

PURCHASE POLICY

CHAPTER - 1

1.1 Applicability

This purchase Policy of the Corporation will be applicable on HQ/AAPCs/RMCs for all type of purchases of Raw Materials, Stores, Spares, Capital goods and for tendering contracts. Contractors service provides job workers relating to any work contract, service contract, job contract etc. including Annual Maintenance Contract. This will not be applicable for awarding any insurance policy to any Insurance Company, Banks deposits to Post Office.

1.2 Objectives of the Purchase Policy

The basic objectives of the Purchase Policy are:

- i) To procure the stores of required & specified quality.
- ii) To procure stores in required quantity.
- iii) To procure stores on competitive from eligible source at right price.
- iv) To procure stores within required time frame.
- v) To adopt & follow procedures and regulations laid down in this policy framed by the Corporation time to time necessary for successful completion of procurement process.
- vi) To maintain inventory level at minimum consistent with the production requirements.
- vii) To maintain list of reliable vendors and updating the same from time to time.

CHAPTER - 2

2.1 Modes of Procurement

Several Methods are adopted for procurement of Plant & Machinery / Raw Material / Services. These methods are:

- i) Open Tender
- ii) Limited Tender
- iii) Single Tender
- iv) Cash Purchases
- v) Repeat Orders
- vi) Team Purchase
- vii) Global Tender

Purchase Process and Documentations

2.2 General

The purpose of tendering is to get for the company a wide range of choices for selecting the best offer from the competing suppliers and to give the suppliers an adequate opportunity to offer their goods and services.

2.3 Initiation of process i.e. INDENTING

Planning Department will prepare the consolidated requirement and raise indents thereafter on the basis of following :

- (a) Annual Sales projections framed by the Marketing Department.
- (b) Communications received from user department for items other than those covered in (a) above.
- (c) Any subsequent modification in the annual Sale Projection

2.4 Purchase Indents shall be prepared on the prescribed format by the Indenting Department and shall be signed by the Competent Authority. The Indent should give full and complete information regarding the description and specification of the material to be procured. Generally specifications given should be standard specifications equivalent to IS/BS or as applicable. In case of indent to be raised for capital item, it must have the reference for approval of the purchase. In case of items of revenue nature i.e. raw material, stores, spares etc. indent must have the status of present stocks

showing quantities of the items to be procured. Manufacturing drawings wherever required should be enclosed with the Indent.

- 2.5 Alongwith the Indent the indenting Department shall also mention the estimated value of the items indented for Delivery schedule should also be mentioned on indent after taking cognizance requirement schedule of procurement time involved in case of Open Tender, Limited Tender etc. Estimated value should be based on Last Purchase Price (LPP). Where the Last Purchase is more than 02 years old, the current market prices are to be referred as estimated value. In case of proprietary items indent should have an explicit mention of requirement through single tender.

2.6 Tender Documents

The indent duly approved by the Competent Authority will be a conclusive document to be forwarded to Materials Management department to affect purchase. The MM Department will initiate the procurement process by preparing tender documents. Preparation of tender documents is the first important step in the process of procurement. Since much depend on the adequacy and the quality of these documents for a satisfactory procurement and smooth execution of the contract of purchase the documents should be comprehensive in scope and should have clarity in its content. It should provide all necessary information describing clearly the goods / services required or the work to be done. It should generally include:

- (i) Invitation to Tender
- (ii) Instructions
- (iii) Tender Form (if required)
- (iv) Items / the services to be rendered
- (v) Products specification and drawings
- (vi) General conditions of Contract
- (vii) Special conditions of Contract, if any

- (viii) Any other condition as considered necessary.
- (ix) Concessional forms to be made available to the supplier in respect of prevailing tax / levies etc.

2.7 Instruction to Tenderers

In the instruction to Tenderers the qualification and experience of the Tenderers, time and place where the sealed Tender should be delivered, the right of the company to extend the closing date, period of Tender validity permissibility of part tendering, permissibility of the alternative bids, the currency in which the Tender prices should be quoted etc. should be clearly indicated.

Two bid procedure in tendering wherever applicable

- 2.8 This procurement process will be used in case of procurement of items / facilities/services which are not available off the shelf in the open market but are required to meet specific requirement of ALIMCO.

Under this procedure tenders may be invited in two separate sealed covers. One shall be containing technical bid & EMD and the other will have price bid including other commercial terms.

In this procedure the technical bids will be opened first for all the Tenderers and evaluated to see that the technical parameters and conditions, are acceptable. At this stage all clarifications required on the technical specification of the goods offered and other related terms may be obtained from the suppliers. In case situation warrants Tenderers may be given the option to offer supplementary price bids taking into account the modifications in technical requirement with respect to the original offer after seeking prior approval of Competent Authority. The supplementary bid would also be received in a sealed envelope. After the technical conditions

are properly evaluated and the supplementary bids wherever found necessary are obtained the second envelope i.e. envelope containing the price bid alongwith supplementary bid may be opened for final evaluation. The technical evaluation if any of the bid shall be done by a technical committee consisting of officers from Production Department, Quality Control Department and Materials Management and if need be officers from item user deptt.

2.9 Submission of Samples

Vendors shall be allowed to submit the Samples only once alongwith the Tender. Subsequent supply of Samples, if any, shall be done only after due approval of CMD. No Vendor shall submit the Samples more than two times against any of the particular Tenders in any case.

2.10 Earnest Money Deposit (EMD)

The normal rate of Earnest Money is 2½% (two and half percent) of the contract value / tendered item depending on the value of the contract P.O. beyond Rs.10.00 Lacs (where no EMD will be chargeable being the limit of limited Tenders). However, the maximum amount of Earnest Money may be restricted to Rs.5.00 Lakh for General Materials, Plant & Machineries etc. Micro, Small & Medium Enterprises having registered with DGS&D, SSI & NSIC will be issued Tender Document free of cost and will be exempted from payment of earnest money. The amount of Earnest Money should be furnished in the form of Demand Draft or Pay Order or Bankers Cheque only. The Earnest Money received from successful tender shall be converted into part of security deposit against P.O. or Contract or Agreement made & those of unsuccessful tenderer, their EMD deposited will be released to them.

2.11 Security Deposit (SD)

For fulfillment of the Contractual obligation of Contract / Purchase Order, the successful tenderer (in case of Open Tender only) shall deposit Security Deposit of 5% of order value in case of Supply/revenue Contracts and 10% in case of execution of all other Contracts/Work Orders or Rs.10.00 Lakh and Rs.20.00 Lakh respectively, whichever is less.

In the case of Tenderer to whom the contract is to be awarded the Earnest Money would be converted into Security Deposit and the Contractor would be liable to deposit the balance Security Deposit. However, in case of supply Orders/Job Contracts (excluding Civil Contracts etc) and failure of the party to deposit balance amount of SD (Security Deposit), the same will be recovered @ 25% from the payments to be released against the running bills of the party.

The security deposit in case of Contract pertaining to Civil constructions shall remain with the Corporation for period varying from 6 (six) months to 12 (twelve) months as prescribed in the Contract terms. The retention of Security Deposit for 6 months/12 months period is to meet out the liabilities which may come up during the defect liability period.

However, in other cases security deposit will be refunded after successful completion of order / supply. The Earnest Money shall be forfeited if the Tenderer withdraws his Tender before the period of validity of the Tender (i.e. minimum 90 days) and/ or Tenderer fail to furnish requisite Security Deposit within the specified period after the award of contract, wherever applicable

2.12 Refund of EMD/Security Deposit

EMD will be refunded to unsuccessful bidder within 30 days of finalisation of Purchase Order/Work/Service Contract . In case of successful bidders EMD/Security money will be refunded within 30 days after completion of the

Purchase Order/Work/Service Contract. In case the Supplier/Contractor was awarded PO/Work/Service Contract for more than one items and they have deposited the EMD/Security Deposit for all such items, the EMD/Security Deposit will be refunded on pro-rata basis after retention /forfeiture of EMD/Security Deposit @ 2.5/5% (as the case may be) of the pending value of quantity ordered.

CHAPTER - 3

Tendering Process and Tender Opening & Tender Evaluation

Publication of Tenders (Open Tender)

- 3.1 Making information regarding the Tender availability to all potential suppliers is an important step in securing the specified quantity and quality of goods / Plant & Machinery. Open Tender will be issued in case the value of any item exceeds Rs.10.00 lacs. For value of item upto Rs.10.00 lacs, Limited Tender procedure will be followed and such Tender Notice may be issued to the Registered Firms and all known sources.

Open Tender may be published in the National Newspaper and local Language Paper of the particular region. In addition to above every Open Tender must be displayed on Corporation's Website mentioning the full details so that party could get tender form and participate in the tender.

The tender documents may be supplied free of cost to Govt. Department & Central Public Sector Undertakings on demand. Corporation may however, send tender documents to the reliable Govt. Departments / Undertakings to have better competitive bidding.

3.2 Error or omission in Tenders

Where an error or omission is noticed or brought to notice by a Tenderer, action should be taken to issue an amendment. Where an amendment or modification issued is of a vital importance and needs extension of time the same shall be granted as necessary.

3.3 Extension of Tenders

Date of submission of Tender or date of opening of Tender may be extended depending on the exigency of circumstances after seeking approval of competent authority.

3.4 Tenders / Offers

Tenders containing offers received are classified into the following categories.

a) Regular Tender:

Those which are received within due time and date prescribed against enquiries.

c) Late Tenders:

Tenders received after due time and date to the respective section of the Corporation.

d) Unsolicited Tenders:

Those submitted by parties to whom tender enquiries have not been issued or tenders from parties who had not purchased tender documents or tenders from blacklisted parties.

e) Telegraphic / Fax / Telex:

Tenders received through electronic mode i.e. fax, e-mail etc.

f) Delayed Tender :

Tenders which have been received by the Corporation after scheduled date of opening because of the postal delays, provided the sealed envelope containing the delayed tender bear clear proof that the same was mailed at least two days prior to the due date of opening.

3.5 Opening of Tenders

All regular Tenders received must be opened publicly by authorized Officials Tender Opening Committee of the Company at the time and place stipulated in the Tender.

While opening the delayed tender, the other eligible tenderers whose tenders were opened on the due date of opening of tender must be invited at the time of opening of delayed tender in order to have fairness and transparency and to avoid any litigation. However, the need to open delayed tender will arise only in the event of limited offers (less than three offers) against tender.

3.6 Late Tenders/Unsolicited Tenders

Late tenders are not to be opened at all. Unsolicited tenders shall not be considered for acceptance. Any modification in the tender sought to be made after due date or upon opening shall be treated as unsolicited and rejected.

In the event where tenders are called in two parts (T bid & Q bid) but it is received only in one part without meeting the requirements of separate envelopes / sealed covers, such tender shall not be considered.

Tenders not accompanied by Earnest Money or valid SSI/DGS & D/NSIC certificate with requisite details and the samples, if required, as per tender terms & conditions, as the case may be, shall be treated as invalid.

3.7 Purchase through Limited Tender

In a limited Tender offers for supply of goods / plant and machinery/ services, the enquiries shall be addressed to specific number of suppliers/ contractors as per vendors list available in the Corporation. Limited tendering may be resorted to where the value of purchase does not exceed Rs.10.00 lacs (15.00 lacs in case of emergency requirements with approval of CMD or GM(W&P) only for raw material & bought out items only). However, the existing limit of LTE for purchase of maintenance spares, stores, consumables, stationeries, job work contracts, transportation, service contracts etc. will continue to remain restricted to Rs.10.00 lakhs. However in case the offered L-1 value exceeds and is within 10% of LT limit, it will be considered as it is within LT limit. It would be essential to maintain a list of eligible suppliers for following the limited tendering system. It is normally necessary to address to all those who have been enlisted as eligible suppliers or the known parties dealing with the required goods and services.

3.8 The Tender enquiry should be sent by Registered Post / Speed Post / Courier (and should be published on website where the P.O. value exceed Rs.2.00 lakhs) with acknowledgement due or hand delivery against acknowledgment.

3.9 Enlistment of Vendors for Limited Tender

The list of vendors for different items is available in Materials Management Department. However, there is a need for updating and inclusion of new parties /sources. In order to make List more authentic a system of registration of the firms by paying notional registration fee of Rs.500/- will be implemented and the fresh list of these parties will be made.

3.10 For this purpose an advertisement for enlistment of suppliers / contractor be published once in every three years in National English Newspapers and in one Local /Regional language and one in Hindi inviting the suppliers for enlistment registration with the Corporation for the above period.

3.11 Offers for registration against advertisement shall have full description of suppliers and goods dealt by the firm and particulars e.g. registration under Factories Act, Sales Tax Act, ITACT, Excise, NSIC, SISI clientele/ turnover of the firm, copy of authorized dealer/distributorship etc. Along with these details all the offers having registration fee of Rs.500/- through Demand Draft / Banker's Cheque will be evaluated and registration of firms will be done in case the details submitted by the firms are found acceptable by a Committee framed for the purpose.

3.12 The list as mentioned above may also be updated after deleting the supplier whose performances has not been found satisfactory on annual basis.

3.13 Single Tender Purchase

Direct purchase through Single Tender may be followed till further development of alternate source:-

- a) Where equipment or material is of proprietary in nature.
- b) Where accessories or spares or service required for previously procured machine and equipment from original manufacture.
- (c) In situations:
 - (i) When standardization is important and the equipment and spare parts need to expand or repair the existing equipment has to be procured from the original supplier or suppliers of identical goods.

(ii) Items developed for ALIMCO through proprietary process techniques till alternate source is available.

(iii) Specific brand of items as specifically mentioned for procurement, on indent from the manufacturer.

3.14 The proposal for going in for single Tender without EMD/Security money from an identified supplier shall be approved by the competent authority as per delegation of power.

3.15 Expression of Interest (EOI)

The call for Expression of Interest (EOI) will be resorted to explore likely Vendors/Consultants for supply/work or services.

The Broad guidelines for EOI are as under:

- (i) Where the value of Supply/Work/Services is less than Rs.25.00 Lakh, the likely Vendors/Consultants may be explored on the basis of formal or informed enquiry, internet, or from other Organisations/Departments/Establishments. But the number of parties so selected should not be less than three to whom the Request for Proposal (RfP) is sent.
- (ii) Where the estimated cost of items/work or services is more than Rs.25.00 Lakh, in addition to (i) above, a notice seeking "Expression of Interest" should be published atleast in one national daily and hosted on the website of the Corporation. The Notice to be published for the purpose should include the followings as appropriate giving atleast 15 days time for submission of response.
 - (a) Board detail of item/work or services.
 - (b) Board eligibility criterion/Details about the firm
 - (c) Pre-Bid Meeting requirement
- (iii) A Committee constituted by the Competent Authority will study the responses and call the interested parties for Pre-Bid meeting with the Committee or with a wider base consisting of Executives of the Corporation.
- (iv) The Committee may after taking response from all Executives [refer(iv) above], as the case may be, select likely Vendors/Consultants/Agencies to be favored with RFP. But, the No. of parties should not be less than three and such list of selected Vendors is required to be approved by Competent Authority.

- (v) The Request for Proposal (RFP) will be issued to shortlisted Vendors for obtaining the Offers from them. The (RFP) should contain-
 - a) Request for Offer.
 - b) Procedure for submission of Offer.
 - c) Terms of Reference (TOR)
 - d) Eligibility Criteria, if not already assessed through EOI or otherwise or as reframed.
 - e) Broad procedure for award of work
 - f) Formats, if any.
 - g) Other terms & conditions and procedure for midterm review, if required.
- (vi) The TOR should invariably indicate-
 - a) Objectives/Requirements
 - b) Specifications/Outline of task
 - c) Tentative Schedules

3.16 Purchase against Rate Contract of DGS&D

ALIMCO is authorized to make purchases against DGS&D Rate Contracts, if required & if the specifications of the item on Rate Contract meets the requirement of the Corporation at same rates and other terms & conditions as per the Rate Contract, in general.

3.17 Tender Evaluation

General

No Tenderer shall be permitted to alter his Tender after the Tender has been opened. Only clarifications which do not change the substance or price of the Tender would be considered.

Preliminary scrutiny

3.18 Rectification of arithmetical errors

While scrutinizing the Tenders if a difference is detected between the unit price and the total price the former will prevail. In case of discrepancy between the figures and words, the latter would prevail. The arithmetical errors mentioned above shall not be the cause of rejection of a Tender.

3.19 Substantial responsiveness of the Tender

The Tender shall be examined to determine whether they are substantially responsive i.e. whether all the required guarantees and sureties have been provided, whether the document have been properly signed or whether the bids are otherwise generally in order.

3.20 If a Tender does not substantially conform to the specifications or contains inadmissible reservations or exception to the Tender documents or does not otherwise substantially respond to the Tender documents and or have conditional offers it should be rejected. Care should, however, be taken to seek necessary clarifications regarding minor deviations from specifications not affecting the value of the Tender.

3.21 Preliminary Evaluation and Preparation of Comparative Statement of Quotations (CSQ).

Based on aforesaid guidelines Materials Management department will be responsible for preparation of Comparative Statement of Quotations (CSQ) and also for preliminary Technical evaluation. If necessary technical evaluation / assessment may be sought from user department or from a technical committee. After preparing the CSQ and recording initial observations the file will forwarded to respective Tender Recommendation Committees in case the amount of procurement as per (lowest value) CSQ status falls within the prescribed limits. Similarly for procurement of items under Modernization, Project & Technology Department will also follow procedures mentioned above.

Further, in order to ensure smooth functioning of these two Committees the Chairman of one Committee can consider the proposals before the other committee in the absence of the Chairman of the other Committee.

For this purpose limits as per table A1, A2 & A3 given below may be taken for reference:-

A1

FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS/SERVICE CONTRACTS

LIMITS OF INDENT APPROVAL (IN RS.)					LIMITS OF TENDER RECOMMENDATION		LIMITS OF APPROVAL (IN RS.)			
Approving Authority	Head AAPC	HOD (HQ)	GM	CMD	TRC-II & TRC,AAPC	TRC-I	Head AAPC	HOD MM(HQ)	GM	CMD
CAPITAL ITEMS										
Financial Power	* Upto 1,00,000	Upto 1,00,000	1,00,001 to 2,50,000	2,50,001 & Above	50,001 to 2,50,000	2,50,001 & Above	*Upto 1,00,000	Upto 1,00,000	1,00,001 to 2,00,000	2,00,001 & Above

NOTE: The Materials Management / Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto Rs.50,000/- for capital items.

*** As per Office Order No.03A/2014 dt.12.03.14**

A 2**FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION
FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS/SERVICE CONTRACTS**

LIMITS OF INDENT APPROVAL (IN RS.)					LIMITS OF TENDER RECOMMENDATION		LIMITS OF APPROVAL (IN RS.)			
Approving Authority	Head AAPC	HOD (HQ)	GM	CMD	TRC-II & TRC,AAPC	TRC-1	Head AAPC	HOD MM(HQ)	GM	CMD
RAW MATERIAL AND BOUGHT OUT ITEMS										
Financial Power	Upto 5,00,000	Upto 6,00,000	6,00,001 to 10,00,000	10,00,01 & above	2,50,001 to 7,50,000	7,50,001 & Above	Upto 5,00,000	Upto 5,00,000	5,00,001 to 10,00,000	10,00,001 & Above
OTHER ITEMS										
Financial Power	Upto 1,00,000	Upto 2,50,000	2,50,001 to 5,00,000	5,00,001 & Above	1,00,001 to 5,00,000	5,00,001 & Above	Upto 1,00,000	Upto 2,50,000	2,50,001 To 5,00,000	5,00,001 & above

NOTE: The Material Management/Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto 2,50,000/- in case of Raw Material and Bought-out items and upto Rs.1,00,000/- case of other items.

A 3**FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION
FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS / SERVICE CONTRACTS**

JOB WORK CONTRACT AND OTHER SERVICE CONTRACTS THROUGH OUTSOURCING										
LIMITS OF INDENT / REQUIREMENT APPROVAL (IN RS.)					LIMITS OF TENDER RECOMMENDATION		LIMITS OF CONTRACT APPROVAL (IN RS.)			
Approving Authority	Head AAPC	HOD (HQ)	GM(W&P)	CMD	TRC-II & TRC,AAPC	TRC-1	Head AAPC	HOD MM(HQ)	GM	CMD
Financial Power	Upto 1,00,000	Upto 1,00,000	1,00,001 to 5,00,000	5,00,001 & above	1,00,001 to 5,00,000	5,00,001 & above	Upto 1,00,000	Upto 1,00,000	1,00,001 to 5,00,000	5,00,001 & above

NOTE: The Material Management/Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto Rs.1,00,000/- for Job Work/Service Contract.

Technical Committee

- 3.22 In case of tenders having technical bids and cases wherever technical evaluation is required, Materials Management Department /P & T Department will forward the file first to Technical Committee duly constituted by the competent authority for technical evaluation & assessment of technically acceptable / non acceptable offers. Technical Committee will endorse its recommendations will forward it to MM/PT deptts. for onward processing.

Tender Recommendation Committee

- 3.23 For evaluation & assessment of offers received against tenders and for endorsing recommendation the system of Tender Recommendation Committees will be followed. These Committees as referred in ibid Para will be called Tender Recommendation Committee -1 and Tender Recommendation Committee-2, which will be duly constituted by the competent authority.

Scope & Responsibility of the TRC :

3.24 Procedure

The function of these Committees shall begin after receipt of comparative statement of quotation giving full details made by MM Department along with a technical evaluation, assessment & recommendations of offers by Technical Committee wherever necessary. The Tender Committee then shall :

- (a) Check whether the case rightly falls within its purview.
- (b) Compare the specifications of the tender with the quotation received.
- (c) Examine all aspects (both commercial and technical) of the comparative statement (for this function the Committee may co-opt any concerned technical officer of the Corporation in consultation with the concerned Head of the Department).
- (d) Record the reasons for not accepting the lowest offer in the tender, wherever applicable.

- (e) Committee may recommend re-tender, negotiate or visit to suppliers factory if considered necessary before giving final recommendation.
- (f) Recommend placement of orders indicating unit rates, duties / tax etc.

While recommending, TRC will look into the price offered by the Tenderers, its reasonableness compared to last purchase/market price, financial strength of vendor, past performance, after sales service, capability, credit worthiness & etc. For this purpose TRC may seek information from MM/PT or user departments.

Allocation of Tender quantity

- 3.25 To have more than one source of supply for any item so as to avoid dependence on single supplier and to encourage competitions, improvement in quality etc. the allocation of quantities amongst acceptable Tenderers has been identified as a sound practice. However, to encourage new tenderer, quantity of 30% may be kept reserved for new sources whose rate become lowest in the tender. The recommendation for allocation of Tender quantity will be made by the Tender Recommendation Committee (TRC) amongst different sources based on the parameters viz. price, capacity to supply, past performance, financial strength, after sales service and vendor responsiveness. TRC, may seek relevant information from the department concerned, wherever it is felt that Corporation's annual requirement cannot be met with by placement of order on single sources and it is felt essential to procure the material from more than 01 tenderer in order to meet the production requirement, the order may be split upto more than single bidder. In case of split upto 3 parties, 60% of the quantity may be placed on L-1 and 20% each on L-2 & L-3 provided they agree to match the rate with L-1 and in case of split upto 02 parties 60% of the quantity may be placed on L-1 and 40% on L-2 provided L-2 agree to match rates with L-1.

In case of allocation of Tendered quantity to multiple sources, approval of Corporation's CVO to be taken before releasing the Tender documents depending upon the critically of the item.

Negotiation

- 3.26 In a situation where the results of the Tender show a lack of effective competition such as (a) where there is only one Tender (b) where none of the Tenders received conform to specifications (c) where the lowest conforming Tender is disproportionately higher in relation to non-confirming Tenders (d) where the lowest acceptable offer is disproportionately higher in relation to the Tender price of the earlier years on similar condition or in relation to the Company's budgeted estimates or (e) any other reason negotiation with Tenders is permissible as appropriate.

CHAPTER - 4

Price / Purchase Preference

- 4.1 Company may exercise the option for Purchase Preference depending on exigencies in accordance with Govt. guidelines in vogue.

Price Variation Clause

- 4.2 Price-variation clause should generally be discouraged. However, for certain items viz. steel, aluminum, petro etc. based items where the price is controlled by "SAIL" or Govt. recognized establishment and corporate bodies, the price escalation may be considered based on the increased prices as may be declared from time to time. However, in such situation tender documents must have a specific mention for the same.

Diversion of Order

- 4.3 In case any source fails to supply the ordered quantity fully or in part and it hampers the production, arrangement of diversion of order be considered. Such diversions may be considered to other sources considering their performance and capability to supply keeping in view of the production commitment. In case of failure of Successful tenderer from supplying, if suitable tender quantity diversion arrangements may take place after forfeiture of EMD/Security. To meet the requirement of material till receipt of the ordered quantity from alternate source (i.e. after diversion) it may be procured from established source which has executed the supplies successfully in past as per recommendations of TRC.

Award of Contract

4.4 Issue of Purchase Orders

Usually all the Purchase Orders/Work Orders for Raw Materials, Stores, Spares, Job Work etc. would be issued by the Materials Department. In case of annual Service Contracts like Bus Contract, Canteen Contract, Transport Contract and other Annual Maintenance Contracts it may be issued by the department responsible for operating the contract. In case of Purchase Orders /Contract for supply/installation of Capital, Tools, Plant & Machinery the same will be issued by Project & Technology Department. However, in case of any department other than Materials Management the Contract must be signed by the person authorized by the Competent Authority. Similarly in case of AAPCs & RMCs, these Orders / Contracts will be issued by the Officer one rank below from the Incharge of the AAPCs/RMCs. These Purchase Orders/Work Contracts / Service Contracts should have explicit terms as indicated in tender. These terms may be:

- a) Taxes / duties etc.
- b) Payment of freight, packing charges
- c) Payment terms

- d) Delivery schedule
- e) Delivery schedule
- f) Liquidated damages
- g) Arbitration clause

CHAPTER - 5

Guidelines regarding other modes of procurement.

Repeat Order

- 5.1 The repeat orders may be placed upto 100% of quantity of original order where the original order was placed on the supplier selected on the basis of ST/OT/LT/ team purchase of out station item only for ordering additional quantity. However, it can be resorted if the delivery of the original quantity ordered has been completed more than 50%, additional quantity are required urgently and processing of the requirement by ST/OT/LT/ team purchase of outstation items only is likely to result in time delay. The repeat orders are also required to be approved by the Competent Authority. The repeat order will be placed on same rates and terms as mentioned in initial order within six months from the date of completion of previous order or currency of order provided the trend of the rates of same products have not gone down in market.

Amendment of P.O. Quantity

- 5.1.1 In case of change/amendment of production schedule, the tender/P.O. quantity may be amended/enhanced/reduced as per the revised schedule in case of items of Open Tender/Limited Tender after due approval of competent authority through respective Tender Recommendation Committee during currency of Purchase Order.

Trial/Developmental / Educational Order

- 5.2 Trial/Developmental/Orders shall be placed by Design & Development Deptt. or MM deptt. as the case may be on item to item on need basis on the recommendation of TRC and approved by competent authority to the extent of Rs.5,00,000/-. These trial / developmental orders will be placed on a single identified & developed source even without following the normal tendering process.

Cash Purchase

- 5.3 Cash Purchase of an item valuing upto Rs.15,000/- on each occasion may be resorted by the departments through a team consisting of representatives from Materials Management/User deptt. & Quality Control/Design & Development or from any other/user department. The team will purchase acceptable material at lowest rates after enquiring rates from available Vendors(withoutobtainingQuotations).

Purchase through Team

- 5.4 In order to cope with emergent situation requiring material on urgent basis, purchase by Team may be resorted to cut down tender processing and lead-time. This purchase through team may be made by sending a team consisting of representatives of user department, MM, FA & QC (as the case may be) to obtain the offers from prospective suppliers of one station. Constitution of the Team will be as follows :

- | | |
|--|---|
| a) Team Purchase upto Rs.25,000/- | - Team will consist of MM, & QC and /or user department's representative. |
| b) Team Purchase beyond Rs.25,000/- & upto Rs.2.00 lakhs | - Team will be represented by MM, FA, QC and / or user department. |

- c) Team purchase beyond Rs.2.00 lakhs - Team will be represented by Sr. Assistants from MM, FA, QC and / or user department. The Offers to be collected in sealed condition & processed through Tender Open Committee and respective Tender Recommendation Committee.

5.5 After obtaining quotations {except (c) above} team may raise purchase orders on L-1 tenderer on the spot after negotiations, if necessary. The purchase through team to the extent of Rs.50,000/- may be approved by the GM level officer. For any amount exceeding Rs.50,000/- approval will be required from Competent Authority. The purchase of material through team must be completed within 21 days from the date of approval for purchase through team.

Purchases from Ancillaries i.e. disabled beneficiaries who availed the Loan from NHFDC against Guarantee provided by ALIMCO

5.6 ALIMCO has provided the Guarantee against Loan sanctioned by NHFDC (a Corporation under Ministry of Social Justice & Empowerment) under its scheme to six disabled persons who have earlier been working for ALIMCO through Viklang Punervas Samiti, a Society established and run by ALIMCO executives for long. These disabled beneficiaries were under a tri-partite agreement assured by ALIMCO to provide job work on preference basis which ALIMCO use to get done from outside. In view of these give preference in providing job work or part thereof to these beneficiaries at approved L-1 rates. In this regard quotation may also be called from outside parties including these disabled beneficiaries. However, these six beneficiaries will be exempted from payment of cost of tender paper and earnest deposit/security deposit in case any of them participate in open tender published by the Corporation for procurement of any item of its use.

CHAPTER - 6

Payment Terms

6.1 The terms of payment for supplies of Raw Materials Stores and other consumables from indigenous sources should generally be:

- (i) Generally 100% payment within 30 days after receipt and acceptance of materials or after the submission of bill (whichever is later) will be made acceptance of payment terms other than standard payment terms of within 30 days is at the discretion of management and in that case 1% of total landed cost will be considered additional while preparing Comparative Statement of quotation. However purchase order will be placed at quoted rates.
- (ii) However, in case of parties quoting for supply of the material through bank or through Proforma Invoice 90% payment can be made. In such cases pre-dispatch inspection of the offered supplies by ALIMCO representative at party's end be resorted to. Balance 10% payment may be made within 30 days from the date of receipt and acceptance of material. The Tender Recommendation Committee shall finalise the payment terms and recommend accordingly.

6.2 For materials, consumables, spares & equipments from the foreign sources, generally 100% payment through irrevocable Letter of Credit or any other term convenient to the Company will be followed. However, in case the party requiring advance payment and the purchase value is not more than \$1500.00, the same may be considered.

6.3 However, in case of outstation parties willing to supply the material through bank or through Proforma Invoice 90% payment can be made. In such cases pre-despatch inspection of the offered supplies by ALIMCO representative at party's end be resorted to. Balance 10% payment may be made within 30 days from the date of receipt and acceptance of material.

Civil Contracts:

- 6.4.1 i) Upto 90% progress payment on certification of the work done after deducting all advances and outstandings on raising running bill on Monthly basis as the case may be.
- 6.4.2 ii) Balance on the completion of contracted work & issue of completion certificate.

Turnkey Sub-contracts:

- 6.51 i) 10 to 20% on signing of Contract against Bank Guarantee.
- 6.52 ii) 90% of balance payment on running bill on verification & certification of the work done.
- 6.53 iii) Balance on completion and issue of completion certificate.

For Miscellaneous Service Contracts:

- 6.6 As per terms & conditions negotiable by the Company.

In the case of Capital Goods:

- 6.7.1 i) Upto 90% on shipment against documents subject to acceptance of equipment through pre-despatch inspection by ALIMCO at party's end.
- 6.7.2 ii) Balance on completion of installation and commissioning.
- 6.8 Before release of final payment it is to be ensured that:-
 - 6.8.1 i) The material both in quantity and quality and specifications, has been duly received as stipulated in the Purchase Order or Acceptance of Tender and has been taken on record by the appropriate stores department evidenced by Goods Receipt Note (GRN) in the prescribed proforma or by any other authenticated document evidencing recording of receipt of material in respective stores.
 - 6.8.2 ii) Recoveries to be made from the contractor or supplier for excess payment, damages or any other cause are duly decided by the appropriate authority.

- 6.8.3 iii) Wherever DGS&D, SSI & NSIC registered parties has affected the supplies without depositing the EMD payment will be released after deducting @ 25% amount on account of security. This amount will be refunded after execution of total Order by the Supplier.
- 6.8.4 iv) Taxes: Taxes & duties will be allowed to the extent demanded in the tender by the parties mentioning the specific applicable rate. However, any rate increase or decrease of rate of taxes and duties will be allowed subject to Govt. notification published from time to time and will be applicable as per the prevailing rate at the time of dispatch.

CHAPTER - 7

GENERAL CONDITIONS OF CONTRACT

Issue of Purchase Order

- 7.1 Purchase Orders in all cases will be issued by the Materials Management / Project & Technology / User Department as the case may be. In case of AAPCs it will be issued by the Unit Head or an executive who is one rank below the Unit head. In case of items for which procurement is desired by the AAPC to be made by the headquarters the Purchase Order will be issued by the Materials Department after receipt of annual requirement from the concerned AAPC. This requirement of AAPC should be forwarded to Planning Department well in advance after seeking approval from the competent authority.
- 7.2 In case the quantity supplied by the parties differs with the quantity mentioned in the purchase order by 15% (i.e. excess or short supply) it will be considered as per order and no approval will be needed to amend the work order for such short or excess supply. After such supply the order will be treated as completed.

Payment to suppliers

- 7.3 Bills from the suppliers will be received in duplicate along with the necessary documents if any and payment to the vendors shall be made in accordance with the terms & conditions of the purchase order

**Use of Purchase Order/Work /Service Contract/
documents and information**

- 7.4 The Supplier shall not, without the Purchaser's prior written consent, disclose the contents of the Purchase Order / Work Contract including specification or any provisions thereof to any person other than a person employed by the Supplier in the performance of the Contract.
- 7.5 The Supplier shall not, without the Purchaser's prior written consent, make use of any document or information specified in Clause 9.1 above, except for purpose of performing the Purchase / Work contract.

**Amendment/Modification in the Purchase Order
or Work / Service Contract**

- 7.6 The Purchaser at any time, by written notice to the Supplier can make amendment / modification within the scope of the Purchase Order or Work / Service Contract terms.
- 7.7 Upon intimation by the Purchaser of such amendment / modification the Supplier may submit to the Purchaser an estimate of costs if any for the proposed change including and estimate of the impact (if any) of the amendment / modification on the delivery dates under the Purchase Order / Work Contract, as well as a detailed schedule for the execution of the amendment / modification as proposed. The amendment / modification shall be effective on acceptance of the estimates if any by the Purchaser.

- 7.8 Amendment / Modification mutually agreed upon shall constitute a part of the Purchase Order / Service Contract and the provisions and conditions of the Contract shall apply to said amendments / modifications
- 7.9 Subject to Clause 7.6 to 7.8 no variation in or modification of the conditions and terms of the Purchase Order / Work Contract shall be made except by written amendment signed by the parties.

Failure or Delay in Delivery

- 7.10 In case the Supplier / Contractor fails to supply the material or provide services as per schedule stipulated in Purchase Order / Work / Service Contract, the Purchaser i.e. the Corporation will have the right to cancel the Purchase Order / Work / Service Contract and to forfeit the EMD / Security to the whole or any part thereof.

Inspections and Tests

- 7.11 The Purchaser or its representative shall have the right to inspect the work being carried out under the Purchase Order/Work/Service Contract and to test the goods to confirm their conformity to the specifications. The Special Conditions of the Purchase Order/Work/Service Contract or the specifications or both as specified in the Purchase Order/Work/Service Contract will be fulfilled by the Supplier / Contractor.
- 7.12 The Purchaser's right to inspect, test and where necessary, reject the goods' arrival at the site of installation shall in no way be limited or waived by reason of the Goods' having previously been inspected, tested and passed by the Purchaser or its representatives prior to shipment of Goods.
- 7.13 Nothing in this Clause 3 in any way relieves the Supplier from any Warranty or other obligations under the Purchase Order / Work Contract.

Risk purchase

- 7.14 In the event of Supplier's failure to execute the Purchase Order/Work/Service Contract to the satisfaction of the Purchaser, the purchaser shall reserve the right:
- (a) To reject any part of the Purchase Order / Work/Service Contract executed and withhold payment for such part of the Contract till such time, the defects are rectified to the satisfaction of the Purchaser.
 - (b) To terminate the Purchase Order / Work / Service Contract by giving 2 weeks notice in writing to get the Purchase Order / Work Contract executed by either agency / at the risk and cost of the Supplier/Contractor.

Arbitration

- 7.15 If any dispute / question or controversy arises, the settlement of which is not herein specifically provided in the this Purchase Order/Work/Service Contract, the matter in dispute shall be referred to the arbitration of the Chairman and Managing Director of ALIMCO or his nominee and decision of Chairman and Managing Director or his nominee shall be final and binding on both the parties. The provision of INDIAN ARBITRATION & CONCILATION CT 1996 as amended from time to time shall apply to such arbitration proceedings. Arbitration proceeding shall be held at Kanpur only and the Kanpur Courts will have jurisdiction in the matter.

Force Majeure

- 7.16 In the event that the Supplier or any of its subcontractors, or the purchaser is delayed in performing any of its respective obligations under the Contract, and such delay is caused by Force Majeure, including but not limited to war, civil insurrection, fires, floods, epidemics, earthquakes, quarantine restrictions and freight embargoes, such delay may be excused and the period of such delay may be added to the time and performance of the obligation delayed.

- 7.17 If a Force Majeure situation arises, the Supplier shall promptly notify the Purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the Purchaser in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

Taxes and Duties

- 7.18 Unless mentioned in Purchase Order/Work Service Contract the Supplier shall be entirely responsible for all taxes, duties, tax deductions etc. and other levies imposed under any statute prevalent in and outside the country.

Headings

- 7.19 Headings, whether of Clauses or of other parts of the Purchase Order / Work Contract, are for reference only and are not to be constructed as part of the Contract

General Lien

- 7.20 Whenever, under this Purchase Order / Work Contract any sum of money is recoverable from and payable by the contractor, the Company shall be entitled to recover such sum by appropriating in part or in whole the Security Deposit of the Contractor, if a Security is taken from the Contractor. In the event of the Security being in sufficient or if no Security has been taken the Contractor, the balance or the total sum recoverable, as may be, shall be deducted from any sum due to the Contractor or which at any time thereafter may become due to the Contractor under this or any other Contract with the Corporation Should this sum be not sufficient to cover the full amount recoverable the Contractor shall pay to the Company on demand the remaining balance due.
- 7.21 All quotations, contracts and orders are subject to the jurisdiction of the appropriate local Court at Kanpur only.

PURCHASE POLICY OF ALIMCO

**Approved Vide Board of Directors:
118th Meeting held on 22/11/04
(Item No. XII)**

Amended Vide Board of Directors 121st Meeting held on 9 Jan,06 (Item No.XIII)
Amended Vide Board of Directors 128th Meeting held on 11 Feb 08 (Item No.IV)
Amended Vide Board of Directors 131st Meeting held on 27 Aug.09 (Item No.VII)
Amended Vide Board of Directors 136th Meeting held on 12 Jan.12 (Item No.XX)
Amended Vide Board of Directors 137th Meeting held on 07 Mar.12 (Item No.VI)
Amended Vide Board of Directors 141st Meeting held on 15 May.13 (Item No.XI)
Amended Vide Board of Directors 144st Meeting held on 23 Jan. 14 (Item No.VI)
Amended Vide Board of Directors 145st Meeting held on 24 Mar.14 (Item No.III)
Amended Vide Board of Directors 146th Meeting held on 25 June,14(Item No.IX)
Amended Vide Board of Directors 151th Meeting held on 27 Feb,15(Item No.XXI)
Amended Vide Board of Directors 152nd Meeting held on 15 May,15(Item No.XIV)
Amended Vide Board of Directors 155th Meeting held on 15 Sept,15 (Item No.XIII)