

PURCHASE POLICY & PROCEDURES 2020

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List of Amendments 2017-2020

The following amendments have been made to the Purchase Policy & Procedures 2017 during 2017 – 2020 with approval of Competent Authority. The same are part of the Purchase Policy & Procedures and relevant clauses are to be read as per the latest amendments specified below:

S. No	Amended Clause Ref.	Remarks
01	3.0 Purchase Requisition 3.1 (x) Spot Purchase	Cash Purchase to be read as Spot Purchase
02	3.4: Routing of MPRs for Raw Materials	To be routed through respective HODs & PPC.
03	3.8: Return of one duplicate copy of MPR to Indentors – Deleted	Since MPRs are being initiated Online through ERP System.
04	3.15: Splitting of Requisitions	Elaborated procedure for Splitting
05	5.1.1 (vi): GeM Procurement	GeM Procurement included
06	5.1.1.1 (v) Open Tender Limit for Civil Works	As per Approval Dt. 23/09/19
07	5.1.1.3 – Publicity for Open Tenders	Advertising in Newspapers is discontinued
08	5.1.1.4 (ii) Tender Notice Period	Minimum Time Period is revised to 28 Days
09	5.1.2.3 (iii) Threshold for Limited Tenders for Civil Works	As per Approval Dt. 23/09/19
10	5.1.2.6 – Tender Notice Period	Minimum Time Period is revised to 21 Days
11	5.1.2.8 – Publishing LTE in MIDHANI website	As per CVC Guidelines
12	5.2.1 (02) – Annual Turnover in case of Civil works < 50 Lakhs	As per Approval Dt. 23/09/19
13	5.2.2 Standard Eligibility Criteria – For Raw Materials	Included for all Open tenders of Raw Materials
14	7.3 – Standard Forms of Tender	Modified as per Present Policy & Procedures
15	9.0 Spot Purchase	Cash Purchase to be read as Spot Purchase
16	9.1.3 – Limit of Spot Purchase	Limit increased to Rs. 2,00,000/-
17	10.0 Integrity Pact Threshold Value	Reduced from Rs. 50 Lakhs to Rs. 40 Lakhs
18	13.1 – Signing of Tender Opening Committee	Chairman Signature is required only on Summary
19	17.0 Technical Scrutiny	Updated Constitution and responsibility of TEC as per latest Approval from C & MD
20	20 (g) Multiple L1 parties	Procedure to be followed where multiple L1 parties are received in cases where splitting is not allowed.
21	21 (iii) PNC in cases where single offer is received	Irrespective of whether Budgetary quote is from L1 bidder or not, PNC is to be conducted in case of single response.

22	21 (v) PNC to be conducted in cases where L1 price is below the estimated cost by 30% or more.	In cases where L1 offer is below the estimated cost by 30%, PNC to be conducted to arrive at optimum workable price.
23	22.4 Constitution of PNC (Price Negotiation Committee)	Standing committee as per Appendix 10 of the Policy is applicable
24	23.0 Financial Powers, Composition of PNC	As per latest Appendix 10, no approval is required for cases listed in Purchase Policy
25	24.2 (ii) – Addition: Civil Works where Contracts need to be signed and CAR Policy is required	As per Approval Dt. 23/09/19
26	27.1.6 GEM Tenders Payment Terms	As per Government Guidelines, payment terms in GEM portal are standard for all tenders.
27	27.3 Import Payment Terms	Interest Loading Formula for acceptable commercial deviations is included
28	28.0 Earnest Money Deposit	Latest EMD Rules are updated
29	29.0 Security Deposit	Latest SD Rules are updated
30	29.0 (b) – Addition: SD in case of Civil Works	As per Approval Dt. 23/09/19
31	33.0 FOB Contracts/Orders	Provision for accepting CIF offers is included
32	50.0 (v) Framework for implementation of Make –II Procedure	Incorporated as per Government Guidelines
33	59.0 CIVIL WORKS – Defect Liability Period and Quantity Variation clauses	As per Approval Dt. 23/09/19

APPENDIX

<u>Appendix No.</u>	<u>Title</u>
1	Capital Procurement cum Appropriation Requisitions
2	Material Purchase Requisitions
3	Proprietary Certificate
4	Invitation to Tender
5	Terms and Conditions of the Tender - General
6	Terms and Conditions for (a) Indigenous Supplies (b) Import Supplies (c) Job Works (Internal) (d) Job Works (Off – Loading)
7	Other Standard Annexures to Tender (a) Procedure for Submission (Manual) (b) E Procurement Terms and Conditions

	(c) E Auction terms and Conditions
8	Tender Opening Form
9	Comparative Statement
10	Price Negotiation Committee (PNC)
11	Purchase Proposal
12	Purchase order format for Indigenous Items and Job works
13	Purchase order format for Import Items
14	Liquidated damages waiver form
15	Bank Guarantee for Earnest Money Deposit (EMD)
16	Form of Bank Guarantee in lieu of Security Deposit and Performance Bank Guarantee
17	Bank Guarantee to secure the Initial Advance Payment
18	Bank Guarantee to secure the payment for General Arrangement Drawing
19	Bank Guarantee towards release of last installment of 10% payment
20	Integrity Pact
21	Checkpoints for Indents (to be checked by Purchase Department)
22	Checkpoints for Tender
23	Indemnity Bond
24	Checklist for raising MPR/ CPAR
25	Request For Proposal (RFP)
26	Outsourcing and Vendor Development Policy
27	Price Estimation Sheet
28	Standard Operating Procedure for Loading of Various Cost Components of Imported/Hybrid offers to arrive at Landed Cost
29	e-Tender cum Auction Notice
30	Framework for implementation of Make - II

ANNEXURES

<u>Annex No.</u>	<u>Title</u>
I.	Glossary of Purchase Terms
II.	Legal Aspects of Purchasing
III.	INCOTERMS 2010
IV.	Reference Websites
V.	Vigilance Guidelines

PURCHASE POLICY AND PROCEDURE

INTRODUCTON:

Purchase Policy and Procedures (PPP) duly approved by the Board of Directors of Midhani in March 2004 was brought into force with effect from 01.04.2004, **reviewed and revised subsequently in 2014, 2017. Revisions to the existing Purchase Policy and Procedure done between 2017-2020 are incorporated below** with a view to avoid the scope for subjectivity and improving transparency & efficiency in all kinds of procurements by laying out clear guidelines in tune with the latest DPE, CVC, GOI guidelines besides past experiences in procurement.

1.0 OBJECTIVES AND GOALS

- 1.1 In order to fulfill its functions, Midhani is required to purchase a vast variety of Raw materials, Stores (Consumables, Spares, Hand tools, Gauges & Instruments), Equipments and Sub-Contract different types of services. In all these transactions, primary objective and goal may be stated as follows.
 - 1.1.1 To ensure requisite quality, quantity and timely delivery of goods and services at most economical price through a fair and transparent competitive process.
 - 1.1.2 To identify and develop reliable indigenous sources of supply so as to minimize dependency on imports and promote self reliance.
 - 1.1.2.1 To verify in advance the financial status and technical competence of the tenderer and his capacity to execute contract commensurate with its value and to qualify the tenderer for participation in tenders.
 - 1.1.2.2 To resort to bulk purchase, having regard to defined inventory levels wherever it is economical and conclude long term contracts with a provision of standard break clause for items required in quantities at frequent intervals.
 - 1.1.2.3 To promote Small Scale Industries (SSI) taking into account the statutory provisions of Micro, Small and Medium Enterprises (MSME) Act.

- 1.1.3 Endeavor to effect standardization of raw materials, stores and equipments.
 - 1.1.4 To conduct these transactions in accordance with sound business principles and practices in a transparent manner.
 - 1.1.4.1 To ensure that the terms of contract are precise, definite & free from ambiguity or from scope of misconstruction/misinterpretation.
 - 1.1.4.2 To ensure transparency, competition, fairness and elimination of arbitrariness.
 - 1.1.5 To develop personnel by training in the latest Techniques of Materials Management and procurement system.
 - 1.1.6 To develop and establish appropriate information system to monitor and ensure proper Contract management and timely deliveries.
- 1.2 To implement the instructions related to purchases issued by Central Vigilance Commission department from time to time making the process of purchase transparent and accountable in nature.
 - 1.3 To encourage small scale and Ancillary Industries, MSMEs in terms of Govt. guidelines issued from time to time.
 - 1.4 To adopt the policy and procedure to facilitate E-Commerce.
 - 1.5 Every authority delegated with the financial powers of procuring goods shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to procurement and for fair and equitable treatment of suppliers and promotion of competition in procurement.

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

- i. The specifications in terms of quality, type etc., as also quantity of goods to be procured, shall be clearly spelt out keeping in view the specific needs. The specifications so worked out shall meet the basic needs without including superfluous and non-essential features, which may result in unwarranted expenditure. Care shall also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- ii. Offers shall be invited following a fair, transparent and reasonable procedure;

- iii. The authority shall be satisfied that the selected offer adequately meets the requirement in all respects;
 - iv. The authority shall satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
 - v. At each stage of procurement the concerned authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.
- 1.6 Any deviation to the procedures mentioned herein, in exceptional cases, shall be with the approval of Chairman & Managing Director, after recording valid reasons/justifications.

The same shall be put-up to the Board for ratification in its successive Board Meeting”

2.0 DEPARTMENTS AUTHORISED TO MAKE DIRECT PURCHASES

- 2.1 All purchases should be made through the purchase department with the exception of the following items:
- 2.1.1 Canteen, Training Hostel / Guest House and Super D Quarter consumables shall be procured by Personnel and Administration department following the established purchase procedures.
 - 2.1.2 Services for repair & maintenance of office equipment like copier / fax machines, inter-communication equipment, repair of furniture, franking machine, reprographic equipment & Time office systems shall be arranged by Administration department.
 - 2.1.3 Service for repair and servicing of weigh bridges, weigh scales, room air conditioners, water coolers, motor vehicles, Fork Lifts shall be arranged by Repair & Maintenance division.
 - 2.1.4 Emergent requirement of Medicines shall be procured by Medical Officer. Bulk purchase of medicines, equipment for First Aid / Clinic will be purchased through Purchase department.
 - 2.1.5 Services for repair & maintenance with respect to all personal computers including main system covering network will be made by IT Department through Purchase Department by following established Purchase procedure..

2.1.6 However, where the value of these services are likely to exceed Rs.10 Lakhs per annum, the tendering and evaluation of tender process would be done through the Purchase Department viz., hiring transport, canteen services, labour contracts etc., in view of the fact that expertise in this area lies with purchase department.

2.1.7 The interface between the supplier / sub-contractor / off-loading contractor and MIDHANI will be the Purchase department only.

3.0 PURCHASE REQUISITION

- 3.1 The material is categorized as follows for the purpose of initiating requisitions by indenting departments for procurement action.
- i. Capital Equipment
 - ii. Raw materials
 - iii. Special / Production Consumables
 - iv. General Consumables including Medicines & Stationery
 - v. Hand tools, Gauges and Instruments
 - vi. Proprietary spares / Specific Spares
 - vii. General Spares
 - viii. Sub-Contracting/ Off-loading/ Assistance in various operations
 - ix. Repairs, Services & Miscellaneous materials, i.e., materials other than those covered in the above categories.
 - x. **(a) Spot Purchase (Approved in 248th Board)**
(b) Emergency Purchase
- 3.2 Purchase department will initiate purchase action against purchase requisitions received in the pro-forma prescribed at **Appendix-1** for Capital items (CPAR – Capital Procurement cum Appropriation Requisition) and **Appendix-2** for Revenue items (MPR – Material Purchase Requisition). Before initiating the Purchase action MPRs/ CPARs should be scrutinized to ensure that it is complete in all respects and necessary specifications and drawings are provided. Further, MPRs received from various departments / shops for similar items should be clubbed for procurement to enable company to get competitive rates. The Indentor has to provide the last Purchase Order details and the basis of estimated value if any.
- 3.3 Purchase department will ensure that no commitment is made on a MPR / CPAR unless approved by Competent Authority in accordance with Delegation of Powers.

- 3.4 All MPRs for procurement of Consumables, Spares, Hand tools, Gauges & Instruments shall be routed through Stores department/shall be endorsed with Stock Availability.

All MPRs for procurement of Consumables, Spares, Hand tools, Gauges & Instruments shall be routed through Stores department/shall be endorsed with Stock Availability.

All MPRs for procurement of Raw materials shall be routed through Stores/endorsed with Stock Availability and should be duly endorsed by the respective HODs and shall be cleared by the PPC department before forwarding to Finance / Purchase. (Approved in 248th Board).

All Off-loading MPRs shall be routed through PPC only.

All MPR's indicating the total quantity available in Main Stores, Sub Stores, Shop floor & pipe- line quantities shall be forwarded by Indentor at the time of approval.

- 3.5 All CPARs shall be routed through Finance department to ensure Budget provision.
- 3.6 Where materials are desired to be procured on a proprietary basis from a single source, the purchase requisition shall be accompanied by a Proprietary Article Certificate, as per Proforma given in **Appendix-3**.
- 3.7 All MPRs shall be routed through Finance department for vetting of Estimate, which shall be as per **Appendix 27** of the policy.
- 3.8 **The MPRs/ CPARs shall be prepared by the Indenting department and approved by the competent authority in accordance with the Delegation of Powers. The MPRs/ CPARs shall be prepared completely filled in all respects (Revised considering Online MPR in ERP System).**

The value of the CPAR/ MPR for purpose of sanction as per Delegation of Powers will be the Landed Cost Net of Set off (LCNS) duly updated with actual taxes, duties & transportation etc.

Where it is proposed to split on item-wise L1 basis, the estimate also shall be prepared itemwise.

- 3.9 In case, the actual value of procurement for MPRs (LCNS Value) exceeds the estimated value, same will be dealt as per Delegation of Powers.
For CPARs, in case the actual value of procurement exceeds the estimated value then budget re-appropriation with financial concurrence is required.

- 3.10 Wherever applicable, a quantity tolerance of maximum up to +/- 10% shall be incorporated in Purchase Orders after consultation with the Indenting Department.
- 3.11 Checklist to be enclosed (**Appendix – 24**) with MPR/ CPAR by Indenting Department:
- i) Last Purchase Order details i.e., P.O. No, P.O. date & Supplier name.
 - ii) Stock position for MPR with respect to:
 - a) Central Stores
 - b) Sub Stores
 - c) Shop floor
 - d) Pipe – line quantities (including both pending Purchase Order details and pending Indents in process).
 - iii) Justification for Procurement.
 - iv) Specification (if any).
 - v) Drawings (if any).
 - vi) Delivery Schedule/ Lead time.
 - vii) Proprietary Article Certificate (if any).
 - viii) Acceptance Criteria.
 - ix) Pre-Dispatch Inspection clause (if any).
 - x) Warranty/ Guarantee clauses (if any).
 - xi) Sources with addresses and contact details.
 - xii) Name of the last supplier in list of sources (if not, with justification)
 - xiii) Nature of Indent: Express / Normal (*)
 - xiv) Basis of Estimation of the estimated value as per **Appendix – 27** (Estimation Format).

* Preference will be given to Express Indents during Procurement process.

- 3.12 On receipt of MPR/ CPAR, Purchase Department shall check the same as per Checkpoints incorporated at **Appendix – 21**.
- 3.13 Any change/ modification to approved MPR/ CPAR shall be with the approval of same authority that approved the MPR/ CPAR originally.
- 3.14 Splitting of requisitions to bring them within the powers of lower authority shall not be resorted to.
- 3.15 If splitting of the proposed quantity is required due to criticality or production urgency, the same shall be incorporated in requisition stage itself and shall be clearly indicated in the tender document as per below Guidelines (applicable to all procurements) – Approved in 248th Board:
- (a) In case the order is to be placed on more than one tenderer as specified in the Indent / Tender Document and the L-I price is within the approved limits

of estimate, then all the technically & commercially qualified tenderers will be asked to match their prices with L-1 rate for distribution of the items / jobs to be ordered. Only the tenderers, who agree to match their prices with L-1 rate, will be considered for the distribution of order.

- (b) For splitting the order quantity / scope of work among more than one tenderer, the basis will be their original rankings as per the comparative statement. The allocation will be as informed by the Indenter in the MPR or otherwise in the descending order with L-1 getting the highest share. The distribution pattern for splitting the order into 2 / 3 / 4 parties will be broadly as indicated below:-
- (c) In case of distribution for Ratio for Original Ranking L-1 L-2 L-3 L-4 L-5 L-6 L-7 L-8

Two parties 70:30

Three parties 60:25:15

Four parties 50:25:15:10

Five parties 40:25:15:10:10

Six parties 35:20:15:10:10:10

Seven parties 30:20:10:10:10:10:10

Eight parties 25:15:10:10:10:10:10:10

- (d) In case more than one party has the same rank, then their share will be added and equally distributed. For example, if distribution is to be made among six parties and two parties have the same ranking of L-2 i.e. the original rankings are L-1, L-2, L-2, L-3, L-4, L-5, then from the above table, the distribution shall be

L-1 35%

L-2 17.5% } i.e. $20+15 = 35$ %

L-2 17.5% } i.e. $20+15 = 35$ %

L-3 10%

L-4 10%

L-5 10%

- (e) However, in case of tie among the same ranking parties i.e. in a situation where ranking is L-1, L-1, L-2, L-3, L-3, L-3, L-4, and only four parties are to be considered for placement of order, the distribution shall be

L-1 37.5%

L-1 37.5%

L-2 15%

L-3 10%

and only one party among the three L-3 parties to be selected through draw of lot in the presence of their representatives.

4.0 APPROVAL OF SUPPLIERS, REGISTRATION, EVALUATION AND ASSESSMENT OF VENDORS

Procedure for approval of vendors and their evaluation is available at **Appendix 26**.

Vendors registered in other Defence PSUs will be considered as Deemed Registered. This Deemed Registration will enable the vendors to participate in all future tenders of MIDHANI for similar category of goods/services subject to fulfillment of other eligibility criteria indicated in the Tenders. However, prior to placing of order, in case the vendor is selected after following the due process/procedure, all the formalities relating to completion of Regularization Process as per the extant procedure of this will have to be completed.

4.1 VENDOR DEVELOPMENT

Continuous efforts shall be made for developing alternate potential sources. The objective is to have a minimum of two sources to be developed successfully to reduce our dependence on a single source with connected risks, besides to get the items at competitive prices. Outsourcing and Vendor Development Policy including Procedure for approval of vendors and their evaluation is at Appendix 26

Purchase Department shall,

- i. Organize Vendor Meets to invite new vendors to register.
- ii. Advertise products for which vendors are required, in News paper & hosting details in website.

In case of development of new vendors through Development orders, **clause no. 24.4** to be referred.

4.2 REMOVAL FROM THE LIST OF THE APPROVED FIRMS

Removal from the List: Whenever a firm is found lacking in performance in terms of response, delivery compliance, capacity, quality standards, ethics or any other valid reason, the firm may be removed from the list after giving notice of proposed removal to the firm. Besides, there may be registered firms which may have ceased to exist or may have been acquired by or merged with another firm, may have switched over to other sectors of business operation or

indulged in unethical business practices and influence peddling. Such firms should be removed from the list of approved vendors after giving them notice of the proposed removal.

The registration of the firm will be cancelled with the note routed through VRC and with the approval of C & MD on case to case basis by giving prior notice. A registered firm is liable to be temporarily/ permanently removed from the list of approved contractors.

Note: In case of temporary removal, the firm has to go for fresh registration.

Effect of Removal from the List: Whenever a firm is removed from the list of approved vendors, its registration stands cancelled. Such removal must be communicated to all other registering and procuring agencies so that no further business relations are maintained with such firms.

4.3 BAN ON DEALINGS WITH A FIRM

Ban on dealings: When the misconduct of a firm or its continued poor performance justifies imposition of ban on business relations with the firm, this action should be taken by the appropriate authority after due consideration of all factors and circumstances of the case and after giving due notice.

Business dealings with a firm, whether it is registered or not registered, may be ordered to be banned with the note routed through VRC and with the approval of C & MD on case to case basis.

5.0 MODES OF TENDER

5.1 The recommended modes of tendering for placement of orders are as under:

- (i) Open Tender Enquiry (OTE) & Global Tender Enquiry (GTE)
- (ii) Limited Tender Enquiry (LTE)
- (iii) Single Tender Enquiry (STE)
- (iv) Proprietary Tender Enquiry (PTE)

5.1.1 Open/Global Tender Enquiry

a. Open Tender Enquiry (OTE):

5.1.1.1 Open tender enquiries are to be considered under the following circumstances:

- i) When reliable manufacturers/ suppliers/ traders/ contractors as well as latest Technologies are not clearly known.
- ii) When it is felt that advertising may elicit better response.
- iii) When the estimated value of Raw material, Stores and Sub-Contract/ Off-loading exceeds Rs. 25 Lakhs and registered suppliers are not available or where it is decided by Competent Authority to broad base vendors.

- iv) When the estimated value of the Equipments and other items Included in the Capital budget exceeds Rs. 25 Lakhs and registered suppliers are not available or where it is decided by Competent Authority to broad base vendors.
- v) For Civil Works more than Rs. 10 Lakhs, Open Tender may be resorted to (**As per Approval Dt. 23/09/2019**)
- vi) The Open Tendering system should be the preferred mode for procurement of common use items of generic or commercial specifications which are readily available off-the-shelf in the market from a wide range of sources/ vendors.
- vii) **For all common items available over Government e-Market Place (GeM), procurement shall be done through GeM only as per provisions, terms and conditions of GeM portal (Included considering mandatory procurement through GeM portal).**

5.1.1.2 Wherever open tenders are resorted to, the enlisted suppliers/sub-Contractors/off loading contractors, should also be made aware of the same via mail/ post to get Competitive offers.

5.1.1.3 **Open tenders should be given wide publicity in MIDHANI website as well as in CPPP Portal (Publishing in Newspapers is discontinued).**

b. Global Tender Enquiry (GTE):

Where it is felt that the goods / services of the required quality, specifications, etc., may not be available in the country and it is necessary to also look for suitable competitive offers from abroad.

In the case of Equipment of complex nature, publicity may be given through Indian Trade Journal (ITJ) and an intimation regarding the tender to Embassies of major trading countries as well as the foreign embassies in India in addition to mode of publicity as at 5.1.1.3 above. The selection of embassies would depend on the possibility of availability of the required goods/services in such countries.

5.1.1.4 **IMPORTANT REQUISITES FOR OPEN TENDER:**

- i) Standard formats which form part of this policy and procedure shall be issued against tender.
- ii) **A minimum of 28 Days period should be allowed for submission of the tenders from the date of advertisement. This period should be increased suitably in cases involving purchase of major items with the approval of HOD (Purchase). In exceptionally urgent and simple**

cases, the period of submission of tenders may be reduced to 10 Days with the prior approval of HOD (Purchase). However, Tender notice period shall not be less than 10 days. (Approved in 248th Board)

- iii) Tender forms shall normally be issued on MIDHANI website free of cost.
- iv) All offers shall be received together with Earnest money deposit (EMD) as per table mentioned in **clause No. 28** of Purchase Policy.
- v) EMD and security Deposits may be accepted in the form of Demand Draft/ Banker's Cheque from a Nationalized Bank / Scheduled Commercial Bank or in the form of Bank Guarantee or payment through online with proof thereof (alongwith bidder's offer for EMD). Any relaxation with respect to EMD and security Deposits should have the approval of C & MD. Registered MSMEs shall be exempted from EMD/ Security Deposit as per Govt. guidelines issued from time to time.

5.1.2 LIMITED TENDER ENQUIRY (LTE):

In limited tender, the most likely and reliable sources are to be addressed directly. Limited tendering shall be resorted to in the following cases:

- 5.1.2.1 Items available from the list of approved suppliers.
- 5.1.2.2 Purchase of Raw Materials & Stores and Sub-Contract/Off-loading, where established/ registered sources are available Limited Tender shall be resorted to up to value of Rs. 25 Lakhs.
- 5.1.2.3
 - i) Purchase of Raw materials & Stores and Sub- Contract/ Off-loading, upto Rs. 10 Lakhs in each case which are not available from the list of registered suppliers. The suggested sources/ suppliers shall be considered for sending enquiries as given by the Indentor.
 - ii) Purchase of Equipment upto Rs. 10 Lakhs in each case which is not available from the list of registered suppliers. The suggested sources/suppliers shall be considered for sending enquiries as given by the Indentor.
 - iii) For Civil Works, upto Rs. 10 Lakhs, Limited Tender may be resorted to **(As per Approval Dt. 23/09/19)**.

5.1.2.4 When MIDHANI's customer has specified the specific item/ service to be purchased from the specific source.

5.1.2.5 When MIDHANI on its own wants to go for Limited Tender because of the nature and secrecy involved.

5.1.2.6 **Time allowed for receiving quotations against limited tenders will be minimum 21 Days. However, this time can be further reduced in case of urgent requirement with approval of HOD (Purchase). However, Tender notice period shall not be less than 10 days. In cases where no offers or single offer is received on due date, HOD (Purchase) will decide in consultation with Indenting Department whether due date needs to be extended for generating fair competition, accordingly such tenders/quotations will be obtained on extended due date. (Approved in 248th Board)**

In case any registered supplier/established supplier/supplier of repute requests for extension of due date, requests received atleast before 3 days of due date shall only be considered in consultation with Indenting Department.

In case response is received from all the parties to whom Tender notice has been sent, the bids may be processed further without waiting for the time period specified in the Tender to lapse after intimating to all the bidders.

5.1.2.7 To ensure adequate competition and price advantage, limited tenders should be addressed to as many sources as possible, but not less than 5. Where the number of available sources of supply is less than 5, the suppliers to be addressed may be reduced with the approval of D (P&M).

5.1.2.8 **All Limited tenders, except those that are strategic / confidential in nature, shall be published at MIDHANI website (Approved in 248th Board)**

5.1.3 SINGLE TENDER ENQUIRY (STE):

5.1.3.1 Procurement from a single source may be resorted to in the following circumstances: -

- i. In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
- ii. For standardization of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent

technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm.

- iii. When MIDHANI's customer has specified the specific item/ service to be purchased/ obtained from the specific source.
- iv. For developmental orders placed on new sources.
- v. When it is necessary due to specific technical reasons or operational urgency. Reasons to be recorded in writing.

5.1.3.2 In single tender method, the sources of supply should be reviewed periodically so as to get the best price advantage.

5.1.3.3 Approval of Indent shall be as per DOP.

5.1.4 PROPRIETARY PURCHASE:

Procurement from a single source on proprietary basis may be resorted to in the following circumstances:-

- 5.1.4.1 In case only a particular firm is the manufacturer of the required goods.
- 5.1.4.2 Certificate that the case is proprietary in nature, is to be recorded on the MPR by the competent authority (As per Appendix –3).
Proprietary Article Certificate (PAC) as per format at Appendix – 3, shall be enclosed to Indent.
- 5.1.4.3 When proprietary items are supplied by manufacturer as well as his authorized dealer, enquiries should be sent to both.
- 5.1.4.4 Issue of Tender:
Tender enquiry on proprietary basis is to be issued to one party, only if it is either **OEM** or authorized **stockist**/distributor for the particular item.

5.2 Standard Eligibility Criteria in case of Expression of Interests/Open Tenders:

5.2.1 Standard Eligibility Criteria as below may be followed for Expression of Interest/High Value Equipments/Contracts/Civil works etc:

Offers from Consortiums as well as from Authorised dealers/representatives on behalf of Original Equipment manufacturers (OEM) are allowed subject to the following (If applicable):

In case of Consortiums:

- Consortium agreement (Memorandum of Agreement) signed by legally authorised signatories of respective consortium members/partners, shall be valid till completion of the contract & Defect Liability Period and shall form part of the Contract.
- Consortium agreement clearly defining the roles and responsibilities of each party and signed by all the consortium members/partners shall be submitted along with the techno-commercial offers.

- BGs to be submitted by each member/partner for value of their respective scope of work and Order/Contract shall be signed by all members/partners of the Consortiums.
- Payments to be made to respective members/partners directly for their respective scope of work (ex: In case of INR payments to Indian Partners in the Consortium etc), which shall be indicated in the techno-commercial offer/authorised by the Lead Partner.
- Lead Partner of the Consortium shall be overall responsible for the execution of the Contract. The Leader and other Members of the Consortium shall be jointly and severally liable for the execution of the Contract, but will be liable for damages in proportion of the respective Contract Price.

In case of participation from Authorised Dealer/Associate/Authorised Representative of Original Equipment Manufacturer:

- Agreement clearly describing the roles and responsibilities of OEM and Associate jointly signed by OEM and the Associate along with the techno-commercial offer. Agreement shall be valid till completion of the contract / order and Defect Liability Period, in case contract/order is awarded to them.
- OEM to submit Authorisation/Undertaking along with the above said agreement which shall read thus

"We are appointing the Project Associate/Authorised Representative _____ who are authorised to submit/participate in the tender on our behalf, use our credentials, conduct discussions/negotiations for the tender and also sign the Contract/Purchase Order on our behalf.

We stand responsible against the actions of our Associate/Representative pertaining to this tender. We shall take the responsibility of technical suitability as per tender/purchase order/contract (if placed), establishment of performance guarantee during commissioning and Warranty/Guarantee during defect liability/Guarantee/Warranty period."

- Contract shall be signed between the Associate and MIDHANI, however agreement between OEM and the associate(s) shall be an integral part of the Contract.

Offers shall be considered subject to fulfilling of the eligibility criteria as below:

Eligibility Criteria:

Sl. No	Criteria	Documents required for confirmation
01	<p><i>Bidder (sole)/Lead Consortium Partner/Original Equipment Manufacturer</i></p> <p>a) Should have been established and operating for a period of at least 05 years prior to the date of Tender.</p> <p>b) Should be a Manufacturer of the Equipment.</p>	<p><u>For (a):</u></p> <ul style="list-style-type: none"> - Certificate of Incorporation issued by the Registrars of Companies "OR" - Certificate of Registration by Registrar of Firms "OR" GST Registration in case of proprietary firms "OR" - Relevant Registration/Incorporation Certificate issued by Concerned State authorities in case of Foreign Firms with proof of address.

		<p><u>For (b):</u> Self Certified Document that the Company is not a Trading Company Note: Other partners/associate/representative of OEMs shall also submit relevant certificates of Incorporation/Registration certificate.</p>
02	<p><u>Annual Turnover</u></p> <p><i>Bidder (sole)/Lead Consortium Partner/Original Equipment Manufacturer</i></p> <p>Should have a minimum average annual turnover of <i>(1.2 Times the estimate value) *(12/Delivery period in months)</i> for previous three financial years.</p> <p>...</p> <p>In case of Civil Works where estimate value less than Rs. 50 Lakhs (Approval Obtained vide Approval dt. 23/09/19): Should have a minimum average annual turnover of <i>30% of the estimated cost of work projected in tender</i> for previous three financial years.</p>	Audited annual accounts
03	<p><u>Positive Net Worth/Solvency:</u></p> <p><i>Bidder (sole)/Lead Consortium Partner/Original Equipment Manufacturer</i></p> <p>Should have Positive Networth in each of the previous three financial years “OR” Should submit solvency certificate for <i>40% of the estimate value</i> issued not earlier than 6 months from the date of Tender.</p>	<p>Audited annual accounts “OR” Certificate from a Certified Charted Accountant for networth of the company issued not more than 6 months before the date of tender with seal and Membership Number mentioned on the certificate in Original. “OR” a) In case of Indian parties it should be issued by nationalized or scheduled bank from INDIA in Original. b) In case of foreign parties it should be issued by Nationalized or schedule bank from India having a branch in the foreign land or countersigned by Nationalized or schedule bank of India in Original.</p>
04	<p><i>Bidder (sole)/All Consortium Partners</i></p> <p>Should have PAN/ TAN/TIN/GST registration or Relevant Tax Registration of Foreign parties In case of Civil Projects ESI/PF Registration No. is mandatory for Indian Vendors.</p>	<p>a) Copy of registration certificates for Indian parties. b) In case of foreign parties, relevant tax registration certificate from the countries where the company is registered.</p>
05	<p>Technical Experience:</p> <p><i>Bidder (sole)/Lead Consortium Partner/Original Equipment Manufacturer</i></p> <p>Should have supplied and commissioned at least 01 machine of similar type and same or higher capacity in the last 10 years (to be decided on case to case basis).</p> <p>a. For Civil Works: Experience of having successfully completed similar works during last 7 years:</p>	<p>Copy of the Contract/Order & other documentary evidence for successful commissioning to be submitted.</p> <p>Parties have to give the details of previous supplies and contact person full details for reference.</p>

	<p>Three similar completed works costing not less than the amount equal to 40% of the estimated cost (or)</p> <p>Two similar completed works costing not less than the amount equal to 50% of the estimated cost. (or)</p> <p>One similar completed work costing not less than the amount equal to 80% of the estimated cost.</p>	
06	<p><i>Bidder (sole)/All Consortium Partners</i></p> <p>Unconditional acceptance of all commercial terms and conditions.</p>	Self certificated document to be submitted

5.2.2 Standard Eligibility Criteria in case of Open tenders for Raw Materials may be followed as below (Specific Approval obtained):

1. Offers from Traders as well as from Authorised dealers/distributors/representatives on behalf of Original manufacturers (OM) are allowed subject to the following:

- Authorization letter duly signed by the original manufacturer to be submitted along with techno commercial bid by the Authorised dealers/distributors/representatives/Traders. Authorisation letter shall be valid on the date of opening of tender.
- Authorization letter shall be valid till completion of the contract / order, in case of award of Contact.

NOT APPLICABLE FOR NICKEL, COBALT, MOLYBDENUM, AND SCRAP

2. Offers shall be considered subject to fulfilling of the eligibility criteria as below (Applicable to all new vendors to MIDHANI):

Note: Vendors of MIDHANI who have successfully executed at least one Order in past 5 years shall be treated as Existing Vendors.

Criteria	Documents required for confirmation
<p>Technical Experience:</p> <p><i>Bidder (sole)/Original Manufacturer</i></p> <p>Should have supplied tendered material of similar composition and size at least two times in previous 24 months for at least 20% tendered quantity.</p> <p>(Two separate POs need to be submitted)</p>	<p>Copy of the Contract /Purchase Order OR other documentary evidence by self or by principal/Original Manufacturer.</p>

- Apart from meeting the eligibility criteria defined below, all new bidders shall fill the Vendor Registration form available in the website <http://midhani-india.in/login/> and submit along with the offer for formal vendor registration.

Note: Existing Suppliers also who have earlier not submitted the Vendor Registration Application in the above format/chose to update their credentials subsequent to earlier application, may submit the same along with their technical offer.

6.0 METHODS FOR CALLING TENDER

The following methods shall be adopted for calling of tenders:

- i) Single Part tendering,
- ii) Two part tendering.

Standard Forms of Tenders are enclosed at Appendix 4 to Appendix 7 and Appendix 25 (Revised as per latest Policy Guidelines)

6.1 Single Part tendering:

- 6.1.1. **Single Bid system:** For stores available commercially off-the-shelf (COTS), where qualitative requirements and technical specifications are clear, single commercial bid system may be followed.

This system may also be followed for other procurements of non-complex nature. No sample should be called for in single bid system at the Tender stage. Single part tendering involves calling for tenders in one part: Single tender comprises Techno Commercial as well as the Price.

The bid (technical + commercial + financial /price) shall be sealed by the bidder in a single cover duly super scribed (tender reference no. and the date of opening)/submitted through E Procurement as per procedure indicated at Clause 54.0.

6.2 Two part tendering:

- 6.2.1 Two bid system: For purchasing high value plant, machinery, equipment, materials, consumables, services, spares, IT and communication systems and for turnkey projects, etc., which are of a complex and technical nature or for procurement of items which have indeterminable parameters, such as shade, tone, make-up, feel, finish and workmanship, etc., bids should normally be obtained in two parts as follows. The Request For Proposal (RFP) format is enclosed at **APPENDIX- 25:**

- a) Technical bid consisting of all technical details along with commercial terms and conditions along with EMD (if any), Integrity Pact (if any); and
- b) Financial / price bid indicating item-wise price for the items mentioned in the technical bid.

The technical bid (technical + commercial) and the financial /price bid shall be sealed by the bidder in separate covers duly super scribed and both these sealed

covers are to be put in a bigger cover which should also be sealed and duly super scribed (tender reference no. and the date of opening)/submitted through E Procurement as per procedure indicated at Clause 54.0. The technical bids are to be opened by in the first instance and evaluated. At the second stage, financial/ price bids of only the technically acceptable offers should be opened for further evaluation and ranking before awarding the contract/ Order.

6.2.3 In cases of job contract, generally the Technical / commercial terms need to be negotiated. Therefore, for all such job contracts, two part bid shall be invited.

6.2.4 Specific Requirements:

6.2.4.1 RFI/ EOI: Where equipment / plant to be procured is a complex nature and full knowledge of the various Technical solutions available in the market is not known, the broad objectives, constraints etc. shall be published by calling for RFI / EOI and on receipt of EOI, Technical discussion / presentation may be held with short listed manufacturers and suppliers, who are prima facie considered technically and financially capable of supplying the material or executing the proposed work. During this Technical discussion stage, other stake holders may also be added in the discussions who could add value to the decision making on the various aspects and evaluation criteria. Based on the discussions / presentations so held, one or more acceptable Technical solutions could be decided upon laying down detailed Technical specifications for each acceptable Technical solution, quality bench mark, warranty requirements, delivery mile stone 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 specification generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussion / presentations and the process of decision making shall be kept.

6.2.4.2 Pre-qualification bid: Pre-qualification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their

- (a) Experience and past performance on similar contracts.
- (b) Capabilities with respect to personnel, equipment and manufacturing facilities.
- (c) Financial standing through latest I.T.C.C.,
- (d) Annual report (balance sheet and Profit & Loss account) of last 3 years.
- (e) Specific requirements like quantity, delivery etc shall be kept in view, while fixing the Pre qualification criteria.

Pre-bid meeting (if required) shall be taken up.

6.2.4.3 Indentor has to clearly indicate the requirement of RFI/ EOI and Pre-qualification bid (if required) in the Indent.

6.2.4.4 Once the Technical specification and evaluation criteria are finalized, two part tendering shall be taken up. The Tender format is enclosed at Appendix – 25.

7.0 INVITATION TO TENDER

- 7.1 Invitation to Tender shall be issued on obtaining the approval of Competent authority i.e., HOD (Purchase) for all Tenders.
- 7.2 Invitation to tender should be issued in the prescribed form (also see Para 5.1.1.4 (i)) Invitation to tender shall be accompanied by the relevant general conditions of contract.
- 7.3 Standard forms of invitation to tender and General Condition for contract are prescribed for each of the above types of invitation to tender and these should be used as a set while calling for tenders. Changes if any in standard forms of Invitation to Tender and General Conditions of Contract should be legally vetted. These documents are appended as detailed below.

1	Invitation to Tender	Appendix-4
2	Terms and Conditions of the Tender: General – For all Procurement	Appendix-5
3	Terms and Conditions for (a) Indigenous Supplies (b) Import Supplies (c) Job Works (Internal) (d) Job Works (Off – Loading)	Appendix-6
4	Other Standard Annexures to Tender (a) Procedure for Submission (Manual) (b) E Procurement Terms and Conditions (c) E Auction terms and Conditions	Appendix-7
5	Request for Proposal (For High Value Equipments where Contracts are to be signed)	Appendix - 25

- 7.4 All invitation to tenders shall be issued by Registered post/speed post/courier/fax/mail/paper advertisement and whichever is applicable.

8.0 GENERAL INSTRUCTIONS FOR TENDER

- 8.1 The following general instructions are to be followed for all types of tenders as applicable:
 - 8.1.1 Tender closing date and time, tender opening date and time and in case of Open tender, “opening of tenders in the presence of tenderers” should be clearly indicated.

- 8.1.2 All enquiries must contain clearly written specification / description / Drawings with quality / quantity and delivery schedule.
- 8.1.3 Conditions for levying liquidated damages, risk purchase clause as applicable should be clearly indicated.
- 8.1.4 A comprehensive list of standard commercial terms and condition must be annexed with the enquiry, inviting specific confirmation on each front.
- 8.1.5 The tender documents in all such cases include a clause that price negotiation may not be carried out with the parties and contract is likely to be awarded to the lowest tenderer, if the offer is Technically acceptable and the prices are found to be reasonable.
- 8.1.6 Distribution of quantities due to critical or vital nature of the item shall be pre disclosed at the tendering.
- 8.1.7 Where quantities are to be distributed to multiple parties, the other parties L-2, L-3, L-4.....need to match the L-1 price. The matching of prices, to avoid placement of order on differential price, shall not be treated as counter offer or negotiation.
- 8.1.8 The purchases should preferably be made directly from the manufacturers. Either the Indian Agent on behalf of the Foreign principal or the Foreign principal directly could bid in a tender but not both. Further, in cases where an agent participates in a tender on behalf of one manufacturer, he should not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent / parallel tender for the same item.
- 8.1.9 The tenderer has to specify the residential status for the purpose of Income Tax, in case of Import bids.
- 8.1.10 While floating the tender, Purchase Department shall check the enquiry/tender in all respects as per Checkpoints at **Appendix - 22..**
- 8.1.11 In cases where less than 3 offers are received as on due date, MIDHANI reserves the right to extend the due date without any prior notice to the Vendors who have participated. The same shall be incorporated in the Enquiry

9. 0 SPOT PURCHASE AND EMERGENCY PURCHASE

9.1 SPOT PURCHASE (Approved in 248th Board)

- 9.1.1 Spot purchase from the local markets or markets in outstations in case of non-availability of stores are to be authorized by Competent authority.
- 9.1.2 Purchase of single items up to Rs. 5,000/- may be made after making telephonic/verbal enquiries. This is called as Petty Purchase. The amount can be adjusted from the imprest amount available with Purchase Department.
- 9.1.3 **Purchase above Rs.5000/- in each case but not exceeding Rs. 2,00,000 may be made on the basis of not less than 3 written quotations.**
9.1.3.1 Payments exceeding Rs.10,000/- shall be through Cheque/ DD / Other electronic or Digital modes only. (Approved in 248th Board)
- 9.1.4 The spot purchases above Rs. 5,000/- as indicated above shall be made by a team of Officers to be decided by the authority competent to sanction purchase, but not below the rank of Deputy General Manager (Purchase) / HOD (Purchase).
- 9.1.5 Purchase in all the above cases should be made taking into account price, quality, delivery requirements etc. preferably from vendors registered with the company.
- 9.1.6 A register/ separate file showing full details of such purchases should be maintained by purchase Department.
- 9.1.7 Spot Purchase should not be considered as a normal practice of procurement. Only in case of urgency and for items which cannot be procured by normal tendering process, spot purchase shall be resorted to. Proper justification shall be given for all cash Purchase indents. All Indenting divisions to restrict the spot purchase by planning the procurement in advance.

9.2 EMERGENCY PURCHASE

- 9.2.1 Provisions for emergency purchase of goods and services have to be kept to meet the emergency needs of the Plant to keep the flow of production uninterrupted. In case of purchase, such emergency normally occurs when there is no stock in the Stores and chances of getting supplies against pending orders within the stipulated time schedule are remote. Similarly, in case of job contracts, such emergency occurs when breakdown of equipment occurs and internal resources are not adequate to take timely action.

- 9.2.2 C&MD and D (P&M) are the competent authorities as per D.O.P. for approving Emergency Purchase Indents (MPR/ CPAR). Such Indents shall be routed through Finance department for concurrence only at Indenting stage.
- 9.2.3 Due to the very nature of the requirements which has to be met in the shortest possible time, the normal process of tendering stipulated in this procedure cannot be followed. For emergency Indents, the mode of tendering and method of placement of order may, therefore, be adopted as per the specific requirements of the case and the time available for the placement of order and getting materials/execution of jobs. Approval of the Competent Authority shall be obtained for the specific mode of Purchase /award of contract and order finalized. Placement of order on Single Tender/ single offer basis may be adopted in such situations.
- 9.2.4 The materials may be procured from best possible source preferably from vendors registered with the company and jobs be awarded to the reliable Contractor for such emergency procurement/job contract respectively.
- 9.2.5 Purchase/Procurement of R & D Items and also for purchase of Software etc which are Urgent in nature shall also be considered as 'Emergency Purchase' with approval of competent authority as per DOP.

10. 0 INTEGRITY PACT

For all MPRs & CPARs of estimated value Rs. 40 Lakhs (Approved Value) and above or as directed by Competent Authority from time to time, the tenderer(s)/ contractor (s) has to enter into an "Integrity Pact" with MIDHANI. A copy of the Integrity Pact duly signed by the authorized signatory on behalf of MIDHANI has to be enclosed with the tender/ bid document. All bidders shall submit the signed Integrity Pact along with Techno-Commercial bid. If the signed Integrity Pact is not found enclosed, such offers are liable for rejection. (Integrity Pact format at Appendix – 20).

11. 0 REPEAT ORDER

Normally, as per the lead-time, prior to expiry of the running supplies / job Contract, the Indenter has to process fresh Indent. However, due to unavoidable circumstances, if either the Indent is not processed or even after processing the Indent, it is not possible to place fresh order in time, under such circumstances for the Item / Job Contract for which continuity is essential, it may be necessary to place repeat order on existing party / Contractor. After recording the reasons leading to placement of repeat order, the proposal for repeat order on same terms, conditions and specifications may be considered on the following:

- i) The original order must have been placed in the usual course of tendering. Emergency orders shall not be considered.
- ii) The purchaser reserves the right to place repeat order upto 100% of the quantities within one year from the date of original order or six months

- from the completion of supplies of the original order (i.e., from the date of acceptance of item) whichever is earlier.
- iii) Sanction of Competent Authority for repeat order shall be obtained as per D.O.P.
- iv) Only one Repeat Order is allowed.
- v) It should be ensured that there is no downward trend in prices.

12.0 RECEIPT OF TENDER

12.1 The representatives of the tenderers who submit tenders in person should be asked to drop the tenders in the tender box/through online (in case of e Procurement). Tenders received by post should also be kept in the tender box by Purchase department. If any tenders are received without reference to the tender number and date of opening and are therefore opened in the normal course in the office, the same should be put in a cover and sealed and authenticated by the Officer opening the tender duly superscribing the tender number and date of opening on the envelope. The person who opens the tender as above will indicate reasons thereof on envelope. The name of the tenderer should also be mentioned on the envelope.

A Tender Opening Committee (TOC) shall be constituted consisting of officers one each from Finance and Purchase besides Dy. Head (Purchase) as chairman of TOC as appointed by HOD (Purchase). All tenders irrespective of the value may be opened by the TOC in the presence of tenderers who might choose to be present at the time of opening of the tenders and an indication to that effect made in the notice inviting such tenders/through e Procurement as per Clause 54.0.

- 12.2 Tenders should be received in closed envelope only. However, if tenders are received in the form of E-Mail, then it will be at tenderer's risk. The tenderer also has to ensure that submission of tender is made with signed scanned copy. The same shall be considered along with other tenders on respective due date and same shall be recorded in the Tender Opening form.
- 12.3 In the case of multi bid system, Techno commercial bid shall be opened on the due date and the sealed price bid will be initiated by TOC and deposited with chairman of TOC. The price bid of techno-commercially acceptable bidders will be opened in the presence of the bidders or their authorized representatives only after the Techno-commercial clearance in all respects.
- 12.4 Price Bids of Rejected Bidders shall be returned to Suppliers.

13.0 TENDER OPENING

The following procedure must be observed during Tender opening:

- 13.1 **Each page of the original quotation shall be signed by Purchase and Finance member of TOC and TOC Chairman shall sign the summary of bids received in each tender. (Approved in 248th Board)**
- 13.2 Alterations or corrections or blank spaces if any found in the quotation must be initialed and the corrections brought out clearly.
- 13.3 Each quotation must be numbered as "Y/X" (the denominator will be the total number of quotations received and the numerator will be the serial number of the quotations out of the total quotations received). For example, if there are 5 quotations, each will be numbered as 1/5, 2/5, 3/5, 4/5,5/5.
- 13.4 Offers should be marked "Original", "Duplicate ", "Triplicate" etc.
- 13.5 The postal envelopes should be signed and preserved in the purchase files.
- 13.6 The details of the tenders received should be recorded in the pro-forma prescribed vide **Appendix-8** (Tender opening form) and kept in the respective files.
- 13.7 Signature of the authorized representatives of tenderers who are present at the time of opening of the tenders should be obtained.
- 13.8 Where the representatives of tenderers are present at the time of opening tenders, the following information should be read out to the tender's representative.
 - i) Tender number and date
 - ii) Name of tenderer
 - iii) Description of the materials offered
 - iv) Prices
 - v) Terms of delivery
 - vi) Delivery period
 - vii) Terms of payment
 - viii) Taxes & Duties and discount offers, if any.
- 13.9 In case no offer is received on due date, the same shall be recorded.
- 13.10 EMD, if received, along with the tender should be recorded as such and should be sent to Finance & Accounts Department.

14.0 CLASSIFICATION OF TENDERS

- 14.1 Tenders received should be classified as (i) regular (ii) late.
- 14.2 Regular Tender: Tenders received within the due date and time indicated in the invitation to tender are to be treated as "Regular" tenders.
- 14.3 Late Tender: Tenders which are received, other than single/ proprietary tender, after the due date and time of receipt prescribed in the enquiry / tender notice are to be treated as "Late Tender". Such tenders shall not be considered.
- 14.4 Late offer in response to single/ proprietary tender shall be considered as a special case.

15.0 UNSOLICITED TENDERS

Unsolicited tenders are the tenders received from a tenderer to whom enquiry was not sent. Such unsolicited tender should not be considered and shall be sealed & returned. However, offers received from tenderers along with authorization letter from the party to whom original enquiry was sent shall be considered.

16.0 RE-TENDERING

Re-tendering is not to be resorted to in the normal course. However, re-tendering shall be considered in the following exceptional cases:

- a) When the prices quoted are considered very high.
- b) When it is suspected that there is a ring existing and price have been manipulated.
- c) Major change in the basic specification has been introduced after receipt of tenders.
- d) None of the offers meet the desired specifications.
- e) The L1 bidder withdraws the offer or fails to execute the order or do not agree for extension of validity when it becomes necessary.
- f) When there is a sudden change in the market condition.
- g) No offers received against Tender as on due date and even after extension(s) of due date.

Re-tendering when resorted to shall be only after obtaining the approval of competent authority who has approved the Indent.

In case of stock out, a part quantity may be purchased on an emergent basis.

17.0 TECHNICAL SCRUTINY

For all Tenders having Indent Value/L-1 Price (found after Price Bid Opening) above Rs. 1 Crore in case of Capital Equipments and Rs. 2 Crores in case of Other materials, there shall be a Tender Evaluation Committee (TEC) (**As per latest Approval**). TEC shall comprise the following members:

1. Head/Incharge of Indenting Department
 2. Representative of Finance Department as nominated by Head/Incharge of Finance from Time to Time
 3. Head/Incharge of Purchase Department
 4. Dealing Officer in Purchase Department as a member secretary.
- Senior most member of the TEC shall be the chairman. The TEC Constitution and threshold value for TEC may be changed from time to time with approval of C & MD.

Functions of TEC shall be Techno-Commercial Scrutiny and Price Bid Evaluation who shall vet the Techno-Commercial Evaluation as well as Price Comparision Statement, update the estimate, if required, at any stage (pre-bid discussion, post technical bid

opening and discussions or post opening of the price bid), recommend for Placement of Order (or otherwise) to the competent authority justifying the reasonability of prices.

- 17.1 Whenever a two bid system is followed for tenders, the Techno commercial bid should be opened first and the price bid is to be opened only after the Techno – Commercial scrutiny is completed in all respects and Techno – Commercial recommendations are recorded giving clearance for opening of Price bids.

The aim of Techno - Commercial scrutiny may be summarized as under. For all procurement cases, Technical offers should be referred to the Indenting Department for Technical scrutiny.

17.1.1 To ensure that offers are technically & commercially acceptable in every detail/all aspects.

17.1.2 To bring all Techno-Commercial acceptable offers at par and to clarify any doubts or ambiguities by preparing a Techno-Commercial comparative statement based on the specification and qualification criteria indicated in the tender.

17.1.3 To ensure adequate levels of maintenance support, documentation, spares backup, guarantees etc.

After the bids are opened as per the procedure, preparation of Commercial and Price Comparative Statement shall be the responsibility of the Purchase Department and shall be counter signed by Finance Department. In case of complex cases, the Technical and commercial comparative statements may be prepared with the help of the Indenting Officer, if it is not possible for the Purchase department to prepare it.

17.1.4 The basis for comparison of cost shall be the cost to company (landed cost). Standard Operating Procedure for Loading of Various Charges is at **Appendix – 28.**

- 17.2 In case of sub-contract/Off-loading contracts, the Technical offers should be referred to Indenting Department who may take the assistance of planning and other connected departments, who may, if necessary, hold detailed discussions with the tenderers to achieve the above mentioned aim of Technical scrutiny and narrow down the field to those offers which are technically acceptable in all respects.

17.2.1 In case of sub-contract/ off loading contract, the indenting department/planning department should make the detailed analysis of quantum of work to be sub-contracted/off-loaded along with the analysis

of rates and market rates with justification for the same to be forwarded to "Purchase Department" along with sub-contract/off-loading advice.

- 17.3 The recommendation of the Indenting department should be sent to Purchase department, immediately without any delay.
- 17.4 In case, the quoted Techno-commercial bids are in conformity with the tender, the price bids received will be considered for opening. In case, the Techno-commercial bids need to be discussed and clarified by the tenderers, clarification meetings may be held with them. Clarifications may also be obtained through letter/ fax/ mail. However, clarifications / confirmations / details sought should not amount to change in structure and specifications of the tender documents.
- 17.5 Purchase department shall obtain a letter from the Indenter/ Technical committee that the Technical points have been frozen based on the clarifications and discussions had with vendors and no further Technical clarifications/discussions are required with the vendors and hence the recommendation is given for the opening of Price bids.
- 17.6 Price bids of only Techno commercially acceptable tenderers will be opened in the presence of tenderers who might choose to be present at the time of opening.

18.0 TENDER SCRUTINY IN RESPECT OF TENDERS OF SINGLE BID SYSTEM

After opening of the tenders, a comparative statement in the prescribed format is prepared by the Purchase department. The tenders received are scrutinized by the concerned dealing officer in the Purchase department with reference to details, specifications, price, delivery etc. The tenders are referred to the Indenting department for Technical recommendations. In case of any Technical discussions and consultations are carried out by the Indenting department with the tenderers, the procedure at **clause no. 17** shall be followed.

19.0 CURRENCY

As a general rule, domestic tenderers may quote in Indian currency only. Foreign tenderers will quote in USD/ EURO/ POUND/ YEN.

20.0 DETERMINING REASONABILITY OF PRICES

In the case of competitive tendering where two or more vendors are competing independently to secure a contract, the competitive bid forms the basis for determining reasonableness of prices. Database maintained on cost, based on concluded contracts, price of the product available through market, etc. should also be used to assess reasonableness of the price offered.

- a. Evaluation of tenders is to be made on the basis of the ultimate cost to MIDHANI.
- b. As a general principle, no offer involving any uncertain or indefinite liability or any condition of unusual character should be considered.
- c. The reasonableness of the price proposed has to be established by taking into account the competition observed from the response of the trade to the enquiry, last purchase price (LPP), estimated value as given in the indent, database maintained on costs based on the past contracts entered into, market price, wherever available and changes in the indices of various raw materials, electricity, whole sale price index, and statutory changes in wages, rates etc.
- d. For procurement of spare parts, consumables and small value contracts which are supplied in the past, the price reasonableness can be determined after comparing with last purchase price and factoring in changes in price indices published by the Government sources.
- e. The reasonableness of price may also be examined by resorting to Cost Analysis in situations where there is a wide variance over the LPP, not explained by corresponding changes in indices.
- f. Price Variation: Wherever MIDHANI has secured orders with Price Variation, appropriate Price Variation clause may be incorporated in the Vendor's Supply order where delivery terms are more than 12 months.
- g. **In case more than one tenderer is qualifying as L1, after price evaluation and the order is not to be split, the placement of order shall be done after obtaining reduced revised price bid from the L1 tenderers and if still there is a tie among L1 tenderers then to discover the final L1, draw of lots shall be held in presence of the tenderers who chose to be present (Approved in 248th Board).**

21.0 PRICE NEGOTIATIONS

Price Negotiations shall be carried out in line with CVC Guidelines only. Negotiations, if required, should be conducted with the L-1 bidder only, with the approval of the competent authority. However, "As post tender negotiations could often be a source of corruption, it is directed that there should be no post tender negotiations with L1, except in certain exceptional situations. Such exceptional situations would include,

- (i) Procurement of proprietary/OEM/Single tender items
- (ii) Wherever, L-1 price is higher than the permissible range of variation from estimate, (iii) **In case of Single offer received against Open/Limited Tender (Approved in 248th Board)**
- (iv) Items where there is suspicion of a cartel formation.
- (v) Cases where L1 price is below the estimated cost by 30% or more to arrive at optimum workable price. (Approved in 248th Board)**

In all other cases, in case negotiation is recommended, reasons for such recommendation need to be recorded by the agency recommending negotiation.

C & MD may from time to time approve the “Permissible range of variation over Estimate” that do not warrant negotiations for deciding all types of Indents.

Present range of permissible variation is as below:

S. No	Indent Value Range	Permissible Variation
1	Upto Rs. 5,000	+ 15%
2	Above Rs. 5,000 and Upto Rs. 2,00,000	+ 10%
3	Above Rs. 2,00,000 and Upto Rs. 10,00,000	+ 5%
4	Above Rs. 10,00,000 and Upto Rs. 50,00,000	+ 3%
5	Above Rs. 50,00,000	+ 2%

Where the total Indented Items/quantities are to be ordered on a single source only, the value range and permissible deviation shall be in respect of the total estimated value of all items/quantities.

Where the order is proposed to be split on itemwise L-1 basis, the value range and permissible variation shall be in respect of each item separately.

The aim of Price Negotiations shall be:

- 21.1 To obtain the most economical price from the successful tenderer.
- 21.2 To obtain the most advantageous terms of payment.
- 21.3 To decide on liquidated damages, risk purchase clause etc.
- 21.4 To finalize the terms and conditions of delivery of goods/execution of work.
- 21.5 Any other matter for smooth performance of contract/order.

22.0 CONDUCT OF PRICE NEGOTIATIONS

- 22.1 Ensure that the offers are valid during the negotiation.
- 22.2 In all cases of price bid opening of tenders, price quoted by one tenderer will not be made known to other tenderers except to the extent that they may have become aware of price quoted by being present at the time of opening the tender, in the first instance.

22.3 In case of negotiations, with authorized dealer/distributor for proprietary items, the manufacturer's price list should be compared wherever available before finalizing the price with the dealer/distributor.

22.4 The composition of the PNC will be as per **Appendix-10 in all cases (Approved in 248th Board)**. The record of discussion/negotiations is to be signed by the Chairman and members of the Price Negotiating Committee (PNC) as well as authorized representative of the tenderer.

22.5 For critical or short supply items, price negotiations may be carried out with a view to placing orders on more than one supplier. Such decision should be referred to competent authority for approval prior to such negotiations.

22.6 Minutes of Price Negotiation Meeting shall record the main arguments put forward by Midhani as well as the supplier in reasonable detail.

22.7 If the lowest negotiated price is still considered high, decision may be taken to accept the tender or to re-tender depending upon the merits of each case. If, however, a cartel is suspected, irrespective of value, re-tendering should be resorted to.

22.8 In case L-1 backs out, re-tendering should be resorted to in a transparent and fair manner without considering the backed out tenderer.

22.9 Adequate validity period of offer should be obtained for placement of order.

22.10 In case of Indent value upto Rs. 2,00,000/- and where the L-1 bidder is from outside Hyderabad, negotiations if required may be conducted by the Purchase department through email.

23. 0 FINANCIAL POWERS, COMPOSITION OF PNC (Approved in 248th Board)

The composition of PNC, financial powers of various authorities are as per **Appendix-10 in all cases**. The Competent authority shall exercise his power with due care and attention.

24. 0 ACTION FOR MANAGEMENT APPROVAL AND ORDERING

24.1 The dealing officer in the Purchase department should prepare a comprehensive proposal for obtaining management approval as per the delegation of power before issue of letter of intent/purchase order/Contract/sub-contract or off-loading contract. The purchase proposal must consider the following:

24.1.1 The purchase proposal should as far as possible indicate the previous purchase rate and date of last purchase.

24.1.2 The purchase proposal for any capital item/equipment shall indicate information regarding CPAR. If the cost exceeds, the value of CPAR, detailed justification should be

recorded along with re-appropriation request duly approved by the competent authority.

24.1.3 Preference should normally be given to tenders with firm price, timely delivery schedules, if any.

24.2 There are two types of acceptance of tenders viz.,

- (i) Contracts signed by both the parties.
- (ii) Purchase orders issued by MIDHANI.

The following guidelines are to be kept in view:

- (i) Purchase of plant, machinery and equipment above Rs. 2.0 Crore in value may be covered by contracts, where considered necessary to avoid any ambiguity / scope of wrong interpretation.
- (ii) For Civil Works more than Rs. 50.0 Lakhs and for specialized jobs i.e., water proofing, works at heights (For CAR Policy), interior works, etc. above Rs. 10.0 Lakhs, may be covered under Contract Agreements and CAR Policy is required. (**Approved vide Note Dt. 23/09/19**)
- (iii) All other cases of purchase may be covered by purchase orders.
- (iv) Original Purchase Order shall be sent to the supplier with a request to send back the acknowledgement as a token of acceptance of the order.

24.3 The contracts or purchase orders should be issued only after obtaining approval of the competent authority as per delegation of powers. These should be issued only in the standard forms. The contracts/orders should not contain uncertain or indefinite liability or conditions of unusual character. The approval of competent authority for purchases should be obtained in a 'Purchase Proposal' form as per **Appendix-11**. The purchase proposal should highlight the terms and conditions on which the tenders are proposed to be accepted. A broad checklist of points i.e., comparative statement which are only illustrative but not exhaustive to be verified by Purchase Department before issue of an acceptance of tender is given at **Appendix-9**. The purchase proposal shall be sent with draft purchase orders for approval by competent authority.

24.4 Development Orders:

The total quantity to be ordered on development basis shall be determined and approved at the time of issue of tender enquiry.

After evaluation / negotiation of Techno commercial bids, Technically suitable parties will be selected for placement of development order.

The price bids of Technically suitable parties shall be opened and evaluated. The evaluated price of development parties will be ranked as DL1, DL2, DL3..... where DL1 is the lowest evaluated price.

If the evaluated DL1 price is less than or equal to the established L1 rate (received against regular limited tender enquiry for the same item), then the development order for the approved quantity will be placed.

In case development order is to be distributed among more than one parties, the other parties will be asked to match their prices with DL1 and then the quantity will be distributed among parties.

If DL1 price is more than the established L1 rate, the parties who accept L1 rate will be considered for placement of development orders.

- 24.5 Purchase order formats for Indigenous Orders and Job Works (**Appendix – 12**) & for Import Orders (**Appendix – 13**)
- 24.6 Distribution of Orders to bring them within the powers of lower authority shall not be resorted to.

25.0 SUB-CONTRACTING/OFF-LOADING

- 25.1 Based on the order to be executed/to be received, an overall assessment of the capacity available and required is to be done at the beginning of the year and detailed plan for off-loading/sub-contract is drawn up for approval by Director (P & M). The off-loading contract normally cover machining, grinding, slitting etc., further processing like heat treatment etc., on our material.
- 25.2 Based on the above approved plan, the planning and purchase department shall draw up a list of items/products indicating the quantum to be off-loaded in coordination with the Indenter. This list will be the basis for raising of MPR for off-loading.
- 25.3 External Resource/Outsourcing department will be the nodal agency for Off loading activities.
- 25.4 Purchase department will issue tenders for off-loading jobs, based on registered list of established sources besides the sources suggested by the Indenter keeping in view the estimated conversion charges, quality, quantity, terms of payment, delivery schedule, normal wastage, scrap which are returnable/non-returnable.
- 25.5 The off-loading/sub-contract order will indicate the quantum of materials to be sent to the contractor for undertaking the job. The raw materials/items should be dispatched in convenient batches as per delivery schedule indicated in Sub-contract/Off-loading order.
- 25.6 There should be periodical confirmation/reconciliation of Midhani materials/parts/ moulds/equipment etc., lying with the sub-contractor/off-loading contractor, preferably twice a year by the Purchase department and the same should be sent to Finance

- department. This provision will also apply to materials/parts, if any, directly dispatched by our suppliers to the works of sub-contractor/off-loading contractor and from Sub-contractor to Sub-contractor.
- 25.7 The selection of the sub-contractor/off-loading contractor for off-loading contract should be done carefully taking into consideration all factors like production facilities, past performance, skill available, capacity to execute timely delivery, proximity to source of raw materials, ability to ensure safe custody of our materials etc.
 - 25.8 Purchase department will obtain necessary Indemnity Bond from the sub- contractor. Dispatch of Midhani materials is to be so maintained that at any time, the value of material supplied by Midhani and lying with the sub-contractor/off-loading contractor does not exceed the value of Indemnity Bond. However, the total cost of material dispatched should be covered by Transit-cum-Storage Insurance from the day it leaves Midhani till the day it comes back to Midhani. Stores Department will ensure insurance cover for the material dispatched.(Indemnity Bond format at **Appendix – 23**)
 - 25.9 The operations carried out by the sub-contractor/off-loading contractor should be pre-inspected at the works of the sub-contractor/off-loading contractor before the material is collected / dispatched but final acceptance inspection will be accorded after due inspection at Midhani's premises and such inspection report should accompany the bill for payment.
 - 25.10 For Assistance in various operations when carried out in MIDHANI, Security Deposit of 10% of the Order value should be obtained for satisfactory execution of the Order.

Sub-contractors shall not outsource the work without the knowledge of Midhani.

- 25.12 For all Labour contracts (assistance in various activities), the compliance of all statutory provisions of Factories Act (i.e., PF, ESI etc.) is to be ensured. It is also necessary to ensure to obtain the names of contract employees to be deployed in Midhani against various contracts.

Further, Purchase dept. to ensure receipt of the following documents at the time of submission of bills duly certified by Indentor i.e., ESI & PF remittance challan, proof of wages paid and proof of attendance.

26.0 SIGNING OF PURCHASE ORDER

After sanction of purchase proposals by the Competent authority, the purchase orders / contracts / agreements will be signed by Dy. Head (Purchase) / HOD (purchase) for order value above Rs. 5 Lakhs and by Manager (Purchase) / Sr. Manager (Purchase) for Order value upto Rs. 5 Lakhs.

27.0 PAYMENT TERMS

27.1 INDIENOUS PAYMENT TERMS

- 27.1.1 In the case of Inspection at destination, the terms of payment should normally be 100% against the party's invoice within 30 days from the date of receipt of material at the site in satisfactory condition and acceptance thereof, where Installation/ Commissioning is not involved.
- 27.1.2 100% payment against Proforma Invoice in exceptional cases against collection / receipt of material and certification by Indentor.
- 27.1.3 In case of inspection at the supplier's works before dispatch, the following terms of payment may normally be allowed:
- i) 90% payment of price of materials and 100% taxes and duties against proof of dispatch, supported by inspection certificate and
 - ii) Balance 10% payment within 30 days from the date of receipt material in satisfactory condition at site and acceptance thereof.
- In case, Guarantee clause is applicable, balance 10% payment shall be made after end of Guarantee period or after acceptance of material on submission of Performance Bank Guarantee for equal amount valid till end of Guarantee period. (Bank Guarantee format at Appendix – 19)
- 27.1.4 For Major Equipment valuing more than Rs. 2.0 Crores, payment terms may be normally as follows:

Ten (10) percent of the Contract price for supplies (excluding taxes and duties) against Submission of Bank guarantee of similar amount from a Nationalized Bank/ Scheduled Commercial Bank encashable at Hyderabad, INDIA in the prescribed proforma for advance payment along with 14% interest per annum valid till FOR/FOB supply of last consignment (Bank Guarantee Format at Appendix – 17)

Ten (10) percent of the Contract price for supplies (excluding taxes and duties) against Submission of Bank guarantee of similar amount from a Nationalized Bank/ Scheduled Commercial Bank encashable at Hyderabad, INDIA in the prescribed proforma for advance payment along with 14% interest per annum valid till FOR/FOB supply of last consignment (Bank Guarantee Format at Appendix – 18)

Sixty (60)percent of the Contract price for supplies with 100% Taxes & Duties of each and every part dispatch of equipment against FOR Purchaser's Site dispatch for Indigenous and FOB Supply for Foreign Supplier.

Ten (10) percent of the Contract price for supplies (excluding taxes and duties) after Completion of erection and commissioning (against issue of Provisional Acceptance Certificate) and submission of all Documents as per Contract.

The last Ten per cent (10 %) of the Contract price for supplies (excluding taxes and duties) after Submission of Final Acceptance Certificate (FAC) issued by the Purchaser
Or

Submission of Bank Guarantee from a Nationalized Bank/ Scheduled Commercial Bank encashable in Hyderabad, INDIA for ten (10) percent of Total Contract price (excluding taxes and duties)in the prescribed proforma valid till end of Guarantee Period (Bank Guarantee Format at Appendix – 19).

However efforts should be made to obtain favorable terms of payment with the supplier depending upon the facts and merits of each case in just, fair, transparent and equitable manner.

- 27.1.5 In case of orders placed at DGS & D rate contract prices with rate contract holders, the terms of payment as prescribed in DGS & D rate contract may be allowed. However, the following payment terms may be preferred in DGS&D contracts also:

90% against proof of dispatch after inspection and Balance 10% payment within 30 days from the date of receipt material in satisfactory condition at site and acceptance thereof.

- 27.1.6 **GEM Tenders: Payment Terms in case of GEM Tenders shall be as per GEM standard terms and conditions i.e., within 10 Days from the date of Acceptance of the material. Acceptance shall be within 10 Days from the date of Receipt of Material. (As per Government Guidelines)**

Note: The same payment terms may be allowed for international suppliers also.

27.2 ADVANCE PAYMENT

- 27.2.1 Advance payment should be avoided as far as possible. Where such payments are to be made in exceptional cases should be against Bank Guarantee from a Nationalized Bank/ Scheduled Commercial Bank encashable at Hyderabad, INDIA. Further, such advance payments shall be interest bearing generally with interest @ 14% per annum (Bank Guarantee format at **Appendix – 17**)

If the supply is not completed as per delivery schedule, a suitable clause for interest @ 14% per annum on the extended delivery period should be incorporated.

Any deviation in this regard shall be with the approval of C & MD.

27.2.2 Advance payment without any Bank Guarantee in case of Procurement of special / proprietary spares and consumables, etc. will be as per D.O.P.

27.3 PAYMENT AGAINST IMPORT SUPPLIES

In case of Import Supplies, the terms of payment may be as follows:

Within 30 days after receipt and acceptance of material at Midhani through TT.

OR

Through Irrevocable Letter of Credit/TT/CAD, 30% payable against shipping document as mentioned at clause 27.3.1 and balance 70% payable against acceptance documents mentioned at clause 27.3.2.

27.3.1 Documents required for 30% payment:

The tenderer shall be confirming that in the event of order that the following documents will be furnished for each lot / consignment for purposes for payment:

Clean on Board Bill of Lading / Airway bill as defined in Incoterms 2010. – 2 negotiable and 2 non negotiable copies
Signed Invoice for the goods dispatched. - 4 copies
Certificate of Origin. – 2 copies
Packing List. – 5 copies
Test / Manufacturer's Certificate. – 4 copies
Fax intimation particulars regarding shipment sent to our insurer – 2 copies
Insurance Certificate (If Applicable) – 2 Copies

27.3.2 Documents required for claiming balance 70% payment:

Final acceptance certificate (FAC) issued by Midhani in original.
NOC from Midhani for releasing balance payment after recovery if any.

Note: The same terms of Payment may be allowed for domestic suppliers also.

Detailed Format for arriving at Landed Cost in case of Imports is at Appendix 28.

In case of any acceptable commercial deviation, MIDHANI may evaluate the prices with appropriate loading at One year MCLR rate + 0.5% of SBI prevailing on the date of Technical bid opening." Supplier is to be intimated with respect to the loading (Approved in 248th Board).

28.0 EARNEST MONEY DEPOSIT (Approved in 248th Board)

Earnest Money Deposit (EMD) - Applicable to all procurements

- a. All Central PSU's & Government departments / Authorities as well as Original Raw Material Manufacturers may be exempt from submission of EMD in all tenders. The same is to be mentioned in the Tender documents.
- b. For all cases where the estimate is below Rs.25 lakhs, EMD is not applicable.
- c. No EMD shall be applicable for Proprietary / Single Tender cases.
- d. In case of EMD received from a foreign bidder in foreign currency, at the time of refund, same amount in foreign currency to be refunded as was originally received. Exchange fluctuations for the intervening period shall be to MIDHANI's account. All bank charges within India shall be to MIDHANI's account.
- e. In all cases where EMD is exempted, in case of failure of the bidder to accept / execute the contract, the bidder shall not be permitted to participate in the re-tender for the same item. Suitable penal action in accordance with other provisions of the Purchase Policy shall also be applicable.
- f. Exemption of Earnest money Deposit (EMD) shall be provided to original Raw Material Manufacturer only if they participate directly.
- g. Exemption of Earnest Money Deposit (EMD) shall be provided to MSE Bidders with valid documentary proof as per Government Guidelines issued from time to time.

EMD shall be as per table in the form of Demand Draft or Bank Guarantee or payment through online with proof thereof alongwith bidder's offers.

In case of Bank Guarantee submitted,

In Indian Currency - from a Scheduled Bank encashable in Hyderabad, India.

In Foreign Currency – Counter Guarantee from any Scheduled Bank encashable in Hyderabad, India.

EMD if submitted in the form of Bank Guarantee, format enclosed at Appendix- 15.

Estimated value of Tender (Rs)	EMD amount (Rs) **
25 Lakhs – 50 Lakhs	60,000
50 Lakhs – 100 Lakhs	1,00,000
100 Lakhs – 250 Lakhs	2,00,000
250 Lakhs – 1000 Lakhs	10,00,000
10 Crores – 50 Crores	15,00,000
50 Crores – 100 Crores	25,00,000
More than 100 Crores	50,00,000

** For Import tenderers, EMD amount equivalent to INR shall be applicable.

29.0 SECURITY DEPOSIT (Approved in 248th Board)

Applicable to all procurements

- a. In the case of, all open tenders Security Deposit (SD) shall be 10% of Contract / Purchase Order value.
- b. In case of Civil Works, Security Deposit shall be as below (Approval dt. 23/09/19 for Civil Works):
 - a. 5% Security Deposit to be paid by Contractor at the time of signing contract agreement after absorbing EMD. Same shall be released after completion of works along with final payment.
 - b. 5% of bill value to be recovered as retention money (RM) from RA bill and Final bill and same shall be released after completion of defect liability period (as per clause 59.0)
- c. All Central PSU and Govt. departments may be exempt from submission of SD in all tenders. The same shall be mentioned in the Tender documents.
- d. No SD shall be applicable for Proprietary / Single Tender cases.
- e. In case of LTE, the EMD is converted to Security Deposit (SD) or SD Equivalent to EMD shall be submitted by Bidders who are exempted from EMD. As such, for all cases of Limited Tender Enquiry (LTE) where the estimate is below Rs.25 lakhs, the Security Deposit shall be only 2.5% of PO Value.
- f. Tenders to stipulate that in case SD is not submitted within 21 days from the date of Purchase Order, interest @ 12% p.a. shall be levied for the period of delay beyond 21 days. In case a higher period is prescribed in the Tender / P.O. for submission of SD, interest will be applicable for the delay beyond the period so specified. Interest as above may be either deposited by the supplier / contractor or recovered from any amounts due to the supplier / contractor. Interest shall also be applicable for delay in submission of SD in the form of BG.
- g. In case the supplies are completed within the period specified for submission of SD and the same are subsequently accepted by MIDHANI, no SD or Interest shall be applicable.
- h. In all cases where SD is exempted, in case of failure of the bidder to accept / execute the contract as per agreed terms, the bidder shall not be permitted to participate in the re-tender for the same item. Suitable penal action in accordance with other provisions of the Purchase Policy shall also be applicable.
- i. In case of High Sea Sales, since the payment of Customs Duty is by MIDHANI, the High Sea Sales agreement will be signed only after submission of SD as per the provisions of the Contract / P.O.
- j. In case of off-loading/job works, SD amount shall be submitted within 10 days from the collection of the material corresponding to the contract value for the quantities of material issued and the SD shall be returned after processed material is supplied and accepted by MIDHANI. Interest @ 12% p.a. shall be levied for the period of delay beyond 10 days.

- k. Customs duty shall be paid by MIDHANI in case of delay/non-receipt of Security Deposit. In such cases, Interest shall be deposited by the supplier / contractor or recovered from any amount due to the supplier / contractor.**

Security Deposit shall be given in the form of Demand Draft or Bank Guarantee or payment through online with proof thereof.

In case of Bank Guarantee submitted,

In Indian Currency - from a Scheduled Bank encashable in Hyderabad, India.

In Foreign Currency – Counter Guarantee from any Scheduled Bank encashable in Hyderabad, India.

SD if submitted in the form of Bank Guarantee, format enclosed at **Appendix- 16**.

30. 0 TAXES AND DUTIES

- 30.1 Taxes and duties are payable only if it has been clearly indicated the quotation and provided for in the contract/ Purchase Order. The nature of duties and applicable percentages thereof and the items on which such duties are leviable should be clearly ascertained before conclusion of orders/contracts and incorporated in the same. Payment of excise duty and other duties should be allowed only as applicable at sale point and on production of documentary evidence. Statutory variation during the extended delivery period should be rejected.
- 30.2 Tax declaration in forms like 'D', 'C', 'G' or as prescribed from time to time should be provided.
- 30.3 The purchase order/contract should specify the exact rate of Taxes & Duties **as applicable**.
- 30.4 Statutory variation in the rate of taxes & duties during the contract period may be accepted. If the increase takes place during the extended delivery period on account of supplier's delay, such increase should be rejected.
- 30.5 Purchase department should clearly identify in the purchase order/contract, Cenvatable/ Non Cenvatable items. This is required to ensure availing Cenvat benefit without fail.
- 30.6 Where the purchase is customer funded, the same should be clearly brought out on the face of the P.O. (except on suppliers copies) to this effect in order to facilitate proper accounting of the same by various departments.

31. 0 NON DISCLOSURE AGREEMENT (NDA)

For MPRs & CPARs where Confidential information is required to be disclosed in the Tender document, the tenderer(s)/ contractor(s) has to enter into a "Non Disclosure Agreement (NDA)" with MIDHANI. A Format of NDA (To be provided by User Department) signed by the authorized signatory on behalf of MIDHANI. All bidders shall submit the signed NDA prior to issue of tender.

If the signed NDA is not submitted by tenderer(s)/contractor(s) within stipulated time, those tenderer(s)/contractor(s) shall not be considered for issue of tender enquiry.

32. 0 AGENTS / AGENCY COMMISSION:

The Seller confirms and declares to the Buyer that the Seller is the original manufacturer or authorized distributor / stockiest /representative of original manufacturer of the stores referred to in this Contract and has not engaged any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way to recommend to the Government of India or foreign whatsoever, to intercede, facilitate or in any way to recommend to the Buyer or any of its functionaries, whether officially or unofficially, to the award of the contract / Purchase order to the Seller; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such individual/firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract / Purchase Order, the Seller will be liable to refund that amount to the Buyer. The Seller will also be debarred from participating in any RFQ / Tender for new projects / program with Buyer for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such an event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR (London Inter Bank Offer Rate) (for Foreign vendors) and Base Rate of SBI plus 2% (for Indian vendors). The Buyer will also have the right to recover any such amount from any contracts concluded earlier with Buyer.

33. 0 FOB CONTRACTS/ORDERS

All foreign contracts/purchase orders should normally be concluded on FOB basis. **In case of foreign supplier's, Tenders to specify that the Foreign bidder may quote prices on FOB as well as CIF Nahavasheva prices. In case the bidder quotes both the prices, two evaluations shall be done for each such bidder and lower of the two evaluations of the landed cost at MIDHANI shall be taken for determination of L1 amongst the eligible bidders. In case the bidder quotes only one price (either of FOB or CIF), landed cost at Midhani shall be worked out based on the price furnished by the bidder as per Appendix 28.**

34. 0 AMENDMENT TO PURCHASE ORDERS / CONTRACTS

Amendment to Purchase Orders / Contracts shall be issued subject to mutual negotiations.

Amendment to Purchase Orders / Contracts may arise due to:

- a) Change in price / payment terms
- b) Amendment to quantity
- c) Change in mode of transport

- d) Correction of errors and omissions
- e) Change in statutory requirements
- f) Change in terms & conditions

Amendment to purchase order/Contract shall be approved by,

- a) When the amendment results in Financial implication due to “change in price”: The approving authority will be the next higher authority as per delegation with due financial concurrence.
- b) When the amendment results in Financial implication due to other than “change in price”: The same authority, who approved the original Purchase Order/ contract duly concurred by Finance, if it results in financial implication to the Company, subject to the amended value being within the financial powers as per DOP. If the amended value exceeds the delegatee power, then the same to be approved by the appropriate authority as per DOP as per the amended value.
- c) HOD (Purchase) - Where there is change in part no. for the same item, nomenclature, unit of measurement, corrections of errors/ omissions without any financial concurrence.

35. 0 EXTENSION OF DELIVERY / CONTRACT PERIOD

Grant of extension of delivery/ contract period will be approved as per D.O.P., provided the same is recommended by the Indenting department. Extension of delivery period may be granted with or without reserving the Company's right to recover liquidated damages. While granting extension of delivery period, without levy of liquidated damages, reasons thereof should be recorded. No increase in the rate on account of any statutory increase or fresh imposition of any taxes & duties or on account of any other tax or duty leviable in respect of the materials and labour used in/on the work and which take place during the extended period shall be admissible. However, in case of Cenvatable Taxes & Duties, may be admissible with approval of Competent Authority.

36. 0 REMEDIES FOR DELAY, NON-SUPPLY, UNSATISFACTORY SUPPLIES/ EXECUTION OF CONTRACT

Remedies for, delay in supply or execution of contract, non supply or non execution of contract, Unsatisfactory supply/ execution of contract, for which supplier/ contractor is responsible. The purchaser has the following options depending upon the circumstances of the case:

- a. Extend the delivery with imposing of liquidated damages and other denial clauses.
- b. Forfeit the performance security.
- c. Cancel the contract.
- d. Invoke Risk Purchase.

37. 0 LIQUIDATED DAMAGES (LD)

37.1 Liquidated Damages be levied against Suppliers/ Contractors in case of unsatisfactory supply/ execution of contract or delay in supply of materials/ execution of contract beyond the date of delivery/ completion of job specified in Purchase Order/ Contract. LD is leivable @ 1% per week or part thereof subject to a maximum of 10% of Purchase Order/ Contract price with Taxes and duties including Erection & Commissioning charges.

37.2 Waiver of liquidated damages in respect of purchase orders/ contracts/ agreements will be done by the competent authority as per delegation of powers. Cases should be examined in detail to waive / recover liquidated damages with reference to the following factors:

37.2.1 Whether delay in supplies has resulted in payment of additional sales tax, excise duty, custom duty or other payments.

37.2.2 Whether higher prices have been specifically paid for earlier delivery.

37.2.3 Whether the delay has resulted in payment of additional freight charges.

37.2.4 Whether the contract contains pre-estimated damages clause.

37.2.5 Whether the delay has resulted in delay in supply to our customer and consequent levy of LD by our Customer.

37.2.6 A pro-forma for waiver / recovery of liquidated damages is given at **Appendix-14** which should be filled and got approved by the competent authority in accordance with delegation of powers.

37.2.7 Applicability of LD clause shall be incorporated during placement of Purchase Order/ signing of Contract stage.

38.0 CANCELLATION / SHORT CLOSURE OF CONTRACT

The purchaser may, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the supplier, terminate the contract in whole or in part:

If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted by the Purchaser.

If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted by the purchaser.

Purchaser reserves the right to cancel the Purchase Order/ contract on its own under exceptional circumstances.

The above Cancellation/Short Closure clauses has to be incorporated in all the Tenders/PO.

39.0 RISK PURCHASE

When it is intended to cancel an order/contract/agreement which has been kept alive by the conduct of parties, it is necessary to issue notice to the contractor before actual

cancellation of an order after expiry of the delivery date. Where the order is not kept alive beyond the delivery period by implication or conduct of the parties, the cancellation letter should be issued immediately by the Purchase department on the expiry of the delivery period stating that quantities undelivered on the due date are cancelled and risk purchase will be made in terms of the Purchase order/contract. In the case of cancellation of an order/ contract/agreement the following procedure should be adopted

- 39.1 The prospects of the Contractor performing the contract should be assessed even earlier to the due date of delivery.
- 39.2 Where delivery is specified in installments whether the cancellation is for installment in default or the entire contract is to be decided as per provisions of the contract.
- 39.3 Where the supplies are not anticipated within the stipulated date, quotations are to be immediately invited which would be capable of being accepted soon after the expiry of stipulated date. The terms of such tenders should be on the same terms as in the case of original contract with the default contractor.
- 39.4 The original contract should be cancelled and the Contractor should be informed of the option exercised by the Purchaser under the relevant article of General conditions of contract and that certain quotations received are under consideration.
- 39.5 Placement of the new contract should be decided immediately thereafter.
- 39.6 Risk purchase should be made on competitive conditions and where possible after calling fresh tenders.
- 39.7 While calling for fresh tenders, the defaulting contractor should not be given an opportunity to quote for the case in question.
- 39.8 The risk purchase contract should be as far as possible, on the same terms and conditions as the original contract (apart from delivery time), i.e. the goods should be of the same specifications.
- 39.9 In order to safeguard against a second default, the defaulting contractor should in future cases be asked to furnish 10% security deposit before the contract is actually awarded to him.
- 39.10 It should be ensured as far as possible that risk purchase is concluded within 6 months of the date of breach of the original contract.
- 39.11 The defaulting Contractor should be informed of the conclusion of risk purchase agreement and the amount to be reimbursed by him towards risk purchase, specifying a date for the remittance.
- 39.12 All risk purchases are to be made only with approval of Competent Authority. Where the value of risk purchase is less than the original value, such cases need not be referred to finance for concurrence for claiming the risk purchase clause. There is no need for any fresh MPRs to be raised in such cases.

40.0 ARBITRATION

- 40.1 All disputes or differences arising out of or in connection with the Contract, including the ones connected with the validity of the Contract or any part thereof, shall be settled by bilateral discussions.
- 40.2 Any dispute(s) or difference(s) whatsoever arises under or out of or in connection with Contract, or in respect of any defined legal relationship associated therewith or derived therefrom, the parties agree resolve/settle the same by submitting that dispute to arbitration in accordance with the International Centre for Alternative Dispute Resolution (ICADR) Arbitration Rules 1996.
- 40.3 The authority to appoint the arbitrator(s) shall be the International Centre for Alternative Dispute Resolution (ICADR).
- 40.4 The international center for alternative dispute resolution will provide administrative services in accordance with ICADR Arbitration Rules 1996.
- 40.5 The language of the arbitration proceeding shall be English. The place of arbitration proceedings shall be Telangana, India.
- 40.6 In respect of PSUs/Government organizations, the DPE guidelines issued from time to time shall be applicable. In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/Port Trusts inter se and also between CPSEs and Government dept./Organizations (Excluding disputes concerning Railways, Income Tax, Customs & Excise Dept.), such disputes or differences 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 22/5/2018 or the latest DPE Guidelines issued from time to time.
- 40.7 Work under the contract shall be continued by the contractor during the arbitration proceedings, unless otherwise directed in writing by the Purchaser or unless the matter is such that the work cannot possibly be continued until the decision of the arbitrators is obtained, and save as those which are otherwise expressly provided in the Contract, no payment due or payable by the purchaser shall be withheld on account of such arbitration proceedings, unless it is the subject matter or one of the subject matter thereof.
- 40.8 Work under the Contract shall be continued by the Contractor during the arbitration proceeding, unless otherwise directed in writing by the Purchaser or unless the matter is such that the work cannot possibly be continued until the decision of the arbitrators is obtained, and save as those which are otherwise expressly provided in the Contract, no payment due or payable by the Purchaser shall be withheld on account of such arbitration proceedings, unless it is the subject matter or one of the subject matters thereof.

41. 0 PENALTY FOR USE OF UNDUE INFLUENCE

Penalty for use of undue influence should be imposed and an undertaking from the supplier on the line given below should be obtained.

- 41.1** The bidder undertakes that he has not given, offered or promised to give, directly or indirectly any gift, consideration, reward, commission, fees, brokerage or inducement to any person in service of the Buyer or otherwise in procuring the Contracts or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of the Contract or any other Contract with Midhani for showing or forbearing to show favour or disfavor to any person in relation to the Contract or any other Contract with Midhani. Any breach of the aforesaid undertaking by the seller or any one employed by him or acting on his behalf (whether with or without the knowledge of the seller) or the commission of any offence by the seller or anyone employed by him or acting on his behalf, as defined in Chapter IX of the Indian penal Code, 1860 or the Prevention of Corruption Act, 1947 or any other Act enacted for the prevention of corruption shall entitle the Buyer to cancel the contract and all or any other contracts with the seller and recover from the seller the amount of any loss arising from such cancellation. A decision of the buyer or his nominee to the effect that a breach of the undertaking had been committed shall be final and binding on the seller.
- 41.2** Giving or offering of any gift, bribe or inducement or any attempt at any such act on behalf of the seller towards any officer/employee of the buyer or to any other person in a position to influence any officer/employee of the Buyer for showing any favour in relation to this or any other contract, shall render the Seller to such liability/penalty as the Buyer may deem proper.

Including but not limited to termination of the contract, imposition of penal damages, forfeiture of the Bank Guarantee and refund of the amounts paid by the Buyer.

42.0 ETHICAL STANDARDS

Tenderers are expected to observe the highest standards of ethics during the procurement and execution of the Contract. In pursuit of this policy, the purchaser will reject a proposal for award, if it determines that the tenderer being considered for award has engaged in corrupt or fraudulent practices in competing for the Contract. For the purpose of this provision, the terms set forth are defined as follows:

"Corrupt practices means the offering, giving, receiving or soliciting of anything of value to influence the action in the procurement process or in contract execution and Fraudulent practices means a misappropriation of facts in order to influence a procurement process including collusive practices designed to establish prices at artificial, non-competitive levels to deprive the purchaser of the benefits of competition".

43.0 FOLLOW-UP OF ORDERS

There should be a regular follow up of orders placed as per the conditions of contract to ensure delivery by stipulated date. Where delivery dates are due to expire the supplier should be asked to indicate the dates by which they expect to supply the material and extensions in deliveries may be granted subject to right to levy of liquidated damages, if the original order has L.D.

clause. Wherever mentioned in the contract, the supplier shall submit monthly progress reports till complete execution of the Contract.

44.0 REJECTED GOODS

The rejected goods at MIDHANI premises will lie at the risk of the Vendor. They should be replaced immediately on receipt of an inspection memo showing the details of goods rejected. In case the rejected goods are not replaced within six weeks from the date of receipt of the inspection memo, MIDHANI is not responsible for any loss, damage and theft, and in addition, MIDHANI reserves the right to recover such amount as may be assessed on account of storage and incidentals or any other charges MIDHANI may have incurred.

The vendor has to lift the rejected material from MIDHANI within 6 months from the date of receipt of the inspection memo. In case of rejected goods are in MIDHANI for more than 6 months, MIDHANI reserves the right to dispose of the same and Vendor shall not have any right for claiming the goods or damages thereof.

The above shall be incorporated in Tender stage and Purchase Order stage.

45.0 RE-ORDERING

- 45.1 In case of reordering of items which are lost or damaged during transit and covered by insurance claims for total loss, the Stores department will send a copy of the Insurance Survey report to Purchase department and the Indenting Officer. The Purchase department will refer such Survey Reports to the Indentor for his advice as to whether the item is to be re-ordered or the case can be treated as closed. On the basis of the recommendations of the indenting Officer, Purchase department shall take appropriate procurement action.
- 45.2 Re-ordering of the item may be done where the survey report has specifically stated that the item/items are totally lost.

46.0 BUY BACK OFFER

When it is decided with the approval of the competent authority to replace some existing old goods with their newer and better versions / substitutes, the department may trade the existing old goods while purchasing the new ones. For this purpose, suitable clauses are to be incorporated in the tender enquiry document so that the interested tenderers formulate and submit their tenders accordingly. Provision should also be kept in the tender documents to permit the interested tenderers to inspect the old goods to be traded through this transaction.

Appropriate provision should also be kept in the tender document allowing the Purchase Department to reserve its right to trade or not to trade the old goods while purchasing the new ones and the tenderers are to be asked to frame their quotations accordingly covering both the options.

Depending on the value and condition of the old goods to be traded, the time frame for as well as mode of handing them over to the successful tenderer should be decided and relevant details in this regard suitably incorporated in the tender document.

47. 0 MAINTENANCE CONTRACT

- 47.1 Some goods, especially sophisticated equipment and machinery need proper maintenance for trouble free service. For this purpose, the purchase department may enter into maintenance contract. It must however be kept in mind that maintenance contract is to start after the expiry of the warranty period, during which period the goods are to be maintained free of cost by the supplier.
- 47.2 Maintenance contract may be entered into either with the manufacturer / supplier of the goods or with a competent and eligible firm, not necessarily the manufacturer/ supplier of the goods in question. The purchase department should decide this aspect on case to case basis on merit.
- 47.3 The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms and conditions including payment terms are to be incorporated in the tender enquiry document. The terms of payment for the maintenance service will depend on the nature of the goods to be maintained as well as the nature of the services desired.
- 47.4 Sometimes, the maintenance contractor may have to take the equipment / machines or some components of the equipment / machines to its factory for repair etc. Before handing over any major equipments / machines, suitable Indemnity Bond is to be obtained from the firm to safeguard purchaser's interest.
- 47.5 Sometimes, during the tenure of a maintenance contract, especially with a longer tenure, it may become necessary for the purchase organization to withdraw the maintenance contract due to some unforeseen reasons. To take care of the same, there should be a suitable provision in the tender document and in the resultant contract.

48. 0 TURNKEY CONTRACT

A turnkey contract is a mix of goods contract and works contract. Generally, in the tender enquiry documents for a turnkey contract, the purchase department specifies the performance and output required from the plant proposed to be set up and broadly outlines the various parameters it visualizes for the desired plant. The inputs and other facilities, which the purchaser will provide to the contractor, are also indicated in the tender enquiry document. The contractor is to design the plant and quote accordingly. The responsibility of the contractor will include supplying the required goods, machinery, equipment etc. needed for the plant; assembling, installing and erecting the same at site as needed; commissioning the plant to meet the required output etc., as specified in the tender enquiry documents.

49. 0 SUBSIDIARY INSTRUCTIONS/MODIFICATIONS/ALTERATIONS

Chairman& Managing Director will issue subsidiary instructions, standard pro-forma / forms and specify the competent authorities referred to in these rules. Chairman& Managing Director is

authorized to effect such modifications or alteration from time to time as may be necessary subject to submission of a report to the Board of Directors for information on such modifications / alterations at the immediate succeeding Board meeting.

The powers covered by the Purchase Policy shall be exercised with due compliance of the statute, stipulations, financial propriety, audit norms, systems and procedures.

50.0 PURCHASE / PRICE PREFERENCE

Government directives, issued from time to time, lay down policies regarding Purchase/ Price preference to be given to purchases from MSMES and Start-ups etc. shall be taken note of while carrying out price comparisons.

The followings are the few indicators for the above directives :

MSEs: Benefits including but not limited to exemption of EMD, relaxation in condition of prior turnover and prior experience subject to meeting of quality & technical specifications and giving Price Preference as per Government Guidelines shall be provided to all MSEs with valid documentary proofs. Also, payment shall be made to the MSE Vendors within 30 days from the date of acceptance of the material and it should not exceed 45 days in any case.

Under Start-Up India programme, list of identified items shall be put in the MIDHANI website and shall be updated on yearly basis. Trial orders shall be placed on Start-ups to establish the capability. In addition to that prior turnover and prior experience subject to meeting of quality & technical specifications shall be relaxed for the Start-up organizations. However, if procurement of an item is essentially to be procured from the vendors having prior experience due to critical nature, the criteria for relaxation may be removed with recording adequate justification in writing.

Advance payment to MSE and Start-up vendors may be considered by obtaining Bank Guarantee of equal amount.

Under Make in India programme, list of identified items shall be put in the MIDHANI website and shall be updated on yearly basis and trial orders shall be placed on new Vendors to establish the capability of the vendor, as per procedure indicated in the Outsourcing and Vendor Development Policy, under Category – III.

**Framework for implementation of Make-II Procedure at MIDHANI is enclosed at Appendix 30
(Approved in 248th Board)**

51.0 RECORD RETENTION PERIOD

Purchase Orders and connected correspondence/records shall be maintained by Purchase Department for a period of minimum five (05) years.

52.0 SOLVENCY CERTIFICATE

For all service contracts as well as for job contracts within Midhani excluding Annual Maintenance Contracts, tenderers shall meet the following criteria:

S. No	Criteria	Documents for Verification
1	Should have Positive Networth in each of the previous three financial years Or Solvency Certificate of 10% of the Estimated Cost issued not earlier than 6 months from the date of Tender.	Audited Annual Accounts Or Certificate from a Certified Chartered Accountant for networth of the company issued not more than 6 months before the date of tender with seal and Membership Number mentioned on the certificate in Original. Or Solvency Certificate issued by nationalized or scheduled bank from INDIA in Original.

53.0 INTERPRETATION OF PURCHASE PROCEDURES

- 53.1 The procedure prescribed in the purchase manual is to enable the persons involved in the procurement process to have a fair and transparent procurement giving equal opportunity to all the vendors. Considering procurement is a complex process and every procurement being unique, all possible conditions cannot be foreseen and defined in the Purchase procedure. The Purchase Manual is for guidance and provides broad framework of policy. Persons associated with procurement process are expected to take decisions in a given situation and move forward at the same time taking due care and attention in their action. All persons involved in procurement process shall be considered acting in good faith (done with due care and attention), unless proved otherwise, in discharge of procurement function.
- 53.2 Keeping the objective of timely procurement of items and services to enable timely delivery of supplies in the most competitive price, there could be need for interpretation of the purchase procedures for peculiar situations faced during procurement process to

meet urgent requirement. Under these circumstances the decision taken in good faith by the Purchase Department and approved by competent authority as per DOP is considered as final.

53.3 Amendment to Purchase Policy & Procedure:

Any amendment to the Purchase Policy & Procedure, if considered, shall be with the approval of Management.

53.4 The manual shall be reviewed every five years or earlier.

54. 0 e- Procurement

54.1 Introduction:

This initiative is taken by MIDHANI to facilitate the bidders for easy submission of their bids and to bring more transparency, reduce cycle time, on-line provision of addendums and changes to documents to bidders/ suppliers and also on-line acknowledgement of bids.

54.1.1 The Main Objectives of e-Procurement are:

To bring more transparency in the procurement system,

To facilitate faster decision making

To provide opportunity for wider participation

To make submission of the Bids by the bidders/ suppliers easier

To facilitate on-line provision of Addendums and changes to the tender documents to bidders / suppliers.

54.2 Departmental User Registration:

Creation of Tenders: Tender is to be created and hosted in the e-Procurement portal by Purchase Department in the system.

Selection of Vendors: The procurement officer has to select the vendor(s) already registered in the e-procurement portal with DSC in case of Limited / Proprietary/single tenders based on list of vendors in approved MPR/CPAR and registered vendors.

Tender Inviting Authority (TIA): TIA will create Tender documents, standard templates, upload the documents, vendor selection, Tender modification and corrigendum (Purchase officer).

Tender Opening Authority (TOA): Tender Opening Authority shall have encryption key which will be used for decrypting the bids (Purchase Officer & Finance Officer).

Tender Opening Committee (TOC): Tender opening committee shall have DSC for tender opening. Opening will be done by Purchase and Finance Dept. All Technical and Financial evaluations of documents shall be as per the existing procedure.

54.3 Scope of e-Procurement

54.3.1 The e-Procurement & Reverse Auction shall be followed for all Tenders except for the following tenders: **(As per latest approval from C & MD)**

- a) In cases where National security and strategic consideration demands confidentiality, shall be exempted from e-Procurement with approval of Chairman & Managing Director.
- b) In Procurement from Foreign sources (as per (i) and (ii) below), wherein the suppliers are not participating due to requirement of class III DSC
 - (i) Hybrid procurements through Limited tendering where enquiries are to be sent to both Indigenous and Foreign Suppliers.
 - (ii) Advertisement open tenders where possibility of participation of foreign suppliers exists.

For processing any other tenders in manual mode other than the cases mentioned above, approval has to be obtained with proper justification from HOD (Pur) for cases below Rs. 2 Lakhs and C& MD for cases above Rs. 2 Lakhs.

54.4 Modes of Tendering:

Open Tender: For open tender, press advertisement shall be given stating that tender is available on <https://eprocuremidhani.gov.in> and all the documents are available on the portal.

Limited Tender: The documents are available for public viewing, however only the bidder from the listed sources against the tender can participate.

Vendors from the listed sources approved by competent authority those who are enrolled with DSC in e-procurement portal at the time of floating are allowed to participate.

Bidders from the listed sources who are not enrolled with DSC at the time of publication but completed DSC enrolment process before the due date. Those bidders shall be included for participation in the tender by issuing corrigendum with approval of competent authority.

Closed Limited: The documents are available for viewing as well as tender participation only by selected/listed Vendors.

Tender cum Auction: The documents are available for viewing as well as tender participation as per clauses (i), (ii) and (iii) based on Tender type. After opening of Price bids, the system will show lowest F.O.R. Destination rate (Landed Cost). The auction (reverse) shall be created for the tender. Terms and Conditions for Tender cum Auction are at Appendix – 29.

54.5 Internal Approvals:

Approvals for Enquiry are needed to be taken outside of the e-Procurement system as per existing procedure.

The existing procedure is required to be followed for approval in case of Re-tendering/ single offer situation/ negotiations.

Exceptions: Waiver from e-Tendering, in special cases, for the tenders valuing above the threshold value for e-Tendering can be accorded with approval of Competent Authority.

54.6 Tender Opening / Evaluation:

The System allows opening of Technical bids by the Tender opening committee using DSC only after reaching the opening date & time. Bids will be opened initially by Login in the e-Portal and authenticating with DSC.

In case of two bid system, vendors can see only No. of vendors participated with name after opening of technical bids from their location. After technical evaluation and recommendation, an email alerts are sent to qualified bidders. Price bids of technically accepted bidders are opened. On opening of Price bids, bidders can see each other's bids (Technical and Price bids). The system will generate Technical / Price Comparison statement based on the predefined Technical / Price bid format.

The system will create log of all the tendering activities carried out by Department Users and bidders against the Tender with date & time. The log will be available against each Tender for review as and when required.

Bid Clarification Module: The facility is available for Department users to seek clarifications from the bidders after opening of bids. The audit of such correspondence is maintained in the portal. If Tender opening officer is not available on the Tender opening day, the tender can be opened on the next working day.

54.7 Retention of the Documents:

All the documents such as Bid documents received from the bidders, compliance statement, Tender Logs, bidder Logs of all activities pertaining to Tenders etc. will be available in the e-Procurement system. Bid documents will be retained in the system.

54.8 EMD Payment:

EMD will be submitted off-line and bidder shall ensure that the same is received on or before the closing date/time. Offers where Earnest Money Deposit is not received before the due date and time, would be liable for rejection. MIDHANI will not be responsible for any transit/ postal delay in receipt of EMD.

55.0 FORCE MAJURE CLAUSE

Neither party shall bear responsibility for the complete or partial non-performance of any of its obligations (except for failure to pay any sum which has become due on account of receipt of goods under the provisions of the present contract), if the non-performance results from such Force Majeure circumstances as Flood, Fire, Earth Quake and other acts of God as well as War, Military operation, blockade, Acts or Actions of State Authorities or any other circumstances beyond the parties control that have arisen after the conclusion of the present contract.

In such circumstances the time stipulated for the performance of an obligation under the present contract is extended correspondingly for the period of time of action of these circumstances and their consequences.

The party for which it becomes impossible to meet obligations under this contract due to Force Majeure conditions, is to notify in written form the other party of the beginning and cessation of the above circumstances immediately, but in any case not later than 10 (Ten) days from the moment of their beginning.

Certificate of a Chamber of Commerce (Commerce and Industry) or other competent authority or organization of the respective country shall be a sufficient proof of commencement and cessation of the above circumstances.

If the impossibility of complete or partial performance of an obligation lasts for more than 6 (six) months, either party hereto reserves the right to terminate the contract totally or partially upon giving prior written notice of 30 (thirty) days to the other party of the intention to terminate without any liability other than reimbursement on the terms provided in the agreement for the goods received.

56.0 FALL CLAUSE

In cases where contracts have to be concluded with the firms, whose rate contract with DGS&D/other central procurement agencies has expired and renewal of RC has not taken place, a 'fall clause' should be incorporated in the Supply Order/Contract to the effect that during the currency of the Supply Order/Contract, in case rates are found to be lower on conclusion of rate contract, the lower rates as in the rate contract shall be applicable.

57.0 CONSORTIUM PARTNER

In case MIDHANI wishes to participate/quote in any Tender items for which either Internal facilities are not available or there is a capacity constraint or it is not possible to spare internal capacity due to production requirement, MIDHANI may identify a consortium partner prior to participation in Tender/bidding.

In order to select a Consortium partner, tendering process needs to be followed and lowest offer of technically qualified participant should be selected. However, wherever it is not possible to follow tendering system due to less time available with MIDHANI for participation in tendering/bidding, consortium partner shall be identified based on the budgetary quote and lowest budgetary offer of technically qualified vendor shall be selected.

58.0 COLLABORATIVE RESEARCH

MIDHANI with its modern metallurgical facilities produces wide range of super alloys, titanium and its alloys, special purpose steels and other special metals and alloys in various mill forms meeting international standards for applications in aerospace, aeronautics, defence, atomic energy, power generation, chemical and other hi-tech industries.

Until now, MIDHANI's own R&D or TOT from DMRL have helped in the areas of (i) new grade and product development for its existing customers, (ii) process development and modification, (iii) yield improvement, etc. In order to expand the business, MIDHANI has to diversify into un-served areas and also concentrate on new sectors, such as railways, oil and natural gas, etc. Few

of the developments may involve facilities or technology available at external agencies that may be required to be utilized.

MIDHANI shall explore new areas for its business and finding solutions for products that are currently being imported. In this respect, products shall be identified and taken up for development. Those of the products that require development with external agency/agencies shall be planned to take-up jointly under collaborative R&D. A new product shall be developed as a result of this collaboration.

MIDHANI may work with leading Indian private industries / partners who is/are willing to collaborate. This will help MIDHANI and the country to find indigenous solutions which otherwise would be imported.

Methodology of such projects shall be as follows:

Project need will be identified by MIDHANI, in consultation with Customers Core competencies of MIDHANI and competencies available in Indian Industry will be mapped to identify, one of routes of collaborations viz – EoI route, Nomination route or Limited Tender route.

Joint collaboration will be done based on milestones / performance based deliverables.

If found acceptable by user, Joint Development orders will be secured with Lead Role by MIDHANI for three years and development expenditure will be amortized over future orders.

Post three years of Joint Development, broad based vendors will be done, subject to market and order bookings.

The funding of such project shall be done by MIDHANI based on the defined milestones under R&D. Upon success, few development orders may also be considered with use of facilities at MIDHANI and such Joint Collaborators in consultation with Customer.

59.0 CIVIL WORKS

59.1 Defect Liability Period

in case of civil works shall be

59.1.1 06 Months from cases up to Rs. 50 Lakhs

59.1.2 01 Year for cases more than Rs. 50 Lakhs including water proof works

Note: For Water Proof Works, Guarantee shall be 05 years after defect liability period.

59.2 Quantity Variation

59.2.1 For Civil Works upto Rs. 100 Lakhs

Quantity Variation allowed shall be +/- 20% for each item

59.2.2 For Civil Works more than Rs. 100 Lakhs

Quantity Variation shall be +/- 10% for each item