along with the offer for evaluation.
- 52.2 Purchaser's Samples: If indicated in the SIT, A Purchaser's sample may be displayed to indicate required characteristics over and above the Specifications for perusal of the bidders. Name and Designation of the Custodian, Place, Dates and Time of inspection of Purchaser's sample will be indicated in the SIT. The supplies in the contract will have to meet the indicated required characteristics for which the Purchaser's sample was displayed, besides meeting the specification listed in Section VII – “Technical Specifications” of the SBD. He would be issued a sealed Purchaser's sample for the purpose at the time of award of the contract.
- 52.3 Pre-Production Samples: If stipulated in SIT, successful contractor would be required to submit a Pre-Production sample(s) to the Inspecting Officer/ or the nominated authority mentioned in the contract within the time specified therein. If the Contractor is unable to do so, he must apply immediately to the Office issuing the acceptance of tender for extension of time stating the reasons for the delay. If the Purchaser is satisfied that a reasonable ground for an extension of time exists, he may allow such additional time as he considers to be justified (and his decision shall be final) with or without alteration in the delivery period stipulated in the contract and on such conditions as he deems fit. In the event of the failure of the Contractor to deliver the pre-production sample by the date specified in the acceptance of tender or any other date to which the time may be extended as aforesaid by the Purchaser or of the rejection of the sample, the Purchaser shall be entitled to cancel the contract and, if so desired, purchase or authorize the purchase of the stores at the risk and cost of the Contractor (unless specified otherwise in the SIT). In such an event, in case of Security Items where

urgency develops due to such delays, SPMCIL reserves its right to procure not more than one year's requirement against this "Risk & Cost" tender from existing pre-qualified and security cleared firms. Bulk production and supply will only be allowed if this sample(s) pass the Tests laid down in the Section VIII – "Quality Control Requirements" in the SBD.

- 52.4 Testing of Samples: Tests, procedures and testing laboratories for testing samples would be detailed in the Section VIII – "Quality Control Requirements" in the SBD.
- 52.5 Validation/ Prolonged Trials: If specified in SIT or in the Section VIII – "Quality Control Requirements" in the SBD, pre-production samples may have to undergo validation or extended trial before their performance can be declared satisfactory.
- 52.6 Parameters Settings and duration of Validation Tests would be indicated in the Section VIII – "Quality Control Requirements" in the SBD. It would also stipulate the period or event marking end of validation trials. It would also be indicated therein whether the Permission to start bulk production will have to wait full validation or it can go on in parallel.

53. Expression of Interest (EOI) Tenders:

- 53.1 EOI tenders are floated for short listing firms who are willing and qualified for: -
 - i. Registration of Vendors for Supply of particular Stores or certain categories of Stores.
 - ii. Development of new items or Indigenization of Imported stores
- 53.2 The qualification /eligibility criteria required and the format of submission of such Data would be indicated in the Section IX – "Qualification Criteria" in the SBD.
- 53.3 Objectives and scope of requirement would be indicated in the Section VI – "List of Requirements" in the SBD. Indicative quantity required yearly and its future requirements would also be indicated.
- 53.4 In case of EOI for Development of new Items or for Indigenization, prospective firms would be given opportunity to inspect the Machine/ Item at the place of installation at the place, dates and Time mentioned in SIT.

- 53.5 In case EOI is for registration of vendors, Registration Fees and validity period of registration would be detailed in the SIT.
- 53.6 Short List of Suppliers: The suppliers shall be evaluated for short listing, inter-alia, based on their past experience of supplying goods in similar context, financial strength, technical capabilities etc. Each supplier will be assigned scores based on weightages assigned to each of the criteria mentioned in the Section IX – “Qualification Criteria” in the SBD.
- 53.7 If stipulated in the SIT, the Firm's capacity and Capability may be assessed by a nominated Committee or by a third party nominated by SPMCIL.
- 53.8 All suppliers who secure the minimum required marks (normally 50% unless otherwise specified in the Section IX) would be short listed. Section IX may alternatively specify minimum qualifying requirement for each of the criteria i.e. minimum years of experience, minimum number of assignments executed, minimum turnover etc. Under such circumstances, all suppliers who meet the minimum requirement, as specified, will be short listed.
- 53.9 In case of EOI for registration of vendors, registration letters would be issued to the shortlisted tenderers.
- 53.10 In case of EOI for development/ indigenization, these shortlisted tenderers would only be allowed to participate in the subsequent development/ indigenization tenders.

54. Tenders For Disposal of Scrap:

- 54.1 Introduction: The tender is for Sale of Scrap material lying at various locations. Details of scrap for sale including Description, Present Condition, Lot Size and its Location would be given in the Section VI – “List of Requirements”.
- 54.2 “As Is; Where Is; Whatever Is” Basis of This Sale:
 - 54.2.1 This sale of Scrap is strictly on “As Is; Where Is; Whatever Is” basis. Tenderer must satisfy himself on all matters with regard to quality, quantity; nature of stores etc., before tendering as no complaint or representation of any kind shall be entertained after the sale contract is concluded.
 - 54.2.2 The description of lot in the particulars of sale has been given for the purpose of identification thereof only and the use of such description shall not constitute the sale thereof



to be sale by description and no sale shall be invalid by reason of any defect or deviation or variation in any lot or on account of any lot not being exactly described and the purchaser shall not be entitled to claim any damage or compensation whatsoever on account of such fault, error in description, weight or the like.

- 54.2.3 All quantities of scrap whether by weight or measurement mentioned in the Tender notice are only approximate and should the quantity , on actual weight or measurement basis as the case may be and whenever delivered on such basis, works out less than the advertised and /or projected quantity, the SPMCIL shall not under any circumstances be liable to make good any such deficiency
- 54.2.4 SPMCIL reserves right to increase or decrease the quantity of any item or items or terminate the contract at any stage by giving one week's notice. No claim whatsoever shall lie against the SPMCIL on account of such termination of the contract or variation in the quantity.
- 54.2.5 SPMCIL shall have the right to remove certain items which it feels were not intended for sale but were inadvertently made a part of the scrap material or of the lot offered for sale lying at the premises or were joined or attached to the material offered for sale.
- 54.2.6 Tenderers desirous of purchasing and participating in the tender must visit the site before submitting the offer, after taking due permission from the concerned Stock Holders. The Tenderers submitting the offers shall be deemed to have visited the site and acquainted themselves thoroughly with materials intended for sale in all respect.
- 54.2.7 Any person giving offer shall be deemed to have made himself fully conversant with the Terms and Conditions of the Tender Sale, as well as the location and condition of the materials being sold and shall be deemed to have agreed to all the stated terms and conditions herein under.

54.3 Submission of Offer:

- 54.3.1 Unless specified otherwise in the SIT, tenders shall hold good for acceptance for a minimum period of 90 days (ninety days) from the date of opening of the tenders. The offers of the tenderers shall be irrevocable.

- 54.3.2 The SPMCIL reserves right to reject any offer without assigning any reason therefor.
- 54.3.3 Unless otherwise stated in the SIT, the amount of EMD in such tenders would be 5% of the value of the tender. The Earnest Money shall be forfeited if the tenderer unilaterally withdraws, amends, impairs or derogates from his offer in any respect within the period of validity of his offer.
- 54.3.4 If the offer of the tenderer is not accepted by the SPMCIL, the Earnest Money deposit made by the tenderer shall be refunded to him. No interest shall be payable on such refunds. The EMD deposited by the successful tenderer shall remain with the SPMCIL till payment of the security deposit (SD) money, as stipulated in relevant Clause, has been made. It may be adjusted as part of the total SD money at the discretion of the SPMCIL.
- 54.3.5 Commercial tax/terminal tax, Octroi, municipal tax or any other taxes/duties etc. whatever in force shall be payable extra by the purchaser as per rules applicable to SPMCIL. Current and valid PAN and sales/commercial tax registration number wherever applicable must be provided in the Bid of the Tenderer.
- 54.3.6 All arrangement for lifting and transportation of scrap material, including manpower, crane, transport vehicle and trolley etc, if required shall be made by the purchaser concerned only and the SPMCIL shall not provide or help in providing any such arrangements and the rate quoted by the purchaser must include such and all incidental charges.
- 54.3.7 Registered dealers who are exempted from payment of Sales Tax must submit copies of their Registration certificate of concerned authority and shall be required to submit necessary form duly completed in all respect to SPMCIL or its representatives before obtaining delivery order, duly signed by the partner of the firm or the person authorized to do so.
- 54.3.8 Evaluation of tenders for Disposal of scrap will be done on similar basis as Tenders for Procurement of Goods, except that the selection of the bidders shall be on the basis of the highest responsive Bidder (H1). In case full quantity is not offered to be taken by the Highest Bidder, parallel contracts would be placed.



54.4 Notification of Acceptance and Award of Contract:

54.4.1 The successful tenderer, herein after referred to as purchasers, shall have to submit security deposit (SD) @ 10% of the total sale value of the contract within 5 working days of issue of the sale contract (excluding the date of issue of sale contract). The SD shall be deposited in the form of bank draft/pay order, drawn on any nationalized or recognized bank in favour of SPMCIL as mentioned in clause of NIT in connection with EMD.

54.4.2 The purchaser has to pay balance payment within 20 days from the date of notification of acceptance, which is to be issued by SPMCIL or his authorized representative, in form of Bank draft drawn on any nationalized or recognized bank in favor of same authority as mentioned above. In case of any, default to deposit balance payment, SPMCIL reserves right to terminate the contract and forfeit the security deposit.

54.5 Disposal Tenders for Security and Sensitive Machinery and Items:

54.5.1 Non-Misuse Declaration: The bidder is required to give an undertaking that he or his employees or legal heirs will ensure that such items purchased from SPMCIL, will be utilized only for scrap recovery and will not be misused for any other purpose. He will also ensure that this undertaking is honoured and it got underwritten from further down the line scrap processors/ re-purchasers, if any. In case his firm changes hands, it will be his responsibility to ensure that the new owners honour and underwrite this undertaking.

54.5.2 If stipulated in SIT delivery would be given only in dismantled/ cut-up condition.

55. Development and Indigenization Tenders:

55.1 Already developed firms or firms who have already received development orders for the item (with whatever results) would not be considered in such tenders.

55.2 If specified in SIT the contract documents may be issued free of cost, and submission of earnest money deposit and security deposit may be relaxed.

- 55.3 If specified in SIT, The Tenderers may quote separately for
- i. Price/rate for bulk supply of item in development/indigenization supplies and
 - ii. Separately, cost of development including cost of pre-production samples. Firms would be paid only for the number of samples specified in the Tender. If he has to manufacture more samples due to failure of earlier one, he would not be paid for it.
- 55.4 L1 would be determined on the basis of rate of item quoted including reference to total cost of the development cost (including the cost of prototype) plus the notional total cost of quantities that will be required over next three years, wherever applicable.
- 55.5 Development contracts may, as far as feasible, be concluded with two or more contractors in parallel.
- 55.6 The ratio of splitting of the supply order between various development agencies/firms in cases of parallel development, including criteria thereof, would be specified in the SIT.
- 55.7 However, in case the requirement is meager and complex technology is involved, or quantity of the equipment/spares is limited/small/ uneconomic if distributed between two vendors, the entire order could be placed upon the L1 vendor only.
- 55.8 If specified in SIT, Advance and Intermediate Payment to Suppliers may be allowed.

55.9 Quantity for Development Commitment

In Next three years, after the newly developed firm is able to successfully complete Development orders with +/-5% tolerance, 20% of annual quantity requirement may be reserved for Newly Developed firms.

55.10 Period of Development Commitment

A newly developed firm would be granted this facility till only three years after completing the initial Development order. However this facility is not a bar to the firm from competing with already established firms for quantities larger than 20% provided their prices and performance so warrant. Thereafter they would have to compete on equal terms with other already developed firms.



Section III: Special Instructions to Tenderers (SIT)

The following Special Instructions to Tenderers will apply for this purchase. These special instructions will modify/ substitute/ supplement the corresponding General Instructions to Tenderers (GIT) incorporated in Section II. The corresponding GIT clause numbers have also been indicated in the text below:

In case of any conflict between the provision in the GIT and that in the SIT, the provision contained in the SIT shall prevail.

(Clauses of GIT listed below include a possibility for variation in their provisions through SIT. There could be other clauses in SIT as deemed fit.)

Sl.No.	GIT Clause No.	Topic	SIT Provision
1	4	Eligible Goods and Services (Origin of Goods)	
2	8	Prebid Conference	
3	9	Time Limit for receiving request for clarification of Tender Documents	
4	11.2	Tender Currency	
5	12.10	Applicability of Octroi and Local taxes	
6	14	PVC Clause & Formula	
7	19	Tender Validity	
8	20.4	Number of Copies of Tenders to be submitted	
9	20.9	E-Procurement	
10	35.2	Additional Factors for Evaluation of Offers	
11	43	Parallel Contracts	
12	50.1, 50.3	Tender For rate Contracts	
13	51.1, 51.2	PQB Tenders	
14	52.1, 52.3, 52.5	Tenders involving Purchaser's and Pre-Production Samples	
15	53.4, 53.5, 53.7	EOI Tenders	
16	54.3.1, 54.5.2	Tenders for Disposal of Scrap	
17	55.2, 55.3, 55.7, 55.8	Development/ Indigenization Tenders	

Section IV: General Conditions of Contract (GCC)

Part I: General Conditions of Contract applicable to all types of Tenders

1. **Definitions; Interpretation and Abbreviations:** In the contract, unless the context otherwise requires:

1.1 Definitions and Interpretation:

- (i) “Contract” means the letter or memorandum communicating to the Contractor the acceptance of this tender and includes “Intimation of Award” of his tender; “Contract” includes and Bid Invitation, Instructions to Tenderers, Tender, Acceptance of Tender, General Conditions of Contract, Schedule of Requirements, particulars and the other conditions specified in the acceptance of tender and includes a repeat order which has been accepted or acted upon by the Contractor and a formal agreement, if executed;
- (ii) “Contractor” or “Supplier” means the individual or the firm supplying the goods and services. The term includes his employees, agents, successors, authorized dealers, stockists and distributors. Other homologous terms are: Vendor, Firm, Manufacturer, OEM etc.;
- (iii) “Drawing” means the drawing or drawings specified in or annexed to the Specifications;
- (iv) “Government” means the Central Government or a State Government as the case may be;
- (v) The “Inspecting Officer” means the person, or organisation specified in the contract for the purpose of inspection of stores of work under the contract and includes his/their authorised representative;
- (vi) “Purchase Officer” means the officer signing the acceptance of tender and includes any officer who has authority to execute the relevant contract on behalf of the Purchaser;
- (vii) The “Purchaser” means SPMCIL – the organization purchasing goods and services as incorporated in the documents;
- (viii) “Signed” includes stamped, except in the case of an acceptance of tender or any amendment thereof;
- (ix) “Test” means such test as is prescribed by the particulars

or considered necessary by the Inspecting Officer whether performed or made by the Inspecting Officer or any agency acting under the direction of the Inspecting Officer;

- (x) The delivery of the stores shall be deemed to take place on delivery of the stores in accordance with the terms of the contract, after approval by the Inspecting Officer if so provided in the contract —
 - a. The consignee at his premises; or
 - b. Where so provided, the interim consignee at his premises; or
 - c. A carrier or other person named in the contract for the purpose of transmission to the consignee: or
 - d. The consignee at the destination station in case of contract stipulating for delivery of stores at destination station.
- (xi) “Writing” or “Written” includes matter either in whole or in part, in manuscript, typewritten, lithographed, cyclostyled, photographed or printed under or over signature or seal, as the case may be.
- (xii) Words in the singular include the plural and vice-versa.
- (xiii) Words importing the masculine gender shall be taken to include the feminine gender and words importing persons shall include any company or association or body of individuals, whether incorporated or not.
- (xiv) The heading of these conditions shall not affect the interpretation or construction thereof.
- (xv) Terms and expression not herein defined shall have the meanings assigned to them in the Indian Sale of Goods Act, 1930 (as amended) or the Indian Contract Act, 1872 (as amended) or the General Clauses Act, 1897 (as amended) as the case may be.
- (xvi) **PARTIES:** The parties to the contract are the "Contractor" and the "Purchaser", as defined above;
- (xvii) “Tender” means quotation / bid received from a firm / supplier.
- (xviii) “Goods” means the articles, material, commodities, livestock, furniture, fixtures, raw material, spares, instruments, machinery, equipment, industrial plant etc.

which the supplier is required to supply to SPMCIL under the contract. Other homologous terms are: Stores, Materials etc.

- (xix) “Services” means services allied and incidental to the supply of goods, such as transportation, installation, commissioning, provision of technical assistance, training, after sales service, maintenance service and other such obligations of the supplier covered under the contract.
- (xx) “Earnest Money Deposit” (EMD) means monetary guarantee to be furnished by a Tenderer along with its tender.
- (xxi) “Performance Security” means monetary guarantee to be furnished by the successful Tenderer for due performance of the contract placed on it. Performance Security is also known as Security Deposit or Performance Bank Guarantee.
- (xxii) “Consignee” means the person to whom the goods are required to be delivered as specified in the Contract. If the goods are required to be delivered to a person as an interim consignee for the purpose of despatch to another person as provided in the Contract then that “another” person is the consignee, also known as ultimate consignee.
- (xxiii) “Specification” or “Technical Specification” means the drawing/ document/ standard that prescribes the requirement to which product or service has to conform.
- (xxiv) “Inspection” means activities such as measuring, examining, testing, analyzing, gauging one or more characteristics of the product or service and comparing the same with the specified requirement to determine conformity.
- (xxv) “Day” means calendar day.

1.2 Abbreviations:

“AAEC”	means “Appreciable Adverse Effect on Competition” as per Competition Act
“BG”	means Bank Guarantee
“BL or B/L”	means Bill of Lading
“CD”	means Custom Duty
“CIF”	means Cost, Insurance and Freight Included



"CMD"	means Chairman and Managing Director
"CPSU"	means Central Public Sector Undertaking
"CST"	means Central Sales Tax
"DDO"	means Direct Demanding Officer in Rate Contracts
"DGS&D"	means Directorate General of Supplies and Disposals
"DP"	means Delivery Period
"ECS"	means Electronic clearing system
"ED"	means Excise Duty
"EMD"	means Earnest money deposit
"EOI"	means Expression of Interest (Tendering System)
"ERV"	means Exchange rate variations
"FAS"	means Free alongside shipment
"FOB"	means Freight on Board
"FOR"	means Free on Rail
"GCC"	means General Conditions of Contract
"GIT"	means General Instructions to Tenderers
"GST"	means Goods and Services Tax which will replace Sales Tax
"H1, H2 etc"	means First Highest, Second Highest Offers etc in Disposal Tenders
"Incoterms"	means International Commercial Terms, 2000 (of ICC)
"L1. L2 etc"	means First or second Lowest Offer etc.
"LC"	means Letter of Credit
"LD or L/D"	means Liquidated Damages
"LSI"	means Large Scale Industry
"NIT"	means Notice Inviting Tenders.
"NSIC"	means National small industries corporation
"PQB"	means Pre qualification bidding
"PSU"	means Public Sector Undertaking
"PVC"	means Price variation clause
"RC"	means Rate contract
"RR or R/R"	means Railway Receipt
"SBD" or	
"T E	
Document"	means (Standard) BID / Tender Document
"SCC"	means Special Conditions of Contract
"SIT"	means Special Instructions to Tenderers
"SPMCIL"	means Security Printing and Minting Corporation Limited
"SSI"	means Small Scale Industry
"ST"	means Sales Tax
"VAT"	means Value Added Tax

2. Application

- 2.1.** The General Conditions of Contract incorporated in this section shall be applicable for this purchase to the extent the same are not superseded by the Special Conditions of Contract (SCC) prescribed under Section V of this document.
- 2.2.** General Conditions of the contract shall not be changed from one tender to other.
- 2.3. Other Laws and Conditions That will Govern the Contract:**

Besides GCC and SCC following conditions and Laws will also be applicable and would be considered as part of the contract:

- i. Indian Contracts Act, 1872
- ii. Sale of Goods Act, 1930
- iii. Arbitration and Conciliation Act, 1996
- iv. Competition Act, 2002 as amended by Competition (Amendment Act), 2007
- v. Contractor's Tender Submissions including Revised Offer during Negotiations if any
- vi. Conditions in other parts of the Tender Documents
- vii. Correspondence including counter-offers if any; between the Contactor and SPMCIL during the Tender Finalization
- viii. Notification of award and Contract Documents
- ix. Subsequent Amendments to the Contract

3. Use of contract documents and information

- 3.1.** The supplier shall not, without SPMCIL's prior written consent, disclose the contract or any provision thereof including any specification, drawing, sample or any information furnished by or on behalf of SPMCIL in connection therewith, to any person other than the person(s) employed by the supplier in the performance of the contract emanating from this tender document. Further, any such disclosure to any such employed person shall be made in confidence and only so far as necessary for the purposes of such performance for this contract.
- 3.2.** During the process of procurement of Security or Sensitive Machinery and Items, Tender Documents and the specifications/ drawings of such items would be issued only to Vendors having security clearance within the validity of such clearance and he shall maintain absolute secrecy and strictly control the number of copies and access to the documents

and copies thereof, in addition to safeguards mentioned in sub-para above.

3.3. Further, the supplier shall not, without SPMCIL's prior written consent, make use of any document or information mentioned in GCC sub-clause 3.1 above except for the sole purpose of performing this contract.

3.4. Except the contract issued to the supplier, each and every other document mentioned in GCC sub-clause 3.1 above shall remain the property of SPMCIL and, if advised by SPMCIL, all copies of all such documents shall be returned to SPMCIL on completion of the supplier's performance and obligations under this contract.

4. Patent Rights

4.1. The supplier shall, at all times, indemnify SPMCIL, free of cost, against all claims which may arise in respect of goods & services to be provided by the supplier under the contract for infringement of any right protected by patent, registration of designs or trademarks. In the event of any such claim in respect of alleged breach of patent, registered designs, trademarks etc. being made against SPMCIL, SPMCIL shall notify the supplier of the same and the supplier shall, at his own expenses take care of the same for settlement without any liability to SPMCIL.

5. Country of Origin

5.1. All goods and services to be supplied and provided for the contract shall have the origin in India or in the countries with which the Government of India has trade relations.

5.2. The word "origin" incorporated in this clause means the place from where the goods are mined, cultivated, grown, manufactured, produced or processed or from where the services are arranged.

6. Performance Bond/ Security

6.1. Within twenty-one days after the issue of notification of award by SPMCIL, the supplier shall furnish performance security to SPMCIL for an amount equal to ten per cent of the total value of the contract, valid up to sixty days after the date of completion of all contractual obligations by the supplier, including the warranty obligations.

6.2. The Performance security shall be denominated in Indian Rupees or in the currency of the contract and shall be in one of the following forms:

- a) Account Payee Demand Draft or Fixed Deposit Receipt drawn on any commercial bank in India, in favour of SPMCIL as indicated in the clause 3 of NIT in reference to EMD.
- b) Bank Guarantee issued by a commercial bank in India, in the prescribed form as provided in section XV of this document.

6.3. In the event of any loss due to supplier's failure to fulfill its obligations in terms of the contract, the amount of the performance security shall be payable to SPMCIL to compensate SPMCIL for the same.

6.4. In the event of any amendment issued to the contract, the supplier shall, within twenty-one days of issue of the amendment, furnish the corresponding amendment to the Performance Security (as necessary), rendering the same valid in all respects in terms of the contract, as amended.

6.5. Subject to GCC sub-clause 6.3 above, SPMCIL will release the performance security without any interest to the supplier on completion of the supplier's all contractual obligations including the warranty obligations.

7. Technical Specifications and Standards

7.1. The Goods & Services to be provided by the supplier under this contract shall conform to the technical specifications and quality control parameters mentioned in 'Technical Specification' and 'Quality Control Requirements' under Sections VII and VIII of this document.

8. Packing and Marking

8.1. The packing for the goods to be provided by the supplier should be strong and durable enough to withstand, without limitation, the entire journey during transit including transshipment (if any), rough handling, open storage etc. without any damage, deterioration etc. As and if necessary, the size, weights and volumes of the packing cases shall also take into consideration, the remoteness of the final destination of the goods and availability or otherwise of transport and handling facilities at all points during transit upto final destination as per the contract.

8.2. The quality of packing, the manner of marking within & outside the packages and provision of accompanying documentation shall strictly comply with the requirements as provided in

Technical Specifications and Quality Control Requirements under Sections VII and VIII and in SCC under Section V. In case the packing requirements are amended due to issue of any amendment to the contract, the same shall also be taken care of by the supplier accordingly.

8.3. Packing instructions:

Unless otherwise mentioned in the Technical Specification and Quality Control Requirements under Sections VII and VIII and in SCC under Section V, the supplier shall make separate packages for each consignee (in case there is more than one consignee mentioned in the contract) and mark each package on three sides with the following with indelible paint of proper quality:

- a) contract number and date
- b) brief description of goods including quantity
- c) packing list reference number
- d) country of origin of goods
- e) consignee's name and full address and
- f) supplier's name and address

9. Inspection and Quality Control

9.1. SPMCIL and/ or its nominated representative(s) will, without any extra cost to SPMCIL, inspect and/ or test the ordered goods and the related services to confirm their conformity to the contract specifications and other quality control details incorporated in the contract. SPMCIL shall inform the supplier in advance, in writing, SPMCIL's programme for such inspection and, also the identity of the officials to be deputed for this purpose.

9.2. The Technical Specification and Quality Control Requirements incorporated in the contract shall specify what inspections and tests are to be carried out and, also, where and how they are to be conducted. If such inspections and tests are conducted in the premises of the supplier or its subcontractor(s), all reasonable facilities and assistance, including access to relevant drawings, design details and production data, shall be furnished by the supplier to SPMCIL's inspector at no charge to SPMCIL.

9.3. If during such inspections and tests the contracted goods fail to conform to the required specifications and standards, SPMCIL's inspector may reject them and the supplier shall

either replace the rejected goods or make all alterations necessary to meet the specifications and standards, as required, free of cost to SPMCIL and resubmit the same to SPMCIL's inspector for conducting the inspections and tests again.

- 9.4.** In case the contract stipulates pre-despatch inspection of the ordered goods at suppliers premises, the supplier shall put up the goods for such inspection to SPMCIL's inspector well ahead of the contractual delivery period, so that SPMCIL's inspector is able to complete the inspection within the contractual delivery period.
- 9.5.** If the supplier tenders the goods to SPMCIL's inspector for inspection at the last moment without providing reasonable time to the inspector for completing the inspection within the contractual delivery period, the inspector may carry out the inspection and complete the formality beyond the contractual delivery period at the risk and expense of the supplier. The fact that the goods have been inspected after the contractual delivery period will not have the effect of keeping the contract alive and this will be without any prejudice to the legal rights and remedies available to SPMCIL under the terms & conditions of the contract.
- 9.6.** SPMCIL's contractual right to inspect, test and, if necessary, reject the goods after the goods' arrival at the final destination shall have no bearing of the fact that the goods have previously been inspected and cleared by SPMCIL's inspector during pre-despatch inspection mentioned above.
- 9.7.** Goods accepted by SPMCIL and/ or its inspector at initial inspection and in final inspection in terms of the contract shall in no way dilute SPMCIL's right to reject the same later, if found deficient in terms of the warranty clause of the contract, as incorporated under GCC Clause .

10. Terms of Delivery

- 10.1.** Goods shall be delivered by the supplier in accordance with the terms of delivery specified in the contract.

11. Transportation of Goods

- 11.1.** The supplier shall not arrange part-shipments and/ or transshipment without the express/ prior written consent of SPMCIL.

11.2. Instructions for transportation of domestic goods including goods already imported by the supplier under its own arrangement: In case no instruction is provided in this regard in the SCC, the supplier will arrange transportation of the ordered goods as per its own procedure.

11.3. Shipping Arrangement for Foreign Contracts: In the case of FOB/FAS contracts, shipping arrangements shall be made by the Ministry of Shipping & Transport (Chartering Wing), New Delhi, INDIA, in accordance with details given in SBD Section XVIII. The Contractor shall give adequate, notice to the Forwarding Agents/Nominees about the readiness of the cargo from time to time and at least six weeks' notice in advance of the required position for finalising the shipping arrangements. In the case of C&F contracts, the Contractor shall arrange shipment in accordance with the requirements of the Ministry of Shipping & Transport, New Delhi, INDIA, indicated in the same SBD section (as applicable).

12. Insurance:

12.2 Unless otherwise instructed in the SCC, the supplier shall make arrangements for insuring the goods against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the following manner:

12.3 In case of supply of domestic goods on CIF destination basis, the supplier shall be responsible till the entire stores contracted for arrive in good condition at destination. The transit risk in this respect shall be covered by the Supplier by getting the stores duly insured. The insurance cover shall be obtained by the Supplier in its own name and not in the name of SPMCIL or its Consignee.

12.4 In the case of FOB and C&F offers for import of Goods, insurance shall be arranged by the Purchaser. However, the supplier must give sufficient notice to the Purchaser prior to the date of shipment, so that the Insurance Cover for the shipment can be activated. The Supplier must co-ordinate so as to ensure that the Shipment sails only with Insurance cover in place.

12.5 In case of Import of Goods, even in case where the insurance is paid by the Purchaser, and loss or damage shall be made good by the Contractor free of cost, without waiting for the settlement of insurance claim. The payment after settlement of insurance claim shall be reimbursed by the Purchaser to

the Contractor. It will be entirely the responsibility of the Contractor to make good loss/damage without waiting for settlement of insurance claim so that machine is commissioned within the time specified in the contract.

13. Spare parts

13.1. If specified in the List of Requirements and in the resultant contract, the supplier shall supply/ provide any or all of the following materials, information etc. pertaining to spare parts manufactured and/ or supplied by the supplier:

- a) The spare parts as selected by SPMCIL to be purchased from the supplier, subject to the condition that such purchase of the spare parts shall not relieve the supplier of any contractual obligation including warranty obligations; and
- b) In case the production of the spare parts is discontinued:
 - i. sufficient advance notice to SPMCIL before such discontinuation to provide adequate time to SPMCIL to purchase the required spare parts etc., and
 - ii. immediately following such discontinuation, providing SPMCIL, free of cost, the designs, drawings, layouts and specifications of the spare parts, as and if requested by SPMCIL.

13.2. Supplier shall carry sufficient inventories to assure ex-stock supply of consumable spares for the goods so that the same are supplied to SPMCIL promptly on receipt of order from SPMCIL.

14. Incidental services

14.1. Subject to the stipulation, if any, in the SCC (Section-V) and the Technical Specification (Section – VII), the supplier shall be required to perform any or all of the following services.

- a) Providing required jigs and tools for assembly, start-up and maintenance of the goods
- b) Supplying required number of operation & maintenance manual for the goods
- c) Installation and commissioning of the goods
- d) Training of SPMCIL's operators for operating and maintaining the goods
- e) Providing after sales service during the tenure of the contract

- f) Providing maintenance service after expiry of the warranty period of the goods if so incorporated in the contract

14.2. Prices to be paid to the supplier by SPMCIL for any of the required incidental services, if not already included in the contract price during the placement of the contract, shall be settled and decided in advance by SPMCIL and the supplier. However, such prices shall not exceed the contemporary rates charged by the supplier to other customers for similar services.

15. Distribution of Despatch Documents for Clearance/ Receipt of Goods

15.1. The supplier shall send all the relevant despatch documents well in time to SPMCIL to enable SPMCIL to clear or receive (as the case may be) the goods in terms of the contract. Unless otherwise specified in the SCC, the usual documents involved and the drill to be followed in general for this purpose are as follows:

15.2. For Domestic Goods, including goods already imported by the supplier under its own arrangement Within 24 hours of despatch, the supplier shall notify SPMCIL, consignee, and others concerned if mentioned in the contract, the complete details of despatch and also supply the following documents to them by registered post / speed post (or as instructed in the contract):

- (a) Supplier's Invoice indicating, inter alia description and specification of the goods, quantity, unit price, total value;
- (b) Packing list;
- (c) Insurance certificate;
- (d) Railway receipt/ Consignment note;
- (e) Manufacturer's guarantee certificate and in-house inspection certificate;
- (f) Inspection certificate issued by SPMCIL's inspector
- (g) Expected date of arrival of goods at destination and
- (h) Any other document(s), as and if specifically mentioned in the contract.

15.3. For Imported Goods, within 3 days of despatch, the supplier will Notify SPMCIL, consignee and other concerned if mentioned in the contract, the complete details of despatch

and also supply the following documents to them by Courier (or as instructed in the Contract), besides advance intimation by Fax/ email:

- (a) Clean on Board Airway Bill/Bill of Lading (B/L)
- (b) Original Invoice
- (c) Packing List
- (d) Certificate of Origin from Seller's Chamber of Commerce
- (e) Certificate of Quality and current manufacture from OEM
- (f) Dangerous Cargo Certificate, if any.
- (g) Insurance Policy of 110% if CIF/CIF contract.
- (h) Performance Bond/Warranty Certificate

16. Warranty

- 16.1.** The supplier warrants that the goods supplied under the contract is new, unused and incorporate all recent improvements in design and materials unless prescribed otherwise by SPMCIL in the contract. The supplier further warrants that the goods supplied under the contract shall have no defect arising from design, materials (except when the design adopted and / or the material used are as per SPMCIL's specifications) or workmanship or from any act or omission of the supplier, that may develop under normal use of the supplied goods under the conditions prevailing in India.
- 16.2.** This warranty shall remain valid for twelve months after the goods or any portion thereof as the case may be, have been delivered to the final destination and installed and commissioned at the final destination and accepted by SPMCIL in terms of the contract or for fifteen months from the date of despatch from the supplier's premises for domestic goods (including goods already imported by the supplier under its own arrangement) or for eighteen months after the date of shipment from the port of loading in the source country for imported goods offered from abroad, whichever is earlier, unless specified otherwise in the SCC.
- 16.3.** In case of any claim arising out of this warranty, SPMCIL shall promptly notify the same in writing to the supplier.
- 16.4.** Upon receipt of such notice, the supplier shall, with all reasonable speed (or within the period, if specified in the SCC), repair or replace the defective goods or parts thereof, free of cost, at the ultimate destination. The supplier shall take

over the replaced parts/ goods after providing their replacements and no claim, whatsoever shall lie on SPMCIL for such replaced parts/ goods thereafter.

16.5. In the event of any rectification of a defect or replacement of any defective goods during the warranty period, the warranty for the rectified/ replaced goods shall be extended to a further period of twelve months from the date such rectified / replaced goods starts functioning to the satisfaction of SPMCIL.

16.6. If the supplier, having been notified, fails to rectify/ replace the defect(s) within a reasonable period (or within the period, if specified in the SCC), SPMCIL may proceed to take such remedial action(s) as deemed fit by SPMCIL, at the risk and expense of the supplier and without prejudice to other contractual rights and remedies, which SPMCIL may have against the supplier.

17. Assignment

17.1. The Supplier shall not assign, either in whole or in part, its contractual duties, responsibilities and obligations to perform the contract, except with SPMCIL's prior written permission.

18. Sub Contracts

18.1. The Supplier shall notify SPMCIL in writing of all sub contracts awarded under the contract if not already specified in its tender. Such notification, in its original tender or later, shall not relieve the Supplier from any of its liability or obligation under the terms and conditions of the contract.

18.2. Sub contract shall be only for bought out items and sub-assemblies.

18.3. Sub contracts shall also comply with the provisions of GCC Clause 5 ("Country of Origin").

19. Modification of contract

19.1. Once a contract has been concluded, the terms and conditions thereof will generally not be varied. However if necessary, SPMCIL may, by a written order given to the supplier at any time during the currency of the contract, amend the contract by making alterations and modifications within the general scope of contract in any one or more of the following:

- (a) Specifications, drawings, designs etc. where goods to be supplied under the contract are to be specially manufactured for SPMCIL,

- (b) mode of packing,
- (c) incidental services to be provided by the supplier
- (d) mode of despatch,
- (e) place of delivery, and
- (f) any other area(s) of the contract, as felt necessary by SPMCIL depending on the merits of the case.

19.2. In the event of any such modification/ alteration causing increase or decrease in the cost of goods and services to be supplied and provided, or in the time required by the supplier to perform any obligation under the contract, an equitable adjustment shall be made in the contract price and/ or contract delivery schedule, as the case may be, and the contract amended accordingly. If the supplier doesn't agree to the adjustment made by SPMCIL, the supplier shall convey its views to SPMCIL within twenty one days from the date of the supplier's receipt of SPMCIL's amendment / modification of the contract.

19.3. Option Clause: By a suitable provision in the SCC, the Purchaser may reserve the right to increase the ordered quantity by 25% at any time, till final delivery date of the contract, by giving reasonable notice even though the quantity ordered initially has been supplied in full before the last date of Delivery Period.

20. Prices

20.1. Prices to be charged by the supplier for supply of goods and provision of services in terms of the contract shall not vary from the corresponding prices quoted by the supplier in its tender or during negotiations, if any, and incorporated in the contract except for any price adjustment authorized in the SCC.

21. Taxes and Duties

21.1. Supplier shall be entirely responsible for all taxes, duties, fees, levies etc. incurred until delivery of the contracted goods to SPMCIL.

21.2. Further instruction, if any, shall be as provided in the SCC.

22. Terms and Mode of Payment: Unless specified otherwise in SCC, the terms of payments would be as follows:

22.1. Unless otherwise specified in SCC, usual payment term is 100% on receipt and acceptance of goods by the Purchaser and on production of all required documents by the supplier.

22.2. For Domestic Goods: Unless otherwise specified in the SCC, payments to suppliers are usually made by account payee cheque or through ECS only.

22.2.1. Where the terms of delivery is FOR dispatching Station, the payment terms, depending on the value and nature of the goods, mode of transportation etc. maybe – 60% to 90% (as specified in SIT) on proof of despatch and other related documents and balance on receipt at site and acceptance by the consignee.

22.2.2. Where the terms of delivery is CIF destination/ delivery at site/FOR destination, usual payment term is 100% on receipt and acceptance of goods by the consignee and on production of all required documents by the supplier.

22.2.3. Where goods to be supplied also need installation and commissioning by the supplier, the payment terms are generally as under:

- (a) For a contract with terms of delivery as FOR dispatching station
 - i. 60% on proof of despatch along with other specified documents
 - ii. 30% on receipt of the goods at site by the consignee and balance
 - iii. 10% on successful installation and commissioning and acceptance by the user department.
- (b) For a contract with terms of delivery as CIF destination/ Delivery at site/FOR destination
 - i. 90% on receipt and acceptance of goods by the consignee at destination and on production of all required documents by the supplier
 - ii. 10% on successful installation and commissioning and acceptance by the consignee.

22.3. For Imported Goods: Unless otherwise specified in SCC, payments are made through an irrevocable Letter of Credit (LC).

- (a) Cases where Installation, Erection and Commissioning (if applicable) are not the responsibility of the Supplier – 100 % net FOB/FAS price is to be paid against invoice, shipping

documents, inspection certificate (where applicable), manufacturer's test certificate, etc.

- (b) Cases where Installation, Erection and Commissioning are the responsibility of the Supplier – 80% - 90% net FOB/FAS price (as specified in the SCC) will be paid against invoice, inspection certificate (where applicable), shipping documents etc. and balance within 21 - 30 days of successful installation and commissioning at the consignee's premises and acceptance by the consignee.
- (c) Payment of Agency Commission against FOB/FAS Contract – Entire 100% agency commission is generally paid in Indian Rupees; after all other payments have been made to the supplier in terms of the contract.

22.4. Unless specified otherwise in the SCC, the following general conditions will apply for payment to the supplier.

22.5. The payment shall be made in the currency / currencies authorized in the contract.

22.6. The supplier shall send its claim for payment in writing as per Section XIX – “ Proforma for Bill for Payment”, when contractually due, along with relevant documents etc., duly signed with date, as specified in SCC and in a manner as also specified therein.

22.7. While claiming payment, the supplier is also to certify in the bill that the payment being claimed is strictly in terms of the contract and all the obligations on the part of the supplier for claiming that payment has been fulfilled as required under the contract.

22.8. The important documents which the supplier is to furnish while claiming payment are:

- a) Original Invoice
- b) Packing List
- c) Certificate of country of origin of the goods from seller's Chamber of Commerce.
- d) Certificate of pre-despatch inspection by SPMCIL's representative/ nominee
- e) Manufacturer's test certificate
- f) Performance/ Warrantee Bond
- g) Certificate of Insurance
- h) Clean on Bill of lading/ Airway bill/ Rail receipt or any other despatch document, issued by a government agency (like postal department) or an agency duly authorized by the concerned ministry/ department

- i) Consignee's Certificate confirming receipt and acceptance of goods
- j) Dangerous Cargo Certificate, if any, in case of Imported Goods.
- k) Any other document specified.

22.9. While claiming reimbursement of duties, taxes etc. (like sales tax, excise duty, custom duty) from SPMCIL, as and if permitted under the contract, the supplier shall also certify that, in case it gets any refund out of such taxes and duties from the concerned authorities at a later date, it (the supplier) shall refund to SPMCIL, SPMCIL's share out of such refund received by the supplier. The supplier shall also refund the applicable amount to SPMCIL immediately on receiving the same from the concerned authorities.

22.10. In case where the supplier is not in a position to submit its bill for the balance payment for want of receipted copies of Inspection Note from the consignee and the consignee has not complained about the non-receipt, shortage, or defects in the supplies made, balance amount will be paid by the paying authority without consignee's receipt certificate after three months from the date of the preceding part payment for the goods in question, subject to the following conditions:

- a) The supplier will make good any defect or deficiency that the consignee (s) may report within six months from the date of despatch of goods.
- b) Delay in supplies, if any, has been regularized.
- c) The contract price where it is subject to variation has been finalized.
- d) The supplier furnishes the following undertakings:

"I/ We, _____ certify that I/ We have not received back the Inspection Note duly receipted by the consignee or any communication from SPMCIL or the consignee about non-receipt, shortage or defects in the goods supplied. I/ We _____ agree to make good any defect or deficiency that the consignee may report within three months from the date of receipt of this balance payment or six months from the date of despatch whichever is later.

23. Delay in the supplier's performance

23.1. The time for and the date specified in the contract or as extended for the delivery of the stores shall be deemed to be the essence of the contract and the supplier shall deliver the goods and perform the services under the contract within the

time schedule specified by SPMCIL in the List of Requirements and as incorporated in the contract.

23.2. Subject to the provision under GCC clause 28, any unexcused delay by the supplier in maintaining its contractual obligations towards delivery of goods and performance of services shall render the supplier liable to any or all of the following sanctions besides any administrative action:

- a) imposition of liquidated damages,
- b) forfeiture of its performance security and
- c) termination of the contract for default.

23.3. If at any time during the currency of the contract, the supplier encounters conditions hindering timely delivery of the goods and performance of services, the supplier shall promptly inform SPMCIL in writing about the same and its likely duration and make a request to SPMCIL for extension of the delivery schedule accordingly. On receiving the supplier's communication, SPMCIL shall examine the situation as soon as possible and, at its discretion, may agree to extend the delivery schedule, with or without liquidated damages for completion of supplier's contractual obligations by issuing an amendment to the contract.

23.4. When the period of delivery is extended due to unexcused delay by the supplier, the amendment letter extending the delivery period shall, inter alia contain the following conditions:

- a) SPMCIL shall recover from the supplier, under the provisions of the clause 24 of the General Conditions of Contract, liquidated damages on the goods and services, which the Supplier has failed to deliver within the delivery period stipulated in the contract.
- b) That no increase in price on account of any ground, whatsoever, including any stipulation in the contract for increase in price on any other ground and, also including statutory increase in or fresh imposition of customs duty, excise duty, sales tax or on account of any other tax or duty which may be levied in respect of the goods and services specified in the contract, which takes place after the date of delivery stipulated in the contract shall be admissible on such of the said goods and services as are delivered and performed after the date of the delivery stipulated in the contract.

- c) But nevertheless, SPMCIL shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, excise duty, sales tax or any other duty or tax or levy or on account of any other grounds, which takes place after the expiry of the date of delivery stipulated in the contract.

23.5. The supplier shall not despatch the goods after expiry of the delivery period. The supplier is required to apply to SPMCIL for extension of delivery period and obtain the same before despatch. In case the supplier despatches the goods without obtaining an extension, it would be doing so at its own risk and no claim for payment for such supply and / or any other expense related to such supply shall lie against SPMCIL.

24. Liquidated damages

24.1. Subject to GCC clause 28, if the supplier fails to deliver any or all of the goods or fails to perform the services within the time frame(s) incorporated in the contract, SPMCIL shall, without prejudice to other rights and remedies available to SPMCIL under the contract, deduct from the contract price, as liquidated damages, a sum equivalent to the 0.5% percent (or any other percentage if prescribed in the SCC) of the delivered price of the delayed goods and/ or services for each week of delay or part thereof until actual delivery or performance, subject to a maximum deduction of the 10% (or any other percentage if prescribed in the SCC) of the delayed goods' or services' contract price(s). During the above mentioned delayed period of supply and /or performance, the conditions incorporated under GCC sub-clause 23.4 above shall also apply.

25. Custody and Return of SPMCIL Materials/ Equipment/ Documents loaned to Contractor

25.1. Whenever stores are required to be issued to the firm/contractor for fabrication or prototypes or sub-assemblies are issued for guidance in fabrication, these would be issued against appropriate Bank Guarantee as specified in SCC. In addition to the Bank Guarantee, appropriate insurance may be asked if specified in the SCC.

25.2. All drawings and samples issued to the contractor in connection with the contract must be returned by him. Final payment will be withheld if this is not done, besides any other sanction deemed fit by SPMCIL.

26. Termination for default

26.1. SPMCIL, without prejudice to any other contractual rights and remedies available to it (SPMCIL), may, by written notice of default sent to the supplier, terminate the contract in whole or in part, if the supplier fails to deliver any or all of the goods or fails to perform any other contractual obligation(s) within the time period specified in the contract, or within any extension thereof granted by SPMCIL pursuant to GCC sub-clauses 23.3 and 23.4 .

26.2. In the event of SPMCIL terminates the contract in whole or in part, pursuant to GCC sub-clause 26.1 above, SPMCIL may procure goods and/ or services similar to those cancelled, with such terms and conditions and in such manner as it deems fit at the “Risk and Cost” of the supplier and the supplier shall be liable to SPMCIL for the extra expenditure, if any, incurred by SPMCIL for arranging such procurement.

26.3. Unless otherwise instructed by SPMCIL, the supplier shall continue to perform the contract to the extent not terminated.

27. Termination for insolvency

27.1. If the supplier becomes bankrupt or otherwise insolvent, SPMCIL reserves the right to terminate the contract at any time, by serving written notice to the supplier without any compensation, whatsoever, to the supplier, subject to further condition that such termination will not prejudice or affect the rights and remedies which have accrued and / or will accrue thereafter to SPMCIL.

28. Force Majeure

28.1. In the event of any unforeseen event directly interfering with the supply of stores arising during the currency of the contract, such as war, hostilities, acts of the public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, or acts of God, the Contractor shall, within a week from the commencement thereof, notify the same in writing to the Purchaser with reasonable evidence thereof. Unless otherwise directed by SPMCIL in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the force majeure condition(s) mentioned above be in force for a period of 90 days or more at any time, either party shall have

the option to terminate the contract on expiry of 90 days of commencement of such force majeure by giving 14 days' notice to the other party in writing. In case of such termination, no damages shall be claimed by either party against the other, save and except those which had occurred under any other clause of this contract prior to such termination.

28.2. Notwithstanding the provisions contained in GCC clauses 23, 24 and 26, the supplier shall not be liable for imposition of any such sanction so long the delay and/ or failure of the supplier in fulfilling its obligations under the contract is the result of an event of Force Majeure.

28.3. In case due to a Force Majeure event SPMCIL is unable to fulfill its contractual commitment and responsibility, SPMCIL will notify the supplier accordingly and subsequent actions taken on similar lines described in above sub-paragraphs.

29. Termination for convenience

29.1. SPMCIL reserves the right to terminate the contract, in whole or in part for its (SPMCIL's) convenience, by serving written notice on the supplier at any time during the currency of the contract. The notice shall specify that the termination is for the convenience of SPMCIL. The notice shall also indicate inter-alia, the extent to which the supplier's performance under the contract is terminated, and the date with effect from which such termination will become effective.

29.2. The goods and services which are complete and ready in terms of the contract for delivery and performance within thirty days after the supplier's receipt of the notice of termination shall be accepted by SPMCIL following the contract terms, conditions and prices. For the remaining goods and services, SPMCIL may decide:

- a) to get any portion of the balance completed and delivered at the contract terms, conditions and prices; and / or
- b) to cancel the remaining portion of the goods and services and compensate the supplier by paying an agreed amount for the cost incurred by the supplier towards the remaining portion of the goods and services.

30. Governing language

30.1. The contract shall be written either in Hindi or English language following the provision as contained in GIT clause 22. All correspondence and other documents pertaining to the contract, which the parties exchange, shall also be written accordingly in that language.

31. Notices

31.1. Notice, if any, relating to the contract given by one party to the other, shall be sent in writing or by cable or telex or facsimile and confirmed in writing. The procedure will also provide the sender of the notice, the proof of receipt of the notice by the receiver. The addresses of the parties for exchanging such notices will be the addresses as incorporated in the contract.

31.2. The effective date of a notice shall be either the date when delivered to the recipient or the effective date specifically mentioned in the notice, whichever is later.

32. Code of Ethics

SPMCIL as well as Bidders, Suppliers, Contractors, and Consultants under SPMCIL contracts shall observe the highest standard of ethics during the procurement or execution of such contracts. In pursuit of this policy, for the purposes of this provision, the terms set forth below are defined as follows:

- (a) "Corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;
- (b) "Fraudulent practice" means a misrepresentation or omission of facts in order to influence a procurement process or the execution of a contract;
- (c) "Collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the Purchaser, designed to establish bid prices at artificial, non competitive levels; and
- (d) "Coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the procurement process or affect the execution of a contract.
- (e) A particular violation of ethics may span more than one of above mentioned unethical practices.

32.1. The following policies will be adopted in order to maintain the standards of ethics during procurement:

- (a) A proposal for award will be rejected if it is determined that the Bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for the Contract in question.

- (b) A contract will be cancelled if it is determined at any time that SPMCIL representatives/ officials have directly or indirectly, engaged in corrupt, fraudulent, collusive or coercive practices during the procurement or the execution of that contract.
- (c) In case any individual staff is found responsible, suitable disciplinary proceedings should be initiated against such staff under the applicable government conduct rules. The existing provisions under the Indian law including the instructions of Central Vigilance Commission should be followed in this regard.
- (d) Firms or individuals shall be banned/ blacklisted after following due process, including declaring them ineligible, either indefinitely or for a stated period of time, to be awarded a SPMCIL contract, if it at any time determines that they have, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a SPMCIL contract.

33. Resolution of disputes

33.1. If dispute or difference of any kind shall arise between SPMCIL and the supplier in connection with or relating to the contract, the parties shall make every effort to resolve the same amicably by mutual consultations. If the parties fail to resolve their dispute or difference by such mutual consultation within twenty one days of its occurrence, then, unless otherwise provided in the SCC, either SPMCIL or the supplier may seek recourse to settlement of disputes through arbitration as per The Arbitration and conciliation Act 1996 as per following clause.

33.2. Arbitration Clause:- If both parties fail to reach such amicable settlement, then either party (the Purchaser or Seller) may within 21 days of such failure give a written notice to the other party requiring that all matters in dispute or difference be arbitrated upon. Such written notice shall specify the matters which are in difference or of difference of which such written notice has been given and no other matter shall be referred to the arbitration in accordance with the conciliation and arbitration rules of International Chamber of Commerce (ICC)/United National Commission on International Trade Law (UNCITRL) by three arbitrators appointed in accordance with the procedure set out in clause below. The arbitration proceeding shall be held in New Delhi and shall be conducted

in English language. All documentation to be reviewed by the arbitrators and/ or submitted by the parties shall be written or translated into English. Venue of arbitration shall be New Delhi. The arbitrator or arbitrators appointed under this article shall have the power to extend time to make the award with the consent of the parties. Pending reference to arbitration, the parties shall make all endeavours to complete the contract/work in all respects and all disputes, if any, will finally be settled in the arbitration.

34. Applicable Law

- 34.1.** The contract shall be interpreted in accordance with the laws of India.
- 34.2.** Irrespective of the place of delivery, or the place of performance or the place of Payments under the contract, the contract shall be deemed to have been made at the place from which the notification of acceptance of the tender has been issued.
- 34.3.** The courts of the place from where the notification of acceptance has been issued – shall alone have jurisdiction to decide any dispute arising out or in respect of the contract.

35. Secrecy

- 35.1.** The Contractor shall take all reasonable steps necessary to ensure that all persons employed in any work in connection with the contract, have full knowledge of the Official Secrets Act and any regulations framed thereunder.
- 35.2.** Any information obtained in the course of the execution of the contract by the Contractor,; his servants or agents or any person so employed, as to any matter whatsoever, which would or might be directly or indirectly, of use to any enemy of India, must be treated secret and shall not at any time be communicated to any person.
- 35.3.** Any breach of the aforesaid conditions shall entitle the Purchaser to cancel the contract and to purchase or authorise the purchase of the stores at the risk and cost of the Contractor, In the event of such cancellation, the stores or parts manufactured in the execution of the contract shall be taken by the Purchaser at such price as he considers fair and reasonable and the decision of the Purchaser as to such price shall be final and binding on the Contractor.



Part II: Additional General Conditions of Contract for specific Types of Tenders in addition/ modification to clauses mentioned above:

36. Disposal/ Sale of Scrap by Tender

36.1 During the currency of contract, no variation in price or rate shall be admissible.

36.2 Payment and Default

36.2.1 Payment may be made in the form of cash or Demand Draft /Pay order issued by any scheduled commercial bank and drawn in favor of the Account mentioned in the NIT.

36.2.2 No interest will be paid to the purchaser for the amounts paid or deposited with the SPMCIL and subsequently found refundable to the purchaser under any of the conditions of the contract.

36.2.3 If the purchaser fails to deposit sale value for a sold lot within the allowed period as per relevant clause SPMCIL may forfeit the security deposit. Requests for an extension of this period, made by the purchaser may be considered by the SPMCIL and may at its discretion, on the merits of the case, allow further time not excluding 50 days from the date of the contract. Interest shall be leviable on such amount at a rate 2% per annum higher than the PLR of State Bank of India, from the date of expiry of the payment date to actual date of payment (actual date of payment inclusive).

36.2.4 The lot or lots in respect of which forfeiture has been made, shall be deemed to have been abandoned by the purchaser to all intents and purposes and may be re-sold or otherwise disposed of at the discretion of the SPMCIL without reference to the purchaser concerned and without incurring any liability on part of SPMCIL whatsoever in respect there under.

36.2.5 In case extension is granted by SPMCIL and due to late payment of sale amount the delivery cannot be completed by the purchaser, in accordance with the relevant clause of Special Conditions of Tender sale, then ground rent shall also be leviable as per relevant clause of Special Conditions of Tender sale.

36.2.6 On production of proof of having made payment, nominated authority shall issue a delivery order authorizing the purchaser to take delivery of the Scrap Materials.

36.3 Deliveries, Delays and Breach of Contact

- 36.3.1 The Title of goods or material sold shall not be deemed to have been passed to the Purchaser/ Bidder until and unless the full and final payment has been made by the purchaser, in accordance with the contract to the SPMCIL and the authorized Officer has issued the Delivery Order in favor of the purchaser. The materials sold may be removed from the premises only on production of the cash receipt for the payment and a delivery order from the Officer authorized by the SPMCIL.
- 36.3.2 Unless specified otherwise in SIT, delivery period for lifting of material shall be within 60 days from the date of finalization of contract agreement.
- 36.3.3 The work of delivery will be supervised by Stock Holder or his authorized representative, representative of accounts Department and Security Staff duly authorized by SPMCIL for the propose of delivery. Delivery will be allowed during working hours.
- 36.3.4 No delivery of or materials sold shall be given on Sundays, Gazetted holidays and other shall holidays observed by SPMCIL. The delivery of the goods or material shall be effected from the premises concerned only during its normal working hours. In order to complete the delivery within the working hours all loading must cease half an hour before the normal closing time of the concerned premises. The decision of the SPMCIL with regard to the working hour shall be final and binding on the purchaser. Purchaser will not be allowed to lift the Scrap Material from more than one location at a time.
- 36.3.5 The purchased stores will be carried away by the purchaser at his risk and no claims against the SPMCIL will be entertained for shortage in weight which may be discovered after the materials have left the premises wherefrom delivery is taken. If required the purchaser shall provide his own bags, cases or other receptacles for the removal of the scrap.
- 36.3.6 The SPMCIL shall not be responsible for any accident that may occur to purchaser's labors/servants for any reasons whatsoever. The purchaser will himself have to ensure the safety of his workers and shall be liable to pay claims, whatsoever if any. SPMCIL will not carry any responsibility of such payments. The purchaser will be responsible to supply personal protection equipments to his labour/servant and staff and no additional charges are admissible for the same.
- 36.3.7 The materials sold, shall be removed by the purchaser within the period specified in relevant clause of Special Condition of Sale.



SPMCIL

- 36.3.8 If due to any default on the part of the SPMCIL, the purchaser is unable to remove the materials sold within the specified period, the SPMCIL may extend the period therefore and in such an event purchaser will be entitled to take delivery of the goods or the materials sold within such extended Delivery period.
- 36.3.9 If contractor fails to lift sold scrap within the specified period, penalty shall be levied at the rate of 0.5% per day of the value of un-removed Scrap. Moreover the material shall remain at the purchaser's risk until removal thereof. Further SPMCIL will be entitled to charge the ground rent as stated in relevant Para of SCC, for the area in which the materials sold are kept or stored – which would be recovered by the SPMCIL from the Purchaser before removal of the material and in the event of default in payment thereof, the SPMCIL at may its discretion shall be entitled to order the re-sale of such materials and forfeit the Security deposit or sale amount or both, paid by the purchaser.
- 36.3.10 If the purchaser makes slow progress with his contract and the SPMCIL is of opinion that he may fail to fulfill the contract within the time specified in the conditions of sale, it will be lawful for the SPMCIL to cancel the whole contract or such portion thereof as may not have been completed and the SPMCIL shall be at liberty to dispose off the goods in any manner at the risk and expense of the purchaser.
- 36.3.11 The purchaser will have to comply with the provisions of the Contract Labour (Regulations and Abolition Act 1970 and Central Rules 1971 and obtain license from the Assistant Labour Commissioner or the competent authorities empowered to issue such license. Any failure on the part of the purchaser in this regard will be at his risk and consequences. He shall comply with Workman's Compensation Act 1923, Payment of Wages Act 1936, and Minimum Wages Act 1948 and all the other related statutory and legal provisions and obligations. The purchaser shall also indemnify the SPMCIL against any claim / liabilities that may occur to the contractor's labors and servants due to any reasons whatsoever.
- 36.3.12 If the purchaser makes default in complying with any of the condition of the contract, the sale of lot or lots in respect of which such default is made may be cancelled and such lot or lots may be put up again for sale and in such an event if a lower price is offered and accepted for such lot or lots then the purchaser shall be liable to pay the difference in price thereof together with all expenses occasioned by such resale in default to the SPMCIL provided further that the purchaser in default shall not be entitled to claim any profit which may arise from such resale.

Section V: Special Conditions of Contract (SCC)

The following Special Conditions of Contract (SCC) will apply for this purchase. The corresponding clauses of General Conditions of Contract (GCC) relating to the SCC stipulations have also been incorporated below. These Special Conditions will modify/ substitute/ supplement the corresponding (GCC) clauses.

Whenever there is any conflict between the provision in the GCC and that in the SCC, the provision contained in the SCC shall prevail.

(Clauses of GCC listed below include a possibility for variation in their provisions through SCC. There could be other clauses in SCC as deemed fit)

S. No	GCC Clause No.	Topic	SCC Provision
1	8.2	Packing and Marking	
2	11.2	Transportation of Domestic Goods	
3	12.2	Insurance	
4	14.1	Incidental Services	
5	15	Distribution of Despatch Documents for clearance/ Receipt of Goods	
6	16.2, 16.4	Warrantee Clause	
7	19.3	Option Clause	
8	20.1	Price Adjustment Clause	
9	21.2	Taxes and Duties	
10	22, 22.1, 22.2, 22.4, 22.3, 22.6	Terms and Mode of payments	
11	24.1	Quantum of LD	
12	25.1	Bank Guarantee and Insurance for Material Loaned to Contractor	
13	33.1	Resolution of Disputes	
14	36.3.2, 36.3.9	Disposal/ Sale of Scrap by Tender	



**Section VI: List of Requirements**

Schedule No.	Brief description of goods and services (Related specifications etc. are in Section-VII)	Accounting unit	Quantity	Amount of Earnest Money

Required Delivery Schedule:

Required Terms of Delivery, Destination and preferred mode of Transportation:



Section VII: Technical Specifications

Schedule-I:

.....
.....

Schedule-II:

.....
.....

Note: Tenderer's attention is drawn to GIT clause 17 and GIT sub-clause 10.1.

The tenderer is to provide the required details, information, confirmations, etc accordingly, failing which it's tender is liable to be ignored.





SPMCIL

Section VIII: Quality Control Requirements

[to be inserted by the office inviting tender as applicable to specific tender]



Section IX: Qualification/ Eligibility Criteria

[to be inserted by the office inviting tender as applicable to specific tender]

Bidder to furnish stipulated documents in support of fulfilment of qualifying criteria. Non-submission or incomplete submission of documents may lead to rejection of offer.



**Section X: Tender Form**

Date.....

To

.....

.....

.....

(complete address of SPMCIL)

Ref: Your Tender document No.dated

We, the undersigned have examined the above mentioned tender enquiry document, including amendment No. -----, dated ----- (if any), the receipt of which is hereby confirmed. We now offer to supply and deliver..... (description of goods and services) in conformity with your above referred document for the sum of _____ (total tender amount in figures and words), as shown in the price schedule(s), attached herewith and made part of this tender.

If our tender is accepted, we undertake to supply the goods and perform the services as mentioned above, in accordance with the delivery schedule specified in the List of Requirements.

We further confirm that, if our tender is accepted, we shall provide you with a performance security of required amount in an acceptable form in terms of GCC clause 6, read with modification, if any, in Section V – “Special Conditions of Contract”, for due performance of the contract.

We agree to keep our tender valid for acceptance for a period upto -----, as required in the GIT clause 19, read with modification, if any in Section-III – “Special Instructions to Tenderers” or for subsequently extended period, if any, agreed to by us. We also accordingly confirm to abide by this tender upto the aforesaid period and this tender may be accepted any time before the expiry of the aforesaid period. We further confirm that, until a formal contract is executed, this tender read with your written acceptance thereof within the aforesaid period shall constitute a binding contract between us.

We further understand that you are not bound to accept the lowest or any tender you may receive against your above-referred tender enquiry.....

Dated this _____ day of _____

For and on behalf of
(With seal)
Signature

Name

In the capacity of

(DULY AUTHORISED TO SIGN THE BID)

Section XI: Price Schedule

A price schedule appropriate to the nature of goods/services to be attached here





Section XII: Questionnaire

The tenderer should furnish specific answers to all the questions/ issues mentioned below. In case a question/ issue does not apply to a tenderer, the same should be answered with the remark “not applicable”.

Wherever necessary and applicable, the tenderer shall enclose certified copy as documentary proof/ evidence to substantiate the corresponding statement.

In case a tenderer furnishes a wrong or evasive answer against any of the under mentioned question/ issues, its tender will be liable to be ignored.

1. Brief description and of goods and services offered:
2. Offer is valid for acceptance upto
3. Your permanent Income Tax A/ C No. as allotted by the Income Tax Authority of Government of India :

Please attach certified copy of your latest/ current Income Tax clearance certificate issued by the above authority.

4. Status :
 - a) Are you currently registered with the Directorate General of Supplies & Disposals (DGS&D), New Delhi, and/ or the National Small Industries Corporation (NSIC), New Delhi, and/ or the present SPMCIL and/ or the Directorate of Industries of the concerned State Government for the goods quoted? If so, indicate the date up to which you are registered and whether there is any monetary limit imposed on your registration.
 - b) Are you currently registered under the Indian Companies Act, 1956 or any other similar Act?

Please attach certified copy(s) of your registration status etc. in case your answer(s) to above queries is in affirmative.

5. Please indicate name & full address of your Banker(s) :
6. Please state whether business dealings with you currently stand suspended/ banned by any Ministry/ Deptt. of Government of India or by any State Govt.

.....
(Signature with date)

.....
.....

(Full name, designation & address of the person duly authorized to sign on behalf of the tenderer)

For and on behalf of

.....
.....

(Name, address and stamp of the tendering firm)

Section XIII: Bank Guarantee Form for EMD

Whereas
 (hereinafter called the "Tenderer") has submitted its quotation dated
 for the supply of
 (hereinafter called the "tender")

against SPMCIL's tender enquiry No.

Know all persons by these presents that we of

(hereinafter called the "Bank")

having our registered office at

are bound unto

(hereinafter called the "SPMCIL")

in the sum of

for which payment will and truly to be made to the said SPMCIL, the Bank binds itself, its successors and assigns by these presents.

Sealed with the Common Seal of the said Bank this..... day of20...

The conditions of this obligation are -

- (1) If the Tenderer withdraws or amends, impairs or derogates from the tender in any respect within the period of validity of this tender.
- (2) If the Tenderer having been notified of the acceptance of his tender by SPMCIL during the period of its validity:-
 - a) fails or refuses to furnish the performance security for the due performance of the contract.
 - b) fails or refuses to accept/ execute the contract.

We undertake to pay SPMCIL up to the above amount upon receipt of its first written demand, without SPMCIL having to substantiate its demand, provided that in its demand SPMCIL will note that the amount claimed by it is due to it owing to the occurrence of one or both the two conditions, specifying the occurred condition(s).

This guarantee will remain in force for a period of forty five days after the period of tender validity and any demand in respect thereof should reach the



Bank not later than the above date.

.....

(Signature of the authorized officer of the Bank)

.....

.....

Name and designation of the officer

.....

Seal, name & address of the Bank and address of the Branch



Section XIV: Manufacturer's Authorization Form

To

.....

.....

(Name and address of SPMCIL)

Dear Sirs,

Ref. Your Tender document No....., dated
.....

We,, who are proven and reputable manufacturers of (name and description of the goods offered in the tender) having factories at....., hereby authorise Messrs..... (name and address of the agent) to submit a tender, process the same further and enter into a contract with you against your requirement as contained in the above referred tender enquiry documents for the above goods manufactured by us.

We further confirm that no supplier or firm or individual other than Messrs. (name and address of the above agent) is authorized to submit a tender, process the same further and enter into a contract with you against your requirement as contained in the above referred tender enquiry documents for the above goods manufactured by us.

We also hereby extend our full warranty, as applicable as per clause of the General Conditions of Contract read with modification, if any, in the Special Conditions of Contract for the goods and services offered for supply by the above firm against this tender document.

Yours faithfully,

.....

.....

[signature with date, name and designation]

for and on behalf of Messrs.....

[name & address of the manufacturers]

Note: This letter of authorisation should be on the letter head of the manufacturing firm and should be signed by a person competent and having the power of attorney to legally bind the manufacturer.



Section XV: Bank Guarantee Form for Performance Security

_____ [insert: Bank's Name, and Address of Issuing Branch or Office]

Beneficiary: _____ [insert: Name and Address of SPMCIL]

Date: _____

PERFORMANCE GUARANTEE No.: _____

WHEREAS
(name and address of the supplier) (hereinafter called "the supplier") has undertaken, in pursuance of contract no..... dated to supply (description of goods and services) (herein after called "the contract").

AND WHEREAS it has been stipulated by you in the said contract that the supplier shall furnish you with a bank guarantee by a scheduled commercial bank recognized by you for the sum specified therein as security for compliance with its obligations in accordance with the contract;

AND WHEREAS we have agreed to give the supplier such a bank guarantee;

NOW THEREFORE we hereby affirm that we are guarantors and responsible to you, on behalf of the supplier, up to a total of
..... (amount of the guarantee in words and figures), and we undertake to pay you, upon your first written demand declaring the supplier to be in default under the contract and without cavil or argument, any sum or sums within the limits of (amount of guarantee) as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the supplier before presenting us with the demand. We further agree that no change or addition to or other modification of the terms of the contract to be performed thereunder or of any of the contract documents which may be made between you and the supplier shall in any way release us from any liability under this guarantee and we hereby waive notice of any such change, addition or modification.

We undertake to pay SPMCIL up to the above amount upon receipt of its first written demand, without SPMCIL having to substantiate its demand.

This guarantee will remain in force for a period of forty five days after the currency of this contract and any demand in respect thereof should reach the Bank not later than the above date.

.....

(Signature of the authorized officer of the Bank)

.....

.....

Name and designation of the officer

.....

Seal, name & address of the Bank and address of the Branch

.....

Name and designation of the officer

.....

.....

Seal, name & address of the Bank and address of the Branch





Section XVI: Contract Form

(Address of SPMCIL's office issuing the contract)

Contract No..... dated.....

This is in continuation to this office' Notification of Award No..... dated

1. Name & address of the Supplier:
2. SPMCIL's Tender document No..... dated..... and subsequent Amendment No....., dated..... (If any), issued by SPMCIL
3. Supplier's Tender No..... dated..... and subsequent communication(s) No..... dated (If any), exchanged between the supplier and SPMCIL in connection with this tender.
4. In addition to this Contract Form, the following documents etc, which are included in the documents mentioned under paragraphs 2 and 3 above, shall also be deemed to form and be read and construed as part of this contract:
 - (i) General Conditions of Contract;
 - (ii) Special Conditions of Contract;
 - (iii) List of Requirements;
 - (iv) Technical Specifications;
 - (v) Quality Control Requirements;
 - (vi) Tender Form furnished by the supplier;
 - (vii) Price Schedule(s) furnished by the supplier in its tender;
 - (viii) Manufacturers' Authorisation Form (if applicable for this tender);
 - (ix) SPMCIL's Notification of Award

Note: The words and expressions used in this contract shall have the same meanings as are respectively assigned to them in the conditions of contract referred to above. Further, the definitions and abbreviations incorporated under Section -V - 'General Conditions of Contract' of SPMCIL's Tender document shall also apply to this contract.

5. Some terms, conditions, stipulations etc. out of the above-referred documents are reproduced below for ready reference:
 - (i) Brief particulars of the goods and services which shall be supplied/ provided by the supplier are as under:

PROCUREMENT MANUAL

Schedule No.	Brief description of goods/ services	Accounting unit	Quantity to be supplied	Unit Price (in Rs.)	Total price
--------------	--------------------------------------	-----------------	-------------------------	---------------------	-------------

Any other additional services (if applicable) and cost thereof:

Total value (in figure) _____ (In words) _____

(ii) Delivery schedule

(iii) Details of Performance Security

(iv) Quality Control

(a) Mode(s), stage(s) and place(s) of conducting inspections and tests.

(b) Designation and address of SPMCIL's inspecting officer

(v) Destination and despatch instructions

(vi) Consignee, including port consignee, if any

(vii) Warranty clause

(viii) Payment terms

(ix) Paying authority

.....

(Signature, name and address of SPMCIL's authorized official)

For and on behalf of.....

Received and accepted this contract

.....

(Signature, name and address of the supplier's executive duly authorized to sign on behalf of the supplier)

For and on behalf of

(Name and address of the supplier)

.....

(Seal of the supplier)

Date:

Place:



**Section XVII: Letter of Authority for attending a Bid Opening**

(Refer to clause 24.2 of GIT)

The General Manager

Unit Address

Subject: Authorization for attending bid opening on _____ (date)
in the Tender of _____.

Following persons are hereby authorized to attend the bid opening for the
tender mentioned above on behalf of _____
(Bidder) in order of preference given below.

Order of Preference	Name	Specimen Signatures
I.		
II.		
Alternate Representative		
Signatures of bidder or Officer authorized to sign the bid Documents on behalf of the bidder.		

Note:

1. Maximum of two representatives will be permitted to attend bid opening. In cases where it is restricted to one, first preference will be allowed. Alternate representative will be permitted when regular representatives are not able to attend.
2. Permission for entry to the hall where bids are opened may be refused in case authorization as prescribed above is not produced.



Section XVIII: Shipping Arrangements for Liner Cargoes**A: In Respect Of C&F Cif Turnkey/F.O.R. Contracts For Import**

1. (a) SHIPMENTS FROM PORTS OF U.K. INCLUDING NORTHERN IRELAND (ALSO EIRE), FROM THE NORTH CONTINENT OF EUROPE (GERMANY, HOLLAND, BELGIUM, FRANCE, NORWAY, SWEDEN, DENKARK, FINLAND AND PORTS ON THE CONTINENTAL SEABOARD OF THE MEDITERRANEAN (I.E. FRENCH AND WESTERN ITALINA PORTS), TO PORTS IN INDIA.

The Seller should arrange shipment of the goods by vessels belonging to the member Lines of the India-Pakistan-Bangladesh Conference. If the Seller finds that the space on the Conference Lines' vessels is not available for any specific shipment, he should take up with India-Pakistan- Bangladesh Conference, Conferity House, East Grinstead, Sussex (U.K.), for providing shipping space and also inform the Shipping Co-ordination Officer, Ministry of shipping & Transport, New Delhi (Cable: TRANSCHART, NEW DELHI; Telex: VAHAN ND -2312, 2448 & 3104).

The Sellers should arrange shipment through the Government of India's Forwarding agents, M/ s Schenker & Co. 2000- Hamburg (Cable: SCHENKERCO HAMBURG) or obtain a certificate from them to the effect that shipment has been arranged in accordance with instructions of the Ministry of Shipping & Transport (TRANSCHART), New Delhi

a) SHIPMENTS FROM ADRIATIC PORTS OF EASTERN ITALY AND YUGOSLAVIA

The Seller should arrange shipment of the goods by vessels belonging to the following Indian Member lines;

1. The Shipping Corporation of India Ltd.
2. The Scandia Steam Navigation Co. Ltd.
3. Indian Steamship Co. Ltd.

For the purpose of ascertaining the availability of suitable Indian vessels and granting dispensation in the event of their non-availability, the Seller should give adequate notice about the readiness of each consignment from time to time at least six weeks in advance of the required position to M/s Schenker & Co. 2000 HAMBURG (Cable: SCHENKERCO HAMBURG) and also endorse a copy thereof to the Shipping Co-ordination Officer, Ministry of Shipping & Transport, New Delhi (Cable: TRANSCHART, NEW DELHI; Telex: VAHAN ND -2312, 2448 & 3104).

The Seller should arrange shipment through the Government of India's Forwarding



Agents, M/s Schenker & Co., HAMBURG (Cable: SCHENKERCO HAMBURG) or obtain certificate from them to the effect that shipment has been arranged in accordance with the instructions of the Ministry of Shipping & Transport, (TRANSCHART), New Delhi

(c) SHIPMENTS FROM POLAND & CZECHOSLOVAKIA

(i) IMPORTS FROM POLAND

Shipments under this contract would be made by the National flag lines of the two parties and vessels of third flag conference lines, in accordance with the agreement between the Govt. of the Republic of India and the Govt. of the Polish People's Republic regarding shipping co-operation dated 27.6.1960 as amended up-to-date.

(ii) IMPORTS FROM CZECHOSLOVAKIA

Goods under this contract would be shipped by the National flag lines of the two parties and vessels of the third flag conference lines, in accordance with the Agreement on co-operation in Shipping between India and Czechoslovakia signed on 3.11.1978 and ratified on 19.12.1979, as amended up-to-date.

Shipping arrangements should be made by the Sellers in consultation with the Resident Representative of the Indian shipping Lines in Gdynia, C/o Morska Agencja W. Gdyni, Gdyni, ul, Pulaskiego 8, P.O. Box III-10 246; Gdynia (Po-and) - Telex: MAG, PL. 054301, Tel: 207621), to whom details regarding contract number, nature of cargo, quantity, port of loading/discharging, name of Government consignee, expected date of readiness of each consignment etc., should be furnished at least six weeks in advance of the required position, with a copy thereof endorsed to the Shipping Co-ordination Officer, Ministry of Shipping & Transport (Chartering Wing), New Delhi (Cable: TRANSCHART, NEW DELHI; Telex: VAHAN ND-2312, 2448 & 3104.).

(d) SHIPMENTS FROM RUSSIA & OTHER MEMBER COUNTRIES OF C.I.S.

Shipment under this contract should be made in accordance with the Agreement between the Government of the Republic of India and the Government of the Russia & other member countries of C.I.S. on Merchant Shipping, by vessels of Indo-C.I.S. Shipping Service.

(e) SHIPMENT FROM JAPAN

The shipment of goods should be made by Indian vessels to the maximum extent possible subject to a minimum of 50%.

The Seller should arrange shipment of the goods in consultation with the

Embassy of India in Japan, Tokyo, to whom details regarding contract number, nature of cargo, quantity, port of loading/ discharge, name of the Govt. consignee, expected date of readiness of each consignment etc. should be furnished at least six weeks in advance of the required position.

Note: The copies of such contracts are to be endorsed both to the Attaché (Commercial), Embassy of India in Japan, Tokyo, and the Shipping Co-ordination Officer, Ministry of Shipping & Transport, New D.

(f) SHIPMENTS FROM AUSTRALIA, ALGERIA, BULGARIA, ROMANIA, EGYPT

The Seller shall arrange shipment of the goods by Indian flag vessels to the maximum extent possible subject to a minimum of 50%. For the purpose of ascertaining the availability of suitable Indian vessels, the Seller shall give adequate notice of not less than six weeks about the readiness of each consignment to the Shipping Corporation of India Ltd., SHIPPING HOUSE, 245, Madame Cama Road, Bombay-400 021 (CABLE: SHIPINDIA BOMBAY) and also endorse a copy thereof to the Shipping Coordination Officer, Ministry of Shipping & Transports, New Delhi (Cable: TRANSCHART, NEW DELHI; Telex: VAHAN ND-2312, 2448 & 3.

(g) SHIPMENTS FROM PAKISTAN

The shipment of cargoes should be made by Indian vessels to the maximum extent possible subject to a minimum of 50%.

Shipping arrangements should be made by the Sellers in consultation with M/s Mogul Line Ltd. 16- Bank Street, Fort, Bombay-400 023 (Cable: MOGUL BOMBAY; Telex 011-4049 MOGUL), to whom details regarding contract number, nature of cargo, quantity, port of loading/discharging, name of Government consignee, expected date of readiness of each consignment etc. should be furnished at least six weeks in advance of the required position with a copy thereof endorsed to the Shipping Co-ordination Officer, Ministry of Shipping & Transport(Chartering Wing), New Delhi (Cable : TRANSCHART, NEW DELHI ; Telex : VAH-N ND - 2312, 2448 &)

(h) SHIPMENTS FROM U.S ATLANTIC & GULF PORTS

The Seller should arrange shipment of the goods by vessels belonging to the member lines of the India-Pakistan-Bangladesh-Ceylon and Burma Outward Fright Conference. If the Seller finds that the space on the Conference Lines vessels is not available for any specific shipment, he should take up with India-Pakistan-Bangladesh-Ceylon and Burma



Outward Fright Conference, 19, Rector Street, New York N.Y 10006 U.S.A. for providing shipping space and also inform the Shipping Co-ordination Officer, Ministry of Shipping & Transport, New Delhi (Cable: TRANSCHART, NEW DELHI; Telex: VAH–N ND - 2312, 2448 & 3.

(i) SHIPMENTS FROM ST. LAWRENCE AND EASTERN CANADIAN PORTS

The Seller should arrange shipment of the goods by vessels belonging to the following shipping lines:-

- (1) The Shipping Corporation of India Ltd.
- (2) The Scindia Steam Navigation Co. Ltd.

If the Seller finds that the space in vessels of these Lines is not available for any particular consignment, he should inform the Shipping Co-ordination Officer, Ministry of Shipping & Transport, New Delhi (Cable : TRANSCHART, NEW DELHI ; Telex : VAH–N ND - 2312, 2448 & 3104) immediately so that dispensation from the shipping lines concerned to use alternative lifting may be so.

(j) SHIPMENTS FROM WEST COAST PORTS OF U.S.A., CANADA AND OTHER AREAS NOT SPECIFICALLY MENTIONED ABOVE

The Seller should arrange shipment of the goods by Indian vessels to the maximum extent possible subject to a minimum of 50%. For the purpose of ascertaining the availability of suitable Indian vessel and granting dispensation in the event of their non-availability, the Seller should furnish the details regarding contract number, nature of cargo, quantity, port of loading/discharge, name of the Govt. consignee and expected date of readiness of each consignment etc. to the Shipping Coordination Officer, Ministry of Shipping & Transport, New Delhi (Cable : TRANSCHART, NEW DELHI : Telex : VA–ANND - 2312, 2448 & 3104) at least six weeks in advance of the required position.

2.0 BILL OF LADING

(i) C.I.F./C&F TURNKEY SHIPMENTS

The Bill of lading should be drawn to indicate “Shipper” and “Consignee” as under:-

SHIPPER: The C.I.F./C&F/TURNKEY SUPPLIERS concerned.

CONSIGNEE: As per Consignee's particulars in the contract (The name and address of the “Port Consignee” and “Ultimate Consignee” both should be indicated).

(ii) F.O.R. SHIPMENTS

The bills of Lading should be drawn to indicate “Shipper” and “Consignee” as

under:-SHIPPER: The F.O.R. suppliers concerned. CONSIGNEE: Suppliers' Indian Agents on order.

Note:-

1. Moreover the name of the "Purchaser" and "Ultimate Consignee" should appear in the body of the Bills of Lading as the "Notify Part" or as a remark.
2. Two non-negotiable copies of the Bills of Lading indicating the freight amount and discount, if any allowed, should be forwarded to the Shipping Co-ordination Officer, Ministry of Shipping and Transport (Chartering Wing), New Delhi after the Shipment of each consignment is effected.
3. The seller should avoid the use of over-aged vessels for the shipment of the goods under the contract and if so used, the cost of additional insurance, if any, shall be borne by the Seller.

B: In Respect Of F.O.B./F.A.S Contracts For Imports

1. Shipping arrangements will be made by the Ministry of Shipping and Transport (Chartering Wing), New Delhi (Cable: TRANSCART, NEW DELHI: Telex: VA-ANND - 2312, 2448 & 3104) through their respective Forwarding Agents/Nominees as mentioned below, to whom adequate notice about the readiness of cargo for shipment should be given by the Sellers from time to time at least six weeks in advance of the required position for finalizing the shipping arrangements

Area	Forwarding Agents/Nominees
(a) U.K. including Northern Ireland (also Eire) the North Continent of Europe (Germany, Holland, Belgium, France, Norway, Sweden, Finland and Denmark) and Ports on the Continental Sea Board of the Mediterranean, (i.e. French and Western Italian ports) and also Adriatic Ports.	M/s Schenker Deutschland AG, Bel den Muehren 5 20457 Hamburg , Germany Telephone No. +49 40 36135-351 Fax No : +49 40 36135-509 E-mail- kay.buedinger@schenker
(b) U.S.A and Canada	M/s OPT, Overseas Project, Transport Inc., 46, Sellers Street, Kearny, N.J. 07032,USA Tel : 201/998-7771 Tel : 573-3586 Fax : 201/998-78
(c) Japan	The First Secretary (Commercial) Embassy of India, Tokyo, Japan, (Cable : INDEMBASSY TOKYO) Telex : INDEMBASSY J 24850, Telephone – 262 - 2391

(d) Australia, Algeria, Bulgaria, Romania, Czechoslovakia, Egypt.	The Shipping Corporation of India Ltd., 'Shipping House' 229/232 Madame Cama Road, Bombay - 400021 (Cable : SHIP INDIA BOMBAY) Telex : 31-2209 SCID IN Telephone: 232666, 232785.
(e) Russia & other member countries of C.I.S.	The Secretaries, Indo-C.I.S. Shipping Service, C/o The Shipping Corporation of India Ltd., 'Shipping House' 245, Madame Cama Road, Bombay - 400021. (Cable : SHIP INDIA BOMBAY F OR SOVIND SHIP) Telex : 31-2209 SCID IN Telephone : 23
(f) Poland	The Secretaries, Indo-Polish Shipping Service, C/o The Shipping Corporation of India Ltd., 'Shipping House' 245, Madame Cama Road, Bombay - 400021. (Cable : SHIP INDIA BOMBAY FOR INDOPOL) Telex : 31-2209 SCID IN Telephone : 23
(g) Pakistan	The Mogul-Line Ltd., 16, Bank Street, Fort Bombay - 400023 (Cable : MOGUL BOMBAY) Telex : 011 -4049 (MOGUL) Telephone : 252785 II
(h) Other areas not specifically mentioned above	The Shipping Co-ordination Officer, Ministry of Shipping and Transport, (Chartering Wing), New Delhi. (Cable : TRANSCART, NEW DELHI) Telex : VAHAN ND 2312,2448 & 3104

2. BILL OF LADING

The Bill of Lading should be drawn to indicate 'Shipper' and 'Consignee' as under:-

SHIPPER: The Government of India.

CONSIGNEE: "As per consignee's particulars in the contract. (The name and address of the 'Port Consignee' and 'Ultimate Consignee' should both be indicated.)"

3. Two non-negotiable copies of the Bills of Lading indicating the freight amount and discount, if any allowed, should be forwarded to the Shipping Co-ordination Officer, Ministry of Shipping and Transport (Chartering Wing), Parivahan Bhawan, New Delhi after the Shipment of each consignment is effected.
4. The Seller should avoid the use of over-aged vessels for the shipment of the goods under the contract and if so used, the cost of additional insurance, if any, shall be borne by the Seller.



**SECTION XIX: Proforma of Bills for Payments**

(Refer Clause 22.6 of GCC)

Name and Address of the
Firm.....Bill
No.....Dated.....Purchase
order.....No.....Dated.....Name and address of the
consignee.....

S.No	Authority for purchase	Description of Stores	Number or quantity	Rate Rs. P.	Price per Rs. P.	Amount
Total						

1. C.S.T./Sales Tax Amount
2. Freight (if applicable)
3. Excise Duty (if applicable)
4. Packing and Forwarding charges (if applicable)
5. Others (Please specify)
6. PVC Amount (with calculation sheet enclosed)
7. (-) deduction/Discount
8. Net amount payable (in words Rs.)

Despatch detail RR No. other proof of despatch.....

Dated.....(enclosed)

Inspection Certificate No.....Dated.....(enclosed)

Income Tax Clearance Certificate No.....Dated.....(enclosed)

Modvat Certificate No.....(enclosed)

Excise Duty Gate pass.....(enclosed)

Place and Date

Received Rs.....(Rupees).....

I hereby certify that the payment being claimed is strictly in terms of the contract and all the obligations on the part of the supplier for claiming that payment has been fulfilled as required under the contract.

Revenue stamp

Signature and of Stamp Supplier





SPMCIL

Proforma of Bills for Payments





SPMCIL

भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड

मिनीरत्न श्रेणी-I, सीपीएसई
(भारत सरकार के पूर्ण स्वामित्वाधीन)

पंजीकृत कार्यालय : 16वीं मंजिल, जवाहर व्यापार भवन, जनपथ, नई दिल्ली-110001

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