

# MATERIALS MANAGEMENT ANNUAL

August 2024



एनएमडीसी



NMDC

**NMDC Limited**

(A Govt. of India Enterprise)  
Khanij Bhavan, 10-3-311/A, Castle Hills,  
Masab Tank, Hyderabad - 500 028







ਏਨਏਮਡੀਸੀ



NMDC

# **MATERIALS MANAGEMENT MANUAL**

**2024**



अमिताभ मुखर्जी  
**Amitava Mukherjee**

अध्यक्ष-सह-प्रबंध निदेशक (अतिरिक्त प्रभार) एवं  
निदेशक (वित्त)  
Chairman-cum-Managing Director (Addl. Charge) &  
Director (Finance)

## *Foreword*

It gives me immense pleasure to present the well-researched & impeccably documented Materials Management Manual – 2024, which shall serve as a benchmark for standardization of the entire supply chain link in NMDC, from the commencement of the procurement process till its culmination with the commissioning / consumption of the products.

The roots of this manual originate from the earlier edition published way back in 2003, while the collective wisdom accumulated over NMDC's journey through the past two decades have been suitably engrained in the present form of the manual, for effectively addressing the various challenges & shortcomings faced during the past operations. Further, the manual is updated in line with Manual for Procurement of Goods – 2022 issued by Ministry of Finance, along with the periodic guidelines & circulars issued by various stakeholders from time to time.

The manual delves into the complexities of the tendering process, while maintaining the sanctity of the four pillars of public procurement to its core – transparency, equity, fairness and competitiveness. I am confident that faithful adoption of the guiding principles of MMM shall definitely contribute towards the efficient & sustainable procurement under NMDC 2.0. Therefore, I would encourage our workforce to adopt the principles & guidelines prescribed in the manual in letter & spirit, for paving the way towards the growth of the organization.

NMDC is thriving towards becoming a global mining company with the target production capacity of 100 MTPA by 2030, which naturally demands a strong business model with zero margin of error in our systems & procedures. The updated Materials Management Manual – 2024 shall hopefully serve as an indispensable beacon for guiding us towards our ambitious end-goal.

**Amitava Mukherjee**

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### MESSAGE

The updated Materials Management Manual - 2024 represents an optimistic approach towards the evolving corporation's ultimate objectives for all stakeholders, as we progressively transition to NMDC 2.0. NMDC is achieving unprecedented levels of success in sales and production across all time periods, and this new MM Manual will serve as a catalyst for the company to further realize its ambitions.

The sales and production plans of NMDC will necessitate impeccably framed tenders, a goal attainable only with a robust Materials Management principles & procedures, which will serve as a single-point reference and a document of the highest calibre.

By publishing and efficiently executing the updated MM Manual, which is grounded in the fundamental principles of sustainable public procurement, NMDC will establish itself both nationally and internationally as a conscientious entity dedicated to optimizing its operations in accordance with established benchmarks.

The newly updated MM Manual is anticipated to have a transformative impact in our pursuit of the ambitious objective of producing 100 million metric tons of iron ore annually by 2030. It will set a benchmark for the meticulous crafting of crucial tenders. This updated MM Manual signifies a pivotal advancement in establishing sustainable procurement practices that align seamlessly with the nation's environmentally friendly policies.

In conclusion, I extend my heartfelt congratulations to the entire NMDC team for achieving this significant milestone by publishing the Materials Management Manual - 2024, an all-encompassing template designed to facilitate future NMDC Procurement.

(V Suresh)

**विनय कुमार**

निदेशक (तकनीकी)

निदेशक (कार्मिक)/(उत्पादन) अतिरिक्त प्रभार

**VINAY KUMAR**

Director (Technical)

Director (Personnel)/(Production) Addl. Charge



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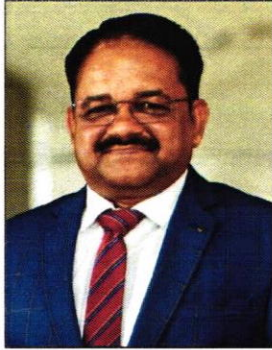
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### **MESSAGE**

The Material Management Manual updated in the year 2024 intends to act as a set of guidelines and reference book to be followed for procurement of goods and associated services. The role of Materials Management function in an organization is to procure vital material inputs that spur production growth in a fair, accountable, cost effective and transparent manner.

The newly updated Material Management Manual 2024 has been aligned in line with Manual on procurement of goods released by Department of Expenditure (DoE), Ministry of Finance and is expected to provide all personnel involved in procurement with an understanding of their responsibilities, objectives and duties within the overall policy framework of the company to achieve target of production and despatch of 100 million metric tons of iron ore annually by 2030.

On the occasion of the release of Material Management Manual 2024, I extend my congratulations to the entire NMDC community and wish them success in their efforts to make NMDC an exemplary organization.

**[Vinay Kumar]**





**J VENKATESHAN**  
General Manager (Materials)



### **MESSAGE**

The updated Materials Management Manual – 2024 serves as a blueprint for integrated Materials Management functions such as Material Planning, Purchase Requisition (PR), Purchasing, Inventory Control, handling, storage. The Manual further encompasses on Vendor Development, Insurance claims, Imports, Surplus/ Obsolete declaration/ disposal procedures.

The formulation of the manual was the result of the conscientious and altruistic efforts of every stakeholder who set aside time from their regular responsibilities. The experiences from past, directives from top management, the DoE Manual for Procurement of Goods & Services, guidelines from the Vigilance and Finance departments, and best practices adopted by other public sector organizations were all instrumental in the creation of this standard document, which will be adhered to in both letter and spirit by all.

As NMDC endeavours to attain unparalleled CAPEX objectives, the updated MM Manual – 2024 will serve as the impetus for our quest for excellence. The manual, serving as a guiding document, will play a crucial role in preserving our standing as a responsible and sustainable mining organization through the issuance of flawless tenders.

In conclusion, I would like to extend my gratitude to the NMDC management and all the stakeholders who contributed to the creation of the Materials Management Manual – 2024.

(J Venkateshan)



## **PREFACE**

- 1) The Materials Management Manual – 2024 is designed to provide comprehensive guidelines on various aspects of the materials management process, including the general principles of Tenders, PR estimate, procurement strategy, tender process, tender evaluation, approvals, and more.
- 2) The earlier MM Manual - 2003 encompasses guidelines, notifications, and circulars issued in the realm of public procurement, as well as the amendments made to the MM thus far.
- 3) A broad-based and inclusive approach has been adopted in revising the MM Manual, involving extensive consultations across the company, while also taking into consideration the guidelines of procurement of goods & services, circulars/orders issued by DoE, Latest DoP, common issues faced over a period of time and directions issued by the Government of India on tendering and procurement have been referred to.
- 4) Bench marking has been carried out to identify practices adopted by leading public sector undertakings (PSUs).
- 5) This MM Manual - 2024 addresses the need for a comprehensive Materials Management Manual for procurement-related issues, encompassing issues ranging from pre-tender to post-tender activities.
- 6) The manual will be applicable to all tenders related to procurement. The provisions in the manual are subject to the delegation of powers given in the DOP.
- 7) The current guidelines and circulars on various aspects have been incorporated into the manual. Should subsequent guidelines, instructions, or circulars be issued modifying any provision of the manual, such provisions will be superseded by the new guidelines.
- 8) Additionally, suggestions provided by the Vigilance Department, Finance Department, and Law Department have been incorporated to a significant extent.



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## **CHAPTER – 1**

### **1 ORGANIZATION, OBJECTIVES AND FUNCTIONS**

#### **1.1 ORGANIZATIONAL STRUCTURE OF MM DEPARTMENT AT CORPORATE OFFICE**

Organizational structure of Materials Management (MM) Department at Corporate Office shall be headed by senior most officer of Materials Department, who shall report to Functional Director and shall be assisted by senior level officers covering Purchases (of HEM, Plant etc.) Materials Control, Vendor Development, and allied functions.

#### **1.2 ORGANIZATIONAL STRUCTURE OF MM DEPARTMENT AT PROJECTS / UNITS**

- a) Head of the Materials Management (MM) Department at Projects / Units shall be Sr. level officer and directly reporting to the Head of Project/ Unit.
- b) Department head shall be assisted by senior officers - covering Purchase, Material control and Stores functions.
- c) Store Keeping function will be performed at the Projects while the Purchase function would be centralized at Head Office for equipment and other high value selected items required by various projects and imported items, while all other items will be purchased directly by Purchase Sections located at the Projects. Projects will also purchase items covered under RCs concluded by corporate office.
- d) R&D and Investigation units shall have separate store set up. However, Purchase Requisitions (PRs) beyond the Delegation of Powers (DoP) of R&D, Investigation unit and imported items will be dealt at corporate office. PRs other than above will be dealt by the Materials Department Officers at R&D and Investigation units.

#### **1.3 OBJECTIVES OF MATERIALS MANAGEMENT DEPARTMENT**

- a) To maintain continuity of operation by ensuring steady supply of materials.
- b) To reduce materials cost and there by contribute towards reduction of cost of production as well as overall costs.
- c) To ensure optimal inventory holding, reduce overstock of slow moving and non-moving items, reduce the inventory carrying cost and ordering cost.
- d) To ensure purchases for the right quality, right quantity, right price, at right time and place and from right source.

- e) To enhance the vendor base and maintain cordial relations with the suppliers.
- f) To evolve scientific management of procurement and inventory by leveraging technologies and procedures for achieving the objectives.
- g) To achieve maximum integration with other related departments and resolve the areas of conflict by proper coordination.
- h) To train and develop competent personnel in Materials Management Department and motivate them to make their department as well as the company succeed.
- i) To ensure timely procurement for the production and the needs of the User Departments.
- j) To evolve a methodology of organizing the purchases to reach the User timely.
- k) To do the processing of procurements in a transparent manner, give equal opportunity to the participant bidders and finalize procurements against competitive bids.

#### **1.4 FUNCTIONS OF MATERIALS MANAGEMENT DEPARTMENT**

- a) Compilation of Procurement Budget.
- b) Processing of PRs, in consultation with user Departments concerned, for optimum estimate of the quantities of materials to be purchased.
- c) Monitoring of items to prevent loss due to obsolescence and deterioration while in storage.
- d) Procurement of materials of the required quality and quantity at the commensurate price, at the appropriate time and from reliable sources to meet the requirements.
- e) Ensuring that the stocks of items are not exceeding optimum stock level, consistent with the market conditions and the requirements of the User departments.
- f) Exploring the market potential for spares in respect of critical spares, new materials, or materials with limited sources.
- g) Maintain the list of established vendors for important and critical items.
- h) Ensure proper custody and expeditious issue of stores against valid requisitions from Users.

- i) Carry out inventory analysis and circulate results for follow up action by all concerned.
- j) Lead time study and fixation of stock levels for fast moving / general stores under Material Requirement Planning (MRP) automatic replenishment system (ARS).
- k) Arrange survey of all stores returned by User Departments and Organize disposal of obsolete, scrap, **or** unserviceable stores through e-Auctions.
- l) Develop indigenous sources for imported materials.
- m) Organize training courses in Materials Management department.
- n) The distribution of Purchase work between Head Office, Projects/Units and Regional Office is shown at **Annexure 1-I (P-196)**.

## 1.5 CODE OF CONDUCT

- a) To consider first the total interest of NMDC in all transactions without impairing the dignity, Integrity, and responsibility to one's office.
- b) To buy without prejudice, seeking to obtain the maximum value from every rupee of expenditure.
- c) To subscribe and work for honesty, transparency, and truth in buying and selling, to denounce all forms and manifestations of commercial bribery and to eschew anti-social practices.
- d) To accord a prompt and courteous reception to all who call up on legitimate business mission.
- e) To respect one's obligations and those of NMDC with good business practices.

## 1.6 INTEGRITY PACT (IP)

In order to ensure full compliance with organizational Laws & regulations, principles of economical use of resources, fairness & transparency with the bidders, the Organization in co-ordination with the renowned international Non-governmental Organization i.e. Transparency International (TI) shall appoint Independent External Monitor (IEM) who will monitor the tender process from the beginning till execution & completion of the Purchase Orders for compliance with the principles/ terms mentioned herein.

The threshold value of the tenders covered under Integrity Pact for procurements is **Rs.1.00 Crore**.



## 1.7 e-PROCUREMENT

With reference to the DOE Manual of Procurement of Goods Aug-2024 Clause No: 4.17.1 at Page No:113 i.e. Electronic Procurement (e-Procurement), It is mandatory for Ministries/ Departments to receive all bids through e-procurement portals that are GCQE compliant for all procurements.

This will enhance the transparency & fairness in the tendering & procurement process. The e-procurement portal should be structured in such way that it gives broader scope & wide publicity for inviting the bids.

## 1.8 CENTRAL PUBLIC PROCUREMENT (GeM-CPP) PORTAL

Central Public Procurement Portal (GeM-CPPP) (<https://eprocure.gov.in/>) has been designed, developed, and hosted by the National Informatics Centre (NIC, Ministry of Electronics & Information Technology) in association with Dept. of Expenditure to ensure transparency in the public procurement process. The primary objective of the Central Public Procurement portal is to provide single point access to the information on procurements made across various Ministries and Departments.

The CPPP has e-publishing and e-procurement modules. It is mandatory for all Ministries / Departments of the Central Government, Central Public Sector Enterprises (CPSEs) and Autonomous and Statutory Bodies to publish on the CPPP all their tender enquiries and information about the resulting contracts.

CPPP provides access to information on documents relating to pre-qualification, Bidders' registration, Tender Documents, details of bidders, their pre-qualification, registration, exclusions/ debarments, decisions taken regarding pre-qualification and selection of successful bids. Implementing end-to-end e-procurement for all procurements is also now mandatory either through the CPPP portal or any other suitable GCQE compliant portal.

**The details about Integrity Pact, e-procurement & CPP Portal are explained at Chapters 4-6 of this manual.**

## 1.9 GeM – GOVERNMENT e-MARKETPLACE

GeM (Government e-Marketplace) is the 'National Public Procurement Portal,' serving as an end-to-end online marketplace for various entities. The Procurement of Goods and Services available on GeM (as per Rule 149 of GFR, 2017) is mandatory for Ministries/ Departments (including attached/ subordinate offices), CPSEs, autonomous bodies and local bodies. GeM facilitates the Procurement of common-use goods and services by such entities. The GeM portal aims to enhance efficiency, transparency, and speed in public Procurement. Through this paperless, contactless, and cashless platform, registered government buyers can seamlessly procure goods and services from registered sellers. It is a significant step toward modernizing and streamlining the procurement process in India.

**GeM SOP as per [Annexure 5-II \(P-222\)](#).**

## 1.10 TReDS PORTAL

As per GoI guidelines, MSEs payment has to be released through Trade Receivables e- Discounting System (TReDS) portal to facilitate the financing of trade receivables (invoices) to MSEs. Accordingly, NMDC has tied up with M/s RXIL portal (A JV of NSE & SIDBI), M/s A TReDS Ltd portal (Invoicemart–A JV of AXIS Bank & M Junction) and M1xchange TReDS.

**All Procurement Enquiries should include the following clause in all Tenders:**

### **PAYMENT THROUGH TReDS PORTAL FOR MSEs:**

“NMDC has registered with M/s RXIL, M/s A TReDS Ltd and M/s M1xchange portals for releasing MSE vendor’s payment through TReDS portal.

All MSE vendors are requested to register on any one of the portal to release payment through TReDS Portal.

In case any MSE vendor is not willing to process their payment through TReDS portal, that vendor should confirm non willingness. In such case, payment will be released as per NMDC standard payment terms”.

## 1.11 REVIEW OF MM MANUAL & ISSUE OF AMENDMENTS

- a) NMDC HO shall form a Material Management (MM) Manual management committee comprising of representatives from MM, Finance and Production departments to conduct a holistic review of manual and propose necessary amendments to the manual once in every 3 years. The exercise should be completed within 6 months.
- b) MM Department shall incorporate changes in the manual on account of regulatory orders / notices etc. and submit the updated manual for necessary approvals.
- c) MM Department shall communicate approved changes in the manual and circulate soft copy of the revised manual to all internal material management stakeholders whenever the manual is revised.

### **d) ISSUE OF AMENDMENTS**

If any Amendment related to procurement of Goods (or) Services either by GoI or NMDC Ltd same shall be incorporated in the MM Manual from time to time with due procedure and same should be posted in the NMDC website [www.nmdc.co.in](http://www.nmdc.co.in) & NMDC intranet <https://nmdchyd.nmdc.co.in>

All Office Orders/ Circulars related to MM Dept shall be posted on NMDC Intranet under Materials Management section.

All MM Executives must check the NMDC Intranet on regular basis.

## 1.12 ABOUT THE MANUAL

- a) NMDC as a whole spends a sizeable amount on procurement of various types of goods and associated services to discharge its main function of producing Iron Ore. It is imperative that these purchases are made following an efficient and cost-effective procedure in accordance with the relevant rules and regulations of the Government of India.
- b) The Indian Contract Act, 1872 and the Sale of Goods Act, 1930 are major legislations governing contracts of sale/ purchase of goods in general. Though, there is no law exclusively governing public procurement of goods, General Financial Rules (GFR) 2017, various Government orders and guidelines provide the regulatory framework for public procurement.
- c) In this Manual, attempt has been made to contain the relevant rules, regulations, instructions, directives and guidance on best practices concerning purchase of goods as well as allied areas such as installation of equipment, after sales services including training, maintenance, etc. Different aspects of procurement have been grouped under appropriate sub-heads in separate chapters, which will help users to readily locate the desired subjects/sub-subjects.
- d) The procedure laid down in this Purchase Manual is to be followed by NMDC involved in procurement of goods. However, these guidelines would not be applicable to projects funded by World Bank and other International Funding Agencies, as, such external aid/ loans etc. received are covered under the applicable policies/ legal agreements executed as permitted under Rule 264 of GFR 2017.
- e) As and when any new policy and guideline is issued from Government of India, the same shall be made part of this manual with the approval of NMDC Management.



## **CHAPTER – 2**

### **2 GOI PURCHASE PREFERENCE POLICIES**

Ministries under GoI issue notifications / orders related to public procurement applicable to Central Government Ministries, Departments, and Public Sector Undertakings. All extant purchase policies / notifications issued by Government of India for Central Public Sector Undertakings, wherever applicable, shall be followed by NMDC.

MM Department shall incorporate changes related to any amendments issued regarding the relevant policies, add new preferential / mandatory purchase policies issued by any ministry / regulatory authority under GoI, remove preferential / mandatory purchase policies discontinued by the corresponding ministry / regulatory authority under GoI and issue the updated manual post approval of C/A.

All the applicable guidelines/ OMs issued by GoI will be updated at the [NMDC website](#) and Inter-Departmental Office Orders/ Circulars will be updated at [nmdchyd](#) intranet from time to time. All Projects /Units should see and follow the same from time to time.

In addition to above, CVC guidelines issued by respective authorities from time to time shall be referred and followed.

#### **2.1 RESERVATION OF SPECIFIC ITEMS FOR PROCUREMENT FROM MICRO AND SMALL ENTERPRISES (MSEs)**

To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure items reserved for procurement exclusively from MSE [presently 358 (three hundred and fifty-eight) items including eight items of Handicrafts) from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. The latest list can be found on the MSME Ministry's website. Ministry of MSME has clarified that the laminated paper Gr. I, II and III are not covered under the paper conversion product (SI.No.202) of the Public Procurement Policy. NSIC may be contacted to locate the sources of such reserved items.  
<https://www.dcmsme.gov.in/schemes/listof358itemsreserved.pdf>

For procurement of items reserved for MSEs, tender document should clearly indicate that the purchase will be made from suppliers falling the category of MSEs with registrations as per the policy. Items in this list may be procured from non-MSE firms if no offer is received from MSEs in the first tender issued to MSEs only.

## 2.2 PUBLIC PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES (PPP-MSEs:2012) (Rule 153 (ii) of GFR 2017)

### 1) THE POLICY:

From time to time, the Government of India (Procuring Entity) lays down procurement policies to help inclusive national economic growth by providing long-term support to micro, small and medium enterprises, and disadvantaged sections of society. The Procurement Policy for Micro and Small Enterprises, 2012 [amended 2018 and 2021] has been notified by the Government in the exercise of the powers conferred in Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, which is mandatory to be followed by Central Government Ministries/ Departments/ Public Sector Undertakings. Details of the policy, along with the amendments issued in 2018 and 2021, are available on the MSME website.

### 2) ELIGIBILITY:

- a) Micro and Small Enterprises (**MSEs**) **registered under Udyam Registration** are eligible to avail the benefits under the policy.
- b) This Policy provides preferential procurement of goods produced and services rendered by MSEs. Traders/ distributors/ sole agents/ Works Contract are excluded from the purview of the policy.
  - i) In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all nontax benefits of the category (micro, small, or medium) it was in before the re-classification, for a period of three years from the date of such upward change.
  - ii) MSEs would be treated as owned by SC/ST or Women entrepreneurs:
    - 1) In the case of proprietary MSE, proprietor(s) are SC /ST or Woman;
    - 2) In the case of partnership MSE, the SC/ ST or Women partners hold at least 51% (fifty-one per cent) shares in the unit;
    - 3) In the case of Private Limited Companies, SC/ ST or Women promoters hold at least 51% (fifty-one per cent) share.

### 3) APPLICABILITY AND EXEMPTIONS

- a) The policy is applicable to Central Government Ministries/ Departments/ Public Sector Undertakings
- b) The policy is not applicable to State Government Ministries/ Departments/ State PSEs, but they have similar policies applicable in their state.
- c) **Exemptions:** Given their unique nature, defence armament imports shall not be included in computing the 25 (twenty-five) per cent goal for the Ministry of Defence. In addition, defence equipment like weapon systems, missiles, etc., shall remain out of the purview of such a reservation policy. Monitoring of goals set under the policy will be done,

as far as they relate to the Defence sector, by the Ministry of Defence itself in accordance with suitable procedures to be established by them.

#### 4) FACILITIES FOR MSE

- a) **Reduced Transaction Costs:** To reduce the transaction cost of doing business, MSEs will be facilitated by providing them tender documents free of cost, exempting MSEs from payment of earnest money deposits, and adopting e-procurement to bring transparency in the tender process. However, **exemption from paying Performance Bank Guarantee/ Security Deposit is not covered under the policy.**
- b) **Relaxation in Prior Turnover and Experience:** The Procuring Entity may relax the condition of prior turnover and prior experience for start-up enterprises recognized by the Department for Industry & Internal Trade (DPIIT), subject to meeting quality & technical specifications. Startups may be MSMEs or otherwise. Such relaxation can be provided in the case of procurement of works as well. It is further clarified that such relaxation is not optional but normally has to be ensured, except in case of procurement of items related to public safety, health, critical security operations and equipment, etc.) where adequate justification exists for the Procuring Entity not to relax such criteria. **The decision of the Procuring Entity in this regard shall be final.**
- c) **Timely Payments:** Chapter V of the MSMED Act, 2006, also has provisions for ensuring timely payments to the MSE suppliers. The period agreed upon for payment must not exceed **45 (forty-five) days** from the deemed acceptance of the materials supplied by the MSMEs; in case of any discrepancies in the supplies, then the Procuring Entity shall raise an objection to the MSME supplier **within 15 days** from the date of receipt of materials if such objection is not raised, then it will be taken as deemed acceptance. For delays in payment, the buyer shall be liable to pay compound interest to the supplier on the delayed amount at three times the bank rate notified by the Reserve Bank. For arbitration and conciliation regarding the recovery of such payments and interests, the Micro and Small Enterprises Facilitation Council has been set up in various states.

#### 5) PURCHASE PREFERENCE:

- a) Under the amended Public Procurement Policy for MSEs, Order 2012, the Central Government Ministries/ Departments/ **Public Sector Undertakings shall procure a minimum of 25 per cent of their annual value of goods or services from MSEs.** (In accordance with General Financial Rules, 2017, Rule 153-(ii)).
- b) The annual goal of procurement from MSEs also includes subcontracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by the National Small Industries Corporation. If a subcontract is given to MSEs, it will be considered as procurement from MSEs.



- c) In tender, if the L1 price is from someone other than an MSE, participating Micro and Small Enterprises (MSE) quoting prices within a price band of L1+15 (fifteen) per cent shall be allowed to supply up to 25 (twenty-five) per cent of the total tendered value by bringing down their price to L1 price. If there is more than one eligible MSE within such price band who agree to match the L1 price, the **25 (twenty-five) per cent quantity is to be distributed proportionately to them**

**NOTE:**

If the procuring entity negotiates with the non-MSE L1 bidder, the price band (L1+15%) should be calculated based on the original L1 price, not the lower negotiated price, and such eligible MSE bidders shall be called to match the new negotiated L1 price as per procedure mentioned above for placement of 25% quantity.

- i) Out of the target of 25% of annual procurement from MSEs (Not in the specific tender), the sub-target of 4% of annual procurement from MSEs is earmarked for procurement from MSEs owned by Scheduled Caste (SC)/ Scheduled Tribe (ST) entrepreneurs, and 3% of annual procurement from MSEs is earmarked for procurement from MSEs owned by women entrepreneur. However, in the event of failure of such MSEs to participate in the tender process or meet tender requirements and L1 price, the 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs and 3% earmarked to women entrepreneurs will also be met from other MSEs.
- ii) **In case the tender item cannot be split or divided**, etc., the MSE quoting a price within the band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, considering the spirit of the Policy for enhancing Govt. Procurement from MSEs.
- iii) When an L1 bidder is not a Micro and Small Enterprise (MSE), MSE bidders eligible for purchase preference under the policy are those whose prices fall within the preference margin of L1+15%. If the procuring entity negotiates with the L1 bidder, the preference margin (L1+15%) should be calculated based on the original L1 price, not the lower negotiated price. Such eligible MSEs should be invited to match the negotiated L1 price as per the policy.

**6) DEVELOPING MSE VENDORS**

The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organising Vendor Development Programmes (VDP) or Buyer-Seller Meets focused on developing Micro and Small Enterprises (MSEs) for procurement through GeM Portal. To enhance the participation of MSEs owned by SCs /STs/ Women in Government procurement, Central Government Ministries/ Departments/ CPSEs should conduct Special Vendor Development Programmes/ Buyer-Seller Meets for SC/STs and Women MSEs.

## 7) POLICY IMPLEMENTATION:

- a) A Review Committee has been constituted under the Chairmanship of the Secretary, Ministry of MSME, to monitor and review the Public Procurement Policy for MSEs. M/o MSME will review and/or modify the composition of the Committee as and when required. This Committee will, inter alia, review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis, consider requests from Central Government Departments CPSEs for exemption from 25 (twenty-five) per cent target on a case-to-case basis and monitor achievements under the Policy.
- b) To monitor the progress of procurement by Central Government Ministries/ Departments and CPSEs from MSEs, the Ministry of MSME launched the MSME 'Sambandh' Portal on 8th December 2017 for uploading procurement details by all CPSEs on a monthly and an annual basis, which the Ministry regularly monitors.
- c) To redress the grievances of MSEs related to non-compliance with the policy, a Grievance cell named "CHAMPION Portal" has been set up in the Ministry of MSME.
- d) A National SC/ST hub (NSSH - <https://scsthub.in/>) scheme was launched in October 2016 to provide handholding support to SC/ST entrepreneurs, and it is being coordinated / implemented by the NSIC under this Ministry.
- e) **Clarifications:** The office of the Development Commissioner (Micro, Small & Medium Enterprises) issued an FAQ on the Public Procurement Policy for MSE Order, 2012, which is in **Annexure 2-I (P-198)**.

## 2.3 PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA) ORDER 2017

To encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Department for Promotion of Industry and Internal Trade, in partial modification (Paras 2,3,5,10 & 13) of Order No. P-45021/2/2017-B.E-II dated 15.06.2017 as amended by Order No. P-45021/2/2017-B.E-II dated 28.05.2018, Order No. P-45021/2/2017-B.E-II dated 29.05.2019, Order No. P-45021/2/2017-B.E-II dated 04.06.2020 and Order No. P-45021/2/2017-B.E-II dated 16.09.2020 hereby issues the revised "Public Procurement (Preference to Make in India), Order 2017" dated 19.07.2024 effective with immediate effect.

**Whereas** it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

**Whereas** procurement by the Government is substantial in amount and can contribute towards this policy objective, and

**Whereas** local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

### 2.3.1 Now therefore the following Order is issued:

- 1) This order is issued pursuant to Rule 153(iii) of the General Financial Rules 2017.
- 2) **Definitions: For the purpose of this Order:**  
**‘Local content’** means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

#### **Explanatory notes for calculation of local content given above**

- a) Imported items sourced locally from resellers / distributors shall be excluded from calculation of local content.
- b) The license fees / royalties paid / technical charges paid out of India shall be excluded from local content calculation.
- c) Procurement / Supply of repackaged/refurbished/ rebranded imported products as understood commonly shall be treated as reselling of imported products and shall be excluded from calculation of local content. The definition of repackaged / refurbished / rebranded imported products is as follows:

**‘Refurbishing’** means repair or recondition of an imported product does not amount to manufacture because no new goods come into existence.

**‘Repackaging’** means repacking of imported goods from bulk pack to smaller packs would not ordinarily amount to manufacture of a new item.

**‘Rebranding’** means relabeling or renaming or change in symbol or logo / makes or corporate image of a company / organization / firm for an imported product would amount to rebranding.

- d) To ensure that imported items sourced locally from resellers / distributors are excluded from calculation of local content, procuring entities to obtain from bidders, the cost of such locally-sourced imported items (Inclusive of taxes) along with break-up on license / royalties paid / technical expertise cost etc. sourced from outside India. For items sold by bidder as reseller, OEM certificate for country of origin to be submitted.
- e) **For contracts involving supply of multiple items, weighted average of all items to be taken while calculating the local content.**



- f) **Class-I local supplier** means a supplier or service provider, whose goods, services or works offered for procurement meets the minimum local content as prescribed for 'Class-I local supplier' under this Order.
- g) **Class-II local supplier** means a supplier or service provider, whose goods services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under this Order.
- h) **Non-Local supplier** means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' under this Order.
- i) **L1** means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.
- j) **Margin of purchase preference** means the maximum extent to which the price quoted by a 'Class-I local supplier' may be above the L1 for the purpose of purchase preference.
- k) **Nodal Ministry** means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.
- l) **Procuring entity** means a Ministry or Department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.
- m) **Works** means all works as per Rule 130 of GFR-2017 and will also include 'turnkey works'.

### 2.3.2 Eligibility of 'Class-I local supplier' / 'Class-II local supplier' / 'Non-local suppliers' for different types of procurement:

- a) In Procurement of all goods, services or works in respect of which the Nodal Ministry / Department has communicated that there is sufficient local capacity and local competition, on 'Class-I local supplier', as defined under the Order, shall be eligible to bid irrespective of purchase value.
- b) Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, shall be eligible to bid in procurement undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'. In procurement of all goods, services or works not covered by sub-para 3(a) above, and with **estimated value of purchases less than Rs. 200 Crore**, in accordance with Rule 161(iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure.

- c) For the purpose of this Order, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

### 2.3.3 CLARIFICATION FOR LOCAL CONTENT CALCULATION

The bidders offering imported products will fall under the category of Non-Local suppliers. **They cannot claim** themselves as Class-I local suppliers/ Class-II local suppliers **by claiming** the services such as transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. as local value addition.

**DPIIT OM No: P-45021/102/2019-BE-II/Part(1) (E-50310) dt:04.03.2021**

### 2.3.4 PURCHASE PREFERENCE

- a) Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to 'Class-I local supplier' in procurement undertaken by procuring entities in the manner specified hereunder.
- b) In the procurement of goods or works, which are covered by 3(b) above and **which are divisible in nature**, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure.
- Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.
  - If L1 bid is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price for the remaining 50% quantity subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.
- In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I local supplier' within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.
- c) In the procurement of goods or works, which are covered by para 3(b) above and **which are not divisible in nature**, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local

supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure.

- i). Among all qualified bids, the lowest bid will be termed as L1. If L1 is a Class-I local supplier, the contract will be awarded to L1.
- ii). If L1 is not 'Class-I local supplier', the lowest bidder among the local suppliers, will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' fails to match the L1 price.
- iii). In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I local supplier' with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.
- d) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by procuring entities.

**NOTE:**

Negotiations shall not be conducted with bidders as a matter of routine. For recorded reasons negotiations may be conducted with L1 bidder with the approval of Competent Authority. In such case the eligible Class-I MSE/Non-MSE bidder will have to match Negotiated L1 Price. The margin of preference (20% for Class-I MSE/ Non-MSE) shall be based on pre-negotiated L1 price but all other criteria defined above shall be based on Negotiated L1 price.

**2.3.5 Applicability in tenders where contract is to be awarded to multiple bidders – In tenders where contract is awarded to multiple bidders subject to matching of L1 rates or otherwise, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:**

- a) In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only 'Class I Local Suppliers'.
- b) In other cases, 'Class II local suppliers' and 'Non local suppliers' may also participate in the bidding process along with 'Class I Local suppliers' as per provisions of this Order.
- c) If 'Class I Local supplier' qualify for award of contract for at least 50% of the tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents. However, in case 'Class I Local suppliers' do not qualify for

award of contract for at least 50% of the tendered quantity, purchase preference should be given to the 'Class I local supplier' over 'Class II local suppliers' / Non local suppliers' provided that their quoted rate falls within 20% margin of purchase preference of the highest quoted bidder considered for award of contract so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract for at least 50% of the tendered quantity.

- d) First purchase preference has to be given to the lowest quoting 'Class-I local supplier', whose quoted rates fall within 20% margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting 'Class-I local supplier', does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher 'Class-I local supplier', falling within 20% margin of purchase preference, and so on.
- e) To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to 'Class-I local supplier' within the broad policy guidelines stipulated in sub-para above.

### 2.3.6 EXEMPTIONS OF SMALL PURCHASES

Notwithstanding anything contained in paragraph 3, procurement where the estimated value to be procured is **less than Rs. 5 lakhs** shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.

- 2.3.7 Exemption in sourcing of spares and consumables of closed systems:** Procurement of spare parts, consumables for closed systems and Maintenance / Service contracts with Original Equipment Manufacturer / Original Equipment Supplier / Original Part Manufacturer shall be exempted from this Order.

### 2.3.8 Minimum local content:

The 'local content' requirement to categorize a supplier as '**Class-I local supplier**' is **minimum 50%**. For '**Class-II local supplier**', the '**local content**' requirement is **minimum 20%**. Nodal Ministry / Department may prescribe only a higher percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier' / Class-II local supplier'. For the items, for which Nodal Ministry / Department has not prescribed higher minimum local content notification under the Order, it shall be 50% and 20% for 'Class-I local supplier' / 'Class-II local supplier' respectively.



### 2.3.9 Margin of Purchase Preference

The margin of purchase preference shall be **20%**.

### 2.3.10 Requirement for specification in advance

The minimum local content the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.

### 2.3.11 VERIFICATION OF LOCAL CONTENT

- a) The 'Class-I local supplier' / 'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide **self-certification** that the item offered meets the local content requirement for 'Class-I local supplier' / 'Class-II local supplier', as the case may be. They shall also give details of the location(s) at which the local value addition is made. **Annexure 2-I (P-198)**.
- b) In cases of **procurement for a value in excess of Rs. 10 crores**, the 'Class-I local supplier' / 'Class-II local supplier' shall be required to provide a certificate from the **statutory auditor or cost auditor** of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content. **Annexure 2-I (P-199)**.
- c) The bidder shall give self-certification for local content in the quoted item (goods/works/services) at the time of tendering. However, at the time of execution of the project, for all contracts above INR 10 Crore, the contractor / supplier shall be required to give local content certification duly certified by cost / chartered accountant in practice. For cases where it is not possible to provide certification by Cost / Chartered Accountant at the time of execution of project, the supplier shall be permitted to provide the certificate for local content from Cost / Chartered Accountant after completion of the contract, within time limit acceptable to the procuring entity. In case the contractor / supplier does not meet the stipulated local content requirement and the category of the supplier changes from Class-I to Class-II / Non-local or from Class-II to Non-local, a **penalty upto 10% of the contract value may be imposed**. However, contract once awarded shall not be terminated on this account.
- d) Decision on complaints relating to implementation of this Order shall be taken by the Competent Authority which is empowered to look into procurement-related complaints relating to the procuring entity.

- e) Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's / accountant's certificates on random basis and in the case of complaints.
- f) Nodal Ministries and procuring entities may prescribe fees for such complaints.
- g) False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151(iii) of the General Financial Rules along with such other actions as may be permissible under law.
- h) A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph below.
- i) The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
  - i). The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry / Department or in some other manner.
  - ii). On a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s):
  - iii). In respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

#### **2.3.12 SPECIFICATIONS IN TENDERS AND OTHER PROCUREMENT SOLICITATIONS**

- a) Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.
- b) Procuring entities shall endeavor to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of 'Class-I local supplier' / 'Class-II local supplier' who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.

- c) Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.

### **2.3.13 RECIPROCITY CLAUSE**

- i). When a Nodal Ministry / Department identifies that Indian suppliers of an item are not allowed to participate and / or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GeM for appropriate reciprocal action.
- ii). Entities of countries which have been identified by the nodal Ministry / Department as not allowing Indian companies to participate in their Government procurement for any item related to that nodal Ministry shall not be allowed to participate in Government procurement in India for all items related to that Nodal Ministry / Department, except for the list of items published by the Ministry / Department permitting their participation.
- iii). The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry / Department.
- iv). State Governments should be encouraged to incorporate similar provisions in their respective tenders.
- v). The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.

### **2.3.14 Guidelines issued by DoE/ DPIIT/ Ministry on "Public Procurement (Preference to Make in India), Order 2017" shall be followed from time to time.**

### **2.3.15 DISTRIBUTION OF QUANTITY W.R.T PPP-MSE & PPP-MII POLICIES COMBINATION**

Distribution of Quantity with reference to two Preferential Procurement Orders (i.e. PPP-MSE Order and PPP-MII Order) shall be as per DoE OM No: F.1/1/2023-PPD dtd: 18/05/2023 or as per any OMs issued subsequently by Gol from time to time [Annexure 2-II \(P-200\)](#).

## 2.4 RESERVATION OF PROCUREMENT OF CERTAIN CLASS OF PRODUCTS FROM CERTAIN AGENCIES - KHADI GOODS/ HANDLOOM TEXTILES

Ministry of Textiles, GoI has reserved all Khadi goods for exclusive purchase from Khadi & Village Industries Commission (KVIC). Of all items of textiles required by Central government departments / PSU's at least 20% must be procured from amongst items of handloom origin and shall be exclusively purchased from KVIC and/or Handloom clusters such as Co-operative societies, Self Help Group (SHG) Federations, Joint liability Group (JLG), Producer companies (PC), Corporations etc. including weavers having Pehchan cards.

GFR rule 153 and **Order No. F.10/2/2019-PPD(Pt) dated 17.02.2020** issued by Ministry of Finance, Department of Expenditure regarding amendment to GFR Rule 153 shall be referred for procurement of textiles. In case of any new amendments or orders / notifications issued by GoI regarding this policy, the same shall be followed.

## 2.5 RESERVATION OF PROCUREMENT OF CERTAIN CLASS OF PRODUCTS FROM CERTAIN AGENCIES – PHARMACEUTICALS FROM PHARMACEUTICAL CPSEs

**The pharmaceuticals Purchase Policy, 2013** is intended to ensure

- 1) Optimum utilization of the installed capacity and to provide necessary fillip in reviving these ailing pharmaceuticals CPSEs.
- 2) Availability of quality medicines at low prices to the masses.
- 3) Drugs security of the nation.

### THE SALIENT FEATURES OF THIS POLICY ARE AS FOLLOWS

The Pharmaceuticals Purchase Policy, 2013 issued by Department of Pharmaceuticals, directs all Ministries / Departments / PSU's of Central as well as State Government to grant exclusive purchase preference to Central Pharma PSUs in case of 103 notified medicines.

Of the **5 Central Pharma PSUs** under Department of Pharmaceuticals, GoI has decided to close 2 of them, Indian Drugs & Pharmaceuticals Ltd (IDPL) and Rajasthan Drugs & Pharmaceuticals Ltd (RDPL). GoI has also decided to strategically disinvest the other three Central Pharma PSU's – Hindustan Antibiotics Ltd (HAL), Bengal Chemicals & Pharmaceuticals Ltd (BCPL) and Karnataka Antibiotics & Pharmaceutical Ltd (KAPL).

The Pricing of the products would be done by National Pharmaceutical Pricing Authority (**NPPA**) using the cost-based formula, as mentioned in the Drugs Price Control Order, 1995. A uniform discount of 16% would be extended to all products. All the taxes, whatsoever, would have to be passed on to buyers.



Annual revision of the prices would be linked to Wholesale Price Index as per provisions contained in drugs Prices Control Order,2013.

The Pharmaceuticals Purchase Policy, 2013 policy was initially approved for 5 years. Gol has extended the policy till final closure or sale of Central Pharma PSUs. The current list of **103 specified medicines** to be procured from Central Pharma PSUs w.r.t

Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, OM 50(9)/2010-PI-IV Dtd 10/12/2013

## **CHAPTER – 3**

### **3 MATERIAL CONTROL**

Material Control (MC) Section will cover functions related to material planning, classification, codification etc. Periodical monitoring of inventory buildup, trend of consumption, moving/ non-moving inventory, insurance items etc. will be carried out by Material Control Section. Depending upon the analysis of the results of inventory, further action for reducing inventory holding, achieving higher inventory turnover ratio etc. shall be initiated by Material Control Section at Head Office in consultation with the individual projects / units.

#### **3.1 MATERIALS CLASSIFICATION**

**3.1.1** For purpose of planning, it is necessary to classify the materials. Materials are classified into the following categories as per ERP.

S.NO	CODE	DESCRIPTION
i.	ZROH	RAW MATERIALS
ii.	ZSPR	SPARES
iii.	ZCON	CONSUMABLES
iv.	ZTOL	TOOLS
v.	ZPOL	OIL & LUBRICANTS
vi.	ZEXP	EXPLOSIVES
vii.	ZCIV	CIVIL ITEMS
viii.	ZCAP	CAPITAL ITEMS
ix.	ZMED	MEDICINES
x.	ZNVL	NON-VALUATED ITEMS (Only Qty updated and not value)
xi.	ZSCR	SCRAP MATERIALS

**3.1.2** These are also classified and reviewed as fast moving, slow moving, non-moving and insurance items.

- i) Fast moving item is an item which has moved at least once in a year.
- ii) Slow moving item is an item that has not moved at least once in a year but has moved at least once in last five years.
- iii) Non-Moving items is that item which has not moved for the last five years.

#### **3.1.3 MATERIAL REQUIREMENT PLAN – MRP/ AUTOMATIC REPLENISHMENT SYSTEM (ARS) ITEMS**

MRP(ARS) items are normally regular consumable and fast-moving items that are generally of low unit value. MRP(ARS) items shall be projects specific and shall be reviewed annually. Any addition/ deletion of MRP(ARS) items shall be done as per the approval of HoP.

Efforts should be made to cover only regular consumable items under this category and care should be taken for non-inclusion of items which are slow moving in MRP(ARS) category.

Reordering level for MRP(ARS) items will be fixed considering the **safety stock** requirement and the expected **lead time** for procuring the item. Safety stock will be decided based on the criticality of the item, lead period for procurement, degree of safety required and unit cost of the item.

#### **CONSUMPTION NORMS:**

With regard to MRP Items, realistic, practical norms would be laid against which consumption would be compared and improvements made.

In case the physical stock figures and those on ERP system do not tally, urgent action would be taken and special efforts would be made to reconcile the figures, otherwise this would interfere with forecasting and availability of items.

### **3.2 INVENTORY ANALYSIS & MATERIAL PLANNING**

Growth of inventory holding, and utilization of the available resources needs to be checked periodically both in material and financial terms, to enable better material planning.

Emphasis will be on checking growth of inventory holding and better utilization of the available resources both in material and financial terms. As much as possible, required information / reports for these analysis / initiatives shall be generated from ERP system.

#### **The following analysis / initiatives would be conducted in this regard:**

- 1) Non-moving analysis
- 2) ABC analysis
- 3) High value holding analysis (XYZ)
- 4) Review of slow-moving items
- 5) Indigenous Development
- 6) Review of pending orders and indents
- 7) Inventory Analysis monthly code group wise

#### **3.2.1 NON-MOVING ITEMS ANALYSIS**

Items **not moved for 5 years** will be scrutinized by a technical committee for its utilization or otherwise. Steps would be taken at project so that Purchase Requisitions for non-moving items are not raised again, until the existing stocks are utilized.

All items held in stock will be subjected to non-movement analysis segregating the items for different non movement periods like **over 5 years, over 8 years and over 10 years** so as to critically analyze the possibility of utilization of these items or otherwise for declaring obsolete especially those which have not moved for more than 5 years. This analysis will be jointly done by Materials Management Department with the concerned User Departments at the project. If still not required, these items would be processed for obsolete declaration as detailed in **Chapter - 11** of this manual.

List of non-moving items that have not moved for different periods across the projects / units shall be generated from ERP system by HO and circulated to all projects / units to help its utilization and reduce further Purchase Requisitions of those items by other projects / units.

Every effort will be made to keep non-moving inventory as low as practicable because this is non-productive inventory which is blocking the capital, storage space, needing preservation and upkeep efforts and resulting in extra inventory carrying cost. The non-moving inventory is to be reduced as far as possible by regular review for utilization or by declaring as obsolete.

### 3.2.2 ABC ANALYSIS (ANNUAL REPORT)

3.2.2.1 All spares and stores other than construction stores meant for specific construction activities should be subjected to **consumption (value wise) analysis** covering specific periods.

- a) Items constituting **70%** of the total annual consumption by value will be classified as '**A**' class items. Only about 10% items by number would normally come under this category.
- b) Items constituting the next **20%** of annual consumption value will be classified as '**B**' class items. About 20% items by numbers would fall under this classification.
- c) The remaining moving items constituting **10%** consumption value would be classified as '**C**' Class items. Very large number (70%) of items by numbers would fall under this classification whose consumption value would be comparatively very low.

#### 3.2.2.2 CONSUMPTION CONTROL

ABC analysis helps in controlling 70% consumption value by concentrating only on few items under 'A' Category. Hence highest-level control for these 'A' items while indenting, ordering, follow up, stocking and consumption would be exercised to control 70% consumption items. These items should be given minute and regular attention and reviewed at regular intervals.

Requirement of 'A' items should be analyzed minutely, specifications subjected to value analysis / value engineering, ordering with minimum lead period, monitoring of stock holding of such items, phasing of supplies in smaller lots to be received more frequently to avoid holding big stocks, high level and live wire follow up for supplies to ensure all time availability, and regular analysis for control of consumption reducing wastages/ leakages and co-relation to the ultimate product.

Similarly, 'B' class items would require middle level control in indenting, ordering, stocking, and consumption. These items should be given medium level attention.

'C' category items should be liberally indented and stocked to ensure availability of most of the consumption items so that more energy and resources are devoted in controlling other activities.



- 3.2.2.3 Normally, ABC report shall be generated on **yearly basis** at the end of the financial year, based on the total annual consumption for the financial year.
- 3.2.2.4 ABC items would be listed code group wise, for detailed analysis. ABC list would be supplied equipment wise to the concerned departments for reference and control.

### 3.2.3 HIGH VALUE HOLDING ANALYSIS (XYZ) (ANNUAL REPORT)

- 3.2.3.1 Inventory holding of each project will also be analyzed with reference to **value of the holdings against each item**.
- a) It is found that about **70%** of the total cumulative holding would be covered by very small percentage of items by number which may be around 10%. This category would be classified as, '**X**' class items.
  - b) Similarly, items accounting for **20%** of the total holding would be categorized as, '**Y**' class items and would be listed and controlled for indenting and consumption at middle level at each project.
  - c) The remaining inventory holding items accounting for only **10%** by value will be classified as, '**Z**' class items and would receive lower-level attention.
- 3.2.3.2 The list of, 'X' class items would be regularly reviewed with reference to Purchase Requisitions and consumption at very senior level in the project.
- 3.2.3.3 'X' class items without any movement for 5 years and 10 years would be separately listed and critically analyzed for its use or declaration as obsolete. Very high-level review should be carried out of such items.

The list of 'X' class items will be reviewed and analyzed with reference to past consumption and critical control would be exercised at the time of its indenting and ordering. Efforts should be made to phase deliveries of such high value holding items.

- 3.2.3.4 Corrective steps may be suggested for reviewing PRs and orders for list of items with excessive buildup of inventory, compared to the rate of consumption. These lists will also be circulated to all the projects after **consolidation at Head Office** and would be used for inter-project transfer of such items to avoid holding of similar stocks by different projects.

### 3.2.4 REVIEW OF SLOW-MOVING ITEMS

All slow-moving items shall be **reviewed on yearly basis** by MM Dept. Utmost care should be taken while indenting slow moving items as these items are likely to add to the non-moving inventory and building up of the inventory at the project.

### 3.2.5 INDIGENOUS DEVELOPMENT

After listing out all imported spares and stores in stock, these would be subjected to sustained effort for indigenous development on selective basis at a time for regular moving items. Few items would be selected each year for indigenous development by each project and necessary drawings and other particulars would be worked out and quotations obtained, discussions made on salient points and trial orders be placed as per provisions in this manual (chapter-9). The indigenous development orders will be processed in consultation with user departments.

Material Control (MC) Section at projects shall also co-ordinate the indigenous development of imported items and will monitor the performance of such indigenously developed items and maintain a regular record of the same. Such information will also be consolidated and conveyed to the projects. Only such sources as found satisfactory will be approached for getting regular supplies. Concerned projects will provide performance data of indigenously developed items at regular intervals.

### 3.2.6 REVIEW OF PENDING ORDERS AND PRs

Material Control (MC) Section will monitor the progress of various pending Purchase Requisitions (PRs) and pending orders through corresponding reports generated by ERP system on monthly basis.

POs & PRs pending for release of PO for **more than 365 days** for various projects would be regularly monitored for order placement and supplies. Monthly statement would be submitted to the Heads of projects and Functional Director at HO.

Post Review, the old POs & PRs must be deleted in the ERP system subject to approval of C/A.

### 3.2.7 INVENTORY ANALYSIS MONTHLY CODE GROUP WISE

Inventory held at various projects will be monitored on monthly basis by the respective projects as well as at the corporate level. This statement will also show the monthly issues, receipts against different code groups. This statement will be drawn on monthly basis from the ERP system. This monitoring will be co-related with reference to the opening balances at the beginning of the previous three financial years for each code wise and for the total inventory holding.

**FOLLOWING SELECTIVE APPROACH COULD BE ADOPTED FOR ACHIEVING DESIRED RESULTS:**

- a) Material Planning, classification and inventory control would play a very vital role in achieving proper inventory control.
- b) Material control section at projects will progress the indents with respective purchase offices and obtain progress reports of order placements, number of items covered and funds utilized there against on monthly basis.
- c) Fixing of various stock holding levels - Generally stock items of selected regular moving nature (Automatic Replenishment system - ARS items) will be subjected to fixing various stock levels as under:
- d) Maximum stock level - This will be based on safety stock, review period frequency consumption and lead time consumption.
- e) Re-ordering level: This will include safety stock and lead time consumption.
- f) Minimum stock level: Minimum will be equal to the safety stock.
- g) Safety stock: Safety stock will be fixed according to the criticality of the item and lead period for procurement and degree of safety required, and unit cost of the item.
- h) Inventory Planning and control functions at Head Office shall be controlled by M C section at HO in association with different units.
- i) Periodical monitoring of inventory buildup, trend of consumption, moving/non-moving inventory, insurance items etc. will be carried out at Head Office by MC section.
- j) Depending upon the analysis of the results of inventory, further action for reducing inventory holding, achieving higher inventory turnover ratio etc. shall be initiated by MC at Head Office in consultation with the individual units on quarterly basis.
- k) MC at Head Office shall also obtain reports on consumption of selected high value items on quarterly basis and analyse them with reference to the corresponding production. Based on this analysis the units will be advised to exercise control on such items which show higher consumption per units of production.
- l) MC Section at Projects will be responsible for receipt, registration, scrutiny of indents regarding specifications, drawings, budgets and RC items, conducting review meeting of slow-moving spares and getting approval of the same by the competent authority.

- m) The import licences whenever required are to be processed by HO-MC section in consultation with purchase section at Head office. The positions of export obligations redemptions / letter of undertaking / BG submitted for obtaining licence and clearance of import consignments are to be monitored by MC section.
- n) Any item locally manufactured would be shown against respective equipment and recorded in the history sheet and should be taken into account for forecasting.
- o) Forecasting of the spares would be done for running repairs and over hauls separately which may be clubbed later to decide the total requirement.

### **3.3 BUDGETING**

STANDARD OPERATING PROCEDURE FOR BUDGET INDICATED IN THE DOP SHALL BE FOLLOWED FROM TIME TO TIME.

### **3.4 MATERIALS CODIFICATION**

Material Group codes generated by ERP system for various equipment types can be referred in [Annexure 3-I \(P-208\)](#).



## **CHAPTER – 4**

### **4 PURCHASE REQUISITIONS AND SPECIFICATIONS**

#### **4.1 PURCHASE REQUISITION**

##### **4.1.1 RAISING OF PURCHASE REQUISITION (PR)**

- a) PR for operational spares and stores (Annual PRs & Piecemeal PRs) will be prepared by user. All efforts will be made to reduce the piecemeal PRs.
- b) The explosives PRs will be prepared by Mining Department.
- c) The PRs under MRP(ARS) should be generated by ERP system. Materials Management Department shall be responsible for ensuring PRs under MRP(ARS) are generated on monthly basis. **PR under MRP(ARS) should be Vetted by Finance.**
- d) In respect of Feasibility Units, GEC (Global Exploration Centre -Raipur) Research Development Laboratories and construction projects PRs may be raised by respective User Departments.
- e) PRs for capital equipments and piecemeal requirements shall be prepared by the respective User Departments separately.

The officer raising the PR shall include detailed specifications, drawings (scanned copies to be uploaded in ERP system along with PR) as applicable. In addition, a reference to AMR or approval to the replacement programme and to budget sanction (wherever applicable) shall be indicated in WBS element of PR.

- f) For equipment & spares of long delivery period, projects can do advance planning and if necessary, PR can be raised for the next 2 years, provided the procurement budget is provisioned for that year.

Document Type codes as per ERP to be used for raising PR

S.NO	DOCUMENT TYPE	MATERIAL CLASSIFICATION
i.	ZANN	ANNUAL REQUISITION
ii.	ZCAP	CAPITAL REQUISITION
iii.	ZCOM	COMPOSITE PR
iv.	ZNB	INTER STOCK REQUISITION
v.	ZUB	INTRA STOCK REQUISITION
vi.	ZPIC	PIECEMEAL REQUISITION
vii.	ZPRJ	PROJECT REQUISITION
viii.	ZREG	REGULARIZING REQUISITION
ix.	ZSER	SERVICE REQUISITION
x.	ZSUB	SUB CONTRACTING REQUISITION

xi.	ZDIR	RAW MATERIALS PR
xii.	ZEXP	EXPLOSIVES
xiii.	ZMRP	ARS ITEMS

#### 4.1.2 GUIDELINES FOR RAISING PURCHASE REQUISITION (PR)

- a) PR estimates are to be made on destination costs i.e., all-inclusive basis, after considering freight, insurance, taxes etc. The eligibility of Input Tax Credit & Net Price Implication also needs to be indicated in the PR.
- b) **Signing of PRs:** Only Officers are authorized to sign / e-sign / provide online clearance for the PRs.
- c) The Material Type (Capital, Raw materials, Spares, Consumables etc.) for the items should be selected while raising the PR. The type of PR (Document type) – Annual / Piecemeal / Regularizing etc. should also be selected when raising the PR.
- d) **PR FOR PROPRIETARY ITEMS**  
Where procurement from a particular source or sources is recommended adequate justification for recommending the particular source is to be given along with the PR, supported by the proprietary Article certificate (PAC) wherever required, duly approved by the Competent Authority [Annexure- 4-I \(P-215\)](#).  
User dept shall furnish the details of efforts made for reverse engineering to develop alternative sources.
- e) Clear marketable specifications and / or full particulars must be given with the PR. Specifications are to be properly checked by the concerned User Department (Production, Service, Plant etc.) who will be responsible for the correctness of the specifications.  
PRs has to be tagged as Proprietary/ Nomination in customer data tab in SAP System.
- f) **As far as possible, there should be a separate PR for each category of material**, for example, electrical stores and mechanical stores should not be combined in one PR form unless they are proprietary items of one manufacturer. Normally PRs would be raised according to code groups.
- g) The estimated quantities in PRs should be in conformity with the production targets, consumption pattern of last 3 years, new additions of the equipment & removal of old equipment from the fleet. However, for critical items such as conveyor belts, OTR tyres, TCRR bits etc. the PRs are required to be made based on production targets for the subsequent year. In case of any deviations, the specific justifications are to be recorded on case-to-case basis.

- h) **For procurement of Capital Equipment, the next 05 years plan needs to be considered while generating PRs.**
- i) In case, it is required to place order on more than one source, the User shall specify so in the PR giving the maximum number of suppliers/contractors to be engaged, justifying the reasons for the same.

#### 4.1.3 COMPLETENESS OF PURCHASE REQUISITION (PR)

- a) The PR should be complete in all respects i.e., Generalized Specifications and Scope of work, part number, description, quantity, last purchase rate with orders and supplier reference/ estimated rate along with warranty, PQC terms and conditions and drawings wherever applicable and funds confirmation etc.

User department must clearly specify that, the Items covered in PR are DIVISIBLE (OR) NON-DIVISIBLE in nature.

- b) The check list giving/confirming various aspects required to be complied which is also to be furnished while forwarding the PR/ Indent to HO. Detailed steps may be referred at **Clause No: 4.4.**
- c) Under the last purchase rate, the office raising the PR should give rate of last purchase if any or budgetary offer price should be taken if the item is being purchased for the first time.

#### 4.2 PURCHASE REQUISITION (PR) ESTIMATE

The estimated cost in the indent is a vital element in various procurement processes, approvals and establishing reasonableness of prices at the time of evaluation of the bids. Therefore, it should be worked out in a realistic and objective manner. The prevailing market price ascertained through a market survey or budgetary quotations from prospective suppliers or published catalogues/Maximum Retail Price (MRP) printed on the item is the main source for establishing the estimated cost of items for which no historic data is available. It may be noted that MRPs usually include significant margins for distributors, wholesalers and retailers.

**Estimates of procurement should be prepared with due diligence, keeping in view inflation, technology changes, profit margins etc.**

**The PR estimate should be on FOR Destination Cost basis (Including all taxes and duties) considering the following:**

- i) **Basic Cost**
- ii) **Packing & Forwarding Charges: 2%**
- iii) **Freight: 2% upto 1000 Kms and 3% for beyond 1000 Kms.**
- iv) **Insurance: 0.15%**
- v) **GST at the prevailing rate**

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**Following guidelines are to be followed for estimate rate assessment:**

**4.2.1 Where Last Purchase Rate (LPR) Is available**

- i). **LPR less than 3 years old may be used.** Care may be taken to ensure that LPR of same, similar, and nearly equivalent requirements is considered. Basic Cost of LPR from Purchase Order of other projects / units of NMDC shall also be considered for PR estimate.
- ii). **Date of Purchase Order (PO)/ latest Price Amendment shall be the reference date to be used for calculating the age of LPR.**
- iii). LPR may also be adjusted for foreign exchange fluctuation and for any changes in taxes & duties to arrive at a revised PR estimate.
- iv). In case the price of the item has increased or decreased significantly from the last purchase, any evidence for the same shall be given and a revised estimate based on such evidence shall be adopted for establishing the reasonability of the offered price.

**4.2.2 Where no LPR is available – Budgetary Quotes**

The best way to get a fair assessment of costs is **by obtaining budgetary quotes from potential parties. Ideally, there should be three quotes. Lowest Price among three quotes shall be taken as the PR/ Indent estimate.** However, there is need to have a time schedule for receipt of quotes to ensure some timeframe for this activity. Thus:

- i). An attempt should be made to obtain as many budgetary quotes as possible from reputed/potential firms and a time of **14 (Fourteen) days** be indicated therefore. In the event of receipt of less than three budgetary quotes, **two extensions of up to 07 (Seven) days each** may be considered; and
- ii). In the event of non-availability of three quotes **within the two extended periods**, the estimates should be prepared on the basis of the number of budgetary quote(s) received, which may even be one; and where more than one budgetary quote is received, the estimate should be framed on the **Lowest budgetary quote**.

**4.2.3 For proprietary / Nomination procurement**

In cases of procurement on proprietary/ Nomination **for which no LPR is available**, the **OEM/OES/OPM/ Authorised Dealer's/ Distributor's price list / rates** along with the applicable discounts shall be obtained for preparing the estimates.

#### 4.2.4 For items **covered** under existing Rate / Running Contracts, Depot /COLD agreements etc.:

**No cost estimation is necessary.** Unit price as per the relevant agreement ruling on the date that covers supply of the items shall be filled by the User or auto adopted by ERP as PR Estimate.

#### 4.2.5 Where no LPR is available – Cost Analysis:

Cost analysis based on costs of various components / raw materials of the item by internal or external expert costing agencies provides a reliable estimate of cost.

#### 4.2.6 Where no LPR is available, and Cost Analysis is not feasible:

In such situations, a rough assessment of cost can be arrived at but should be used with caution for evaluation of the reasonableness of bids:

- i) Rough assessment from the price of the assembly/ machine of which the item is a part or vice versa;
- ii) Published catalogues/ Maximum Retail Price (MRP) printed on the items is the main source for establishing the estimated cost of items. It may be noted that MPRs usually include significant margins for distributors, wholesalers, and retailers;

#### 4.2.7 Updation of LPR Data:

LPR data can be supplemented with escalations to cater for inflation, price increases of raw materials, labour, energy, statutory changes, price indices, and so on, to make them usable in conditions prevailing currently.

In case of foreign currencies, the rate should be reduced to a common denomination of Indian Rupees. Price indices can be obtained from the following websites. Some may require prior free registration and some paid subscription:

- i) For price indices of indigenous items:  
<http://www.eaindustry.nic.in/home.asp.in> (Ministry of Industry);
- ii) For metals and other minerals: <http://www.mmronline.com/> or  
<http://www.metalprices.com/index.asp> or  
<http://www.asianmetal.com/>;
- iii) For price trends of nonferrous details; London Metal Exchange -  
<https://www.lme.com/> gives price trends of nonferrous details, which often show volatile trends;
- iv) Other useful sites: <http://www.tradeintelligence.com/> and  
<http://www.cmie.com/> (Centre for Monitoring Indian Economy);
- v) For price trends of different countries:  
<http://www.imf.org/external/pubs/ft/weo/2015/01/> (International Monetary Fund) and
- vi) For Organization /chambers of commerce such as the (Indian Electrical and Electronics Manufacturer's Association):  
[www.ieema.org](http://www.ieema.org)



**4.2.8 All PR estimates shall be done on destination costs basis i.e.**

All inclusive basis, after considering freight, insurance, taxes etc. Appropriate loading may be done for packing and forwarding, freight, incidentals, applicable taxes/ duties etc. to arrive at destination cost estimate wherever applicable.

**4.2.9** In case of capital equipment, User Department may consult HO Technical Departments for estimates to be made judiciously based on the specifications and scope of supply finalized. Approval of the revised estimates, if revised, along with the budget provisions should also be made available along with the indent / PR.

**4.3 CLASSIFICATION OF PURCHASE REQUISITIONS (PRs)**

There are **3 major** kinds of PRs raised, based on the timing of the indent:

- 1) **ANNUAL PR**
- 2) **PIECEMEAL PR**
- 3) **EMERGENCY PROCUREMENT PR**

MC Section shall be responsible for processing the PRs raised by the User till the PR is approved by Competent Authority and is sent to Purchase Section for procurement action.

**4.3.1 ANNUAL PR**

Annual PR is raised for fulfilling the estimated annual requirement of the item. Fixed period review cycle will be followed for arranging annual indents for various groups of materials. For the purpose of raising Annual PRs, **the following calendar of dates will be followed by all Projects.**

**January to March:**

- (a) POL
- (b) Explosives,
- (c) General Consumables stores
- (d) Tyres & Tubes (other than OTR)
- (e) Light Vehicle spares.

**April to June:**

- (a) All engines      (b) Dozers
- (c) Dumpers        (d) Compressors
- (e) Graders        (f) Conveyor belt
- (g) TCRR bits      (h) OTR Tyres

**July to September::**

- (a) OCSL Spares (Mech. & Elect),
- (b) Manganese Steel Liners,
- (c) Idlers and Pulleys

**October to December:**

- (a) Shovels
- (b) Blast Hole Drills
- (c) Core Drills
- (d) Mobile Cranes
- (e) Any other spares & consumables not covered in the previous quarters.

- 1) User raises Annual PR in line with **section 4.1.1 to 4.2.8** above.
- 2) Material Control (MC) Section scrutinizes the PR for specifications, drawings if any, and completeness of the PR.
- 3) PR is then reviewed by Project Indent Review Committee (in case procurement at Projects) or Procurement Management Committee (in case of Procurement at Head Office), **if any**. Quantity requested in the PR, PR estimate, marketability of the specifications etc. shall be reviewed before the PR is cleared by the committee.
- 4) PR cleared by the Committee is sent for financial concurrence and approval for Competent Authority.
- 5) PR approved by Competent Authority is then sent to Purchase Section for procurement action.

#### 4.3.2 PIECEMEAL PR

Piecemeal PR is raised if an unforeseen requirement of the item arises, and the requirement is not covered by the Annual PR. Efforts shall be made to avoid Piecemeal PRs as far as possible.

- 1) User raises Piecemeal PR in line with **section 4.1.1 to 4.2.8** above.
- 2) PR should be processed for in principle approval of Competent Authority.
- 3) Material Control Section scrutinizes the PR for completeness and processes the PR for financial concurrence and approval of Competent Authority.
- 4) PR approved by Competent Authority is then sent to Purchase Section for procurement action.

A demand for goods shall not be divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authorities required with reference to the estimated value of the total demand.

#### 4.3.3 EMERGENCY PROCUREMENT PR

- 1) Emergency Procurement are defined as those Procurement, both capital and revenue, which are needed to be taken up immediately to
  - a) **Avoid mitigate loss of life / property or**
  - b) **Avoid loss due to fire or accident / or any other natural calamities etc.**
  - c) **Avoid Stoppage of production.**
- 2) Since Emergency Procurement cannot be anticipated during the plan period, no specific budget sanction would be available for the same in the Capital or Revenue Budget.

- 3) In the eventuality of any such emergency event or mishap, the Head of concerned Project / Unit of operation shall immediately take all necessary action to mitigate the loss / casualty, based even on informal communication to competent authority.
- 4) The Head of the Project / Unit shall thereafter issue an '**Emergency Certificate**' as per the format prescribed at **Annexure 4-II (P-216)**
- 5) For this purpose, the Head of the Unit may engage the appropriate contractor or agency on Single Tender Basis and award the Procurement on the basis of Letter of Acceptance with instruction to take up the Procurement immediately. Regularizing Letter of Award of Contract can be issued subsequently.
- 6) If the financial value of Procurement falls beyond the delegated powers of HOP/HoU, he shall obtain ratification of the action taken by submitting a Report covering the nature of emergency, extent of damage / loss incurred, financial implications thereof, steps taken to mitigate the risk / loss with financial, legal implications of the same along with the '**Emergency Certificate**'.
- 7) Even if the financial value of the Procurement falls within the delegated powers of HOP/ HoU, he shall submit an Information Memorandum to the concerned FD enclosing the '**Emergency Certificate**'.
- 8) **No financial concurrence is required for executing emergency Procurement.**
- 9) Emergency PRs should be raised in ERP system clearly mention that it is an 'Emergency PR'. A new document type shall be created for Emergency PRs in ERP system.

#### 4.4 FORWARDING OF PRs FROM PROJECTS TO HO

In case of procurement from HO, Projects should forward all PRs (Capital as well as Revenue items) directly to PC department for review of PRs after obtaining finance concurrence and Administrative Approval of Head of the Project. In such cases, flow of approved PRs from Projects / Units to HO shall be as follows:

- 1) MM department at project shall send approved PRs directly to Production Coordination (PC) Department at HO.
- 2) PC Department / Steel Department shall review the PRs for the following.
  - a) In-principle approval /PR sanction
  - b) Complete / Generalized Technical Specification along with drawings (if applicable)
  - c) For Capital Items, the approved budget reference details (AMR / DPR/ WBS S.No)

- d) Pre-Qualifying Conditions (PQC), wherever required
  - e) Pre-Bid Meeting, if required
  - f) Special terms, and conditions or any other details, which user department wants to incorporate in tender enquiry.
- 3) After review of the PR, PC shall forward the PR (complete in all respects including Finance Concurrence & Approval), of the respective projects to MM department at HO for procurement action **Annexure 4-III (P-217)**.

#### 4.5 TECHNICAL SPECIFICATIONS (TS)

**4.5.1** The development of adequate specifications is essential for efficient purchasing and it is in the buyer's interest to render every assistance in development of proper specifications. At the same time, the specification should not be too rigid. Over specification may stifle competition. Flexibility is preferred so that it is, open for competition and goods are capable of being produced by many firms. It should be a generalized and marketable specification, thus encouraging the competition among the suppliers.

**4.5.2** It should be as simple as possible, consistent with exactness - simplicity promotes clarity, unnecessary words, complicated sentences and repetition should be avoided, and all possibilities of misunderstanding eliminated.

- i). It should be linked wherever possible with an established standards thus permitting standard goods to be supplied. It should provide for the supply of materials of the correct quality, and to be good enough but not too superficial, so that all requirements are fulfilled without incurring unnecessary expenses.
- ii). It must be reasonable in its tolerances as unnecessary exactness is expensive.
- iii). It should be a fair specification thus encouraging the co-operation of the suppliers.
- iv). It should be complete and specific in all essentials and without loopholes, which will permit evasion of its conditions and thus lead to unfair competition.
- v). A specification must be capable of being checked. It is useless, unless the goods supplied can be checked against particulars specified. Therefore, it is essential to mention methods of inspections that will determine the acceptance or rejection. A properly drawn up and acceptable specification thus become an instrument for controlling the quality of goods purchased.
  - a) Provides a level playing field and ensures the widest competition; and
  - b) Be unambiguous, precise, objective, functional, broad based/generic, standardized (for items procured repeatedly) and measurable. TS should be broad enough to avoid restrictions on workmanship, materials and equipment commonly used in manufacturing similar kinds of goods;

- c) Set out the required technical, qualitative and performance characteristics to meet just the bare essential needs of the NMDC without including superfluous and non-essential features, which may result in unwarranted expenditure;
- d) Comply with sustainability criteria and legal requirements of environment or pollution control and other mandatory and statutory regulations, or internal guidelines, if any, applicable to the goods to be purchased;
- e) Should have emphasis on factors such as efficiency, optimum fuel/power consumption, use of environmental-friendly materials, reduced noise and emission levels, low maintenance cost, and so on.

#### **4.5.3 ESSENTIAL TECHNICAL PARTICULARS**

The essential technical particulars to be specified in the tender document shall include the following to the extent applicable for a particular purchase:

- a) Scope of supply and, also, end use of the required goods;
- b) All essential technical, qualitative, functional, environmental and performance characteristics and requirements (such as material composition, physical, dimensions and tolerances, workmanship and manufacturing process wherever applicable; test schedule; if any), including guaranteed or acceptable maximum or minimum values, as appropriate. Whenever necessary, the user may include an additional format for guaranteed technical parameters (as an attachment to the bid submission sheet), where the bidder shall provide detailed information on such technical performance characteristics in reference to the corresponding acceptable or guaranteed values;
- c) Drawings
- d) Requirement of the BIS mark, where applicable, mentioning all parameters where such a specification provides options;
- e) Requirement of an advance sample, if any, at the post contract stage before bulk production.
- f) Special requirements of preservation, packing and marking, if any;
- g) Inspection procedure for goods ordered and criteria of conformity;
- h) Requirements of special tests or type test certificate or type approval for compliance of statutory requirements with reference to pollution, emission, noise, if any;
- i) Other additional work and/or related services required to achieve full delivery/ completion, installation, commissioning, training, technical support, aftersales service and Annual Maintenance Contract (AMC) requirements, if any;
- j) Warranty requirements;
- k) Qualification criteria of the bidders, if any; and



- l) Any other aspects peculiar to the goods in question such as shelf life of the equipment, and so on.
- m) The specifications and technical details should be expressed with proper clarity without any ambiguity or double meaning. Wherever necessary, the written specifications should be supplemented with drawings for additional clarity.
- n) The specifications should be clearly mentioned with respect to height, weight, length, volume, chemical formula, method of manufacture, part numbers (if applicable), by performances etc.
- o) The respective specification with minimum & maximum acceptable range shall be indicated.

#### **4.5.4 USE OF BRAND NAMES:**

Except in case of proprietary purchase from a selected single source, reference to brand names, catalogue numbers, particular make / model / brand of product or other details that limit any materials or items to specific manufacturer(s) should be avoided as far as possible.

#### **4.5.5 STANDARDS & UNITS**

- a) Indian standards like BIS, BEE rating etc. may be preferred for defining specifications. In cases where Indian standards are unavailable, inadequate, or not applicable, international, or foreign standards such as ISO, British standards, DIN, VDE etc., may be adopted.
- b) Special requirements such as packing, marking, inspection etc. as necessary for a particular end use may be specified in addition to standard specifications.
- c) If no widely known standards exist for a material, the specifications shall be drawn in a generalized and broad-based manner.
- d) All dimensions incorporated in the specifications shall normally be indicated in SI units except due to some unavoidable reasons.

#### **4.5.6 ORIGIN OF TECHNICAL SPECIFICATION (RESPONSIBILITY)**

Technical Specifications are to be prepared by the User Departments (Production, Service, Plant, Engineering, Investigation, Research & Development Departments etc.). It is responsibility of User Department raising the PR to ensure the correctness of the specifications before they are sent to the Materials Management Department for processing it further.

Specifications should aim to procure the latest technology and avoid procurement of obsolete goods.

Projects User Department may consult HO Technical Departments for generalized specifications in case of capital equipment and other critical equipment.

- i) It is to be ensured that the tender specifications are in line with Budgetary Offer/ LPR considered for the estimation.
- ii) All line items of PR should be covered in Budgetary Offer / Price estimate.

#### 4.6 TENDER SAMPLE

Specifications cannot be clearly defined for procurement of items where respect of indeterminable parameters such as shade, feel, finish & workmanship are involved. In such cases, samples may be required to be approved for supplies of such items. However, a system of approving/rejecting tender samples at the time of decision making is too subjective and is not considered suitable, especially for items which have detailed specifications in other aspects. The lack of competition in such cases is also likely to result in award of contracts at high rates.

As per CVC guidelines, Government Departments/Organizations should consider procurement of such items on the basis of detailed specifications. If required, provision for submission of an advance sample by successful bidder(s) may be stipulated for indeterminable parameters such as, shade/tone, size, make-up, feel, finish, and workmanship, before giving clearance for bulk production of the supply. Such a system would not only avoid subjectivity at the tender decision stage but would also ensure healthy competition among bidders and thus take care of quality aspect as well as reasonableness of prices.

**CVC's OM: No.2EE-1-CTE-3 dt: 15.10.2003**

## **CHAPTER – 5**

### **5. MODES OF PROCUREMENT**

#### **5.1 RESPONSIBILITIES OF PURCHASE SECTION**

- a) Scrutiny of PRs, specifications, drawings etc.
- b) Clubbing of requirements for common equipments / items of different projects / units (in case of corporate office and any other regional offices).
- c) Processing of offer / quotations, evaluations of offers by Tender Scrutiny Committee (TSC) and sending the purchase proposal to the approval of Competent Authority in accordance with the Delegation of Powers (DoP).
- d) Informing Imports Section regarding the imports, Coordination regarding imports, obtaining authorizations etc. (Applicable in case of corporate office).
- e) Placing of the purchase order, issue of subsequent Amendment Letter (A/L), and follow up with suppliers including obtaining Security Deposit / Performance Bank Guarantee (PBG), pre-dispatch inspection, delivery of items etc. as applicable.
- f) Assisting in Import substitution & promotion of “**Make in India**” activities.
- g) Arranging opening of letters of credit, foreign exchange payments etc., to the suppliers wherever applicable.
- h) Arranging documents required for clearance of consignments shipped via sea and air and forwarding them to regional office /clearing agencies.
- i) Arranging insurance coverage wherever necessary.
- j) Reconciliation of ERP output regarding POs and PRs.
- k) Follow up with supplier in case of shortage / damage / rejections of the delivered items.
- l) Comply with all relevant GoI guidelines issued from time to time.

- 5.1.1.** Spares of Critical Assembly and Sub-Assembly pertaining to HEMM and OCSL Plant may be procured on Proprietary / Rate Contract through OEM/ OPM and LTE/ OTE basis (w.r.t PC dept circular)

**PC dept Note No: PC & S/ Critical Spares/ 587/01 dt: 12.03.2024**  
**(Annexure-5-I @ P- 218)**

## 5.2 MODES OF PROCUREMENT

The various modes of procurement that can be used in public procurement are:

### 5.2.1 PROCUREMENT THROUGH TENDERING

#### 1) Open Tenders:

- i) Open Tender Enquiry (OTE)
- ii) Global Tender Enquiry (GTE)

#### 2) Procurement through Selected Suppliers:

- i) Limited Tender Enquiry (LTE)

#### 3) Procurement through Single supplier:

- i) Single Tender Enquiry (STE) with Proprietary Article Certificate (PAC)
- ii) Single Tender Enquiry (STE) without PAC – On Nomination basis

### 5.2.2 PROCUREMENT WITHOUT CALLING TENDERS

- 1) Direct Procurement without Quotation/ Direct Purchase
- 2) Direct Procurement by Local Purchase Committee (LPC)
- 3) Direct Procurement by Express Purchase Committee (EPC)

Concerned Purchase Cell would seek approval of Competent Authority for the mode of tendering i.e., Limited/ Open / Global Tenders.

In the case of single tender enquiry on proprietary (PAC) / nomination basis (Without PAC), LPC & EPC, User Department has to obtain Prior approval of Competent Authority before sending file to MM Dept.

MM dept shall take up the procurement action based on the extant DoP for the respective mode of purchase.

All the procurements of Goods and Services should be processed through GeM Portal / e-Procurement platform (SRM). However, with specific approval of Competent Authority (based on detailed justification & reasoning) other modes of tendering may be taken up.

### 5.2.3 EMERGENCY PURCHASE

Emergency purchase will be processed on emergency indents raised with **Emergency certificate as discussed in clause 4.3.3** However, in cases of where the nature of emergency is such that procurement action cannot wait for formal indent, purchase may be initiated against PR and written consent for the same (via letter / email) of competent authority.

### 5.3 OPEN TENDER ENQUIRY (OTE)

In OTE, an attempt is made to attract the widest possible competition by publishing the NIT simultaneously on the designated websites. This is the default mode of procurement and gives the best value for money but the procedure is relatively complex and prolonged. The systemic cost of this procedure may be high enough to be unviable for smaller value Procurements.

#### 5.3.1 OTE procedures through e-Procurement or through traditional tendering should be adopted in the following situations:

- i) All common use requirements with clear technical specifications
- ii) For requirements that are ordinarily available in the open market but is necessary to evaluate competitive offers to decide the most suitable and economical option available
- iii) When requirements are not available from known sources or sources are presently limited and need to be broad based.
- iv) Sources of supply are not clearly known
- v) Known suppliers are suspected to have formed a cartel / ring
- vi) First time procurement

#### 5.3.2 OTE Terms and Conditions:

- i) Bidders already registered are also free to participate.
- ii) Advertisement in such cases should be given on Central Public Procurement Portal (GeM-CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in).
- iii) An Organisation having its own website should also publish all its advertised tender enquiries on the website. i.e. at [www.nmdc.co.in](http://www.nmdc.co.in).
- iv) The availability for downloading of tender documents against NIT should not be restricted and should be available freely. Tender documents should preferably be available for download up to the closing date of tender.

NIT/ Tender should be processed through GeM/ NMDC SRM/ e-Procurement portal and published/ displayed on GeM-CPP Portal & NMDC website.

Addendum / corrigendum / extension of Bid Submission / Bid Opening Date if any shall also be published on the above mentioned sites only. Therefore, a clause to this effect should be inserted in the NIT.

NIT/Tender details should be intimated to vendors (in particular past successful vendors and vendors from whom budgetary offers are received) by e-Mail.

For OTE the minimum time limit should be kept **21 days** from the date of publication of the tender. In case of Urgency, these time limit may be reduced with the approval of Competent Authority.



## 5.4 GLOBAL TENDER ENQUIRY (GTE)

GTE is similar to OTE but, through appropriate advertising and provision for payment in Foreign Currencies through Letter of Credit, it is aimed at inviting the participation of interalia foreign firms.

The point of balance between VfM and cost/ complexity of procedure is further aggravated as compared to OTE.

### 5.4.1 Development of local industry also needs to be kept in mind. Hence, it may be viable only in following situations:

- i) Where Goods of required specifications/ quality are not available within the country and alternatives available in the country are not suitable for the purpose.
- ii) Non-existence of a local branch of the global principal of the manufacturer/ vendors/ contractors.
- iii) Requirement for compliance to specific international standards in technical specifications.
- iv) Absence of a sufficient number of competent domestic bidders likely to comply with the required technical specifications, and in case of suspected cartel formation among indigenous bidders.
- v) **PR estimate value > Rs. 200 Crores**

### 5.4.2 GTE Terms and Conditions:

- i) Bidders already registered are also free to participate.
- ii) Advertisement in such cases should be given on Central Public Procurement Portal (GeM-CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in).
- iii) An Organisation having its own website should also publish all its advertised tender enquiries on the website. i.e. at [www.nmdc.co.in](http://www.nmdc.co.in).
- iv) The availability for downloading of tender documents against NIT should not be restricted and should be available freely. Tender documents should preferable be available for download up to the closing date of tender.
- v) GTE tender documents must be in English and the price should be asked in Indian Rupees or US Dollars or Euros or Pound Sterling or Yen or in currencies under the Reserve Bank of India's notified basket of currencies.
- vi) GTE tender documents must contain technical specifications which are in accordance with national requirements or else based on an international trade standard.
- vii) Relevant INCOTERMS should be included in the tender.

NIT/ Tender should be processed through GeM/ NMDC SRM/ e-Procurement portal and published/ displayed on GeM-CPP Portal & NMDC website.

Addendum / corrigendum / extension of Bid Submission / Bid Opening Date if any shall also be published on the above mentioned sites only. Therefore, a clause to this effect should be inserted in the NIT.

NIT/Tender details should be intimated to vendors (in particular past successful vendors and vendors from whom budgetary offers are received) by e-Mail.

### **Time Limit:**

For GTE, the minimum time limit should be kept **28 days** from the date of publication of the tender.

In case of Urgency, these time limit may be reduced with the approval of Competent Authority.

#### **5.4.3 No Global Tender Enquiry (GTE) upto Rs. 200 Cores** shall be invited or such limit as may be prescribed by the Department of Expenditure from time to time.

In exceptional cases where NMDC feels that there are special reasons for inviting GTE, for tenders below such limit, it may record its detailed justification and seek prior approval for relaxation from the Competent Authority specified by the Department of Expenditure.

#### **5.4.4 Exemptions/ Clarifications:**

- 1) For Procurement of specialized equipments required for research purposes, and spares and consumables, for such equipments **up to Rs. 200 Crore** for the use of Educational and Research Institutes, Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of Global Tender Enquiries for such requirements subject to fulfilment of conditions.
- 2) On Procurement of spare parts of the equipments/ Plants & Machinery etc. on nomination basis from Original Equipments Manufacturers (OEMs) or Original Equipment Supplies (OES) or Original Part Manufacturers (OPMs) as no competitive tenders are invited in such cases.
- 3) On Procurement of services like Annual Maintenance Contract (AMC) and auxiliary/ add-on components for existing equipments/ Plant & Machinery etc., which are procured from OEM/OES/OPM on nomination basis, as no competitive tenders are invited in such cases.
  - i) OM No: 4/1/2021-PPD issued by DOE dt: 11.06.2021
  - ii) OM No. 12/17/2029-PPD issued by DOE dt: 29.10.2020
  - iii) OM No. F.4/1/2021-PPDD issued by DOE dt: 01.09.2021

**Further, whenever GTE mode of Tendering is resorted to all the applicable guidelines issued by DoE/ GoI from time to time shall also be complied with.**

## 5.5 LIMITED TENDER ENQUIRY (LTE)

### Limited Tender Enquiry should be resorted to in any of the following cases:

Limited/ Restricted tenders are invited by issuing enquiries to a selected number of firms. This should be adopted only in exceptional cases when items are critical in nature/ the demand is very urgent and there are reasons to believe that chosen mode for enquiry would fully meet with the situation with due regard to the economy and dependability. The firms to be addressed would be got approved before issue of enquiry.

- i). Considering the criticality of items like Conveyor Belts, Crusher Spares, Explosives, HSD, MS-Petrol, Trailing Cables, HT Panels etc. materials may be procured only from NMDC's established sources.
- ii). There are sufficient reasons, to be recorded in writing by the User dept., indicating that it will not be in public interest to procure the goods through Open / Global tender enquiry.
- iii). Tender/NIT details must be intimated to all vendors of NIT by e-mail.
- iv). NIT/Bid documents should be sent directly by GeM/ e-Procurement portal/e-Mail to firms which are on the list of registered suppliers for the goods. The minimum number of bidders to whom LTE should be sent is more than three. However, this may vary depending upon the established sources on case to case basis and limited tender enquiry may be floated to less than 03 firms with justifications recorded and approval of Competent Authority.
- v). Limited Tender Enquiry should be sent to the firms for the item(s) / category and relevant to the project for which procurement is done (where categorization has been done) with the approval of Competent Authority as per extant DoP. In exceptional cases, enquiries may also be sent to others who are not on the established firms list, but are suitable after recording proper justification and approval of Competent Authority.
- vi). Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases, which should not be less than **14 days** (unless specifically mandated otherwise) from the date of publication. However, in case of Urgency, the time limit may be reduced with the approval of Competent Authority.
- vii). Restricted tenders are invited by issuing enquiries to a selected number of firms out of the registered list of suppliers for the class of goods required.
- viii). This method should be adopted only in exceptional cases where the demand is urgent/ for critical nature items and there are reasons to believe that chosen mode for enquiry would fully meet with the situation with due regard to the economy and dependability.

NIT/ Tender should be processed through GeM/ NMDC SRM/ e-Procurement portal and published/ displayed on GeM-CPP Portal & NMDC website.

## 5.6 SINGLE TENDER WITH PROPRIETARY ARTICLE CERTIFICATE (PAC)

Single Tender enquiry may be adopted for procurement of Proprietary items. This mode may be adopted for any of the following cases:

- i). In procurement of goods, certain items are procured only from Original Equipment Manufacturer (OEM)/ Original Parts Manufacturer (OPM)/ OES (or) manufacturer having proprietary rights (or) their authorized dealers/ stockists against PAC certificate.
- ii). On manufacturer's recommendation until other proper sources are located.
- iii). During warranty & performance guarantee period as per contractual terms.
- iv). All above cases shall have a **proprietary Article certificate** duly signed by User Department and approved by Competent Authority. **Annexure-4-I (P-215)**.
- v). Proprietary Article Certificate (PAC) should be attached along with Purchase Requisition in ERP system.
- vi). Price fall clause should be incorporated in all STEs.
- vii). References may be sought from STE supplier regarding past orders for similar items, to establish the reasonability of the offered rates.
- viii). Further, the User Department shall identify & list out the proprietary items / spares required for the equipment & obtain the Competent Authority's Approval on receipt of new equipments.
- ix). In case there is more than one dealer/ partner authorized to sell a particular proprietary item, discount may be possible through Limited Tender Enquiry.
- x). Therefore, Limited Tender Enquiry may be issued to the authorized dealers / partners. However, such procurement shall also require Proprietary Article Certificate duly signed by User Department and approved by Competent Authority.

Sufficient time should be allowed for submission of bids in STE cases, which **should not be less than 10 days**. However, in case of Urgency, the time limit may be reduced with the approval of Competent Authority.

NIT/ Tender should be processed through GeM/ NMDC SRM/ e-Procurement portal. STE NIT & Award of Contract should be published/ displayed on GeM-CPP Portal & NMDC website.

## 5.7 SINGLE TENDER WITHOUT PROPRIETARY ARTICLE CERTIFICATE (ON NOMINATION BASIS)

Procurement from a particular source though other sources are available. This may be adopted in any of the following situations. Detailed justification for purchasing the items from a particular source shall be recorded.

- i) In a case of existing (or) prospective emergency relating to operational or technical requirements to be certified by the indenter, the required goods are necessarily to be purchased from a particular source subject to the reason for such decision being recorded and approved by competent authority.
- ii) For standardization of machinery or components or spare parts to be compatible to the existing sets of machinery/equipment (on the advice of a competent technical expert (user dept) and approved by the competent authority), the required goods are to be purchased only from a selected firm.
- iii) During natural calamities and emergencies declared by the Government.
- iv) During extreme emergencies / exigencies and procurement through normal tendering process may lead to loss of life / property or lead to operational breakdown and loss of production.
- v) Above situations are indicative and not exhaustive
- vi) Price fall clause should be incorporated in all STEs.
- vii) References may be sought from STE supplier regarding past orders for similar items, to establish the reasonability of the offered rates.

Sufficient time should be allowed for submission of bids in Single Tender Enquiry cases, which should **not be less than 10 days**. However, in case of Urgency, the time limit may be reduced with the approval of Competent Authority.

NIT/ Tender should be processed through GeM/ NMDC SRM/ e-Procurement portal. STE NIT & Award of Contract should be published/ displayed on GeM-CPP Portal & NMDC website.

### 5.7.1 **Price fall clause should be incorporated in the all Single Tender Enquiry - STE (Proprietary / Nomination). i.e.**

The price charged for the stores supplied under the contract shall in no event exceed the lowest price at which the stores of identical description are sold to any other **Government department/ Public Sector/ Private Organizations** during the period of the contract. if the sale price is reduced to lower than that chargeable under the contract, such reduction shall forthwith be notified to the direct dealing officer (DDO) and stores supplied after the date of coming into force, such reduction or sale, shall be correspondingly reduced.



**The firm shall also certify on each bill as follows:**

"We certify that the stores of description identical to the stores supplied under the contract herein have not been sold by us to Government department/ Public Sector/ Private Organizations during the period under contract at a price lower than the price charged to NMDC under this contract."

**PROCUREMENT WITHOUT CALLING TENDERS**

- 1) Direct Procurement without Quotation / Direct Purchase
- 2) Direct Procurement by Local Purchase Committee (LPC)
- 3) Direct Procurement by Express Purchase Committee (EPC)

**5.8 PURCHASE OF GOODS WITHOUT QUOTATION/ DIRECT PURCHASE**

- a) **Purchase of goods/services up to the value of Rs.50,000/-** only on each occasion may be made without inviting quotations / bids on the basis of the certificates recorded by the User (HoD) for the goods purchased from the specific supplier as below: -

*"I, \_\_\_\_\_ am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price"*

Administrative approval of Head of Project (HOP) is necessary for purchase of goods without quotation.

- b) Items, parts / components etc., required for running of systems / sub systems / equipment, day to day office management etc. upto value of **Rs.50,000/-** shall be allowed under Purchase of Goods without Quotation.
- c) Purchase of goods without quotation shall be allowed only for items that are not regularly purchased and/or not generally included in the annual Purchase Requisitions / materials budget. However, in case of urgent requirements, such items shall also be allowed to be purchased under this method.
- d) Direct Purchase should be done through GeM Portal. However, Purchase of goods without quotation shall be resorted to only in case the item of required specifications is not available in GeM (GeMAR & PTS) or in cases where the requirement is urgent and the delivery period for procurement through GeM is not acceptable and same should be recorded.
- e) Above purchase will be made with an **annual limit of Rs. 05 Lakhs per Project/ Unit** for which proper record will be maintained by the concerned project / unit.
- f) After the Purchase of Goods without Quotation, a regularizing Purchase Order (PO) should be raised by User in the ERP system (against Purchase group COM) and Goods Receipt Note (GRN) should be generated by Receipt Section at Stores once the goods are received.

- g) Payment for such purchases is made in any of the following 2 methods:
- i) Payment is made to the User department as advance before the purchase of goods and settlement of advance is processed after the regularizing PO and the corresponding GRN are raised.
  - ii) User purchases the goods from the supplier on credit basis. Payment is made by Finance Department to the supplier directly against the Regularizing PO and GRN.
- h) Periodic report of the total value of Purchase of Goods without Quotation by each Project / Unit shall be generated from ERP system and reviewed by HO.

## 5.9 PURCHASE OF GOODS BY LOCAL PURCHASE COMMITTEE (LPC)

Normally, all local purchases should be routed through MM Wing. But in urgent cases, however, Head of user Department/ their authorized representative may also go in for local purchases.

Local purchase can be made for low value spares / stores / medicines / medical consumables. However, Purchase of Capital items like Furniture, Computers, Electronic Gadgets etc. are to be avoided under local Purchase.

Local Purchase through Committee shall be taken up when a certain item(s) is not available on the GeM portal (of required specification or within required delivery period etc.). However, it is mandatory for a user to generate a "GeM Availability Report and Past Transaction Summary" (GeMAR &PTS) with a unique ID on GeM portal using his login credentials on GeM for procurement outside GeM.

***Local purchase can be made for total estimated value upto Rs.05 Lakhs on each occasion for the case of HO, Projects, and Units with the approval of HoD(HO), HoP, HoU.***

Local purchases would be made only by a team of officers comprising of one each from user, Finance and MM Departments of appropriate levels as decided by the concerned HoD.

### i). LPC TERMS AND CONDITIONS

- a) In case of emergency procurement, facility of withdrawing requisite advance amount and its subsequent accountal may also be considered.
- b) This is intended to be fast track, simple mode of procurement. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier.
- c) Selection of suitable product and supplier by actual market survey (not by calling of tenders like a mini LTE) is of essence of this mode.
- d) In larger cities, the presence of reputed shopping malls may also be included in the market survey. Reputed internet shopping portals may also be explored.

**ii). PROCEDURE FOR PURCHASE OF GOODS BY LOCAL PURCHASE COMMITTEE (LPC) IS AS FOLLOWS:**

- a) PR should be raised by the User for local purchase.
- b) Local purchase PRs should be vetted by Finance and then sent for approval of C/A, who shall approve a Local Purchase Committee (LPC) with one officer each from User, Finance and MM Department.
- c) LPC shall survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier.
- d) No further financial concurrence is envisaged for local purchase and committee can place order directly to the firm or issue LoA.
- e) After seeking approval of Competent Authority on post facto basis, MM Department raises a regularizing Purchase Order (PO) in the ERP system (LPC should be selected in ERP system when generating PO from ERP system).

**iii). Payment for such purchases is made in any of the following 2 methods:**

- a) Payment is made to the User department as advance before the purchase of goods and settlement of advance is processed after the regularizing PO and the corresponding GRN are raised.
- b) User purchases the goods from the supplier on credit basis. Payment is made by Finance Department to the supplier directly against the Regularizing PO and GRN.

**iv). As recommended in Rule 155 of GFR rules 2017, before recommending/ placement of local purchase order, the members of the committee will jointly record a certificate as under:**

“Certified that we, 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, and it is not debarred by NMDC”

**v). Periodic report of the total value of Purchase of Goods by Local Purchase Committee by each Project / Unit shall be generated from ERP system and reviewed by HO.**

## 5.10 **EXPRESS PURCHASE COMMITTEE (EPC)**

### a) **Procurement of:**

- i). *Items having aesthetic value like arts and crafts, paintings, furniture, furnishings, decorative items, bed linens, curtains, crockery, cutlery, hospitality items, household items for places like Guest Houses, Canteens, Reception, Corridors, Conference/ Training Halls, Official Residences / Bungalows, Kitchens etc.*
- ii). *Gifts and items for corporate use, official functions,*
- iii). *Sundry items such as sports items, Uniforms etc.*

May be made through Express Purchase Committee (EPC) as the purchase of these items cannot be made effectively through normal tendering process. The Express Purchase Committee (EPC) would consist of representatives from MM, Finance & User/ Administration Departments. Constitution of the above committee and mode of procurement through EPC will be approved by CA as per extant DoP.

- b) EPC will visit known showrooms / dealers in the vicinity of procurement entity (not farther than nearest metro city) to identify the item(s) and vendor(s) meeting the requirement and issue a written letter/ NIT containing scope of supply/ specifications and main terms and conditions like payment, warranty/ guarantee if any, delivery, validity of offer, etc. In larger cities, the presence of reputed shopping malls may also be included in the market survey. In such cases EMD and SD will not be applicable.

The vendor(s) will be asked to submit sealed quotation for the identified products on the spot or later upto a specified date and time. These quotations will be opened by the EPC at the pre-disclosed time and venue inviting the participating bidders who choose to attend. Thereafter, the offers will be scrutinized by the EPC and recommendations will be made to the competent authority for placement of order. The LoA will be signed by the committee. The concerned user department which has initiated the requirement will retain the file for any future reference. After seeking approval of Competent Authority on post facto basis, MM Department raises a regularizing Purchase Order (PO) in the ERP system (EPC should be selected in ERP system when generating PO from ERP system).

- c) As recommended in Rule 155 of GFR rules 2017, before recommending/ placement of Express purchase order, the members of the committee will jointly record a certificate as under:

*"Certified that we, 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, and it is not debarred by NMDC"*

### d) **Delegation of Powers for EPC:**

- 1) **Rs. 10 Lakhs – HOD(HO)/ HOP**
- 2) **Full Power – FD at HO.**

## 5.11 EMERGENCY PURCHASE POLICY

Emergency purchase will be processed on emergency indents raised with Emergency certificate as discussed in clause 4.3.3. However, in cases of where the nature of emergency is such that procurement action cannot wait for formal indent, purchase may be initiated against PR and written consent for the same (via letter / email) of competent authority.

- 5.11.1 Emergency need of low value items may be fulfilled by **purchase without quotation / Local purchase committee / Express Purchase Committee** wherever applicable.
- 5.11.2 For emergency needs of items covered under Depot agreements, User Department may intimate its requirement to the Depot holder directly and send the covering PR to MM Department subsequently along with the approval of Competent Authority and the regularizing purchase order would be placed by the concerned Purchase Officer.
- 5.11.3 In cases of emergency, project sites can request for **transfer of spares** or capital equipment in obsolete with other projects of NMDC with approval of Competent Authority as per extant DoP.
- 5.11.4 Procurement of items can be made on **Single tender** basis i.e. from single source though other sources are available in case of extreme emergency / exigencies. In such cases detailed justification for purchasing the items from single source shall be recorded with approval of competent authority.
- 5.11.5 **Limited tenders** may also be issued in case of emergencies with due date of tender opening shortened as per requirement with the approval of competent authority and tender shall be finalized with received offers.
- 5.11.6 **Password protected e-Mail tenders** may be issued only for emergency purchase. Competent Authority approval as per Delegation of Powers (DoP) shall be taken for issuing tender through e-mail / receipt of offers through e-mail with proper justification. However, for STE (Nomination/ Proprietary) password protection is not applicable.

The e-mail ID (specifically dedicated to receiving email offers (or) Dealing Officer's NMDC e-mail ID) to which the offer shall be sent is to be clearly mentioned in the NIT/tender.

Access for this e-mail ID shall be with Dealing Officer of MM Department / Officers as decided by HoD (Materials). Both technical bid & price bid shall be submitted by e-mail as the case may be (single bid / two-bid) to the e-mail ID as mentioned in the NIT/tender.

In case of two bid system, both price bid and technical bid shall be in standard formats (Adobe pdf / Word) and shall be placed in different folders.

The two folders, one for technical bid and one for price bid, both individually password protected with different passwords, shall be zipped using WinZip utility and the single Zipper file should be sent as attachment on the designated email in NIT / tender.



It shall be stipulated clearly in the NIT / tender that NMDC is not responsible for any delay / technical glitch in submission of offers through email. Only the time of receipt of e-mail containing the offer shall be considered to decide if the offer submission is late or not.

**SHARING OF PASSWORD:** The password should be sent to another email ID (specifically dedicated to receiving passwords for email offers), which shall be accessed only by HOD (MM) (or) TOC/TSC member from Finance dept.

The designated e-mail ID for sharing of password shall also be clearly mentioned in the NIT / Tender.

**In case of two bid system**, the password for bid shall be shared after closing time of submission as mentioned in NIT/ Tender.

**In case of two bid system**, password for opening of technical bids shall be shared to the designated e-mail ID after closing time of submission as mentioned in the NIT/ tender. The date of opening of price bid will be communicated only to the technically acceptable firms and password for opening of price bid shall be requested from those qualified Bidders. Password for opening price bids should also be shared to the designated email ID for receiving passwords.

In all above cases, the opening of technical / price bids shall be done by a tender opening committee with representatives from MM Department and Finance Department.

**NOTE:**

**Emergency Purchase may be processed through NMDC SRM Portal (e-Procurement portal).**

Statement of emergency purchases made shall be reviewed periodically.

## **5.12 REPEAT ORDER**

Repeat Orders shall be avoided normally. These are to be placed more as an exception rather than as a rule, only in cases where it is commercially beneficial. Repeat orders may be placed if the demand is urgent and in case tendering may not only delay purchase but may also invite higher prices.

### **CONDITIONS GOVERNING THE PLACEMENT OF A REPEAT ORDER**

- a) Subject to provisions in approved budget.
- b) Approval by original approving authority subject to total value of procurement including additional quantity falling within the delegated powers of such authority.
- c) Repeat order can be placed **within 6 months** from date of original order for **upto 50%** of original quantity, based on certification from User Department that prices are not on a decline.

- d) Original order should have been placed based on competitive bidding (OTE/LTE) with **minimum three valid offers**.
- e) Repeat order is to be approved by the same authority who has approved the original order provided consolidated value falls within his powers.
- f) **Sister projects can also avail** of the provision subject to NOC from the project placing the original order and overall coordination.
- g) Repeat Order option may be checked in GeM portal. If not, offline order option may be chosen and same must be recorded in proposal for approval of C/A.

## 5.13 RATE CONTRACTS AND RUNNING CONTRACTS

If there is any existing NMDC Rate Contract for the materials required, it should be obtained through Rate Contract. However, if the delivery period offered under the rate contract is not suitable or due to any other reasons, with the specific approval of the competent authority, independent purchase action may be taken as per procedure. Normally, the items covered by NMDC Rate Contracts would be ordered directly by the project concerned.

### 5.13.1 RATE CONTRACT

A Rate Contract (commonly known as RC) is an agreement between the purchaser and the vendor for supply of specified spares at specified price and terms & conditions (as incorporated in the agreement) during the period covered by the Rate Contract. Neither any quantity is mentioned nor any minimum drawl is guaranteed.

### 5.13.2 RUNNING CONTRACT

As against a rate contract, a Running contract is a contract for supply of an approximate quantity of stores at a specified price for a certain period. During this period, requisitions are placed on the supplier **to supply specified quantities** (out of the total allocated quantity at different points of time as per the requirement). The purchaser shall have the right to take certain **quantity (upto 30%) over or below the approx. quantity mentioned in the contract.**

Running contract is preferable for those fast-moving consumables and spares for which the quantity requirement is reasonably certain. Advantage of Running Contract over Rate Contract is that, with Running Contracts, it is possible to get lower prices since the purchaser promises a minimum volume offtake and the prospective suppliers would build volume discounts in their bid. Orders against these contracts have to be carefully watched and the minimum quantity promised to the supplier in the contract shall be taken before the expiry of the contract.

In view of Government e-Marketplace (GeM) coming into operation, Rate Contract/Running Contract is not required to be executed for common use items like computers, printers, photocopiers, paper and stationary, other office items like furniture, bottled water etc., which are being placed on GeM and will now be applicable only for specialized and engineering items which are not available on GeM, and are identified as common use items and are needed on recurring basis by various Departments.

### 5.13.3 FINALIZATION OF RATE / RUNNING CONTRACT

For items for which there is likely recurring demand as seen from past experience and **whose purchase value is less than Rs.20 Lakhs per unit**, NMDC may enter into Rate / Running Contract with the proven sources / OEMs, Authorized Distributors / Dealers of manufacturers by calling tenders.

Corporate office would circulate lists of valid Rate / Running Contracts to all projects on annual basis as soon as a new Rate / Running Contract is finalized. Projects shall process & conclude Rate / Running Contract for supply of spares for Light & Heavy Vehicles, Medicines and Transportation.

### 5.13.4 VALIDITY OF RATE / RUNNING CONTRACT

- 5.13.4.1 For Rate / Running Contracts with OEMs / Authorized dealers for proprietary items, the contract tenure shall be for **5 years** initially. Such contracts may be renewed for **another 5 years** with mutual consent of NMDC and the contract holder. Maximum of 01 price revision per annum shall be allowed during the currency of the contract. No further extension shall be allowed and fresh RC has to be processed with due procedure well in advance.
- 5.13.4.2 For Rate / Running Contracts concluded against a Limited / Open / Global tender, the contract tenure shall not be for a period more than **2 or 3 years** as decided on case to case basis with approval of Competent Authority. No price revision is allowed during the currency of the contract. Such Rate / Running Contracts may be extended for a maximum of 1 year with mutual consent of NMDC and contract holder. No further extension shall be allowed and fresh RC has to be processed with due procedure well in advance.
- 5.13.4.3 Price revision for Rate / Running contracts, wherever applicable, is subject to financial concurrence and acceptance by Competent Authority. If revised price quoted by supplier has high escalation, supplier shall be asked to submit a justification for the same which may include purchase orders / bills indicating the supply of same material to other organizations at the revised rate, documentary evidence for escalation of raw material price or any other cost component, if any. Counter offer of revised price may be submitted to the supplier and the Rate / Running Contract may be discontinued if the counter offer is rejected.
- 5.13.4.4 In case of Rate / Running Contracts for items like explosives and blast accessories, the contracts typically have a price variation / escalation clause. In such cases, price changes shall be governed by the corresponding clause of the contract.
- 5.13.4.5 It should be ensured that new Rate / Running Contracts are made operative immediately after the expiry of the existing Rate / Running Contracts **without any gap**. Positions of Rate / Running Contracts are to be reviewed on monthly basis at Head office/ Projects and necessary actions are to be taken either for extension / renewal or for fresh rate contracts. Projects are required to forward anticipated off takes and performance so that extension / renewal of the Rate / Running Contracts or fresh contracts can be processed on regular basis.

### 5.13.5 PRICE FALL CLAUSE

The price charged for the stores supplied under the contract shall in no event exceed the lowest price at which the stores of identical description are sold to any other **Government Department / Public Sector/ Private Organizations** during the period of the contract. If the sale price is reduced to lower than that chargeable under the contract, such reduction shall forthwith be notified to the Direct Dealing Officer (DDO) and the new lower price will then apply to all future deliveries under the contract.

**The firm shall also certify on each bill as follows:**

“We certify that the stores of description identical to the stores supplied under the contract herein have not been sold by us to any other **Government Department / Public Sector/ Private Organizations** during the period under contract at a price lower than the price charged to NMDC under this contract.”

In case of parallel Rate / Running Contracts against a tender, if the price is reduced by any supplier due to invocation of ‘Price Fall’ clause by one supplier, the same lower price shall also be applicable to other suppliers under the parallel Rate / Running Contract.

### 5.13.6 NEGOTIATION / COUNTER OFFER UNDER RATE/ RUNNING CONTRACT

Post tender negotiations should be avoided, and the rate contracts may be concluded without negotiations with L1 party as far as possible. In cases where the price of L1 is not acceptable, NMDC may in the first instance negotiate with L1 only for arriving at a reasonable/ acceptable price. On successful conclusion of negotiations with L1, Rate / Running Contract may be awarded to the L1 at the agreed negotiated price and the same may be counter offered to all the other higher quoting firms. Parallel Rate / Running Contracts may be concluded with those who accept the counter offered rates.

Rate / Running Contracts may also be entered with different rates for some categories of essential cases like accessories for explosives. Relevant justification on case-to-case basis and approval of Competent Authority shall be taken.

### 5.13.7 PLACING ORDER ON RATE / RUNNING CONTRACT

The items covered by NMDC Rate / Running Contracts shall be ordered directly by the project concerned. But in the emergency cases, even the user department can intimate its requirement to the firm under RC directly and send the covering PR to MM department. PR shall be raised on ERP system by User Department for purchase of items under the contract. **PR should be vetted by Finance.**

Parallel RC would also be entered into to ensure competition and multiple sources of supply to avoid any eventualities for non-supply of one RC supplier.

Corresponding Rate / Running Contract shall be selected when raising the PR. Direct Dealing officer from Purchase department of MM team at project sites shall review the PR and issue the Release Order **as per extant Delegation of Powers (DoP)** to the supplier holding the contract.

## 5.14 EXPLOSIVES RATE / RUNNING CONTRACTS

- 5.14.1 Corporate office shall enter into the Rate / Running Contracts for supply of Explosives and accessories. The price variation clause as per the formula fixed shall be taken for reference purpose while deciding the price for the further specified periods during the contract.

As per price variation clause, Project MM Dept will calculate the revised price of explosives and accessories every quarter and make the payment accordingly.

### 5.14.2 METHODOLOGY FOR CONDUCTING TRIALS FOR PRIMARY BLASTING & ACCESSORIES:

#### A) PRIMARY BLASTING (SME / CARTRIDGE):

##### TRIAL QUANTITY:

##### 1. FOR SME: 100T FIXED FOR EACH PROJECT.

##### 2. FOR CARTRIDGE EXPLOSIVES:

- i) Bailadila Sector: 05 Tons
- ii) Donimalai Project: 50 Tons
- iii) Panna Project: 10 Tons

I) Trial of one vendor at a time within the quantity sealing shall be conducted.

II) Total number of trials of one vendor shall be limited to 3 in the following stages:

- a) **First stage** trial shall be conducted in soft strata in 1 or more number of blasts.
- b) If in first stage the performance of the product is satisfactory then **second stage** trial shall be conducted in medium hard/ hard strata in 1 or more number of blasts.
- c) If in second stage the performance of the product is satisfactory then **third stage** trials shall be conducted in very hard strata in 1 or more number of blasts and if performance is found to be satisfactory then such product should be treated as established for regular use.
- d) Trials in hard and very hard strata to be made using preferably 50% of the total trial quantity. However, the quantity to be used at various stages will be decided by the Project Management and may vary subject to prevailing conditions in the project.

III) During trial of the explosive in each stage, performance will be evaluated against the parameters by user department in the established format.



S.No	Characteristics	Desired Result	Actual Result	Remark
1	VOD (m/s)	4500 +/- 500		
2	Density (gm/cc)	1.15 to 1.25		
3	PF (T/Kg)	Project Specific		
4	Fragmentation	Satisfactory. However, the consumption of explosives during secondary blast to deal with boulders, generated during primary blast, should not be more than 2%.		
5	Throw	10-20 Mtrs (Depending up on strata, up to 10 Mtrs in soft & up to 20 Mtrs in MH/H/VH strata)		
6	Toe formation	Nil		
7	Muck pile	Loose		
8	Profile	Satisfactory		
9	Packaging quality (Cartridge)	Satisfactory		
10	Product quality (Cartridge)	i) No oozing ii) Shelf life 6 Months		
11	Water resistance	Excellent (Not applicable during summer)		

**IV)** Charging and blasting shall be conducted on the same day preferably. In case of machine breakdown or some other exigency, charged holes may be kept as per sleeping holes permission granted to projects.

**V)** If the performance of the SME in the above format is found to be satisfactory in one stage, then it will be recommended to next stage. Otherwise, the same should be recorded in the joint inspection report and the project management is empowered to decide whether to proceed further with the trial or not.

**VI)** Even if product fails to perform satisfactorily in any stage, records pertaining to successful blasts till that stage shall be kept for future reference.

**VII)** The trial shall be completed in 6 to 9 months from the date of placement of order (excluding rainy season).

**B) ACCESSORIES:**

**a) CAST BOOSTER (500 KG):**

**1)** Total number of trials shall be minimum of 2 in the following way:

- i) First stage trial shall be conducted in soft strata in 1 or more number of blasts. If performance is found to be satisfactory in soft strata, then it should be trialed in hard strata in 1 or more number of blasts.

- ii) If in first stage the performance of the product is satisfactory then second stage trial shall be conducted in very hard strata in 1 or more number of blasts and if performance is found to be satisfactory then the above product should be treated as established for regular use.
    - iii) Total trial quantity should be 10% of annual off-take or 500 Kg whichever is less.
  - 2) The trial shall be completed within 6 to 9 months from the date of placement of order (excluding rainy season).
  - 3) Physical condition and Packaging should be satisfactory.
  - 4) Product quality should be satisfactory.
  - 5) Shelf life of the product should be one year.
- b) NONELS – 1000 Nos. (500 Nos DTH & 500 Nos HTD)**
- 1) Total number of trials shall be minimum of two in the following way:
    - i) First stage trial shall be trialed in soft strata in 1 or more number of blasts. If performance is found to be satisfactory in soft strata, then it will be trialed in hard strata in 1 or more number of blasts.
    - ii) If in first stage the performance of the product is satisfactory then second stage trial shall be conducted in very hard strata in 1 or more number of blasts and if performance is found to be satisfactory then the above product should be treated as established for regular use.
    - iii) The length of the NONEL to be procured shall be decided by the project as per prevailing working conditions. However, Total trial quantity should be 10% of annual off-take or 1000 Nos. whichever is less.
  - 2) The trial shall be completed within 6 to 9 months from the date of placement of order (excluding rainy season).
- c) DETONATING FUSE (30000 Mtrs)**
- 1) Total number of trials shall be minimum of 2 (blasting in medium hard/hard and very hard strata) in the following way:
    - i) First stage trial shall be conducted in medium hard/ hard strata in 1 or more number of blasts.

- ii) If in first stage the performance of the product is satisfactory then second stage trial shall be conducted in very hard strata in 1 or more number of blasts and if performance is found to be satisfactory then the above product should be treated as established for regular use.
- iii) Total trial quantity should be 10% of annual off-take or 30000 Mtrs, whichever is less.
- 2) The trial shall be completed within 6 to 9 months from the date of placement of order (excluding rainy season).
- 3) The reel of DF shall be strong.
- 4) The Detonating Fuse shall not have kinks and discontinuities / voids / gaps.
- 5) Physical condition and Packing quality should be satisfactory

#### 5.14.3 PROCEDURE FOR PLACING THE TRIAL ORDERS FOR EXPLOSIVES

- a) Trial orders for explosives should be finalized at project level as Geo mining conditions varies from Project to Project and also suppliers are region specific due to prevailing security constraints and statutory obligations, etc.
- b) Limited Tender shall be issued to the firms who approach projects for conducting trials. Lowest Bidder should be given first preference and trials to be conducted. Other Bidders should be asked to match lowest Bidder price and trials to be conducted on original ranking basis after completion of trials from the lowest Bidder.
- c) In case of single offer, the price of trials should be lower or equal to the prevailing RC price.
- d) **Projects are empowered to conduct and approve trial orders as per Delegation of Powers.**

#### 5.15 TRANSPORTATION RATE / RUNNING CONTRACT

Projects shall conclude the rate / running contract for transportation of incoming and outgoing materials from anywhere in the India to our projects and vice versa with multiple banks approved transporters. This will enable projects for smooth transportation of incoming & outgoing materials from and to anywhere in the country **for a period of 2 or 3 years and may be extended by upto 1 year with the consent of the transporter.** The transportation rate / running contracts will be processed by project itself **jointly wherever feasible.**

## 5.16 DEPOT AND COLD AGREEMENTS

### 5.16.1 ENTERING INTO DEPOT & COLD AGREEMENTS

Corporate office shall enter into Depot agreement (DA) with OEMs/Authorized Distributor/ Dealer/Agent for supply of HEM spares to maintain continuity of operation by ensuring steady supply of materials.

Corporate office shall also enter into Consumer Operated Lubricants Depot (COLD) with Public Sector Oil companies for supply of Lubricants through LTE/ Nomination as the case may be. As per agreement, Projects will make the payment for actual consumption of Lubricants during the previous month.

This enables end User to draw the material directly from their Depot situated at NMDC Projects and thus reduces lead time, ordering cost and Inventory carrying cost.

In all the above cases of Depot Agreement (DA) / Consumer operated lubricants depot (COLD), MM Department at HO shall call for LTE/ Nomination basis enquiry with detailed terms & conditions of the agreement & finalize the agreements on mutually agreed terms. The DA /COLD may be made for a **period of 3-5 years** depending on the need and thereafter extendable with the consent of Depot holders.

### 5.16.2 PLACING ORDER UNDER DEPOT / COLD AGREEMENTS

Normally, the items covered by Depot / COLD agreements would be ordered directly by the project concerned. PR shall be raised on ERP System by User Department for the stores consumed during previous month under the DEPOT /COLD agreement. Corresponding Depot / COLD agreement shall be selected when raising the PR. Direct Dealing officer of MM team at project sites shall review the PR and issue the Release Order to the supplier holding the contract **after financial vetting of the PR.**

## 5.17 INSURANCE COVERAGE

### 5.17.1 TRANSIT INSURANCE FOR DESTINATION CASES

The supplier should insure the goods at his cost for all transit risks. Failure to do so will make the supplier responsible for making good any loss or damages. In case **where contracts are finalized on Ex-works basis**, the firms should be asked to dispatch the consignments only through any of NMDC's approved transporters covering transit risks under open inland transit policy.

The supplier is required to give the intimation immediately on dispatched materials giving the details like LR No., Invoice No., the name of the transporter and truck/trailer No. However, in exceptional cases where the supplier agrees to supply the material upto destination bearing only the freight element, in such case insurance is required to be taken by the consignee.

### 5.17.2 INSURANCE POLICIES TO BE HANDLED BY NMDC CORPORATE OFFICE

MM Department (Corporate Office) shall take the following insurance policies, wherever applicable:

- a) **Marine Cargo open cover** (anywhere in the world to anywhere in India) for important consignments and for consignments required for R&D and NPD Lab.
- b) **Marine transit insurance** coverage policy is to be taken by MM Dept., at corporate office on annual basis and declarations will be made on case to case basis, however, claims against policy shall be dealt by respective projects.
- c) **Special contingency policy for Diamonds** (Panna Project)
- d) **Transit insurance policy** for gold & silver coins on case to case basis
- e) **Fire Insurance policy** for R&D and NPD labs.
- f) **All Risks Policy** for Electronic and Portable Equipment instruments used by resource planning departments

For these policies, in case of any clarifications, to follow up with Insurance companies and claims, MM dept. (HO) will take assistance from Insurance intermediary, if any.

**Finance Department (Corporate Office)** shall take the **Industrial All Risks (IAR) policy** covering all project assets as required (except for Sponge Iron Unit, Paloncha). This policy covers all events like breakdown of plant & machinery, fire, burglary etc. for all capital items. For Sponge Iron Unit, Paloncha, Finance Department HO shall take **Fire Insurance Policy**.

These policies are to be taken from IRDA (Insurance Regulatory and Development Authority) approved Government Agencies by paying advance premium.

### 5.17.3 INSURANCE POLICIES TO BE HANDLED BY PROJECTS

MM dept. (Projects) will take the following insurance policies, wherever applicable:

- a) **Open insurance transit risk policy** for covering inland transit risks from suppliers' godown to NMDC stores for covering all risks of incoming & outgoing consignments which are not covered by the suppliers and which are decided to be covered.

The declaration of consignments to be covered by such open policy, would be made by the concerned Projects consignee on monthly basis the Insurance Company and premium would be payable based on such declarations.

The nature of materials which are to be covered by such insurance would be decided by the concerned Projects and quotations called for deciding the insurance company for taking open policy by Projects.

Claims against such open policy should be made and pursued by the Project directly with the insurance company till settled.

- b) **Fire & other risks policy** for inventories in Central Stores Depots, Stores installations including POL & Consumer operated Lubricants Depots. Stock Declaration is to be done by project.
- c) To the extent of all inventory items **Fire Insurance Policy, Burglary, Fidelity policy** are to be done by respective Projects.

For these policies, in case of any clarifications, to follow up with Insurance companies and claims, MM dept. (projects) will take assistance from Insurance intermediary, if any.

These policies are to be taken from IRDA (Insurance Regulatory and Development Authority) approved Government Agencies by paying advance premium.

## 5.18 EXPRESSION OF INTEREST (EOI)

### 5.18.1 TWO STAGE BIDDING - EXPRESSION OF INTEREST TENDERS – MARKET EXPLORATION

There are instances where the equipment/ plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of either the various technical solutions available or the likely sources for such products in the market. To meet the desired objectives of a transparent procurement that ensures value for money simultaneously ensuring upgradation of technology & capacity building - it would be prudent to invite a **two-stage Expression of Interest (Eoi) Bids** and proceed to explore the market and to finalize specifications based on technical discussions/ presentations with the experienced manufacturers/suppliers in a transparent manner.

**Expression of Interest (Eoi) bids may be invited in following situations:**

- i) It is not feasible for the NMDC to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders;
- ii) The character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both
- iii) The NMDC seeks to enter into a contract for the purpose of research, experiment, study or development. However, the contract cannot be used for large scale production to test the commercial viability of the developed product (or) to recover Research & Development costs; or
- iv) The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement (*Rule 164 of GFR 2017*)



### 5.18.2 THE PROCEDURE FOR TWO STAGE BIDDING SHALL INCLUDE THE FOLLOWING, NAMELY:

- i) **In the first stage** of the bidding process, the NMDC shall invite EoI bids containing the broad objectives, technical and financial eligibility criteria, terms and conditions of the proposed procurement etc. **without a bid price**. On receipt of the Expressions of Interest, technical discussions/ presentations may be held with the short-listed manufacturers/ suppliers, which are prima facie considered technically and financially capable of supplying the material or executing the proposed work, giving equal opportunity to all such bidders to participate in the discussions.

During these technical discussions stage the NMDC may also add those other stakeholders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/ presentations so held, acceptable technical solutions could be decided upon laying down detailed technical specifications, quality benchmarks, warranty requirements, delivery milestones etc. in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions/ presentations and the process of decision making should be kept;

- ii) In revising the relevant terms and conditions of the procurement, if found necessary as a result of discussions with the shortlisted bidders, the NMDC shall not modify the fundamental nature of the procurement itself;
- iii) **In the second stage** of the bidding process, the NMDC shall invite bids from all those bidders whose bids at the first stage were Accepted, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement; and
- iv) Any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalized in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification.
- v) If the NMDC is of the view that after EoI stage, there is likelihood of further participation by many more bidders and to avoid getting trapped into a legacy technology, the second stage bidding may not be restricted only to the shortlisted bidders of EoI stage and it may be so declared in the EoI document. Thereafter in the second stage, normal OTE/ GTE bidding may be done. Such variant of EoI is called '**Non-committal**' EoI.

### 5.18.3 INVITATION OF EOI TENDERS

In EoI tenders, an advertisement inviting expression of interest should be published. The invitation to the EoI document should contain the following information:

i) A copy of the advertisement;

ii) Objectives and scope of the requirement:

This may include a brief description of objectives and broad scope of the requirement. It may also include the validity period of empanelment;

iii) Instructions to the bidders

This may include instructions regarding the nature of supply, fees for empanelment (if any), last date of submission, place of submission and any other related instructions;

iv) Formats for submission

This section should specify the format in which the bidders are expected to submit their EoI;

v) The EoI document should be made available to the interested bidder as a hard copy as well as on its website in a downloadable form; and

#### vi) **ELIGIBILITY CRITERIA**

The invitation to EoI should clearly lay down the eligibility criteria, which should be applied for shortlisting. Supporting documents required need to be clearly mentioned. An example of EoI eligibility criteria is shown in **Table 1**. However, appropriate eligibility criteria has to be designed, keeping in mind the specific objectives of the EoI.

**TABLE 1. AN EXAMPLE OF EOI ELIGIBILITY CRITERIA**

Criteria	Sub-Criteria	Weightage	Break-up of Weightage
Past experience of the firm with similar requirements		A*	
Financial strength of the vendor		B*	
	Average Turnover figures of the last three years		B1*
	Net Profit figures of the last three years		B2*
Quality accreditations, licensing requirements		C*	
Manufacturing Capabilities/ tie – ups		D*	
After-sales support infrastructure		E*	
Product support		F*	

\* Weightage (out of 100) should be pre-decided and declared in EoI documents by the CA based on assessment of the required profiles of the potential bidders. The marking/ grading scheme for allotting marks (out of 100) for various parameters should also be laid down.

#### 5.18.4 **EVALUATION OF EOI**

The bidders should be evaluated for shortlisting, inter-alia, based on their past experience of performance in a similar context, financial strength and technical capabilities, among others. Each bidder should be assigned scores based on the sum of marks obtained for each parameter multiplied by the weightage assigned to that parameter. All bidders who secure the minimum required marks (normally 60 (sixty) per cent) should be shortlisted. The minimum qualifying marks should be specified in the Eoi document.

Alternatively, instead of weighted evaluation, the Eoi document may specify a 'fail-pass criteria' with the minimum qualifying requirement for each of the criteria, such as minimum years of experience, minimum number of assignments executed and minimum turnover. Under such circumstances, all bidders who meet the minimum requirement, as specified, should be shortlisted.

#### 5.18.5 **PRE-NOTICE INVITING TENDER (NIT) CONFERENCE**

In complex and innovative procurement cases or where the NMDC may not have the required knowledge to formulate tender provisions, a pre-NIT conference may help the NMDC in obtaining inputs from the industry. Such conferences should be widely published so that different potential suppliers can attend.

### 5.19 **PROCUREMENT THROUGH OPEN AUCTIONS**

When items / materials are listed for sale through open auctions, concerned department shall constitute a committee and obtain the approval for constitution of the committee from C/A. Normally, the committee shall have representatives from the corresponding User Department, Materials Department and Finance Department.

The committee shall examine the items for their suitability to the needs of NMDC and shall recommend participation in the auction, if necessary. The committee shall also recommend the maximum ceiling limit/ maximum premium percentage over the floor price of auction for participation in the auction based on budgetary quotes, LPR, condition of the items listed in the auction, availability of warranty / performance guarantee etc. wherever applicable etc.

Committee minutes and the proposal to participate in the auction should be concurred by finance and approved by Competent Authority as per extant DoP.

## 5.20 GOVERNMENT e-MARKET PLACE (GeM)

The Government has created an internet portal called Government e-Marketplace (GeM) to provide an end- to-end online Marketplace for Central and State Government Ministries / Departments, Central & State Public Sector Undertakings (CPSUs & SPSUs), Autonomous institutions and Local bodies, for procurement of common use goods & services in a transparent and efficient manner. Suppliers and buyers can register on this portal. GeM facilitates seamless process flow and standardized specifications with complete audit trail.

Extant GeM provisions and the **Standard Operating Procedure (SOP) for procurement through GeM is placed at [Annexure 5-II \(P-222\)](#).**

GeM provisions are subject to changes. Latest GeM guidelines should be adhered to. Standard Operating Procedure may be amended by MM Department at HO from time to time based on requirements and changes in GeM provisions. Such amendments in GeM SOP issued by MM Department at HO shall be followed.

Notwithstanding other clauses of this manual, for GeM procurement, relevant GeM provisions / guidelines and the SOP (including latest amendments issued by HO) shall be followed.

## **CHAPTER – 6**

### **6 TENDER ENQUIRY TERMS AND CONDITIONS**

This section deals with the major clauses to be included in the tender documents and the associated NMDC policies regarding these clauses.

#### **6.1 CLASSIFICATION OF BIDDING SYSTEM**

Tender documents shall clearly identify the type of bidding to be used for the tender. Concerned Purchase Cell would seek approval of competent authority for the type of bidding to be used. One of the following type of bids shall be used.

##### **6.1.1 SINGLE BID SYSTEM**

For single tenders (Proprietary or nomination), single bid system shall be used. For Limited tenders, where technical / commercial terms are firm / frozen & no negotiation of such terms are required, qualitative requirements and technical specifications are clear, capability of source of supply is not critical and value of procurement is low or moderate single bid system may be followed. Eligibility, technical/ commercial and financial details are submitted together in the same envelope in this system. However, it shall be preferable to conduct LTE in 2 Bid system.

##### **6.1.2 TWO / THREE BID SYSTEM**

For all Open tenders and Global Tenders, two / three bid system shall be followed.

- a) For Limited tenders where the technical & commercial terms are not firm & are to be negotiated, items under procurement are critical or of complex nature and the value of procurement is high, the tenders shall be floated in two / three bid system.
- b) In case of **two bid system**, first part is the 'Techno-Commercial Bid' and it consist of technical details and commercial terms and conditions of the offer, along with deviations if any. Second part is the 'Price Bid' or 'Financial Bid'. The second part shall consist of only the price quotation.
- c) Both 'Techno-Commercial Bid' and 'Financial Bid' should be submitted on or before due date to be considered as a valid offer. Financial bid of only those Bidders, whose techno-commercial bid is acceptable, should be opened for further scrutiny and evaluation. Financial bid of technically non-compliant bidders should be returned unopened to the Bidders in case of manual tenders.
- d) In case of **three bid system**, first part shall comprise of EMD and Integrity pact. Second and third part shall be 'Techno-Commercial Bid' and 'Price Bid' (or) 'Financial Bid' respectively.

##### **6.1.3 OFFER VALIDITY:**

Offer should be initially kept valid for **180 days** from the date of tender opening and to be extended for further period if necessary.

## 6.2 TENDER COST

In order to promote wider participation and ease of bidding, **NO cost towards tender documents** shall be charged.

## 6.3 GOI PURCHASE PREFERENCE POLICIES

Tender documents shall mention all extant GoI policies (detailed in **Chapter - 2**) that are applicable.

## 6.4 EARNEST MONEY DEPOSIT (EMD)/ BID SECURITY

6.4.1 Bidders are required to deposit EMD In favour of NMDC Limited, from any Nationalized Indian Bank /Scheduled Commercial Bank (except cooperative and Gramin Bank) including a foreign bank having a branch in India in either of the following modes:

- a) Demand Draft (DD) / Bank Guarantee (including e-BG) valid for 6 months + 3 months claim expiry period.
- b) Bank transfer through NEFT / RTGS / SWIFT to NMDC bank account mentioned in tender document. The proof of such transfer / transaction like UTR number / SWIFT copy etc. needs to be submitted with the Offer.
- c) EMD in any other form as stipulated in tender documents with the approval of Competent Authority.

For transfer of EMD through NEFT / RGTS / SWIFT, tender document shall clearly mention that NMDC is not responsible for any delay or failure of payments. EMD should be credited to NMDC's bank account before the tender due date and time.

6.4.2 No interest will be paid on EMD amount.

EMD should be refunded / returned to the unsuccessful **Bidders within 30 days** after placement of the order / tender is cancelled. For successful Bidders, EMD will be returned after receipt of Security Deposit / PBG wherever applicable.

However, in case of two packet or two stage bidding, EMD of unsuccessful bidders **should be returned within 30 days** after declaration of result of first stage i.e. techno-commercial bids evaluation.

6.4.3 Bidder shall be responsible for the correctness and completeness of the BG / DD / Bank transfer submitted towards EMD. In case the EMD submitted is not as per the value specified in the tender, the same shall be **summarily rejected**.

6.4.4 In case the tender is issued with stipulation of EMD, normally bidder is required to submit EMD, along with their offer for consideration of their bid, unless & otherwise exemption has been permitted. **The tenders received without EMD shall be summarily rejected.**



#### 6.4.5 EMD APPLICABILITY AND EXEMPTIONS

- a) For procurement of all items, **valuing more than Rs.10 Lakhs** under open Tender/ global tender/ limited tender, wherever envisaged, either in two bid (or) single bid system, the EMD has to be submitted as below:

**For Total estimated value above Rs. 10 Lakhs, EMD should be @ 1% of the estimated value of procurement. The maximum Limit of EMD should be Rs. 25 Lakhs.**

- b) For Total estimated value **upto Rs. 10 Lakhs – NIL**
- c) **Tenders on proprietary basis, nomination basis need not seek EMD.**
- d) For spare parts and consumables with estimated purchase value (PR estimate) **upto Rs. 10 Lakhs**, EMD shall not to be insisted.
- e) For other small value purchases with estimated purchase value (PR estimate) **upto Rs. 10 Lakhs**, EMD shall not to be insisted.
- f) MSE units are required to submit the valid documentary evidence as per provisions of the government policy detailed in **section 2.2**, to the effect from the concerned authorities for the items quoted by them.
- g) **Traders / Dealers are not eligible for any MSE benefits. Further, Medium firms are also not eligible for any MSE benefits.**
- h) Govt. Depts/ Undertakings need not submit EMD.
- i) Manufacturers of Steel, Cement and POL items need not submit EMD.
- j) Any new source even though covered under exemption category is required to submit EMD **excluding Govt dept/ Undertaking and MSE unit.**
- k) **In case of exemption from EMD clause, approval from Competent Authority shall be taken on case to case basis.**
- l) In appropriate cases, submission of the EMD may be waived with the Competent Authority's (C/A's) approval, especially in the case of indigenization/ development tenders, limited tenders and procurements directly from the manufacturer.
- m) Bidder's EMD will be forfeited if the bidder withdraws or amends its/ his tender or impairs or derogates from the tender in any respect within the period of validity of the tender.
- n) **For Procurement through GeM, EMD exemptions as per GeM shall be followed.**
- o) **All applicable Government guidelines issued from time to time with respect to MSEs shall be followed without fail.**

## 6.5 SECURITY DEPOSIT (SD)/ PERFORMANCE SECURITY:

6.5.1 Successful bidder(s) should deposit security deposit to NMDC Ltd **@ 5 % of the Contract value within 30 days** of PO towards satisfactory performance of the contract from any Nationalized Indian Bank/ Scheduled Commercial Bank (except cooperative and Gramin Bank) including a foreign bank having a branch in India in either of the following modes:

- a) Demand Draft (DD) / Bank Guarantee (including e-BG) for delivery period + 3 months claim period.
- b) Bank transfer through NEFT / RTGS / SWIFT to NMDC bank account mentioned in tender document. The proof of such transfer / transaction like UTR number / SWIFT copy etc. needs to be submitted to NMDC within **30 days** of Order placement.

In case the bidder does not agree to submit Security Deposit as stipulated in the tender conditions, **their offer shall be rejected**, except for the Bidders, who have got exemption for submitting the Security Deposit as per Government guidelines.

6.5.2 In case the materials are supplied as per PO quantity and received **within 30 days** of PO, the security deposit **shall be exempted**.

**In the event of placement of an order, should the supplier fail to submit the Security Deposit within 30 days of PO, a penal interest at 12% per annum of the SD amount shall be charged beyond 30 days i.e. from the 31<sup>st</sup> day of effective date of contract.**

**For example:**

If the contract value is Rs 10 crores (excluding taxes) and if the supplier fails to submit the SD amount within stipulated period of 30 days and has deposited the same on 40<sup>th</sup> day of the effective date of contract, then the penal interest on SD amount shall be Rs.16,439/- (i.e. [Rs 50 lakhs \* 0.12]\*10 days /365 days)

Further, if the supplier fails to submit SD even after suitable extension\*, then NMDC reserves the right to forfeit the EMD of that bidder and shall eliminate the bidder from participating in case of Retender.

In case of MSE bidder, they shall not be allowed in participating in the retendered case as the MSE bidders are exempted from submission of EMD.

\*Suitable extension period shall start from 31<sup>st</sup> day from effective date. However, the maximum permissible days of such extension has to be defined in the tender enquiry on case to case basis.

6.5.3 Gol guidelines issued from time to time regarding Security Deposit shall be followed. For GeM procurement, GeM guidelines on SD shall be followed.

#### 6.5.4 **SECURITY DEPOSIT SHALL NOT BE INSISTED FOR ANY OF THE FOLLOWING CASES**

- i) **Purchases upto Rs 20 lakhs.**
- ii) Firm of proprietary in nature.
- iii) Govt Depts./ Undertakings.
- iv) Manufacturers of steel, cement, and POL items.
- v) Procurement of Spare parts, Material purchased against Depot Agreement/ Rate or Running Contracts concluded by NMDC.

6.5.5 The Security Deposit Bank Guarantee / amount will be returned by MM Department once the supply is made and accepted, or pending job/ work is completed and PBG is submitted (wherever applicable). However, if there is any discrepancy in supply or completion of job/ work, the Security Deposit can be returned after consulting the User Department.

6.5.6 Liquidated Damages / Risk purchase cost claimed by NMDC, if any, against discrepancy in supply or completion of job/ work (delay in supply / supply of deficient materials / failure to supply/ failure to complete job/ work etc.) may be adjusted against Security Deposit wherever the supplier is responsible for discrepancy in supply and Force Majeure is not involved.

#### 6.6 **PERFORMANCE BANK GUARANTEE (PBG)/ WARRANTY BANK GUARANTEE:**

**To safeguard the purchaser's interest in all respects,** a suitable performance guarantee **@ 10% of contract value** would be insisted upon for procurement of capital equipment and other important high value items like Conveyor belts, TCRR bits, OTR Tyres etc.

PBG shall be submitted (wherever applicable) by successful bidder of order placement with validity for warranty period plus three months claim period in favour of NMDC Limited, from any Nationalized Indian Bank/ Scheduled commercial bank **(except Co-operative and Gramin Bank)** including a foreign bank having a branch in India in the form of Bank Guarantee (including e-BG) valid for **warranty period + 3 months claim period** in case if the performance linked with warranty.

**In the event of placement of an order, should the supplier fail to submit the PBG within 30 days of Dispatch/ Acceptance/ Commissioning of materials (as defined in the PO), a penal interest at 12% per annum of the PBG amount shall be charged beyond 30 days i.e. from the 31<sup>st</sup> day of effective date of Dispatch/ Acceptance/ Commissioning of materials.**

##### **For example:**

If the contract value is Rs 10 crores (excluding taxes) and if the supplier fails to submit the PBG amount within stipulated period of 30 days and has deposited the same on 40<sup>th</sup> day of the effective date of Dispatch/ Acceptance/ Commissioning of materials, then the penal interest on PBG amount shall be Rs.32,877/- (i.e. [Rs 1 Crore \* 0.12]\*10 days /365 days)

If the supplier fails to submit PBG even after suitable extension\*, then NMDC shall forfeit the EMD/SD of that bidder and shall eliminate the bidder (including MSE) from participating in case of Retender.

\*Suitable extension period shall start from 31<sup>st</sup> day from effective date.

- 6.6.1 A separate BG @ 10% Contract value of AMC/ CAMC/ MARC/ COST CAP shall be taken in addition to PBG towards performance guarantee of the equipment.

This BG shall be returned to the supplier only after the completion of contract period (AMC/ CAMC/ MARC/ COST CAP) plus 3 months grace period upon confirmation of satisfactory performance of the contract.

- 6.6.2 Gol guidelines on Performance Bank Guarantee from time to time shall be followed. For GeM procurement, GeM guidelines regarding Performance Bank Guarantee shall be followed.

6.6.3 **PERFORMANCE GUARANTEE FOR (HEM) EQUIPMENTS:**

The equipment should be guaranteed for minimum average availability of 85% during the warranty period. The Bidders should be asked to furnish a bank guarantee in NMDCL format for 10% value of the equipment valid for 24 months plus three months in support thereof.

In the event of machine, not being able to achieve the average availability of 85% during this period, the supplier is required to arrange to repair or replace to ensure that the equipment is in operation for the originally guaranteed period at their cost. In the event of any shortfall in minimum average guaranteed availability (to be minimum 85%), the supplier is liable for LD @ 1 % of the equipment value for every drop of 1 % of performance from the guaranteed availability, subject to a maximum of 10%. For shortfall in performance beyond 10% as stipulated in tender/PG conditions, the equipment shall be liable for rejection (< 75%).

However, in the event of equipment not being able to achieve the average availability of 85% during guarantee period after carrying out the modifications, within three months, the average availability is to be calculated for 24 months after deducting availability of the three months period for repairs/modifications.

**Percentage availability =  $(Pr - Br) \div Pr \times 100$**

**WHERE**

Pr = Production shift hours (-) Schedule maintenance hours.

Br = Break down hours

In case the supplier offers performance guarantee for a period less than the specified warranty period, their offer will be proportionately loaded, subject to a maximum of 5% of basic cost of the equipment. The offers with performance guarantee below 12 months will be rejected.

6.6.4 **PERFORMANCE GUARANTEE FOR PLANT EQUIPMENT**

**The performance guarantee will be in two parts**

**PART-I**

The mechanical performance of the equipment should meet the values of guaranteed parameters as specified in tender for PG test to be carried out. In the event of equipment not meeting the guaranteed parameters the Corporation will levy LD @ 1 % of the value of equipment for every 1 % fall in the performance or part thereof subject to maximum 5% value of the equipment. Shortfall in performance beyond 5% as stipulated in tender/PG conditions the equipment shall be liable for rejection.

## PART-II

The equipment availability should be guaranteed for a minimum of 95% during the warranty period of 24 months. For every 1 % drop in the availability 1 % value of the equipment will be levied as LD. The equipment having shortfall in availability beyond 5% shall be liable for rejection (**<90%**).

The calculation of availability shall be done as below: -  
Performance Availability =  $(Pr - Br) \div Pr \times 100$

## WHERE

Pr = Production Shift Hours (-) Schedule maintenance hours.

Br = Breakdown Hours.

However, in the event of equipment not being able to achieve the average availability of 95% during warranty period, the supplier shall have the option to carry out modification for bringing the availability to the desired level within 3 months. The average availability is to be calculated for 24 months after deducting availability of the 3 months period of repairs/modifications.

In case the supplier offers performance guarantee for a period less than the specified warranty period, their offer will be proportionately loaded subject to a maximum of 5% of basic cost of the equipment.

**The offer with performance guarantee below 12 months will be rejected.**

In case of Proprietary/ Single tender/ only single acceptable tender, the stipulation of loading on technical/ commercial points does not arise.

- 6.6.5 The performance BG, if liquidated damages are not claimed, will be returned by MM Department after consulting the user department once the supplier has fulfilled the contractual terms **but not later than 60 days** of the completion of all obligations including the warranty under the contract.

**The PBG will be forfeited and credited to the NMDC's account in the event of a breach of contract by the contractor.**

Return of PBG should be monitored by the senior officers and delays should be avoided. If feasible, the details of these securities may be listed in the ERP System, to make the process transparent and visible.

## 6.7 AUTHORIZED BANKS & OTHER GUIDELINES FOR BANK GUARANTEE (Including e-BG)

- 6.7.1 Bank Guarantees from all Nationalized Banks in India, Scheduled Commercial Banks in India (**except Co-operative and Gramin Bank**), Foreign Banks having branches in India, may be accepted for the following purposes:
- Bank Guarantee towards Advance Payments.
  - Bank Guarantee towards Earnest Money Deposits (EMD).
  - Bank Guarantee towards Security Deposit/ Performance Security
  - Bank Guarantee towards Warranty / PBG

### 6.7.2 FOLLOWING GUIDELINES ARE TO BE FOLLOWED FOR EMD, SECURITY DEPOSIT AND PERFORMANCE GUARANTEE.

- i) BG format has been standardized after vetting by the Law Dept at corporate level. The standardized format is required to be followed. In case of any bank does not agree some of the clauses standardized by NMDC Law Department, Head Office is to be contacted for acceptance of any changes.
- ii) Performance guarantee/SD in the form of BG (cross reference with mode of EMD/SD/PBG) is to be monitored by the consignee/paying officers for seeking timely extensions with the approval of competent authority wherever required. BG's will be in the custody of Finance, who will forward a monthly statement to the Materials department who in consultation with user dept will take advance action for extension/ encashment/ return of BG after approval of competent authority.
- iii) Finance Department is only the custodian of the BGs, all other actions need to be taken by the MM Dept.
- iv) The specimen form of the EMD, Security Deposit and Performance Guarantees, (BG Formats) are enclosed as **Annexure 6-I (a), (b) & (c) (P-231-234)**.

### 6.7.3 VERIFICATION OF BANK GUARANTEE

Bank Guarantee submitted by the tenders/suppliers as EMD/ SD/ PBG need to be immediately verified from the issuing bank before acceptance. There is no need to get the Bank Guarantee vetted from legal/ finance authority if it is in the specified format. Guidelines for verification of BGs submitted by the bidders/ contractors against EMD/SD/PBG/ advance payments and for various other purposes are as follows:

- i) BG shall be as per the prescribed format.
- ii) The BG contains the name, designation, and code number of the Bank Officer(s) signing the guarantee(s);
- iii) The address and other details (including telephone no.) of the controlling officer of the bank are obtained from the branch of the bank issuing the BG (this should be included in all BGs);
- iv) The confirmation from the issuing branch of the bank is obtained in writing through registered post/ speed post/ courier. The bank should be advised to confirm the issuance of the BGs specifically quoting the letter of NMDC on the printed official letterhead of the bank indicating address and other details (including telephone nos.) of the bank and the name, designation and code number of the officer(s) confirming the issuance of the BG.



- v) Pending receipt of confirmation as above, confirmation can also be obtained with the help of responsible officer at the field office, which is close to the issuing branch of the bank, who should personally obtain the confirmation from issuing branch of the bank and forward the confirmation report to the concerned NMDC.

Bank Guarantees, either received in physical form or electronic form, should be verified for its genuineness/ correctness following prescribed method for the same and the NMDC Buyers should do due diligence on genuineness of the BGs before acceptance of the same.

## 6.8 PERFORMANCE GUARANTEE WITH COST CAP FOR HEM EQUIPMENTS

- a) The equipment should be guaranteed for a minimum average availability of 85% per annum (every year) during the first 6 years or 18000 working hours, whichever is earlier from the date of commissioning.

S.No	Year of COST CAP	% age of availability
1	1 <sup>st</sup> Year	85 %
2	2 <sup>nd</sup> Year	85 %
3	3 <sup>rd</sup> Year	85 %
4	4 <sup>th</sup> Year	85 %
5	5 <sup>th</sup> Year	85 %
6	6 <sup>th</sup> Year	85 %

- b) In case the actual availability of the equipment falls short of the minimum guaranteed availability as stated in (a), the supplier/Dealer will be liable to pay LD to NMDC @ 1% of the basic value of the equipment for every 1% drop of availability or part thereof from the guaranteed availability subject to a maximum LD of 10% of the basic value of the equipment. **The LD will be calculated equipment wise.**
- c) OEM/ their Authorized Dealer should furnish a bank guarantee from a Nationalized/ Scheduled commercial bank for 10% of basic equipment value initially valid for warranty period of 24 months while claiming the balance 10% payment thereafter another Bank guarantee or extension of the earlier Bank guarantee valid for balance Cost Cap period. The Bank Guarantee shall be furnished by the Supplier for the A/Ts issued on them respectively.
- d) The availability of the equipment will be calculated by using the formula given below:

### FORMULA:

$$\text{Percentage of availability} = \frac{\text{Production shift hours (-) breakdown hours} \times 100}{\text{Production shift hours}}$$

Production shift hours = Schedule shift hours i.e. 8 hours per shift.

Break down hours means all hours of works lost due to mechanical, Electrical, daily/scheduled maintenance or any other failures or repairs. In the above formula, schedule hours for 2/3 shifts of 8 hours per shift are to be considered. Fuel filling time will be excluded for the calculation of availability.

Based on the availability/utilized hours of respective HEMM, NMDC will calculate the MTBF & MTBR data, which will be used internally for calculation of reliability of the equipments. Any break down hours of the Equipment due to accident, abuse of Machine or break down due to negligence in operation and non-availability of resources like EOT Crane, Electricity etc..) Shall be excluded for the calculation of availability.

**NOTE:**

**Logical changes, wherever required shall be made while putting up the proposal.**

**A. BREAK DOWN HOURS**

Break down hours shall mean all hours of work lost due to mechanical, electrical or other failure, including:

- a) Routine servicing and maintenance in accordance with the manufacturer's published recommendations, including: changing oils, oil filters and air filters; lubrication; changing identified consumable or wear parts.
- b) Planned preventative maintenance programmes;

**It shall not however include:**

- i) Damage due to abusive use or incorrect operation methods by the NMDC;
- ii) Accidents;
- iii) Strikes or stoppage of work by the NMDC's personnel;
- iv) Natural disaster;
- v) Lack of Spare Parts not attributable excluding parts list as mentioned in NIT to a failure of the Supplier.

**NOTE:**

*For (i) & (ii), a joint inspection report will be prepared with supplier within 3 days from the date of occurrence of incident and repairing works will be done in consultation with supplier.*

Any breakdown hours of the equipment due to accident, abuse of machine or break down due to negligence in operation and maintenance and not adhering to the recommended operational and maintenance practices of the Bidder and non-availability of resources (like manpower, cranes, electricity, spare parts order etc.) which are not under the control and scope of the supplier shall be excluded for the calculation of availability. NMDC shall provide tools tackles, cranes, stores and skilled and semi-skilled manpower etc. during commissioning & support for 6 years on free of cost to Cost CAP holder.

- c) Every month the availability of the equipment shall be recorded jointly by NMDC and the supplier. The average availability will be calculated for every twelve months from the date of commissioning of the equipment.

## **B. MAJOR BREAKDOWNS DURING WARRANTY PERIOD**

If any major breakdown occurs within the Warranty period of 2 years from the date of commissioning due to the poor workmanship and design of the equipment and repetitive failures, the Supplier has to deploy their own manpower and required spares to re-commission the equipment to achieve the guaranteed availability. However, general tools and Crane will be provided by NMDC. For regular preventive maintenance, scheduled maintenance & minor breakdown, NMDC will deploy the required manpower as per requirements during Warranty period of 2 years.

## **C. SERVICE REPORT FOR MAJOR BREAKDOWNS DURING COST CAP PERIOD**

In case of any abnormal/major breakdown occurs in the equipment within the performance guarantee period of 6 years (cost CAP period), the Site representative of the Supplier should prepare the initial Service Report regarding failure before carrying out the repair works of the equipment and after re-commissioning of the equipment, he has to prepare the detailed Service Report / Re-commissioning Report before releasing the equipment for operation.

## **D. ACCIDENTAL REPAIR CLAUSE**

In the case of accidental repair i.e. operational fault/ maintenance fault, the OEM/ COST CAP holder/ shall initiate the procurement to deliver the required spares/ consumables as instructed in writing by NMDC Service Manager of Project (without waiting for formal work order/ purchase order from NMDC, which shall be issued as per NMDC internal process).

The manufacturer should have to replace the assemblies / Sub- assemblies/ complete equipment, as applicable, at their cost to meet the guaranteed availability.

### **6.8.1 EQUIPMENT TAKEBACK & REPLACEMENT**

In the event average availability of the equipment is found below 75% during the warranty period the equipment will be rejected after levy of max 10% LD (by encashing bank guarantee) and supplier is required to take back the equipment at their cost and replace it with a new equipment on free of cost FOR destination basis.

In case of availability falls below 75% in Cost Cap period beyond Warranty period but up to CAP Period. In the event average availability of the equipment is found below 75% continuously for 3 months at any time between end of warranty period to till completion of Cost Cap period, NMDC will have option to reject the equipment after levying of 10% LD.

The manufacturer should have to replace the assemblies / Sub- assemblies/ complete equipment, as applicable, at their cost to meet the guaranteed availability.

## 6.8.2 OPERATIONS & MAINTENANCE (COST CAP) SPARES

### (i) SCOPE:

- a) **Cost CAP holder** is required to supply the spares for Operation & Maintenance of the equipments covered against above order to maintain the performance guarantee of 85% availability for a period of 72 months / 18000 hours whichever occurs earlier including engine, transmission assembly, consumables etc., excluding fuel, oils, lubricants, dump body repair, maintenance and cleaning, tyres and tyre accessories, electrical consumables like bulbs, wires, glass items, rubber beadings, fuses, breakages if any at the time of repair & maintenance work and parts required for accident/abuse repairs on the machine, and increase in parts consumption attributable to adulterated fuel or abnormally high levels of silica content, high levels of dust, moisture (like deteriorating environmental conditions)t. The estimated working hours per annum is 3000 hrs. The COST CAP is extendable for further period with mutual consent (if required).
- b) NMDC do not intend to purchase the operation and maintenance spares along with the equipment. The spares shall be drawn progressively by NMDC throughout the guarantee period of 6 years / 18000 working hours based on the actual requirement. Spare parts management and storage will be under the scope of supplier.
- c) Besides, the list of spares as given by the supplier shall only be indicative and any items not included in the list are also to be supplied by the firm on need basis.

### (ii) Terms & conditions of Operation & Maintenance spares:

#### **Price: Price Basis – FOR Destination**

Maximum ceiling (CAP) value for the O & M (Cost Cap) spares will be **@ Rs. .... per Equipment plus applicable GST.**

In case CAP value of **Rs. ....** per equipment is exhausted before end of the guaranteed period of 6 years/18000 hours of operation, whichever is earlier, Cost Cap holder shall supply the required operation & maintenance spares on free of cost basis up to the end of guaranteed period/ cost cap Period.

#### **Taxes, Transportation & Insurance:**

CAP value indicated is inclusive of Transportation and Transit insurance but exclusive of GST. Present rate of GST @ 18% will be applicable. However, ruling GST will be applicable on the date of supply/dispatch.

#### **Payment:**

- a) Payment will be made on monthly basis.
- b) Following documents are to be submitted:
  - i) Bill in triplicate indicating equipment Serial number
  - ii) Each bill is to be supported with one set of list of items supplied / consumed duly signed by services in-charge of NMDC.

- iii) Bill is to be certified stating that prices has been indicated as per the prevailing price list / Rate contract reference Number.
- iv) Payment will be released against submission of the bill along with the above documents.

**NOTE:** ABOVE TERMS AND CONDITIONS FOR PERFORMANCE GUARANTEE WITH COST CAP OF HEM EQUIPMENT WILL BE CHANGED ON EQUIPMENT BASIS.

## 6.9 PERFORMANCE GUARANTEE WITH MARC FOR HEM EQUIPMENT

- a) The equipment should be guaranteed for a minimum average availability of **85% per annum** during the warranty period of 24 months. The performance guarantee will be calculated on annual basis.
- b) In case the actual availability of the equipment falls short of the minimum guaranteed availability as stated in (a), the supplier will be liable to pay LD to NMDC @1% of the basic value of the equipment for every 1% drop of availability or part thereof from the guaranteed availability subject to a maximum LD of 10% of the basic value of the equipment. **The LD will be calculated equipment wise.**
- c) OEM/ their Authorized Dealer should furnish a bank guarantee from a Nationalized/ Scheduled commercial bank for 10% of basic equipment value initially valid for warranty period of 24 months while claiming the balance 10% payment thereafter another Bank guarantee or extension of the earlier Bank guarantee valid for balance MARC period that is for 147 months (144 Months + 03 Months). The Bank Guarantee shall be furnished by the Supplier for the A/Ts issued on them respectively.
- d) In the event of the equipment not being able to achieve the average availability of 85% at any time during the above guarantee period of 24 months, the supplier will have the option to carry out repair or modification to the equipment at their cost for bringing the equipment availability to the guaranteed level. For this purpose, the supplier will be allowed a total time of 3 months during the above guarantee period of 24 months for under taking repair/ modification.
- e) The time taken for repair/ modification (as mentioned at 'd') by the supplier will, however, be excluded for the purpose of calculating the average availability. However, the guarantee period of 24 months would still remain and would get extended by the time availed by the supplier for carrying out the repair/ modification to the equipment.
- f) The availability of the equipment will be calculated by using the formula given below:

The MARC holder is required to maintain average availability of 85% for 12 years (144 months) for each equipment i.e.

S.No	Year of MARC	% age of availability
1	1 <sup>st</sup> Year	85 %
2	2 <sup>nd</sup> Year	85 %
3	3 <sup>rd</sup> Year	85 %
4	4 <sup>th</sup> Year	85 %
5	5 <sup>th</sup> Year	85 %
6	6 <sup>th</sup> Year	85 %
7	7 <sup>th</sup> Year	85 %
8	8 <sup>th</sup> Year	85 %
9	9 <sup>th</sup> Year	85 %
10	10 <sup>th</sup> Year	85 %
11	11 <sup>th</sup> Year	85 %
12	12 <sup>th</sup> Year	85 %

The availability of the equipment will be calculated using the formula given below:

**Formula:**

Percentage of availability

$$= \frac{[\text{Production shift hours (-) Break down hours}] \times 100}{\text{Production Shift Hours}}$$

Production shift hours = schedule shift hours – scheduled maintenance hours.

In the above formula 8 hours per shift are to be considered. The schedule maintenance hours shall be TWO hours per day including all preventive maintenance / pro-rata basis. Subject to 60 Hrs., per month maximum / pro-rata basis.

Breakdown hours means all hours of works lost due to mechanical, electrical or any other failures.

The availability will be calculated on three monthly basis for each equipment separately. However, availability details are to be maintained on monthly basis. Fuel filling time will be excluded for the calculation of availability.

Any breakdown hours of the equipment due to accident, abuse of machine or break down due to negligence in operation and maintenance and not adhering to the recommended operational and maintenance practices of the supplier and non-availability of resources (like operator, cranes, electricity etc.) which are not under the control and scope of the supplier shall be excluded for the calculation of availability.

Scheduled maintenance hours of two hours per working day will be adjusted on monthly basis.



Every month the availability of the equipment shall be recorded jointly by NMDC and the supplier. The average availability will be calculated for every twelve months from the date of commissioning of the equipment.

#### 6.9.1 **EQUIPMENT TAKEBACK & REPLACEMENT**

In the event average availability of the equipment is found below 75% during the warranty period, the equipment will be rejected after levy of max 10% LD (by encashing bank guarantee) and supplier is required to take back the equipment at their cost and replace it with a new equipment on free of cost FOR destination basis.

In the event average availability of the equipment is found below 75% continuously for 3 months at any time between end of warranty period to till completion of contract (MARC), NMDC will have option to reject the equipment after levying of 10% LD. The manufacturer should have to replace the assemblies/ sub-assemblies/ complete equipment, as applicable, at their cost to meet the guaranteed availability.

#### 6.9.2 **SCOPE OF WORK**

- a) The contract period will be for a minimum period of 12 years (144 months) or 32000 working hours of each equipment whichever is earlier. The MARC is extendable for further suitable period with mutual consent.
- b) The MARC holder shall undertake responsibility for maintenance of the equipment from date of commissioning of the equipment.
- c) The maintenance of the equipment will be done by the MARC holder. Maintenance contract will include supply of manpower with tools & tackles & Engineers, supervisors, running repairs, schedule maintenance, major repairs and overhauls inclusive of supply of spare parts, lubricants, assemblies and sub-assemblies during entire period of contract. Each production shift shall be headed by MARC holder shift supervisor and shall report to NMDC shift in-charge in the beginning of the shift regarding the machine availability for operation and related matters from time to time.
- d) The equipment will be operated by NMDC personnel. NMDC will provide fuel at its own cost for operation. The maintenance of the equipment will be done by the MARC holder. NMDC to use latest model fuel bowsers with all new technology. Project shall ensure the fitment of 10 micron filter on the fuel bowsers and this point to be a part of the agreement to be made with the project.

- e) NMDC will provide maintenance sheds with EOT cranes of adequate capacity, one water connection and electrical points for minor repair of assemblies and sub-assemblies. The water and electricity charges at work shed will be on free of cost basis. Suitable lighting facilities in work shed will be provided on free of cost basis. The fuel filling will be done by NMDC at its own cost. NMDC to provide all the infrastructure as mentioned in NIT. The B/D of equipment to be determined at Project level on case-to-case basis with mutual consent.
- f) The other facilities required for carrying out maintenance such as special tools / tackles, standard tools, service trucks, welding set, battery charger, compressed air facility, the equipment washing arrangement, lifting jacks, mobile crane and any other facilities required are to be arranged by MARC holder. MARC holder will establish and maintain their own service station fully equipped with service vehicle and transport truck.
- g) MARC holder should arrange Industrial gases on their own. However, industrial gases, such as Oxygen, Acetylene, Nitrogen etc. can be provided by NMDC on chargeable basis, provided minimum one week advance notice is given to arrange the industrial gases.
- h) The MARC holder shall arrange their own transportation for their supervisors & staff.

**All other terms and conditions which are applicable for MARC shall also be a part of the contract.**

### 6.9.3 SPECIAL CONDITIONS PERTAINING TO MARC (MAINTENANCE & REPAIR CONTRACT)

#### 1 PERSONNEL FOR MARC-HOLDER

- i) Within (7) days of the commencement of this agreement, the MARC holder shall submit to NMDC in writing.
- ii) The personnel who shall be project in-charge for the MARC holder at NMDC mine site. The MARC holder's Project in-charge and other maintenance personnel shall have relevant technical qualification and experience in their respective fields to perform their duties to discharge the MARC holder's obligations under this contract.
- iii) The MARC holder shall be solely responsible for the safety and discipline of its personnel as required under safety and other applicable laws in India in force during the entire term of this contract.
- iv) The personnel deployed by the MARC holder shall adhere to the rules, regulations and norms stipulated by NMDC's sit management at all the times. The MARC holder shall be responsible for any misconduct or dereliction of duties on part of its personnel.

- v) The MARC holder will indemnify the purchaser against any claim for compensation made by any personnel of the MARC holder due to accident, injury, death etc.

## **2 STATUTORY REQUIREMENT**

- i) The MARC holder, while performing of its obligation under this contract, shall comply with the requirements of all the applicable laws, rules, regulation and byelaws.
- ii) The MARC holder shall at their own cost obtain all permits and licenses necessary for undertaking the activities under this contract and shall pay all, taxes and fees payable under any law for the time being in force and during the term of this contract and shall provide the evidence to NMDC to prove compliance of the legal requirements as stated above as well as payment of taxes or fees.
- iii) The MARC holder shall comply with all the provisions of Labour Laws including Contract Labour (Regulation and Abolition) Act 1970 & subsequent amendments, and the rules made there under, Minimum wages Act etc.
- iv) Payment of Wages Act, Employees Provident Fund Act etc.
- v) During currency of the contract the supplier/ MARC holder shall abide at all times to all the existing Labour enactments and regulations made there under, notifications and bye laws of the state or central Govt. or local authority and any other labour laws including rules, regulations, bye laws that may be passed or notification that may be issued under any labour laws, in future either by the state or by the Central Government or by the local authority. Notwithstanding the above, the supplier shall keep the purchaser indemnified in case any action is taken against the purchaser by the competent authority of the state/ central Government on account of contravention of any of the provisions of any act or rules made there under. If the purchaser is caused to pay or reimburse such amounts as may be necessary to cause or observe or for non-observance of the provision stipulate in the above laws, Act, rules etc. The head of the project/ Engineer-Incharge (Mechanical) shall have the right to recover the amount so paid from the amount due to the contractor including PBG. The employees of the contractor in no case shall be treated as the employees of the purchaser at any point of time.
- vi) The MARC holder shall conduct all checks as mandated by statutory laws and DGMS circulars/ orders and submit the reports to the concerned NMDC Mine Manager or his representative to their entire satisfaction.

### **3 SAFETY & FIRST AID**

The MARC holder shall comply with the statutory requirement in respect to safety and first aid requirements as per the relevant statutes and shall in particular.

- i) Ensure that their personnel are properly equipped with personal protective equipment and protective devices and are well versed in the safety measures required in the mining operation.
- ii) Ensure that their personnel follow the safe working practices at all times in the course of performance of their duties in discharge of MARC holder's responsibilities under this contract.
- iii) Ensure deployment of persons sufficiently trained in First Aid and that they are equipped with the first aid facilities at the mine site throughout the tenure of this contract.

### **4 INDEMNIFICATION**

- i) The MARC holder shall indemnify NMDC against all damages and losses incurred or to be incurred including all expenses by NMDC due to non-observance of statutory provisions, not obtaining proper permit/ licenses from appropriate authorities.
- ii) The MARC holder shall indemnify NMDC against any claim or demands made by any employee or labour engaged by the MARC holder due to any accident or damage caused due to negligence or carelessness of MARC holder.

### **5 TOOLS & TACKLES**

- i) The necessary tools & tackles required for 12 years (MARC Period) to be arranged by MARC holder. No additional tools or tackles shall be provided by NMDC.
- ii) Laptop 01 No for each project is required for diagnosis/ data down loading purpose to be arranged by the MARC holder and its timely replacement/ software upgradation/ repair is also within the scope of MARC holder.

### **6 MAINTENANCE OF RECORDS**

The following reports are to be generated by the MARC holder and submit the same to Mechanical Services in-charge of the Project of NMDC.

- i) Equipment Logbook (History sheet) indicating actual working hours per shift, breakdown hours on account of purchaser and supplier with reasons for breakdown, maintenance hours, idle hours with details of spares and consumables usages including lubricants shall also be recorded. This record shall be maintained jointly by the representative of NMDC and MARC holders. The logbook shall be jointly signed on daily basis. This shall be the basis to arrive at equipment availability and utilization and for making payment thereof.

- ii) All the equipment will be provided with necessary meters for recording working hours. It will be the responsibility of the supplier to keep these meters in working order. For all purpose, i.e. availability & utilization calculation, preventive/ schedule maintenance etc. hour meter recording only shall be considered. Equipment shall be treated as breakdown till the hour meter is replaced.
- iii) Monthly records of hours of each of the equipment.
- iv) Monthly D/O letter shall be submitted by the end of first week with details consisting: HMR, hours utilized, break down details, idle time, down loaded data from the machine with specific parameters, spares used, cost of spares consumed, lub oil consumed, major repair cost in detail for our internal records purpose.
- v) Maintenance/ repair, service forecast plan of each equipment to be planned ahead, enabling to achieve the agreed availability of each equipment.
- vi) In case of accidental repair, the instruction from NMDC's Service Manager for the procurement of spares, shall be in writing to the MARC holder. The billing & payment for the spares/ consumables and service required for the accidental repairs shall be extra at actuals (beyond the scope of MARC).

NMDC should adhere to the condition of minimum possible travel of excavator.

In both the cases of accidental repair i.e. operational fault/ maintenance fault MARC holder shall initiate the procurement to delivery of required spares/ consumables as instructed by NMDC Service Manager of Project (without waiting for formal work order/ purchase order from NMDC, which shall be issued as per NMDC internal process).

## 7 FORMULA:

Percentage of availability

$$= \frac{\text{Production shift hours (-) Break down hours} \times 100}{\text{Production shift hours.}}$$

Production shift hours = schedule shift hours – scheduled maintenance hours.

In the above formula, schedule hours for 3 shifts of 8 hours per shift are to be considered. The schedule maintenance hours shall be two hours per day including all preventive maintenance on prorated basis.

## 8 OUT OF SCHEDULE DURING THE MARC PERIOD

During the 12 years MARC period additional maintenance & overhauling time shall be granted (during that time the equipment shall be kept out of schedule). One day out of schedule means 3 shifts. The breakup for keeping the machine out of schedule for attending major

repair/ scheduled overhauling shall be as below:

S.No	MARC Duration	Out of schedule
1	In between 4 <sup>th</sup> , 5 <sup>th</sup> and 6 <sup>th</sup> Year	10 days
2	In between 7 <sup>th</sup> , 8 <sup>th</sup> and 9 <sup>th</sup> Year	15 days
3	In between 10 <sup>th</sup> , 11 <sup>th</sup> and 12 <sup>th</sup> Year	20 days

- The said period shall be allowed only in consultation with MARC In-charge NMDC and with prior approval. Crane will be provided on free of charge during the major repair period, subject to availability of the same at site.
- If there is any leftover days/ shift is utilized during any slots, that period shall not be carry forward to subsequent years/ slab.

**MARC IS EXTENDABLE FOR FURTHER SUITABLE PERIOD WITH MUTUAL CONSENT.**

### **NOTE:**

**ABOVE TERMS AND CONDITIONS FOR PERFORMANCE GUARANTEE WITH MARC OF HEM EQUIPMENT WILL BE CHANGED ON EQUIPMENT BASIS.**

## 6.10 INTERNAL PERFORMANCE IN PQC

NMDC reserves the right to verify the internal performance of the earlier supplied similar/ higher capacity equipment, in the assessment period as mentioned in the PQC clause.

The internal performance reports obtained from user departments will be preferred over the performance reports submitted by the bidder and the decision of NMDC regarding the techno-commercial evaluation of the offer will be final.

### **NOTE:**

Above internal performance clause may be incorporated suitably on case to case basis.



## 6.11 **PAYMENT TERMS:**

### 6.11.1 **Tender enquiries shall clearly stipulate NMDC's payment terms:**

As per latest guidelines available from CVC, **NO advance payment terms are acceptable.** Hence, a specific clause in payment terms, stating that "NO advance payment terms are acceptable", is required to be indicated in NIT. No mobilisation advance shall be paid to the contractor.

However, for selected works/ contracts, mobilization advance may be considered. The specific approval of competent authority is to be obtained before acceptance of such mobilization advance and equal opportunity is to be given to all bidders. Such advance shall invariably be interest bearing supported by bank guarantee, in case of procurement from private organizations.

### 6.11.2 **Standard payment terms to be incorporated in tender notice and document shall be as follows:**

#### 6.11.3 **FOR CAPITAL EQUIPMENTS/ PLANT EQUIPMENT / HEMs**

- a) **90% amount** along with full taxes and duties is payable against delivery of capital equipment. **Balance 10% amount** is payable after receipt and acceptance of the equipment, erection & commissioning supported by performance bank guarantee, as applicable.

**(OR)**

- b) **90% amount** along with full taxes and duties is payable against dispatch documents through bank, **5% amount** is payable after satisfactory erection & commissioning and trial run of equipment at site supported by PBG for 10% value, balance **5% amount** is payable after successful completion of Performance Guarantee (PG) test. Erection & Commissioning and trial run is to be completed within 3 months of receipt of equipment at site. PG test is to be completed within 3 months of commissioning.

#### 6.11.4 **FOR MOBILE EQUIPMENTS:**

- i). **5% amount** of supply shall be paid against submission of GA Drawings and Power calculations.
- ii). **5% amount** of supply shall be paid against submission of unpriced purchase order copies of bought out items.
- iii). **70% amount** of supply of payment shall be paid with 100% tax on pro-rata basis against supply as per approved billing schedule against dispatch documents.
- iv). **15% amount** of supply cost will be released after erection & commissioning and trail run of equipment.
- v). **Balance 5% amount** of supply payment will be made after successful completion of PG test.

#### 6.11.5 FOR IMPORT ITEMS

**90% amount** along with full taxes and duties is payable against FOB/FAS/CFR/CIF/CIP through bank. Balance **10% amount** within 30 days is payable after receipt and acceptance of the materials & commissioning supported by performance bank guarantee, as applicable.

#### 6.11.6 FOR ALL OTHER ITEMS

**100% amount** within 30 days after receipt and acceptance of materials, on submission of all original documents and PBG (if applicable).

6.11.7 Any payment term other than the above may be stipulated after approval of Competent Authority on case to case basis, with proper justification.

6.11.8 In case, the Bidders quote different payment terms, other than that stipulated in the tender conditions, their offer will be liable for rejection.

#### 6.12 DELIVERY TERMS

All indigenous items should be normally procured **on FOR destination basis**. In exceptional cases, other delivery terms can be accepted with the approval of the Competent Authority. However, the same should be incorporated in the tender documents.

In the tender enquiry against delivery terms, shortest delivery period be insisted in normal cases. The suppliers should be requested to quote the shortest delivery. **Any delay after the delivery quoted by the supplier will attract Liquidated Damages.**

#### 6.13 LIQUIDATED DAMAGES (LD)

- a) Compensation of loss on account of late delivery (actually incurred as well as notional) where loss is pre-estimated and mutually agreed to is termed as the Liquidated Damages (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 [Maula Bux Vs. UOI (1970 AIR 1955)].
- b) In the event of placement of an order, should the supplier fail to deliver the stores in full or part thereof within the delivery date including extended time if any, NMDC shall reserve the right to levy Liquidated Damages on the supplier at **0.5% of the basic order value (excluding GST)** of the **undelivered stores** for each week or part thereof of delay but not exceeding **5%** of the basic order value (excluding GST) of such materials.
- c) However, in case of capital items, the liquidated damages amount should be calculated on the total equipment basic order value (excluding GST).
- d) In case of FOR destination cases, the date of receipt at nearest transporter's godown should be taken for calculation of Liquidated Damages amount. However, in the Purchase Order (FOR destination-nearest transporter's godown) should be clearly mentioned.

- e) In case, the Supplier is a consortium, the Employer shall recover the amount of Liquidated Damages, but not by way of LD, by making deductions from the account of each member of consortium, **up to a maximum of 5%** of the respective basis order value (excluding GST).  
However, each member of consortium, will be liable for damages in the ratio of the respective Purchase Order price.
- f) However, the payment of liquidated damages shall not in any way relieve the Supplier from any of its obligations to complete the PO or from any other obligations and liabilities of the Supplier under the Purchase Order.
- g) The aggregate ceiling on Liquidated damages due to delay in completion of PO and for non-fulfillment of Performance Guarantee parameters in accordance with the Purchase Order shall be **limited to 10% (ten percent)** of the Purchase Order value, if any, excluding taxes & duties.
- h) Any recovery of Liquidated damages shall be affected from the amount payable to the Supplier against Commissioning, Performance Guarantee Test, Final Acceptance Certificate and Performance Bank Guarantee.
- i) The levy of LD shall be on the final executed value of Purchase Order/ amended value, including escalations (excluding GST) as applicable, of the PO including additions to scope by way of interim approvals. However, LD shall not be levied on amount paid under amicable settlement, conciliation and arbitral awards settled after completion of work.
- j) The applicability of LD in each case is to be evaluated & confirmed by Materials department before processing the case for release of final payment/ return of PBG. Proper delay analysis should be conducted by MM dept before submitting the recommendation for levy of LD.

#### 6.14 **DENIAL CLAUSE (DC)**

“Since delay in delivery is a default by the seller, the buyer should protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period.

In the denial clause, any increase in statutory duties and/or upward rise in prices due to the PVC clause and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the purchaser reserves his right to get any benefit of a 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”.

## 6.15 WARRANTY TERMS

- 6.15.1 Warranty terms are to be included in all tender enquiries wherever applicable. The supplier shall warrant that every material to be supplied shall be free from all defects and faulty materials, bad workmanship. If any defect is found arising from faulty design, manufacturing defects, faulty materials and bad workmanship, the supplier shall replace such materials free of cost.
- 6.15.2 The warranty shall continue notwithstanding the inspections payments made and acceptance of the tendered stores but shall expire only in accordance with the Warranty period specified.
- 6.15.3 Warranty shall be 12/24 months from the date of commissioning or 18/30 from date of dispatch whichever is earlier for capital equipment and for other items shall be 6/12/18/24/30/36 months as the case may be, but the actual warranty terms shall be mentioned in NIT on case to case basis after Competent Authority approval at the time of approval of Rate Enquiry proposal.
- 6.15.4 Standard warranty period acceptable for NMDC for selected items are as follows:

Item Category	Warranty Period
High value General Items/ Spares	12 months from the date of acceptance (or) 18 months from the date of dispatch, whichever occurs earlier
HEMM Auxiliary Equipments	12 months from the date of commissioning (or) 18 months from the date of dispatch, whichever occurs earlier
HEMM Production Equipments / Capital Items/	24 months from the date of commissioning (or) 30 months from the date of dispatch, whichever occurs earlier
Plant Mech Equipment (Crushers, Apron Feeders etc.)	24 months from the date of commissioning (or) 30 months from the date of dispatch, whichever occurs earlier.
Nylon Conveyor belts	30 months from the date of dispatch
Steel Cord Conveyor belts	36 months from the date of dispatch
OTR radial tyres (27 R 49)	5000 hours of operation or a period of 24 months from the date of receipt & acceptance whichever is earlier
TCRR bits	Meterage Guarantee for 9 7/8" (251 mm) TCRR Bits with 6 5/8" (168 mm) API Reg: 1) The batch quantity for evaluation for Meterage guarantee shall be considered as 10 nos. 2) The Equivalent Very Hard (EQVH) meterage guarantee of 325 Meters will be considered in case of Deposit-5 Bacheli complex, 350 meters will be considered in case of Deposit-10&11A and 550 Meters will be considered in case of Kirandul Complex.

- 6.15.5 Warranty normally should not be linked with number of hours of working (exceptions include OTR tyres).
- 6.15.6 In case of HEM / Plant equipment the warranty shall be comprehensive and also cover all the bought-out items. Normally, warranty period for bought out component in equipment shall be in line with equipment warranty period. However, for bought out components, manufacturer's warranty can be accepted based on nature of items (like batteries, tyres, electrical parts etc.). The consumables and wear parts shall be identified in equipment and warranty for these items shall be stated separately.
- 6.15.7 **Variations in standard warranty terms will attract proportionate loading on price to a maximum of 5% of the basic cost of the equipment / item.** Offer with Warranty quoted below 12 months from the date of commissioning or 18 months from the date of dispatch shall be rejected.
- 6.15.8 **In case of Proprietary/Single tender/only single acceptable tender, the stipulation of loading on technical/commercial points does not arise.**
- 6.15.9 It may be ensured that the concerned user after release of Purchase Order, where erection & commissioning is involved, should plan, and make the site ready before receipt of the ordered equipment to ensure that the warranty period does not lapse.

## 6.16 INSPECTION

- a) Tenders are required to indicate the scope of pre-dispatch inspection facilities available at Supplier works.
- b) Initial inspection may be carried out before dispatch at consignee's discretion. Inspection schedule shall be drawn well in advance and the **supplier shall give at least 15 days clear advance notice for the consignee to carry out the pre-dispatch inspection.**
- c) Bidders are required to submit the Quality Assurance Plan without fail for carrying out the inspection.
- d) In case the inspection is not carried out within 15 days of notice, the supplier will be informed suitably. **Automatic waiver of pre dispatch inspection is not allowed / permitted.**
- e) However final inspection of the equipment will be carried out at project site after receipt and assembly and commissioning of the equipment (even if pre- dispatch inspection is carried out) which will be final & binding. In case the equipments / stores supplied are rejected either fully or partly on account of defects, bad workmanship or other reasons, the supplier will have to arrange for free replacement of the same up to destination point. Freight and incidental charges for return of the rejected materials will have to be borne by the supplier. In case, rejected materials are not collected after receipt of rejection notice within 60 days, no liability in respect of loss, damage, deterioration etc. shall lie with the Corporation / Company.

## 6.17 BOUGHT OUT ITEMS

A list of important bought out items that go into main equipment along with their make and original manufacturer should be given in Technical Bid of the tender. The comprehensive warranty should cover all bought out items also. “Equivalent “/ “Any reputed” makes of bought out components are not acceptable.

General arrangement drawings with overall dimensions and description of various important components of the equipment included in the ‘scope of work’ shall be furnished.

The successful Bidder is required to provide 2 sets or soft copy of fabrication/manufacturing drawings and technical specifications of the entire major fast wearing consumable items, wherever applicable. The list of major fast wearing consumable items may be spelt out in the offer.

## 6.18 AFTER SALE SERVICES

The after-sales-service facilities and availability of spares during lifetime of equipment i.e., within warranty period and beyond warranty period are to be indicated. Confirmation shall be sought w.r.t after sales service which shall be provided outside the warranty period also. Bidder should also confirm to depute Service Engineer at working site during warranty period of the equipment at regular interval. Full address of the location from where after sales service facility is to be provided may be indicated. Sufficient proofs of having competent and adequate technical staff for after sales service should be furnished with the offer as per the format enclosed **Annexure 6-II (P-235)**.

## 6.19 PURCHASE UNDER OPTION CLAUSE

In case of long running, yearly procurements, to take care of any change in the requirement during the currency of the contract, a **plus/ minus option clause upto 30%** may be incorporated in the tender enquiries and the resultant contracts, reserving NMDC’s right to increase/decrease the quantity of the required goods up to that limit without any change in the terms and conditions and prices quoted by the Bidders.

**The clause may be framed along following lines:**

“NMDC reserves the right to increase/ decrease the ordered quantity up to 30 % (Thirty) for the required goods without any change in the terms and conditions and prices quoted by the bidder at any time, till final delivery date (or) extended delivery date of the contract, by giving reasonable notice even if the quantity ordered initially has been supplied in full before the last date of the delivery period (or) the extended delivery period”.



#### 6.19.1 **CONDITIONS GOVERNING OPERATIONS OF OPTION CLAUSE**

With the provision of the option clause, coverage for **plus/ minus upto 30% quantity** can be made in full or by parts at the time of placement of contract or anytime during the currency of contract.

Coverage under option clause can be made with the approval of the Competent Authority as per extant DoP within whose power the value of the fresh purchase falls and not with the reference to the contract value where option is available for utilization.

Where parallel contracts on multiple suppliers are available, care should be taken in exercising the option clause, so that the original tender decision of splitting quantities and differential pricing is not upset or vitiated. Other things being equal, the supplier with the lower rate should first be considered for the option quantity.

The quantum of the option clause will be excluded from the value of tenders for the purpose of determining the level of Competent Authority in the original tender.

- a) **There should be no option clause in development orders / trial orders.**
- b) **There should be no declining trend in the price of the stores** as evidenced from the fact that no order for the items has since been placed at lower rates and no tender with offers for the items at lower rates has been opened since the time, even if not finalized.
- c) While exercising option clause **plus / minus upto 30% quantity**, a reasonable delivery schedule for the enhanced order quantity should be stipulated in the relevant amendment to the contract. If not already agreed upon, the delivery period shall be fixed for the additional quantity on the lines of the delivery period in the original order. This will satisfy the requirement of giving reasonable notice to the supplier to exercise the option clause.

#### 6.20 **BUY BACK OFFER**

When it is decided to replace an existing old item(s) with a new/better version, the Department may trade the existing old item while purchasing the new one by issuing suitable bidding documents for this purpose.

The condition of the old item, its location and the mode of its handing over to the successful bidder are also to be incorporated in the bidding document.

Further, the bidder should be asked to quote the prices for the item (to be offered by them) with rebate for the old item and also, without any rebate (in case they do not want to lift the old item).

This will enable the Department either to trade or not to trade the old item while purchasing the new one (Rule 176 of GFR 2017).

## 6.21 LIMITATION OF LIABILITY

Tender document shall include the limitation of liability clause as follows: Except in cases criminal negligence or willful non-performance of willful default,

- a) The Supplier shall not be liable to the NMDC, whether in Purchase Order, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs and
- b) The aggregate liability of the Supplier to the NMDC, whether under the Purchase Order, in tort or otherwise including the cost of repairing or replacing defective equipment, shall not exceed the 100% (Hundred Percent) of the Purchase Order price plus escalation if applicable as per Purchase Order, provided that this limitation shall not apply to any obligation of the Supplier to indemnify the NMDC with respect to copyright, patent infringement, workman compensation and statutory liabilities in general that the NMDC may be required to additionally bear due to default of the Supplier.
- c) The aggregate liability of the NMDC to the Supplier, whether under the Purchase Order, in tort or otherwise, at any point of time during the execution, performance of the Purchase Order, shall not exceed the total Purchase Order Price less payments already released to the Supplier. In any event, the liability of the NMDC to the Supplier shall not exceed 100% of the Purchase Order Price plus escalations.
- d) However, any amount recoverable from the supplier under Risk & Cost shall not be restricted by the provision for Limitation of Liability.

## 6.22 FORCE MAJEURE CONDITIONS

A Force Majeure clause in the contract relieves both the parties from contractual liability, when prevented by events such as restrictions faced during covid from fulfilling their obligations under the contract. Force Majeure clause does not excuse the parties from non-performance entirely, but suspends it for the duration of Force Majeure. Accordingly, the firm/contractor has to give notice of Force Majeure as per contract and within the duration specified in the contract (i.e. it cannot be claimed ex-post facto).

In-order to facilitate handling of Force Majeure situation in the ongoing contracts of NMDC (i.e. the contracts which are yet to be formally closed) where-in, **the performance of contract has been affected by Force Majeure event, and the contractor(s) have served notice(s) of Force Majeure as per contract for the reasons of Covid-19 situation**, it has been decided to consider the following periods under the Force Majure Condition:

- 1) For 1<sup>st</sup> wave of Covid-19 pandemic (i.e. from **25.03.2020 to 30.06.2020 – 98 days**).
  - a) In the instances of invocation of Force Majeure by the Contractor during the above period, wherever the contract was in-force/execution as on 20.02.2020(as per OM – dt 13.05.2020), **Extension of Time** will be granted to **Contractual Completion Date without imposition of LD** (*with respect to time of completion*), and without alteration in price schedule.
  - b) The exact period will be decided based on the specific circumstances of the case and the period for which performance was affected by the Force Majeure events due to lockdown situation or restriction imposed on account of Covid-19, which will also be applicable for period beyond 30.06.2020. However the period for Extension of Time shall not be less than 3 months and not more than 6 months.
- 2) For 2<sup>nd</sup> wave of Covid-19 pandemic (i.e. from **01.04.2021 to 30.06.2021- 91 days**)
  - a) In the instances of invocation of Force Majeure by the Contractor, in cases where in the contract was in-force/execution as on **01.04.2021**, **Extension of Time** will be granted to **Contractual Completion Date without imposition of LD** (*with respect to time of completion*), and without alteration in price schedule, for the period, from the date of invocation of Force Majeure (i.e. on or after **01.04.2021**) not exceeding beyond **30.06.2021**.

**Additional guideline which needs to be complied for handling the matters related to Force Majeure:**

- 1) **Determination of an event as Force Majeure:** It needs to be identified if the event or circumstance that is being claimed, falls under a 'force majeure' condition. This could be based, either on the already identified events of force majeure mentioned in the particular contract **or** cases where either party is directly prevented, hindered or delayed from or in performing any of its obligations under the Contract by an event of Force Majeure resulting from any unforeseeable / unavoidable circumstances beyond the reasonable control of the parties to the contract. The same may be substantiated with Government Orders (*i.e. restrictions imposed under any Act or executive order released by State/Central Government, as done during the period Covid-19 pandemic*) declaring force majeure condition, wherever possible.

- 2) **Analysis of Contractual provisions (*Awarded/ongoing Contracts*):** In case of occurrence of a Force Majeure event, and the contract has provisions for grant of “*Extension of Time for Completion*” under Force Majeure clause, then “*Extension of Time for Completion*” can be provided to the contractor, for a duration which has been mutually agreed/accepted by Contractor and Employer, as the duration of Force Majeure.

However, in order to assess the duration of Force Majeure, the Contractor shall submit to the Engineer, a notice of claim for ‘Extension of Time for Completion’ with-in the duration specified in the *contract (e.g. with-in 14 days as specified in SBD turnkey)*, together with particulars of the event or circumstance justifying such extension. As soon as reasonably practicable, after receipt of such notice and supporting particulars of the claim, the Employer and the Contractor shall mutually agree upon the period of such extension.

Further, a **Delay event due to Force Majeure is an excusable delay in which extension of time can be granted without levying LD** and any delay or non-performance by either party of the Contract caused by the occurrence of any event of Force Majeure shall not constitute a default or breach of the Contract (Ref: Manual for procurement of works – page no 92 – enclosed as **Annexure-I**).

There are 4 categories of delays which are Excusable delay, Compensable delay, Inexcusable delay (contractors’ own fault) and Concurrent delay. The Force Majeure falls under the category of Excusable delay, hence ‘Extension of Time for completion’ can be provided without imposition of LD.

Price variation is payable in cases of Compensable delay or in some cases of Concurrent delays. The Force Majeure situations are beyond the reasonable control of employer and contractor(s) and the same falls under the category of Excusable delay, however if the performance of contract is substantially prevented, hindered or delayed for a period more than 90 days on account of FM during the currency of the contract, the parties may develop a mutually satisfactory solution as per the contract.

- 3) **Payment of PV during the period of Force Majeure for Future Tenders/Contracts:** The Manual for procurement of works indicated (*Ref 6.5.6 – (g) – page no. 101–* enclosed as **Annexure-II**) that “*price variation may be allowed beyond the original schedule delivery date, by specific alteration of the date through an amendment to the contract in cases of force majeure or defaults by Government*”, hence PVC may be made applicable during the period of Force Majeure for which suitable provision may be made in future tender documents/contracts.

Considering the above provision mentioned in the manual, suitable clause may be inserted in the future contracts of NMDC to facilitate payment of Price Variation during the period of Force Majeure, under the following circumstances:

S.N	Duration	Remarks
a	In case of contracts with original completion period of <b>12 months or less</b> , but total duration exceeds 12 months after grant of extension(s).	Where the progress of work has been hampered due to Force Majeure conditions, the payment of PV may be permitted if the cumulative impact of FM is more than <b>15 days</b> against such work; however, PV shall be paid in such instance for the period of FM beyond initial <b>15 days</b>
b	In case of contracts with original completion period of <b>more than 12 months</b>	Where the progress of work has been hampered due to Force Majeure conditions, the payment of PV may be permitted if the cumulative impact of FM is more than <b>30 days</b> against such work; however, PV shall be paid in such instance for the period of FM beyond the initial <b>30 days</b> .

**NOTE:**

- i) Before processing the case for approval, the Employer & Contractor with involvement of package consultant (if any) will create a suitable document which shall be signed by either party after obtaining approval of Competent Authority of the Employer (*post concurrence by Law and Finance departments, as per extant procedures*) The document shall explicitly state that, contractor shall have no other claims whatsoever for the period of Force Majeure (other than those specifically provided in the contract) in order to be entitled for payment of PV in the above instances.
- ii) The proposed payment of PV on account of FM shall not breach the maximum limit defined in the Contract (15% as per current standard terms of NMDC).
- iii) FM delay shall always supersede other concurrent delay during the total contract period (i.e., both employer delay plus contractor delay).
- iv) For all future contract/tender FM delay is to be treated as initial delay (*before employer delay while doing delay analysis*). – brief illustration on this is enclosed as Annexure-III.

- v) In cases where the contract has entered the FM period for the reasons (i.e. delays) only attributable to contractor (*i.e. NIL delay on account of employer for entire contract completion period*) PV shall not be paid to the contractor for FM period.
  - vi) The above clause may also be incorporated suitably in future tenders/ contracts.
- 4) Before the release of any payment on account of Force Majeure by NMDCL (including Price Variation payment), the contractor has to submit an undertaking / agreement, stating that no other claims, whatsoever, will be made by them in respect to the said contract, for the duration which has been considered under Force Majeure and for which the mutually agreed solution has been accepted by both the parties. Further contractor in the undertaking shall also confirm that they fully understand that NMDCL is not liable for any delays in execution of work/delay in release of payment, on account of Force Majeure.
- 5) **Procedure for processing the case of Force Majeure (for ongoing & future contracts):** The Contractor has to submit the notice on account of Force Majeure as per contract and within the duration specified in the contract (viz it cannot be claimed ex-post facto). However, as indicated above, in order to assess the duration of Force Majeure, the Contractor shall submit to the Engineer, a notice of claim for Extension of Time for Completion within the duration specified in the contract, together with particulars of the event or circumstance justifying such extension. As soon as reasonably practicable, after receipt of such notice and supporting particulars of the claim, the Employer and the Contractor shall mutually agree upon the period of such extension. The same will be put-up for approval of Competent Authority for a suitable decision/approval.

In order to mutually decide upon the Extension of Time for Completion, user dept will obtain approval of Executing Authority/HoP(s), to formulate a project level committee, consisting of member from User dept., Contracts/Materials dept., Finance dept. and Consultant (if any), to discuss with contractor and arrive at agreeable period for 'Extension of time for completion' on account of Force Majeure. **Methodology on these lines may be adopted also for treatment of instances of partial execution of contract during FM Period.**

Post agreement with contractor(s), regarding the period for "Extension of time for completion" on account of Force Majeure, proposal may be put-up for approval of Competent Authority, after obtaining undertaking from the contractor, post legal vetting and concurrence by Finance dept.



In addition to above, post sanction of proposal by Competent Authority regarding “Extension of time for completion” revised L2 schedule/work program shall be submitted by contractor in-line with the approved extension and same shall be approved by consultant/employer. Regular payment as per contract, shall be released by NMDC, to the extent possible, during the force majeure period.

In the event that the Contractor does not accept the Employer's estimate of a fair and reasonable time extension along with price variation amount, the Contractor shall be entitled to refer the matter for Conciliation and Arbitration, as per provision of the contract.

- 6) As **delay event due to Force Majeure is an excusable delay in which extension of time can be granted without levying LD and payment of Price Variations**, hence the Approving Authority for acceptance of FM requests is the **Original Approving Authority for award of the Contract**, else the next higher authority as per value of contract in case of any upward revision in the contract value beyond the delegated threshold limit of original approving authority.
- 7) Invocation of FM does not absolve all the non-performance of Contractor towards the contract, but only in respect of such non-performance(s) which are attributed to Force Majeure situation. Further the invocation of FMC would be held valid only in situations where the Contractor(s) have not already defaulted their contractual obligations at any point of time towards performance of the contract in the manner, which has led to termination of the contract.

## 6.23 SETTLEMENT OF DISPUTES

### **APPLICABLE LAW, AMICABLE SETTLEMENT, CONCILIATION AND ARBITRATION:**

#### **6.23.1 APPLICABLE LAW:**

This Agreement shall be construed and governed in accordance with the Indian substantive Laws.

#### **6.23.2 AMICABLE SETTLEMENT:**

- 6.23.2.1 If any dispute arises between the NMDC and Supplier as specified in Purchase Order, the parties shall seek to resolve any such dispute or difference by mutual consultation/ amicable settlement process. The Supplier shall notify the NMDC of its intent to initiate an amicable settlement process within a period of 30 days from the date of notification of NMDC's/ Engineer's estimate of Supplier's claim.

For Purchase Orders where Integrity Pact is applicable and in case both the parties are agreeable, dispute may be tried to settle through mediation before the panel of IEMs in a time bound manner i.e. not more than five sittings.

The prevailing sitting fee of IEM as per Company rules shall be shared equally by the parties and expenses on travel and stay arrangements of IEMs, which shall be equal to that of Independent Board Member of NMDC, shall be shared equally.

- 6.23.2.2 If the parties fail to resolve such a dispute or difference by mutual consultation, then the dispute may be settled through Conciliation / Arbitration / other remedies available under the applicable laws.

### 6.23.3 CONCILIATION

- 6.23.3.1 If the parties fail to settle the disputes through amicable settlement process, the parties shall take recourse to the conciliation proceedings for resolving such dispute, question, claim or differences.
- 6.23.3.2 A party ("claimant") shall notify the other party ("respondent") in writing about such a dispute it wishes to refer for Conciliation within a period of 30 days from the date of closing of Amicable Settlement process or 90 days from date of notification of NMDC's/ Engineer's estimate of Supplier's claim. Such Invitation for Conciliation shall contain sufficient information as to the dispute to enable the other party to be fully informed as to the nature of the dispute, amount of the monetary claim, if any, and apparent cause of action.
- 6.23.3.3 The conciliation process shall be initiated by appointment of a Sole Conciliator or Conciliatory Committee. The Conciliatory Committee shall comprise of either Sole Conciliator or Conciliatory Committee comprising of three members, one member from each category i.e., Technical, Commercial and Legal. Conciliatory Committee shall be formed from the panel of experts maintained by NMDC. CMD, NMDC shall suggest three names to the Supplier to constitute the Conciliatory Committee within 30 days of receipt of notice for conciliation. The Supplier shall submit the consent for Conciliatory Committee within 14 days of receipt of recommendation from NMDC.
- 6.23.3.4 The selection of Sole Conciliator or the Conciliatory Committee shall be decided based on the claim amount and guidance on the same is provided below. Number of conciliators depending on the claim amount is detailed in the table below:

Claim Amount (excluding Interest)	Number of Conciliator/s
Upto Rs. 2 crores	Sole Conciliator to be appointed
Above Rs. 2 crores up to Rs. 250 Crores	Conciliatory Committee to be appointed

- 6.23.3.5 The above committee shall conduct the conciliation proceedings in accordance with the provisions of Arbitration and Conciliation Act 1996 and its amendment thereof. The venue of the conciliation shall be at Hyderabad.
- 6.23.3.6 In the case of any vacancy the CMD, NMDC shall suggest name(s) for substitution on the Conciliatory Committee. The Supplier shall submit the consent within 14 days. Failure of Supplier's consent within 14 days shall be considered as deemed acceptance of the suggested member(s) by the Supplier.
- 6.23.3.7 Upon constitution of the Conciliatory Committee, Law Department of NMDC will issue the appointment letters to Conciliatory Committee members and inform same to the parties concerned.
- 6.23.3.8 The Conciliatory Committee members shall give a declaration of independence and impartiality (in the format at Annexure- I) to both the parties before the commencement of the Conciliatory Committee proceedings.
- 6.23.3.9 Conciliator's Fee (As per SCOPE Forum for Conciliation & Arbitration – SFCA): Each Conciliator's fee will be fixed with regard to the amount in dispute including determined interest in each case to be shared equally by the parties as under;

Up to Rs. 5 Lakhs	Rs.30,000/-
From Rs.5 Lakhs one to Rs. 25 Lakhs	Rs. 30,000/- + Rs.2000/- per lakh or part thereof subject to a ceiling of Rs. 70,000/-
From Rs.25 Lakhs one to Rs. 1 Crore	Rs. 70,000/- + Rs.2000/- per lakh or part thereof subject to a ceiling of Rs. 2,22,000/-
From Rs. 1 Crore one to Rs. 5 Crore	Rs. 2,20,000/- + Rs.30,000/- per Crore or part thereof subject to a ceiling of Rs. 3,40,000/-
From Rs. 5 Crore one to Rs. 10 Crore	Rs. 3,40,000/- + Rs.25,000/- per Crore or part thereof subject to a ceiling of Rs. 4,65,000/-
From Rs. 10 Crore one to Rs. 50 Crore	Rs. 4,65,000/- + Rs.20,000/- per Crore or part thereof subject to a ceiling of Rs. 12,65,000/-
Over Rs. 50 Crore	Rs. 12,65,000/- + Rs.10,000/- per Crore or part thereof subject to a ceiling of Rs. 25 lakh

In addition to the above, each Conciliator will be entitled to receive fee for study of the pleadings, case material, writing of the award etc. With regard to the amount in dispute in each case to be shared equally by the parties as under:

Up to Rs. 5 Lakhs	Rs.10,000/-
From Rs.5 Lakhs one to Rs. 25 Lakhs	Rs. 20,000/-
From Rs.25 Lakhs one to Rs. 1 Crore	Rs. 30,000/-
From Rs. 1 Crore one to Rs. 5 Crore	Rs. 40,000/-
From Rs. 5 Crore one to Rs. 10 Crore	Rs. 50,000/-
From Rs. 10 Crore one to Rs. 50 Crore	Rs. 60,000/-
Over Rs. 50 Crore	Rs. 70,000/-

Note 1: In the event where the dispute does not involve monetary claim or disputed amount has not been quantified / indicated Conciliator's fee will be consolidated Rs 1.00 Lakh inclusive of fee for study of the pleadings, case material and writing of the award etc.

Note 2: In the event where the dispute does not involve monetary claim or disputed amount has not been quantified / indicated, administrative fee will be Rs. 65,000/-

Note 3: In the event, the Conciliation Committee is of a sole Conciliator in place of three or more Conciliators, he shall be entitled to receive an additional amount of 25% on the fee payable as per the table set out above.

6.23.3.10 Upon acceptance of the invitation to conciliate, the respondent shall submit its counter claim, if any, within a period as specified by the Conciliatory Committee.

6.23.3.11 The parties may consider filing their claims and counterclaims with details as mentioned below. However more details may be requested during the Conciliation process by either party or by Conciliatory Committee which needs to be complied with promptly:

- a) Chronology of the dispute
- b) Brief of the Purchase Order
- c) Brief history of the dispute
- d) Issues
- e) Details of Claim(s)/Counter Claim(s) supported by documents and other evidence deemed appropriate
- f) Basis/Ground of claim(s)/counter claim(s) (along with relevant clause of Purchase Order
- g) At any stage of the conciliation proceedings the conciliator or Conciliatory Committee may request a party to submit to him such additional information as he deems appropriate.

6.23.3.12 Conciliatory Committee will commence its meetings only after completion of the pleadings.

6.23.3.13 The parties shall be represented by their in-house employees/executives. Ex-officers of NMDC who have handled the dispute matter in any capacity are not allowed to attend and present the case before Conciliatory Committee on behalf of Supplier. However, ex-employees of parties may represent their respective organizations.

6.23.3.14 Solicitation or any attempt to bring influence of any kind on either Conciliatory Committee Members or NMDC is completely prohibited in conciliation proceedings and NMDC reserves the absolute right to close the conciliation

proceedings at its sole discretion if it apprehends any kind of such attempt made by the Supplier or its representatives.

- 6.23.3.15 Conciliator or Conciliatory Committee as the case may be, shall do detailed analysis of claims based on the pleadings and contentions of the parties, and make a proposal for settlement to both the parties with possible terms of settlement. Both the parties shall submit their respective consent or objections to the Conciliator or the Conciliatory Committee within the time limit prescribed by the Conciliator or Conciliatory Committee. Considering the response of the parties, the Conciliator or Conciliatory Committee shall attempt to bring about Conciliation between the Parties. Thereafter, the Conciliator or Conciliatory Committee based on the outcome of such an attempt make its final report of Conciliation or failure as accepted by the parties and submit it to CMD, NMDC. Both parties may give effect to the Conciliation Report at the earliest.
- 6.23.3.16 Parties shall not claim any interest on claims/counterclaims from the date of notice invoking conciliation till execution of settlement agreement, if so arrived at. In case, parties are unable to reach a settlement, no interest shall be claimed by either party for the period from the date of notice invoking conciliation till the date of Conciliatory Committee recommendations and 30 days thereafter in any further proceeding.
- 6.23.3.17 Either party shall refer any dispute for Arbitration or judicial proceedings if the conciliation process has failed.
- 6.23.3.18 Confidentiality: The Conciliator or Conciliatory Committee and the parties must keep confidential of all matters relating to the conciliation proceedings. Confidentiality extends also to the settlement agreement, except where its disclosure is necessary for purposes of its implementation and enforcement.

#### **6.23.4 ARBITRATION:**

- 6.23.4.1 All disputes or differences which may arise between the NMDC and Supplier in connection with this Purchase Order (other than those in respect of which the decision of any person is expressed in the Purchase Order to be final and binding) and Excepted Matters, shall, after written notice by either party ("claimant") **within sixty (60) days** of failure of conciliation to the other ("respondent") and to the Chairman cum managing Director of the NMDC Ltd. (who will be the appointing authority), be referred for adjudication to the sole or three (3) Arbitrator(s) to be appointed as hereinafter provided. The notice invoking arbitration shall specify all the points of disputes with details of the amount claimed to be referred to arbitration at the time of invocation of arbitration and not thereafter. If the claim is in foreign currency, the claimant shall indicate its value in Indian Rupee for the purpose of constitution of the arbitral tribunal.

- 6.23.4.2 A person of any nationality may be an arbitrator, unless otherwise agreed by the parties. Appointment of sole arbitrator or 3 arbitrators shall depend on the claim value as defined below:

Claim Amount (excluding Interest)	Number of Arbitrator/s
Claim Amount – upto 25% of Purchase Order value (Above claim amount shall be within the limits of Rs. 50 Lakhs and up to Rs. 5 crores)	Sole Arbitrator to be appointed
Claim Amount – upto 25% of Purchase Order value (Above claim amount shall be within the limits of Rs. 5 crores and upto Rs. 100 crores)	3 Arbitrators to be appointed

**Refer clause No. 6.23.4.7** for claim amount exceeds the above referred percentage of 25% of Purchase Order value or maximum value of total claim value of Rs.100 crores.

#### 6.23.4.3 **Appointment of Sole Arbitrator:**

The Appointing Authority will send **within ninety days** of receipt of the notice of arbitration a panel of three names of persons, not directly connected with the work, to the Supplier who will select any one of the persons named to be appointed as a sole Arbitrator and intimate its selection within 30 days of receipt of names. If the appointing authority fails to send to the Supplier the panel of three names, as aforesaid, within the period specified, the Supplier shall send to the appointing authority a panel of three names of persons who shall also be unconnected with the organization by which the work is executed. The appointing authority shall on receipt of the names as aforesaid select any one of the persons named and appoint him as the sole Arbitrator. If the appointing authority fails to select the person and appoint him as the sole Arbitrator within 30 days of receipt of the panel and inform the Supplier accordingly, the Supplier shall be entitled to invoke the provisions of the Indian Arbitration and Conciliation Act 1996 as amended from time to time.

#### 6.23.4.4 **Appointment of 3 Arbitrators:**

In case of 3 Arbitrators one arbitrator shall be selected by each party and notified the other party within a period of 30 days from the notice of invoking arbitration. The two individual selected arbitrators shall then select the 3<sup>rd</sup> Arbitrator, who shall be the presiding arbitrator, within additional period of 30 days. All the three Arbitrators selected as aforesaid shall be independent. If a party fails to appoint an arbitrator within thirty days from the receipt of a request to do so from the other party; or the appointed arbitrators fail to agree on the presiding arbitrator within thirty days from the date of their appointment, the appointment shall be made, upon request of a party.



- 6.23.4.5 The fees of Arbitrators will be guided by Schedule IV of Arbitration and Conciliation Act, 1996 and any amendment thereof or both the parties can negotiate on the Fees before the commencement of Arbitration proceedings.
- 6.23.4.6 The further progress of any work under the Purchase Order shall unless otherwise directed by the NMDC / Engineer continue during the arbitration proceedings and no payment due or payable by/to the NMDC shall be withheld on account of such proceedings. It shall not be open to arbitrator to consider and decide whether or not such work shall continue during the arbitration proceedings.

The arbitral tribunal shall give reasons for its award. Each party shall bear its own cost and the cost of arbitration shall be equally borne by each party. The award rendered in any arbitration hereunder shall be final and binding upon the parties. The parties agree that neither party shall have any right to commence or maintain any suit or legal proceeding concerning any dispute under this agreement until the dispute has been determined in accordance with the arbitration proceeding provided for herein and then only to enforce or facilitate the execution of an award rendered in such arbitration.

- 6.23.4.7 Notwithstanding anything above, the mechanism for settling the dispute through Arbitration may be considered in cases where the disputed amount or the amount of all claims put together does not exceed 25% of the Purchase Order value or maximum of disputed claim amount shall not exceed Rs.100 crores whichever is lower. In case the disputed amount exceeds the above referred percentage of 25% of Purchase Order value or maximum value of total claim value of Rs.100 crores, the parties shall be within their rights to take any other recourse / remedies that may be available to them under the applicable laws other than Arbitration also after providing prior intimation to the other party.
- 6.23.4.8 Parties agree that neither party shall be entitled for any pre-reference or pendente-lite interest, i.e. date of cause of action till the date of the Award by the Arbitral Tribunal. Parties agree that claim for any such interest shall not be considered and shall be void. The Arbitral Tribunal shall have no right to award pre-reference or pendente-lite interest in the matter.
- 6.23.4.9 The laws applicable to the Purchase Order shall be the laws in force in India. The Courts of Hyderabad, Telangana State shall have exclusive jurisdiction in all matters arising under this Purchase Order. The seat, place and venue of the arbitral proceedings shall be Hyderabad, Telangana State, India.
- 6.23.4.10 "In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial Purchase Order(s) between

Central Public Sector Enterprises (CPSEs)/ Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD as mentioned in DPE OM No. 4(1)/2013-DPE(GM)/FTS-1835 dated 22-05-2018 or any additional notifications / guidelines thereof by Ministry of Heavy industries and Public Enterprises or Ministry of Steel.

- 6.23.4.11 Arbitration in respect of Purchase Orders, with foreign parties for value of more than Indian Rs. 50 lakhs and up to Indian Rs. 50 crores shall be governed by the Rules of Indian Council of Arbitration (ICA). Arbitration with foreign Supplier or in consortium Purchase Orders (including foreign Supplier), where the Purchase Order value is more than Indian Rs. 50 crores shall be governed by the Rules of Arbitration of International Chamber of Commerce (ICC), Paris. The seat, place and venue of the arbitral proceedings shall be Hyderabad, Telangana State, India.
- 6.23.4.12 Parties further agree that following matters shall not be referred to Conciliation and Arbitration;
- Any claim, difference or dispute relating to, connected with or arising out of NMDC's decision to initiate any proceedings for suspension or banning, or decision to suspend or to ban business dealings with the Bidder/Supplier and /or with any other person involved or connected or dealing with bid/ Purchase Order/ bidder/ Supplier.
  - Any claim, difference or dispute relating to, connected with or arising out of NMDC's decision under the provisions of Integrity Pact executed between the NMDC and the Bidder/ Supplier.
- 6.23.4.13 The applicable interest on arbitral award i.e., from the date of award till the date of actual payment, shall be @ daily average of SBI MCLR + 1%.

## 6.24 INTEGRITY PACT (IP)

Based on the guidelines issued by Government to streamline the procurement process and aid in curbing graft in Public Procurement, Transparency International India advocated the adoption of Integrity Pact in 2003 as an Anti-Graft Tool to make contracting process more transparent.

With the view to curb graft in Public Procurement, CVC during December 2007 has recommended the adoption of Integrity Pact in all major procurement of Central PSUs.

The Integrity Pact establishes mutual contractual rights and obligations for the reduction & elimination of corruption. It covers all contract related activities from pre selection of bidders, bidding, contracting, implementation, completion and operation. Integrity Pact contains commitment to the effect that neither side will pay, offer demand or accept bribes, or collude with competitors to obtain the contract, or while carrying it out. Besides, bidders are required to disclose all commissions and similar payments made by them to anybody in connection with the contract. Sanctions will apply in case violations occur.

In order to improve the credibility of contracting procedures and administration in general, the signing of Integrity Pact, beyond a threshold value defined by the organization is required to build up confidence and trust between the bidders and the organization. Integrity Pact clarifies the rules of the game for bidders and establishes a level playing field.

The Integrity Pact can be (a) by way of a clause with a tender document (b) a separate contract or (c) an Integrity Pledge. Integrity Pact ensures clean operations on the part of contract and public officials during the execution of the project and provides enhanced access to information, increasing the level of transparency in public contract, confidence and trust in public decision making, less litigation over procurement process and more bidders competing for contract. In case of any dispute, the Independent External Monitors (IEM) can independently study the dispute and resolve / recommend the actions for review / acceptance to the management.

#### 6.24.1 IMPLEMENTATION OF INTEGRITY PACT PROGRAMME IN NMDC LTD

- a) With an objective of improving transparency in public procurement and contracts, NMDC Ltd. has entered into MOU with Transparency International India for implementation of Integrity Pact Programme on 24th September 2007.
- b) For covering the majority of the procurements, initially in **2007**, the threshold values for entering into the Integrity Pact for procurements was fixed at **Rs.15.00 crores** which was subsequently revised to **Rs.10.00 crores** from 2009 and was subsequently to **Rs.1.00 crore**. The threshold value as decided from time to time will be considered for compliance.
- c) Review meetings with IEMs are to be held on quarterly basis. The format of the Integrity Pact and the certificate to be signed by the Bidder / contractor and to be enclosed along with the offer is at **Annexure 6-III (P-236)** and to be submitted/ uploaded in Technical Bid by firm duly signed or e-signed with DSC & sealed by the Authorized person. After receipt of Integrity Pact format, it must be duly signed by MM dept executive.

The Pre-bid Integrity Pact is a tool to help Governments, business and civil society to fight corruption in public contracting. It binds both buyers and sellers to ethical conduct and transparency in all activities from pre-selection of bidders, bidding and contracting, implementation, completion and operation related to the contract. This removes insecurity of Bidders, that they themselves may abjure Bribery, but their competitors may resort to it and win contract by unfair means.

“The pact essentially envisages an agreement between the prospective vendors/ bidders and the buyer, committing the persons/ officials of both sides, not to resort to any corrupt practices in any aspect/ stage of the contract. Only those vendors/ bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process in other words, entering into this Pact would be a preliminary qualification.

#### **6.24.2 THE ESSENTIAL INGREDIENTS OF THE PACT INCLUDE**

- 1) Promise on the part of the NMDC to treat all bidders with equity and reason and not to seek or accept any benefit, which is not legally available;
- 2) Promise on the part of bidders not to offer any benefit to the employees of the NMDC not available legally and also not to commit any offence under Prevention of Corruption Act, 1988 or Indian Penal Code 1860; or The Bharatiya Nyaya Sanhita, 2023 (which repeals the Indian Penal Code 1860 vide Lok Sabha bill dtd: 11.08.2023.
- 3) Promise on the part of Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.;
- 4) Undertaking (as part of Fall Clause) by the Bidders that they have not and will not sell the same material/ equipment at prices lower than the bid price;
- 5) Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- 6) Bidders to disclose the payments to be made by them to agents/ brokers or any other intermediary;
- 7) Bidders to disclose any past transgression committed over the specified period with any other company in India or Abroad that may impinge on the anti-corruption principle;
- 8) Integrity Pact lays down the punitive actions for any violation;

- 9) **Integrity Pact (IP) would be implemented through a panel of independent External Monitors (IEMs):** shall be appointed by the organization in consultation with Central Vigilance Commission. Names and contract details of the Independent External Monitor(s) should be listed in Notice Inviting Tender(NIT).The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact, Government of India organizations and Public Sector undertakings desirous of implementing integrity Pact are required to select at most three persons (below the age of 70 years) of high Integrity and reputation as Independent External Monitors (IEM) after due diligence and forward to the CVC for its approval. Only those officers of Government of India Departments or Public Sector Undertakings, who have retired from top management positions, would be considered for appointment as IEM, provided they are neither serving or retired from the same organization. Eminent persons, retired judges of High/ Supreme Courts, executives of private sector of considerable eminence could also be considered for functioning as Independent External Monitors. The appointment of Independent External Monitors would be for an initial period of **three years** and could be extended for another term of two years (**maximum tenure of five years**). Names and contract details of the Independent External Monitor(s) should be listed in Notice Inviting Tender (NIT).
  
- 10) **In Tenders meeting the criterial of threshold value / nature of procurement**  
 Integrity Pact clause and format should be included in the Bid Documents. Each page of such Integrity pact proforma would be duly signed by Purchasers competent signatory. All pages of the Integrity Pact are to be returned by the bidder (along with the technical bid) duly signed by the same signatory who signed the bid, i.e., who is duly authorized to sign the bid and to make bidding commitments on behalf of his company. Any bid not accompanied by Integrity Pact duly signed by the bidder shall be considered to be a non-responsive bid and shall be rejected straightway.
  
- 11) **Role / Functions of IEMs**
  - a) Bidders or their authorised representative may address to the IEMs all the representations/grievances/complaints related to any discrimination on account of lack of fair play in modes of procurement and tendering systems, tendering method, eligibility conditions, bid evaluation criteria, commercial terms & conditions, choice of technology/specifications etc.
  - b) The entire panel of IEMs should examine the matter jointly, who would investigate the records, conduct an examination, and submit their joint recommendations to the Management of the Procuring Entity. If the entire panel is unavailable for unavoidable reasons, the available IEM(s) shall examine the complaints. Consent of the IEM(s), who may not be available, shall be taken on record. The IEMs would be provided access to all documents/records of the tender for which a complaint or issue is raised before them, as and when warranted.

- c) The role of IEM is advisory, and the advice of IEM is non-binding on the Organization; however, their advice would help properly implement the Integrity Pact.
- d) IEM should examine the process integrity; they are not expected to concern themselves with fixing the responsibility of officers. IEMs should not associate CVO and /or the officials of the vigilance wing during the examination of the complaints in any manner. A matter being examined by the IEMs can be separately investigated by the CVO if a complaint is received or directed to them by the CVC.

## 6.25 **LAND BORDER SHARING:**

### 6.25.1 **Guidelines for Eligibility of Bidders from a Country sharing a land border with India**

Attention is invited to Order (Public Procurement No.1) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No.2) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No.3) issued vide F.6/18/2019-PPD dated 24.07.2020, Office Memorandum (OM) No. F.18/37/2020-PPD dated 08.02.2021, OM No. F.12/1/2021-PPD(Pt.) dated 02.03.2021 and OM No.7/10/2021-PPD dated 08.06.2021. In this regard, the following is hereby ordered under Rule 144(xi) **(as amended vide OM No. F.7/10/2021-PPD dated 23.02.2023) on the grounds stated therein, in supersession to all of the above mentioned Orders/ clarifications.**

### 6.25.2 **LAND BORDER SHARING GUIDELINES AS PER OM No. F.7/10/2021-PPD dated 23.02.2023, Order (Public Procurement No.4):**

#### **REQUIREMENT OF REGISTRATION**

- 1) Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annexure I.**
- 2) Any bidder (including an Indian bidder) who has a Specified Transfer of Technology (ToT) arrangement with an entity from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annexure I.**
- 3) The requirement of registration for cases covered by paragraph 1 above has been applicable since 23.07.2020. The requirement of registration for bidders covered by paragraph 2 above will be applicable for all procurements where tenders are issued/ published after 01.04.2023.



- 4) In tenders issued after 23.07.2020 or 01.04.2023, as the case may be, the provisions of requirement of registration of bidders and of other relevant provisions of this Order shall be incorporated in the tender conditions.

**5) APPLICABILITY**

Apart from Ministries/ Departments, attached and subordinate bodies, notwithstanding anything contained in Rule 1 of the GFRs 2017, the Order shall also be applicable

- a) to all Autonomous Bodies;
- b) to all public sector banks and public sector financial institutions;
- c) to all Central Public Sector Enterprises;
- d) to all procurement in Public Private Partnership projects receiving financial support from the Government or public sector enterprises!
- e) support from the Government or public sector enterprises! undertakings; and
- f) Union Territories, National Capital Territory of Delhi and all agencies! undertakings thereof.

- 6) This order will not be applicable for cases falling under Annexure II.

**DEFINITIONS:**

- 7) "Bidder" for the purpose of the Order (including the term 'Bidder', 'consultant' 'vendor' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency, branch or office controlled by such person, participating in a procurement process.
- 8) "Tender" for the purpose of the Order will include other forms of procurement, except where the context requires otherwise.
- 9) "Transfer of Technology" means dissemination and transfer of all forms of commercially usable knowledge such as transfer of know-how, skills, technical expertise, designs, processes and procedures, trade secrets, which enables the acquirer of such technology to perform activities using the transferred technology independently. (Matters of interpretation of this term shall be referred to the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade, and the interpretation of the Committee shall be final.)
- 10) "Specified Transfer of Technology" means a transfer of technology in the sectors and or technologies.
- 11) "Bidder (or entity) from a country which shares a land border with India" for the purpose of the Order means.

- a) An entity incorporated, established or registered in such a country; or
- b) A subsidiary of an entity incorporated, established or registered in such a country; or
- c) An entity substantially controlled through entities incorporated, established or registered in such a country; or
- d) An entity whose beneficial owner is situated in such a country; or
- e) An Indian (or other) agent of such an entity; or
- f) A natural person who is a citizen of such a country; or
- g) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

**12)** Beneficial owner for the purposes of Para 11 (d) will be as under:

- (i) In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person(s), has a controlling ownership interest or who exercises control through other means.

#### **EXPLANATION**

- a) "Controlling ownership interest" means ownership of, or entitlement to, more than twenty-five per cent of shares or capital or profits of the company;
- b) "Control" shall include the right to appoint the majority of the directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;
- (ii) In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;
- (iii) In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;
- (iv) Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
- (v) In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

- 13) "Agent" for the purpose of the Order is a person employed to do any act for another, or to represent another in dealings with third persons.

[Note:

- i). A person who procures and supplies finished goods from an entity from a country which shares a land border with India will, regardless of the nature of his legal or commercial relationship with the producer of the goods, be deemed to be an Agent for the purpose of this Order.
- ii). However, a bidder who only procures raw material, components etc. from an entity from a country which shares a land border with India and then manufactures or converts them into other goods will not be treated as an Agent.]

**14) Sensitive Sectors/ Technologies (relevant only for the provisions on ToT arrangements):**

- i) Certain sectors and technologies have been identified as sensitive from the national security point of view. The sectors listed in Schedule I to this Order are considered Category-I sensitive sectors. The sectors listed in Schedule II to this Order are considered Category-II sensitive sectors. The technologies listed in Schedule III are considered sensitive technologies.
- ii) For Category-I sensitive sectors, bidders with ToT arrangement in any technology with an entity from a country which shares a land border with India shall require registration.
- iii) For Category-II sensitive sectors, bidders with ToT arrangement in the sensitive technologies listed in Schedule III, with an entity from a country which shares a land border with India shall require registration.
- iv) In Category-II sensitive sectors, the Secretary (or an officer not below the rank of Joint Secretary to Government of India, so authorized by the Secretary) of the Ministry/ Department of the Government of India is empowered, after due consideration, to waive the requirement of registration for a particular item! application or a class of items! applications from the requirement of registration, even if included in Schedule III. The Ministry/ Department concerned shall intimate the Department for Promotion of Industry and Internal Trade (DPIIT) and National Security Council Secretariat (NSCS) of their decision to waive the requirement of registration. Ministries! Departments of the Government of India are not required to consult the DPIIT! NSCS before deciding and are only required to intimate the decision to DPIIT! NSCS. If any point is raised by DPIIT! NSCS, it should be considered in future procurements; ongoing procurement for which the waiver was granted need not be interrupted or altered.

- 15) Based on security considerations, a Ministry/ Department in a Category II sensitive sector or other Ministries/ Departments may recommend to DPIIT inclusion of any other technology in the list of sensitive technologies, either generally or for their Ministry/ Department.

**16) Certificate regarding compliance**

An undertaking shall be taken from bidders in the tender documents (Annexure III) that the extant guidelines for participation in the tenders (which should include conditions for implementation of this Order) have been complied with. If such certificate given by a bidder whose bid is accepted is found to be false, this would be a ground for debarment and further legal action in accordance with law.

**17) Validity of registration**

In respect of tenders, registration should be valid at the time of submission of bids and at the time of acceptance of bids. In respect of supply otherwise than by tender, registration should be valid at the time of placement of order. If the bidder was validly registered at the time of acceptance/placement of order, registration shall not be a relevant consideration during contract execution.

**18) Government e-Marketplace (GeM)**

GeM shall remove non-compliant entities from GeM unless/ until they are registered in accordance with this Order.

**19) Model Clauses/ Certificates**

Model Clauses and Model Certificates which may be inserted in tenders/ obtained from Bidders are given at **Annexure-III**. While adhering to the substance of the Order, procuring entities are free to appropriately modify the wording of these clauses based on their past experience, local needs etc.

- 6.25.3 **Please refer to the OM No. F.7/10/2021-PPD dated 23.02.2023 for ANNEXURE formats as specified in this Border Sharing OM.**
- 6.25.4 Bidders should submit a Certificate of Conformance to Border Sharing **Annexure 6-IV (P-242)** along with their techno-commercial bid.
- 6.25.5 **Guidelines (Orders/ clarifications) issued by the Government of India towards Land Border Sharing shall be applicable from time to time.**

## 6.26 CONSORTIUM

- i) If the Supplier is a consortium of two or more parties, all such parties shall be jointly and severally bound to the NMDC for the fulfillment of the obligations of the Supplier as per provisions of the Purchase Order and shall designate one of such party to act as a Lead Member (the “Lead Member”) with authority to bind the consortium.
- ii) Notwithstanding the provisions of being jointly and severally liable to NMDC by all members of consortium, the Lead Member of consortium shall be primarily responsible for full execution of the entire Scope of work of this Purchase Order, so that the NMDC gets the facilities completed in time in all respects.
- iii) The Lead Member shall be authorized to incur liabilities and receive instructions for and on behalf of any & all members of the consortium and the same shall be binding on all consortium Members.
- iv) Unless otherwise expressly specified in the Purchase Order, only the consortium Lead Member shall be authorized to make all communications including notices under the Purchase Order for or on behalf of any or all members of the consortium.
- v) Lead Member of the consortium shall undertake full responsibility for timely completion of the awarded work. Lead Member of the consortium shall take the overall responsibility of project management of entire project. However, each party shall remain responsible towards the other party for their respective scope of work for its actions and deficiencies.
- vi) Lead Member of the consortium shall be responsible for resolving any disputes/ misunderstanding / undefined activities etc., if any, amongst all the members of the consortium. In case any one or more of the members of the consortium become insolvent or are unable to fulfill their Purchase Orderual obligations, the Lead Member of the consortium will be liable for the execution of the balance scope of work of the Purchase Order without any demur/ condition and all the liabilities of the consortium partner(s) shall automatically be deemed to be taken over by the consortium Lead Member.
- vii) The composition or the constitution of the consortium may be permitted to alter only with the prior consent of the NMDC in writing under the following circumstances:
  - a) **Substitution for default/ material breach of Purchase Order by the consortium member:** If any member of the consortium fails to deliver or perform any Purchase Orderual obligation(s) within the time period specified in the Purchase Order, or within any extension thereof granted by the NMDC;

- b) **Substitution for Insolvency:** If any member of the consortium become bankrupt or otherwise insolvent, the Supplier may substitute the member of the consortium after giving written notice to the NMDC, without any compensation to the member of the consortium, provided, that such termination will not prejudice or affect any right of action or remedy which has accrued and/or will accrue thereafter to the NMDC;
- c) **Substitution under any other exceptional circumstances:** At any time during the execution of the Purchase Order, if need arises for substitution of the consortium member under unforeseen exceptional circumstances, then the NMDC may permit such substitution at its discretion.

**Note:** The lead member has to submit all the documents and establish the reasons for substitution of the consortium member. Further, the NMDC may seek additional documents like letter of undertaking, additional guarantees etc. or verify that the new consortium member satisfies the eligibility criteria proportionate to the balance scope of work of the outgoing consortium member before approving such substitution. Upon approval, the Lead Member shall submit the amended Consortium Operating Agreement within 7 days from the date of such approval. The Lead Member is responsible to ensure that there is sufficient handholding to the new consortium member for seamless substitution of the consortium member.

- viii) All employees, representatives or Sub-Suppliers engaged by the consortium in connection with the performance of the Purchase Order shall be under the complete control & supervision of the Supplier and shall not be deemed to be employees of the NMDC, and nothing contained in the Purchase Order or in any Sub-Purchase Order awarded by the Supplier shall be construed to create any Purchase Orderual relationship between any such employees, representatives or Sub-Suppliers and the NMDC.
- ix) The notarized Consortium Operating Agreement (COA) between Lead Member of consortium and all other consortium members submitted during the bid submission stage shall form part of this Purchase Order Agreement. Any Amendments in the Consortium Operating Agreement (COA) sought by the NMDC in writing prior to signing of Purchase Order shall be furnished at the time of signing of the Purchase Order Agreement. The validity of the Consortium Operating Agreement will be until all obligations, liabilities and warranties undertaken/given by the consortium in connection with the Purchase Order with the NMDC have been settled. In case, any need for changes or amendments in the Consortium Operating Agreement arises during the execution of Consortium Operating Agreement including but not limited to share of scope of work, such changes or amendments shall be done only upon prior approval of the NMDC in writing.



## 6.27 CANCELLATION OF PURCHASE ORDER

When it is intended to cancel the Purchase Order, which has been kept alive after expiry of delivery period by the conduct of parties, it is necessary to issue a notice to the concerned party before actual cancellation giving a period of **15 days** for supply of material without prejudice to NMDC's rights as per terms of the contract.

Where the order is not kept alive beyond delivery period by implication or conduct of the parties, cancellation should be issued by the MM Department immediately based on recommendation of User department, with financial concurrence approval of Competent Authority as per extant DoP after expiry of the delivery period stating that quantities incomplete on the due date are cancelled and risk purchase will be made in terms of the relevant clause of the tender conditions of the contract.

However, before initiating the process for placement of alternate order on risk purchase or for cancellation of original order on the defaulting party, approval of the competent authority should be taken. Wherever necessary, Law Department should be consulted to protect the interests of the NMDC.

## 6.28 RISK PURCHASE

**6.28.1** Tender notice / documents may stipulate the risk purchase clause. In the event of failure of the supplier to deliver goods, services and goods cum services or dispatch the item / equipment / stores within the stipulated date/period of the supply order or failure in completion of job/ work/service or in the event of breach of any of the terms and conditions mentioned in the order, NMDC reserves the right to cancel the order and make alternative purchase of the materials of similar description or get the job/ work/ service completed from elsewhere at their risk and cost duly giving an **advance notice of 15 days** to this effect and in such an event the seller will be liable to pay any losses that may be incurred by the buyer.

It may be mentioned clearly in the tender enquiry that in the event of failure of the supplier as detailed above, the cost as per risk purchase exercise may also be recovered from the pending bills of the defaulting supplier against any other supplies pending in NMDC.

### 6.28.2 CONDITIONS FOR RISK PURCHASE

Risk purchase action may be initiated as a last resort, under any of the following conditions:

- a) When the supplier fails to deliver the materials or complete the job/ work/ service even after the delivery period is extended on several occasion, on request from the supplier.
- b) When the supplier fails to respond to purchaser's request for supply of the materials or complete the job/ work / service and fails to provide any reason which is considered to be genuine, for the delay in supply or completion of work.

- c) When in the judgement of the purchaser the supplier is unable to execute the order due to various reasons.
- d) When the materials / work/ service completion is urgently required, and the supplier fails to deliver the materials or complete the job/ work/ service within the extended/original delivery schedule.
- e) When the supplier breaches any of the terms and conditions of the order and as a result fails to execute the order satisfactorily.
- f) The invocation of Risk Purchase & corresponding amount recoverable under the same shall be independent from any amount recoverable under LD provisions.

### 6.28.3 PROCEDURE FOR RISK PURCHASE

The following procedures will be adopted when it is decided to initiate Risk Purchase action.

- a) A risk purchase notice will be served, under registered cover, on the supplier giving a **time period of not less than 30 days to complete supply**. It will be stated that unless execution of the order is completed by that date the materials will be purchased or job/work/ service will be completed at their risk and cost.
- b) In case the supplier fails to resume and complete supply/ work/ service even after the above time period for reasons, which is not considered genuine and acceptable by the purchaser, the following actions may be taken:
  - i) Cancel the order and take action of forfeiture of the EMD/security deposit/Performance Bank Guarantee submitted by the supplier if any, with the approval of C/A.
  - ii) Float enquiry as per normal tendering procedures for the outstanding quantity of the materials of identical specifications. In case of Limited Tenders, enquiries should be sent to at least all the firms to whom the original tender against which the original order was placed, were sent. A copy of the enquiry marked "Risk Purchase Tender" may be sent to the defaulting supplier under registered post / email / fax and they should be specifically informed that the enquiry is sent for information only and not for submission of any offer.
- c) While evaluating the tenders, any offer if submitted by the defaulting firm, despite the above instruction for not submitting any offer, shall be ignored.
- d) Simultaneously, all pending claims of the supplier or any amount payable to the supplier will be withheld to enable the Company to recover the amount of difference, if any, between the original ordered price and price payable against the risk purchase to be made. Finance will be advised to take appropriate actions in this regard. In case no such amount is pending for payment, the matter may be referred to the Finance Department for advice in filing an appropriate claim on the firm.

After recovery of the excess amount for risk purchase, if any, the balance amount may be paid to the defaulting supplier.

- e) In case the supplier fails to pay the above amount, necessary action in the court of law should be initiated accordingly. Simultaneously, actions towards deregistration of the firm as vendor or suspension of business as per the relevant clause may also be considered.

**6.28.4** Risk purchase shall be included in all tender enquiries for procurement of capital equipment. In case of revenue items, this clause may be included on case to case basis, with approval of Competent Authority.

## **6.29 IMPORTS MANAGEMENT**

**6.29.1** The import licenses whenever required are to be processed in consultation with Purchase Section at Head Office. The positions of export obligations and redemptions / letter of undertaking/BG submitted for obtaining license and clearance of import consignments are to be monitored. For INCOTERMS 2020 rules, please refer to [Annexure 6-V \(P-243\)](#).

**6.29.2** All imports are governed by the Foreign Trade Policy (FTP) issued by Ministry of Commerce & Industry, Government of India on 5 yearly basis (Amended from time to time on yearly basis). The present policy is of 2015-2020. New FTP for 2021- 2026 shall be referred to when notified by Gol.

As per the policy, all imports shall be free, except where regulated by FTP or any other law in force. The item wise export and import policy shall be, as specified in ITC (HS) notified by DGFT, as amended from time to time.

**The imports, in our case, can broadly be divided into**

- 1) Free imports against actual user condition on merits
- 2) Imports under duty exemption schemes:
  - a) Duty Exemption & Remission Scheme
  - b) Export Promotion Capital Goods Scheme

## **6.29.3 DUTY EXEMPTION & REMISSION SCHEME**

Duty exemption schemes enables duty free import of inputs required for export production. Duty Exemption Schemes consist of (a) Advance Authorization scheme and (b) Duty Free Import Authorization (DFIA) scheme. A Duty Remission Scheme enables post export replenishment / remission of duty on inputs used in export product. Duty Remission Schemes consist of (a) Duty Entitlement Passbook (DEPB) Scheme and (b) Duty Drawback (DBK) Scheme.

#### **6.29.4 EXPORT PROMOTION CAPITAL GOODS SCHEME (EPCG)**

Zero duty EPCG scheme allows import of capital goods for pre-production, production, and post-production (including CKD/SKD thereof as well as computer software systems) at zero Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date.

(For detailed policy and procedures, please refer Foreign Trade Policy issued by Minister of Commerce and Industry)

#### **6.29.5** The procedure for obtaining the license / authorization against these schemes is detailed in the handbook of procedures of Foreign Trade Policy issued by Ministry of Commerce and Industry.

- a) For all imports, which are freely importable (and not regulated) attracting payment of custom duty on merits, there is no need for obtaining any type of license / authorization subject to the condition the importer is an actual user.
- b) For imports, under duty exemption and remission schemes and EPCG schemes, there is a need for obtaining the necessary license / authorization from the concerned regional authority of Director General of Foreign Trade.

Generally, the duty exemption schemes, demand export of the product manufactured / produced by the goods imported i.e., nexus between item imported and product exported.

The export obligation to be fulfilled in terms of quantity and value of export product and the time limit against the schemes differs from time to time. Against duty emission and remission scheme, advance authorization can be obtained subject to fixation of standard input output norms and there is no payment of customs duty.

##### **6.29.5.1 IN NMDC'S CASE:**

The Tricon Rock Roller Bits along with Nozzle Assembly is the item for which advance authorizations are being obtained and the norm for fulfillment of export obligation is export of 100 times the CIF value of import to be fulfilled in the specified period of time. NMDC can also source the products covered by advance authorization indigenously and still utilize the advance authorization by obtaining the advance release orders in favour of the indigenous suppliers, wherein, we get the benefit of exemption of payment of excise duty and fulfill the export obligation as specified in the advance authorization.

6.29.5.2 The OTR Tyres and conveyor belts apart from the capital goods are eligible for obtaining the license for import under EPCG scheme subject to fulfillment of export obligation as per the Foreign Trade Policy. We can also source the capital goods covered by EPCG license indigenously and still utilize the EPCG license by obtaining the release orders in favour of the indigenous suppliers, wherein, we get the benefit of exemption of payment of excise duty and fulfill the export obligation as specified in the EPCG license. The appropriate EPCG scheme as per Foreign Trade Policy will be applicable.

The export obligation to be fulfilled in terms of value of export product and the time limit against the schemes differs from time to time.

**6.29.6 Typical documentation required for obtaining Advance authorization / EPCG license from regional authority of DGFT:**

- 1) Application as specified in the handbook of procedures
- 2) Payment of application fee
- 3) Copy of RCMC certificate
- 4) Copy of import export code number
- 5) Offer copy/ order copy of supplier along with technical details
- 6) Details of CIF value for import item
- 7) Chartered Accountant certificate for exports
- 8) Copy of certificate of incorporation, mining lease etc.
- 9) MOU / agreement with MMTC regarding exports.
- 10) Copy of Power of Attorney for signing the document

**Other activities on receipt of license / authorization:**

- 1) Scrutiny / verification of license / authorization for correctness
- 2) Application for advance release order/ release order if required in case of indigenous procurement.
- 3) Registration of license / authorization at the port of import and at the port of export.
- 4) Coordination of clearance of goods from ports as per the license/ authorization
- 5) Informing the consignee for monitoring the imports and obtaining necessary documentation from authorities like Excise department etc. for fulfilling the documentation works.
- 6) Monitoring/ endorsing the license number/ authorization number on the documentation of exports like the shipping bills in coordination with the port of export.
- 7) Obtaining original shipping bills and bank realization certificates from the regional office of the port of export.
- 8) Filling the application with RA of DGFT for discharge of export obligation.

#### **6.29.7 CLEARING AGENT AND CUSTOM CLEARANCE AT PORT:**

All the clearances through customs should be taken up by the regional office at the Port through the nominated Clearing Agent finalized by HO. The Clearing Agent will follow all the regulations of the customs and port and file Bill of Entry on our behalf. The activities of the Clearing Agent are to be coordinated by the regional office.

##### **Typical activities of clearing agent include:**

- 1) Forwarding the original documents to the concerned port for clearance of goods and dispatch to the consignee.
- 2) Coordination with the regional office till the clearance of goods, dispatch to consignee and receipt at projects.
- 3) Coordination for receipt of Bill of Entries for the goods cleared.
- 4) All other activities for fulfillment of all obligations like insurance etc.

#### **6.29.8 IMPORT CELL:**

**The Import cell at the Corporate Office shall be responsible for the following:**

- 1) Planning for foreign exchange requirements and requisitioning suitable Import License.
- 2) Getting Technical clearance from **DGFT** (if required)
- 3) Assisting in arranging Import Licenses, Letters of Authority for suppliers.
- 4) Analyzing Bills of Entry from the point of view of correctness of the duty assessed and taking action for refund of extra customs duty paid, if any, in time.
- 5) Keeping liaison with Port, customs, clearing agents, **DGFT**, Regional Office and Head Office Finance regarding clearance of imported consignments.



## **CHAPTER – 7**

### **7 TENDER PROCESS, BID EVALUATION AND PLACEMENT OF ORDER**

#### **7.1 e-PROCUREMENT**

As per the Govt guidelines, it is mandatory to float tenders in e-tendering mode for all procurement of goods & services. In case of any deviation, proper reasons shall be recorded and specific approval from C/A shall be taken.

**NMDC e-procurement portal (SRM)** facilitates processing of tenders in e-mode and obtaining offers (both technical and price bids) online in the portal. Tender has to be posted by dealing officer and opened in the presence of tender opening committee (TOC) from materials and finance members with their Logins. The firms are also required to upload the offers through their Login. Copies of documents as proposed in NIT are to be uploaded. For documents uploaded in the e-Procurement portal, hard copies are not necessary to be submitted by the bidders. Hard copies of other documents, if any, are to be submitted by bidders manually / through post / courier wherever it is applicable, before opening of tender.

The no. of participants in the tender are known on tender closing date & time. After Login by TOC Members, details of participants are known. After checking the required documents as per NIT, valid offers of firms will be opened. After examination of Techno-commercial bids, Commercial comparative statement (CCS) and Technical comparative statement (TCS) are generated online. Both CCS and TCS are visible to all the vendors after opening of tender.

#### **7.2 ISSUE OF PURCHASE ENQUIRIES**

Approval for mode of tendering in case of Global / Open/ Limited / Single tenders shall be taken as discussed in **chapter-5**. For GeM procurement, Standard Operation Procedure of GeM shall be followed.

In case of corporate office after consolidating requirements of other projects wherever applicable, the purchase enquiry proposal is to be processed. Quantity to be procured should not be reduced and procured through multiple PRs to avoid approvals from competent authority of higher level.

Purchase enquiries should be **issued within 7 days** after the approval of competent authority. The instructions to Bidders for submission of their tenders should be clear and comprehensive. Purchase enquiry proposal is to be got approved in specific format from the competent authority as per **[Annexure 7-I \(P-244\)](#)**.

Separate tender enquiry may be prepared for different groups of materials. The concerned purchase entities at HO or project shall float the relevant tenders for the values as per extant DoP and maintain Tender Issue Register as per [Annexure 7-II \(P-245\)](#).

### 7.3 ISSUE OF AMENDMENT / MODIFICATION TO TENDER ENQUIRY

- a) Tender enquiries should be issued after due diligence to ensure there is no need for amendments / modifications later. However, there may be situations where there is a necessity to modify a tender enquiry already issued.
- b) In such cases, the proposed amendments should be reviewed to ascertain if the amendments are of a nature to substantially change the requirements / specifications / tender terms and conditions. In that case, fresh tender shall be floated by discharging the earlier tender.
- c) In cases where changes are minor, but related to specifications, tender terms and conditions and with **NO Financial implication**, corrigendum may be issued with the approval of Competent Authority (**No Financial Concurrence is required**). Adequate publicity of the corrigendum may be given in the same manner as the publication of communication of the initial bidding document was made for information of bidders and prospective bidders.
- d) All Bidders shall be asked to submit a confirmation that they are aware of the corrigendum (issued on a particular date, after the publication of initial tender enquiry).
- e) Bid submission date should be suitably extended after the issue of corrigendum to ensure bidders have sufficient time to submit their offer. Any bidder who has already submitted the bid before issue of corrigendum shall be given the opportunity to modify / re-submit / withdraw the bid as the case may be.

### 7.4 TENDER EXTENSION

- a) The minimum required number of valid offers (except for single tender) shall be 3. In case of Limited Tenders, minimum required number of valid offers shall be **3 (or) 50%** of number of enquiries issued, whichever is higher.

The date and time fixed for opening of tenders should be strictly adhered to, except in exceptional cases where the minimum required number of offers are not received. In such cases, extension in due date may be considered. In case minimum required number of offers are not received within the due date, the tender **due date shall be automatically extended for 7 days**. If minimum required number of offers are still not received, **another extension window of 7 days shall be provided automatically**.

No financial concurrence and further approval is required for these extensions. However, in case of emergency purchase and other special cases, available offers may be opened without any extension of tender due date with the approval of HoD (Materials) by recording the reasons for the same.

In the absence of minimum required number of offers even after the 2 window of extension, available offers shall be opened with the approval of HoD (Materials).

In case no offer is received even after the two extension windows, further extension of tender due date may be provided on case to case basis with approval of HoD (Materials) by recording suitable reasons (or) a fresh tender may be issued with the approval of Competent Authority.

- b) In all cases where date and time of the tender has been extended due to unavoidable circumstances, such extension shall be updated **on GeM/ NMDC SRM /CPP Portals**.

## 7.5 TENDER OPENING COMMITTEE (TOC):

- i). The TOC (minimum two members) has to be constituted with the approval of Competent Authority as per DoP. A standing list of TOC members MM department and Finance department duly approved by the Competent Authority may be prepared for the purpose of tender opening only. Dealing officer from MM dept shall be default TOC member. **Annexure 7-IV (P-248).**
- ii). TOC shall have a member from the user department or Materials Management department (if tendering action is being taken by MM department on behalf of user department or as may be required on case-to-case basis), along with a representative from Finance department.
- iii). However, for the tenders floated through GeM portal, wherein digital signatures of multiple representatives are not required for opening of the bids, such cases can be directly processed by the dealing officer (with consent of HoD), without any constitution of TOC, as the bids under GeM portal have to be opened directly by the dealing officer using his/her login credentials directly considering the bids under GeM cannot be altered.

### 7.5.1 ROLE OF TOC

- a) TOC (One member from Materials and one member from Finance) will ensure downloading of all documents as uploaded by each bidder in e-tendering platform while opening Techno-commercial offers and handed over the same to dealing officer in Materials Dept. for making one set of each offer. **In case of offline bids**, TOC shall open the offers (techno-commercial / price offers, as the case may be) and endorse their signatures on all the papers.
- b) TOC members will ensure downloading of document related to Price Bid of all techno-commercially qualified bidders as approved by Competent Authority.
- c) Information regarding receipt of Earnest Money / Bid Security/ Integrity Pact wherever applicable, or otherwise, shall be recorded in the Tender opening Register available at MM Dept.

### 7.6 SCRUTINY OF BIDS

All offers will be first scrutinized to see whether they meet the basic requirements as incorporated in tender document. In case of major deviations from the basic requirements, the offer may be rejected straightaway.

Such deviations may include non-submission of required EMD, or the exemption claim for EMD, offer made by banned or suspended vendor etc.

#### 7.6.1 CLARIFICATION OF BIDS/ SHORTFALL/ CONFIRMATORY DOCUMENTS:

- a) During evaluation and comparison of bids, the purchaser may ask the bidder for clarifications on the bid. The request for clarification shall be communicated to the bidder via e-mail/ GeM / NMDCL SRM portal, asking the bidder to respond by a specified date, and also mentioning therein that, if the Bidder does not comply or respond by the date, his tender will be liable to be rejected.
- b) Depending on the outcome, such tenders are to be ignored or considered further. **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.

- c) The shortfall information/ documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then.

(Example: if the Permanent Account Number, registration with sales tax/ VAT/ GST has been asked to be submitted and the Bidder has not provided them, these documents may be asked for with a target date as above).

- d) So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. For example, if the bidder has submitted a supply order without its completion / performance certificate, the certificate related to that supply order can be asked for and considered. However, **no new supply order should be asked for so as to qualify the bidder.**

- e) The Purchaser may ask for clarifications/ shortfall/ confirmatory documents during the evaluation of the bids. For the purpose of uploading these clarifications / shortfall documents, bidders shall be given:

**Only 2 chances: First of 7x24 hours duration and second of 7x24 hours duration.**

**If the bidder does not comply or respond by the date, their tender will be liable for rejection.**

- f) The bidder shall submit the requested documents within the specified period.
- g) Information shall be sent by e-mail/ GeM/ NMDCL SRM portal, but it will be the bidder's responsibility to check the updated status/ information on their personalized dash board at least once daily after opening of bid.
- h) No separate communication will be made in this regard. Non-receipt of email/ SMS will not be accepted as a reason of non-submission of documents within prescribed time.

## 7.7 BID EVALUATION

After initial scrutiny, the bids shall be processed as follows:

### a) SINGLE BID SYSTEM

- 1) **Both** Techno-commercial bid and financial bids shall be opened together. The Dealing officer of MM department shall prepare comparative statement of bids as indicated in **section 7.8**.
- 2) In case of offline bids, the comparative statement prepared by Dealing officer shall be checked by TSC.
- 3) TSC shall refer to the comparative statements to arrive at its recommendations. TSC minutes shall be submitted for approval of Competent Authority as per extant DoP.
- 4) Order shall be placed on the accepted Bidders on least cost basis as per approval of Competent Authority as per extant DoP.
- 5) In cases where NO TSC is envisaged, the Purchase office shall prepare the purchase proposal including comparative statement and forward it for approval of competent authority as per extant DoP.

### b) TWO BID SYSTEM

- 1) Techno-commercial bid shall be opened first only after receipt of EMD, Integrity Pact, and any other documents as specified in the terms and conditions of the Tender/NIT.
- 2) Technical and commercial appraisal of the techno-commercial bids shall be done **as per clause 7.11 below**.
- 3) Tender Scrutiny Committee (TSC) shall refer the technical and commercial comparative statements to arrive at its recommendations. The Minutes of Meeting of TSC shall be put up for approval of Competent Authority as per extant DoP.
- 4) Once the Competent Authority approves the techno-commercial bids, the Financial/ price bids of those approved tenders alone shall be opened.
- 5) A comparative statement of the opened price bids shall be prepared by the dealing officer. In case of offline bids, the Price CST shall be checked by TSC.
- 6) Tender Scrutiny Committee (TSC) shall then meet again to deliberate on the price bids. TSC recommendations (minutes of meeting) shall be put up for financial concurrence and approval of Competent Authority as per extant DoP.
- 7) Order shall be placed on the bidder(s) after Approval of Competent Authority.



## 7.8 COMPARATIVE STATEMENT (CST)

- a) After the tenders have been received and opened, a system generated comparative statement shall be made available through e-procurement system along with all relevant general terms & conditions.
- b) Comparative statement (CST) should be clear and contain relevant information only. The CST shall also indicate rates on common basis for easy comparison and properly ranked based on the FOR-Destination cost. For Tenders published through GeM/ e-procurement/ SRM, no CST checking is required.
- c) Comparative Statement (CST) for foreign offers on FOB /CIF basis shall indicate inter alia rates in equivalent rupee, rate of customs duty, any other duty, freight, insurance, and exchange rate, as applicable on the date of opening of Price bids.
- d) As per the delegation of powers, all cases which are to be referred to Finance for concurrence should be sent to the Finance Department with the authenticated comparative statement of tenders, relevant quotations along with the file / soft copy / email together with the recommendations of the Purchase Officer/TSC. The comparative statement should also be accompanied with a brief note discussing the merits of each quotation given in the statement. **Price CST should invariably contain name of bidders.**

### e) COMPARATIVE STATEMENT FOR INDIGENOUS ITEMS

Since all indigenous items are to be procured on FOR destination basis, comparative statement does not need any loading.

For GST registered vendors where NMDC is eligible for input tax credit, destination cost shall be taken after deducting the input tax credit that can be claimed.

For Unregistered / composition vendors or cases when NMDC cannot claim input tax credit, destination cost shall be inclusive of GST (if any).

### f) COMPARATIVE STATEMENT FOR IMPORTED ITEMS

Comparative statement of Imported items is to be made on destination cost including all applicable taxes, duties, freight charges, etc.

- i) **Free on Board (FOB)** = Ex-works + handling charges + documentation charges+ license fee etc.
- ii) **Cost, Insurance and Freight (CIF)** = FOB price as per (i) + Freight + Insurance charges (generally Freight & Insurance @ 10% on FOB price for sea freight consignments and for air freight consignments @ 20% on FOB price will be considered).
- iii) **Customs duty and Custom Cess:** As applicable on 100% of C.I.F. value as per (ii) (to be paid by NMDC at the time of import)

- iv) Incidental charges @ 5% on C.I.F. Value as per (ii) (for clearance at destination port + transportation up to Project) inclusive of applicable GST on incidental charges.
- v) For calculation purpose the exchange rate as per clause 7.9 shall be used.
- vi) IGST on [100% of CIF value as per (ii)] + Customs duty and customs Cess as per (iii) (to be paid by NMDC at the time of Import).
- vii) Supervision of Erection & Commissioning charges including GST (In case quoted in INR).
- viii) Destination cost (Before availing input tax credit) = CIF value as per (ii) + customs duty and customs Cess as per (iii) + Incidental charges as per (iv) + IGST as per (vi) + supervision of Erection & Commissioning charges as per (vii).

In case NMDC can claim input tax credit on such purchases, Destination cost (after availing input tax credit) shall be calculated as follows:

Destination cost (After availing input tax credit) = CIF value as per (ii) + customs duty and customs Cess as per (iii) + Incidental charges as per (iv) + IGST as per (vi) + supervision of Erection & Commissioning charges as per (vii) - IGST as per (vi) - GST on incidental expenses as per (iv) - GST on supervision of Erection & Commissioning as per (vii).

For imported items, the bidder has to quote the price schedule WITH EPCG and/or WITHOUT EPCG as per the tender conditions.

## 7.9 EXCHANGE RATE REFERENCE

Latest exchange rate available on the date of opening of price bids in Financial Benchmarks of India Limited (<https://www.fbil.org.in/>) shall be used for the reference exchange rate for preparation of comparative statements wherever necessary.

## 7.10 DEMONSTRATION OF PRODUCTS / SERVICES FOR TECHNICAL QUALIFICATION

In addition to detailed specifications, in some cases (for example, electronic hardware, software etc.), it might be necessary to ask the bidders for a demonstration of their offered products / services for technical qualification.

Guidelines for demonstration of products / services for technical qualification have been provided in **Annexure 7-III (P-246)**.

The guidelines may be amended by MM Department at HO from time to time based on requirements and guidelines from regulatory authorities. Such amendments in the guidelines for demonstration of products / services for technical qualification shall be followed.

## 7.11 APPRAISAL OF TECHNO-COMMERCIAL BIDS

- a) Before opening of techno-commercial bids dealing officer of MM dept/ Tender Opening Committee (TOC) shall clearly record receipt of EMD, Integrity Pact and any other documents as specified in the terms and conditions of the Tender/NIT. After opening of the techno-commercial bids, MM Department, shall scrutinize the bids for their completeness and shall forward the bids to User / Technical Department for technical appraisal.
- b) User / Technical Department shall prepare the technical comparative statement and make the technical appraisal. Based on the technical appraisal, in case of two bid system, MM Department will call for the technical clarifications if necessary. After receipt of the technical clarifications, the original offer along with the technical clarifications, is required to be referred to user/technical department for giving the final technical appraisal.
- c) The final technical appraisal along with technical CST wherever applicable, shall clearly mention deviations and their impact if any and if the deviations are acceptable are not, for the TSC to make its recommendations. Reason for recommending rejection (if as per NIT conditions) wherever applicable, shall also be mentioned in the final technical appraisal.
- d) The MM Department will prepare the provisional comparative statement and obtain the commercial clarifications wherever required. The dealing officer should identify the terms and conditions of the Bidder that are in conflict with the general terms and conditions of the NIT/Tender Enquiry, if any / and should take up the issues with the firm to settle them before putting up to TSC. However, in case of non-acceptance by any of the Bidder, the same shall be reflected in the comparison statement & put up to TSC for its decision.

## 7.12 TENDER SCRUTINY COMMITTEE (TSC)

### 7.12.1 CONSTITUTION OF TSC:

Competent Authority for constitution of TSC shall be the same authority who is competent for issue of tender enquiry, except for cases requiring approval of CMD and higher authorities wherein FD shall continue exercise full powers for constitution of TSC.

**CORPORATE GUIDELINES ON TSC SHALL BE FOLLOWED FROM TIME TO TIME. [Annexure 7-IV \(P-248\)](#).**

### 7.12.2 ROLES & RESPONSIBILITY OF THE TSC MEMBERS:

- 7.12.2.1 For tenders with PR estimated value above Rs. 05 Lakhs, TSC shall scrutinize the tenders.

- a) Based on the Comparative Statement prepared by the dealing officer of the executing dept, the TSC shall scrutinize the tenders received against the Notice Inviting Tender (NIT) and confirm the receipt of the tender essentials such as EMD, Solvency Certificate, Letter of Undertaking, Integrity Pact etc., under Part I & II of the Tender.
- b) The TSC shall confirm the receipt of all other documentation and other information envisaged under Part II of the tender required for further processing of the tenders.
- c) **Non-receipt of Integrity Pact with bid** – In case of receipt of any bid /offer without accompanying Integrity Pact (wherever mandated as per the terms of the tender), the respective bid / offer shall be considered to be non-responsive and summarily rejected.

However, if the bidder has submitted Integrity Pact in its original offer (Physical Copy/ Online), but the same is not in conformity with the tender stipulations, the respective bidder may be provided an opportunity to submit the revised Integrity Pact as per the prescribed format, failing which the bid / offer shall be rejected. (Clause no. 7.3 of manual for Procurement of Works – 2022). However Original Integrity Pact (Physical Copy) shall be obtained in all cases before placement of order.

- d) **Discrepancies between Original and Scanned Documents in e-tender** – In case of any discrepancy between original & scanned documents submitted by any bidder in case of e-tender, the original copy shall prevail over the scanned copy of the respective document. Under such circumstances, the issue should be conveyed to the bidder for addressing the matter within a target date, failing which the offer shall be liable for rejection. (Clause no. 5.4.3 of Manual for Procurement of Works – 2022).
- e) **Clarification of Bids / Shortfall Documents** – No post-bid clarification at the initiative of the bidder shall be entertained by NMDC. In case of any shortfall of documents, NMDC shall seek the respective clarifications from the concerned bidders. However, no new credentials shall be allowed to be submitted after the opening of the bids. (Clause no. 5.4.5 of Manual for Procurement of Works -2022).
- f) The TSC shall as a collective body, sign off on the recommendations for approval of the Competent Authority. Thus, the responsibility of the members of the TSC is joint and several.
- g) The TSC shall evaluate the eligibility of the bidder with regard to the Pre-Qualification Criteria envisaged in the NIT.
- h) On acceptance of techno commercial recommendations of the TSC by the Competent Authority, the price bid will be opened and based on the Price Comparative statement prepared by the dealing Officer of the executing dept, TSC shall identify the Lowest bidder and evaluate the reasonability of the price for acceptance or otherwise.

- i) TSC shall record all the significant issues for giving conclusive recommendation to the Competent Authority. The TSC recommendations shall be objective, unambiguous and categorical and shall be supported by facts and figures, wherever required.
- j) In case of any major difference of opinion between the TSC members, the dissenting member may record his dissent along with details thereof for enabling the Competent Authority to arrive at a holistic view. The detailed modality in case of dissent by Finance member is given in the DOP at point 14 of Guidelines /Preamble for exercise of powers.
- k) **In case of dissent by any other member, the following methodology may be followed:**

**Handling Dissent among Tender Committee**

All members of the TSC should resolve their difference through personal discussions 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 TSC members, the reasons for dissent of a member should be recorded in a balanced manner along with the majority's views on the dissent note. The final recommendations should be that of the majority's views and such situations should be rare. The Competent Authority (CA) can overrule such dissent notes after recording reasons for doing so clearly. His decision would be final.

In cases where the CA does not agree with the majority or unanimous recommendations of the TC, he should record his views and, if possible, firstly send it back to TC to reconsider along with the lines of the tender accepting authority's views. However, if the TC, after considering the views of the CA, sticks to its own earlier recommendations, the CA can finally decide as deemed fit, duly recording detailed reasons. He will be responsible for such decisions. However, such situations should be rare.

- 7.12.3 MM Dept will put up the TSC recommendations and purchase proposal in the prescribed format as per [Annexure 7-V \(P-252\)](#) for financial concurrence and approval by the competent authority as per extant DoP.

**7.13 CONSIDERATION OF LACK OF COMPETITION IN OTE, GTE AND LTE:**

[Rule 173 (xix) and (xxi) of GFR 2017]

Sometimes, against advertised/ limited tender cases, the NMDC may not receive a sufficient number of bids and/or after Analysing the bids, ends up with only one responsive bid – a situation referred to as 'Single Offer'. As per Rule 21 of DFPR such situation of 'Single Offer' is to be treated as "Single Tender".

**Re-bidding has costs:**

- i) firstly, the actual costs of retendering;
- ii) secondly the delay in execution of the work with consequent delay in the attainment of the purpose for which the procurement is being done; and
- iii) thirdly the possibility that the re-bid may result in a higher bid.

**Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied:**

- i) The procurement was **satisfactorily advertised and sufficient time was given** for submission of bids.
- ii) The **qualification criteria** were not unduly restrictive; and
- iii) **Prices are reasonable** in comparison to market values

However restricted powers of Single tender mode of procurement would apply. In case of price not being reasonable, negotiations (being L1) or retender may be considered as justifiable.

**Unsolicited offers against LTEs should be ignored.** However, a system may evolve to register interested firms for next round of tendering. However, under the following exceptional circumstances:

- i) Inadequate Competition
- ii) Non-availability of suitable quotations from registered vendors
- iii) Urgent demand and capacity/ capability of the firm offering the unsolicited being know, etc.

**7.14**

**CANCELLATION OF PROCUREMENT PROCESS/ REJECTION OF ALL BIDS/ RE-TENDER [Rule 173 (xix) of GFR 2017]**

- i) The NMDCL may cancel the process of procurement or rejecting all bids at any time before intimating acceptance of successful bid under circumstances mentioned below.

In case where responsive bids are available, the aim should be to finalise the tender by taking mitigating measures even in the conditions described below.

If it is decided to rebid the tender, the justification should balance the perceived risks in finalization of tender (marginally higher rates) against the certainty of resultant delays, cost escalations, loss of transparency in re-invited tender.

- ii) After such decision, all participating bidders would be informed and bids if not opened would not be opened and in case of manual tenders be returned unopened:
  - a) If the quantity and quality of requirements have changed substantially or there is an un-rectifiable infirmity in the bidding process;
  - b) when none of the tenders is substantially responsive to the requirements of the Procurement Documents;



- c) none of the technical Proposals meets the minimum technical qualifying score;
- d) If effective competition is lacking. However, lack of competition shall not be determined solely on the basis of the number of Bidders.
- e) the Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget;
- f) **WITHDRAWAL OF OFFER BY L1:**  
 If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to sign the procurement contract as may be required, or fails to provide the security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the NMDC shall re-tender the case.
- iii) Approval for re-tendering should be accorded by the C/A after recording the reasons/proper justification in writing.
- iv) The decision of the NMDC to cancel the procurement and reasons for such a decision shall be immediately communicated to all bidders that participated in the procurement process.
- v) Before retendering, the NMDC is first to check whether, while floating/issuing the enquiry, all necessary requirements and formalities such as standard conditions, industry friendly qualification criteria, and technical and commercial terms, wide publicity, sufficient time for bidding, and so on, were fulfilled. If not, a fresh enquiry is to be issued after rectifying the deficiencies.
- vi) TSC shall record the reasons for rejecting any tenders. Tender for material which differs considerably from the required specifications or a tender which does not confirm to the conditions of supply or is illegible or ambiguous etc. will not be considered as an acceptable tender. However, a tender should not be rejected as unacceptable without substantial grounds.
- vii) No technically acceptable tender shall be rejected. The lowest Bidder giving prescribed specifications should not be rejected merely because a higher Bidder has offered to supply the materials of higher quality / specifications. However, if the higher quality/specifications offer is technically acceptable, then the same can be accepted without referring to the other Bidders who have quoted for standard specifications.

However, if any bidder offered higher quality/ specification over the NIT specification, NO Preference shall be given.

viii) TSC shall review the reasonability of rates and may ask the User who raised the PR to justify the offered price. User shall review the PR estimate. In case the PR estimate was made based on LPR from more than 1 year ago, LPR may be escalated as per applicable indices. Depending on the composition of the goods, any standard economic index may be used. An indicative, non-exhaustive list of such indices includes:

- a) RBI or any other GoI indices
- b) Indices by IMF, World bank or any other global associations where GoI is a member
- c) Wholesale price index (WPI): May be used as it is or indices of relevant commodities such as minerals, metals captured as a part of WPI may be used.
- d) Consumer price index (CPI): Industrial workers or urban workers consumer price index may be used.
- e) International indices like London Metals Exchange Index, Steel Index, Zinc Index etc.

LPR may also be adjusted for foreign exchange fluctuation and for any changes in taxes & duties to arrive at a revised PR estimate. In case the price of the item has increased or decreased significantly from the last purchase, any evidence for the same shall be given and a revised estimate based on such evidence shall be used for establishing the reasonability of offered price.

## 7.15 **CONSIDERATION OF ABNORMALLY LOW BIDS (ALBs):**

An Abnormally Low Bid is one in which the Bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the Bidder to perform the contract at the offered price.

NMDC may in such cases seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bid's document.

If, after evaluating the price analyses, NMDC determines that the Bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the NMDC may reject the Bid/Proposal.

However, it would not be advisable to fix a normative percentage below the estimated cost, which would automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid by the bidder.

In the case of predatory pricing as well, NMDC may refer to the above consideration of Abnormally Low Bids to assist themselves in finalization of tenders.

No provisions should be kept in the Bid Documents regarding the Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids. Wherever, there are compelling circumstances to ask for Additional Security Deposit/ Bank Guarantee (BG) in case of ALBs, the same should be taken only with the approval of the next higher authority competent to finalize the particular tender.

#### **7.16 CARTEL FORMATION/ POOL RATES**

It is possible that sometimes a group of bidders quote the same rate against a tender. Such pool/cartel formation is against the basic principle of competitive bidding and defeats the very purpose of an open and competitive tendering system. Such and similar tactics to avoid/control true competition in a tender leading to "Appreciable Adverse Effect on Competition" (AAEC) 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. Besides, suitable administrative actions can be resorted to, such as rejecting the offers, reporting the matter to trade associations, the Competition Commission or NSIC, etc., and 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 a cartel. Changes in the mode of procurement (GTE instead of OTE) and packaging/ slicing of the tendered quantity and items may also be tried.

A warning clause may also be included in the bid documents to discourage the bidders from indulging in such practices.

## 7.17 NEGOTIATIONS FOR REDUCTION OF PRICES

*(Rule 173 (xiv) of GFR 2017)*

- 1) Negotiation with bidders for price reduction after bid opening must be severely discouraged. However, in exceptional circumstances where price negotiation is necessary due to some unavoidable circumstances, it should be held only with the lowest acceptable bidder (L1), who is techno-commercially responsive for the supply of a bulk quantity and on whom the contract would have been placed but for the decision to negotiate.
- 2) In no case, including where cartel rates are suspected, should negotiations be extended to those who had either not tendered originally or whose bid was rejected because of unresponsiveness of bid, unsatisfactory credentials, inadequacy of capacity or unworkable rates.
- 3) **Price negotiations may not be considered except under the following exceptional circumstances:**
  - a) **Where L1 price is not considered to be reasonable, and**
    - i) **The procurement is done on a nomination basis**
    - ii) **Procurement is from single or limited sources**
    - iii) **In situations where the requirements are urgent**, and the delay in re-tendering for the entire requirement due to the unreasonableness of the quoted rates would jeopardise essential operations, maintenance, and safety - negotiations with L1 bidder(s) may be done for a bare minimum quantum of immediate requirements. The balance bulk requirement should, however, be procured through a re-tender, following the normal tender process.
  - b) **Where there is suspicion of cartel formation**, which should be recorded.
- 4) The decision whether to invite fresh tenders or to negotiate (and with whom) should be made by the TSC. Convincing reasons must be recorded by the TSC. The C/A should exercise due diligence while accepting a tender, ordering negotiations, or calling for a re-tender, and a definite timeframe should be indicated.
- 5) Normally, all counter-offers are considered negotiations by other means, and the principles of negotiations should apply to such counter-offers. For example, a counter-offer to L1 to arrive at an acceptable rate shall amount to a negotiation. However, any counter-offer (at the rates accepted by L1) to L2, L3, and so on in case of splitting of quantities (and in parallel Rate Contracts) shall not be deemed to be a negotiation. Similarly, dynamic bids in the Reverse Auction process, are not to be considered as negotiations.
- 6) **After the C/A has decided to call a specific bidder for negotiation, the following procedure should be adopted:**
  - a) It must be understood that, if the period of validity of the original offer expires before the close of negotiations, the original offer will not be available for acceptance. **The period of validity of the original offer must, therefore, be extended**, wherever necessary, before negotiations;

- b) The Bidder to be called in for negotiations should be addressed, so that the rates originally quoted by him shall remain open for acceptance in the event of failure of the contemplated negotiation;
  - c) **Revised bids should be obtained in writing from the selected Bidders at the end of the negotiations.** The revised bids so obtained should be read out to the Bidders or their representatives present, immediately after completing the negotiations.  
 If necessary, the negotiating party may be given some time to submit its revised offer. 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. In case a bidder does not submit the revised bid, its original bid shall be considered.
- 7) No individual member of TSC or any individual/ official would indulge in direct discussions / negotiations with the bidders.
  - 8) In the event of inevitable absence of 1 or more committee members, like on medical grounds/tour etc. and if virtual meetings are also not possible, nominee from the department of similar status can be associated in the meeting. However, this point also be brought in the minutes of the meeting.
  - 9) It will be ensured by all TSC members that, Tender Scrutiny Committee proceedings (Minutes of Meeting) are prepared and signed / e-signed / confirmed via email at the earliest on completion of the meeting.
  - 10) TSC in its recommendations shall give due consideration to various Govt directed purchase preference policies as listed in chapter-2 of this manual and subsequent amendments if any.
  - 11) Purchase Officer will put up the TSC recommendations and purchase proposal in the prescribed format as per **Annexure 7-V (P-252)** for financial concurrence and approval by the competent authority as per extant DoP.

## 7.18 **REVERSE AUCTION (RA)**

**There are two methods of Reverse Auctions i.e.**

- 1) Reverse Auction outside GeM
- 2) Reverse Auction through GeM

### 7.18.1 **REVERSE AUCTION OUTSIDE GeM:**

- a) **A decision to go for Reverse Auction or otherwise shall be taken by the TSC during techno-commercial evaluation of the bids.**
- b) NMDC reserves the right to conduct the Reverse Auction (RA) (or) not and same shall be communicated to all techno-commercially qualified bidders which will be conducted **without eliminating any qualified bidder.**

- c) A suitable clause for the above purpose shall be incorporated in the tender enquiry.
- d) There should be **at least 2 techno-commercially qualified firms** to participate in the reverse auction discretion of NMDC. MSE/ Make In India guidelines with respect to Price preference to MSE/ MII seller shall be ensured after conclusion of Reverse Auction.

#### 7.18.2 **PROCEDURE FOR REVERSE AUCTION OUTSIDE GeM:**

- a) **After opening of price bids**, if required, Service provider is to be informed of the date and time of RA. Intimation to be given to all qualified firms by email regarding date and time of RA and also regarding all clauses of RA of NMDC & Service Provider (SP).
- b) RA shall be done with minimum 2 firms. If only 1 firm qualifies or single offer is received for any item of the tender, then the item shall not be put up for RA.
- c) It is the discretion of the firm to participate in the RA or not. However, If RA fails or no firms participate in the RA, then evaluation shall be done with the original offer of firms in the tender. This also should be intimated to all firms. The same also may be incorporated in the tender document, wherever RA is applicable. If RA fails due to any technical fault of Service Provider/ SRM Portal, the same may be relaunched again after obtaining approval of competent authority and intimating to all eligible bidders.
- d) **Start Bid Price (SBP)** shall be arrived by NMDC by considering **present L1 price**. Normally, destination cost L1 price is to be taken as SBP. SBP should be approved by HoD (Mat) 1 day in advance before start of RA.
- e) The decrement of RA of each item / tender also to be incorporated in portal. Normally, **0.2% of SBP** (rounded off to nearest whole number) **is taken as decrement**. However, HoD, Materials can take a suitable decision on case-to-case basis regarding SBP & Decrement. Decrement should be approved by HoD (Mat) 1 day in advance before start of RA.
- f) Normally, Decrement shall be taken as a whole number rounded off and not in percentage.
- g) Intimate the SBP & decrement of each item to Service Provider and qualified firms.
- h) The bidding of firms in the RA should be SBP minus 1 decrement or multiples of decrement.
- i) RA Start Date and Time has to be communicated to all eligible vendors by e-mail. The time at which the RA ends in a day and restarts next day.
- j) After the finalization of RA, the successful bidder should give the price breakup of the landed cost by reducing their quoted price.
- k) No further negotiation in final lowest price is envisaged after RA. However, in exceptional cases, negotiation can be done after approval of C/A.



**I) Purchase preference to MSEs and MII where Reverse Auction is involved:**

For both MSE purchase preference policy and Make In India Purchase preference policy, the right of MSE or Class I supplier to match L1 price shall be based on post reverse auction price only and not on the original price bids.

In case any bidder does not participate in reverse auction, then the original price bid of the bidder shall be taken as the bidder's post reverse auction price.

**7.18.3 REVERSE AUCTION THROUGH GeM PORTAL**

**FOR PROCUREMENT THROUGH GeM, GeM GUIDELINES ON REVERSE AUCTION SHALL BE FOLLOWED.**

**7.19 RESOLVING A TIE OF BIDS**

In case two or more techno-commercially acceptable Bidders have quoted identical price bids and the price quoted by them is the lowest among price bids of all techno- commercially acceptable Bidders, then all the parties who have quoted the lowest price shall be informed of the tie (name of the other party should not be disclosed) and asked to submit their best bid within a stipulated time, optionally.

In case of no submission of revised bid, the original bid by the part shall be considered as the final offer. In case both parties do not submit a revised bid or if there is another tie in the revised bids, then the process may be repeated till the tie is resolved.

**7.20 DISTRIBUTION OF ORDER QUANTITY AMONG TECHNICAL ACCEPTABLE BIDDERS**

Many a times, it has been noted that some of the high value consumable items, such as TCRR bits, Conveyor Belts, OTR tyres etc. are required in bulk quantity. Normally, full quantity is required to be on L-1 Bidder alone. However, keeping in view that in case L-1 Bidder, fails to supply the material in time, there may be huge loss of production and subsequent losses (sufficient reasons to be recorded) and to avoid such eventuality, **the order can be distributed among two (or) three firms i.e. in the ratio of 70:30 (or) 50:30:20 respectively.**

In case the L-1 Bidder can be ordered 70% of the tendered quantity, being originally lowest and balance 30% quantity can be ordered on L-2 Bidder. Once it has been decided to distribute the order between L-1 and L-2 Bidder, L-2 Bidder may be asked to match the price of L1 to avoid any additional expenditure for placement of order on L-2 Bidder. In case L-2 Bidder does not agree to match the L-1 price, L-3 Bidder can be asked to match the price of L1 and so on.

While issue of such tenders, a specific point as indicated below is to be recorded for transparency.

“The tendered goods are likely to be distributed. The tendered quantity distributed among two (or) three firms i.e. in **the ratio of 70:30 (or) 50:30:20 respectively**, subject to matching of the lowest tender price on destination cost basis. However, while placing the order, Govt Circular regarding price/ purchase preference are to be taken care of and negotiations can be held as per the guidelines issued from time to time”.

## 7.21 AWARD OF PURCHASE ORDER

- a) Immediately after the approval of purchase decision by competent authority, the purchase officer is required to issue **Letter of Acceptance (LoA)** within the validity of offer(s) notifying the approved Bidder(s) in writing, by email, fax or Registered / Speed Post regarding the acceptance of the offer.

- b) **Letter of Acceptance (LoA)** should be followed by a regular purchase order in proper form with detailed terms and conditions.

The purchase officer shall prepare the draft purchase order and the items shall be verified by the Section Head. No financial concurrence is required for the draft order and order is to be released directly by MM Department. MM Department will take the full responsibility to incorporate all the terms and conditions as per the offer and approval subsequently.

- c) However technical specifications of the order are to be verified by technical department before order is released.
- d) The successful Bidder is to be instructed to furnish the required Security Deposit, wherever applicable, within a specified period (30 days from the date of issue of LoA/ PO). However, for GeM procurement, GeM guidelines is to be followed.
- e) Before release of purchase order and amendments, the same has to be reviewed for adequacy wherever necessary. MM Dept. will ensure the correctness of the price, quality, specifications etc.
- f) Purchase Order / AT details needs to be updated in PO Register by Dealing Officer **Annexure 7- VI (P-254)**.
- g) Supplier should be asked to acknowledge the LoA/ Purchase Order by e-mail/ letter by confirming their acceptance of the conditions laid down in the LoA/ Purchase Order. Legally communication of acceptance of offer is considered complete as soon as it is submitted to Postal Authorities. All delivery liabilities would be counted from the date of LoA.
- h) The time for award of contract should not ordinarily exceed 30 working days from the date of price bid opening except in cases involving negotiations, reverse auction and in cases where price justification is sought.

## 7.22 SIGNING OF LETTER OF ACCEPTANCE / PO / AMENDMENT

### 1) CORPORATE LEVEL:

- a) **Upto Rs 40 lakhs** to be signed by dealing officer and Section Head.
- b) **Beyond Rs.40 lakhs** to be signed by Section Head and HoD

### 2) PROJECT LEVEL:

- a) **Upto Rs 10 lakhs** to be signed by dealing Officer and Section Head.
- b) **Beyond Rs 10 lakhs** to be signed by Section Head and HoD

## 7.23 PROCUREMENT LEAD TIME

The prescribed maximum lead time for each step involved in the tender process starting from date of PR initiation to issue of purchase order shall be as per the Purchase Process Lead Time Chart attached as **Annexure 7-VII (a) & (b) (P-255 & 256)**. However, for GeM procurement, GeM guidelines shall be followed. All efforts shall be taken to adhere by the maximum limits for lead time as per this chart and to reduce the lead time as much as possible. However, in urgent cases the time limits can be reduced by few days without it being a handicap either to project or the prospective supplier.

## 7.24 EXTENSION OF DELIVERY

Liquidated Damages shall be levied against suppliers / contractors in case of delay in supply of materials beyond the date of delivery specified in Purchase Order. If the delay in completion of supply is attributable to NMDC or force majeure condition only, liquidity damages will not be levied.

### 7.24.1 DELAY ATTRIBUTABLE TO NMDC / FORCE MAJEURE:

For the portion of delay attributable to NMDC or Force Majeure, Liquidated damages (LD) are not applicable. Any increase in taxes and duties on account of statutory increase, fresh imposition of any duty or taxes which take place during such extended period shall be admissible/ availed. Price variation, if indicated in the Purchase Order, shall be applicable during such extended period. However, Price Variation on Force Majeure to be regulated as per the Force Majeure policy of NMDC.

### 7.24.2 DELAY ATTRIBUTABLE TO SUPPLIER:

For the portion of delay attributable to supplier, Liquidated damages will be applicable. Increase / fresh imposition of taxes and duties during the extended period will be to the account of the party. However, NMDC shall allow the same to the extent for which Input Tax Credit (ITC) can be availed by NMDC against these levies. Any decrease in taxes and duties during the extended period will be availed by NMDC.

When a supplier request for extension of delivery with reasons for extension, User Department shall be asked to give its recommendation on if extension can be given, how many days of extension can be given and if LD is to be levied. Based on user departments recommendation, competent authority shall approve the request for extension, while reserving the right of NMDC to levy LD as per extant DoP (except in cases where delay is attributable to NMDC / Force Majeure).

## **7.25 PRE-DISPATCH INSPECTION (PDI)**

7.25.1 Pre-dispatch Inspection (PDI) of spares and stores is to check the conformance of the items with stipulated reliability and specifications on dimensional and metal characteristics, so that right quality parts reach user department and prevent substandard parts reaching stores. Pre-dispatch inspection would be carried out or waived according to nature of material ordered through Corporation / Company Engineers or outside agencies like Lloyds etc. inspection procedure would be decided in individual cases before inviting tenders. Pre-dispatch inspection may not be insisted for spares of proprietary nature and general stores of reputed manufacturers.

7.25.2 On receipt of Pre-dispatch Inspection call, consignee is required to communicate pre-dispatch inspection/ waiver of pre-dispatch inspection after consulting user department as early as possible. However, in case of PDI waiver project shall obtain HoP approval (even if procurement was processed by HO) and intimate the supplier accordingly, with a copy of intimation to HO wherever applicable.

7.25.3 Pre-dispatch inspection may be carried out at suppliers end to weed out defective items event at stages of manufacture. In case QAP is applicable, PDI may be carried out as per approved QAP. Performance tests may also be carried out for equipments before dispatch at supplier's end.

7.25.4 In all cases post receipt inspection should be carried out at Receipt Section before finally accepting the materials/equipments and releasing balance payments.

### **7.25.5 INSPECTION CERTIFICATE**

The inspection officer would issue the inspection certificate after the inspection which would indicate various particulars along with details of items and quantities inspected and accepted and rejected and indicate the "identification mark" stamped on the accepted materials for its identification on receipt at the Project. Inspection certificate and Test Certificate wherein asked should be obtained with dispatch document.

The inspector will clearly indicate the inspected items whether accepted (or) rejected. If rejected the detailed reasons should be recorded and supplier be advised for its rectification of the defects and get confirmation before dispatch of the materials.

The inspection certificate shall invariably contain the PO details, items inspected, items accepted, items rejected (with reasons for rejection). Inspection officer shall issue dispatch clearance for the items acceptable as per PO terms.

Inspection certificate would be signed by suppliers authorized representative and the inspector. A copy / soft copy of the inspection report should be sent to MM Department.

#### 7.25.6 **REJECTION MEMO**

In case of rejection on joint inspection at supplier end, the rejection memo would be signed by the supplier and the inspector. Reasons for rejection would be given along with all relevant details and the supplier would be prohibited from dispatching the rejected goods. A copy / soft copy of the rejection memo should be sent to MM Department.

#### 7.26 **FOLLOW UP OF ORDERS & MONITORING OF PROGRESS**

The orders placed will be monitored by the respective dealing officer at Project (which includes POs placed by HO also) till the materials are dispatched by the supplier and received at projects.

This will include obtaining:

- i) Order acknowledgement from the supplier
- ii) Coordination regarding pre-dispatch inspection if any
- iii) Issuing any amendment, if necessary
- iv) Coordination regarding dispatch instructions, mode of dispatch and destination station etc.
- v) Coordination with the HO/ Project and supplier in case of any problem/dispute arising out of supply.
- vi) Coordination with stores for inspection and acceptance of stores.
- vii) Orders released including corporate office, shall be monitored by concerned dealing officer at project MM Department.
- viii) This will include pre-delivery period follow up to ascertain the readiness of the materials on time and post-delivery follow up.
- ix) Follow up may be done through reminders, e-mail, telephonic follow up and physical visits, if necessary, with the suppliers.

#### **PROGRESSING:**

Head of the Purchase Section / Dealing Officer of each purchase office would submit a monthly report of the status of various indent being dealt by the section to the Head of Materials Management Department showing the detailed status against each indent under process, indicating the indent number, description of stores, indent value and items, along with the latest progress achieved for placing order along with number of items covered and value there against.

Copies of progress reports shall be forwarded to the user departments. The above report may be generated through ERP system.

## **CHAPTER – 8**

### **8 MEDICINE PROCUREMENT**

#### **8.1 PLANNING AND PURCHASE REQUISITION**

- a) Medicine Procurement planning may be initiated by MM Department at the Project and the Project hospital, preferably in the first week of September every year. Purchase Requisitions (PRs) for procurement of medicines for the next financial year may be raised by the first week of November of current financial year.
- b) **ANNUAL PURCHASE REQUISITIONS MAY BE CATEGORIZED AS FOLLOWS**
  - i) Life Saving Drugs
  - ii) Proprietary medicines
  - iii) Vaccines and Antidotes
  - iv) Tonics
  - v) Other drugs
  - vi) General Items and Consumables
- c) The Annual Purchase Requisition of medicines may be made by a committee consisting of in-charge of medical stores and other doctors nominated by CMO. The annual requirement needs to be approved by the CMO.
- d) Separate Annual Purchase Requisition may be raised by the hospital for general items like syringes, needles, cotton, bandages, X-Ray films, laboratory items, sanitary items (Phenyl) etc. MM Department may procure these items from approved vendors once a year.
- e) The hospital may raise Purchase Requisition for other medicines.
- f) MM Department at Project, in consultation with the hospital, may prepare the list of manufacturers of medicines, every year, from whom the medicine could be procured.
- g) MM Department at Project may then write to the manufacturers, giving NMDC's standard commercial terms and conditions such as shelf life, return of short expiry medicines at the time of receipt, inspection, phased supply etc. for confirmation of their consent to supply medicines as per the commercial terms and conditions including the following:
  - i) The medicines would be supplied by the manufacturers directly or through their authorized distributor / dealer concerned for the project.
  - ii) The medicines would be supplied by the manufacturers as per their hospital price list ruling at the time of supply including discounts (in terms of Qty & in terms of Price), if any.



- iii) In case the manufacturer is not willing to supply directly, they may give the details of their authorized distributor/ supplier who will be supplying the medicines.
- iv) The medicines, depending on the quantity, may be supplied in a phased manner i.e., **40% initially and then 30% each at two regular intervals.**

In case of any deviation to standard terms and conditions same shall be submitted for approval of Competent Authority as per extant DoP.

- h) After obtaining the consents, hospital price list, applicable discounts and other details from the manufacturers, MM Department at Project in consultation with the hospital, should shortlist the manufacturers for relevant medicines.
- i) Vaccines & Antidotes may be purchased from Government Agencies or from manufacturers of repute / their nominated distributors / dealers.

**j) PROCUREMENT FROM CPSUs**

For procurement of medicines that are in the list of 103 medicines notified by the Government, NMDCL shall give due consideration to the relevant Government policy. The prices of these medicines are fixed by National Pharmaceutical Pricing Authority (NPPA) and a discount of 35% is allowed (or) as applicable from time to time.

Based on timely delivery and other parameters, project may finalize the quantity of medicines to be procured from the CPSUs (IDPL, RDPL, HAL, KAPL, BCPL) with the approval of Head of Project.

Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers,  
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**k) GUIDELINES FOR MEDICINE PURCHASE REQUISITION**

- i) The quantities may be worked out based on the previous year's consumption, indent/ order status, stock position at issue/ consumption points and expiry dates of medicines.
- ii) The PR should contain details of brand name (not exceeding six) and manufacturer of the medicines.
- iii) In case of proprietary medicines, the PR should be accompanied by Proprietary certificate given by CMO in the prescribed format and approved by Head of the Project.
- iv) The PR may contain the last purchase rate to help in cost estimation and also to facilitate vetting by Finance Department.

## I) FLOW OF MEDICINE PURCHASE REQUISITION

- i) A committee comprising of officers from MM Department, Finance Department and the hospital in-charge may review the PR and record its recommendations.
- ii) MM Department shall forward the PR and the recommendations of the committee to Finance Department for vetting and then to Competent Authority for approval / sanction.
- iii) MM Department shall take procurement action based on the approved PR.
- iv) The whole process may be completed by November every year.

## 8.2 PURCHASE ORDERS

- a) MM Department in consultation with Hospital In-Charge, may prepare the Purchase Order along with all the terms and conditions.
- b) Purchase Order may contain the names and quantities of medicines, commercial terms such as Unit Price (as per the Hospital Price list and applicable discounts forwarded by the Manufacturer), Price basis, Freight, P&F, GST, Delivery terms (phased delivery if applicable), Payment terms, Consignee and Shelf Life of Medicines.
- c) **The Medicines supplied should have minimum shelf life on the date of receipt at NMDCL site i.e.**
  - i) Medicines with expiry of one year – Minimum shelf life to be 60%
  - ii) Medicines with expiry of three years – Minimum Shelf life to be 70%
  - iii) Medicines with expiry of five years – Minimum Shelf life to be 80%
- d) Purchase Order may be issued in the name of Manufacturers only. However, Manufacturer may either directly supply the medicines or supply the medicines through any of their authorized dealers / distributors/ stockist.
- e) Wherever quantity is substantial, and supplies are required in phases, the Purchase Order may clearly specify that 40% of the ordered quantity only is to be supplied in the first stage and the balance quantity is to be supplied in two installments of 30% each with an interval of 4 months between each consignment, after confirmation from the Materials Department to this effect. Any deviation from phased delivery schedule can be considered in exceptional circumstances with the approval of Competent Authority, upon written instructions issued by the MM Department to that effect.
- f) In case of annual Purchase Order value less than Rs. 30,000/-, supply may be made in 1 installment. However, the order shall be placed on the authorized dealer / distributor / stockist / manufacturer.

**g) REVIEW OF PURCHASE ORDERS FOR SUPPLY OF LAST INSTALLMENT:**

Thorough review should be done by the CMO / Hospital In-charge before giving clearance for the 30% final installment.

If any medicine is required before the scheduled supply, the CMO / Hospital In-charge may obtain specific approval from the Head of the Project. It may be clearly indicated in the order that the installments may be supplied as directed.

**8.3 PROCEDURE FOR RECEIPT AND ACCOUNTING OF MEDICINES**

- a) On receipt of the medicines at Central Stores Depot, the consignments shall be checked with packaging list and after entering in the relevant register, the packages shall be handed over along with the documents to the Hospital stores.
- b) In the receipt section at Hospital Stores, the consignment may be opened in the presence of authorized hospital representatives and the representative from MM Department (at least of the rank of JO).
- c) The medicines shall be checked initially for damage / breakage and against invoice for quantity, batch no., shelf life and MRP vis-a-vis hospital price list.
- d) The medicines shall be taken into stock within a week from the date of receipt and discrepancies, if any, are to be intimated to MM Department for further action.
- e) Receipt voucher shall contain all these details and shall be duly signed by Doctor In-charge and MM Department representative. All the Project Hospitals will use uniform receipt voucher forms as per HMS package.

**8.4 PROCEDURE TO BE FOLLOWED AT HOSPITAL AFTER RECEIPT OF MEDICINES**

- a) In the Hospital, all the medicines received in the first two consignments of 40% and 30% may be marked with NMDC stamping. Depending upon consumption, the medicines required in the third lot of 30% may be stamped periodically (say on daily basis) as per instructions of CMO / Hospital In-Charge.
- b) Issue of medicines from Medical Main Stores to OPD and Wards shall be properly accounted. The medicines returned to Main Medical Stores are to be taken into stock.
- c) Receipts and Issues to be documented both manually in vouchers, cardex system and to be fed in the Hospital Management System (HMS) package simultaneously.

- d) Details of medicines with expiry during the next 3-6 months are to be circulated among all the Doctors and also circulated to sister project Hospitals on intranet for information and possible prescription. Efforts may be made to return the medicines within 02 months before expiry, as far as possible.
- e) Expired medicines, if any, may be segregated and annually / bi-annually processed for destroying in the presence of an authorized committee. Record may be kept of the same for taking cognizance in PR preparation for the subsequent YEAR.

#### 8.5 RELEASE OF PAYMENT AGAINST PURCHASE ORDERS OF ANNUAL PRs

- a) For release of Payment, a certified copy of the complete hospital price list and applicable discounts shall be the basis. Material Department may verify the price list for its authenticity and forward the same to Finance along with documents for release of payment after verification.
- b) In case of variation in prices at the time of supply, no amendment letter is required if the clause already exists in the Purchase Order for payment as per price list ruling at the time of supply.

#### 8.6 PURCHASE OF MEDICINES OUTSIDE ANNUAL PR

- a) The medicines required outside the annual procurement may be procured from Manufacturer / authorized dealer / authorized stockiest only for supplies on hospital rates.
- b) **Quantity to be procured through local purchase to be restricted to a maximum of 5% of annual PR value** by recording reasons for such purchase and approval of Project Head in each case. The local purchase is to be done as per existing Delegation of Powers.
- c) In case of non-availability of medicines (prescribed by external doctors or due to stock out), the patients may procure the medicines themselves and they shall be reimbursed for the same. Following procedure shall be followed to streamline the same:
  - i) The Project MM Department may enter into tie-up arrangement with 1 or two local Medical Stores for supply of medicines at the discounted rate of MRP.
  - ii) For making tie up an Open Tender Notice may be published in local newspaper indicating approximate value of purchase of medicines for 1 year. The tenders may also be published in NMDC website.
  - iii) Based on the offers received, project may finalize the agencies with whom tie up can be made for supply of medicines.

**d) URGENT / EMERGENCY PROCUREMENT**

- i) CMO may forward the list of urgently required / stock out medicines along with the details of manufacturer, quantity required etc. to MM Department along with reason for purchase.
- ii) Based on the requisition of CMO, MM Department may issue a Letter Order to supply medicines to Hospital. In case of emergency, the medicines can also be supplied against the requisition of CMO, which is subsequently to be regularized by MM Department.
- iii) Necessary Receipt Voucher is to be prepared at the hospital and forwarded to MM Department and Finance.
- iv) The payment will be released by Finance as per Receipt Voucher, Letter Order and as per the tie up entered with the supplier.
- v) The details of such medicine procurement are to be put up to HoP every month.
- vi) The same procedure may also be followed for such medicines where there is a stock out.

**8.7 GENERAL POINTS**

- a) For purchase of sedatives such as Calmpose etc. which fall under Schedule X and Narcotics and Psychotic drugs, license has to be obtained from the Drugs Controller and the issue of such medicines to be recorded as per the regulation.
- b) For life saving drugs, the stock position may be reviewed by CMO at least once every month for replenishment.
- c) All the Doctors may conduct surprise checking of medicines and other items (at least 15 items) every month and the report may be submitted to HoP on monthly basis signed by CMO.
- d) Medicines which are generally of shorter shelf life, or which may deteriorate faster may not be stocked unless they are essential drugs like lifesaving drugs.
- e) In case of Hospitals at DIOM and BIOM Bachel, due to high turnover of the Doctors, the medicines prescribed may be confined to **existing brands** as far as possible and any new brands prescribed may be ordered in small quantities so as to reduce possibility of non-movement in case of Doctors leaving the Hospital. Such purchases shall be at the discretion of the CMO / Hospital In-Charge/ Generic Medicines to be prescribed to avoid stocking of brands.

## **CHAPTER – 9**

### **9 VENDOR DEVELOPMENT AND MANAGEMENT**

#### **9.1 SELECTION AND REGISTRATION OF VENDORS**

- a) Whenever a need arises to procure material / components from a new source, or a new vendor approaches the project / vendor development cell (VDC) at HO, the following steps shall be taken:

The vendor shall furnish Registration Application form along with detailed information about the capacity, capability etc. to VDC, HO by offline mode. The required proforma and information can be downloaded from NMDC website at [www.nmdc.co.in](http://www.nmdc.co.in) on homepage under 'Vendor Empanelment' title.

The vendor registration process shall be digitized and integrated with ERP. Offline mode shall be followed till such time.

- b) VDC of MM Department, HO is entrusted with processing and disposal of vendors' application for registration centrally. If need arises, Projects can also send their recommendation for registration of new vendors which may be processed at HO level.
- c) If necessary, Expression of Interest (Eoi) shall be published inviting applications for registration of firms / suppliers for supply of various types of material / components required.
- d) For processing of all the applications, a Vendor Registration Committee (VRC) shall be constituted and the in-charge VDC shall be the convener of the committee. VRC shall comprise of the following members:
- i) In-charge of VDC (MM Department) – Convenor
  - ii) Representative from the Production Co-ordination (PC) / Engineering & Projects Department
  - iii) Representative from Finance Department
- e) VRC shall evaluate the applications and record its recommendations for enlistment or otherwise. Where found necessary, VRC may recommend for capacity assessment of the vendor. The following parameters are considered by VRC while evaluating and recommending applications for enlistment as vendors:
- i) Requirement of additional vendors to widen the vendor base category wise.
  - ii) Projected requirements for operational needs of the Corporation.
  - iii) Import substitution /quality improvement of stores/spares.
  - iv) Applicant's experience in a particular category of stores/spares.



- v) Applicant's performance record as a vendor of other major industries/PSUs
  - vi) Specific requirements/recommendations of the PC / EP Department
  - vii) Status of the applicant as an ancillary or sub-vendor to major industries/PSUs
  - viii) Government directives, if any, etc.
- f)** The capacity assessment, if required, can be carried out by the Corporation by engaging its own officials or by engaging a third party as found feasible. Some factors for waiver of capacity assessment areas given below:
- i) BIS license holder for the stores/spares
  - ii) ISO certification and
  - iii) Feedback on quality / past performance of the vendor from other similar PSUs etc.
- g)** If required, quality assessment of the stores/spares can be drawn by placing Trial orders on the Vendor. Trial orders shall be issued by HO after getting approval of Competent Authority as per extant DoP, except for explosives and blast accessories. Trial orders for explosives and blast accessories shall be issued by projects.
- h)** Capacity assessment report, trial order report (if trial orders are executed), and other documents of the vendor shall be deliberated by the VRC which will be convened within twenty (20) working days after the submission of the reports and all relevant documents. The VRC shall then record its recommendation as 1 of the followings:
- i) To register the firm as an approved Vendor for the specified item / service category.
  - ii) Refusal of the registration for the reasons recorded (or)
  - iii) If required, to carry out re-assessing the capacity of the vendor for reasons recorded.
- i)** The recommendation of the VRC shall be put up to the Competent Authority for approval and the outcome will be informed to the applicant within a specified time schedule. Competent Authority shall be the Functional Director of MM department. The whole process shall be completed within a maximum period of three (03) months after the submission of all relevant documents by the vendor and the outcome (acceptance / rejection) shall be communicated accordingly to the vendor by the VDC. Accordingly, a centralized Vendor master maintained in ERP system shall be made available to purchase departments across all Projects / units of NMDC.

- j) There may be deemed registration like creation of specific vendor code for all government establishments / enterprises, who do not take initiative to get registered as regular / new vendor with the Corporation. No capacity assessment shall be required in such cases.
- k) In case of tenders where PQC is involved, once the Competent Authority approves the techno-commercially acceptable bids, all techno-commercially qualified vendors who are not already registered for the items in vendor master, shall be registered in vendor master based on the credentials, documents, performance reports / past order details submitted against PQC.

**Standard PQC terms and conditions are as per [Annexure 9-I \(P-257\)](#)**

In tenders where PQC is not included, techno-commercially accepted bidders who are not already registered with NMDC may be informed of the vendor registration process via email, once the tender is concluded.

- l) If there is a change in the name of the registered vendor due to mergers, acquisition etc., re-registration shall be required. In such cases, new registration shall be done in the name of the new firm which should be duly supported by a certificate from the Registrar of companies incorporating the change in the name of the company. Instances of inclusion of additional items shall also be treated as re-registration.
- m) Vendor meets (especially with MSEs owned by SC/ST and women entrepreneurs) shall be arranged at HO / Project level for sharing first-hand information with respect to the scope and requirements of the Corporation for a healthy 'partnership relationship' with vendors. This will give an insight into the issues related to the Corporation's quality standards, compliance requirements etc.

## **9.2 REGISTRATION OF VENDORS FOR SAFETY ITEMS**

- a) For manufacturers / suppliers with DGMS / CPRI approvals or BIS certification for the safety items, no additional test certificates are necessary. Full details of the valid approval should be submitted during the registration.
- b) For safety items for which BIS / DGMS / CPRI specifications exist but BIS certifications / DGMS or CPRI approvals are not issued specifically to manufacturers / suppliers, certificate from testing agencies recognized by Govt or any government body should be submitted during the registration. For these items, approval for registration shall be provisional till the products stand the test of time in actual use.

- c) VRC may accept approval or certification from any other government body apart from BIS / DGMS / CPRI on case to case basis.
- d) For safety items not covered by BIS / DGMS / CPRI specifications or approval from any other government authority, NMDC Safety department shall draw up the specifications and manufactures / suppliers shall submit their product for type testing by testing agencies recognized by Gol or any other government body. After field trials and on satisfactory performance these may be granted clearance by NMDC Safety department for registration as vendor. Full particulars of such type test certificate and field trial reports may be noted against the names of the manufactures / suppliers.
- e) Representative of Safety department shall also be a part of the VRC in case of safety items.

### 9.3 CATEGORIES OF REGISTRATION

- a) Registration of firms for supply of indigenous items shall be made in following categories:
  - i) Manufacturer
  - ii) Authorized agents / Distributors of manufacturers
- b) Registration of firms for supply of imported items shall be made in following categories:
  - i) Foreign manufacturers: Foreign manufactures shall be registered with or without authorized agents in India, provided they have necessary arrangements for after sales service in India (if required for the categories / items for which registration is sought).
  - ii) Authorized agents / distributors of foreign manufactures
- c) Only for those manufactures (domestic or foreign) who do not directly quote or market their product as a matter of corporate policy, authorized agents / distributors shall be considered for registration. In such cases, agency / distributorship agreement with the original manufacturer should be submitted during registration. The registration of agent / distributor shall become invalid after expiry of the agent / distributor's agreement with the manufacturer. The agent / distributor may apply for renewal / re-registration once the agent / distributor has renewed its agreement with the manufacturer.

## 9.4 PERIOD OF REGISTRATION

- a) The vendors will normally be registered for a **fixed period of 3 years**.

In case any registered vendor makes an offer against a tender issued by NMDC and qualifies techno-commercially for the tender, it is an indication that the vendor is still active and is interested in supplying materials to NMDC. Therefore, the registration validity of such vendors shall be renewed for further 3 years from the date of acceptance of techno-commercial bid.

Vendors who have not techno-commercially qualified in the tenders in last 3 years, but are willing to continue with registration, will have to apply for renewal at least 3 months before the expiry of validity period. Such renewal shall also be for 3 years.

- b) Vendor Development Cell is responsible for ensuring the vendors are reminded on time to apply for renewal. Vendor Development Cell shall generate a monthly list of vendors whose registration period is about to expire in the next two months and shall ensure communication to the vendors regarding the expiry of their registration validity. Reminders shall be sent to the vendors to renew their registration via their registered email address. ERP system may be configured to automate the intimation to vendors regarding expiry of registration and process for renewal.

## 9.5 DEREGISTRATION / DELISTING OF VENDORS

Any firm may be deregistered from vendor master after issuing a show cause and with approval of Competent Authority for any of the following reasons. These reasons are **only illustrative and not exhaustive**. The Competent Authority may decide to deregister the vendor for any good and sufficient reason. The reason shall be communicated to the firm.

- a) If the firm is found to be consistently unsatisfactory over a period of time against orders placed on them or the firm has scored less than 80 in the annual vendor rating for two consecutive years (without considering the years in which the firm did not make any supply to NMDC).
- b) If the firm fails to supply materials or supplies short quantities without any valid reason.
- c) Other than in force majeure, If the firm withdraws from the process / fails to enter into contract / fails to submit performance security etc. after being declared as bidder.
- d) If the firm ceases to exist, or is acquired by or merged with another firm, or ceases to operate in the category of requirements for which it is registered.

- e) If the firm is declared bankrupt or insolvent.
- f) If the firm is banned / de-registered / de-barred / blacklisted by any other PSUs/ ministry / government body.

Deregistration / Delisting from the vendor master shall be done with approval of Functional Director of MM department.

#### **Appeal against the decision of De-registration**

- i) The Party may file an appeal against the show cause issued by the VDC / HoD (Materials) for de-registration of the party. Such an appeal shall be considered within 1 month from the receipt of the intimation of show cause to the party.
- ii) Appellate Authority would consider the appeal and pass appropriate order which shall be communicated to the Party.
- iii) The process shall be completed within 45 days of filing the appeal with the Appellate Authority.
- iv) Appellate Authority shall be Chairman-cum-Managing Director of the Corporation.

When a delisted vendor approaches for registration again, the vendor will be re- evaluated as per the procedure followed in the case of new Vendors. A delisted vendor shall be eligible to apply for re-registration only after a period of eighteen (18) months from the date of its disqualification.

### **9.6 DEVELOPMENT ORDER / TRIAL ORDER FOR REGISTRATION**

- a) With the view to enhance the vendor base, sometimes Development orders / Trial orders are necessary for any of the following reasons:
  - i) Trial is required to be done to see the performance for a specific make/ model before registering the firm as NMDC's regular supplier.
  - ii) To help potential suppliers gain experience / provenness to enable the supplier to be a regular supplier for NMDC.
  - iii) For development of indigenous suppliers for import substitution.
- b) The decision regarding making trials or otherwise is to be taken by User Department with the approval of concerned Functional Director.
- c) Development / Trial order will need to meet the same requirement on delivery quality as other orders.
- d) Development / Trial orders shall be applicable for any stores/ spares other than explosives. The firms have to apply with all credentials to HO, MM department. After scrutiny, User Department may decide whether any trial is required or not.

- e) Before examination for trials, a budgetary quote needs to be obtained. The technical specifications of the item and price offered should be examined with reference to the existing item in use. The price quoted should however be less than the existing price and, in any case, not more than the last ordered price. The party should agree to all commercial terms including Warranty and Performance Guarantee terms if any.
- f) The quantity for the trial order and value limit shall be as per the nature of the item. The quantity should be bare minimum required for assessment.
- g) Overall quantity procured through all trial orders for any item (for which trials are required) **should be less than 25%** of the annual requirement of the item.
- h) In principle approval shall be taken from Functional Director of MM Dept before initiating the trial order.
- i) In each case, after approval, a tender enquiry has to be issued to the firm incorporating all technical details and minimum Guarantee/ Performance parameters and trial period. The tender shall be posted in CPP portal also to ensure that other interested firms may also join the process for registration. The tender may also be posted in NMDC website.
- j) The tendering process for trials shall be considered on nomination basis and approvals shall be as per extant DoP.
- k) **Payment shall be 100% payment only after successful trial period and achieving guaranteed parameters. No pro rata payment shall be applicable.** If any failure, the firm has to replace the materials on free of cost on landed cost basis to establish the performance. Since 100% payment is made after Trial period, **No Security deposit and Performance Bank Guarantee is applicable.**
- l) On successful report, the firm shall be registered in NMDC after approval of Functional Director.

## 9.7 VENDOR PERFORMANCE EVALUATION

- a) For vendor performance evaluation certain parameters and weightage shall be as shown in the table as under:

Description	Code	Responsibility	Weightage points
Quality Rating	QR	MMD*& User	50
Delivery Rating	DR	MMD & User	30
Service Rating	SR	MMD & User Dept.	10 + 10 (MM dept + User Dept)
<b>Total</b>			<b>100</b>

\*MMD - Materials Management Department



- b) Quality rating shall be calculated as below:

$$\text{Quality Rating} = \frac{\text{Quantity accepted}}{\text{Quantity supplied by the vendor}} \times 100$$

Where the quantity accepted is decided by the user department based on the inspection with respect to specification/requirements as furnished in the PO.

- c) The Delivery Rating (DR) shall be on the basis of Delivery Index (DI) which is calculated as under:

$$\text{DI} = \frac{\text{Actual Delay in Months}}{\text{Scheduled Duration in Months}} \times 100$$

Where actual delay is the time taken in months by the vendor beyond the scheduled duration given to the vendor as per work order. The delay beyond 15 days is counted as 1 month.

In case delivery date is extended at the request of supplier, for reasons attributable to supplier, delivery rating shall be calculated based on the original delivery date agreed. In case the delivery date is extended for reasons not attributable to supplier, then the delivery rating shall be calculated based on the extended delivery date.

- d) After calculating the Delivery Index as at 9.7 (c), Delivery Rating shall be calculated as under:

Delivery Index	Marks/Points for Delivery Rating
0 – 5%	30
Above 5% upto 25%	25
Above 25% upto 50%	15
Above 50%	0

- e) Service rating shall be decided based on pre-sales service/after sales service. Material Management department and the user department can allocate a maximum of 10 points each towards this rating.
- f) Vendor performance evaluation shall be carried out once in a year viz., as at end of December and will be completed within a month.
- g) Quality and Delivery score calculation based on formulas in 9.7 (b) to 9.7 (d) shall be automated in the ERP system
- h) If during the period of assessment, the vendor has executed more than 1 order, the weighted average of rating for all such orders shall be taken.

- i) Vendor performance evaluation shall be carried out for the vendors of the identified significant items.
- j) Concerned dept. shall forward the respective service ratings of the vendors to VDC for final evaluation report.
- k) Copies of vendor evaluation report shall be circulated at the project to Head of project, Head of production, Materials Management department and concerned user departments.

## 9.8 VENDOR BANNING

**NMDC's approved policy on banning of business dealings** with vendors shall be followed. The same policy is placed on NMDC Website under Material and Contracts Management Section.

<https://www.nmdc.co.in/latest-links/nmdc-policy-on-banning-of-business-dealings>

## 9.9 VENDOR EMPANELMENT

- a) For critical items / category of items required continuously throughout the year in large quantities or has to be procured multiple times in a year, it is advantageous to have empaneled vendors, where items may be procured by a limited tender requesting only for price bids, with financial concurrence and approval of Competent Authority.
- b) Vendor empanelment is also advantageous for critical items where it is beneficial to float tenders only to who have registered with NMDC after successful trials.
- c) When vendors are empaneled for a particular item, procurement of that item may be concluded through a limited tender floated only amongst the empaneled vendors. The enquiry will not be issued to all registered vendors for the item.
- d) Vendor Empanelment shall be done by corporate level, with the approval of Functional Director (Materials). List of vendors empaneled for the select items shall be floated to all projects / units when a new vendor is empaneled.
- e) Vendor empanelment will be specific to a particular item / category of items. Vendor empaneled for a particular item / category shall not be deemed as empaneled for another item / category. Vendor should apply independently for all the vendor empanelment tender enquiries for which the vendor wants to get empaneled.
- f) Vendor once empaneled, will remain in the empanelment for a period of 3 years and the vendor's empanelment shall be subsequently renewed in case:

1. The vendor is responsive to tender enquiries for the items for which empanelment was done.
  2. The vendor performance is satisfactory (vendor rating of >80).
- g) However, vendor empanelment process for all items that have vendors empaneled, shall be done every year to give chance to new vendors and other existing registered vendors for getting empaneled.
- h) De-empanelment of empaneled vendors may become necessary on account of various factors including poor vendor rating, bankruptcy, discontinuation of requisite certification like API certificate, etc. Approval of concerned Director shall be obtained for de-empanelment.
- i) Empanelment shall not be done for a consortium / unincorporated JV / any other group of companies not existing as a separate legal entity

**j) EMPANELMENT PROCESS**

- i) Specific items for which Vendor Empanelment is required, is identified. User Department recommendations shall be taken before finalizing if an item requires vendor empanelment.
- ii) Criteria for empanelment process may include financial capability, technical capability, quality, and delivery performance criteria. Technical criteria for empanelment shall be recommended by the corresponding User Department. It may include specifications, delivery quality, previous supply experience etc. Criteria for empanelment may be in line with the criteria adopted in normal tender process.
- iii) After finalization of criteria, Open tender/ EOI shall be floated for Vendor Empanelment. The empanelment window for fresh empanelment shall be opened every year for a period of 1 month within which entries from potential new vendors should be obtained. Empanelment process shall be completed within 3 months of closing of the empanelment window.

New vendors, who are not already registered with NMDC, but have applied for empanelment, shall be asked to undergo the registration process. On successful registration (including trials if required), the vendor shall be empaneled for the item / category, provided the vendor qualifies for empanelment based on empanelment criteria.

- iv) Once vendors are empaneled for a particular item / category, limited tender shall be floated amongst empaneled vendors only for procurement of that item / category. The tender may insist for both techno-commercial bid and price bid or ask for only price bids.

## **CHAPTER – 10**

### **10 STORES MANAGEMENT**

#### **10.1 CENTRAL STORES**

Each project will have Central Stores for receiving and storing of all incoming equipment, spares, and stores etc. till these are issued or disposed. According to convenience the same would be located at Hill-top and Base camp and would be under the control of appropriate level officers reporting to Head of Materials Management Department at the project.

Stores Section at Project will be sub-divided as under for performing following functions

- a) Receipt Section**
- b) Custody / Issue Section**
- c) POL Section**

#### **10.2 RECEIPT SECTION**

##### **a) RESPONSIBILITIES OF RECEIPT SECTION**

Receipt Section will be responsible for the following activities.

- i) Receipt of dispatch documents and proper recording of details.
- ii) Taking delivery of incoming consignments from carriers.
- iii) Ensuring proper receipt of door delivery consignments.
- iv) Transportation of materials from carriers to Receipt Section.
- v) Linking of incoming consignments with purchase orders.  
Coordination for inspection of materials.
- vi) Preparation/generation of receipt-cum-inspection vouchers (GRN).
- vii) Custody of incoming consignments till handing over to Custody Section.
- viii) Handing over the accepted materials to Custody Section.
- ix) Taking claim action regarding rejected/short received / not received materials with the carriers, suppliers, and underwriters.
- x) Checking of Freight bills.
- xi) Reconciliation of store in transit.
- xii) Coverage of transit insurance for incoming / outgoing consignments, wherever required.
- xiii) Coverage of fire insurance policy for Inventories in Store, POL depot, COLD godowns etc.

- xiv) Collection & accounting of Depot agreement items.
- xv) Maintaining the Outgoing material register.
- xvi) Monitoring & ensuring availability of valid Licenses of POL installations, Gas godowns etc.
- xvii) Processing of Payments of freight and other incidental charges to the carrier.
- xviii) Head of Materials/Stores Incharge at Project would be the consignee for all incoming consignments.

Entire data of Receipt Section shall be maintained in the Standard formats in the ERP.

**b) RECEIPT OF MATERIALS**

- i) Receipt Section will comprise of main Receipt Cell with a sub Receipt Cell depending upon the individual unit's convenience.

For shouldering these responsibilities, the Receipt Section will perform the following functions and generate/ maintain records as under.

- ii) All incoming consignments will be entered in ERP system (Transaction code for Gate Entry - ZGE) by the concerned store official.
- iii) All incoming consignments will be entered in the Stores Receipt register in ERP of the Receipt Section in serial order of receipt indicating complete details of the supplier, dispatch particulars, purchase order along with freight particulars. [Annexure 10-I \(P-259\)](#).

**c) MAINTENANCE OF LORRY RECEIPT (LR) REGISTER**

All RRs, PW Bills, LR etc. received for incoming consignments would be serially maintained in the LR Register/ GRN (SAP) showing all relevant particulars like station of booking, destination, station, mode of dispatch, purchase order reference, number of packages, freight payable/paid and amount etc. [Annexure 10-II \(P-260\)](#).

**d) COLLECTION OF CONSIGNMENTS**

- i) All the pending RRs, PW Bills, and LRs will be regularly presented to the respective carriers by Stores Official for taking delivery of the consignments there against. In case the respective consignments are not received by that time, necessary endorsements will be made on these dispatch documents to avoid any subsequent claim regarding wharfage and demurrage charges etc. by the carriers.
- ii) On arrival of the consignments the Stores official will examine the consignments for any outwardly visible damage to the packages. In case of any damage, he will be asked for open delivery of the consignments.

- iii) Wherever required, open delivery would be taken in association with representative of concerned Technical Department for correct identification of items along with concerned purchase order and supplier's bill.
- iv) In open delivery cases the package would be got reweighed before taking delivery.
- v) Payments of freight and other incidental charges shall be paid as per terms and conditions of PO on case to case basis.
- vi) In case of any short receipt of any package Stores Official would ask for shortage certificate from the carrier.
- vii) In case the consignments are not taken delivery within the "free allowed" time, the carriers charge demurrage / wharfage charges for such delays.
- viii) Necessary approval for payment of demurrage/wharfage charges should be sought on weekly or monthly basis from the competent authority with justification for such payments.
- ix) The packages taken delivery from the carrier will be brought to the project by the store's official ensuring its safe handling, avoiding damage in loading, transit and unloading etc.
- x) On arrival at the Receipt Section, the concerned stores official will enter the details in the SR Register.
- xi) The packages will be opened, and items will be tallied with the copy of bills already received by the Receipt Section to ascertain correctness of the number of items and quantities dispatched and received there against.
- xii) Normally no material would be issued to the User Department from Receipt Section. But in case of extreme urgency, the Receipt Section could allow the material to the User Department against proper Goods Issue Voucher duly acknowledged. In such cases the GRN with remaining items and Goods Issue Voucher would be handed over to Custody Section for posting in Stores Ledger.

**e) CONVEY NOTE SYSTEM**

- i) In case the consignment is required to be sent to other stores, the documentation should be made as per Convey Note ([Annexure 10-III P-261](#)). The use of convey note shall be restricted to movement of consignments between stores within the project.
- ii) In case of issue of materials from receipt section for testing prior to acceptance of material, the item shall be handed over to inspecting authority on convey note, with appropriate gate pass.



**f) INSPECTION**

- i) Concerned User Department will be requested by the Receipt Section in charge to carry out the inspection of the materials received.
- ii) Once the cases are opened, inspection to be done immediately and the materials should be moved to the custody with proper documentation.
- iii) Pending GRNS will be regularly reviewed for early clearance at various stages by the Receipt Section Incharge and also by the Central Stores Incharge.
- iv) Pending GRN would be reviewed regularly by stores Incharge & Head Materials.
- v) Any case of delay of inspection would be reported to Head Materials for taking up with concerned Head of the Department and if necessary, brought to the notice of Head (Project).
- vi) The receipt section will try to ensure quick clearance of the incoming consignments by coordinating with the inspecting officers and with Custody Section so that the limited space in Receipt Section is again available for fresh consignments.
- vii) The responsibility for safe custody and accountability of the incoming consignments would remain with the receipt section until the same are handed over to the custody section.
- viii) Bulk materials like H S D and Petrol are directly decanted from Road Tankers to the underground tanks under Custody Section, but its accounting, dip reading before decanting of the tanker in the underground tanks are to be taken jointly by the receipt section and issue section storekeepers.
- ix) The receipt vouchers will be prepared accordingly by the receipt section and handed over for acknowledgement to the custody section on tanker basis which will be considered as one consignment.
- x) The tanker receipts will also be entered in the DRS/SR register in ERP and accounted like other consignments.
- xi) Any case of delay of inspection would be reported to Head Materials for taking up with concerned Head of the Department and if necessary, brought to the notice of Head (Project). A weekly statement of pending inspection cases should be generated / prepared & submitted to HoD Materials for onward advice to concerned HoDs/ discussions during meetings for timely inspections & payments.

- xii) The Inspection Officer will inspect the materials and indicate the accepted quantities in the "Accepted" column of the Quality Parameter in QM module of ERP. The rejected quantities would be indicated under "Rejected column" and the reasons for rejection will be recorded in a separate tab in QM module of ERP. In case of online transactions acceptance (GRNs generated from ERP system), **physical signatures are not required from Inspection officer.**
- xiii) The accepted quantities of the items will be handed over physically to the concerned storekeeper in the Custody Section along with GRN by the Receipt Section Storekeeper.
- xiv) GRNs would be system generated through ERP Pending GRNs will be regularly reviewed for early clearance at various stages by the Receipt Section Incharge and also by the Stores Incharge. Pending GRNs will also be regularly reviewed by Head of Materials at Projects.
- xv) After completion of GRN inspection by user dept, Receipt Section will forward the GRN with required Documents to finance dept as per PO terms and conditions to release the payment to supplier.

### 10.3 NON STOCK ITEMS

a) **Accounting of Hospital Items**

Consignments meant for project hospitals would also be received in the receipt section and entered in the SR Register. This will be drawn by the Hospital Incharge who would acknowledge the consignments and account the same at the hospital store keeper.

Medicines consignments or hospital stores would be handed over directly to the hospital as a whole for direct accounting by Hospital Incharge / store keeper attached to the hospital.

b) **Accounting of Stationery Items**

Stationery items are to be stocked at stores and are to be issued to the respective department. However, issue of stationery items will be regulated by Personnel dept. who raise the annual requirement also.

c) **Accounting of Chemical Lab Items**

These are special items meant for chemical lab at the project and would be inspected by the chemist in-charge who would inspect and draw materials according to his requirement.

## 10.4 CUSTODY / ISSUE CELL

- a) Custody and Issue Cell will be responsible for the following functions:
  - i) Keeping a safe custody of material inside the godowns as well as in the open yard.
  - ii) Undertaking periodical preservation action to ensure that materials are not allowed to get damaged / deteriorated in storage.
  - iii) Arranging issue of materials against proper authorization as per the powers of delegation.
  - iv) Accounting of materials returned i.e., used, scrap materials etc.
  - v) Examine frequently the condition of fencing, lighting, locking arrangements of godowns and main gates, security checks etc. and take remedial measures wherever necessary.
  - vi) In case of POL depots, proper care/safety is to be followed with displaying board of "NO SMOKING" etc. Fire extinguishers and other safety appliances are to be maintained properly. The area should be properly fenced.
- b) The Custody Sections will be located in fully covered lockable godowns along with open store yards adequately fenced and illuminated for proper security.
- c) Custody section will be the custodian of all the inventory held by the respective project and would be under the control of an officer of appropriate rank.
- d) This section will be sub-divided according to the location of the requirements and nature of equipments and stores and would be staffed by adequate number of supervisors and storekeepers.
- e) This section will be responsible for safe custody, preservation, issues, accounting and physical availability of materials received by the project.
- f) **CUSTODY SECTION ACTIVITIES**
  - i) Receiving the accepted materials against respective purchase orders, depot transfers, LPOs, through receipt section with the GRNs, its verification of the items and quantities.
  - ii) Thereafter entering the details of items in bin, indicating the location, in ERP system. Physically placing the stores items in Almirahs, Racks, floor, or yard etc. according to the nature of material at those locations. While doing so, the physical suitability of items of fresh receipt should also be checked about item in stock, if any.
  - iii) Acknowledging the fresh receipts to the receipt section after indicating the "balances after posting" figures on the GRNs.

- iv) Issuing the materials against reservation raised by the respective user. Goods Issue voucher shall be generated in ERP system when the materials are issued.
- v) **The Goods Issue Voucher through ERP signature of store keeper and stores in-charge is not required.**
- vi) Goods Issue Voucher will be checked by the security staff as a gate pass for taking out the materials issued.
- vii) The principle of first-in-first-out should be generally adhered to. In particular, perishable spares like 'V' belts with a low shelf life should be identified and the FIFO method of issue, should be practiced.

**10.4.1 Custody and Issue Cell would generate/maintain the following documents:**

- i) Surprise stock checking register in SAP (Physical Inventory Verification) by various officers of store department. **Annexure 10-IV (P-262).**
- ii) Dip register for the underground tanks for receipt/issue of petrol, diesel **Annexure 10-V (P-263).** Petrol and Diesel tanks dip register will be maintained separately for each underground tank and dips taken and recorded every day by the concerned storekeeper in the register.
- iii) Reconciliation of discrepancies in stocks wherever necessary
- iv) Entire data of Custody and Issue Section shall be maintained in the Standard formats in the ERP.
- v) Transfer of stores from 1 store depot to another stores depot or project would be made under Stock transfer order in ERP system.

**10.5 STORAGE AND PRESERVATION OF MATERIALS**

**THE FOLLOWING GUIDELINES SHALL BE FOLLOWED FOR STORAGE AND PRESERVATION OF MATERIALS**

- 1) Upkeep of the materials to avoid any deterioration in storage which would include not only cleaning, dusting but also applying proper rust preventive and respective preservatives to safeguard life of stored materials against weather conditions sun and rain.  
 For carrying out an effective preservation programme, factors such as economic aspects, period of idleness of a part, condition of the nature of exposed surface as well as applicability of specific protectives to be applied should not exceed the cost of the part to be preserved.
- 2) Heavy materials not likely to be affected by exposure to sun rain etc. will be kept in the open yard at proper locations, properly stacked and in easily retrievable manner.

- 3) Necessary name plates etc. indicating sizes would be kept by the side of such materials. Code Nos. to be painted for identification of the item.
- 4) Materials of similar nature would be kept side by side.
- 5) Items which are easy to stock in a particular fashion would be kept as such.
- 6) Smaller items would be kept in upper portion of the pigeonhole racks while heavy and bulky items in the middle and lower compartments of the racks.
- 7) Heavier items would be kept on the ground according to the nature of the materials.
- 8) Rubber items such as tyres, tubes, 'V' belts, flaps etc. would be kept away from sun and rain to avoid deterioration in storage and preferably should be kept in air-conditioned chambers to avoid deterioration in storage.
- 9) Vulcanizing materials and splicing materials which have short shelf life should be kept in air-conditioned chambers to avoid any reduction of its shelf life. The shelf life would be indicated on bin locations in ERP system for timely intimation to user departments for its utilization.
- 10) Machined polished surfaces should be protected against rusting by keeping them in original packages with rust preventives.
- 11) Bearings should also be kept in the original packings to avoid any deterioration due to rusting and if required special chemical should be applied to prevent rusting.
- 12) Filter elements should be kept in the original covers and away from dust, rats etc.
- 13) Bolts, nuts etc. should be dipped in diesel/to give protective layer to avoid rusting of threads.
- 14) Lubricant drums and transformer oil drums should be kept horizontally with the lid in 3'O clock/9'O clock stock position to avoid minimum leakage. Grease drums should be kept in vertical position.
- 15) Tyres especially OTR should be rotated by 90 degrees every month to avoid any deformation of their shape due to its own weight. French chalk should be applied periodically.
- 16) Conveyor belts drums being a heavy and needing crane handling which cannot be kept inside godowns, should be covered through tarpaulins to protect against sun and rain. The drums should be jacked up on stands to avoid direct contact of conveyor belts with ground.

- 17) Materials kept inside the racks should be arranged in such a way that they do not project outside the racks.
- 18) The racks should be arranged in straight line with back-to-back arrangement and leaving sufficient passages in between various rows for the movement of ladder/trolley and incoming materials.
- 19) Similarly, side pathway gallery should be provided with sufficient space to enable free movement.
- 20) All pilferable items would be got stamped with words NMDC where this would not damage or injure the parts. Such pilferable items should be identified at indent stage itself and provided in the orders for such Stampings or engravings through the manufacturer as far as possible and should be kept in almirah as far as possible under lock and key.

## **21) STORES PRESERVATION**

Proper materials storage is important and goes a long way in conserving the spares.

- 22) Pilferage and Volatile stores and items likely to be affected due to humidity etc. will be kept properly secured inside the steel almirahs/steel racks in the store godowns, which will be locked by the respective custodians who have physical control over the stores under their charge.
- 23) All ferrous spares should be given a protective coat of paint/varnish and stored.
- 24) Precision spares like instruments, electronic and electrical spares, ball and roller bearings should be covered in polythene bags, enclosing moisture absorbent chemicals like silica gel etc.
- 25) Precision spares should be maintained in dust free air-conditioner rooms without sunlight and moisture.
- 26) French chalk powder should be sprinkled whenever possible on rubber items like tyres, tubes, hoses, "V" belts etc.
- 27) Items like electrodes should be kept intact in original packings and kept in dry storage room with some heaters to avoid excess of moisture effecting the coating.
- 28) Vertical stocking of grinding wheels with partitioning in between is necessary so that the faces do not come in contact with each other.
- 29) Strip heaters in all high voltage motors, LT motors should be provided to avoid moisture entering into the motors.



- 30) Compressors and turbines of multistage pumps should be rotated on their bearings every quarter to prevent stalling /clogging.
- 31) Anti-rodents and insecticides measures should be taken on regular basis.
- 32) Shafts gears and impellers must be stored horizontally after painting with dewatering protecting films such as Rusgard, Rustoline etc.
- 33) Fasteners and screws which are kept in the racks may be treated with hard preservation films.
- 34) Perishable spares like, "V" belts with a low shelf life should be identified and the FIFO method of issue, should be practiced.
- 35) All transactions of receipts and issues are to be routed through stores duly preparing the receipt vouchers and issue vouchers.
- 36) Transfer of stores from 1 store depot to another stores depot or project would be made under stock transfer order in ERP system (Annexure-10-IX a &b).
- 37) For handling stores inside the godowns and in the yard adequate trolleys would be provided and similarly for reaching top levels of the steel racks, mobile ladders would be provisioned for use.

#### 38) **CEMENT GODOWNS**

The roof and sides of cement godowns should be completely leak proofed to avoid any entry of water or moisture in the godowns. Cement bags should be kept on raised platforms/wooden planks/CGI sheets to avoid moisture reaching the bags from the godown floor. Not more than 10 bags should be stored one above the another and the top of the stake should be got covered with good tarpaulins. Minimum wall clearance of 3'Feet should be maintained.

- 39) The storekeepers, supervisors, stores officers would be always alert and watchful against any attempts to pilfer materials or manipulate any entries in stores records for which consistent review and checking would be required.

#### 40) **HOUSE KEEPING**

Housekeeping in the custody section will be a regular feature. The stores will be kept properly cleaned and neatly arranged at the indicated locations.

Store racks and steel almirahs used for storing the materials would be serially numbered each pigeon hole and different compartments would be fully identified by numbers, which would be used to show the location of items.

## 10.6 PHYSICAL VERIFICATION OF STOCKS

- 1) The physical verification of stocks of different items will be systematically verified not only by the storekeeper concerned but also by the concerned officer in charge.
- 2) Such verifications would be carried out and items would be picked at random in different store groups. The discrepancies found if any, in the physical verification or locations of the materials would be recorded in ERP system.
- 3) Surprise verification of some of items of stores at random would also be carried out by Stores In-charge and also by HoD (Materials) at the project.

In addition, surprise stock verification would also be done by the nominated HoDs/ Section I/Cs of various departments of the projects as per the no of inspections & quantum of items (to be verified) as decided by the project head.

- 4) These surprise checking will be in addition to the perpetual stock checking being undertaken by the stock-verifiers under the Finance department. The discrepancies found during these stock verifications or surprise checking would be explained and reconciled with the reasons.
- 5) The book balances regarding such discrepancies will be immediately brought in line with the physical balance count by preparing necessary corrective receipts/issue vouchers and posting the same and releasing the copies to the Accounts.
- 6) The explanations given for the discrepancies would be critically examined by Head of the MM Department before recommending for its reconciliation to the Finance.
- 7) All stock verification details and discrepancies found shall be recorded in ERP system.
- 8) Monthly report is to be forwarded by Head of project to concerned director and for onward submission to vigilance and copy also to be sent to HoD (Materials) at Corporate office.
- 9) The ERP system records regarding such discrepancies will be immediately brought in line with the physical balance count by preparing necessary corrective GRNs/ Goods Issue Vouchers and posting the same and releasing the copies to the Accounts.
- 10) **Annual consumption & stock verification w.r.t DIP and Book Balance shall be carried out by both Finance and Materials executives on 31<sup>st</sup> March as per Circular at [Annexure 10 – VI \(P-264\)](#).**

## 10.7 GATE PASSES

- 1) The Gate Passes for the consignments would be generated in ERP system by concerned department.
- 2) Gate passes will be issued through ERP system for temporary exit of materials from Receipt Section for trial or testing in User Departments before final acceptance.
- 3) **RETURNABLE / NON-RETURNABLE GATE PASSES FOR OUTGOING MATERIALS**
- 4) **Returnable gate passes** are to be issued through ERP system in case materials are issued to outside agencies for repair/ overhauling of assemblies/ items, calibration of equipments etc. The concerned materials would be routed through central stores.
- 5) **Non-returnable gate pass** shall be used through ERP system for issue of materials to outsiders to whom rejected materials are returned after settlement of case, issue of scrap/ obsolete etc. sold to bidders under auctions etc. or under those situations where the issued materials will not be returned to stores.

## 10.8 CLAIMS

- 1) Immediate action would be taken after inspection in respect of materials invoiced but not accepted/received due to various reasons such as:
  - a) Materials are not as per specifications of the order.
  - b) Materials are received short.
  - c) Materials are received in damaged/broken condition.
  - d) Non receipt of consignment compared to invoice.
- 2) After inspection, in case of any discrepancy, the discrepancy shall be properly recorded and the Receipt Section will raise discrepancy report to the supplier with a copy to Purchase Section, underwriters and Finance with reasons for rejection/short received/damaged.
- 3) All discrepancies shall be properly listed out in the Discrepancy Register and followed up periodically.
- 4) When materials received in outwardly damaged condition, broken packages and open delivery is taken from carriers, concerned packages will be retained by Receipt Section for getting the complete consignment weight for supporting the claim for shortages/damages and should be kept safely till survey is conducted.
- 5) The rejected materials will be kept separately under the custody of Receipt Section till these are accepted / replaced or returned to the supplier or disposed off otherwise.
- 6) All pending rejected materials cases will also be periodically reviewed from discrepancy reports for early settlement of the cases.

- 7) All claims lodged on the carriers and underwriter would be serially numbered in a Claim Register.

In case of imported consignments, if any shortage/breakage/damage are noticed in the port, the claims responsibility lies on the clearing office at port. However, if the shortage/breakage/damages are noticed during the transit from port to destination, the claim responsibility lies on ultimate consignee.

- 8) In case of any consignment becoming overdue for delivery (one month in case of road dispatch), immediately the claim would be lodged with the respective claim office of the carrier with a copy to the underwriter.
- 9) In case the concerned consignment is located and delivered by the carrier later on, the claim automatically gets repudiated. Due intimation needs to be given to Finance and carrier.
- 10) Claim in case of non-delivery of packages, short delivery of packages/items or due to damages in transit are also to be lodged within the permissible period from the date of dispatch to avoid it becoming a "time-barred claim".
- 11) The claim should also indicate full value of the claim, billed cost-plus freight, incidentals and necessary documentary proof should be provided and information by E-mail.

While forwarding original shortage/damage certificate to claim office, photographs / soft copy of the same should be retained.

The claim file no. indicated by the carrier on acknowledgement of such claim should also be quoted in future references.

- 12) Claims are to be regularly followed by officer-in-charge of stores, reviewed by Head (Materials) for any lapse in non-filing of claims or late filings of claims or incomplete filing of claims or non- furnishing of required details/ documents to be conducted as they would lead to rejection of the claims and consequent loss to the Corporation / Company. Hence, high priority is required to be given for timely lodging and regular follow up of claims in time by Receipt Section and officers of the stores/Purchase. Personal follow up may be resorted in case of old claims.
- 13) Purchase Section of MM Department and Finance Department would also be kept informed of all claims lodged and its progress and settlement.
- 14) Claims settled / rejected shall be intimated to the Purchase Officer concerned and Project Finance. Unsettled claim amounts are to be examined in detail and if required competent authority approval is to be obtained to square up the old claims case.
- 15) All claims with suppliers/carriers/ underwriters for indigenous supplies will be filed and processed by stores.

## 16) CLAIMS ON IMPORTED CONSIGNMENTS

- a) In case of imported consignment, initial claims with the steamer agent for non- delivery or shortages or damages established at the port will be lodged by Clearing Office on consignee at port within permitted period.
- b) Claims for excess customs duty paid, refund would also be lodged within time allowed by the clearing Office or by clearing agent at the concerned port regarding the respective consignments with a copy to concerned project consignee and Purchase Office.
- c) Open appraisalment in case loss/damage/apprehensions should be asked at port of unloading and claim lodged by Clearing Office or by clearing agent at port as, the case may be along with simultaneous claims on the underwriters with copy to Project consignee and Purchase Office.
- d) Claims with Steamer Agents and Customs would be pursued till settled by Clearing Office/Clearing Agents at port and ultimate consignee and paying officer being kept informed. But claims with underwriters would be taken over by ultimate consignee at the project after its initial lodging by Port Office or Clearing Agents.
- e) Claims would be regularly followed up and reviewed from the Claim registers and personal follow up resorted in cases of old claims.
- f) Claims settled/rejected shall be intimated to the Purchase Officer concerned and Project Finance. Unsettled claim amounts are to be examined in detail and if required competent authority's approval is to be obtained to square up the old claims case.
- g) A claim amount settled by Steamer Agent/Carrier would be intimated to the Underwriter and claim amount is reduced to that extent with request to settle the claim for balance amount.
- h) The claim cannot be made as source of income but only to cover the loss. Credit to the extent claim is settled would be passed on to the concerned project by Clearing Offices.

## 10.9 SECURITY ARRANGEMENT AT STORES

All the store assistants will lock their godowns properly at the closing of the shift to avoid any theft or pilferage. Similarly, stock-yard main gate also would be kept locked during non-functioning hours.

- 1) Watch and ward duties will be performed by the security staff round the clock under CISF who would guard the stores and also patrol the store yard.
- 2) The store yard will have at least 15ft high chain link 2" x 2" fencing with another 2ft bent angles at the top with the barbed wire stripping of concertina coils to prevent any entry in the store-yard. Store yard will be adequately illuminated with floodlights during night hours as a security measure.

- 3) The stores godown roofs would also be checked periodically against rainwater leakages or entry of fog /mist through ventilators during monsoon.
- 4) All entries in the store premises will be restricted to only Corporation / Company employees visiting stores in connection with inspection or issue of materials. Entry of outsiders like suppliers etc. in the stores would be regulated through entry passes and necessary record of such entries would be maintained at the store gate. These passes would be issued by CISF/MM dept./Mines Manager.
- 5) CCTV cameras must be installed at vulnerable places inside the store godowns as well as main gate with monitoring control room for better watch and ward.

#### 10.10 FIRE PREVENTION AT STORES

As lot of inflammable materials will be stored in the central stores, it is necessary that adequate fire prevention arrangements/precautions are taken to avoid any mishap due to fire. In this connection the following measures would be strictly followed:

- a) Stores godown, store-yard and storage area around petrol, diesel tanks, lubricants etc. will be declared strictly as "no-smoking zone". Prominent boards with "No-smoking" painted thereupon would be displayed at all such places.
- b) Adequate number of suitable fire extinguishers would be provided at proper places to combat general fires, oil fires and electric fires. Adequate numbers of fire buckets with sand and some with water would be kept in stands duly filled to be used in case of any eventuality of fire. If required, fire hydrants should also be provided at vulnerable places in the store yards.
- c) Though fire-fighting arrangements and maintenance of the firefighting systems would be under the control of CISF, the stores staff working in the vicinity of such areas should also be conversant with use of firefighting systems to meet any emergency.
- d) Drainage arrangement with adequate slope would be provided in places of storage of lubricants, paints, varnishes etc. so that any leakage to be drained off as per norms from the storage area.
- e) Cotton waste, paints and other inflammable materials should be stored separately. Similarly, chemicals and corrosive materials should be separately stored.
- f) During night-time when the store is closed, it should be ensured that the main switch of stores is switched off to avoid electrical short circuiting and consequent fire hazard.
- g) Smoke detectors should be installed in the stores at vulnerable places.



## 10.11 COLLECTION OF SCRAP AND USED MATERIALS

- 1) User dept should return the serviceable partly used items item with Goods Return voucher. Obsolete items returned to stores shall be accounted in ERP with **Rs.1** nominal value (Since NIL value is not acceptable in ERP system).

### 2) RETURN OF SCRAP MATERIALS

- a) Scrap materials will normally be returned to stores to the extent it is practicable. Such items are to be accounted by weight / numbers wherever applicable The User Departments after using the issued materials would return the corresponding scrap or old spares to the stores for custody and disposal against Goods Return voucher. Such materials will be sub-grouped according to the nature of the materials such as old tyres, old conveyor belts (nylon separate and steel cord separate) empty barrels, old spares of HEM, sub-grouping non-ferrous items like bushes separately, radiators, dynamos, starters, aluminum items separately and accounted by weight/nos wherever applicable.
- b) Similarly, old batteries would also be accounted separately by numbers. Even cuttings and borings from the machine shop would be returned to store for disposal. This would be accounted separately by weight according to the nature of items.
- c) Structural steel cut pieces left after use in fabrication jobs would also be returned to stores. These will be received by weight in separate identifiable lots
- d) Other miscellaneous scrap items like electric fans, water-coolers, air-conditioners, typewriters, steel furniture, hospital items etc. would be returned to stores and will be made in separate lots.
- e) All such scrap items received will be listed and got surveyed by survey committee before offering the same for disposal by tenders or auction.

No scrap unserviceable items should be kept besides the stock items. The scrap items are to be stocked in a properly designated place with due indication of the nature of scrap. A separate godown should be earmarked for scrap items prone for pilferage, such as copper etc. under proper lock and key.

- 3) In case of new and unused material is returned through a Goods Return voucher, the User Department is required to indicate previous Goods Issue Voucher reference against which the material was initially drawn.
- 4) It will be the responsibility of the User Departments to return all the scrap/used materials lying in their works to stores against proper Goods Return voucher. **Annexure 10-VII (a) & (b) (P-267-268).**

## 10.12 RETURN OF OLD EQUIPMENTS TO STORES

- 1) Old equipments and machinery returned to stores against return vouchers indicating the reference of replacements or otherwise would be covered by corresponding return vouchers giving full details and would have all its assemblies fitted.
- 2) No cannibalization will be allowed from any of the equipments returned to stores for disposal before prior approval of the Competent Authority. Procedures regarding cannibalization is to be followed as per the circular no. **PROD/MISC/92 dated 1st October 1992.**  
**Annexure 10–VIII (P-269).**

## 10.13 CALIBRATION BY WEIGHTS AND MEASURES DEPARTMENT

The weighing machines in use would be got periodically tested for accuracy through Weights & Measures Department and got stamped accordingly. Similarly, petrol and diesel dispensing pumps would also be got periodically checked and got sealed to ensure correct quantity deliveries.

## 10.14 HSD AND PETROL RECEIPT AND STORAGE

- 1) The GRNs will be prepared by the receipt section and handed over for acknowledgement to the custody section on tanker basis which will be considered as one consignment.
- 2) Proper licenses for storing HSD and Petrol would be obtained under Explosives Act and these licenses would be properly displayed in the Petrol bunks. **These licenses should be revalidated before its expiry.**

## 10.15 MISCELLANEOUS CONSIGNMENTS

Any miscellaneous consignments pertaining to the project school, CISF etc. would also be received at the Receipt Section and would be dealt like other consignments. They may either be stock or non-stock items. However, consignments issued for other than items meant for NMDC department will be regulated by administration / as decided locally.

## **CHAPTER – 11**

### **11 OBSOLETE DECLARATION AND DISPOSAL**

#### **11.1 OBSOLETE ITEMS**

Obsolete spares are those spare parts which are not used and which have economic life but which are no longer useful for company's operations due to many reasons. These items are different from Surplus spares which have no immediate use but have accumulated in course of time and are not likely to be consumed in future.

**a) Obsolete category will cover the following groups of equipments, stores and spares:**

- i) Equipments which have become obsolete due to receipt of replacements as per approved replacement programme.
- ii) Equipments which have become obsolete due to other reasons and where no replacements are contemplated.
- iii) Spares declared obsolete owing to the related equipment itself having been declared obsolete.
- iv) Stores and Spares declared obsolete being in excess of the anticipated requirements for the next three years
- v) Stores other than spares obsolete to the anticipated utilization for the next three years, except items of perishable nature losing value with time.

**b) Spares which have economic life but are no longer useful for company's operations may be declared obsolete. Various reasons for spares declared as obsolete include:**

- i) Sudden change in new technology or design change.
- ii) Change in product design, leading to entire stock of spares of old machinery becoming obsolete.
- iii) Adaption of standardization and elimination of non-standard varieties making old machinery spares obsolete.
- iv) Cannibalization when practiced on a regular basis.
- v) Wrong indenting by user department.
- vi) Bulk buying to take care of discounts and transportation economy without considering shelf life, storage space requirements and technological changes leading to obsolete spares parts.
- vii) Excessive importing of spares with equipments for availing dual benefits, which exceed the life of equipment.
- viii) Importing of lifetime requirements of spares for fear of non-availability later on resulting in obsolescence.

- ix) Adapting overcautious approach by treating every spare as insurance item for unforeseen emergency
- x) Purchase in anticipation of expansion which may not come off.

## 11.2 GUIDELINES FOR DECLARING EQUIPMENT, SPARES, EQUIPMENT, SPARES & STORES AS OBSOLETE

- a) Inventory which has not moved for more than 5 years would be initially reviewed by the Material Control Section of the unit concerned on annual basis with a view to ascertain as to why it has not moved during the last 5 years or more and what are its chances of utilization now.
- b) Non-moving items which are no-longer required by the Corporation / Company for its immediate or near future use, during the next 3 years or more would be processed for declaring obsolete through a survey committee constituted by the head of the project consisting of officers from technical department, finance department and materials management department.

The committee would go into the background of the items as to why it was procured, since how-long it has not been moved, and the reasons for its non- utilization at the site.

Whether the items were continued to be received more than once in spite of being non utilized would also be taken note of and analyzed for reasons as to how such receipts were arranged although there was no consumption of that item.

- c) The Committee's recommendations giving complete history for each item proposed to be declared obsolete would be submitted to the Head of the project for his consideration and approval after finance concurrence. Lists will be prepared and circulated to User Departments for drawl before obsolete declaration.
- d) **THE ITEMS FOR WHICH THERE IS NO POSSIBILITY OF USE COULD BE DUE TO REASONS AS UNDER:**
  - i) The items are obsolete due to the corresponding equipment having become obsolete.
  - ii) The corresponding equipment has been phased out or replaced by another model thus rendering the spares as obsolete.
  - iii) Due to change in operation system or modifications made in the equipment rendering the corresponding items as obsolete.
  - iv) Change in end product specifications resulting in corresponding items becoming obsolete to requirements.
  - v) Over stocking of items compared to its anticipated rate of consumption due to non-adhering to overhauling programme or getting extra life between overhauling.

- vi) Due to repair/reconditioning decisions versus replacements
- vii) Due to reconditioning and reuse of parts resulting in non-drawl of stocked items such as re-building of bucket teeth and reconditioning of electric motors.
- viii) Replacing assemblies resulting in non-movement of corresponding components.
- e) After the approval of Head of project, the list of such items proposed to be declared obsolete at the corporate level would be initially circulated to other sister-projects under the Corporation / Company to ascertain their requirements
- f) Such requests would be accompanied with the time limit for the reply even 'nil' requirement replies would also be insisted.
- g) After the replies are received from the projects, and requirements indicated by them are deducted from the proposed obsolete lists, the same would be forwarded to Head Office for declaring the same as obsolete at corporate level. The decision whether equipments / stores / spares are obsolete to the Corporation / Company will be examined suitably and approval by competent authority as per extant DoP shall be taken.
- h) The projects will send the list of obsolete equipments, stores, and spares under the above categories to the Head (MM Department) at corporate office every year.  
  
 The details of equipments declared obsolete should be given as per proforma at [Annexure 11-I \(P-270\)](#).
- i) In case of equipment under category 11.1.1(a) there will not be any further survey committee for the equipments covered under capital replacement programme and approved by the competent authority. Only the details in proforma (Annexure 11-I) need be sent.
- j) In the case of equipments under category 11.1.1(b) and spares/stores under (c) to (e) the lists will be supported by the Project Survey Committee recommendations duly approved by the Head of the Project. The project Survey Committee shall consist of HoDs of the concerned Technical, Finance, Materials and M&S departments.
- k) The list of obsolete stores/spares should be prepared under the groups concerned and should indicate part number, code number, description, quantity declared obsolete and value, along with last receipt and last issue date with reasons for declaring obsolete.
- l) From the equipment returned/to be returned to stores, removal of parts / assembly shall not be normally allowed. In case where this becomes necessary, prior approval of functional Director at Corporate office will have to be obtained by the project.

- m) While forwarding recommendations to Head Office for obsolete equipment, specific mention must be made in proforma Annexure 11-I, as to whether the equipment initially acquired from grants for R & D items and Labour Welfare Cess Fund. In these two cases, R&D Department / Project should also obtain prior approval from the concerned authorities for declaring the equipment as obsolete and their subsequent disposal.
- n) After an equipment is surveyed and recommended for replacement, no major repairs to prolong its life may be taken without specific consent of Head of Project. All procurement of spares, if any, for such equipment beyond this date should be only with respect to the period of anticipated use of equipment.

### 11.3 OBSOLETE DISPOSAL

- a) The project will initiate disposal action as and when necessary.
- b) Adequate care shall be taken for the proper upkeep of the vehicles/equipments for maintaining the same in working condition till actual disposal.

For disposal of Burnt oil and lead acid batteries, the statutory guidelines issued by Govt from time to time are to be followed before disposal.

- c) If approval is beyond the power of projects, suitable approval from Competent Authority for disposal action at project shall also to be taken.
- d) After receipt of approval of Competent Authority as per extant DOP for the disposal, Projects / units / RO will be authorized to conduct all aspects of disposal through e-auction. MM Corporate office will co-ordinate for any guidance regarding disposal, if required.
- e) **Modes of Disposal: Disposal shall be done through e-auction only.**
- f) **RESERVE PRICE**

For spares and stores, the book value may be considered as reserve price. There may be some items like cables with copper conductor where market rate may be higher than book value because of increasing prices of copper. In cases of such items book value should be suitably escalated for purposes of reserve prices. Hence when such items are included in disposal, the Head of the Project may constitute a committee to decide the suitability or otherwise of treating book value as a reserve price and make necessary adjustments on either side.

#### g) **e-AUCTION FOR DISPOSAL**

- i) Corporate office shall enter into Rate Contract with service provider to conduct the e-Auction for disposal of scrap, used / old / unserviceable equipment and obsolete spares.



- ii) Project /unit will conduct the e- Auction directly against Rate Contract for disposal scrap, old /used / unserviceable equipment & obsolete spares accumulated at their respective projects.
- iii) The list of scrap material, old /used/ unserviceable equipments and obsolete spares being offered for disposal would be forwarded to service provider at least 20 to 30 days in advance enabling them to give wide publicity to the prospective bidders. While forwarding such list, the project/ unit will ensure taxes applicable on such items are incorporated in the Auction catalogue so that prospective bidders know the financial implications on such sales.
- iv) The clauses such as Pre-bid EMD if any, Security deposit, start bid, Increment, Inspection dates, Payment period, LD, lifting period, Ground rent etc. will be finalized by Project / unit.
- v) In consultation with service provides, Projects/unit will finalize suitable date for conduct of e- Auction.
- vi) After finalization of Auction catalogue, Projects / unit shall ensure that there are no changes to Auction catalogue in respect of change of quantities and adding the new lots to the extent possible. In case of any change, Projects should take prior approval from C/A at project/unit with proper justification.
- vii) As per terms & conditions of Auction catalogue finalized by project/unit, prospective bidders will make the pre-bid EMD if any and get the access from the service provider to participate in the e- Auction.
- viii) The auction will be supervised by a committee constituted by head of the project, generally consisting of Head of Finance Department, Head of Materials Department & Head of M&S department.

If felt necessary by project, one representative from MM Department of Head office would be nominated to this committee. Head of project/unit would also nominate a leader of the auction committee. Decision for acceptance or rejection of the final bid shall be taken by committee.

- ix) Depending upon the bulk quantity of lots especially in case of M.S. Scrap, Mn Steel lines Scrap, HEM Scrap, Conveyor belts etc. the Bidders may be asked to make the payment /lift the material in 2-4 installments.
- x) After completion of the e- Auction, Service provider will give the bid sheet to the auction supervising committee.
- xi) After checking with Reserve price of lots, Auction Supervising Committee will give the decision on the lots. Accordingly, service provider will issue sale intimation letters to successful bidders and also return the pre-bid EMD to the unsuccessful bidders.

- xii) After receipt of security deposit at projects from the successful bidders against sale intimation letters, Service provider will issue sale orders. Successful bidders will make the balance payment at Projects/units against sale orders and lift the material against Delivery order issued by MM Department.

**h) PREPARATORY WORKS THAT ARE REQUIRED TO BE TAKEN FOR E-AUCTION**

- i) Constitution of survey/ reserve price fixing committee: The Committee for survey of lots & fixing the reserve price will be constituted by Head of project /unit, generally consists of Head of M&S, Head of Materials, Head of Finance, and Head of concerned departments.
- ii) Finalization of list of lots with recommendations of survey committee offered for sale and displaying the lot numbers at respective location of the scrap, used / old / unserviceable equipment, and obsolete spares. These recommendations are to be approved by project/ unit head.
- iii) Avoiding the mixing of incoming material from the sites by making separate lots for fresh material which will not be part of Auction.
- iv) Obtaining tax structure applicable for lots put up for disposal.

- v) Fixing the Pre-bid EMD/ Security deposit depends upon the nature of scrap, and value of scrap especially in case of MS Scrap, MN Steel Scrap, Conveyor Belt, HEM Scrap etc. in order to avoid defaulters.

In case of low value items / items not having any demand such as electronic waste, wooden scrap, Rubber cut pieces, Misc. Items etc., pre-bid EMD may be relaxed.

- vi) Fixing the Start bid (Floor price)/ increment.
- vii) Fixing the Reserve price: The committee will meet two/three working days before the actual auction and physically see the various lots being offered for sale against different lot Nos. and thereafter fix the reserve price keeping in view of various factors such as market value, condition of item, nature of the item, location of the project, last 3 years bid value etc.

These reserve prices should be kept confidential, and papers are kept in a sealed cover after approval of C/A & kept with the leader of the committee.

- viii) Payment/ Delivery period: Projects/units will give reasonable period for making the payment and lifting the material.

In case of the huge quantity of lots & high value of the lots, Bidders may be allowed to make the payment/ lift the material in 2-4 installments.

- ix) Extension of time limit for making the payment/ lifting the material without LD/ Ground rent will be under discretion of head of Project/unit on merit of the case.

- x) **STA Lots (Subject to approval lots)**


In case of high value lots or any other important lots like MS scrap, MN steel scrap, HEM scrap conveyor Belt scrap etc. if project/unit feels, they may give clearance on STA basis to the service provider irrespective of highest bid value & reserve price value. After obtaining the approval from C/A at project/unit, they will inform the decision to the service provider within 5-10 working days to inform the highest / successful bidder.

## **CHAPTER – 12**

### **ANNEXURES**

**Chapter – 1**  
**Annexure – 1-I**  
**(Clause No: 1.4)**

#### **DISTRIBUTION OF ITEMS FOR PROCUREMENT BETWEEN H.O, PROJECTS/ UNITS AND ROS:**

<p style="text-align: center;">   <b>NMDC LIMITED, HYDERABAD</b> </p>	
<b><u>C I R C U L A R</u></b>	
<p>The following Amendment to P. No. 11 of Material Management Manual (June, 2003) w.r.t. items to be dealt by Head Office is issued to streamline the procurement process and also to process the cases as per the powers delegated to Projects / Units / ROs of revised DOP.</p>	
<b>Existing</b>	<b>To be read as</b>
<p>1. Capital equipment above Rs.5,00,000/- except light and heavy vehicles, firefighting equipment, indigenous hospital and laboratory equipment and appliances &amp; safety appliances (Amended to Rs. 50 Lakhs per unit).</p> <p>All items including capital equipment requiring to be imported and allied work including licenses.</p>	<p>1. HEMM Equipments which includes Shovels, Back Hoe, Dumpers, Single Pass Electric Drill, Multi Pass Electric Drill, Drills, Water Sprinkler, Wheel Dozers, Track Dozers, Motor Graders, Front End Loaders, Rock Breakers, Cranes (excluding EOT)</p>
2. Equipment (including those for hospital and laboratory) spares and stores involving import license.	2. Conveyor Belts, OTR Tyres (14.00 X 20 and above), Blast Hole Drill/ TCRR Bits 9 7/8" - (251 mm)
3. Conveyor Belts	3. Procurement of Mobile Equipments which includes Stacker, Reclaimer and Wagon Loader
4. OTR Tyres (14.00 X 20 and above)	4. All items including capital equipment requiring to be imported and allied work including licenses
5. Blast Hole Drill Bits 9 / 7/8" – (251 MM)	5. Spares and stores involving import license.
6. Indigenous spares for HEM equipment viz. Dumpers, Dozers, Shovels, Drills, Motor graders, Engines and Compressors beyond the delegated of projects. (excluding those covered by NMDC Rate Contracts / Depot agreements).	6. Formulation of Rate Contracts/ Depot Agreements except for transportation, Rate Contracts for Light and Heavy Vehicles.
7. Requirements of R & D, Construction Projects and HO.	7. Review of requirement of insurance items and declaration of surplus items.
	8. Co-ordination for disposal of surplus equipment, spares and stores.


1/2

8. Review of requirement of insurance items and declaration of surplus items.	9. Registration of suppliers, vendor rating, revision listing and updating of suppliers.
9. Co-ordination for disposal of surplus equipment, spares and stores.	10. Codification of service equipment and general stores items.
10. Formulation of Rate Contracts except transportation and auto parts.	
11. Overall inventory analysis, fixation of inventory norms and allied matters.	
12. Registration of suppliers, vendor rating, revision listing and updating of suppliers.	
13. Codification of service equipment and general stores items.	

**NOTE:**

1. Fuel, Oil and Lubricants shall continue to be procured at projects- irrespective of value.
2. The above list shall be periodically reviewed and updated.

This circular is issued with the approval of Competent Authority.

  
(J. Venkatesan)  
General Manager (Materials)

No. HQMM/GM (Mat.)/Cir/2024/01

Date: 07.02.2024

**Copy to:**

1. All Heads of Projects / Units / Regional Offices / R & D Centre.
2. All Heads of the Departments at Head Office.
3. All Heads of MM Departments at Head Office/Projects/Units.
4. GM (Fin) / GM (ERP) of Head Office.
5. SO (T) to CMD
6. SO (T) to Director (Finance) / Director (Production) / Director (Commercial) / Director (Technical) / Director (Personnel) / CVO

2/2

**PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA)**

(ON LETTER HEAD OF THE FIRM)

**SELF CERTIFICATION REGARDING LOCAL CONTENT**

We .....(Name of Firm) hereby certify that the offered materials are having the LOCAL CONTENT **Minimum 50%** and hence we comes under **Class I Local Supplier** as per definition of Make in India policy of Govt of India.

The address of Manufacturing Unit:

-----  
-----

We also understand that the false declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

(Sign & Seal)

(OR)

We .....(Name of Firm) hereby certify that the offered materials are having the LOCAL CONTENT **Minimum 20%** and hence comes under **Class II Local Supplier** as per definition of Make in India policy of Govt of India.

The address of Manufacturing Unit:

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We also understand that the false declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

(Sign & Seal)

**NOTE:**

- 1) Self declaration has to be submitted in the Company Letter head by the bidder.
- 2) **Class I Local supplier only** shall get purchase preference as per Make in India Policy, Order 2017.



**LOCAL CONTENT CERTIFICATE > 10 CRORE VALUE**

*The 'Class-I Local Supplier / Class-II Local Supplier' shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in case of companies) or from a practicing cost account (in respect of suppliers other than companies) giving percentage (%) of local content.*

*(submit/ upload the certificate with technical bid of offer)*

**CERTIFICATION REGARDING LOCAL CONTENT**

We .....(Name of Firm) hereby certify that the offered materials are having the LOCAL CONTENT **Minimum 50 % (or) Minimum 20 %** hence we comes under **Class-I (or) Class-II** Local Supplier as per definition of Make in India policy of Govt of India.

The address of Manufacturing Unit:

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-----

We also understand that the false declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

(Statutory Auditor or Cost Auditor)  
(Sign & Seal)

**NOTE:**

- 1) Bidder should tick appropriate option (✓ or X) above.
- 2) Declaration has to be submitted in the Company Letter head by the bidder
- 3) **Class I Local supplier only shall get purchase preference as per Make in India Policy, Order 2017.**

**Chapter-2**  
Annexure- 2-II  
(Clause 2.3.15)

**Guidelines for Evaluation of Concurrent Application of the MSE and MII Preferences**

- 1) The concurrent application of the two procurement orders i.e., MSE Procurement Order of 2012 and PPP-MII Order may create confusion to the procuring entities on how to evaluate the bidders falling within the purview of both policies. To bring predictability both to the procuring entities as well as bidders, DoE issued guidelines. These guidelines are explained below. Examples to illustrate the application of these guidelines are given in the Annex to this Annexure.
- 2) The Class-I local suppliers, under PPP-MII Order, participating in any government tender may or may not be MSEs, as defined under the MSME Act. Similarly, MSEs participating in any government tender, may or may not be Class-I local suppliers. Suppliers may be categorised into the following four broad categories for consideration or applicability of purchase preference:

Category: If Supplier is:	Terminology: Supplier	Acronym for this Para
both MSE & Class-I local supplier	"MSE Class-I local"	M-C1
MSE but not Class-I local supplier	"MSE but non-Class-I local"	M-NC1
not MSE but is a Class-I local supplier	"Non-MSE but Class-I local"	NM-C1
Supplier is neither MSE nor Class-I local	"Non-MSE non-Class-I local"	NM-NC1

- 3) The applicability of PPP-MSE Order and PPP-MII Order in various scenarios, involving simultaneous purchase preference to MSEs and Class-I local suppliers under PPP-MSE Order and PPP-MII Order respectively, shall be as under:
  - a) **Scenario-1:** Items covered under Para 3(a) of PPP- MII Order, 2017 for which Nodal Ministry has notified sufficient local capacity and competition [(para 1.11.3-2-a) of this manual]: For these items, only Class-I local suppliers are eligible to bid, irrespective of purchase value. Hence, Class-II local suppliers or Non-local suppliers, including MSEs, which are Class-II local suppliers/ Non-local suppliers, are not eligible to bid. Possible scenarios can be as follows:
    - i) L-1 is an "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
    - ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is given to 'MSEs Class-I local supplier' (if any and eligible - 25% quantity,) as per PPP-MSE Order. Balance quantity is to be awarded to the L-1 bidder.
  - b) **Scenario 2:** Items reserved exclusively for procurement from MSEs as per PPP-MSE Order: These items are reserved exclusively for purchase from MSEs. Hence, non-MSEs are not eligible to bid for these items. Possible scenarios can be as follows:
    - i) L-1 is an "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1
    - ii) L-1 is "MSE non-Class-I local supplier" - Purchase preference (50% quantity) is to be given to "MSE Class-I local supplier" if any and eligible, as per PPP-MII Order. Balance quantity is to be awarded to L-1 bidder.
  - c) If items are neither notified for sufficient local capacity nor reserved for MSEs, then the process will be as follows:
    - i) **Scenario 3:** Items covered under *para 1.11.3-3) b) of this manual* are divisible items, and both MSEs, as well as Class-I local suppliers, are eligible for purchase preference. Possible scenarios can be as follows:
      - 1) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.

- 2) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference (25% quantity) is to be given to "MSEs, if eligible, as per PPP-MSE Order. Balance quantity is to be awarded to L-1 bidder.
  - 3) L-1 is "MSE but non-Class-I local supplier" - Purchase preference (50% quantity) is to be given to "Class-I local suppliers, if eligible, as per PPP-MII Order. Balance quantity is to be awarded to L-1 bidder.
  - 4) L-1 is "Non-MSE non-Class-I local supplier" – Firstly, purchase preference (25% quantity) is to be given to MSEs (if any and eligible) as per PPP-MSE Order. Thereafter, purchase preference is to be given to Class-I local suppliers for "50% of the tendered quantity minus quantity allotted to MSEs above" (i.e., 37.5%) if any and eligible as per PPP- MII Order. If there is an eligible 'MSE Class-I local supplier', then he should be firstly given purchase preference of 25% as MSE, if eligible as per PP-MSE order, and a further purchase preference for "50% of the tendered quantity minus quantity allotted as MSE" (i.e. 37.5%) if eligible as per PPP- MII Order – therefore a total of 62.5% quantity. For the balance quantity, contract is to be awarded to L-1 bidder.
- ii) **Scenario 4:** Items covered under *para 1.11.3-3) b)iii) of this manual* are non-divisible items, and both MSEs and Class-I local suppliers are eligible for purchase preference.  
 Possible scenarios can be as follows:
- 1) L-1 is an "MSE Class-I local supplier" - A contract is awarded to L-1.
  - 2) L-1 is not "MSE Class-I local supplier" but the "MSE Class-I local supplier" falls within 15% margin of purchase preference Purchase preference is to be given to lowest quoting "MSE Class-I local supplier". If the lowest quoting "MSE Class-I local supplier" does not accept the L-1 rates, the next higher "MSE Class-I local supplier" falling within 15% margin of purchase preference is to be given purchase preference and so on.
  - 3) If conditions mentioned in sub-paras (1) and (2) above are not met, i.e., L-1 is neither "MSE Class-I local supplier" nor "MSE Class-I local supplier" is eligible to take benefit of purchase preference, the contract is to be awarded/ purchase preference to be given in different possible scenarios as under:
    - a) L-1 is "MSE but non-Class-I local supplier" or "Non-MSE but Class-I local supplier" — Contract is to be awarded to L-1.
    - b) L-1 is "Non-MSE non-Class-I local supplier" - First purchase preference to be given to MSE (class-I local supplier or non-class-I local supplier), if eligible as per PPP-MSE Order. If MSE is not eligible/ does not accept - purchase preference to be given to Class- I Local supplier if eligible as per PPP-MII Order. If Class-I Local supplier also not eligible/ does not accept — contract to be awarded to L-1.
- d) **Scenario 5:** Items reserved for both MSEs and Class-I local suppliers: These items are reserved exclusively for purchase from MSEs as well as Class-I local suppliers. Hence, only "MSE Class-I local supplier" are eligible to bid for these items. Non-MSEs/ Class-II local suppliers/ Non-local suppliers cannot bid for these items. Hence the question of purchase preference does not arise.
- e) **Scenario 6:** Non-local suppliers, including MSEs falling in the category of Non-local suppliers, shall be eligible to bid only against Global Tender Enquiry.

## EXAMPLES OF EVALUATION OF CONCURRENT APPLICATION OF THE MSE AND MII PREFERENCES

Given below are the examples to explain the different scenarios that may arise during the concurrent evaluation of MSE and Class-I local suppliers. The scenarios are further divided into the various sub scenarios considered as 'Distribution (D)' to provide clarity on the quantity distribution, which shall take place among the MSE and Class-I local suppliers. Please note the following acronyms, in table in para 2 of Annexure 34 above.

1. Example explaining applicability in scenario explained in Scenario 3 (Divisible items, both MSEs as well as Class-I local suppliers eligible for purchase preference.) Item — Desktop computer, Qty — 100 Nos.

- i) **L-1 is 'Non-MSE but Class-I Local Supplier' (NM-C1)** [Scenario 3 -2) in Annexure 34] Details of bids received:

S.N	Bidder	Rates quoted (INR)	Rank	Status of bidder	D-1	D-2	D-3	D-4
1.	A	100	L1	NM-C1	74 (L1)	75 (L1)	75 (L1)	100 (L1)
2.	B	110	L2	M-NC1	Accepts 13 (MSE)	Accepts 25 (MSE)	Does not accept	Does not accept
3.	C	112	L3	NM-NC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible
4.	D	115	L4	M-NC1	Accepts 13 (MSE)	Does not accept	Accepts 25 (MSE)	Does not accept
5.	E	118	L5	NM-C1	Not Eligible	Not Eligible	Not Eligible	Not Eligible
6.	F	120	L6	MC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible

- a) First purchase preference is to be given to MSEs as per PPP-MSE Order.
- b) MSE bidders to be invited for placement of 25% of tendered quantity of 100 Nos. i.e., 25 Nos.
- c) Those MSE bidders are to be invited whose quoted rates fall within 15% margin of purchase preference to match the L1 price.
- d) Accordingly, the following distributions may happen:

### A. Distribution-1 (D-1)

- 1) MSE bidders B (L2) and D (L4) are invited to match L1 price i.e., INR 100/-
- 2) Both bidders B and D agree to match the L1 price.
- 3) The quantity of 25 nos. is distributed equally among bidders B and D i.e.,  $25/2=12.5$  nos. (say 13 nos.)
- 4) Bidders B and D are awarded the quantity of 13 nos. of computers each (i.e., a total of 26 nos. of computers placed on MSE bidders)
- 5) The remaining quantity of 74 nos. of computers [100-26] is placed on the L1 bidder.

### B. Distribution-2 (D-2)/ Distribution-3 (D-3)

- 1) Either bidder B or bidder D agrees to match the L1 price.
- 2) 25 nos. quantity (25% of 100 nos.) is placed on the bidder (B or D).
- 3) The balance quantity of 75 nos. computers (100-25) is placed on the L1 bidder.

### C. Distribution-4 (D-4)

- 1) None of the MSE bidders agree to match the L1 price. No MSE preference given.
- 2) The entire quantity of 100 nos. computers is placed on the L1 bidder, i.e., Bidder "A", being a Class I bidder.

- ii) **L-1 is "MSE but non-Class-I Local Supplier (M-NC1)** [Scenario 3 -3). Details of bids received:

S.N	Bidder	Rates quoted (INR)	Rank	Status of bidder	D-1	D-2	D-3	D-4
1.	A	100	L1	M-NC1	50 (L1)	50 (L1)	50 (L1)	100 (L1)
2.	B	110	L2	NM-NC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible
3.	C	112	L3	NM-C1	Accepts 50 (MII)	Does not accept	Does not accept	Does not accept
4.	D	115	L4	M-NC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible
5.	E	118	L5	NM-C1	Not Eligible	Accepts 50 (MII)	Does not accept	Does not accept
6.	F	120	L6	MC1	Not Eligible	Not Eligible	Accepts 50 (MII)	Does not accept

- First purchase preference is to be given to Class-I local supplier as per PPP-MII Order, for placement of 50% of tendered quantity of 100 Nos. i.e., 50 Nos.
- The Class-I local supplier is to be invited whose quoted rates falls within 20% margin of purchase preference, to match the L1 price.
- Accordingly, the following distributions may happen:

**A. Distribution-1 (D-1)**

- Class-I bidder C (L3) is invited to match L1 price i.e., INR 100/-.
- Bidders C agrees to match the L1 price.
- Bidder C is awarded the quantity of 50 nos.
- The balance quantity of 50 nos. of computers [100-50] is placed on the L1 bidder.

**B. Distribution-2 (D-2)/ Distribution-3 (D-3)**

- If bidder C does not agree to match the L1 price, then the next Class-I bidder, i.e., Bidder E, is invited to match the L1 price.
- Bidder E agrees to match the L1 price, and the 50 nos. quantity is awarded on Bidder E.
- The balance quantity of 50 nos. computers (100-50) is placed on the L1 bidder 'A'.
- In case Bidder E does not agree to match the L1 price, the next Class-I bidder is invited, which is Bidder 'F'.
- Bidder F agrees to match the L1 price, then the 50 nos. of quantity are awarded to Bidder F, while the balance quantity of 50 nos. computers is placed on the L1 bidder 'A'.

**C. Distribution-4 (D-4)**

- None of the Class-I local suppliers agree to match the L1 price. No MII preference given.
- The entire quantity of 100 nos. computers is placed on the L1 bidder, i.e., Bidder 'A'.

iii) **L-1 is "Non-MSE non-Class-I local supplier" (NM-NC1)** [Scenario 3 -4] . Details of bids received:

S.N	Bidder	Rates quoted (INR)	Rank	Bidder Status	D-1	D-2	D-3	D-4	D-5	D-6	D-7
1.	A	100	L1	NM-NC1	37 (L1)	37 (L1)	37 (L1)	37 (L1)	37 (L1)	50 (L1)	75 (L1)
2.	B	110	L2	NM-C1	Accepts 37 (MII)	Accepts 38 (MII)	Does not accept	Does not accept	Does not accept	Accepts 50 (MII)	Does not accept
3.	C	112	L3	M-NC1	Accepts 13 (MSE)	Accepts 25 (MSE)	Does not accept	Accepts 13 (MSE)	Accepts 25 (MSE)	Does not accept	Accepts 25 (MSE)

S.N	Bidder	Rates quoted (INR)	Rank	Bidder Status	D-1	D-2	D-3	D-4	D-5	D-6	D-7
4.	D	115	L4	MC1	Accepts 13 (MSE)	Does not accept	Accepts 25 (MSE) + 38 (MII)	Accepts 13 (MSE) + 37 (MII)	Does not accept	Does not accept	Does not accept
5.	E	118	L5	NM-C1	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Does not accept	Not Eligible	Does not accept
6.	F	120	L6	MC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Accepts 38 (MII)	Not Eligible	Does not accept
7.	G	120	L7	M-NC1	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible	Not Eligible

- The first purchase preference is to be given to MSEs as per the PPP-MSE Order.
- MSE bidders having their quoted rates within 15% margin of purchase preference to be invited for placement of 25% of tendered quantity, subject to matching the L1 price.
- The next purchase preference is to be given to Class-I local supplier as per PPP-MII Order, whose quoted rates falls within 20% margin of purchase preference, to match the L1 price.
- Post these purchase preferences, the balance quantity is placed on the L1 bidder who is Non MSE non-Class-I local supplier.
- Accordingly, the following distributions may happen:

#### A) Distribution-1 (D-1)

- MSE bidders C and D are invited to match L1 price i.e., INR 100/-. Bidder F and G, being the MSE bidders are not invited since their quoted prices falls beyond the margin of preference of 15%.
- Both bidders C and D agree to match the L1 price.
- The quantity of 25 nos. is distributed equally among bidders B and D i.e.,  $25/2=12.5$  nos. (say 13 nos.)
- Bidders C and D are awarded the quantity of 13 nos. of computers each (i.e., a total of 26 nos. of computers placed on MSE bidders)
- The balance quantity remaining is 74 nos. (100-26). Next, purchase preference shall be given as per MII Order for the placement of 50% of the balance quantity, i.e., for 37 nos. of computers (50% of 74).
- Bidder B, being a Class-I local supplier, is invited to match the L1 price, since its quoted rate falls within margin of purchase preference of 20%.
- Bidder B agrees to match the L1 price. The quantity of 37 nos. of computers is awarded to bidder 'B'.
- The balance quantity of 37 nos. of computers [100-26-37] is placed on the L1 bidder 'A'.

#### B) Distribution-2 (D-2)

- MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- MSE bidders C agrees to match the L1 price, but MSE bidder D does not agree to match the L1 price.
- The quantity of 25 nos. (25% of 100 nos.) is placed on the MSE bidder C.
- The balance quantity remaining is 75 nos. (100-25). Next, purchase preference shall be given as per the MII Order for the placement of 50% of the balance quantity, i.e., for 37.5 or, say, 38 nos. of computers.
- Bidder B, being the Class-I local supplier, is invited to match the L1 price, since its quoted rate falls within margin of purchase preference of 20%.



- 6) Bidder B agrees to match the L1 price. The quantity of 38 nos. of computers is awarded to bidder 'B'.
- 7) The balance quantity of 37 nos. of computers [100-25-38], is placed on the L1 bidder 'A'.

**C) Distribution-3 (D-3)**

- 1) MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- 2) MSE bidder C does not agree to match the L1 price, but MSE bidder D agrees.
- 3) The quantity of 25 nos. (25% of 100 nos.) is placed on the MSE bidder D.
- 4) The balance quantity remaining is 75 nos. (100-25). Next, purchase preference shall be given as per MII Order for the placement of 50% of the balance quantity, i.e., for 37.5 or say, 38 nos. of computers.
- 5) Bidder B, being the Class-I local supplier, is invited to match the L1 price since its quoted rate falls within the margin of purchase preference of 20%.
- 6) Bidder B does not agree to match the L1 price. Hence, the next Class-I local supplier, bidder 'D' is invited to match the L1 price. Bidder D agrees and the quantity of 38 nos. of computers is awarded to bidder 'D'.
- 7) The balance quantity of 37 nos. of computers [100-25-38], is placed on the L1 bidder 'A'.

**D) Distribution-4 (D-4)**

- 1) MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- 2) MSE bidders C and D agree to match the L1 price. The quantity of 25 nos. is distributed equally among bidders B and D i.e.,  $25/2=12.5$  nos. (say 13 nos.) each.
- 3) The balance quantity remaining is 74 nos. (100-26). Next, purchase preference shall be given as per MII Order for the placement of 50% of the balance quantity, i.e., for 37 nos. of computers.
- 4) Bidder B, being the Class-I local supplier is invited to match the L1 price, since its quoted rate falls within margin of purchase preference of 20%.
- 5) Bidder B does not agree to match the L1 price. Hence, the next Class-I local supplier, bidder 'D' is invited to match the L1 price. Bidder D agrees and the quantity of 37 nos. of computers is awarded to bidder 'D'.
- 6) The balance quantity of 37 nos. of computers [100-26-37], is placed on the L1 bidder 'A'.

**E) Distribution-5 (D-5)**

- 1) MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- 2) MSE bidders C agrees to match the L1 price, however, bidder D does not agree. Hence, the 25% of 100 nos. of computers i.e., 25 nos. are awarded to MSE bidder C.
- 3) The balance quantity remaining is 75 nos. (100-25). Next, purchase preference shall be given as per MII Order for the placement of 50% of the balance quantity, i.e., for 37.5, say 38 nos. of computers.
- 4) Bidder B, being the Class-I local supplier is invited to match the L1 price, since its quoted rate falls within margin of purchase preference of 20%.
- 5) Bidder B does not agree to match the L1 price. Hence, the next Class-I local supplier, bidder 'D' is invited to match the L1 price. Bidder D also does not agree to match the L1 price. The next class-I local supplier 'E' is invited that does not agree either. The next class-I local supplier 'F' is invited (who happens to be a MSE bidder as well, however, since the quoted price of bidder 'F' in case of MSE preference was beyond 15% margin of preference, hence it was not invited to match the L1 price while going for MSE preference). For MII preference, the price quoted is within the margin of 20%. The bidder 'F' agrees to match the L1 price. The quantity of 38 nos. of computers is placed on bidder 'F'.
- 6) The balance quantity of 37 nos. of computers [100-25-38] is placed on the L1 bidder 'A'.

**F) Distribution-6 (D-6)**

- 1) MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- 2) Neither of the MSE bidders (C and D) agrees to match the L1 price. Hence, no MSE purchase preference is given.
- 3) The next purchase preference is given to Class-I local supplier as per the MII Order for the 50% of the tendered quantity i.e., for 50 nos. of computers. Bidder 'B' being the lowest quoting Class-I local supplier with its quoted price falling within the margin of purchase preference of 20% is invited to match the L1 price.
- 4) Bidder 'B' agrees to match the L1 price. The quantity of 50 nos. of computers is awarded on bidder 'B'.
- 5) The balance quantity of 50 nos. of computers [100-50] is placed on the L1 bidder 'A'.

**G) Distribution-7 (D-7)**

- 1) MSE bidders C and D are invited to match L1 price, i.e., INR 100/-.
- 2) MSE bidder 'C' agrees to match the L1 price only. Hence, 25% of the total tendered quantity i.e., 25 nos. of computers are awarded on the MSE bidder 'C'.
- 3) The next purchase preference is to be given to Class-I local supplier as per the MII Order for the 50% of the balance quantity of 75 nos. i.e., for 37.5 or say 38 nos. of computers. First Class-I bidder invited is bidder 'B' to match the L1 price. Bidder 'B' does not agree to match the price. Subsequently, bidders 'D,' 'E' and 'F' are invited one by one, after each of the bidder does not agree to match the L1 price.
- 4) None of the Class-I local suppliers agree to match the L1 price. Hence, no purchase preference under MII order is given.
- 5) The balance quantity obtained, after the placement of 25 nos. quantity of computers on MSE bidders, is placed on bidder 'A' the L1 bidder for 75 nos. computers.

2. Example explaining applicability to Scenario 4 (Non-Divisible items, both MSEs as well as Class-I local suppliers eligible for purchase preference.). Item — Software License, Unit — 100 Nos.

- i). **L-1 is “Non-MSE but Class-I Local Supplier”** [Scenario 4-2]. Details of bids received:

Sr. No.	Name bidder	Rates quoted	Price Ranking	Status of bidder
1.	A	100	L1	"Non-MSE but Class-I local supplier"
2.	B	110	L2	"MSE but non-Class-I local supplier"
3.	C	112	L3	"MSE Class-I local supplier"
4.	D	115	L4	"MSE Class-I local supplier"
5.	E	118	L5	"Non MSE non-Class-I local supplier"
6.	F	120	L6	"MSE Class-I local supplier"

- a) Here, purchase preference is to be given to the lowest quoting 'MSE Class-I local supplier,' provided its rate falls within the purchase preference of 15%.
- b) Bidder 'C' is MSE Class-I local supplier with price within the 15% margin of preference. Bidder C is invited to match the price of L1. If agreed, the entire order (100 nos. of software licenses) is to be placed on Bidder C.
- c) If the lowest quoting 'MSE Class-I local supplier' (Bidder 'C') does not agree to match the L1 price, the next higher 'MSE Class-I local supplier', i.e., bidder 'D', is invited to match the L1 price. If agreed, the entire order is to be placed on bidder 'D.'
- d) Bidder 'F' though MSE Class-I local supplier, cannot be considered since its price falls beyond the 15% margin of preference.

- ii). **L-1 is “MSE but non-Class-I Local Supplier”** [Scenario 4 -1) in Annexure 34]:  
The approach explained in example 2. (i) above to be followed
- iii). **L-1 is neither “MSE Class-I Local Supplier” nor any other “MSE Class-I Local Supplier” is eligible** [Scenario 4 -3) , then:  
1) **L-1 is ‘MSE but non-Class-I local supplier’**: Entire quantity [100 nos. of software license] is to be placed on the L-1; or  
2) **L-1 is ‘Non-MSE but Class-I local supplier’**: Entire quantity [100 nos. of software license] to be placed on the L-1.
- iv). **L-1 is “Non-MSE non-Class-I Local Supplier”**. Details of bids received:

Sr. No.	Name of bidder	Rates quoted	Price Ranking	Status of bidder
1.	A	100	L1	"Non-MSE non-Class-I local supplier"
2.	B	110	L2	"MSE but non-Class-I local supplier"
3.	C	112	L3	"Non MSE but Class-I local supplier"
4.	D	115	L4	"MSE but non-Class-I local supplier"
5.	E	118	L5	"Non MSE but Class-I local supplier "
6.	F	120	L6	"MSE but non-Class-I local supplier"
7.	G	125	L7	"MSE Class-I local supplier"

- 1) First, MSE preference shall be exercised. Hence, lowest quoting MSE but non-Class-I local supplier is invited to match the price of L-1. Bidder 'B' has quoted the price that falls within the purchase preference of 15%. If Bidder 'B' agrees, the entire order is to be placed on bidder 'B.'
- 2) If bidder 'B' does not agree, bidder 'D' shall be invited (price falling within the purchase preference of 15%), to match the L-1 price. If agreed, entire order to be placed on bidder 'D.'
- 3) If bidder 'D' also does not agree, now, purchase preference to Class-I local supplier shall be provided. Bidder 'F' cannot be considered since the quoted price is beyond the margin of preference of 15%.
- 4) Bidder 'C' is invited to match the L-1 price [quoted price within the purchase preference of 20%, as per the PPP-MII Order]. If bidder 'C' agrees, the entire order is to be placed on 'C.'
- 5) If bidder 'C' does not agree, bidder 'E' to be invited, as the quoted price is within the purchase preference of 20%. If bidder 'E' agrees, the entire order is to be placed on bidder 'E.'

If the non-MSE but Class-I local supplier, bidder 'E', also does not agree to match the L-1 price, then the entire order is to be placed on the L-1, i.e., bidder 'A'.

**Chapter -3**  
Annexure 3 – I  
(Clause 3.4)

**MATERIAL GROUP CODES AS PER SAP (ERP) SYSTEM**

Equipment Group	Material Group	Description
ENGINE	M000001	HEM-Cummins ENG SPRS
ENGINE	M000002	HEM-CATRPLR ENG SPRS
ENGINE	M000003	HEM-KOMATSU ENG SPRS
ENGINE	M000004	HEM - BEML Eng Sprs
ENGINE	M000005	HEM-LEYL& ENG SPRS
ENGINE	M000006	HEM-OTHR HEMM ENG SP
DOZER	M000051	DOZER - BEML - BD355
DOZER	M000052	DOZER - BEML - D155
DOZER	M000053	DOZER - CAT D11T
DOZER	M000054	WHEL DZR KMTSU WD600
DOZER	M000055	CAT LOADER SPARES
GRADER	M000075	GRADER - BEML SPARES
GRADER	M000076	GRADER-CATRPLR
DRILL	M000100	DRL-ATLSCPCO-DMHDSP
DRILL	M000101	DRL-ATLSCAPCOIDM-70E
DRILL	M000102	DRILL - IDM SPARES
DRILL	M000103	DRL-ATLSCAPCO-IBH10
DRILL	M000104	DRL-ATLSCAPCOROCF9
DRILL	M000105	DRL-REVATHI DRL SPRS
DRILL	M000106	DRL - CRAWLER DRL
DRILL	M000107	DRL-S&VIKDRLSPRS
DRILL	M000108	ROCK BREAKER SPARES
DRILL	M000109	DRILL-POWER ROC D40
DUMPER	M000150	DUMPER - BEML SPARES
DUMPER	M000160	DUMPER-CATRPLRSPRS
DUMPER	M000175	DUMPER-KOMATSU HD785
EXCAVATOR	M000200	EXCVTR - BEML - 182M
EXCAVATOR	M000201	EXCVTR-BEMLBE-1000
EXCAVATOR	M000202	EXCVTR-DSN.S150LC-7B
EXCAVATOR	M000203	EXCVTR-HI EX1900-5/6
EXCAVATOR	M000204	EXCVTR-BH HUYPD-R340L
EXCAVATOR	M000205	EXCVTR-TAIYUAN-WK10B

EXCAVATOR	<b>M000207</b>	EXCVTR-TATA HI-450
EXCAVATOR	<b>M000208</b>	EXCVTR - L&T - CK300
EXCAVATOR	<b>M000209</b>	EXCVTR-TEREX-RH90C
EXCAVATOR	<b>M000210</b>	EXCAV-HITACHI EX1200
EXCAVATOR	<b>M000211</b>	EXTR-HITACHI EX200LC
LOADER	<b>M000250</b>	LOADER - CAT 992K
LOADER	<b>M000251</b>	LODR - KAWASAKI SPRS
LOADER	<b>M000252</b>	LODR-SKDSL BCAT S250
LOADER	<b>M000253</b>	LODR-TATA315VBACKHOE
LOADER	<b>M000255</b>	LODR - GAMZEN – 8080
LOADER	<b>M000256</b>	LOADER - CAT 980H
LOADER	<b>M000257</b>	LODRKOMTSUWA-800-3EO
WATER SPRINKLER	<b>M000300</b>	WATRSRKL-BEMLWS28-2
TYRE HANDLER	<b>M000302</b>	TYRE H&LER -
TRAILER	<b>M000303</b>	TRAILER-HIPPO/BEAVER
TRANSMISSION SPARES	<b>M000304</b>	TRANSMISSION SPARES
BRAKE SPARES	<b>M000305</b>	DUMPER - BRAKES Sprs
DRILL ACCESSORIES	<b>M000306</b>	MININGDRLACCESSORIES
DRILL BITS	<b>M000307</b>	DRILL BITS
AFPS	<b>M000308</b>	AUTO FIRE PRTCN SYS
LOCOMOTIVE	<b>M000309</b>	LOCOMOTIVE
HEMM GEN	<b>M000310</b>	HEMM-GENERAL SPARES
HEMM GEN	<b>M000311</b>	COMPRESSOR – ELGI
HEMM GEN	<b>M000312</b>	HEM-AC SPRS
HEMM GEN	<b>M000313</b>	COMPR-PRTBLAIRCOMPRS
CRANE	<b>M000350</b>	CRANE - ACE SPARES
CRANE	<b>M000351</b>	CRANE-TIL CRANE SPRS
CRANE	<b>M000352</b>	CRANE - ESCORTS Sprs
CRANE	<b>M000353</b>	CRANE-TIL-HYDRA 830M
CRANE	<b>M000354</b>	CRANE -GENERAL Sprs
AUTOSHOP EQUIP	<b>M000400</b>	JEEP - MAHINDRA Sprs
AUTOSHOP EQUIP	<b>M000401</b>	JEEP- TATA SPARES
AUTOSHOP EQUIP	<b>M000402</b>	TATA-HEAVY VEHICLE
AUTOSHOP EQUIP	<b>M000403</b>	BUS - ASHOK LEYL&
AUTOSHOP EQUIP	<b>M000404</b>	LMV SPARES
AUTOSHOP EQUIP	<b>M000405</b>	HMV SPARES
AUTOSHOP EQUIP	<b>M000406</b>	AMBULANCE SPARES

AUTOSHOP EQUIP	<b>M000407</b>	AMBULANCE – TATA
AUTOSHOP EQUIP	<b>M000409</b>	FUEL BOUSER -
AUTOSHOP EQUIP	<b>M000412</b>	LUBRICATION VAN -
AUTOSHOP EQUIP	<b>M000413</b>	WATER TANKER -
AUTOSHOP EQUIP	<b>M000450</b>	ACCESSPLATFORM-TATA
AUTOSHOP EQUIP	<b>M000451</b>	AUTOSHOPGENERALSPRS
AUTOSHOP EQUIP	<b>M000453</b>	CMPCTR ROADROLR SPRS
AUTOSHOP EQUIP	<b>M000455</b>	AUTO ELECTRICALS
PLANT EQUIPMENTS	<b>M000500</b>	APRON FEEDER
PLANT EQUIPMENTS	<b>M000501</b>	VIBRATING FEEDER
PLANT EQUIPMENTS	<b>M000502</b>	CRUSHERS – GYRATORY
PLANT EQUIPMENTS	<b>M000503</b>	CRUSHERS – CONE
PLANT EQUIPMENTS	<b>M000505</b>	VIBRATING FEEDERS
PLANT EQUIPMENTS	<b>M000506</b>	VIBRATING SCREEN
PLANT EQUIPMENTS	<b>M000507</b>	TIPPERS
PLANT EQUIPMENTS	<b>M000508</b>	THICKNER
PLANT EQUIPMENTS	<b>M000509</b>	STACKER
PLANT EQUIPMENTS	<b>M000510</b>	RECLAIMER
PLANT EQUIPMENTS	<b>M000511</b>	WAGON LOADER
CONVEYOR SYSTEM	<b>M000512</b>	CONVEYOR SYSTEM
CONVEYOR BELTS	<b>M000513</b>	CONVEYOR BELTS
LINERS	<b>M000514</b>	LINERS
PANNA PLANT EQUIP	<b>M000515</b>	HEAVYMEDIASEPARATION
PANNA PLANT EQUIP	<b>M000516</b>	X RAY SORTER
CLASSIFIER	<b>M000517</b>	CLASSIFIER
PELLET PLANT	<b>M000518</b>	PELET - ROTARY KILN
PELLET PLANT	<b>M000519</b>	PELT-ANNULARCOOLEREQ
PELLET PLANT	<b>M000520</b>	PELLET - BALL MILL
PELLET PLANT	<b>M000521</b>	PELET-COOLINGTOWER
DUSTSUPPRESSIONSYSTEM	<b>M000522</b>	DUSTSUPPRESSIONSYSTEM
GEAR BOX	<b>M000523</b>	GEAR BOX
FOH	<b>M000524</b>	FINEOREH&LINGSYSTEM
HOIST	<b>M000525</b>	HOIST
PUMPS	<b>M000527</b>	SLURRY PUMPS
PELLET PLANT	<b>M000528</b>	FILTER PRESS-PELET
PLANT SPARES	<b>M000529</b>	PLANT GENERAL SPARES
PELLET PLANT	<b>M000530</b>	PELLET-INSTRUMEN



PELLET PLANT	<b>M000531</b>	PELLET-UTILITIES
PELLET PLANT	<b>M000532</b>	PELLET-PCI EQUIPMENT
PELLET PLANT	<b>M000533</b>	PELLET-MIXTURE EQUIP
PELLET PLANT	<b>M000534</b>	PELLET-FILET BAGS
PELLET PLANT	<b>M000535</b>	PELLET-BALLING DISC
PELLET PLANT	<b>M000536</b>	CRC Plant Spares
ELECTRICAL	<b>M000600</b>	MOTORS
ELECTRICAL	<b>M000601</b>	ELECTRIC REPAIR SHOP
ELECTRICAL	<b>M000602</b>	ELECTRONIC ITEMS
ELECTRICAL	<b>M000603</b>	EOT CRANES
ELECTRICAL	<b>M000604</b>	INSTRUMENTATION
ELECTRICAL	<b>M000605</b>	KIOSK
ELECTRICAL	<b>M000606</b>	LIGHTING TOWERS
ELECTRICAL	<b>M000607</b>	METAL DETECTOR
ELECTRICAL	<b>M000608</b>	PANELS
ELECTRICAL	<b>M000609</b>	PLC/DCS/DAS
ELECTRICAL	<b>M000610</b>	SUB STATION
ELECTRICAL	<b>M000611</b>	TELEPHONE EXCHANGE
ELECTRICAL	<b>M000612</b>	TRANSFORMERS
ELECTRICAL	<b>M000613</b>	UPS SPARES
ELECTRICAL	<b>M000614</b>	WEIGHTOMETERS
ELECTRICAL	<b>M000615</b>	WIRELESS SYSTEM
ELECTRICAL	<b>M000650</b>	INSULATING MATERIALS
ELECTRICAL	<b>M000651</b>	INSULATORS
ELECTRICAL	<b>M000652</b>	LAMPS & FITTINGS
ELECTRICAL	<b>M000653</b>	LIGHTING ARRESTORS
ELECTRICAL	<b>M000654</b>	LINE MATERIALS
ELECTRICAL	<b>M000655</b>	LOAD CHARGERS
ELECTRICAL	<b>M000656</b>	MEASURINGINSTRUMENTS
ELECTRICAL	<b>M000657</b>	MTRSTRTRS,SWTC&FUSES
ELECTRICAL	<b>M000658</b>	PA SYSTEMS
ELECTRICAL	<b>M000660</b>	RESISTORS, RELAYS
ELECTRICAL	<b>M000661</b>	SWITCHES
ELECTRICAL	<b>M000662</b>	CONDUCTORS
ELECTRICAL	<b>M000663</b>	ALTRNTRS & ACCESRIES
ELECTRICAL	<b>M000664</b>	AMPLIFIERS
ELECTRICAL	<b>M000665</b>	BATRIES & BATRY SPRS

ELECTRICAL	<b>M000666</b>	BATTERY CHARGERS
ELECTRICAL	<b>M000667</b>	CABLES
ELECTRICAL	<b>M000668</b>	CABLES ACCESSORIES
ELECTRICAL	<b>M000669</b>	CARBONBRUSHES&HLDERS
ELECTRICAL	<b>M000670</b>	CIRCUIT BRAKERS
ELECTRICAL	<b>M000671</b>	CONDENSORS&CAPACITRS
ELECTRICAL	<b>M000672</b>	CONDUIT FITTINGS
ELECTRICAL	<b>M000673</b>	DG SET SPARES
ELECTRICAL	<b>M000674</b>	ELECTMISCLINOUSITEMS
ELECTRICAL	<b>M000675</b>	ELECTRICAL COILS
ELECTRICAL	<b>M000676</b>	ELECLEQUIPMENTSSPRS
ELECTRICAL	<b>M000677</b>	ELECLFITTINGS&SPRS
ELECTRICAL	<b>M000678</b>	ELECTRICAL WIRES
ELECTRICAL	<b>M000679</b>	ELE APPLIANCES
OTR TYRES	<b>M000700</b>	OTR TYRES
TYRES GENERAL	<b>M000701</b>	TYRE TUBES FLAP
TYRES GENERAL	<b>M000702</b>	TYRE ACCESSORIES
VULCANINSISNG	<b>M000703</b>	VULCANISING ITEMS
HOSES	<b>M000704</b>	HOSES
V BELTS	<b>M000705</b>	V BELTS
HARDWARE	<b>M000706</b>	HARDWARE-FASTNERS
HARDWARE	<b>M000707</b>	BELT FASTNERS
RAIL	<b>M000708</b>	RAILWAY TRACK ITEMS
BEARINGS	<b>M000709</b>	BEARINGS
TOOLS	<b>M000710</b>	TOOLS- GENERAL
INDL GASES	<b>M000711</b>	INDUSTRIAL GASES
ELECTRODES	<b>M000712</b>	ELECTRODES
WELDING ITEMS	<b>M000713</b>	WELDING ACCESSORIES
WIRE ROPES	<b>M000714</b>	WIRE ROPES
SLINGS	<b>M000715</b>	SLINGS
CHAIN LINKMESH	<b>M000716</b>	CHAIN LINK MESH
COUPLINGS	<b>M000717</b>	COUPLINGS
PLBLOCK	<b>M000718</b>	PLUMMER BLOCK
WORKSHOP EQP	<b>M000719</b>	WORKSHOP EQUIPMENT S
CIVIL / CONSTRUCTION	<b>M000750</b>	STRUCTURAL STEEL
CIVIL / CONSTRUCTION	<b>M000751</b>	NONFERROUS&ALLOYSTL
CIVIL / CONSTRUCTION	<b>M000753</b>	BARBED WIRE

CIVIL / CONSTRUCTION	<b>M000754</b>	CEMNT&CEMNTPRODUCTS
CIVIL / CONSTRUCTION	<b>M000755</b>	WOOD & WOOD PRODUCTS
CIVIL / CONSTRUCTION	<b>M000756</b>	GLASS
CIVIL / CONSTRUCTION	<b>M000757</b>	TARFELT & BITUMEN
CIVIL / CONSTRUCTION	<b>M000758</b>	PIPES&PIPEFITTINGS
CIVIL / CONSTRUCTION	<b>M000759</b>	VALVES
CIVIL / CONSTRUCTION	<b>M000760</b>	SANITORY FITINGS
CIVIL / CONSTRUCTION	<b>M000761</b>	PUMP SPARES
CIVIL / CONSTRUCTION	<b>M000762</b>	WATER SUPPLY ITEMS
CIVIL / CONSTRUCTION	<b>M000763</b>	CVL-MISCLENOUSITEMS
CIVIL / CONSTRUCTION	<b>M000764</b>	BUILDING MATERIALS
CIVIL / CONSTRUCTION	<b>M000765</b>	HORTICULTURE ITEMS
EXPLOSIVES	<b>M000800</b>	BULK EXPLOSIVE
EXPLOSIVES	<b>M000801</b>	CARTRIDGE EXPLOSIVES
EXPLOSIVES	<b>M000802</b>	BLASTING ACCESSORIES
POL	<b>M000811</b>	POL
SAFETY ITEMS	<b>M000820</b>	SAFETY SHOES
SAFETY ITEMS	<b>M000821</b>	PROTECTIVEEQUIPMENTS
SAFETY ITEMS	<b>M000822</b>	FIRESUPPRESSIONSYSTEM
SAFETY ITEMS	<b>M000823</b>	RAIN SUITS
SAFETY ITEMS	<b>M000824</b>	MISCLENOUS ITEMS
CHEMICALS	<b>M000850</b>	CHEMICALS
CHEMICALS	<b>M000851</b>	LABORATORY ITEMS
GENERAL NON-VALUATED	<b>M000852</b>	IT CONSUMABLES
GENERAL NON-VALUATED	<b>M000853</b>	NETWORK CONSUMABLES
GENERAL NON-VALUATED	<b>M000854</b>	STATIONERY
GENERAL NON-VALUATED	<b>M000855</b>	CANTEEN ITEMS
GENERAL NON-VALUATED	<b>M000856</b>	SCHOOL ITEMS
GENERAL NON-VALUATED	<b>M000857</b>	SPORTS ITEMS
GENERAL NON-VALUATED	<b>M000858</b>	UNIFORMS
GENERAL NON-VALUATED	<b>M000859</b>	LIVERIES
GENERAL NON-VALUATED	<b>M000860</b>	PAINTS & BRUSHES
GENERAL NON-VALUATED	<b>M000861</b>	WELFARE ITEMS
GENERAL NON-VALUATED	<b>M000862</b>	GIFT ITEMS
GENERAL NON-VALUATED	<b>M000863</b>	GENERAL ESSENTIAL
IT CONSUMABLES /SPARES	<b>M000870</b>	NETWORKING, C&IT ITEM
GENERAL VALUATED ITEMS	<b>M000871</b>	MISC OTHERS

HOSPITAL	<b>M000890</b>	MEDICINES
HOSPITAL	<b>M000891</b>	MEDICAL CONSUMABLES
HOSPITAL	<b>M000892</b>	HOSPITALGENERALITEMS
GENERAL	<b>M000893</b>	GENERAL/ESSENTIALS
R&D	<b>M000895</b>	R&D EQUIPMENT SPARES
CAPITAL EQUIPMENTS	<b>M000900</b>	CPTL-HEMM EQUIPMENTS
CAPITAL EQUIPMENTS	<b>M000901</b>	CPTL-L&H VEHCL-CMRCL
CAPITAL EQUIPMENTS	<b>M000902</b>	CPTL-OCSLPLNTEQP
CAPITAL EQUIPMENTS	<b>M000903</b>	CPTL-ELECLEQUIPMENTS
CAPITAL EQUIPMENTS	<b>M000904</b>	CPTL-MEDICALEQP
CAPITAL EQUIPMENTS	<b>M000905</b>	CAP- IT Equip/Items
CAPITAL EQUIPMENTS	<b>M000906</b>	CPTL-LABORATORYEQP
CAPITAL EQUIPMENTS	<b>M000907</b>	CPTL - WEIGH BRIDGES
CAPITAL EQUIPMENTS	<b>M000908</b>	CPTL-GNRLEQUIPMENTS
CAPITAL EQUIPMENTS	<b>M000909</b>	CPTL – AUTOWORKSHOP
CAPITAL EQUIPMENTS	<b>M000910</b>	CPTL-WRKSHOPMACHINES
CAPITAL EQUIPMENTS	<b>M000911</b>	CAPITAL – PUMPS
CAPITAL EQUIPMENTS	<b>M000912</b>	Cap-Elect Services
CAPITAL EQUIPMENTS	<b>M000913</b>	Cap-R&D
CAPITAL EQUIPMENTS	<b>M000914</b>	Cap furniture ofc eqp
CAPITAL EQUIPMENTS	<b>M000915</b>	Cap-Others
CAPITAL EQUIPMENTS	<b>M000916</b>	CAPITAL-CRANES/HOIST
SIU ITEMS	<b>M000920</b>	SIU ITEMS
SCRAP	<b>M000950</b>	GENERAL – SCRAPS
RAW MATERIALS	<b>R000001</b>	RAW MATERIALS
RAW MATERIALS	<b>R000002</b>	FERO ALOYS & ADDTVES

**PROPRIETARY ARTICLE CERTIFICATE (PAC)**

**(For CAPITAL Goods/ Plant/ Machinery/ Equipment or accessories including Software/ Spares)**

1	Item/ type / model number/ part number required along with the specification. (Attach separate sheet if necessary)	
2	Name of the manufacturer/ supplier of the item (Proposed by the indenter)	
3	Whether the proposed party is the sole manufacture/ sole distributor of the item/Indian representative of the OEM.	
4	Reference of previous purchase of above item if available (Value, Name of supplier, P.O. number etc.)	
5	Details of alternate substitute available. If no alternative substitute exists, the fact must be recorded giving specifications.	
6	If the answer is yes for item (5) reason (s) for buying on proprietary basis without resorting to Open/Limited Tender.	
7	Indicate the efforts made to identify/ develop alternate sources in this regard.	

Date:

(Sectional Head)  
Indenting Section

**Certified that:**

- The item mentioned above is required to be procured on proprietary.
- Justification in brief for purchasing the item on proprietary basis.

Submitted for approval of the Competent Authority.

Date:

HoD

Head of the project / Competent Authority.

Approved

(HoP /Comp Auth)

**Note: For Approval of CMD, PAC has to be routed through Functional Director**

**Chapter – 4**  
Annexure 4-II  
(Clause 4.3.3.4)

**EMERGENCY CERTIFICATE**

Date: \_\_\_\_\_

Place: \_\_\_\_\_

**Project / Unit:** \_\_\_\_\_

1) Nature of Emergency: \_\_\_\_\_

2) Details of Loss occurred, if any: \_\_\_\_\_

3) Financial & Legal implications of event: \_\_\_\_\_

4) Steps taken for mitigation of loss : \_\_\_\_\_

5) Details of engagement of agency for executing emergency measures:

\_\_\_\_\_

6) Remarks : \_\_\_\_\_

Certified that the above details are true to the best of my knowledge and belief and the steps taken above were taken in good faith to \_\_\_\_\_ in the best interest of Company.

\_\_\_\_\_  
Signature of Head of Project / Unit



**Chapter – 4**  
**Annexure 4-III**  
**(Clause 4.4.3)**

**FORWARDING OF INDENTS FROM PROJECTS TO HO**

**MM DEPARTMENT, HO**

**FAX MESSAGE**

GM(Mat) NISP RPT GM(Mat) BLD-5 RPT GM(Mat) DIOM  
DGM (Mat) BLD-14 RPT DGM (Mat) DMP

**Sub: Forwarding of indents from projects to HO-reg.**

As per the discussions and deliberations during the review of indents for NISP on 16/06/2021 and during the Annual Plan Meeting held on 24/06/2021 & 25/06/2021, production projects and NISP should send all the indents (as per DOP), directly to PC dept and Steel dept respectively.

After the receipt of indents by PC dept (from all production projects) and Steel dept (from NISP), the indent shall be reviewed wrt the following:

1. In-Principle Approval/ Indent Sanction.
2. Complete/Generalized Technical Specification along-with drawings (if applicable).
3. For Capital items, the approved budget reference details (AMR/ DPR sl no:).
4. Pre-Qualifying Conditions (PQC), wherever required.
5. Pre-Bid Meeting, if required.
6. Special terms and conditions or any other details, which user dept wants to incorporate in the tender enquiry.

After review of the indent, PC dept/ Steel dept shall forward the indents (complete in all respects), of the respective projects to MM dept at HO for smooth procurement action.

**This process will reduce the file movement between departments at HO and shall reduce the procurement lead time.**

In view of the above, all indents whether Capital or Revenue in nature, should be sent (as per DOP), directly to PC dept and Steel dept by production project(s) and NISP respectively.

REGARDS (.)

J.P.SINGH  
CGM(MAT)

HQMM/APM/INDENTS/

29/06/2021.

**Copy to:**

1. ED, NISP/BLD-14.
2. CGM, Donimalai Complex/BLD-5/ Panna Project.
3. ED, PC.
4. GM (Steel).

**Copy also to:**

1. SOT to Director (Production), for kind information of Dir (Prod).
2. SOT to Director (Commercial), for kind information of Dir (Comm).
3. SOT to Director (Technical) for kind information of Dir (Tech).

DGM(Mat) nvy

J.P.SINGH  
CGM(MAT)

**Chapter – 5**  
**Annexure 5-I**  
**(Clause 5.1.1)**

**NOTE**

No. PC & S/Critical Spares/587/01

Date: 12/03/2024

Based on the approval of ECoD, the following Spares of Critical Assembly and sub-Assembly pertaining to HEMM and OCSL Plant may be procured on Proprietary/ Rate Contract through OEM/OPM and LTE/OTE basis.

**HEMM SPARES:**

**1. List of Assemblies/Sub-assemblies/Components of HEMM and their spares/items to be procured on Proprietary/OEM/OPM basis.**

Assemblies/Sub-assemblies/components and their spares/items like Engine assy, Recon Engine assy, Transmission assy, Recon Transmission assy, Operator Cabin, Operator Cabin glasses, Turbo Charger, Transmission Pump, Suspension assy, Air Conditioning system, AC/DC Motors and Generators, Universal Joint assy, Drive lines including Torque convertor, PTO assy, Differential assy, Final drive assy spares, Front axle, Rear axle, Rim, Hub, Propel shaft, Final drive assy, Trunnion Assy, Blade Arms, Hydraulic pump, Hydraulic motor, Hydraulic Cylinders, Radiator assy, Oil Cooler assy, Brake system, Main Control valve assy, Control joysticks, Feed chain, Auto lubrication system, Auto fire detection and suppression system, AC Spares, Instruments, gauges, Air End/ Air compressor, Hydraulic control valve, Fuel injection pump, Slew Ring, Swing Device/ Swing Gear Box, Propel Gear Box/ Travel Device assy, Self- starters, Alternators, Electrical control panel, Electric Cards, Breakers, Sensors, Control Transformers, ET Software License/ Diagnostic Software License for HEMM, Rotary Gear Boxes, Top Hammer, Drill Towers, Dust collector, CRD units, Air Receiver Tanks, Shock-sub assembly, Diesel/Hydraulic Tanks, Operator Seats, ECM'S/ MCU's.

**2. List of Assemblies/Sub-assemblies/Components of HEMM and their spares/items to be procured on LTE/OTE basis.**

The following items shall be procured on LTE/OTE basis, for getting more competitive price and better warranty period on need basis.

Assemblies/Sub- assemblies/components and their spares/items like Under carriage spares like Track chains, idlers, drive sprocket, rollers, OTR Tyres, Bucket assy, Blade assy. GETs, Bucket tooth point, adaptor, Cutting edge & End bits, Wedges, Fasteners, wire rope items like Hoist rope, trip rope, EOT crane/Mobile crane ropes, Drill accessories like Drill Bits, Drill Rods, Rotary socket, Batteries.

**3. List of Assemblies/Sub-assemblies/Components of HEMM and their spares/items to be procured on Rate Contract basis.**

All Items which are covered under Rate Contract list with OEM, shall be procured on RC basis.

**OCSL PLANT SPARES:**

**List of Assemblies/Sub-assemblies/Components of OCSL and their Spares/Items to be procured on Proprietary/OEM/OPM basis.**

SL. NO.	PLANT	DESCRIPTION OF ITEMS	REMARKS
1	CRUSHING PLANT	<p><b>PRIMARY CRUSHER</b>-Eccentric assembly, Inner bushing, Outer bushing, Spider arm, Head shaft(mantle) assembly, Sheave pullies, Suspension ring &amp; nut, Spider cap, Spider bush &amp; Spider arm &amp; guard, top/intermediate/bottom shells, Eccentric thrust plate assy, Lubrication pumps, Instrumentation &amp; sensors, Thrust bearing, Step bearing assy, Hydroset assy, Tie rod with Hydraulic jacks/nuts, Hydraulic support assy. Counter shaft assy, Bushing, Pinion &amp; related spares, Seals and O' rings, Dust seal, Bonnet assy. specific nuts and bolts, Gear Boxes, Gear housing shield, Spider assembly, Bottom/wear sleeve, Heat exchanger assy, Spider cavity internals, Pedestals, inching G/B &amp; parts</p> <p><b>SECONDARY CRUSHER</b> – Crusher body main frame, Top shell, Spider, Bottom shell, Hydraulic support/locking assy. and spares, Bowl assy, Socket assy, Counter shaft assy, shaft &amp; pinion, bushing and spares, Bowl, Eccentric gear &amp; inner and outer bushing, Socket liner, Thrust bearing, Main shaft(mantle), Head nut, short mantle, and bolts, Gear housing shield, Spider assembly, bottom/wear sleeve, heat exchanger assy, Spider cavity internals assembly, pedestals, inching G/B &amp; parts. Feed cone assy, Main shaft sleeve, water chamber, Feed plate, Shaft sleeve, water chamber, Head &amp; baffle ring assy, Bowl assy. Locking hydraulic system, Lubrication pumps and system spares, Gear box, Sheave pullies, Dust seal, specific nut and bolts, Counter shaft assemblies/ pinion shaft assemblies, Hydro set cylinder assemblies, Lubrication unit with pumps, Instrumentation items including flow switches, thermometers to ensure fitment in the existing systems.</p>	

		<p><b>APRON FEEDERS &amp; CONVEYORS</b> – Gear box &amp; internals, Feeder internal spares, bull gear and pinion, Track rollers, Apron pans and links, Head, Tail and Counter shafts, Track chain, Brakes, Braking system, instrumentation, Link pin, Sprocket (drive &amp; driven), idlers.</p> <p><b>SCALPING SCREEN:</b> Bearing housing, Flange, Closure, Support spring, Shaft seal, Sleeve, Baffle plate, Dust flinger, Drive shaft &amp; its casing. Air blaster and spares, CLS spares, Air compressor spares, Dust suppression and spares.</p>	
2	DOWN HILL	<p><b>APRON FEEDERS &amp; CONVEYORS</b> – Gear box &amp; internals, Feeder internal spares, Bull gear and pinion, Track rollers, Apron pans and links, Head, Tail and Counter shafts, Track chain, Brakes and liners/pads, Braking system, Instrumentation BTO and take-up system spares.</p>	
3	SCREENING PLANT	<p>Screen Bearing housing, Counter weights, Side plates, Buckler up frame, Screen Eccentric drive main shaft, Exciters, Cardan shafts and spares, Sheave pullies, Springs and pedestals, Trunions.</p> <p><b>TERTIARY CRUSHING PLANT</b> - Crusher body main frame, Hydraulic support/locking assy. and spares, Bowl assy, Socket assy, Counter shaft assy, shaft &amp; pinion, Bushing and spares, Bowl, Eccentric gear &amp; inner and outer bushing, Socket assy, Socket liner, Thrust Bearing, Main shaft(mantle), Head nut, short mantle, Bowl assy, Bottom plate, Locking hydraulic system, Lubrication pumps and system &amp; spares, Gear box, Sheave pulley, Dust seals, specific nuts and bolts. Air blaster and spares, CLS spares, Air compressor spares, Dust suppression and spares.</p>	
4	LOADING PLANT	<p>Bucket wheel body, Bucket wheel complete assy, Bucket wheel drive gear box, Bucket wheel main shaft, Slew gear box and internals, Slew bearing, internal spares of Bucket and Slew gear box, Travel drive bogie, internal spares of TD bogie (transmission shaft, pinion, etc.), Travel drive gear box, PCRD &amp; spares, Oil seals, Luffing cylinders, Gear box &amp; internals, Feeder internal spares, Bull gear and pinion, Track rollers, Apron pans and links, Head, Tail and Counter shafts, Track chain,</p>	



		Brakes and liners/pads, Gear wheels and specific rollers, Travel gear wheels, Hydraulic power pack, Pumps, Motors and spares. Air blaster and spares, CLS spares, Air compressor spares, Dust suppression and spares.	
5	electricals	PLC spares, HT/LT MCC spares, VFD spares, Cable drag chain, other CPU and all Processors, Electronic spares, relays, HFV wireless spares, CCTV spares, Belt weigh scale spares, Hanging magnet spares, Metal detector spares, PA system spares, all Software licenses.	

This issues with the approval of Competent Authority.

*[Signature]*  
ED (PC & S) 12/09/24

Copy to:

1. SOT, CMD Secretariat for the kind information of CMD.
2. SOT, Director Finance for the kind information of Director Finance.
3. SOT, Director Production for the kind information of Director Production.
4. SOT, Director Commercial for the kind information of Director Commercial.
5. SOT, Director Technical for kind information of Director Technical.
6. All HoPs of Production Units.

*[Signature]*  
V. RAMESH  
DGM (Mech.) PC 12/3/24

o/c

**Chapter -5**  
**Annexure 5-II**  
**(Clause 5.20)**

**STANDARD OPERATING PROCEDURE (SOP) FOR PROCURING THROUGH GeM**

- 1) The Materials Department dealing officers (Secondary User- Buyers) shall decide the procurement through GeM after receipt of vetted & sanctioned Indents.
- 2) Ministry of Finance made GeM mandatory for all Government Organizations to procurement all goods and services through GeM portal against Direct Purchase / L1- Purchase / Normal Bid / Custom Bid / BOQ Bid / PAC vide OM No: F.1/26/2018-PPD dated:02.04.2019.
- 3) In exceptional circumstances only, where procurement through GeM cannot be done, purchase through other procurement methods as specified in MM Manual may be resorted to with the prior approval of Competent Authority as per extant DoP. However, valid reasons shall be recorded while seeking such approval.
- 4) Enabling provisions of Rule 149 of General Financial Rules-2017 as amended vide Ministry of Finance OM dated 02.04.2019 regarding procurement through GeM and necessary guidelines and terms and conditions thereon:

**GeM portal may be utilized by the Government buyers for on-line purchases as under:**

- a) **Up to Rs.50,000/-** through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period. For procurement of Automobiles on GeM, through direct purchase shall be permitted without any ceiling limit (as per DoE OM No.6/17/2021-PPD dt:18.01.2022).
  - b) **Above Rs.50,000/- and up to Rs.10,00,000/-** through the GeM Seller having lowest price amongst the available sellers (excluding Automobiles where no ceiling limit is applicable) of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer if decided by the competent authority.
  - c) **Above Rs.10,00,000/-** through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding Automobiles where no ceiling limit is applicable).
- 5) **BOQ / Custom Bid & Bunching Bid Methods** may be used for online bidding and reverse auction, in case goods and services are not available on GeM Category.
  - 6) After deciding or convincing that an item can be procured through GeM, the dealing officers or buyers shall take approval from C/A as per extant DOP.
  - 7) The practice of review of items of the indent for its quantities, estimates and its need along with the budget provisions at the time of indent review and concurrence being followed.



- 8) The Reverse Auction (RA) option should be selected while creating the GeM BID (if required).
- 9) Splitting option should be selected while creating the GeM BID (if required).
- 10) Any amendment / corrigendum to the e-bid invitation issued by the buyer shall be uploaded on the GeM Portal **on or before 07 days of BID due date**.
- 11) The buyer reserves the right to postpone/cancel the e-bidding.
- 12) The participation by the seller in e-bidding shall be construed as his / her acceptance for all the Terms and Conditions as outlined in the e-bidding including General Terms and Conditions (GTC), Special Terms and Conditions (STC) and Additional Terms and Conditions (ATC). However, the buyer shall have the right to decide the technical and commercial acceptability of the individual bids based on eligibility criteria and compliances as stipulated in the bid document.
- 13) ATC module available in e-bidding / RA modules of GeM. While creating BID buyer can incorporate suitable eligibility criteria and important terms and conditions in Additional Terms and Conditions by using various filters.
- 14) As per GeM, "The terms and conditions stipulated in STC & ATC will supersede those in GTC and Terms and Conditions stipulated in ATC will supersede those in GTC & STC in case of any conflicting provisions".
- 15) In case, two or more acceptable bidders are found to have quoted identical lowest bid price, buyer has to conduct Reverse Auction for the required goods among the technically acceptable bidders. In case of services, the buyer the winner shall be selected from amongst L-1 bidders through a Random Algorithm run by GeM system.
- 16) In case, the Final Price in the RA is not found reasonable then, Price Negotiation option can be used with L1 Seller against the RA.
- 17) **FLOATING OF LIMITED TENDERS:**

While floating Limited Tender Enquiry (LTE) through GeM portal, the following clause should be published in the Additional Terms and Conditions (ATC):

"This is a Limited Tender Enquiry and participation against this tender is by invitation only. The invitation shall be sent by e-mail only. However, in case Manufacturer/OEM authorizes their Distributors / Dealers the offer of such firms will also be considered for evaluation subject to submission of valid authorization letter issued by Manufacturers / OEM failing which the offers shall be rejected. Other bidders will not be considered for this tender.

Prospective bidders, who are manufacturers and can supply the tendered items may apply to NMDC Limited for vendor registration with all credentials along with dully filled in application as per procedure available at [www.nmdc.co.in](http://www.nmdc.co.in) in vendor empanelment section.

Interested firms may be considered for vendor registration after following due procedure and such registered firms may be considered for issue of enquiries for future tenders."

18) **FLOATING OF STE (WITH PAC/ WITHOUT PAC-NOMINATION)**

While floating Single Tender Enquiry (STE) through GeM portal, the following clause should be published in the Additional Terms and Conditions (ATC):

“This is a Single Tender Enquiry (STE) and participation against this tender is by invitation only. The invitation shall be sent by e-mail only. However, in case Manufacturer/OEM authorizes their Distributor / Dealer the offer of such firm will also be considered for evaluation subject to submission of valid authorization letter issued by Manufacturer / OEM failing which the offer shall be rejected. Other bidders will not be considered for this tender.

Prospective bidders, who are manufacturers and can supply the tendered items may apply to NMDC Limited for vendor registration with all credentials along with dully filled in application as per procedure available at [www.nmdc.co.in](http://www.nmdc.co.in) in vendor empanelment section.

Interested firms may be considered for vendor registration after following due procedure and such registered firms may be considered for issue of enquiries for future tenders.”

19) **DELIVERY TERMS:**

- a) All the Goods/Services on GeM shall be offered on FOR Destination basis unless otherwise specified in STC/ATC.
- b) Delivery period extension shall be done by the Buyer/Dealing officer as per the delivery period specified by the seller in their offer documents without any financial concurrence and approval, as there is no provision available in GeM to seller to indicate their delivery period while uploading their offer in GeM portal.
- c) TSC should ensure to record the acceptance of delivery period as per offer in consultation with TSC member from user/technical dept.
- d) However, if seller fails to deliver the goods/services within the delivery period quoted by them in their offer documents, such proposals shall be forwarded for concurrence and approval of C/A as per extant DoP.

20) **PAYMENT TERMS:**

- a) As per the standard payment indicated in the MM manual may be followed.  
(OR)
- b) **As per GeM, Payment shall be made to the seller as below:**
  - i) In respect of Contracts for the supply of Goods, 100% payment including GST should be made after receipt and acceptance of goods and generation of “Goods CRAC” (Consignee Receipt and Acceptance Certificate) subject to recoveries, if any, either on account of short supply and Liquidated Damages etc. for delay in supply.
  - ii) In respect of Contracts for the Service, payment should be made as per periodicity defined in the Contract i.e. Monthly, Quarterly or any other pre-defined payment periodicity. 100% payment including GST for the particular payment cycle should be made after receipt and acceptance of services and generation of “Services CRAC” (Consignee Receipt and Acceptance Certificate) subject to recoveries, if any, either on account of short supply, SLA (Service Level Agreement) deviations and Liquidated Damages for delay in supply etc.

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- 21) **EMD/ SD/ PBG :**  
As per MM Manual followed with subsequent Amendments from time to time.
- 22) **PURCHASE PREFERENCE POLICIES:**  
Purchase preference policies like MSE and MII (Make In India) shall be followed as per GoI guidelines from time-to-time.
- 23) **BID OFFER VALIDITY:**  
As per GeM, initially offer validity is 180 days from the date of publishing the BID. Further it can be extended during financial evaluation against acceptance of L1 Seller.
- 24) **LD/ LIQUIDATED DAMAGES :**  
As per MM Manual followed with subsequent changes from time to time.
- 25) **INTEGRITY PACT:**  
a) "The Buyer" And "The Seller" hereby agree not to indulge in any corrupt practices including without limitation any activity or action to influence the transaction on any aspect of contract and commit to take all measures necessary to prevent corruption maintaining complete transparency and fairness in all activities related to GeM.  
b) Guidelines should be as per MM Manual followed with subsequent changes from time to time.
- 26) **AMENDMENT/ CORRIGENDUM:**  
Any amendment / corrigendum, procedure laid down in the MM Manual should be followed with subsequent changes from time to time.
- 27) **OPENING OF TECHNICAL BID:**  
a) Technical Bids will be opened by the buyer on due date and time.  
b) Extension of tender opening date shall be done by the dealing officer with the approval of HOD(Materials).  
c) After opening of technical bids, the bids shall be downloaded by the dealing officer and same shall be forwarded to indenting/Technical dept to record the technical appraisal.  
d) All necessary Techno-commercial clarifications if required shall be sought by the dealing officer from the respective bidders through GeM portal.  
e) After completion of technical appraisal, the dealing officer shall putup the case to the TSC for deliberation/ recommendations. The techno-commercial TSC recommendations shall be forwarded by the dealing officer for concurrence and approval as per extant DoP.  
f) Upon receipt of finance concurrence and C/A approval, the techno-commercial qualified bids shall be accepted in the GeM portal. Other bids whose offer has not been qualified shall be rejected in the GeM portal as per the provisions available therein.
-

- g) At present, GeM portal allows the bidders (whose offer has been rejected in the GeM portal) to submit their representation within 48 Hours of rejection. In case of NO representation, the BID gets automatically rejected without giving scope for further representation.
- h) In case any representation received from techno-commercially disqualified seller, the dealing officer shall clarify the bidder the reasons for rejecting the bid by the User/ Technical dept.
- i) The rejection/ acceptance of the techno-commercial bids by TSC shall be final and binding.

28) **OPENING OF FINANCIAL / PRICE BIDS & REASONABILITY OF PRICES:**

- a) The Price bids of the techno-commercially accepted bidders shall be opened in GeM by the dealing officer (buyer role in GeM). Financial Ranking is automatically determined by the GeM.
- b) After opening of price/ financial bid, GeM gives an option either to place the order or cancel the bid. In case the L-1 price is not found reasonable, then decision may be taken by the committee to Negotiate with L1 bidder (or) otherwise.
- c) **If two or more bidders have quoted identical lowest bid price :**
  - i) For Goods, Reverse Auction option available in GeM portal shall be used.
  - ii) For Services bids, the agency shall be selected from amongst L-1 bidders through a Random Algorithm run by GeM system (or) manually by NMDC based on lottery in presence of Committee.

29) **PLACING OF ORDER:**

- a) GeM portal insists for uploading a copy of C/A approval while creating the PO. The dealing officer shall create the PO on GeM.
- b) As there is no integration between NMDC ERP system and GeM portal, the purchase order in the ERP system is needs to be prepared to carryout inspection, and to release payment.

30) **INSPECTION & RECEIPT OF GOODS / SERVICES**

- a) The material receipt process (PRC) shall be completed first in GeM portal and then simultaneously in ERP.
- b) Inspection shall be carried out at source or destination by the NMDC as specified in the GeM contract.
- c) Corresponding entries in GeM for the receipt of material and its acceptance (CRAC-Consignee Receipt and Acceptance Certificate) shall be done by consignee in GeM strictly within the time norms to avoid Auto PRC/ Auto CRAC.
- d) Consignee should coordinate with respective User / Indentor to carry out the Inspection of material and create CRAC within 10 days time period.

- e) After CRAC in GeM, consignee will immediately forward the tax invoice along with other related documents to Finance and a copy of CRAC will be sent to MM dept for intimation to Buyer.
- f) In case of services, activity of Log verification and Consignee receipt and acceptance certificate shall be equivalent to acceptance of services i.e. process equivalent to creation of Service Entry Sheet in SAP. Process of CRAC shall be carried out by Indentor who shall be consignee in this case.

31) **PAYMENT**

- a) Buyer will create the draft bill immediately after CRAC.
- b) Paying Officer will process the Bills within the stipulated time as per GeM and releasing the payment via GPA, Internet Banking and Other modes after complying all the PO terms and conditions. The payment particulars should be uploaded on GeM portal after releasing of payment. Thereafter, the GEM integration in ERP for completion of payment process in GeM shall be followed.
- c) It shall be ensured by the stakeholders (Consignee, buyer and PAO) that entire process of payment is completed within 10 days from the date of CRAC to avoid violation of payment norms in GeM portal.

32) **THE FOLLOWING OPTION CLAUSE AVAILABLE ON GEM PORTAL:**

- a) The Purchasers reserves the right to increase or decrease the quantity to be ordered **up to 25 percent** of bid quantity at the time of placement of contract. The purchaser also reserves the right to increase or decrease the ordered quantity by 25% of the contracted quantity during the currency of the contract at the contracted rates. Bidders are bound to accept the orders accordingly.
- b) Buy Back for PFMS / Non GPA

**NOTE:**

The above SOP has to be followed while procurement of Goods and Services made through GeM portal complying with MM Manual and DoP.

## **TIME NORMS FOR COMPLETION OF PROCESSES / ACTIVITIES:**

The time for all activities in GeM are specified in the documentation and online resources available on their portal and these are to be strictly adhered. In case any process like acceptance of goods is not carried out by the user in GeM within the prescribed time limit, the system will assume that the goods are acceptable and automatically carry out the process by itself at the end of the time limit.

GeM evaluates buyers' performance also on a continuous basis based on parameters like Timely Bid Closure, Timely Order Placing, Timely Acceptance and Timely Payments etc. Completing respective activities well within time frame is of utmost importance to maintain a good buyer rating in GeM portal.

Indentor / Buyer / Consignee/ Payment Authority shall ensure that all corresponding activities in SAP/ GeM are done in the fastest time so as to adhere to the time limits specified in GeM.

However, users shall be required to keep track of changes taking place in GeM by keeping themselves abreast with documentation/ instructions available on GeM portal and strictly follow the time norms stipulated therein.

Currently, the following time norms have been stipulated in GeM for various activities.

### **Time norms for activities in GEM related to Procurement of Goods**

<b>SI No.</b>	<b>Process/ Activity in GeM</b>	<b>Time allowed(deadline) in GeM)</b>	<b>Action by</b>
1.	Order placement	Within <b>10 days</b> of carting period for direct purchase.  Within bid validity for L1 purchase/ e-bidding / RA.	Buyer
2	Provisional Receipt Certificate (PRC)	Receipt date to be entered upon receipt of Goods in stores.  (within <b>4 days</b> from the date of receipt of materials to avoid auto PRC by GeM system)	Consignee
3	Consignee receipt and acceptance certificate (CRAC)	Within <b>10 days</b> of PRC generation, otherwise auto CRAC will be done.	Consignee in coordination with Indentor/QAD and buyer



4.	Payment in GeM	Within <b>10 days</b> of CRAC	<p>1. Consignee- for timely forwarding of documents received along with supply to buyer/indenter.</p> <p>2. Buyer — Creation and Submission of Draft bill</p> <p>3. Finance Department make payment to vendor.</p> <p>Payment made details should be updated on GeM Portal.</p>
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#### **Enquiry / Helplines in GeM:**

The GeM portal is continuously undergoing changes to its software as informed by GeM SPV and hence, users will refer extensively to the training resources and documentation available on the website of GeM.

There is also a support help desk of GeM, the contact details of which are available on their website. Users will resolve their difficulties with the GeM support helpdesk. GeM has put in place an Escalation Matrix. First level of contact to user is HelpDesk.

The first level of interface for the user to address their issues would be the Helpdesk who would register the complaint and provide a ticket to the user to help in tracking the issue. The contact details of first point of Help Desk are as under (users shall confirm latest contact details from GeM before proceeding for any communication):

Toll free numbers: 1800-419-3436, 1800-102-3436

Web ticket on <https://gem.gov.in/gemtickets>

Email id: [helpdesk@gem.gov.in](mailto:helpdesk@gem.gov.in)

### **Escalation Desk:**

The maximum permissible time for resolving the issues relating to GeM operations is 48 hours. In case the issue has not been resolved by Help Desk even after 48 hours, the user can directly contact the next level through email. The issue specific emails for 2nd level of contact are as under:

1. Buyer Registration, log-in related issues: [buyer.registration@gem.gov.in](mailto:buyer.registration@gem.gov.in)
2. Direct Purchase/L1/PAC: [direct.purchase@gem.gov.in](mailto:direct.purchase@gem.gov.in)
3. BID/RA related issues: [bid.ra.gem@gem.gov.in](mailto:bid.ra.gem@gem.gov.in)
4. Order process related issues: [order.process@gem.gov.in](mailto:order.process@gem.gov.in)
5. Payment process related issues: [payment.process@gem.gov.in](mailto:payment.process@gem.gov.in)

User shall take up the issues directly with the escalation desk only if the issue is not resolved even after 48 hours of generating a ticket with the Helpdesk. User will mandatorily indicate the CRM ticket number while taking up the unresolved issues with Escalation Desk.

In the absence of CRM ticket number or requests received directly without first contacting Helpdesk, the Escalation Desk would redirect the mail to Helpdesk. Hence, user shall not contact Escalation Desk in first attempt as it would create delay in resolving the issue.

### **Training Modules on GeM portal:**

The video tutorial and related training material for registration is available in GeM vide **URL : <https://gem.gov.in/training/training module>**.

### **GeM GENERAL TERMS AND CONDITIONS (GTC):**

GeM will publish the latest General Terms and Conditions (GTC) in the GeM portal. All Buyers should check the latest GTC through the following link regularly.

### **Resources --> Terms and Conditions --> General Terms and Conditions**

**[https://gem.gov.in/support/terms\\_conditions](https://gem.gov.in/support/terms_conditions)**

**Chapter -6**  
Annexure 6-I(a)  
(Clause 6.7.2)

**PROFORMA FOR BANK GUARANTEE TOWARDS E.M.D.**  
**(TO BE USED BY ALL NATIONALISED BANKS/ SCHEDULED COMMERCIAL BANKS)**

(To be submitted on Rs.100/- Non judicial stamp paper and the non-judicial stamp paper should be in the name of the issuing bank).

Ref.

Bank Guarantee No.

Date:

To,

NMDC Ltd,  
-----

Dear Sirs,

In accordance with your invitation to tender under specification no. \_\_\_\_\_ M/s. \_\_\_\_\_ having its registered/Head Office at \_\_\_\_\_ (hereinafter called the Bidder) wish to participate in the said tender for \_\_\_\_\_ and you, as a special favour, have agreed to accept an irrevocable and unconditional Bank Guarantee for an amount of \_\_\_\_\_ valid upto \_\_\_\_\_ on behalf of the Bidder in lieu of tender deposit required to be made by the Bidder, as a condition precedent for participation in the said tender.

We, the \_\_\_\_\_ bank at \_\_\_\_\_ having our Head Office at \_\_\_\_\_ (local address) guarantee and undertake to pay immediately on demand by NMDC Ltd, the amount of \_\_\_\_\_ (in figures and words) without any reservation, protest, demur and recourse. Any such demand made by said Purchaser shall be conclusive and binding on us irrespective of any dispute or difference raised by the Bidder.

This guarantee shall be irrevocable and shall remain valid upto \_\_\_\_\_, if any further extension of this guarantee is required, the same shall be extended to such required period on receiving instructions from M/s \_\_\_\_\_ whose behalf this guarantee is issued.

This date should be 30 days after the guarantee is valid.

In witness where of the Bank, through its banker has set its hand and stamp on this \_\_\_\_\_ 20\_\_\_\_.

Name, Designation, and Code Number of the Bank Officer(s) signing the Guarantee(s)	Name, Designation, and Code Number Telephone No and Address of the Controlling Officer of the Bank

**Chapter -6**  
Annexure 6-I(b)  
(Clause 6.7.2)

**GUARANTEE BOND FOR SECURITY DEPOSIT**  
(TO BE USED BY ALL NATIONALISED BANKS/ SCHEDULED COMMERCIAL BANKS)

1. In consideration of NMDC Limited, having agreed to exempt \_\_\_\_\_ (hereinafter called "the said Contractor(s)") from the demand, under the terms and conditions of an Agreement no. \_\_\_\_\_ dated \_\_\_\_\_ made between \_\_\_\_\_ and \_\_\_\_\_ and \_\_\_\_\_ for (hereinafter referred to as "the Bank") do hereby undertake to pay to the NMDC Limited, Hyderabad an amount not exceeding Rs. \_\_\_\_/- against any loss or damage caused to or suffered or would be caused to or suffered by the NMDC Limited, Hyderabad by reason of any breach by the said Contractor(s) of any of the terms and/or conditions contained in the said Agreement.
2. We Bank Limited, do hereby undertake to pay the amount due and payable under this guarantee without any demur, reservation, recourse, contest or protest and/or without any reference to the contractor, merely/on a demand from NMDC stating that the amount claimed is due by way of loss or damage caused to or would be said Contractor(s) of any of the terms or conditions contained in the said Agreement or by reason of the said Contractor(s) failure to perform the said Agreement. Any such demand made on the Bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs. /-.
3. We Bank Limited, further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement and that it shall continue to be enforceable till all the dues of the NMDC under or by virtue of the said agreement have been fully paid and its claim satisfied or discharged or till \_\_\_\_\_ NMDC certifies that the terms and conditions of the said Agreement have been on is at liberty to ask the Bank before the expiring of this Bank Guarantee to extend the validity/ term of the Bank Guarantee from time to time.
4. We \_\_\_\_\_ Bank Limited, further agree with the NMDC that the NMDC shall have fullest liberty without our consent and without affecting in any manner or obligations hereunder to vary any of the terms and conditions of the said agreement or to extend time of performance by the said contractor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by the NMDC Limited, against the said Contractor(s) and to forbear or enforce any of the terms and conditions relating to the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said contractor(s) or for any forbearance, act or omission on the part of NMDC or any indulgence by NMDC to the said Contractor(s) or by any such matter of thing whatsoever which under the law relating to sureties would but for this provision have effect of so relieving us.
5. We, \_\_\_\_\_ Bank Limited, lastly undertake not revoke this guarantee during its currency except with the previous consent of the NMDC Limited, in Writing.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_  
For \_\_\_\_\_ Bank Limited

Name, Designation, and Code Number of the Bank Officer(s) signing the Guarantee(s)	Name, Designation, and Code Number Telephone No and Address of the Controlling Officer of the Bank

**Chapter -6**  
Annexure 6-I(c)  
(Clause 6.7.2)

**PROFORMA BANK GUARANTEE FOR MATERIALS PERFORMANCE**

(To be stamped on Rs.100 non-judicial stamp paper)

**(TO BE USED BY ALL NATIONALISED BANKS/ SCHEDULED COMMERCIAL BANKS)**

Ref. \_\_\_\_\_

Bank Guarantee No. \_\_\_\_\_

Date -----

To,  
The Consignee

Dear Sir,

In consideration of the NMDC Limited, (hereinafter referred to as the "Owner" which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators and assigns) having awarded to M/s. \_\_\_\_\_ with its Registered/Head Office at \_\_\_\_\_ (hereinafter referred to as the 'Contractor' which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns), a contract by issue of Owner's Letter of Award No. \_\_\_\_\_ dated \_\_\_\_\_ and the same having been unequivocally accepted by the contractor resulting in a contract bearing No. \_\_\_\_\_ dated \_\_\_\_\_ valued at \_\_\_\_\_ for \_\_\_\_\_ (scope of contract), and the Contractor having agreed to provide a contract performance guarantee for the faithful performance of the entire contract equivalent to \* \_\_\_\_\_ % ( \_\_\_\_\_ percent) of the said value after contract to the Owner.

We \_\_\_\_\_ (i.e. Name and address), having its Head Office at \_\_\_\_\_ (hereinafter referred to as the Bank which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay the Owner, on demand any and all money payable by the Contractor to the extent of \_\_\_\_\_ as aforesaid at any time up to \*\* \_\_\_\_\_ (i.e. days/month/year) without any demur, reservation, contest, recourse or protest and/or without any reference to the contractor. Any such demand made by the Owner on the Bank shall be conclusive and binding notwithstanding any difference between the owner and contractor or any dispute pending before any court, tribunal or any authority.

The Bank undertakes not to revoke this guarantee during its currency without previous consent of the owner and further agrees that the guarantee herein contained shall continue to be enforceable till the owner discharges this guarantee.

The owner shall have the fullest liberty without affecting in any way the liability of the Bank under this guarantee from time to time to extend the time for performance of the contract by the contractor. The owner shall have the fullest liberty, without affecting this guarantee is postpone from time to time the exercise of any powers, vested in them or of any right which they might have against the contractor, and to exercise the same at any time in any manner, and either to enforce or to forbear to enforce any convenience contained or implied, in the contract between the owner and contractor or any other course of or remedy or security available to the owner. The Bank shall not be released to its obligations under these presents by any exercise by the owner of its liberty with reference to the matters aforesaid or any of them or by reason of any other acts of omission or commission on the part of the owner or any other indulgence shown by the owner or by any other matters or thing whatsoever which under law would but for this provision, have the effect of relieving the Bank.

The Bank also agrees that the owner at its option shall be entitled to enforce this guarantee against the Bank as a principal debtor, in the first instance without proceeding against the contractor and notwithstanding any security or other guarantee that the owner may have in relation the contractors' liabilities.

- 1) The Bank guarantee shall remain in full force and effect upto \_\_\_\_ (date) and the Owner shall have the right to demand or claim or encash / negotiable this Bank Guarantee within 3 months after the aforesaid date i.e. \_\_\_\_ (date). A demand or claim in writing if received by us within the period i.e. on or before \_\_\_\_ (date) will be honored.
- 2) This Bank Guarantee shall be extended from time to time for such period by \_\_\_\_ on whose behalf this guarantee has been given as desired by the corporation.

**WITNESS**

**DATED THIS \_\_\_\_ DAY OF \_\_\_\_ 20\_\_ AT \_\_\_\_**

Name, Designation, and Code Number of the Bank Officer(s) signing the Guarantee(s)	Name, Designation, and Code Number Telephone No and Address of the Controlling Officer of the Bank

**NOTE:**

- \* This sum shall be ten percent (10%) of the contract price.
- \*\* The date will be ninety (90) days after the end of the warranty period as specified in the contract.



**Chapter -6**  
Annexure 6-II  
(Clause 6.18)

**AFTER SALES SERVICE**

Service Equipment	Nearest Location	Contact (Name and contact numbers)
Depot/Warehouse		
Group A		
Group B		
Service Facilities		
Group A		
Group B		
Service Personnel		
Group A		
Group B		

**Note:** The definition of Groups A and B are as below:

Group	Depot/Warehouse	Service facilities	Service Personnel
<b>A</b>	Major Sub-assemblies/ Components	Full machine Overhaul.	Fully trained Assembly/specialist Engineers.
	Minor Sub-assemblies/ Components	Major component Overhaul and repair	Fully trained Assembly / commissioning technicians.
<b>B</b>	Low cost assemblies/ Components	Minor component Overhaul and repair	Technicians
	Consumables	Routine Repairs	Mechanics and Electricians.

### **INTEGRITY PACT FORMAT**

#### **INTEGRITY PACT**

Between

NMDC Ltd hereinafter referred to as “**The Principal**”

And

----- hereinafter referred to as “**The Bidder / Contractor**”

#### **PREAMBLE**

The Principal intends to award, under laid – down organizational procedures, contract/s for (Description of the Equipment). The Principal values full compliance with all relevant laws and regulations, and the principles of economical use of resources, and of fairness and transparency in its relation with its Bidder/s and /or Contractor/s.

In order to achieve these goals, the Principal Cooperates with the renowned international Non-Governmental Organization “Transparency International” (TI). Following TI’s national and international experience, the Principal will appoint an external independent Monitor who will monitor the tender process from the beginning till execution of the contract for compliance with the principles mentioned HEREIN.

#### **Section 1- Commitments of the Principal.**

- (1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-
  - I. No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of a contract demand, take a promise for or accept, for him/herself or third person, any material benefit which he/she is not legally entitled to.
  - II. The Principal will, during the tender process treat all Bidders with equity and reason. The principal will in particular, before and during the tender process, provide to all Bidders the same information and will not provide to any Bidder confidential/additional information through which the Bidder could obtain an advantage in relation to the tender process or the contract execution.
  - III. The Principal will exclude from the process all known prejudiced persons.
- (2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the relevant Anti-Corruption Laws of India, or if there be a substantive suspicion in this regard, the Principal will inform its Vigilance Office and in addition can initiate disciplinary action.

## **SECTION – 2 COMMITMENTS OF THE BIDDER/CONTRACTOR**

- (1) The Bidder / Contractor commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.
  - I. The Bidder / Contractor will not, directly or through any other person or firm, offer, promise or give to the Principal, to any of the Principal's employee involved in the tender process or the execution of the contract or to any third person any material or immaterial benefit which he/she is not legally entitled to, in order to obtain in exchange an advantage during the tender process or the execution of the contract.
  - II. The Bidder / Contractor will not enter with other Bidders into any illegal Agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or action to restrict competitiveness.
  - III. The Bidder / Contractor will not commit any criminal offence under the relevant Anti- corruption Laws of India, further the Bidder/Contractor will not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
  - IV. The Bidder/Contractor will, when presenting his bid, disclose any and all payments he has made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.
- (2) The Bidder / Contractor will not instigate third persons to commit offences outlined above or be an accessory to such offences.
- (3) *The Bidder / Contractor may indicate the advantage of his offer compared to the tender terms and conditions. The Bidder / Contractor shall not make any commitment whatsoever on the offers / products of other bidder(s) thereby influencing the principal to take decision of the former.*

## **SECTION 3 – DISQUALIFICATION FROM TENDER PROCESS AND EXCLUSION FROM FUTURE CONTRACT**

- (1) If the Bidder, before contract award, has committed a serious transgression through a violation of Section 2 or in any other form such as to put his reliability or credibility as Bidder into question, the Principal is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.
- (2) If the Bidder/Contractor has committed a serious transgression through a violation of section – 2 such as to put his reliability or credibility into question, the principal is entitled also to exclude the Bidder / Contractor from future contract award processes. The imposition and duration of the exclusion will be determined by the

severity of the transgression. The severity will be determined by the circumstances of the case, in particular the number of transgressions, the position of the transgressors with the company hierarchy of the Bidder and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.

- (3) If the Bidder / Contractor can prove that he has restored/recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the exclusion prematurely.
- (4) A transgression is considered to have occurred if in light of available evidence no reasonable doubt is possible.

#### **SECTION 4 – FORFEITURE OF EARNEST MONEY DEPOSIT/SECURITY DEPOSIT**

- (1) If the Principal has disqualified the Bidder from the tender process prior to the award according to Section 3, the Principal is entitled to forfeit the bidders Earnest Money Deposit.
- (2) If the Principal has terminated the contract according to section – 3, or if the Principal is entitled to terminate the contract according to section – 3, the principal shall be entitled to forfeit the Earnest Money Deposit/Security Deposit.

#### **SECTION 5 – PREVIOUS TRANSGRESSION**

- (1) The Bidder declares that no previous transgression occurred in the last three years with any other company in any country confirming to the TI approach or with any other Public Sector Enterprise in India that could justify its exclusion from the tender process.
- (2) If the bidder makes incorrect statement on this subject, he can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

#### **SECTION 6 – EQUAL TREATMENT OF ALL BIDDERS/CONTRACTORS/SUB-CONTRACTORS.**

- (1) The bidder/contractor undertakes to demand from all sub-contractors the commitment consistent with this integrity pact, and to submit it to the Principal before contract signing.
- (2) The principal will enter into Agreement with identical conditions as this one with all bidders, contractors and sub-contractors.
- (3) The principal will disqualify from the tender process all bidders who do not sign this pact and submit it to the Principal along with the offer.

## **SECTION 7 – CRIMINAL CHARGES VIOLATING BIDDERS/CONTRACTORS/SUB-CONTRACTORS**

If the principal obtains knowledge of conduct of a Bidders/Contractors/Sub-Contractors, or of an employee or a representative or an associate of a Bidders/Contractors/Sub-Contractors which constitutes corruption, or if the principal has substantive suspicion in this regard, the principal will inform the vigilance office.

## **SECTION 8 – EXTERNAL INDEPENDENT MONITOR**

- (1) The principal appoints competent and credible external independent Monitor for this Pact. The task of the monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this Agreement.
- (2) The monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He reports to the Chairman of the Board of the Principal.
- (3) The Monitor has the right of access without restriction to all Projects documentation of the Principal. The Contractor will also grant the monitor, upon his request and demonstration of a valid interest, unlimited access to his project documentation. The same is applicable to Subcontractors. The Monitor is under contractual obligation to treat the information and documents of the Bidder/ Contractor/Subcontractor with confidentiality.
- (4) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
- (5) As soon as the Monitor notices, or believes to notice, a violation of this Agreement, he will so inform the Management of the Principal and request the Management to discontinue or heal the violation or take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
- (6) The Monitor will regularly submit a written report to the Chairman of the Board of the Principal and, should the occasion arise, submit proposals for correcting problematic situations.
- (7) If the Monitor has reported to the Chairman of the Board a substantiated suspicion of an offence under relevant Anti-Corruption Laws of India, and the Chairman has not, with reasonable time, taken visible action to proceed against such offence or reported it to the Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner, Government of India.

## **SECTION 9 – PACT DURATION**

This Pact begins when both parties have legally signed it. It expires for the Contractor 12 months after the last payment under the respective contract, and for all other Bidder's 6 months after the contract has been awarded.

## **SECTION 10 – OTHER PROVISIONS**

- (1) This Agreement is subject to Indian Law. Place of performance and jurisdiction is the Corporate Office of the Principal.
- (2) Changes and supplements as well as termination notices need to be made in writing: Side Agreements have not been made.
- (3) Should one or several provisions of this Agreement turn out to be invalid, the remainder of this Agreement remains valid. In this case, the parties will strive to come to an Agreement to their original intentions.
- (4) A person signing Integrity Pact shall not approach the courts while representing the matters to IEMs and he/she will await their decision in this matter.
- (5) Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclosed their foreign principals or associates.
- (6) Bidders to disclose the payments to be made them to agents/ brokers or any other intermediary.

---

**For the Principal**

Place

Date

---

**For the Bidder/Contractor**

Witness 1:

Witness 2:



**CERTIFICATE**

NAME OF THE TENDER:

TENDER ENQUIRY NO:

DATE OF TENDER ENQUIRY:

I/WE hereby undertake that

M/s..... confirm completeness of  
“Integrity Pact” provided in Part-A of the tender document.

Signature of the authorized person

On behalf of M/s. \_\_\_\_\_

Place:

Date:

Seal and Signature

**Chapter -6**  
Annexure 6-IV  
(Clause 6.25.4)

**CERTIFICATE OF CONFORMANCE TO BORDER SHARING CLAUSE**

We have read the clause regarding Provisions for Procurement from a Bidder which shares a land border with India, we certify that, bidder M/s \_\_\_\_\_ (Name of Bidder) is:

- (i) Not from such a country [     ]
- (ii) If from such a country, has been registered with the [     ]  
Competent Authority.

(Evidence of valid registration by the Competent Authority shall be attached)

**(Bidder is to tick appropriate option (✓ or X) above).**

We hereby certify that bidder M/s \_\_\_\_\_ (Name of Bidder) fulfills all requirements in this regard and is eligible to be considered against the tender.

Place:  
Date:

Signature of Authorized Signatory of Bidder  
Name:

**NOTE:**

“The Govt. of India Order O.M No: F. No: **6/18/2019-PPD dated 23-07-2020** w.r.t the bidders from countries sharing land border with India and any other orders/ circulars related if any from time to time shall be applicable”.

**Chapter – 6**  
**Annexure 6- V**  
**(Clause 6.29.1)**

**INCOTERMS**

Manual for Procurement of Goods, Second Edition, 2024

**Annexure 19: Incoterms 2020**

(Refer Para 6.9-3)

More Common Terms in Incoterms:

TERM SERVICE	EXW	FCA	FAS	FOB	CFR	CIF	CPT	DAP	DDP
	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays
Export packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading at point of origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Inland freight	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Port receiving charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Forwarders fee	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on ocean carrier	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller
Ocean/air freight charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Insurance charges for transit risk of the buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller
Charges at foreign port/airport	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Customs, duties & taxes abroad	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Delivery charges to the final destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

**PROPOSAL FOR APPROVAL OF ISSUE OF ENQUIRY**

1. File ref. Date:
2. Indent No:
3. Date:
4. Project:
5. Description of Item:
6. Cap/Rev:
7. Imp/ Ind or Both:
8. Indent Value:
9. Budget Provision:
10. Prop/ST Item:
11. Name of Prop/ST Source:
12. Proposed Mode of tendering: GT/OT/LT/ST/RO/:
13. Sources for issue of enquiry  
*From last File/ VENDOR LIST New Sources Proj/ Engg Suggestion*
14. Established Sources not considered with reasons:
15. Remarks:
16. Competent Authority for approval:

(Dealing Officer)

Competent Authority

**Chapter – 7**  
 Annexure 7- II  
 (Clause 7.2)

**TENDER ISSUE REGISTER**

S.No/ Date	PR NO & Date	RE/ RFx No & Date	GeM BID NO & Date	Material Description & Qty	Name of Vendors & Place	Tender issued through GeM / e-Proc/ Offline	Mode of Tender GTE/OTE/ LTE/STE (Pro/No m)	Due Date/ Extended Date of Opening	Tender Estimated value in Rs. Lakhs	Revenue / Capital	DO Name & Sign
1	2	3	4	5	6	7	8	9	10	11	12

**Chapter -7**  
Annexure 7-III  
(Clause 7.10)

**DEMONSTRATION OF OFFERED PRODUCTS / SERVICES FOR TECHNICAL QUALIFICATION**

According to the existing guidelines on public procurement of goods, purchase in accordance with a sample should not be usually undertaken. Calling<sup>1</sup> for a sample along with the tender and deciding on the basis of evaluation of the sample may not be done.

If desired, a purchaser's reference sample may be displayed for prospective Bidders to illustrate the desired indeterminable characteristics, which final supplies from successful bidder(s) will have to meet in addition to the specifications/ drawings. If required, in addition to the purchaser's reference sample, the provision for the submission of a pre-production sample matching the purchaser's sample by successful bidder(s) may be stipulated for indeterminable characteristics, before giving clearance for bulk production of the supply.

However, in some cases (for example, electronic hardware, software etc.), it might be necessary to ask the bidders for a demonstration of their offered products for technical qualification. The following guidelines shall be followed in cases involving demonstration of products by the bidders.

- a) If demonstration of the item is necessary, the purchase enquiry proposal shall include the need for demonstration of the products and the mode of demonstration (physical / live online / recorded video demonstration). The same shall be mentioned in the tender document with the approval of Competent Authority.
- b) The scope of such demonstrations shall be clearly defined in the tender document. The demonstration shall be evaluated against the detailed specifications mentioned as a part of the tender document only as far as possible. The parameters for evaluation of samples shall be clearly specified in the tender document.
- c) The Bidder(s) shall bear all direct or consequential costs, losses and expenditure associated with or relating to the demonstrations which may be required by the NMDC. The tender documents shall clearly stipulate that all such costs, losses and expenses shall remain with the Bidder(s) and the NMDC shall not be liable in any manner whatsoever for the same, regardless of the conduct or outcome of the Bidding Process.



- d) The Tender Committee shall call the otherwise techno-commercially qualified bidders for demonstration of their offered products before the price bid opening. Sufficient time shall be given for the bidders to prepare for the demonstration. The minimum time (no. of days) to be given for preparation for the demonstration shall be mentioned in the tender document.
- e) In case of physical demonstration or live online demonstration, specific time slots shall be given for each bidder. In case of recorded video submission, a specific deadline for submission shall be given.
- f) In case of physical demonstration, the demonstration of the offered products by each bidder in front of the Tender Committee shall be video recorded and the same shall be maintained for future references.
- g) In case of live online demonstration, the demonstration session shall be recorded and the same shall be maintained for future references.
- h) Tender Committee shall document its evaluation of the demonstrated products against the parameters declared in the tender document and shall classify the products as acceptable or not acceptable.
- i) All bidders, whose bid has been otherwise techno-commercially qualified, and the demonstrated product has been deemed acceptable by the Tender Committee, shall be considered for price bid opening. The same shall be communicated to those bidders.
- j) In case of rejection of techno-commercial bid of a bidder based on demonstrated product's evaluation by Tender Committee, the same shall be communicated to the bidder. The price bid of those bidders shall not be opened.
- k) The Tender Committee's evaluation and the recorded video of the corresponding winning bidder's demonstration shall be referred during inspection for acceptance of the pre-production sample and / or full supply of the products.

---

<sup>1</sup> CVC's circular: 2EE-1-CTE-3 dated 15 October 2003

**Chapter - 7**  
**Annexure-7-IV**  
**(Clause 7.12.1)**

**CONSTITUTION OF TENDER OPENING COMMITTEE & TENDER SCRUTINY COMMITTEE**

एनएमडीसी  
NMDC

**एन एम डी सी लिमिटेड**  
**NMDC Limited**  
(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)  
पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, मासाब टैंक, हैदराबाद - 500 028.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.  
वैयम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

NMDC/DoP/2023 21.11.2023

**OFFICE ORDER**

**Constitution of Tender Opening Committee & Tender Scrutiny Committee**

In an effort to streamline the existing mechanism regarding formation of TOC & TSC for various tenders in NMDC, the following modalities are approved by Competent Authority.

The respective TOC (minimum two members) and TSC have to be constituted with the approval of Competent Authority as per DoP.

**TOC**

TOC shall have a member from the user department or Contracts department / Materials Management department (if tendering action is being taken by Contracts / MM department on behalf of user department or as may be required on case-to-case basis), along with a representative from Finance department.

However, for the tenders floated through GeM portal, wherein digital signatures of multiple representatives are not required for opening of the bids, such cases can be directly processed by the dealing officer (with consent of HoD), without any constitution of TOC, as the bids under GeM portal have to be opened directly by the dealing officer using his/her login credentials directly considering the bids under GEM cannot be altered.

**TSC**

1. TSC shall consist of members from user department, a Finance representative, representative of Contracts / MM department (if applicable) and other members / experts (as required from case-to-case).
2. For tenders to be opened / scrutinized / dealt, the following cost based gradation shall be followed with respect to the constitution of TSC.

FOR ALL PROCUREMENT OF WORKS, GOODS & SERVICES	
VALUE	GRADES
Up to Rs.50,00,000/-	Minimum M3 Level should be nominated (i.e. Asst. Manager and above)
Rs.50,00,001/- to Rs.2,00,00,000/-	Minimum M5 Level should be nominated (i.e. Manager and above)
Rs.2,00,00,001/- to Rs.10,00,00,000/-	Minimum M6 Level should be nominated (i.e. Sr. Manager and above)
RS.10,00,00,001/- to Rs.30,00,00,000/-	Minimum M8 Level should be nominated (i.e. DGM and above)
Above Rs.30,00,00,000/-	Minimum M9 Level should be nominated (i.e., GM and above) (Detailed at point 3)

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ई-मेल / E-mail : hois@nmhc.co.in वेबसाइट / Website : www.nmhc.co.in

एनएमडीसी लिमिटेड  
NMDC Limited



जारी शीट  
Contn. Sheet

3. For all the proposals, where ECOD / CMD is Competent Authority, the requirement of TSC shall be as under:
- HODs of the concerned departments (i.e. senior most official of the department) shall be the Standing TSC member.
  - Only in absence of HOD (i.e. senior most official of the dept.) of the concerned dept., during any emergency situations or for any other reasons to be recorded, one grade below HOD level shall be the TSC member for such instance and the same shall be specifically approved by the Functional Director of the user dept.

**The above guidelines shall be applicable for all future tenders and to those tenders where TSC has not yet started the evaluation.**



K. Venkateswarlu  
General Manager (Finance)

Copy to:-

- CMD
- All Functional Directors
- All Heads of Projects
- All Heads of Regional Offices/Units
- All Heads of Department, HO



## एन एम डी सी लिमिटेड NMDC Limited

(भारत सरकार का उद्यम) (A GOVT. OF INDIA ENTERPRISE)

पंजीकृत कार्यालय : 'खनिज भवन', 10-3-311/ए, कैसल हिल्स, माराय टैंक, हैदराबाद - 500 028.  
Regd. Office : 'Khanij Bhavan' 10-3-311/A, Castle Hills, Masab Tank, Hyderabad - 500 028.  
नैगम पहचान संख्या / Corporate Identity Number : L13100TG1958 GOI 001674

NMDC/DoP/2023/02

29.04.2024

### OFFICE ORDER

#### Constitution of Tender Opening Committee & Tender Scrutiny Committee

In continuation to the previous *Office Order: NMDC/DoP/2023* dated 21/11/2023, the following amendment is effected with the approval of Competent Authority, in order to facilitate better clarity & ease of operation in respect of **Tender Scrutiny Committee**:

1. TSC shall consist of members from user department, a Finance representative, representative of Contracts / MM department (if applicable) & other members / experts (as required from case-to-case).
2. For tenders to be scrutinized / dealt, following cost-based gradation is proposed with respect to the constitution of TSC:

TSC FOR ALL PROCUREMENT OF GOODS, WORKS & SERVICES		
VALUE	GRADES	Approval of TSC Constitution
Up to Rs.50,00,000/-	Minimum <b>M3 LEVEL</b> should be nominated (i.e. Assistant Manager and above)	Tender Approving Authority (refer point 9.1 of SOP - Delegation of Powers)
Rs.50,00,001/- to Rs.2,00,00,000/-	Minimum <b>M5 LEVEL</b> should be nominated (i.e. Manager and above)	
Rs.2,00,00,001/- to Rs.10,00,00,000/-	Minimum <b>M6 LEVEL</b> should be nominated (i.e. Senior Manager and above)	
Rs.10,00,00,001/- to Rs.30,00,00,000/-	Minimum <b>M8 LEVEL</b> should be nominated (i.e. DGM and above)	
Above Rs.30,00,00,000/-	Minimum <b>M9 LEVEL</b> should be nominated (i.e. GM and above)	

**Remarks:** In case there are no executives of the specified grade in particular Project / location, the next lower grade officer available at the location shall be nominated as member of the committee (with the approval of Competent Authority).

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ई-मेल / E-mail : hois@nmhc.co.in वेबसाइट / Website : www.nmhc.co.in



एनएमडीसी लिमिटेड  
NMDC Limited



जारी शीट  
Contn. Sheet

3. For all the proposals, where ECoD / CMD is Competent Authority and the value of the case exceeds Rs.30.00 crores, the requirement of TSC shall be as under:

- a. HoDs of concerned departments (i.e. senior most official of the department) shall be Standing TSC member.
- b. Only in the absence of HoD (i.e. senior most official of the department), during any emergency situations or for any other reasons to be recorded, one grade below HoD level shall be TSC member for such instance and the same shall be specifically approved by Functional Director of the user department.

The above guidelines shall be applicable for all future tenders and to those tenders where TSC has not yet started the evaluation.

K. Venkateswarlu  
General Manager (Finance)

Copy to:-

1. CMD
2. All Functional Directors
3. All Heads of Projects
4. All Heads of Regional Offices / Units
5. All Heads of Department, H.O.

**Chapter - 7**  
Annexure-7-V  
(Clause 7.12.3)

**PURCHASE PROPOSAL**

1. Date:
2. Purchase File No. HQMM/  
Last Note No: Last Page No. (Corresp):  
No.of Pages (Note):
3.
  - a) Project:
  - b) Purchase Requisitions No:
  - c) Date:
4. (a) Whether Cap/ Rev: (b) Imp / Ind :
5. Indent Value:
6. Description of Material:
7. Whether proprietary in nature (Yes/ No):
8. Name of Proprietary Source:
9. Mode of Tender: Single / Limited/ Open/ Global Tender / Repeat Order/ RC
10.
  - a) No.of Firms Contacted:
  - b) Date of Tender Issued:
11. (a) Tender Due Date:  
(b) Extension, if any:
12. Details of Offers Received:
  - (a) No. of received within due date:
  - (b) No. of regretted:
  - (c) No. of delayed:
  - (d) No. of late received:
  - (e) No. of Open Offers:
13. Comparative Statement:
  - a) Technical
  - b) Commercial:



14. TSC Recommendations:

- a) Initial:
- b) Final:

15. Rank of the Offer Accepted:

16. Reasons for Ignoring Lower Offers, if any:

17. Name of the firms Recommended:

Basic	Landed Cost(in Lakhs)	Offer Validity
-------	-----------------------	----------------

18. Name of Indian Agent (in case of import):

19. Agency Commission Payable :

20. Other Important Commercial Terms:

- a) Price :
- b) Taxes :
- c) Duties, if any :
- d) Packing & forwarding :
- e) Delivery point :
- f) Delivery period :
- g) Payment terms :
- h) Warranty :
- i) Performance Guarantee :

21. Remarks about the proposal :

22. The above proposal for placement of order on M/s.\_\_\_\_\_mentioned at para 17 above at a total estimated landed cost of Rs.\_\_\_\_\_Lakhs may please be approved by\_\_\_\_\_. The proposal fall within the powers delegated to\_\_\_\_\_.

Dealing officer

Section Head

HoD

Competent Authority

**Chapter – 7**  
**Annexure 7- VI**  
**(Clause 7.21.f)**

**PURCHASE ORDER/ AT REGISTER**

S. N	File No./ PR No & Date	Tender thro GeM/e-Pro/ Offline  Mode of Tender GTE/OTE/ LTE/STE (Pro/Nom)	PO/AT NO & DATE		Item Description & Qty	Name of Supplier & Place	Estimate Cost in Rs. Lakhs	PO/ AT Value		D P	MFR/ Dealer/ Agent	Firm Category  MSE/ SC/ST/ Women	M II	Capital/ Rev	Negotiation/ RA		Cost Saving in Rs. Lakhs
			Ge M	SA P				Basic Cost in Rs. Lakhs/ Foreign Currency	Land Cost in Rs. Lakhs						Neg o/ RA	Reduced Price in Rs. Lakhs	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18

**Chapter – 7**  
 Annexure 7- VII (a)  
 (Clause 7.23)

**PROCESS LEAD TIME CHART – SINGLE BID SYSTEM**

S.No	Process	Maximum Lead time
1	Purchase Requisition Review / Scrutiny	7 days
2	Financial concurrence of PR and Approval of Competent Authority (CA)	7 days + 3 days
3	Forwarding the approved PR to Purchase Section	3 days
4	Preparation of Purchase Enquiry Proposal	3 days
5	Financial concurrence of Purchase Enquiry Proposal and Approval of CA	7 days + 3 days
6	Issue of Purchase Enquiries after receiving approval of C/A	7 days
7	TSC meeting and recommendations on Price bid	7 days
8	Financial concurrence on price bid & Approval of C/A	7 days + 3 days
9	Issue of LoA after receipt of approval for Price TSC recommendations	1 day
10	Issue of PO	2 days

**Chapter – 7**  
Annexure 7- VII (b)  
(Clause 7.23)

**PROCESS LEAD TIME CHART – TWO BID SYSTEM**

S.No	Process	Maximum Lead time
1	Purchase Requisition Review / Scrutiny	7 days
2	Financial concurrence of PR and Approval of Competent Authority (CA)	7 days + 3 days
3	Forwarding the approved PR to Purchase Section	3 days
4	Preparation of Purchase Enquiry Proposal	Revenue Items – 3 days; Capital Items – 7 days
5	Financial concurrence of Purchase Enquiry Proposal and Approval of CA	7 days + 3 days
6	Issue of Purchase Enquiries after receiving approval of C/A	7 days
7	Initial Scrutiny by Purchase Officer before forwarding for technical evaluation	2 days
8	Technical Evaluation & Commercial Evaluation (Parallel)	7 days
9	TSC meetings and recommendation (techno-commercial)	7 days
10	Financial concurrence on TSC meetings (techno-commercial minutes) & Approval of C/A	7 days + 3 days
9	Opening of Price Bids after approval by Competent Authority	1 day
10	TSC meeting and recommendations on Price bid	7 days
11	Financial concurrence on price bid & Approval of C/A	7 days + 3 days
12	Issue of LoA after receipt of approval for Price TSC recommendations	1 day
13	Issue of PO	2 days

**Chapter – 9**  
Annexure 9-I  
(Clause 9.1.k)

**A) STANDARD PRE-QUALIFICATION CRITERIA TERMS AND CONDITIONS:**

The prospective Bidder (which term shall mean and include the manufacturer and/ or its agent(s,) viz. Authorized Distributor/Dealer/Channel partner/ Marketing/ Trading houses or by whatever other name is known) must have supplied and commissioned, jointly or severally as the case may be **at least 02 nos.**, of similar equipment internationally (i.e. anywhere in India / outside India) or in India during the last 10 years ending last day of the month previous to the one in which tenders are invited. **At least 01 no.** of such equipment must be working satisfactorily in India or Internationally (i.e. anywhere in India / outside India) for a minimum period of **one year during the period** from the date of commissioning **to the day** ending last day of the month previous to the one in which tenders are invited. **Documentary evidence to the above should be enclosed.**

**List of Required documents for PQC Evaluation:**

- 1) **Copy of purchase order/ work order/ contract/ agreement**
- 2) **Copy of commissioning report indicating the same purchase order/ work order/ contract / agreement reference as per s.no:1 above.**
- 3) **Copy of performance report indicating the same purchase order/ work order/ contract/ agreement as per s.no:1 above.**
- 4) **Copy of Manufacturer Authorization Letter.**

Similar Equipment means Equipment of same function and same or higher capacity as per the Technical Specifications.

In case bidders who are not in a position to submit the past supply order copies, invoices, commissioning report, satisfactory performance report etc., due to confidentiality law of particular country, a copy of such laws should be enclosed along with the offer for claiming exemption for submitting the above documents and in such cases the bidder should enclose a customer list for the type and model of equipment offered duly in signed and stamped by the Original Equipment Manufacturer and duly notarized through their Indian counter Part / Agencies, clearly indicating the customer Name & Address, Contact number and date, Date of supply, erection & commissioning, guaranteed annual availability, if any, as per the performance guarantee clause of the supply order / purchase order and actual achieved annual availability for minimum period of 1 year for each equipment supplied.

The Bidder should give a self-certificate along with their offer in techno commercial bid, stating that the desired level of performance guarantee parameters stipulated in the order, have been met and no guarantee/ warranty is pending against the supplied order received by them. However, NMDC reserves the right to verify the above or get the performance details from the concerned buyer/ customers of equipment. Bidders are required to furnish relevant information regarding name of the customer, contact details, supply order reference, date of commissioning, hours already worked and present status.

The bidder should have well established after sales service, parts network and repair facility in India or Internationally either through themselves or through their authorized service agents. In case the bidder does not have such facility in India, they should establish such facility within 03 months of supply of the equipment.

**All Bidders should submit PQC supporting document details as below:**

Customer Name	PO Qty	PO No & Date	Installation & Commissioning Date	Performance Report Date

#### **B) INTERNAL PERFORMANCE IN PQC:**

NMDC reserves the right to verify the internal performance of the earlier supplied similar/ higher capacity equipment, in the assessment period as mentioned in the PQC clause.

The internal performance reports obtained from user departments will be preferred over the performance reports submitted by the bidder and the decision of NMDC regarding the techno-commercial evaluation of the offer will be final.

#### **NOTE:**

Above internal performance clause may be incorporated suitably on case to case basis.



**Chapter – 10**  
 Annexure 10-I  
 (Clause 10.2b)

**STORES RECEIPT SERIAL (SRS) CONTROL REGISTER**

SRS NO	DATE	RR/ GRN NO	Truck No	No.of Packages/ Cases/ Items received	Weight of Consignment received	Material Description	Supplier Name	AT NO & DATE	Convey Note No & Date	GRN NO & Date	Sign of Stores I/C

**Chapter – 10**  
Annexure 10-II  
(Clause 10.2c)

**RAILWAY/ LORRY RECEIPT REGISTER**

S.No	Date	R.R No/ LR No and Date	Name of Carrier	Consigner	Despatching Station	Consignee	Destination Station	A.T No and Date	Nature of goods
1	2	3	4	5	6	7	8	9	10

No.of Cases	Freight		Weight		Distance & Invoice No	Invoice Amount	Remarks in RR and Insurance	SRS No & Date	GRN No & Date	Remarks
	Paid	To Pay	Actual	Charged						
11	12	13	14	15	16	17	18	19	20	21

**Chapter – 10**  
**Annexure 10-III**  
**(Clause 10.2e)**

**CONVEY NOTE FORM FOR OUTWARD DESPATCHES (DEPARTMENTAL)**

CONVEY NOTE NO & DATE:

GATE PASS NO & DATE:

To,

.....

The following materials are issued to Shri. ....Designation & Token  
No:.....dispatched through Vehicle No:.....

Please acknowledge receipt of materials per return.

S.No	SRS No & Date	LR / RR No & Date	Material Description	Qty	Supplier Name	Challan / Invoice No & Date	PO NO & Date

**PURPOSE:** FOR INSPECTION/ INSTALLATION & COMMISSIONING

Signature of Recipient

Signature of Driver

Stores Asst.

Stores I/C

**Copy to:**

- 1) Materials Dept
- 2) User dept
- 3) CISF Commandant

**Chapter – 10**  
Annexure 10-IV  
(Clause 10.4.1 i)

**STOCK SURPRISE CHECKING REGISTER**

S.No	Date	Name of Custodian	Folio/ Card No	Location	Description	A/U	Book Balance
1	2	3	4	5	6	7	8

Physical Balance	Discrepancy		Condition of Material	Date of Last Verification	Signature of Custodian	Signature of Stores I/C
	Shortage	Excess				
9	10	11	12	13	14	15

**Chapter – 10**  
Annexure 10-V  
(Clause 10.4.1 ii)

**H.S.D / PETROL (MS) TANK DIP REGISTER**

**CENTRAL STORES DEPT**

**TANK LOCATION:**

**MONTH:**

Date	OPENING READING				Meter Reading	Sign of Custodian	Initial of I/C	Qty received during the day	Qty issued during the day
	Time of Dip	Dip in Cm.	Qty as per Dip	Book Balance					
1	2	3	4	5	6	7	8	9	10

CLOSING READING					Difference in Litres		Sign. of Custodian	Sign of I/C	Re-marks
Time of DIP	DIP in Cm.	Qty as per DIP	Meter Reading	Balance Book	Shortage	Excess			
11	12	13	14	15	16	17	18	19	20

**GUIDELINES FOR HANDLING LOSS OF HSD AND MS**



**NMDC LIMITED**  
(A GOVERNMENT OF INDIA ENTERPRISE)  
10-3-311/A, CASTLE HILLS, MASAB TANK, HYDERABAD-500028  
Telephone: 0091-40-23538713 to 23538721 Ext: 228/535/230, 23538710

**CIRCULAR**

No. HQMM/CGM (M)/HSD & MS/2022-23/

Dt: 19.10.2022

Sub: Detailed revised guidelines & procedure regarding storage and handling loss for issue of HSD and MS

Ref: 1) Circular No. HQMM/GM (M)/HSD & MS/05-06 dtd.21.12.2005  
2) Committee's recommendations  
3) Marketing Discipline Guidelines for RO/SKO Dealerships of Public Sector Marketing Companies (Effective 8<sup>th</sup> January 2013, amended on 03.08.2018)

It is informed that a committee was constituted in association with Projects & oil company representatives (M/s.HPCL & M/s.IOCL) to examine the detailed procedure to be adopted, based on study carried out by vigilance dept. on "write off of MS / Petrol and HSD" and review of the said circular in line with amended norms and guidelines of the oil companies. As per the committee's report, the following revised guidelines/procedure against the circular cited at sl.no.1 (point no.3), is to be followed by all Projects of NMDC to have uniform system for proper accounting.

- I) The periodicity of calculating the losses shall be on annual basis as per previous circular dtd.21.12.2005
- II) The allowable limits on storage and handling losses of MS & HSD have to be calculated in each & every underground tank individually as per guidelines below.

**III) Allowable limits for storage and handling loss for issue of MS & HSD**

Due to continuous storage and handling of the HSD and MS/Petrol some losses are occurred. The losses due to storage and handling are to be calculated as follows:

- Stock reconciliation should be carried out and variation, if any, established after taking into account the normal operational variation of 4% tank stock and considering the following factors:



**A. Evaporation/handling losses in MS as follows:**

0.75% on quantity sold upto an annual average of 600 KLs.  
0.60% on additional quantity beyond an annual average of 600 KLs.

**B. Evaporation/Handling losses in HSD as follows:**

0.25% on quantity sold upto an annual average of 600 KLs.  
0.20% on additional quantity beyond an annual average of 600 KLs

Sample calculation for arriving at evaporation/handling losses is as per ANNEXURE-I

**IV)** The above procedure must be followed for every underground tank of MS & HSD, individually on annual basis only which will be duly concurred by the project finance and approved by competent authority. Subsequently, an adjustment voucher will be prepared in ERP/SAP.

**V)** The present guidelines adopted in the projects for decanting of product as per circular dtd.21.12.2005 and total fuel management including automatic testing gauges & automation of manual activities shall be reviewed by the committee after visiting the other PSUs.

**VI)** All the flow meters fixed in the Diesel bowser must obtain calibration certificate from the concerned authorities for transparency and accountability in the system as and when it is due by the concerned end user.

The above procedure is to be followed strictly with effective from 01.04.2022 by all Projects of NMDC. This has the approval of competent authority.

  
(J.P.Singh)

Chief General Manager (Materials)

CC to:  
All Project Heads  
All Heads of MM Depts of Projects.

Encl: Sample calculation sheet (Annexure-I)

Sample calculation for evaporation/handling losses			Annexure-I
HSD			
All figures are individual underground tank wise			
SN	DESCRIPTION	Qty (Ltr)	
1	Actual opening dip/physical Balance as on 01st April	12,948.00	
2	Total actual Receipts after temperature variation adjustments during the year	4,48,456.00	
3	Total Quantity (1+2)	4,61,404.00	
4	Closing Book Balance as on 31st March	12,364.00	
5	Actual (Physical) Quantity as per Dip as on 31st March	12,179.00	
6	Total Issues (Sold) during the year (3 - 4)	4,49,040.00	
7	Net Shortage (+) / Excess (-) (S. No. 4 - S. No. 5)	185.00	

**Allowable losses as per revised proposed guidelines**

A	4% of Tank Stock as on 31st March (S. NO. 5 * 4%)	487.16
B	0.25% of quantity Sold (Up to annual avg of 600 KL of Sl.No.6)	1,122.60
C	0.20% of quantity sold above 600 KL, of sl.no.6. In this case the qty above 600 KL is Nil.	0.00
Total Loss allowed (A+B+C)		1,609.76

*MS* 19.10.22  
CGM (Materials)

**Chapter – 10**  
Annexure 10-VII (a)  
(Clause 10.11.4)

**UNSERVICEABLE / SCRAP MATERIAL RETURN VOUCHER**

Voucher No & Date:.....

Name of Transporter & Truck No:.....

Material Collected Location:.....

Name & Designation of Returning Officer: .....

S.No	Stores Ledger Folio	Material Description	UoM	Quantity		Balance after Posting	Remarks
				Return	Received		
1	2	3	4	5	6	7	8

**NOTE: Certified that the above materials are inspected and found to be unserviceable / scrap.**

Sign of Returning Officer

Sign of HOD

Stores Custodian

Stores I/C

**Chapter – 10**  
Annexure 10-VII (b)  
(Clause 10.11.4)

**NUMERICAL LEDGER REGISTER OF UNSERVICEABLE / SCRAP MATERIAL**

Material Category:.....

FOLIO NO:.....

Material Description:.....

UNIT:.....

LOCATION:.....

Date	Received or Issued Voucher No	Received from or Issued to	Quantity			Sign of Custodian	Receipt or Issue Voucher		Received from or Issued to	Quantity			Sign of Custodian
			Receipt	Issue	Balance		No	Date		Receipt	Issue	Balance	
1	2	3	4	5	6	7	1	2	3	4	5	6	7

**Chapter - 10**  
Annexure – 10 – VIII  
(Clause No: 10.12)

**NMDC LIMITED, HYDERABAD**

No.Prod/Misc/92  
October 1, 1992

**CIRCULAR**

**SUB: CANNIBALISATION OF EQUIPMENT**

Vide Circular No. HQMM/15(3)/policy dated 31.03.1989 issued by the Materials Management Department guide lines for reclamation of useable parts from the old equipment which have crossed their useful life, were given. The steps are:

- i) Recommendations of survey committee that the equipment is beyond economical repairs and maintenance and the same should be replaced.
- ii) Recommendations of the project committee that the equipment cannot fetch justifiable price and therefore should be cannibalized to reclaim useable parts and assemblies.
- iii) Getting approval of competent authority for Cannibalisation of equipment.

You are now requested to give a statement in the following format in respect of equipment cannibalized at the project.

1. Name of equipment
2. Proj S.No of equipment
3. Engine No and Chassis No. of the equipment
4. Ref. No. and date of project committee's recommendations for replacement or return to stores for disposal.
5. Ref. No. and date of project committee's recommendations that equipment should be cannibalized instead of being disposed off.
6. Ref. No. and dated under which recommendations sent to HO for approval of competent authority.
7. Ref. No. and date of approval of competent authority for Cannibalisation of equipment.

This information is required to ensure that proper records have been maintained in respect of equipment which have been cannibalized. In case action on these lines have not been taken so far the same should be taken immediately and status intimated.

**Director (Production)**

**Chapter - 11**  
 Annexure 11-I  
 (Clause 11.2 h)

**PROFORMA FOR OBSOLETE DECLARATION**  
**(Details of Equipment recommended for Surplus/ Unserviceable declaration)**

S.No	Equipment	Date of Commissioning	Hours worked	Cost of Purchase	Present Book Value on date	Present Condition	Cost of spares held on stock	Remarks
1	2	3	4	5	6	7	8	9

**Signature of the Committee Members:**

- 1)
- 2)
- 3)

## **APPENDICES**

### **APPENDIX-I**

#### **DEFINITION OF THE TERMS USED**

##### **1) Definition of Goods, Services and Works:**

- i) Procurement of new product along with Installation, commissioning, training, AMC/CMC should be handled as **Procurement of Goods**.
- ii) Procurement of Repair, Maintenance, Overhauling, AMC/CMC or similar work for existing Electrical (or) Mechanical Assets should be normally be handles as **Procurement of Services**.
- iii) In case of composite Contracts for Goods and Services, if the Procurement value of Goods is substantial and rendering service is incidental then such procurement shall be handled as **Procurement of Goods**.

Similarly, if the Procurement value of Services is significant and supply of goods is incidental to the contract then such procurement shall be handled as **Procurement of Services**.

- iv) In any case, rules for Procurement of Goods and Services are almost same.
- v) The construction, fabrication, repair, maintenance, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, of Civil Assets should be handled as **Procurement of Works**.

(Refer: DOE OM: No. F.6/2/2023 – PPD dt: 13.01.2023.)

##### **2) Definition of OEM / OES / OPM / Proven Sources:**

- a) **OEM** – Means, Original Equipment Manufacturer.
- b) **OES** – Means, the authorized supplier of Original Equipment Manufacturer. Only those firms who have the current authorization and/or technical collaboration with OEM for supply of their equipment and giving technical services would be treated as OES.
- c) **OPM** – Means, Original Parts Manufacturer falling under the following categories:
  - i) The original manufacturers of assemblies, sub-assemblies or component of the original equipment.
  - ii) The original manufacturers of spare parts / items of assemblies, sub-assemblies or component of the original equipment.
- d) **Proven Sources** – Means sources who have manufactured and supplied tendered Spare Parts, Assemblies, sub-assemblies or components in the past to NMDC or other PSUs/Government Departments/Private Organizations and these items have performed satisfactorily for a period of not less than one year from the date of fitment/commissioning.

##### **3) Annual PRs:** PRs covering the annual requirements of items.

##### **4) Amendment:** A document authorizing change in an earlier document issued.



- 5) **Capital PRs:** PRs covering requirement of Capital items.
- 6) **Capital Items/ Goods:** Capital items/Goods means any plant, Machinery, Equipment or Accessories required for manufacture or production either directly or indirectly, of goods or for rendering services, including those required for replacement, modernization, technical up gradation ore expansion.
- 7) **Consumables:** Which get consumed in the process and do not form part of end product or general stores.
- 8) **Competent Authority / Approving Authority:** Competent Authority / Approving Authority in respect of matters incidental to Purchase of stores, powers have been delegated to the officers at different levels in NMDC. The officers so empowered are defined as Competent Authority.
- 9) **Capital and Revenue:** The term Capital would mean items of capital nature involving procurement. The term revenue would mean the expenses of revenue nature involved in procurement of material required for running and maintenance of the plant and machinery.
- 10) **Delivery Period:** Is the time allotted to a supplier for effecting the supply of items as per purchase order.
- 11) **Emergency PRs:** PRs covering Break down/ Emergency requirements.
- 12) **Inputs:** The terms “in-puts” to the production system would mean all requirements required for production of end product and included raw materials, components, consumables, spares, capital equipment and any other requirement such as repairing and reconditioning services required for production purposes.
- 13) **Lead Time:** The time required to make available an item at works from the time the intimation for its requirement is received at Head Office.
- 14) **Limited Tender:** An Enquiry in which participation is limited to those who are invited to quote. The enquiry will be sent to all those firms in particular category where categorization has been done.
- 15) **Negotiation:** Negotiation is the process of discussion and arriving at mutual agreement between the buyer and the seller.
- 16) **Open Tender:** A requirement in which the participation is opened to all who can satisfy the requirement of supply
- 17) **Purchase Requisition/Indent:** Purchase Requisition/Indent are used as synonyms and would mean the intimation of requirement for material in prescribed format.
- 18) **Purchase Order:** A The document requesting for supply of material issued to the supplier. This is a legal document and constitutes an offer and constitutes a contract by virtue of the offer of the supplier and acceptance by the buyer.

- 19) **Regular/ Routine PRs:** The term “regular/routine indents” are used as synonyms would mean requirement of regular/routine items.
- 20) **Restricted Tender:** An Enquiry in which participation is limited to those who are invited to quote by issuing enquiries to a selected number of firms out of the registered list of suppliers for the class of goods required.
- 21) **Repeat Order:** A Purchase Order issued on the same supplier for the same item.
- 22) **Single Tender:** An Enquiry sent to only one party seeking offer.
- 23) **Specifications:** The term “specifications” would mean a detailed description of the requirement in terms of physical and chemical properties and functional requirements.
- 24) **Standard:** A standard specification would mean, a specification as per I.S or any other international standard.
- 25) **Spares, Components and Accessories:** Those are the items required for smooth and continuous operation of the plant and machinery.
- 26) The terms used as “Bidders”, “Tenderers”, “Vendors”, “Suppliers” etc. are all synonyms and would mean sources from where the requirements are procured.
- 27) The terms used as “Offer”, “Tender”, “Bid” and “Quotation” are all synonyms and would mean the same.
- 28) The terms used as “Finance” and “Accounts” are synonyms and would mean the Department connected with financial matters.
- 29) The term “Destination Cost” would mean the cost inclusive of Packing & Forwarding, Freight, Insurance, Taxes and Duties up to the destination point.
- 30) The terms used as “Accounting Unit (A/U)” / “Unit of Measurement” are synonyms and would mean the same.
- 31) The term “rate, price and cost” are used as synonyms and would mean the cost at which the item is ordered or procured.
- 32) The term “Authorised agent, Dealer/Distributor” are all used as synonyms and would mean an authorized representative of manufacturer who sell the product manufactured by them.
- 33) The term “Acceptance of Tender (AT)”, “Purchase Order” and “Supply Order” are all used as synonyms and would mean the same.
- 34) **“Excepted Matters”** is defined as – “Arbitration Agreement terms consists of conditions stating that disputes arising out of certain issues cannot be open for adjudication for arbitration which are deemed as excluded from the scope of arbitration. These are called ‘Excepted Matters’.

The following is list of “Excepted Matters” and on which clauses/issues the decision of owner / Engineer in Charge / Site in Charge is final and binding, the Supplier shall not raise any dispute on any such account (the decision owner/engineer in charge/site in charge) and the same shall not be arbitrable”

- 1) Interpretation of Purchase Order documents
- 2) Special conditions of the Purchase Order
- 3) Submission of tender
- 4) Supplier's onus and duties before filing tender document

## **APPENDIX -II**

### **PROCUREMENT GLOSSARY:**

#### **AS PER DOE PROCUREMENT OF GOODS MANUAL SECOND EDITION (AUG -2024)**

- 1) “Agent” is a person, or a legal entity employed to act for/ represent another (called the Principal) in dealings with a third person or legal entity. In public Procurement, an Agent is a representative participating in the Tender Process or the execution of a Contract for and on behalf of its principals.
- 2) “Allied firm” (‘affiliates’/ ‘affiliated firm’, ‘sister concern’, ‘associated firm’, or ‘related party’) of a bidder/ contractor (Principal firm, including Joint Venture Company) is a firm/ concern (including Joint Venture Company) that comes within the sphere of effective control/ influence of the principal firm, wherein the Principal Firm – i) being a proprietary firm, owns the Allied Firm, ii) being a partnership firm, has common (all or majority of) partners, or any one of its partners has profit share of 20% or more, in the Allied Firm iii) has common Management (say majority of director) with the Allied firm; iv) its partners or directors have a majority interest in the management of the Allied Firm; v) has a controlling voice by owning substantial (20% or more) shares in the Allied Firm; vi) directly or indirectly controls or is controlled by or is under common control, by way of any agreement/ MoU or otherwise with the Allied Firm, v) has the Allied Firm as its successor/ subsidiary or vice-a-versa; vii) has common offices/ manufacturing facilities with the Allied Firm.
- 3) “Bid” (‘tender,’ ‘offer,’ ‘quotation’ or ‘proposal’) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such Bids;
- 4) “Bidder” (‘bidder,’ ‘consultant’, ‘tenderer’, ‘contractor’ or ‘service provider’) means any eligible person, firm, or company, including a consortium (that is, an association of several persons, firms, or companies) participating in a procurement process with a procuring entity;
- 5) “Bid security” (‘Earnest Money Deposit’(EMD), or ‘Bid Security Declaration’) means security from a bidder securing obligations arising from its Bid, i.e., to avoid the withdrawal or modification of its Bid within its validity, after the deadline for submission of such Bids; failure to sign the resulting contract or failure to provide the required security for the performance of the resulting contract after its Bid has been accepted;

- or failure to comply with any other condition precedent to signing the resulting contract specified in the solicitation documents;
- 6) “Bill of Quantities” (Price Schedule, Financial Bid or BOQ) means the priced and completed Bill of Quantities forming part of the bid.
  - 7) “Central Public Sector Enterprise” means a body incorporated under the Companies Act or established under any other act in which the Central Government directly or indirectly owns more than 50 per cent of the issued share capital;
  - 8) “Class-I local supplier” means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for ‘Class-
  - 9) I local supplier’ under the Public Procurement (Preference to Make in India), Order 2017 ;
  - 10) “Class-II local supplier” means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for ‘ClassII local supplier’ but less than that prescribed for ‘Class-I local supplier’ under the Public Procurement (Preference to Make in India), Order 2017 ;
  - 11) “Competent authority” (Competent Financial Authority) in respect of the powers of approval in a procurement process or execution of a resultant contract means an authority to which such power is delegated.
  - 12) “Consignee” means the person to whom the goods are required to be delivered as stipulated in the contract. A contract may provide the goods to be delivered to an interim consignee for further despatch to the ultimate consignee.
  - 13) “Consultancy services” means a one-off (that is, not repetitive and not routine) services involving project-specific intellectual and procedural processes using established technologies and methodologies, but the outcomes – which are primarily of a non-physical nature – may not be standardised and would vary from one consultant to another. It may include small works or supply of goods that are incidental or consequential to such services;
  - 14) “Contract” (‘Procurement Contract’, ‘Purchase Order’, ‘Supply Order’, ‘Withdrawal Order,’ ‘Work Order’, ‘Consultancy Contract’, ‘Contract for Services’, ‘Rate Contract’, ‘Framework Agreement’, ‘Letter of Award, ‘Agreement’, ‘Repeat Order’, or a ‘Formal Agreement’, ), means a formal legal agreement in writing relating to the subject matter of Procurement, entered into between the Procuring Entity and the supplier, service provider or contractor on mutually acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the Country;
  - 15) “Contractor” (‘Supplier’ or ‘Service Provider’ or ‘Consultant’ or ‘Firm’ or ‘Vendor’ or ‘Manufacturer’ or ‘Successful Bidder’ ) means the person, firm, or company, including a consortium (that is, an association of several persons or firms or companies - Joint Venture/ consortium) with whom the contract is entered into and shall be deemed to include the contractor's successors (approved by the Procuring Entity), agents, subcontractor, representatives, heirs, executors, and administrators as the case may be unless excluded by the terms of the contract;

- 16) “e-Procurement” means the use of information and communication technology (especially the internet) by the procuring entity in conducting its procurement processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, nondiscriminatory, and efficient Procurement through transparent procedures;
- 17) “Goods” (‘Stores’, Item(s) or ‘Material(s)’) includes all articles, materials, commodities, livestock, medicines, furniture, fixtures, raw materials, consumables, spare parts, instruments, hardware, machinery, equipment, industrial plant, vehicles, aircraft, ships, railway rolling stock, assemblies, sub-assemblies, accessories, a group of machines comprising an integrated production process or intangible products (e.g. technology transfer, licenses, patents, software or other intellectual properties) but excludes books, publications, periodicals, etc., for a library, procured or otherwise acquired by a procuring entity. Procurement of goods may include certain small work or some services that are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training, and maintenance (Rule 143 of GFR 2017).;
- 18) “Indentor” (‘User (Department)’) means the entity and its officials assessing the need for procurement and initiating a procurement indent, that is, a request to the procuring entity to procure goods, works, or services specified therein;
- 19) “Inspection” means activities such as measuring, examining, testing, analysing, gauging one or more characteristics of the goods, services or works and comparing the same with the specified requirement to determine conformity.
- 20) “Inspecting Officer” means the person or organisation stipulated for inspection under the contract and includes his/ their authorised representative(s);
- 21) “Intellectual Property Rights” (IPR) refers to the owner’s rights against unauthorised possession/ exploitation by others of its tangible or intangible intellectual property. It includes rights to Patents, Copyrights, Trademarks, Industrial Designs, and Geographical indications (GI).
- 22) “Inventory” means any material, component or product that is held for use later;
- 23) “Invitation to (pre-)qualify” means a document including any amendment thereto published by the Procuring Entity inviting offers for pre-qualification from prospective bidders;
- 24) “Letter of Award” (‘Letter of Intent’ or ‘Notification of Award’) means the letter or memorandum communicating to the contractor the acceptance of his bid for award of the contract;
- 25) “Local Content” means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

- 26) "Model Tender Document(s)" ('Tender (Enquiry) Document(s)', 'Request for Proposal Documents', or 'Standard Bidding Document(s)') means a document issued by the procuring entity, including any amendment thereto, that sets out the terms, conditions of the given Procurement. A Model Tender Document is the model template to be used for preparing a Tender Document after making suitable changes for specific Procurement;
- 27) "Non-consultancy services" ('Outsourcing of Services') are defined by exclusion as those services that cannot be classified as Consultancy Services. These involve routine, repetitive physical, procedural, and non-intellectual outcomes for which quantum and performance standards can be clearly identified and consistently applied and are bid and contracted on such basis. It may include small works or a supply of goods or Consultancy, which are incidental or consequential to such services;
- 28) "Non-Local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' under the Public Procurement (Preference to Make in India), Order 2017 ;
- 29) "Notice inviting Tenders" ('Invitation to Bid' or 'Request for Proposals') means a document and any amendment thereto published or notified by the procuring entity, which informs the potential bidders that it intends to procure the subject goods, services, works or a combination thereof;
- 30) "Parties": The parties to the contract are the Contractor and the Procuring Entity, as defined therein;
- 31) "Performance Security" ('Security Deposit' or 'Performance Bond' or 'Performance Bank Guarantee' or other specified financial instruments) means a monetary guarantee to be furnished by the successful Bidder or Contractor in the form prescribed for the due performance of the contract;
- 32) "Place of Delivery" The place specified in the contract for delivery of the Goods after approval by the Inspecting Officer (If provided in the contract). These can be the following places as per the terms and conditions of 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 transmission to the consignee or
  - d) The consignee at the destination station, in case of a contract stipulating the delivery of goods at the destination station.
- 33) "Pre-qualification (bidding) Procedure" means the procedure set out to identify, prior to inviting bids, the bidders that are qualified to participate in the Procurement;
- 34) "Pre-qualification Document" means the document, including any amendment thereto issued by a procuring entity, which sets out the terms and conditions of the prequalification bidding and includes the invitation to pre-qualify;
- 35) "Procurement" (or the terms "Public Procurement" or 'Government Procurement/ Purchase' including an award of Public-Private Partnership projects) means acquisition by way of purchase, lease, license or otherwise, either using public



funds or any other source of funds (e.g. grant, loans, gifts, private investment etc.) of goods, works or services or any combination thereof, by a procuring entity, whether directly or through an agency, but does not include any acquisition of goods, works or services without consideration, and the term "procure" or "procured" or "purchase"/ "purchased" shall be construed accordingly;

- 36) "(Public) Procurement Guidelines" means guidelines applicable to Public Procurement, comprising a hierarchy of Statutory framework, Rules and Regulations, Manuals of Procurement and Procurement Documents as detailed in Annexure 1 of this Manual;
- 37) "Procurement Officer" means the officer signing the Letter of Award (LoA) and/ or the contract on behalf of the Procuring Entity;
- 38) "Procurement Process" means the process of Procurement extending from the assessment of need, Bid Invitation Process, Bid Evaluation and Award of Contract to the Contract Management;
- 39) "Procuring Authority" means the officer who finally approves, as well as those officials and committee members who submit the notes/ reports to approve any decision.
- 40) "Procuring Entity" means the entity in any Ministry or Department of the Central Government or a unit thereof or it's attached or subordinate office to which powers of Procurement have been delegated and handles the entire procurement process, ensuring efficiency, transparency, fair treatment of suppliers, and the promotion of competition;
- 41) "Procuring Organisation" means the Organisation for which the procurement is done to fulfil its stated objectives, assigned duties/ obligations/ responsibilities/ functions, and activities in alignment with desired policy outcomes;
- 42) "Prospective bidder" means anyone likely or desirous to be a bidder;
- 43) "Public Private Partnership" means an arrangement between a public entity on one side and a private sector entity on the other for the provision of public assets or public services or both, or a combination thereof, through investments being made or management being undertaken by the private sector entity, for a specified period, where there is predefined allocation of risk between the private sector and the public entity and the private entity receives performance-linked payments that conform (or are benchmarked) to specified and predetermined performance standards, deliverables or Service Level agreements measurable by the public entity or its representative;
- 44) "Rate contract" ('framework agreement') means an agreement between a Central Purchase Organisation or a procuring entity with one or more bidders, valid for a specified period, which sets out terms and conditions under which specific procurements can be made during the term of the agreement and may include an agreement on prices which may be either predetermined or be determined at the stage of actual Procurement through competition or a predefined process allowing their revision without further competition;
- 45) "Registering authority" is an authority that registers bidders for various procurement categories;
- 46) "Registered Supplier" means any supplier who is on a list of registered suppliers of the procuring entity or a Central Purchase Organisation;



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- 47) "Reverse auction" ('Electronic reverse auction') means an online real-time purchasing technique utilised by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period and automatic evaluation of bids;
- 48) "Scheduled Commercial Bank" means a bank listed in the Second Schedule of the Reserve Bank of India Act, 1934.
- 49) "Service" means any subject matter of Procurement that has non-tangible outputs, as distinguished from goods or works, except those incidental or consequential to the service, and includes physical, maintenance, professional, intellectual, training, Consultancy and advisory services or any other service classified or declared as such by a procuring entity but does not include the appointment of an individual made under any law, rules, regulations, or order issued in this behalf. It includes 'Consultancy Services' and 'Other (Non-consultancy) Services;'
- 50) "Special Conditions of Contract" means Special Conditions that override the General Conditions if and to the extent of the conflict between the two.
- 51) "Subject Matter of Procurement" means any object of Procurement, whether in the form of goods, services or works or a combination thereof;
- 52) 'Tender Document' means the document (including all its sections, appendices, forms, formats, etc. and various terms prevalent for such documents) published by the Procuring Entity to invite bids in a Tender Process. The Tender Document and Tender Process may be generically called "Tender" or "Tender Enquiry", which would be evident from context without ambiguity.
- 53) "Tender Process" is the entire process from the publishing of the Tender Document to the resultant award of the contract.
- 54) 'Total Cost of Owning' - TCO (Life Cycle Costing - LCC, Whole of Life Costing - WOL) encompasses all costs associated with acquiring (including the price paid to the supplier), operating, maintaining, and disposing of a product or service. Essentially, the three terms refer to the cost incurred on a product during its lifetime. However, LCC has evolved beyond that to consider the cost of the impact of the product on the environment and, therefore, is mostly used as a tool in Sustainable Public Procurement. WOL is used mostly in capital-intensive assets, infrastructure projects, and long-term investments, and TCO is used mostly in procurement of Goods.
- 55) "Works" refer to any activity with a tangible and physical output sufficient in itself to fulfil an economic or technical function involving construction, fabrication, repair, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, which make use of a combination of one or more of engineering design, architectural design, material and technology, labour, machinery, and equipment. Supply of some materials or certain services may be incidental or consequential to and part of such works. The term "Works" includes (i) civil works for roads, railways, airports, shipping ports, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels, and earthworks; and so on, and (ii) mechanical and electrical works involving fabrication, installation, erection, repair, and maintenance of a mechanical or electrical nature relating to machinery and plants.
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### **APPENDIX -III**

#### **FAQs ON PUBLIC PROCUREMENT POLICY FOR MSEs ORDER, 2012**

**Question 1:** What is the share of procurement from MSEs out of the total procurement made by Central Government Ministries/ Departments/ Public Sector Undertakings?

**Answer.** Under amended Public Procurement Policy for MSEs, Order 2012 a minimum 25 per cent share out of the total annual procurement by Central Government Ministries / Departments / Public Sector Undertakings are to be made from MSEs.

**Question 2:** Is there any reservation for MSEs owned by SC/ST/ Women entrepreneurs?

**Answer.** Yes, out of 25% target of annual procurement from MSEs (Not in the specific tender), a sub target of 4% of annual procurement from MSEs is earmarked for procurement from MSEs owned by Scheduled Caste (SC) / Scheduled Tribe (ST) entrepreneurs and 3% of annual procurement from MSEs is earmarked for procurement from MSEs owned by women entrepreneur. However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs and 3% earmarked to women entrepreneur will also be met from other MSEs.

**Question 3:** Who is eligible for availing the benefits under the Public Procurement Policy?

**Answer.** As mentioned in Section 7(4) of Ministry of MSME's Notification No. S.O2119(E) dated 26th June 2020, an enterprise registered with any other organization under the Ministry of MSME shall register itself under Udyam Registration. With effect from 01.07.2020, MSEs registered under Udyam Registration are eligible to avail the benefits under the Policy. MSEs registered under Udyog Aadhaar Memorandum (UAM), validity of which is till 31.03.2022, are also eligible to avail the benefits under the Policy.

**Question 4:** What is the date of implementation of the policy?

**Answer.** The policy is applicable with effect from 1.4.2012 and became mandatory with effect from 1.4.2015 onwards.

**Question 5:** Is the Policy transparent, competitive, and cost effective?

**Answer.** The Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods and services in accordance with a system which is fair, equitable, transparent, competitive, and cost effective.

**Question 6:** Is the policy implemented in parts or fully from its inception?

**Answer.** As per Gazette Notification (S.O. 5670(E) dated 8th November 2018, it is mandatory for all Central Government Ministries / Departments/ CPSEs to procure at least 25% of their annual procurement from MSEs including 4% from MSEs owned by SC/ST entrepreneur and 3% from MSEs owned by women entrepreneur.

**Question 7:** Is there any monitoring system for assessing the Government procurement from MSEs?

**Answer.** To monitor the progress of procurement by Central Government Ministries/ Departments and CPSEs from MSEs, Ministry of MSME has launched the MSME Sambandh Portal on 8th December 2017 for uploading procurement details by all CPSEs on a monthly and an annual basis which is regularly monitored by the Ministry.

**Question 8:** Is there a price matching facility for procurement from MSEs over large scale?

**Answer.**

- (i) Price quotation in tenders: In tender, participating Micro and Small Enterprises, quoting price within price band of L1+15 per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprise and such MSE shall be allowed to supply up to 25 per cent of total tender value.
- (ii) In case of more than one such Micro and Small Enterprise, the supply shall be shared proportionately (to tendered quantity).

**Question 9:** What steps are to be taken by the Central Government Ministries/ Departments/ CPSEs to develop MSE Vendors to achieve their targets for MSEs procurement?

**Answer.** The Central Government Ministries/ Departments/ Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes (VDPs) or Buyer-Seller Meets focused on developing MSEs for procurement through the GeM Portal. To develop vendors belonging to MSEs for Public Procurement Policy, the Ministry of MSME is regularly organizing State Level VDPs and National Level VDPs under the Procurement and Marketing Support Scheme.

**Question 10:** What steps are to be taken by the Central Government Ministries/ Departments/ CPSEs to develop vendors from MSEs owned by SC/ST/Women entrepreneurs?

**Answer.** For enhancing the participation of MSEs owned by SCs / STs/ Women in Government procurement, Central Government Ministries / Departments / CPSEs must take the following steps:

- i) Special Vendor Development Programmes/ Buyer-Seller Meets would be conducted by Departments/ CPSEs for SC/STs and Women.
- ii) Outreach programmes will be conducted by National Small Industries Corporation (NSIC) to cover more and more MSEs from SC/STs under its schemes of consortia formation; and iii. NSIC would open a special window for SCs/ STs under its Single Point Registration Scheme (SPRS). iv. A National SC/ST hub scheme was launched in October 2016, for providing handholding support to SC/ST entrepreneur which is being coordinated / implemented by the NSIC under this Ministry.

**Question 11:** What are the other benefits /facilities available to the MSEs under the policy?

**Answer.** To reduce transaction cost of doing business, MSEs will be facilitated by providing them tender sets free of cost, exempting MSEs from payment of earnest money deposit, adopting e-procurement to bring in transparency in tender process. However, exemption from paying of Performance Bank Guarantee is not covered under the policy. MSEs may also be given relaxation in prior turnover and prior experience criteria during the tender process.

**Question 12:** Is there any review mechanism for monitoring and reviewing of the policy?

**Answer.** A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of MSME for monitoring and reviewing of Public Procurement Policy for MSEs. M/O MSME will review and/or modify the composition of the Committee as and when required. This Committee will, inter alia, review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis, consider requests from Central Government Departments, CPSEs for exemption from 25% target on a case-to-case basis and monitor achievements under the Policy.

**Question 13:** What is the grievance redressal mechanism in case of non-compliance of the Policy by any Government Department?

**Answer.** To redress the grievances of MSEs related to non-compliance of the Policy a Grievance Cell named “CHAMPION Portal” has been set up in the Ministry of MSME.

**Question 14:** Whether there is any kind of purchase that has been kept out of the purview of procurement under the Policy? If yes, how is the monitoring of the set goal done?

**Answer.** Given their unique nature, Defence armament imports will not be included in computing 25% goal for M/o Defence. In addition, Defence Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation. Monitoring of goals set under the policy will be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

**Question 15:** From where can the details of the Policy be obtained?

**Answer.** Policy details are available on the website of this office at [www.dcmsme.gov.in](http://www.dcmsme.gov.in).

**Question 16:** Is this policy mandatory under any Act?

**Answer.** Yes, the Policy is mandatory and notified under the MSMED Act, 2006.

**Question 17:** How many items are reserved for exclusive purchase from MSEs?

**Answer.** There are 358 items reserved for exclusive purchase from MSE Sector.

**Question 18:** Whether this policy is applicable for works/ trading activities also?

**Answer.** Policy is meant for procurement of only goods produced and services rendered by MSEs. However, traders/ distributors/ sole agent/ Works Contract are excluded from the purview of Public Procurement Policy for MSEs Order, 2012.

**Question 19:** Whether the Policy is applicable for MSEs registered with NSIC?

**Answer.** The Policy is applicable for all MSEs registered under Udyam Registration and Udyog Aadhar Memorandum (valid till 31.03.2022).

**Question 20:** Whether the Policy provides benefits for exemption from Security Deposit/ Performance Bank Guarantee to MSEs?

**Answer.** No, there is no exemption on Security Deposit/ Performance Bank Guarantee under the Policy.

**Question 21:** Can MSEs quoting a price within the band L1+15% be given complete supply to tender in case tender item cannot be split /divided?

**Answer.** In case of tender item cannot be split or divided, etc. the MSE quoting a price within the band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, considering the spirit of the Policy for enhancing Govt. Procurement from MSEs.

**Question 22:** Which are the MSEs owned by SC/ST enterprises?

**Answer.** The definition of MSEs owned by SC/ ST is as given under:

- (a) In case of proprietary MSE, proprietor(s) shall be SC /ST.
- (b) In case of partnership MSE, the SC / ST partners shall be holding at least 51% shares in the unit.
- (c) In case of Private Limited Companies, at least 51% share shall be held by SC/ST promoters.

**Question 23:** Can the Central Government Ministries/ Departments/ CPSEs who have a meagre value of total procurement be exempted from the Policy?

**Answer.** The Policy is applicable to all the Central Government Ministries / Departments / CPSEs, irrespective of the volume and nature of procurement.

**Question 24:** Does the Policy have a provision for exemption from 25% procurement target?

**Answer.** The Review Committee may consider any request of Ministries / Departments / CPSEs for exemption from the present 25% procurement targets on a case-to-case basis.

**Question 25:** Does laminated paper Gr. I, II and III fall under the paper conversion product (Sl.No.202) and is a reserved item for exclusive procurement from MSEs?

**Answer.** As per Policy Circular No. 21(6)/2016-MA dt. 26th May 2016, it is clarified that only paper bags, envelopes, ice-cream cups, paper cups and saucers and paper plates are covered under the head "Paper Conversion products" at Sl. No. 202 of the list of reserved items under the Public Procurement Policy for MSEs Order-2012. Accordingly, the description of Sl. No. 202 as indicated in the English version of the Reserved List will be applicable.

**Question 26:** Are MSEs having Udyam Registration Certificate eligible for availing benefits under the PP Policy?

**Answer.** Yes, Udyog Aadhar has been replaced with Udyam Registration Certificate w.e.f. 01.07.2020. Udyam Registered MSMEs can avail the benefits under the Public Procurement Policy. The UAM will also remain valid till 31.03.2022.

**Question 27:** Does the Ministry give any certificate for MSEs having Udyam Registration?

**Answer.** The Erstwhile Udyog Aadhaar Memorandum (UAM valid till 31.03.2022) has been replaced by Udyam Registration Certificate (w.e.f. 01.07.2020). As part of ease of doing business, Udyam Registration Certificate (URC) has been introduced through a dedicated portal on self-certification basis. An acknowledgement of URC is generated online instantly which is accepted by all Central Government Ministries / Departments / CPSEs and State Govts.

**Question 28:** Is the Public Procurement Policy applicable to State Governments/ State Departments/ State PSEs?

**Answer.** The Public Procurement Policy for MSEs Order, 2012 is applicable to Central Government Ministries/ Departments and CPSEs. This Policy is not applicable to State Government Ministries/ Departments/ PSEs.

**Question 29:** Are the benefits of Public Procurement Policy applicable to MSEs who are not registered for the tendered items?

**Answer.** The benefits of PPP should be given to all eligible MSEs irrespective of relevance of product Category and as per Sl. No. 3 of FAQ.

**Question 30:** Can the relaxation of norms for start-ups and MSEs in Public Procurement Policy in prior experience and prior turnover criteria be given to all MSEs?

**Answer.** It is clarified that all Central Government Ministries/ Departments/ Central Public Sector Undertakings may relax conditions of prior turnover and prior experience with respect to Micro and Annexure 32: FAQs About Public Procurement Policy for MSEs Order, 2012 Small Enterprises in all public procurement, subject to meeting of quality and technical specifications (In exercise of Para 16 of Public Procurement Policy for Micro and Small Enterprises, Order 2012). However, there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipment, etc.) where procuring entity may prefer the vendor to have prior experience rather than giving orders to new entities (O.M.No.F.20/2/2014PPD(Pt.) dated 20.09.2016 issued by DoE).



**Question 31:** Has the Ministry clarified the sub target of procurement from SC/STs/Women entrepreneurs under amended Public Procurement Policy for MSEs, Order 2012?

**Answer.** It is clarified that sub-targets of 4% (within 25% of annual procurement target) and 3% (within 25% of annual procurement target) have been earmarked for procurement from MSEs owned by SC&ST and Women entrepreneurs, respectively under the amended Public Procurement Policy for MSEs Order, 2012.

**Question 32:** Are Works Contracts a part of Services? What is the difference between Works and Services?

**Answer.** Works Contracts are not covered under the purview of Public Procurement Policy for MSEs. The definition is available in GFR Rules 130, 143, 177 & 197.

**Question 33:** Is there any provision to take action against the defaulting MSEs under the Policy?

**Answer.** There is no such provision under the Policy. The procuring entity may take appropriate action as per terms and conditions (T&C) of the tender documents and/or as per GFR Rules.

**Question 34:** Are financial institutions/ autonomous bodies included in the PP Policy?

**Answer.** The Policy is applicable for all Central Government Ministries/ Departments and CPSEs.

**Question 35:** Can the Ministry take action against the procuring agency for Delay in return of the Security Deposit of the MSEs?

**Answer.** There is no such provision under the Policy. The matter can be referred to the department concerned for taking appropriate action in the interest of the MSE complainant.

**Question 36:** Is it mandatory for MSEs to disclose their status as SC/ST/Women in Udyam Registration Certificate (URC)?

**Answer.** Yes, it is mandatory to disclose the status as SC/ST/Women for in Udyam Registration.

**Question 37:** Have the State Governments been asked to frame a Public Procurement Policy for MSEs?

**Answer.** Yes, all the State Governments have been requested to frame the Public Procurement Policy on similar lines.

**Question 38:** Have all the CPSEs been uploading their monthly and annual procurement details, on MSME SAMBANDH Portal?

**Answer.** Most of the CPSEs are uploading their procurement details on the portal.

**Question 39:** Is there any provision to take action against the procuring agency for noncompliance of PPP-MSE under the Policy?

**Answer.** No, there is no such provision in the Policy.

**Question 40:** What is the objective of the Policy?

**Answer.** The objective of the Policy is to promote Micro and Small Enterprises (MSEs) by improving their market access and competitiveness through: - Increased participation in Government purchase.

- i) Encouraging relationship (including product development) between MSEs and Public Sector Undertaking (PSEs).
- ii) Increased share of supplies of MSEs to Central Government Ministries/ Departments and CPSEs.
- iii) Increased share of supplies of MSEs to Central Government Ministries/ Departments and CPSEs.

**Question 41:** What are the items or goods which can be procured from MSEs to achieve the target of 25% from MSEs?

**Answer.** To achieve the target Government / CPSEs they can procure.

- i) The items from the list of 358 items reserved for procurement from MSEs.
- ii) Items which are being manufactured by MSEs, besides reserved items.

**Question 42:** How is the status of Enterprises as MSEs be verified?

**Answer.** The status of enterprises as MSEs can be verified through their Udyam Registration Certificate or UAM certificate, which is valid till 31st March, 2022. As per notification No. S.O. 2119(E) dated 26.06.2020, in case of any discrepancy or complaint, the General Manager of the District Industries Centre of the District concerned shall undertake an inquiry for verification of the details of Udyam Registration/UAM submitted by the enterprise and thereafter forward the matter with necessary remarks to the Director or Commissioner or Industry Secretary concerned of the State Government who after issuing a notice to the enterprise and after giving an opportunity to present its case and based on the findings, may amend the details or recommend to the Ministry of MSME, Government of India, for cancellation of the Udyam Registration Certificate/UAM.

**Question 43:** Can sub-contracting be considered under the procurement target from MSE?

**Answer.** Yes, if subcontract is given to MSEs, it will be considered as procurement from MSEs. **Question 44:** If MSEs participate in tender but the procuring agency denies providing benefits under the Policy, how can the problem be addressed?

**Answer.** The problem can be resolved through the Grievance Cell constituted to tackle such situations and the matter may be referred to the procuring agency concerned to redress the problem.

**Question 45** What are the steps taken by the Ministry of MSME to promote marketing through GeM portal for supply of Goods or rendering services from MSEs to Government Departments and CPSEs?

**Answer.** CEO, GeM has been requested to make a provision in the GeM portal for procurement of goods and services from MSEs through linking URC.

- i). Udyam Registration Portal has a facility through which an entrepreneur can opt for linking itself with Government e-market (GeM) place by selecting an option on Udyam Portal. The enterprise will be linked to GeM portal and flow of information will start between these two portals. With this facility, MSEs can link themselves with the Government's procurement system and can participate in Government's mandatory procurement programme from MSEs.
- ii). All CPSEs have been requested to procure goods and services from MSEs, through GeM portal only.
- iii). The Ministry of MSME has signed an MOU with CEO, GeM, for mobilizing MSEs for onboarding themselves on the GeM portal for supply of goods & services from MSEs.
- iv). All UAM holders had been requested to register themselves on GeM portal for supply of goods and services through GeM portal.



**Question 46:** What is the difference between PPP-MII Order, 2017 and PPP-MSE Order, 2012?

**Answer.** The Public Procurement Policy for MSEs Order, 2012 is a delegated legislature on deriving authority from the Act of Parliament. PPP-MII, Order, 2017 is an executive Order.

**Question 47:** Can Joint Ventures take the benefits of the Public Procurement Policy for MSEs Order, 2012?

**Answer.** No, Under Udyam Registration (and earlier under UAM), there is no provision of registration of Joint Ventures. As mentioned in S. No. 3 above, benefits of the Public Procurement Policy for MSEs Order, 2012 can be availed by those MSEs which are registered on the Udyam Registration portal.

**Question 48:** Can Consortiums with Foreign Company takes the benefits of the Public Procurement Policy for MSEs Order, 2012?

**Answer.** No, Under Udyam Registration (and earlier under UAM), there is no provision of registration of Consortium. As mentioned in S. No. 3 above, benefits of the Public Procurement Policy for MSEs Order, 2012 can be availed by those MSEs which are registered on the Udyam Registration portal.

**Question 49:** Can trader benefits from Public Procurement Policy, for MSEs Order, 2012?

**Answer.** No, as mentioned in O.M. No. 5/2(2)/2021-E/P & G/Policy dated 02.07.2021, Retail and Wholesale traders can register on Udyam Registration Portal for the purpose of Priority Sector Lending (PSL) only.

## **APPENDIX -IV**

### **FAQs ON PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA) ORDER, 2017**

**Question 1.** How to calculate Local Content?

**Answer:** Para 2 of the PPP-MII Order, 2017 (as amended on 16.09.2020) defines local content as

*Local content* means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent. Mathematically,

Local content = (Sale price - Value of imported content) \* 100/ Sale price

Where, "Sale price" means price excluding net domestic indirect taxes and "Value of imported content" means price of imported content inclusive of all customs duties

**Question 2.** How to calculate Local Content in bids involving supply of multiple items from single bidder?

**Answer:** In case of bids requiring supply of multiple items (say "X<sub>1</sub>", "X<sub>2</sub>" and "X<sub>3</sub>") by a single bidder, the local content in the bid shall be

Local content = ((Sale price of "X<sub>1</sub>" - Value of imported content in "X<sub>1</sub>") + (Sale price of "X<sub>2</sub>" - Value of imported content in "X<sub>2</sub>") + (Sale price of "X<sub>3</sub>" - Value of imported content in "X<sub>3</sub>")) \* 100/ (Sale price of "X<sub>1</sub>" + Sale price of "X<sub>2</sub>" + Sale price of "X<sub>3</sub>")

**Question 3.** How to obtain Make in India "MII" certificate?

**Answer:** No such certificate issued by Government of India. As per para 9 (a) of PPP-MII Order, 2017 (as amended on 16.09.2020), the bidders are required to self certify the local content in their product for purchase value less than Rs.10 crore. For purchases more than Rs.10 crore, as per para 9 (b) of PPP-MII Order, 2017, a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) is required to be submitted.

**Question 4.** What is the meaning of class-I local supplier, class-II local supplier and non-local supplier?

**Answer:** PPP-MII Order, 2017 (as amended on 16.09.2020) classifies the suppliers into following 3 categories:

- a) 'Class-I local supplier' – Suppliers offering items with equal to or more than 50% local content
- b) 'Class-II local supplier' - Suppliers offering items with equal to or more than 20% but less than 50% local content
- c) Non-local supplier' - Suppliers offering items with Less than 20% local content
- d) Nodal Ministries/ Departments are authorized to notify a higher minimum local content requirement for any item, i.e., higher than 50/20%, if they deem fit

**Question 5.** Details of product categories for which nodal Ministry have been notified by DPIIT for PPPMII, Order 2017 may be provided?

**Answer:** DPIIT has notified 20 nodal Ministries for different product categories. The details of such product categories and associated Ministry/ Department are available on DPIIT website. Refer link:

<https://dpiit.gov.in/sites/default/files/Approved%20product%20category%20list%20as%20per%2012th%20SCM.pdf>

**Question 6.** Can an item be procured from non-local suppliers, if there are no Class-I/ Class-II local suppliers in the country.

**Answer:** Non-local suppliers can only participate in global tender enquiry. Against domestic/ national tenders, only Class-I and Class-II local suppliers can participate in the bidding process. Hence, in case item is not available locally from Class-I/ Class-II local suppliers, global tender enquiry may be floated for procuring item after taking approval of competent authority, as notified by Department of Expenditure under Rule 161(iv) of GFR.

**Question 7.** Are provisions of PPP-MII Order applicable only in procurement of the items for which nodal Ministries have been notified and the items for which nodal ministries have issued local content notification?

**Answer:** No. The provisions of PPP-MII Order are applicable on procurement of all the items by Central Government procurement entities. For the items, for which nodal ministries have not been designated Annexure 28: FAQs About PPP-MII Order, 2017 and the items for which nodal ministries have not issued minimum local content notification, the default provision of PPP- MII Order shall apply.

**Question 8.** Will the cost of transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. will be considered as a part of local content?

**Answer:** The cost of transportation, insurance, installation, commissioning, training and after sales service support like AMC/CMC etc. will not be taken into account for calculating local content in any item. DPIIT OM No.P-45021/102/2019-BE-II- Part(1) (E-50310) dated 04.03.2021 refers, available on DPIIT Website. Refer link [https://dpiit.gov.in/sites/default/files/Letter%20to%20All%20Ministries03042021\\_clarification.pdf](https://dpiit.gov.in/sites/default/files/Letter%20to%20All%20Ministries03042021_clarification.pdf)

**Question 9.** Can administrative Ministries grant exemption/ relaxation for procurement of imported items with the approval of Hon'ble Minister In-charge under Para 14 of PPP-MII Order?

**Answer:** Procurement of imported item is governed by Rule 161 (iv) of GFR. Hon'ble Minister In-charge of administrative Ministry is not the appropriate authority for any exemption/waiver in GFR. As such, procuring entities are advised to follow the procedures as prescribed in GFR Rule 161 (iv) for procurement of imported items. In this regard, minutes of 14th Standing Committee Meeting held on 20.09.2022 issued by DPIIT, refers. (Agenda point Number 5.)

**Question 10.** Can administrative Ministry/Departments give exemption for wide range of product categories for an extended period of time under Para 14 of PPP- MII Order with the approval of Hon'ble Minister In- charge?

**Answer:** The administrative Ministries/ Departments shall grant only tender specific exemptions under Para 14 of the Order. Exemptions granted shall remain valid for a period of maximum 01 year only. If the same items are procured again within the aforesaid period of 01year, fresh approval of Minister-Incharge is not required. If any administrative Ministry/ Department intends to grant exemption beyond a period of 01 year, it shall do so only with prior written concurrence of concerned nodal Ministry. In this regard, minutes of 14th Standing Committee Meeting held on 20.09.2022 issued by DPIIT, refers. (Agenda point Number 5.)

**Question 11.** How do I apply for DPIIT registration under Rule 144 (xi) GFR for entities having beneficial ownership in land border sharing countries?

**Answer:** The application format for registration of bidders under Rule 144 (xi) GFR is available on DPIIT website. Refer link: <https://dpiit.gov.in/sites/default/files/Revised-Format-Bidders-31March2021.pdf>. Applicants are required to submit one hard copy in the prescribed format along with soft copy (pdf), as detailed in the covering letter of the format. The applicant shall be asked to submit additional hard copies, if required at the later stage.

**Question 12.** What will be the category of the local suppliers having exactly 20% and 50% local content?

**Answer:** Vide its para 5, the Public Procurement (Preference to Make in India) Order, 2017 dated 16.09.2020 stipulates the minimum local content requirement as under:

*"The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier,' the 'local content' requirement is minimum 20%. Nodal Ministry/Department may prescribe only a higher percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier'/'Class-II local supplier.' For the items, for which Nodal Ministry/Department has not prescribed higher minimum local content notification under the Order, it shall be 50% and 20% for 'Class-I local supplier'/'Class-II local supplier' respectively."*

Accordingly, the local suppliers having exactly 20% and 50% local content will be categorized as "ClassII Local Supplier" and 'Class-I Local Supplier' respectively.

**Question 13.** Whether a Central Government/CPSE Buyer can take cognizance of open undertakings/ futuristic declarations and treat bidder as Class I/ Class II local supplier through the present level of local content of the bidder happens to be below 50%/ 20% respectively?

**Answer:** Detailed Procedure for Verification of local content declared by suppliers /vendors is elaborated on clause 9 of PPP-MII Order, 2017 dated 16.09.2020 and as per the Order, futuristic declarations regarding local content is not allowed.

## **APPENDIX -V**

### **BASIC AIMS OF PROCUREMENT – THE FIVE R’S OF PROCUREMENT**

In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following five parameters called the Five R’s of procurement. The entire process of procurement (from the time the need for an item, facility or services is identified till the need is satisfied) is designed to achieve such a right balance. The word ‘right’ is used in the sense of ‘optimal balance’.

#### **i) Right Quality**

Procurement aims to buy just the right quality that will suit the needs – no more and no less with clear specification of the NMDC’s requirements, proper understanding of functional value and cost, understanding of the bidder’s quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value. For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money while benchmarking the specification.

#### **ii) Right Quantity**

There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged use. Hence, the right quantity should be procured (in appropriate size of contract) which balances extra costs associated with larger and smaller quantities.

#### **iii) Right Price**

It is not correct to aim at the cheapest materials/ facilities/ Services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for a facilities/works/ services which could lead to a situation of non performance or failure of contract). The concept of price can be refined further to take into account not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs.

#### **iv) Right Time and Place**

If the material (or facility or services) is needed by an Organisation in three months’ time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials/ facilities/ services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

#### **v) Right Source**

Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

## **APPENDIX -VI**

### **FUNDAMENTAL PRINCIPLES OF PUBLIC PROCUREMENT**

General Financial Rules, 2017 (Rule 144) lay down the Fundamental Principles of Public Procurement. These principles and other additional obligations of procuring authorities in public Procurement can be organised into five fundamental principles of public Procurement, which all procuring authorities must abide by and be accountable for:

#### **1) Transparency Principle:**

All procuring authorities are responsible and accountable for ensuring transparency, fairness, equality, competition, and appeal rights. This involves simultaneous, symmetric, and unrestricted dissemination of information to all likely bidders, sufficient for them to know and understand the availability of bidding opportunities and actual means, processes and time limits prescribed for completion of registration of bidders, bidding, evaluation, grievance redressal, award, and management of contracts. It implies that such officers must ensure that there is consistency (absence of subjectivity), predictability (absence of arbitrariness), clarity, openness (absence of secretiveness), and equal opportunities (absence of discrimination) in processes. In essence, the Transparency Principle also enjoins upon the Procuring Authorities to do only that which they professed to do as pre-declared in the relevant published documents and not to do anything that had not been so declared.' As part of this principle, all procuring entities should ensure that offers are invited following a fair and transparent procedure and ensure publication of all relevant information on the Government e-Marketplace (GeM) and GeM-Central Public Procurement Portal (CPPP).

#### **2) Professionalism Principle:**

- i) As per these synergic attributes, the procuring authorities have a responsibility and accountability to ensure professionalism, economy, efficiency, effectiveness, and integrity in the procurement process. They must avoid wasteful, dilatory, and improper practices violating the Code of Integrity for Public Procurement (CIPP) mentioned in Chapter 3 of this Manual. They should, at the same time, ensure that the methodology adopted for Procurement is reasonable and appropriate for the cost and complexity and that it effectively achieves the planned objective of the Procurement. As part of this principle, the Government may prescribe professional standards and specify suitable training and certification requirements for officials dealing with procurement matters.
- ii) In reference to the above two principles - Transparency and Professionalism Principle, it may be useful to refer to the following provisions in the General Financial Rules, 2017: General Financial Rules, 2017, Rule 144. Fundamental principles of public buying (for all procurements, including Procurement of works): Every authority delegated with the financial powers of procuring goods in the 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.

- iii) The procedure to be followed in making public Procurement must conform to the following yardsticks (Rule 144 GFR, 2017): -
- a) offers should be invited following a fair, transparent, and reasonable procedure;
  - b) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;
  - c) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;

### **3) Broader Obligations Principle:**

- i) Over and above transparency and professionalism, the procuring authorities also have the responsibility and accountability to conduct public Procurement in a manner that facilitates the achievement of the broader objectives, social policies and programme objectives (for example, economic growth, strengthening of local industry - make-in-India, Ease of Doing Business, job, and employment creation, and so on) of the Government - to the extent these are specifically included in the 'Procurement Guidelines'. These policies are detailed in para 1.11 below.
- ii) To support social policies, reservation of Procurement of specified goods from MSEs, weaker sections, backward regions, and reservation of Procurement of certain goods from MSEs,
- iii) To strengthen local industry and job/ employment creation, preferential Procurement of locally manufactured goods or services (Rule 153 (iii) of GFR, 2017) and support to Startup enterprises (Rule 170(i), 173 (i) of GFR, 2017);
- iv) To achieve programme objectives, reservation of Procurement of specified class of goods from or through certain nominated CPSEs or Government Organisations;
- v) On the grounds of defence of India or matters directly or indirectly related thereto, including national security, impose restrictions, including prior registration and/ or screening, on Procurement from bidders from, or bidders having commercial arrangements with an entity from, certain country or countries, or a class of countries. Rule 144(xi) of GFR, 2017
- vi) Facilitating broader objectives of other Departments of Government (for example, ensuring tax or environmental compliance by participants, Energy Conservation, accessibility for People with Disabilities, etc., Procurement policies and procedures must comply with accessibility criteria that the Government may mandate from time to time.



#### **4) Extended Legal Responsibilities Principle:**

Procuring authorities must fulfil additional legal obligations in public Procurement, over and above mere conformity to the mercantile laws (which even private sector procurements must comply with). The Constitution of India has certain provisions regarding fundamental rights and public Procurement. Courts have, over time, taken a broader view of public Procurement as a function of the 'State,' interpreting these to extend the responsibility and accountability of public procurement Authorities. Courts in India thus exercise additional judicial review (beyond contractual issues) over public Procurement in relation to the manner of decision-making with respect to fundamental rights, fair play, and legality. Similarly, procuring authorities also have the responsibility and accountability to comply with the laws relating to Governance Issues like the Right to Information (RTI) Act and Prevention of Corruption Act, and so on. Details of such extended legal obligations are given in Appendix 2.

#### **5) Public Accountability Principle:**

- 1) Procuring authorities are accountable for all the above principles to several statutory and official bodies in the Country – the Legislature and its Committees, Central Vigilance Commission, Comptroller and Auditor General of India, Central Bureau of Investigations and so on– in addition to administrative accountability. As a result, each individual public procurement transaction is liable to be scrutinised independently and in isolation, besides judging the overall outcomes of the procurement process over a period. Procuring authorities thus have responsibility and accountability for compliance with rules and procedures in each individual procurement transaction, as well as the achievement of overall procurement outcomes.
- 2) The procuring authority, at each stage of Procurement, must, therefore, place on record, in precise terms, the considerations that weighed with it while making the procurement decision from need assessment to fulfilment of need (Rule 144 (viii), GFR 2017).
- 3) Such records must be preserved, retained in easily retrievable form, and made available to such oversight agencies on demand. The procuring entity shall, therefore, maintain and retain audit trails, records and documents generated or received during its procurement proceedings in chronological order (refer to para 7.7.6 below). The files shall be stored in an identified place and retrievable for scrutiny whenever needed without wasting time.

## **APPENDIX -VII**

### **STANDARDS (CANONS) OF FINANCIAL PROPRIETY**

Public Procurement, like any other expenditure in Government, must conform to the Standards (also called Canons) of Financial Propriety. It may be useful to refer to the relevant provisions in the General Financial Rules, 2017:

Rule 21. Standards of Financial Propriety: Every officer incurring or authorising expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Among the principles on which emphasis is generally laid are the following: -

- i) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. ii) The expenditure should not be prima facie more than the occasion demands.
- iii) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- iv) Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless -
  - a) a claim for the amount could be enforced in a Court of Law, or
  - b) the expenditure is in pursuance of a recognised policy or custom.

## **APPENDIX -VIII**

### **REFINED CONCEPTS OF COST AND VALUE – VALUE FOR MONEY**

The concept of price or cost has been further refined into Total Cost Of Ownership (TCO) or Life Cycle Cost (LCC) or Whole-of-Life (WOL) to take into account not only the initial acquisition cost but also cost of operation, maintenance and disposal during the lifetime of the external resource procured.

Similarly, the concept of quality is linked to the need and is refined into the concept of utility/ value. These two, taken together, are used to develop the concept of Value for Money (VfM, also called Best Value for Money in certain contexts).

VfM means the effective, efficient, and economic use of resources, which may involve the evaluation of relevant costs and benefits, along with an assessment of risks, non-price attributes (e.g. in goods and/or services that contain recyclable content, are recyclable, minimize waste and greenhouse gas emissions, conserve energy and water and minimize habitat destruction and environmental degradation, are non-toxic etc.) and/or life cycle costs, as appropriate.

Price alone may not necessarily represent VfM. *In public procurement, VfM is achieved by attracting the widest competition by way of optimal description of need; development of value-engineered specifications/ Terms of Reference (ToR); appropriate packaging/ slicing of requirement; selection of an appropriate mode of procurement and bidding system.* These advanced concepts are explained in Appendix 1.

<b>APPENDIX -IX</b>		<b>SAP T- CODES</b>
<b>PURCHASE REQUISITION</b>		
1	ME51N	Create Purchase Requisition
2	ME52N	Change Purchase Requisition
3	ME53N	Display Purchase Requisition
4	ME54N	Release Purchase Requisition
5	ME5A	List of Purchase Requisition
6	ZMM026	Purchase Requisition Print
7	MMBE	Stocks Overview
8	MB5B	Stocks For Posting Date
9	MB51	Material doc. List - Consumption
10	MB52	List of ware house stocks on hand - Inventory
<b>PURCHASE ORDER</b>		
1	ME21N	Create PO
2	ME22N	Change PO
3	ME23N	Display PO
4	ME29N	Release PO
5	ME2S	Services Per PO
6	ME2M	PO's by Material
7	ME2N	PO's by PO Number
8	ME9F/ME23N	PO Print
9	ME2L	PO's by Supplier
<b>SERVICE ENTRY SHEET/GR/GI</b>		
1	ML81N	Create Service Entry Sheet
2	MIGO	Goods Receipt/ Goods Issue
3	ML85	Collective Release Of Entry Sheets
4	ZMM023	GRR Print
5	ZMM036	Issue Voucher Print
<b>QUALITY INSPECTION</b>		

1	QA32	Change data for inspection lot
2	QA03	Display Inspection Lot
3	ZQM013	Concerned HODs worklist for GRN assignment
4	ZQM014	Quality Inspector worklist for UD
<b>RESERVATION</b>		
1	MB21	Crate Reservation
2	MB22	Change Reservation
3	MB23	Display Reservation
4	MB25	Reservation List
5	ZMM037	Reservation Dash Board/Issue Voucher Print
6	ZMM072	Reservation print
<b>CONTRACT</b>		
1	ME31K	Create Contract
2	ME32K	Change Contract
3	ME33K	Display Contract
4	ME35K	Release Contract
5	ME3M	Outline agreements by material
6	ME3N	Outline agreements by agreement no.
7	ME3L	Outline agreements per supplier
<b>GATE ENTRY</b>		
1	ZMM016	Gate Pass Request Creation
2	ZMM018	Gate Pass Request Approval
3	ZMM017	Gate Pass Creation
4	ZMM019	Gate Pass Approval
5	ZMM050	Gate Pass Report
<b>EMD /BG ENTRY</b>		
1	FTRTBG01	EMD/BG Master Creation
2	FTRTBG02	EMD/BG Master Change
3	FTRTBG03	EMD/BG Master Display
4	FTRTBG04	EMD/BG Master Settlement
5	FTRTBG06	EMD/BG Master Termination
6	FTRTBG09	EMD/BG Master Roll-Over
7	ZFI0011	EMD/BG Master Report

<b>MISC.</b>		
<b>1</b>	ZMM002	Purchase Register
<b>2</b>	ZMM015	Material List
<b>3</b>	ZMM031	Scrap Process – Non Moving
<b>4</b>	ZMM048	PO upload
<b>5</b>	ZMM052	Billing Schedule Upload
<b>6</b>	ZMM058	ARS Critical items Report
<b>7</b>	ZMM059	PR uploading
<b>8</b>	ZMM061	Discrepancy Register
<b>9</b>	ZMM069	Vendor Master
<b>10</b>	ZMM075	List of Pending PRs
<b>11</b>	ZMM076	List of Pending POs
<b>12</b>	MM03	Display Material
<b>13</b>	ZGE	Gate Entry
<b>14</b>	MMSC	Storage Location Maintenance
<b>15</b>	ME2DP	Down Payment
<b>SRM</b>		
<b>1</b>	ZMM047	PR transfer to SRM
<b>2</b>	ZMM066	Report for PR transfer to SRM

## APPENDIX -X

### ABBREVIATIONS

S.NO	ABBREVIATION	DESCRIPTION
1	AMC	ANNUAL MAINTENANCE CONTRACT
2	AMR	ADDITION/MODIFICATION/REPLACEMENT
3	ARS	AUTOMATIC REPLENISHMENT SYSTEM
4	BB	BAILADILA-BACH ELI
5	BG	BANK GUARANTEE
6	BK	BAILADILA- KIRANDUL
7	C/A	COMPETENT AUTHORITY
8	CIF	COST-INSURANCE-FRIEGHT
9	CPRI	CENTRAL POWER RESEARCH INSTITUTE
10	CCS	COMMERCIAL COMPARATIVE STATEMENT
11	CST	COMPARATIVE STATEMENT
12	CVC	CHIEF VIGILANCE COMMISSION
13	CWS	CENTRAL WORKSHOP
14	DDO	DIRECT DEALING OFFICER
15	DGMS	DIRECTORATE GENERAL OF MINES SAFETY
16	DNM	DONIMALAI
17	DoE	DEPARTMENT OF EXPENDITURE
18	EOI	EXPRESSION OF INTEREST
19	EMD	EARNEST MONEY DEPOSIT
20	ERP	ENTERPRISE RESOURCE PLANNING
21	FIFO	FIRST IN FIRST OUT
22	FOB	FREE ON BOARD
23	FOR	FREE ON RAIL/ROAD
24	GM	GENERAL MANAGER
25	GoI	GOVERNMENT OF INDIA
26	GOVT	GOVERNMENT
27	GRN	GOODS RECEIPT NOTE
28	GT	GLOBAL TENDER
29	GTE	GLOBAL TENDER ENQUIRY
30	HEM	HEAVY EARTH MOVING
31	HO	HEAD OFFICE

32	HoD	HEAD OF THE DEPARTMENT
33	IV	ISSUE VOUCHER
34	JO	JUNIOR OFFICER
35	LOA	LETTER OF AWARD
36	LPR	LAST PURCHASE RATE
37	LR	LORRY RECEIPT
38	LT	LIMITED TENDER
39	LTE	LIMITED TENDER ENQUIRY
40	MARC	MAINTENANCE AND REPAIR CONTRACT
41	MC	MATERIAL CONTROL
42	MM	MATERIALS MANAGEMENT
43	MoF	MINISTRY OF FINANCE
44	MRP	MATERIAL REQUIREMENT PLAN
45	NIT	NOTICE INVITING TENDER
46	NEFT	NATIONAL ELECTRONIC FUNDS TRANSFER
47	OEM	ORIGINAL EQUIPMENT MANUFACTURER
48	OT	OPEN TENDER
49	OTE	OPEN TENDER ENQUIRY
50	OTR	OFF THE ROAD
51	PO	PURCHASE ORDER
52	PBG	PERFORMANCE BANK GUARANTEE
53	PCS	PRICE COMPARATIVE STATEMENT
54	PDI	PRE-DISPATCH INSPECTION
55	PG	PERFORMANCE GUARANTY
56	POL	PETROL-OIL-LUBRICANTS
57	PR	PURCHASE REQUISITION
58	PROJ	PROJECT
59	PSU	PUBLIC SECTOR UNDERTAKING
60	PVC	PRICE VARIATION CLAUSE
61	R & D	RESEARCH & DEVELOPMENT
62	RC	RATE / RUNNING CONTRACT
63	REF	REFERENCE
64	REGD	REGISTERED
65	RO	REGIONAL OFFICE
66	RTGS	REAL TIME GROSS SETELLEMENT
67	RV	RECEIPT VOUCHER
68	SD	SECURITY DEPOSIT
69	SRS	STORE RECEIPT SERIAL
70	ST	SINGLE TENDER
71	STE	SINGLE TENDER ENQUIRY
72	TCS	TECHNICAL COMPARATIVE STATEMENT



73	TSC	TENDER SCRUTINY COMMITTEE
74	VDC	VENDOR DEVELOPMENT CELL
75	VRC	VENDOR REGISTRATION COMMITTEE

## **NOTES**







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