

**Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited**

**(A wholly owned Government of Madhya Pradesh undertaking)**

# **Procurement Manual**

*Policies and Procedures*



**2014**

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 3

## FOREWORD

*It is the endeavour of Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited to lay down fair and transparent policies; and work within the legal and regulatory framework to foster good working environment conducive to meeting the organizational objectives and facilitating effective decision making.*

*The purpose of this Manual is to explain and facilitate understanding of the policies and procedures with respect to the Procurement function in the Company. This Manual shall provide information and direction to be followed by all stakeholders while carrying out any kind of activities relating to procurement of goods, works (including turnkey contracts) and services.*

*The policy statements contained in this Manual represent the basic intentions and goals of the Company. It is critical to ensure that each functional process forms a part of the integral approach towards delivery of the Company's services. To this end, these policies and procedures have been framed with adoption of sound management strategies in the business operations.*

*All employees are required to adhere to the policies and procedures laid down in this Manual. However, as part of our endeavour for continual improvement, each reader and follower of this Manual is encouraged to identify improvement opportunities and bring them to the attention of the competent authority for evaluation and incorporation in the Manual.*

*From the desk of:*

Managing Director

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited

Indore, Madhya Pradesh

## TABLE OF CONTENTS

<b>FOREWORD .....</b>	<b>3</b>
<b>ABBREVIATIONS.....</b>	<b>9</b>
<b>DEFINITIONS.....</b>	<b>12</b>
<b>1 INTRODUCTION .....</b>	<b>13</b>
<b>1.1. COMPANY PROFILE.....</b>	<b>13</b>
<b>1.2.PURPOSE .....</b>	<b>13</b>
<b>1.3.OBJECTIVE .....</b>	<b>14</b>
<b>1.4.SCOPE AND APPLICABILITY .....</b>	<b>14</b>
<b>1.5.REVISION AND VERSION CONTROL .....</b>	<b>18</b>
<b>1.6.LAYOUT OF THIS MANUAL.....</b>	<b>19</b>
<b>1.7.LEGAL AND INSTITUTIONAL FRAMEWORK.....</b>	<b>19</b>
<b>2 PROCUREMENT RESPONSIBILITY AND BUDGETING .....</b>	<b>20</b>
<b>2.1.KEY ACTIVITIES OF PROCUREMENT FUNCTION .....</b>	<b>20</b>
<b>2.2.ORGANISATIONAL SET UP .....</b>	<b>21</b>
<b>2.3.AUTHORITY-WISE ROLES AND RESPONSIBILITIES OF PROCUREMENT FUNCTION.....</b>	<b>22</b>
<b>2.4.CLASSIFICATION OF GOODS, WORKS AND SERVICES.....</b>	<b>22</b>
<b>2.5.FLOW CHART OF PROCUREMENT FUNCTION.....</b>	<b>24</b>
<b>2.6.PROCUREMENT BUDGETING .....</b>	<b>24</b>
<b>2.7.PACKAGING OF CONTRACTS FOR NEW PROJECTS.....</b>	<b>26</b>
<b>2.8.COMMENCEMENT OF PROCUREMENT ACTIVITY .....</b>	<b>27</b>
<b>3 MODES OF PROCUREMENT.....</b>	<b>28</b>
<b>3.1.PROCUREMENT MODES.....</b>	<b>28</b>
<b>3.2.METHODS OF TENDERING.....</b>	<b>35</b>
<b>3.3 E-PROCUREMENT .....</b>	<b>37</b>
<b>3.3.1POLICY .....</b>	<b>37</b>
<b>3.3.2KEY REQUIREMENTS FOR E-PROCUREMENT .....</b>	<b>37</b>
<b>3.3.3SCOPE OF E-PROCUREMENT .....</b>	<b>39</b>
<b>3.3.4E-PROCUREMENT PROCEDURE.....</b>	<b>39</b>
<b>4 REGISTRATION/ENLISTMENT OF SUPPLIER/CONTRACTOR/VENDOR.....</b>	<b>46</b>
<b>4.1 GENERAL.....</b>	<b>46</b>
<b>4.2 SUPPLIER/VENDOR/CONTRACTOR REGISTRATION PROCEDURE.....</b>	<b>46</b>
<b>4.3 SUPPLIER/CONTRACTOR/VENDOR REGISTRATION PROCEDURE FLOWCHART .....</b>	<b>47</b>
<b>4.4 ELIGIBILITY CRITERIA FOR REGISTRATION.....</b>	<b>48</b>
<b>4.5 PRE-QUALIFICATION OF SUPPLIERS/VENDORS/CONTRACTORS.....</b>	<b>50</b>
<b>5 BID ISSUANCE AND OPENING .....</b>	<b>51</b>
<b>5.1 SELECTION OF MODE AND METHODS OF TENDERING .....</b>	<b>51</b>

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 5

<b>5.2 BIDDING DOCUMENTS .....</b>	<b>52</b>
<b>5.2.1STANDARDIZATION OF BIDDING DOCUMENTS .....</b>	<b>52</b>
<b>5.2.2STANDARDIZATION OF TECHNICAL SPECIFICATIONS.....</b>	<b>54</b>
<b>5.2.3COMMERCIAL PORTION OF BIDDING DOCUMENTS .....</b>	<b>55</b>
<b>5.3 ESSENTIAL CONDITIONS TO BE INCORPORATED IN THE BIDDING DOCUMENTS.....</b>	<b>55</b>
<b>5.3.1ELIGIBILITY AND QUALIFICATION CRITERIA FOR BIDDERS .....</b>	<b>55</b>
<b>5.3.2BID VALIDITY .....</b>	<b>55</b>
<b>5.3.3EARNEST MONEY DEPOSIT (EMD) .....</b>	<b>56</b>
<b>5.3.4SCHEDULE OF DELIVERY .....</b>	<b>58</b>
<b>5.3.5CONTRACT PERFORMANCE GUARANTEE (CPG).....</b>	<b>58</b>
<b>5.3.6ADVANCES IN CONTRACTS.....</b>	<b>59</b>
<b>5.3.7INSURANCE AND TRANSPORTATION.....</b>	<b>60</b>
<b>5.3.8CURRENCY OF BID .....</b>	<b>61</b>
<b>5.3.9PRICE OF BID.....</b>	<b>61</b>
<b>5.3.10TERMS OF PAYMENT TO SUPPLIERS/CONTRACTORS/VENDORS .....</b>	<b>61</b>
<b>5.3.11PRICE VARIATION .....</b>	<b>62</b>
<b>5.3.12FORCE MAJEURE.....</b>	<b>63</b>
<b>5.3.13LIQUIDATED DAMAGES (LD).....</b>	<b>64</b>
<b>5.3.14ARBITRATION/RESOLUTION OF DISPUTES.....</b>	<b>64</b>
<b>5.3.15BID FORM AND PRICE SCHEDULE.....</b>	<b>65</b>
<b>5.3.16CLARIFICATION ON BIDDING DOCUMENTS.....</b>	<b>65</b>
<b>5.3.17AMENDMENT OF BIDDING DOCUMENTS .....</b>	<b>65</b>
<b>5.3.18SALE OF BIDDING DOCUMENTS .....</b>	<b>66</b>
<b>5.3.19COST OF BIDDING DOCUMENTS .....</b>	<b>66</b>
<b>5.4 PREPARATION OF NIT .....</b>	<b>66</b>
<b>5.4.1QUALIFYING REQUIREMENTS (QR) .....</b>	<b>67</b>
<b>5.4.2APPROVED NIT COST ESTIMATE .....</b>	<b>67</b>
<b>5.5 FIXING OF BID OPENING DATE AND TIME .....</b>	<b>67</b>
<b>5.6 CALLING FOR TENDERS .....</b>	<b>68</b>
<b>5.7 ABRIDGED NIT .....</b>	<b>68</b>
<b>5.8 PUBLICATION OF NIT.....</b>	<b>69</b>
<b>5.8.1NOTIFICATION AND ADVERTISING.....</b>	<b>69</b>
<b>5.8.2CORRIGENDUM.....</b>	<b>69</b>
<b>5.8.3DETAILED NIT.....</b>	<b>70</b>
<b>5.9 ISSUANCE OF BIDDING DOCUMENTS.....</b>	<b>71</b>
<b>5.10PRE-BID MEETING .....</b>	<b>72</b>
<b>5.11EXTENSION OF BID OPENING DATE .....</b>	<b>72</b>
<b>5.12TENDER EVALUATION COMMITTEE (TEC).....</b>	<b>73</b>

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 6

<b>5.13</b>	<b>PROCUREMENT LEAD TIME .....</b>	<b>73</b>
<b>5.14</b>	<b>RECEIPT OF BIDS .....</b>	<b>74</b>
<b>5.15</b>	<b>LATE/DELAYED BIDS .....</b>	<b>75</b>
<b>5.16</b>	<b>MODIFICATION/WITHDRAWAL OF BID .....</b>	<b>75</b>
<b>5.17</b>	<b>OPENING OF BID .....</b>	<b>75</b>
<b>5.18</b>	<b>RECORDS OF BID OPENING .....</b>	<b>76</b>
<b>5.19</b>	<b>BANK GUARANTEE/PAY ORDER/DEMAND DRAFTS RECEIVED AS EMD/SD .....</b>	<b>76</b>
<b>5.20</b>	<b>OPEN TENDERS - SINGLE STAGE TWO ENVELOPE.....</b>	<b>77</b>
<b>5.21</b>	<b>LIMITED TENDERS .....</b>	<b>77</b>
<b>6</b>	<b>BID EVALUATION AND CONTRACT AWARD .....</b>	<b>79</b>
<b>6.1</b>	<b>BID EVALUATION .....</b>	<b>79</b>
<b>6.2</b>	<b>PRELIMINARY EVALUATION OF BIDS BY TEC .....</b>	<b>80</b>
<b>6.2.1</b>	<b>PRELIMINARY EVALUATION: .....</b>	<b>80</b>
<b>6.3</b>	<b>DETAILED EVALUATION .....</b>	<b>83</b>
<b>6.3.1</b>	<b>TECHNICAL EVALUATION.....</b>	<b>83</b>
<b>6.3.2</b>	<b>COMMERCIAL EVALUATION .....</b>	<b>83</b>
<b>6.3.3</b>	<b>TREATMENT OF DEVIATIONS .....</b>	<b>84</b>
<b>6.3.4</b>	<b>COMPARISON WITH COST ESTIMATE AND REASONABILITY CHECK .....</b>	<b>84</b>
<b>6.3.5</b>	<b>EVALUATION CRITERIA.....</b>	<b>84</b>
<b>6.3.6</b>	<b>OTHER ISSUES FOR CONSIDERATION IN DETAILED EVALUATION.....</b>	<b>84</b>
<b>6.3.7</b>	<b>CONSIDERATION OF UNIT PRICES .....</b>	<b>85</b>
<b>6.3.8</b>	<b>SNAP BIDDING .....</b>	<b>85</b>
<b>6.3.9</b>	<b>ASSESSMENT OF CAPABILITY AND CAPACITY OF THE BIDDERS.....</b>	<b>87</b>
<b>6.5</b>	<b>PRICE FALL IN SUBSEQUENT TENDER .....</b>	<b>89</b>
<b>6.6</b>	<b>APPROVAL OF AWARD RECOMMENDATIONS.....</b>	<b>89</b>
<b>6.7</b>	<b>POST TENDER NEGOTIATIONS.....</b>	<b>89</b>
<b>6.8</b>	<b>SPLITTING OF QUANTITY .....</b>	<b>90</b>
<b>6.9</b>	<b>PLACEMENT OF AWARD.....</b>	<b>91</b>
<b>6.10</b>	<b>ACCEPTANCE OF LETTER OF AWARD/PURCHASE ORDER BY SUCCESSFUL BIDDER .....</b>	<b>92</b>
<b>6.11</b>	<b>SIGNING OF CONTRACT .....</b>	<b>92</b>
<b>6.12</b>	<b>RETURN OF EMD .....</b>	<b>93</b>
<b>7</b>	<b>CONTRACT MANAGEMENT AND ADMINISTRATION .....</b>	<b>94</b>
<b>7.1</b>	<b>CONTRACT MANAGEMENT AND ADMINISTRATION .....</b>	<b>94</b>
<b>7.2</b>	<b>SUBMISSION OF CPG .....</b>	<b>94</b>
<b>7.3</b>	<b>RELEASE OF INITIAL ADVANCE TO SUPPLIER/CONTRACTOR/VENDOR.....</b>	<b>95</b>
<b>7.4</b>	<b>FINALIZATION OF PERT CHART .....</b>	<b>95</b>
<b>7.5</b>	<b>FINALIZATION/CHANGE OF SUB-VENDOR/SUB-CONTRACTOR (AS APPLICABLE).....</b>	<b>97</b>
<b>7.6</b>	<b>CHANGE OF SCOPE OF WORK (AS APPLICABLE) .....</b>	<b>97</b>

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 7

<b>7.7 MANUFACTURING QUALITY PLAN (MQP) APPROVAL (AS APPLICABLE).....</b>	<b>98</b>
<b>7.7.1FIELD QUALITY PLAN (FQP) APPROVAL (AS APPLICABLE).....</b>	<b>99</b>
<b>7.8 SETTLEMENT OF DISPUTES AND ARBITRATION .....</b>	<b>99</b>
<b>7.8.1MODE OF SETTLEMENT.....</b>	<b>100</b>
<b>7.9 SUSPENSION/BANNING OF BUSINESS DEALINGS.....</b>	<b>101</b>
<b>7.10TECHNICAL APPROVAL FOR QUANTITY VARIATION (AS APPLICABLE).....</b>	<b>101</b>
<b>7.11AMENDMENT TO THE CONTRACT.....</b>	<b>104</b>
<b>7.12TIME EXTENSION AND LIQUIDATED DAMAGES (AS APPLICABLE) .....</b>	<b>105</b>
<b>7.13COMPLETION, TESTING, COMMISSIONING, TAKING OVER &amp; RELEASE OF PAYMENT .</b>	<b>109</b>
<b>7.13.1FOR CONTRACTS NOT INVOLVING COMMISSIONING (AS APPLICABLE) .....</b>	<b>109</b>
<b>7.14CONTRACT CLOSING.....</b>	<b>112</b>
<b>7.15SUBMISSION OF ALL MANUALS/DOCUMENTS/DRAWINGS (AS APPLICABLE) .....</b>	<b>113</b>
<b>7.16PHYSICAL COMPLETION OF SCOPE.....</b>	<b>113</b>
<b>7.17COMMISSIONING /TAKING OVER.....</b>	<b>113</b>
<b>7.18ITEM RECONCILIATION (PURCHASER SUPPLIED ITEMS).....</b>	<b>113</b>
<b>7.19QUANTITY VARIATION, EXTRA ITEMS AND FINAL AMENDMENT (AS APPLICABLE) ....</b>	<b>114</b>
<b>7.20TIME EXTENSION AND SETTLEMENT OF LD.....</b>	<b>115</b>
<b>7.21EXTRA CLAIMS AND SETTLEMENT OF DISPUTES .....</b>	<b>115</b>
<b>7.22PROCESSING AND RELEASE OF FINAL BILL.....</b>	<b>115</b>
<b>7.23GUARANTEE COMPLETION.....</b>	<b>116</b>
<b>7.24RELEASE OF CPG.....</b>	<b>116</b>
<b>7.25CONTRACT CLOSING FORMATS (AS APPLICABLE) .....</b>	<b>116</b>
<b>8 RATE CONTRACT .....</b>	<b>118</b>
<b>8.1 GENERAL.....</b>	<b>118</b>
<b>8.2 PERIOD OF RATE CONTRACT .....</b>	<b>119</b>
<b>8.3 CRITERIA FOR AWARD OF RATE CONTRACT .....</b>	<b>119</b>
<b>8.4 SPECIAL CONDITIONS APPLICABLE FOR RATE CONTRACT .....</b>	<b>119</b>
<b>8.5 PARALLEL RATE CONTRACTS.....</b>	<b>120</b>
<b>8.6 PRICE NEGOTIATION/COUNTER-OFFER.....</b>	<b>120</b>
<b>8.7 CARTEL FORMATION/POOL RATES .....</b>	<b>121</b>
<b>8.8 RENEWAL OF RATE CONTRACTS .....</b>	<b>121</b>
<b>8.9 PLACEMENT OF PURCHASE/WORK ORDERS AGAINST RATE CONTRACT .....</b>	<b>121</b>
<b>9 SUSPENSION/BANNING OF BUSINESS DEALINGS.....</b>	<b>123</b>
<b>10 VENDOR PERFORMANCE EVALUATION SYSTEM .....</b>	<b>129</b>
<b>11 ANNEXURES .....</b>	<b>130</b>
<b>11.1ANNEXURE-I: ROLES AND RESPONSIBILITIES OF PROCUREMENT FUNCTION .....</b>	<b>131</b>
<b>11.2ANNEXURE-II: LIST OF CENTRALLY PROCURED ITEMS .....</b>	<b>132</b>
<b>11.3ANNEXURE-III: (A) LIST OF NON-CENTRALLY PROCURED ITEMS .....</b>	<b>133</b>

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 8

<b>11.4ANNEXURE-IV: (A) INDENT RECEIPT FOR GOODS FOR O&amp;M REQUIREMENT .....</b>	<b>136</b>
<b>ANNEXURE-IV: (B) INDENT RECEIPT FOR WORKS/SERVICES FOR O&amp;M REQUIREMENT ..</b>	<b>138</b>
<b>11.5ANNEXURE-V: FORMAT FOR CAPITAL BUDGET (SAMPLE).....</b>	<b>140</b>
<b>11.6ANNEXURE-VI: ELIGIBILITY AND QUALIFICATION CRITERIA (SAMPLE) .....</b>	<b>142</b>
<b>11.7ANNEXURE-VII: (A) FORMAT FOR BANK GUARANTEE.....</b>	<b>145</b>
<b>11.8ANNEXURE-VIII: SPECIMEN OF ABRIDGED NOTICE INVITING TENDER .....</b>	<b>149</b>
<b>11.9ANNEXURE-IX: FORMAT OF DETAILED NOTICE INVITING TENDER.....</b>	<b>150</b>
<b>11.10ANNEXURE-X: BID REGISTER FORMAT.....</b>	<b>152</b>
<b>11.11ANNEXURE-XI: FORMAT FOR MAINTAINING RECORDS OF BID OPENING .....</b>	<b>153</b>
<b>11.12ANNEXURE-XII: FORMAT FOR COMPARATIVE STATEMENT OF PRICES .....</b>	<b>154</b>
<b>11.13ANNEXURE-XIII: FORMAT FOR EVALUATION REPORT (SAMPLE) .....</b>	<b>156</b>
<b>11.14ANNEXURE-XIV: FORMAT FOR PURCHASE ORDER (SAMPLE) .....</b>	<b>162</b>
<b>11.15ANNEXURE-XV: CONTRACT CLOSING FORMATS .....</b>	<b>166</b>
<b>11.16ANNEXURE-XVI: SHOWCAUSE NOTICE TO VENDOR FOR BANNING .....</b>	<b>177</b>
<b>11.17ANNEXURE-XVII: NOTIFICATION OF BANNING (NOTICE WITHIN COMPANY) .....</b>	<b>179</b>
<b>11.18ANNEXURE-XVIII: NOTIFICATION OF BANNING (NOTICE TO VENDOR) .....</b>	<b>180</b>
<b>11.19ANNEXURE-XIX: SHOWCAUSE NOTICE TO VENDOR FOR SUSPENSION .....</b>	<b>181</b>
<b>11.20ANNEXURE-XX: NOTIFICATION OF SUSPENSION (NOTICE WITHIN COMPANY) .....</b>	<b>183</b>
<b>11.21ANNEXURE-XXI: NOTIFICATION OF SUSPENSION (NOTICE TO VENDOR) .....</b>	<b>184</b>



## ABBREVIATIONS

ABBREVIATION	DESCRIPTION
AB switch	Air Break switch
ADB	Asian Development Bank
AE	Assistant Engineer
ASSOCHAM	Associated Chambers of Commerce and Industry in India
BC	Banker's Cheque
BG	Bank Guarantee
BIS	Bureau of Indian Standards
BoD	Board of Directors
BoQ	Bill of Quantity
CACMAI	Cable and Conductor Manufacturers Association of India
CAPEX	Capital Expenditure
CE	Chief Engineer
CIF	Cost Insurance and Freight
CIP	Carriage and Insurance Paid
Corporate Office	Company Headquarters in Indore
CPG	Contract Performance Guarantee
CS	Comparative Statement
CT	Current Transformer
DCB	Domestic Competitive Bidding
DD	Demand Draft
DE	Divisional Engineer
DI	Dispatch Instruction
DIC	District Industries Centre
DGS&D	Director General of Supplies & Disposal
DO	Drop Out
DoP	Delegation of Powers
DPC	Double Paper Cover
DTR	Distribution Transformer
ED	Executive Director
EE	Executive Engineer
EHV	Extra High Voltage
EMD	Earnest Money Deposit
EOQ	Economic Order Quantity
EXW	Ex-Works
F&A	Finance and Accounts
Fax	Facsimile
FICCI	Federation of Indian Chambers of Commerce and Industry
FOB	Free on Board
FOR	Free on Rail
FQP	Field Quality Plan
FY	Financial Year
GCC	General Conditions of Contract
GI	Galvanised Iron
GoI	Government of India

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 10

GoMP	Government of Madhya Pradesh
HRC	High Rupture Capacity
HT	High Tension
ICB	International Competitive Bidding
ICC	International Chamber of Commerce
IEEMA	Indian Electrical and Electronics Manufacturers Association
INCOTERM	International Commercial Terms
INR	Indian National Rupee
IR	Indore Region
IT	Information Technology
ISI	Indian Standards Institute
ISO	International Organization for Standardization
ITB	Instructions To Bidders
JICA	Japan International Cooperation Agency
JV	Joint Venture
kV	Kilo Volt
LD	Liquidated Damages
LoA	Letter of Award
LT	Low Tension
MCCB	Moulded Case Circuit Breaker
MD	Managing Director
MIS	Management Information System
MP	Madhya Pradesh
MPLUNL	Madhya Pradesh Laghu Udyog Nigam Ltd
MPPKVVCL	Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
MQP	Manufacturing Quality Plan
MRC	Material Receipt Certificate
MRTP	Monopoly and Restrictive Trade Practices Act
MS	Mild Steel
MT	Meter Testing
NABL	National Accreditation Board for Testing and Calibration Laboratories
NIT	Notice Inviting Tenders
NRS	Nearest Railway Station
NSIC	National Small Industries Corporation
O&M	Operation and Maintenance
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PD	Project Director
PDF	Portable Document Format
PERT	Programme Evaluation and Review Technique
PFC	Power Finance Corporation
PO	Purchase Order
PRO	Public Relations Officer
PT	Potential Transformer
PV	Price Variation
PVC	Polyvinyl Chloride
QA	Quality Assurance
QCS	Quality Control and Supervision
QR	Qualifying Requirement
R&M	Renovation and Modernization/ Repair and Maintenance as applicable

RA	Running Account
RAO	Regional Accounts Office
R-APDRP	Restructured Accelerated Power Development and Reform Programme
REC	Rural Electrification Corporation
RGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
SBD	Standard Bidding Document
SCC	Special Conditions of Contract
SD	Security Deposit
SE	Superintending Engineer
SEB	State Electricity Board
SOR	Schedule of Rate
SSI	Small Scale Industries
STD	Subscriber Trunk Dialling
SVC	State Vigilance Commission
TEC	Tender Evaluation Committee
TDS	Tax Deducted at Source
TOC	Taking Over Certificate
UNCITRAL	United Nations Commission on International Trade Law
UR	Ujjain Region
WPI	Wholesale Price Index
WO	Work Order
XLPE	Cross-Linked Polyethylene

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 12

## DEFINITIONS

DEFINITION	DESCRIPTION
Circle Office Company	Circle Office operates for O&M of area(s) under Region Office Hereinafter shall mean Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited
Corporate Office	Company Headquarters located in Indore
Distribution facilities	Distribution assets of the Company including civil infrastructure and vehicles
Division Office	Division Office operates for O&M of area(s) under Circle Office
Field Office	Refers to Region Office, Circle Office and Division Office
Government	Refers to Central and State Government
Legal/Law Officer	Legal/Law officer of the Company /Procurement department as applicable
Price Bid	Financial proposal submitted by bidder
Procurement department	Department/Cell handling the procurement activities for Goods, Works (including turnkey projects) and Services at Corporate Office of the Company.
Procuring authority	Refer Annexure-I
Purchaser	Refer to the Company
Quality and Standards	Department responsible for ensuring quality and standards
Region Office	Region Office operates for O&M of entire operational area of the Company
Repeat Order	Refers to Extension Order
Supplier/Seller	Business entity providing goods, works (including turnkey contracts) and services
Technical Bid	Technical proposal submitted by the bidder
Tender Evaluation Committee	Tender evaluation committee is an interdepartmental committee formed by the representatives from User department(s), Finance & Account department and Procurement department
User department(s)	Indenting department/ execution department as applicable

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 13

## 1 INTRODUCTION

### 1.1. Company Profile

- (a) Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited (MPPKVVCL) (*hereinafter shall be referred as the “Company”*) is a power distribution company formed out of the unbundling of Madhya Pradesh State Electricity Board in 2005, as a part of the MP power sector reforms after the first phase of restructuring. Post second phase of restructuring in 2012, the Company has been operating as a successor company of Madhya Pradesh Power Management Company Limited (MPPMCL, formerly known as “MP TradeCo”).
- (b) The Company is incorporated under the Companies Act, 1956 and has its registered office at GPH Compound, Pologround, Indore, Madhya Pradesh. The Company has been vested with the functions and undertakings of electricity distribution and retail supply business in the areas covered by commissionaires of Indore and Ujjain on reorganization of Madhya Pradesh State Electricity Board as per Sections 131 and 133 of the Electricity Act, 2003 (Central Act) read with the applicable provisions of the Madhya Pradesh Vidyut Sudhar Adhiniyam 2000 (State Act) and as per the Transfer Scheme notified by the Government of Madhya Pradesh by Order No.5555/RS/4/13/2001 Bhopal, dated 1st July, 2002
- (c) The Company’s business scope includes:
  - (i) Distribution of electricity to retail consumers;
  - (ii) Operation and Maintenance of Distribution facilities;
  - (iii) Collection of tariff from retail consumers and;
  - (iv) Investing in capital works related to improvement of Distribution facilities.
- (d) The Company is determined to achieve its goal of financial turnaround and improve its operational and commercial efficiencies which would lead to improve quality of supply and customer service.

### 1.2. Purpose

- (a) This Procurement Manual (*hereinafter shall be referred as the “Manual”*) contains policies, general instructions, guidelines and procedures to be followed/ observed for procurement of goods, works (including turnkey contracts) and services by the Company. The document shall be in supersession of any existing Manual and its amendments thereof, various circulars, and notifications issued in the past. The notifications/circulars/directives to be issued by Governing departments in future shall be in the supersession of this Manual. This Manual shall also be available on the Company website.
- (b) The purpose of this Manual is to provide guidance to the procurement officials of the Company involved in the procurement of goods, works (including turnkey contracts) and services, by establishing and documenting uniform policies and procedures across the Company.
- (c) However, the specific rights and obligations of the Company and the providers of goods, works (including turnkey contracts) and services, are to be governed by the bidding documents, and by the contract signed by the Company with the providers of goods, works (including turnkey contracts) and services, and not by this Manual.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 14

### 1.3. Objective

- (a) For achieving the best value for the expenditure incurred during the procurement process, it is essential to procure the right item at the right time and at a right price by giving fair and equal opportunities to all the bidders in a transparent manner. Therefore, uniform and well documented procurement guidelines are required to ensure that procurement is made in a well coordinated manner with a systematic and uniform approach in the decision making to the entire satisfaction of the internal customers at the least transaction cost to avoid any time and cost overrun in the project/scheme/task for which such goods, works (including turnkey contracts) and services are required. The objective of this Manual is to:
- (i) achieve economy and efficiency in procurement of goods, works (including turnkey contracts) and services;
  - (ii) ensure fair and equal access to the provider of goods, works (including turnkey contracts) and services, the information required for the bidding process;
  - (iii) ensure transparent procurement through the application of standard procurement procedures; and
  - (iv) ensure availability of right material at right time, right price and right quantity and quality for timely completion of various projects.

### 1.4. Scope and Applicability

- (a) The policies and procedures covered in this Manual shall apply to all procurement of goods, works (including turnkey contracts) and services made by various offices/ departments/stakeholders of the Company. The provisions under this Manual shall be followed diligently as far as possible to ensure transparency in the procurement activities.
- (b) These policies and procedures shall cover four (4) types of procurement contracts:
- (i) **Supply Contracts:**

The supply contracts shall be applicable for:

- (A) Procurements of goods (equipments and materials such as line materials, Distribution Transformers, meters & metering equipments, etc.) including those for system augmentation including R & M projects. In respect of Supply contracts where installation and erection is vital for the total completion of the job and problems of co-ordination may arise, such contract should generally be awarded on turnkey basis so that the responsibility is clearly defined and project schedules are adhered to.
- (B) Items required for R&M during the course of Operation and Maintenance of sub-stations, distribution lines, sub-transmission lines and distribution facilities.
- (C) Other items of administrative nature (e.g. office furniture, equipments, fixtures, fittings, printing, stationery, books, journals, consumables, etc.).

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 15

**(D) Supply Contracts with Buy-back offer:**

- (I) 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 Procuring authority may offer the existing old goods while purchasing the new ones as buy back by the suppliers. For this purpose, suitable clauses are to be incorporated in the tender document so that the interested bidders formulate and submit their tenders accordingly. Provision should also be kept in the tender documents to permit the interested bidders to inspect the old goods to be sold through this transaction.
- (II) Appropriate provision should also be kept in the tender document allowing the Company to reserve its right to offer or not to offer the old goods while purchasing the new ones and the bidders are to be asked to frame their quotations accordingly covering both the options.
- (III) Depending on the value and condition of the old goods to be offered under buy-back, the time frame as well as the mode of handing them over to the successful bidder should be decided and relevant details in this regard suitably incorporated in the tender document.

**(ii) Works Contracts:**

The Works Contracts shall be applicable for:

- (A) Procurement of works for development of land, construction of buildings or structures, civil, structural and mechanical fabrication, foundation construction, transportation, loading & unloading, erection/ installation and commissioning of distribution facilities or any other works required for Renovation & Modernization and Repair & Maintenance of existing Distribution facilities.

**(B) Maintenance Contract:**

- (I) This is another type of works contract. The equipment and machinery need proper maintenance for trouble free service. For this purpose, the Procurement department at Corporate Office may enter into Maintenance contract for specified period either at the time of purchasing of goods or subsequently. It must however be kept in mind that Maintenance contract is to start after the expiry of the guarantee period, during which the goods/parts are to be maintained free of cost by the supplier. In case of any item to be covered under provision of guarantee, the same shall be mentioned in the bid document.
- (II) 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 Procuring authority should decide this aspect on case to case basis on merit in consultation with the User department.
- (III) If the Maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose are to be incorporated in the tender document itself and while evaluating the offers, the cost component

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 16

towards maintenance of the goods are also to be added in the evaluated tender value on overall basis to decide the inter se ranking of the responsive bidders. Equipment with a lower quoted price may carry a higher maintenance liability. Therefore, total cost on purchase and maintenance of the equipment over its specified maintenance period should be assessed to consider its suitability for purchase.

- (IV) However, if the Maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of Maintenance contract. Here, the supplier of the goods may also quote and its quotation, if received, is to be considered along with other quotations received.
- (V) The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms & conditions including payment terms are to be incorporated in the tender 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 Distribution facilities as desired. Generally, payment for maintenance is made on half-yearly or quarterly basis.
- (VI) If the goods to be maintained are sophisticated and costly, the tender document should also have a provision for obtaining Performance Security. The amount of Performance Security will depend on the nature of the goods procured, period of maintenance etc. It generally varies from 5 % to 10% of the contract value. However, the tender documents shall clearly mention regarding the payment security.
- (VII) Sometimes, the maintenance contractor may have to take the materials or some components to its factory for repair, etc. On such occasions, before handing over materials/equipments, suitable bank guarantee is to be obtained from the firm to safeguard Company's interest.
- (VIII) Sometimes, during the tenure of a Maintenance contract, especially with a longer tenure, it may become necessary for the Company to withdraw the Maintenance contract due to non performance of maintenance contractor, insolvency of the contractor, force majeure condition and any condition which may arise to affect the contract and which may be decided by the competent authority as per DoP. To take care of the same, there should be a suitable provision in the tender document and in the resultant contract.
- (IX) Depending on the cost and nature of the items to be maintained, suitable notice period for such cancellation to come into effect is to be provided in the tender documents.

### (iii) **Turnkey Contracts:**

- (A) The procurement is through supply-cum-service (composite) contracts for Distribution facilities. In respect of works, where installation and erection is vital for the total completion of the job and problems of co-ordination may arise, such contract shall generally be awarded on Turnkey basis so that the responsibility is clearly defined and project schedules are adhered to. The Turnkey Contracts may be



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 17

classified as the contracts funded by Company internally or by multilateral external funding agencies.

(B) A Turnkey Contract is a mix of goods, works and services contract. Generally, in the tender documents for a turnkey contract, the performance and output required from the system proposed to be set up are specified. The inputs and other facilities, which the Company shall provide to the contractor, are also indicated in the tender document. The contractor is to design the system and quote accordingly. The Company may also provide its own design and specifications.

(C) The responsibility of the contractor under Turnkey Contract will include supplying the required goods, performing the desired works and provide the associated services, machinery, equipment, etc. needed for the system; assembling, installing and erecting the same at site as needed; commissioning the system to meet the required output, etc., as specified in the tender documents. This type of contract would be preferred option for procurement of new sub-stations, distribution lines, and sub-transmission lines and associated equipments.

**(iv) Service Contracts including Consultancy**

(A) These contracts shall include service contracts for maintenance, supervision & housekeeping of the existing Distribution facilities, customer care, etc.

(B) In cases the Company requires the professional services of consultants for any kind of services and awards a contract to a consultancy firm or organization, such contracts shall be called Consultancy Contract.

(C) The contract shall specify the terms of reference of these consultants, deliverables/ reports required to be submitted by the consultants, terms of payment related to achievement of milestones/ submission of reports and other general terms and conditions of the contract.

(D) The consultancy contract could be on a lump sum basis or on per diem basis or on deliverable basis, etc.

(c) This Manual shall NOT apply to procurement of goods, works (including turnkey contracts) and services for the following:

- (i) Entrusting an assignment for procurement of goods, works (including turnkey contracts) and services to another authority of the Government provided that the entrusted authority shall be guided by the provisions of its own Manual or of the procurement rules and regulations of the Government to the extent applicable;
- (ii) Procurement of goods, works (including turnkey contracts) and services which are required to be channelized through agencies specified by the State Government;
- (iii) Procurement of goods, works (including turnkey contracts) and services for projects funded by financial assistance from external agencies {Asian Development Bank (ADB), World Bank, Japan International Cooperation Agency (JICA), etc.} or domestic financial institutions {Power Finance Corporation (PFC), Rural Electrification Corporation (REC), etc.}, where the relevant financing agreement provides for adherence of specific procurement procedure.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 18

## 1.5. Revision and Version Control

- (a) The Manual is subject to changes and will be revised as and when required to address the changing needs of business. The Manual shall be reviewed once in three (3) years in totality or as required (whenever there is a change in the organization) to ensure its appropriateness.
- (b) Modifications/additions to the policy aspects of this Manual, before or after the review, shall be incorporated with the prior approval of the Board of Directors (BoD). However, modifications/additions to any procedural aspects may be approved by the Managing Director (MD).
- (c) A review committee comprising of SE (Procurement department); SE (Office of CE, Indore and Ujjain Regions); SE (Works) and SE (Projects) shall be constituted for compiling of proposals with justified reasons and submit consolidated proposal to CE (Procurement department).
- (d) Consolidated proposal in this regard shall be forwarded to the ED (Operations)/CE (Corporate) for obtaining approval of the BoD/ MD. An updated version, incorporating all amendments to the Manual, shall be compiled by the Procurement department and circulated after completion of the review as per Section 1.5(a).
- (e) ED (Operations)/CE (Corporate) in consultation with Director (Finance & Accounts) shall be the first level of authority with regard to interpretation of any provisions of this Manual. In case of any unresolved issues, the same will be referred to the MD first and then to the BoD, if required.
- (f) In respect of matters not covered in the Manual and requiring decision or interpretation, the MD shall be the competent authority for this purpose. MD shall further be authorized to issue any procedural guideline for implementation of the provisions of the Manual subject to the submission of the same for the information of the BoD.
- (g) The summary of changes made will be recorded in the “**Revision History**” page of this document. Changes will be reviewed and approved by the same authorities responsible for the initial review and approval of this document.
- (h) The version number and the effective date of the document (which is at the header of all pages of this Manual) shall be changed as follows;
  - (i) **Version Number:** The first issue of the document will bear the Version Number as v1. In case of a ‘Change’ (both Major and Minor) in the system wherein the entire procedure needs to be re-written and re-issued, the new issue will be released with version number v2, v3, v4 etc. The Major and Minor changes have been defined hereunder:
    - (A) *Major Change:* A substantial change affecting more than 50% of the number of pages, when it’s prudent to reissue entire document with version number v2, v3, etc.
    - (B) *Minor Change:* An insignificant change affecting few pages of the Manual, when only those pages are updated. For instance, a change in the designation of a specific authority in the Manual, grammatical change, change with respect to spelling and structure of the sentences, etc. These changes shall be issued as v1.1, v1.2 respectively.
  - (ii) **Effective Date:** This is the date from which the document is effective and this is the date from which implementation and compliance to the document is expected.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 19

## 1.6. Layout of this Manual

(a) The Manual of the Company has been issued in one (1) volume namely:

- (i) Policies and Procedures (including Annexure)

## 1.7. Legal and Institutional Framework

(a) The provisions in the Manual would be largely guided by the following:

- (i) Indian Contracts Act, 1872, as amended;
- (ii) Sale of Goods Act, 1930, as amended;
- (iii) Standing instructions regarding procurement of goods, works (including turnkey contracts) and services by utilities under the Energy department, Government of Madhya Pradesh (GoMP) as amended;
- (iv) Directives of Central/State Electricity Regulatory Commission
- (v) Central Vigilance Commission (CVC) recommendations related to public procurement;
- (vi) Madhya Pradesh Madhyastham Adhikaran Adhiniyam as amended;
- (vii) Indian Arbitration and Conciliation Act, 1996, as amended;
- (viii) United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules;
- (ix) Work Contract Act, 1996, as amended;
- (x) Labour law as amended; and
- (xi) 'Madhya Pradesh Public Works Department (MP PWD) manual' for civil works, as amended.

Apart from the above, other laws as amended from time to time may be applicable.

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 20

## **2 PROCUREMENT RESPONSIBILITY AND BUDGETING**

### **2.1. Key Activities of Procurement Function**

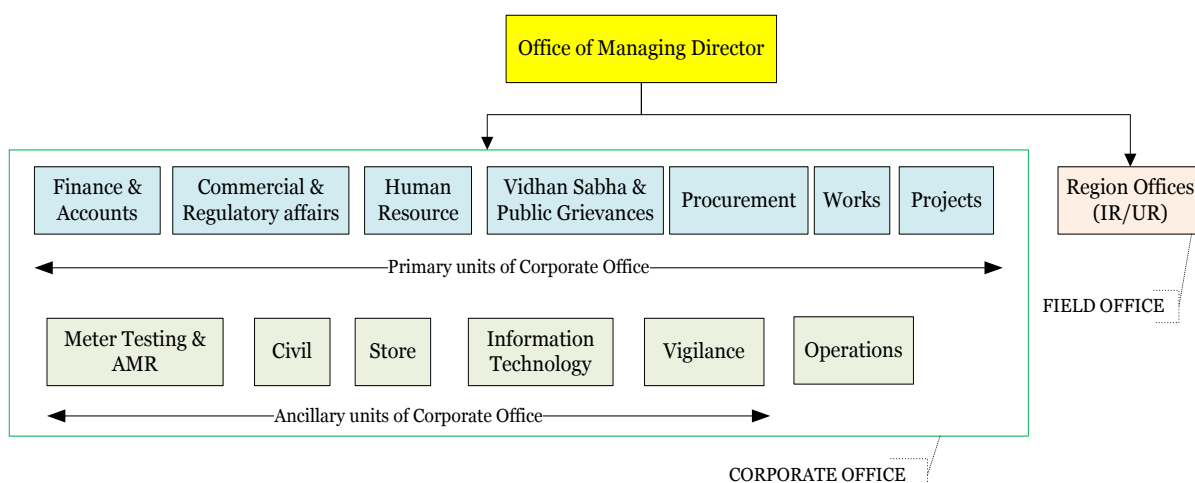
- (a) The procurement function shall be responsible mainly for the following activities in relation to the procurement of goods, works (including turnkey contracts) and services:
- (i) Deciding upon consolidated annual requirement of goods, works and services in consultation with User departments;
  - (ii) Collection of information on availability of present stock from Stores and purchase orders in pipeline;
  - (iii) Deciding on extension of orders to meet prospective requirements;
  - (iv) Procurement activities in tandem with Finance & Accounts department as and when required on matters related to finance and accounts;
  - (v) Preparation of qualifying criterion and tender documents;
  - (vi) Publication of Notice Inviting Tenders (NIT);
  - (vii) Issue of tender documents to the bidders, receipt of bids and opening of bids;
  - (viii) Organise pre bid meeting and revision of bid documents, if required;
  - (ix) Bid evaluation and making necessary enquiries prior to price bid opening, if required;
  - (x) To submit recommendations for award of contract for the approval of the competent authority through tender evaluation committee;
  - (xi) Issue of Letter of Agreement (LoA)/Purchase Order (PO) to successful bidder and signing of contract agreement;
  - (xii) Follow-up for ensuring delivery as per schedule in the terms and conditions of contract and making required correspondence;
  - (xiii) Issue of dispatch instructions to the suppliers for the dispatch of material in co-ordination with User department and Stores;
  - (xiv) Activities related to Earnest Money Deposit (EMD) and Security Deposit (SD); and enforcing/releasing of Contract Performance Guarantee (CPG)/EMD;
  - (xv) Vendor/supplier development; enlistment/ Registration and Maintaining database of registered suppliers;
  - (xvi) Inventory management to optimize investment in the inventory;
  - (xvii) Closure of Contract;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 21

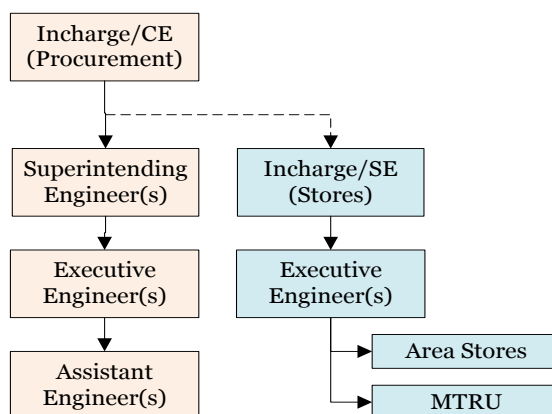
- (xviii) Dealing with litigation issues related to procurement activities;
- (xix) Market research activities by keeping update with the market conditions and sources of supply, thus providing such information to User department(s) as and when required;
- (xx) Developing good relationship with suppliers, treating them as equal business partners to obtain the best terms of supply.
- (xxi) In order to update the Manual as per the latest business practices, the Procurement department shall maintain an updated knowledge database regarding procurement functions of other business units. A central library may be established for this purpose.
- (b) The list of activities specified in 2.1(a) is illustrative in nature and shall not be considered restrictive to the extent specified herein. The procurement officials will be responsible for all activities related to Procurement department.

## 2.2. Organisational Set Up

- (a) **Corporate Office:** The present functional organisation chart of the Corporate Office is given below:



The present organisation chart of the Procurement department is given below:



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 22

(b) **Region Office:**

The Works and Projects department shall be responsible for managing the procurement activities at Region Office. The procurement activities shall include material procurement for non-centrally procured items. The approval for procurement shall be given by competent authority as per Delegation of Power (DoP).

In order to achieve economy of scale and better management of material vendors and labour contractors, Region Office(s) shall be responsible for invitation of tender, bid process management and award of tender.

(c) **At Circle Office:**

The procurement activities i.e. local purchase and labour contracting shall be managed at Circle Office. The sanctioning authority shall be as per DoP.

### 2.3. Authority-wise roles and responsibilities of Procurement function

- (a) The authorities (viz. Procuring authority, Awarding authority, Fund allocating authority, etc.) responsible for various activities of Procurement function across different types of contracts have been defined and consolidated in **Annexure-I**. The table specified therein shall be referred to on occurrence of such authorities in the Manual hereinafter. Also, in case any difficulty is encountered in interpreting a particular authority the same shall be referred to.

### 2.4. Classification of Goods, Works and Services

(a) **O&M requirements**

- (i) The Company shall review the goods, works and services procured by identifying which of these should be procured by the Procuring authority at the Corporate Office and Region Office(s).
- (ii) The goods, works and services which shall be procured by the Corporate Office shall be classified as **“Centrally Procured Items”** and are listed in **Annexure-II**. While identifying, these items the Company shall take into account, the magnitude of the procurement in terms of the quantity, frequency, value and number of users of the goods, works and services procured.
- (iii) The goods, works and services, not included in the list of Centrally Procured Items will be classified as **“Non-Centrally Procured Items”** and are listed in **Annexure-III**.
- (iv) The list of Centrally Procured Items shall be reviewed from time to time by the Procurement department which may add or delete any item(s) from the list with the approval of the CE (Corporate).

(b) **Procurement of Centrally Procured Items**

- (i) The ‘Centrally Procured Items’ shall generally be procured by the Procuring authority at the Corporate Office. However, in exceptional situations, such Centrally Procured Items may also be procured by the Region Offices on assignment by CE (Corporate).

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 23

- (ii) For all procurement activities in respect of 'Centrally Procured Items', including enlistment of vendors/contractors if required, pre-award, award and post-award follow-ups, shall be the responsibility of the Procuring authority at the Corporate Office.
- (iii) The award of service contract required for inter-stores transportation needed on regular and continuous basis shall be done through Running/ Rate contracts.
- (iv) Procurement of common items though not classified as 'Centrally Procured Items' required by the Corporate Office or by more than one (1) Region or by the Company as a whole can be undertaken by the Procuring authority at Corporate Office. The sanctioning authority shall be as per DoP.
- (v) Procurement of Information Technology (IT) systems or new technology or new capital investment other than turnkey capital projects for distribution lines and sub-stations, shall be undertaken by the Procuring authority at Corporate Office, with technical inputs provided by the respective User department(s).

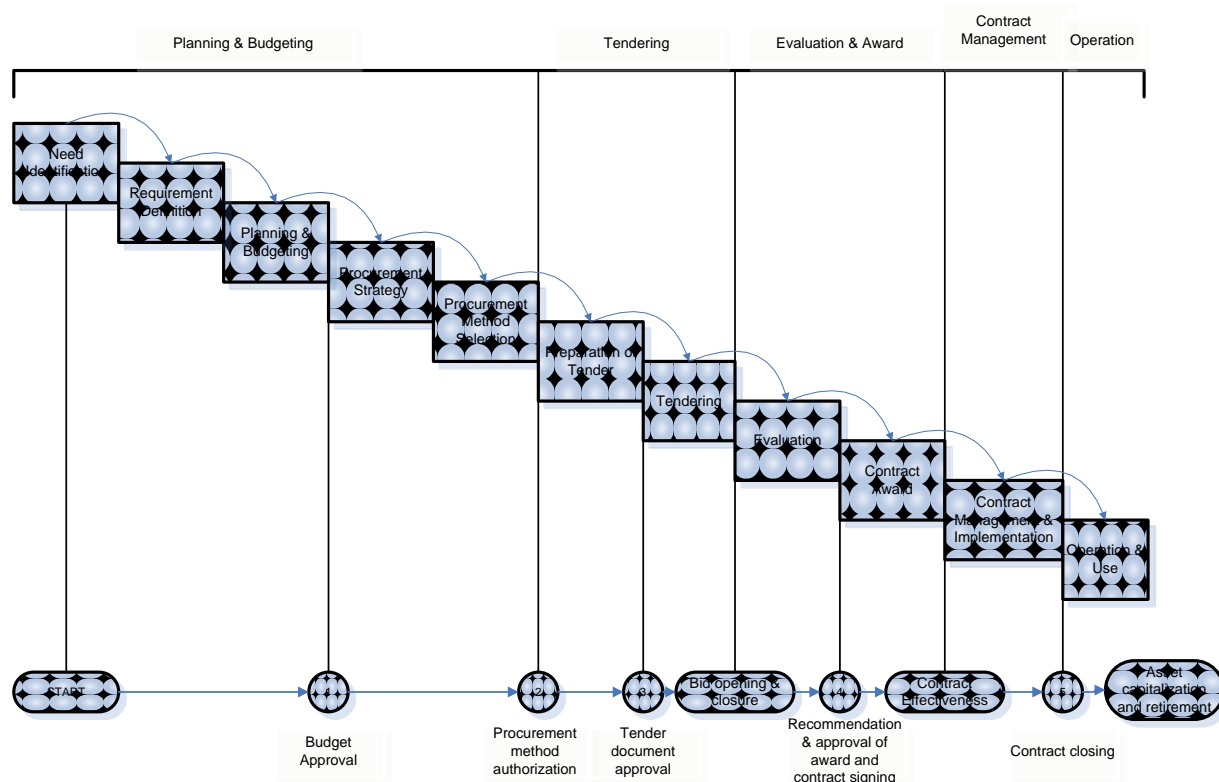
**(c) Procurement of Non-Centrally Procured Items**

- (i) The 'Non-Centrally Procured Items' shall be procured by Region Offices for their respective jurisdiction as specified in Section 2.2(b) after taking approval from the competent authority with reference to DoP. In respect of such procurement the responsibilities including enlistment of vendors and pre-award, award and post-award follow-ups of contracts shall be of the concerned Region Office(s).
- (ii) The 'Non-Centrally Procured Items' however may also be procured by the Corporate Office under specific circumstances at the request of Region Office(s). The sanctioning authority shall be as per DoP.
- (iii) Procurement of 'Non-Centrally Procured Items' beyond the DoP of the concerned Region Office shall be approved by the competent authority as per DoP at Corporate Office.

**(d) Procurement through Turnkey contract for capital projects for distribution facilities.**

- (i) The Turnkey contract required for capital projects for distribution facilities, shall be awarded by the Projects department at Corporate Office and shall be monitored by the respective Projects department such as R-APDRP, RGGVY, Feeder Separation, ADB and any other turnkey project which may arise from time to time. Such contracts shall include projects funded by multilateral funding agencies or loan resources or any other financial institution and projects requiring specialized engineering knowledge.
- (ii) In respect of Turnkey contract packages, the responsibility for pre-award activities, enlistment of vendors/contractors and award of contracts shall be carried out by the Projects department/Procuring authority of Corporate Office.
- (iii) For post award execution of activities such as monitoring, co-ordination of site activities including receipt, storage, construction, erection and commissioning of the distribution facilities pertaining to Turnkey project package, the concerned Circle/Division Office(s) shall be responsible as identified by the concerned User departments at Corporate Office.

## 2.5. Flow chart of Procurement Function



## 2.6. Procurement Budgeting

- (a) In order to ensure planned procurement and to avoid repetitive emergency purchases, preparation of Procurement budget with schedule of procurement shall be developed for all O&M procurement separately for Centrally Procured and Non-Centrally Procured Items for each financial year separately for expenditure to be booked as Capital and Revenue.
- (b) The Procurement budget shall also be prepared for augmentation/ up-gradation projects, and Renovation & Modernisation projects including the works which are required to be executed on turnkey basis.
- (c) In preparing the Procurement Budget, the objective should be to ensure availability of right material at right time and right quantity for timely completion of activities, maintain appropriate inventory levels for proper, efficient and effective operation of the distribution facilities and to avoid repetitive procurement of the same item more frequently than desirable in compliance with the guidelines and instructions regarding utilization of surplus items as may be available with the Company.
- (d) The Procurement Budget shall be finalized keeping in view the prescribed norms, availability of budget provisions, stock position, pipeline quantities against pending orders and after considering the requirements of the User departments. The Company shall develop the formats to be filled in by the User departments for Procurement budgeting, its timelines for submission and the process for approval. The consolidated Procurement budget shall be prepared by ED (Operations)/CE (Corporate) for concurrence by the Director (Finance & Accounts) at Corporate Office. This Material Budget shall be approved by MD/BoD.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 25

- (e) Wherever the orders are placed for procurement of item(s) based on the budget provision in any financial year but actual supplies against such orders are made in the next Financial Year (FY), the budget provision for such supplies should again be made in the next FY.

(f) **Procurement Budgeting for O&M requirements**

- (i) The O&M requirements shall be assessed by each Division/Circle in-charge by the beginning of the month of September for the next FY and send in the prescribed format (**Annexure-IV**) to the concerned Region Offices, which shall examine the requirement and consolidate for all Divisions/Circles under their charge and forward it to CE (Works) at Corporate Office by September end.
- (ii) Such requirements received shall be consolidated by CE (Works) and forwarded to ED (Operations)/CE (Corporate) to develop the Procurement Budget by the end of October. The Procurement Budget shall be further converted into financial implications in association with Director (Finance & Accounts), referred to as Procurement Budget by the end of November. The Procurement Budget shall be approved by the MD/BoD. ED (Operations)/CE (Corporate) would be the concerned officer for obtaining the approval of the Procurement Budget and circulating the same to the Procurement department at Corporate Office in order to initiate the procurement of budgeted item(s).
- (iii) No further administrative approval would be required for initiating the procurement action. However items required beyond the approved list would require administrative approval as per the DoP. Technical approval including approval of cost estimate shall be required in all the cases before initiation of the procurement action and such technical approval shall be ensured by the CE (Works) or concerned authority before circulating for procurement.
- (iv) In case of local purchase items to be procured by the competent authority as per DoP of the Field Offices, the proposed Financial Budget shall be submitted to the Finance & Accounts department for consolidating the financial budget for the next FY.

(g) **Procurement Budgeting for Capital requirements**

- (i) The basic principles for undertaking capital works are as follows:
  - (A) No new works shall be sanctioned without careful assessment of the assets or facilities already available and time and cost required to complete the new works;
  - (B) As budgetary resources are limited and granted on annual basis, adequate provisions should be ensured for works already in progress before new works are undertaken;
  - (C) The construction period and sanctioned cost stipulated in the sanction of works shall not be exceeded as far as possible;
  - (D) The competent authority should be kept informed of the progress of the work and likely variations in the completion cost of the work vis-à-vis the sanctioned estimate till their completion through regular periodical reports;
  - (E) Any additional work, not contemplated in the original project against anticipated or actual savings from a sanctioned estimate for a definite project, shall be carried out only after due approval from ED (Operations)/CE (Corporate).

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 26

- (ii) The CE (Works)/ In-charge (Projects) shall be responsible for preparation of the Capex requirements based on the availability of financing under sponsored schemes of Government of India (GoI) or GoMP and the system requirements. The approval of these requirements shall be obtained from the BoD and Regulator wherever required.
- (iii) The respective In-charge (Projects) shall assess the requirement of new works under their respective financing schemes keeping in view the eligibility requirements thereof, expected to be executed during the year. They shall also assess the requirement of funds against works already under execution.
- (iv) Each In-charge (Projects) at Corporate Office shall prepare the capital budget by the beginning of the month of September for the next FY in advance, in the prescribed format **(Annexure-V)**. The respective In-charge (Projects) shall consolidate the requirements and forward it through Director (Finance & Accounts) to MD/BoD for approval. The In-charge (Projects) shall be responsible to ensure that the process of approval of budget is completed by October end. Technical approval including cost estimate approval shall be required in all the cases before initiation of the procurement action and such technical approval shall be ensured by the In-charge (Project) from concerned authority as per DoP.
- (v) For works already approved as per Section 2.6(g)(iv) above, no further administrative approval would be required for initiating the procurement action. However works required beyond the approved list would require administrative approval as per the DoP..

## 2.7. Packaging of contracts for new projects

- (a) In order to expedite the execution of projects, award of turnkey contracts is the preferred option. For this purpose, system of packaging shall be adopted for award of contracts before taking up the execution of any project. The package list for such projects shall be prepared keeping in view the size of the project, nature of the project, completion time, location of the project, etc. after taking approval from MD. Also, there can be a single package for a project if size of the project does not merit award of separate multiple contracts.
- (b) The optimum number of packages for a new project can be recommended by an inter-disciplinary committee comprising of representatives from Procurement department, User department and Finance & Accounts department at Corporate Office, at a level not lower than that of SE/EE or equivalent. This package list shall be prepared by In-charge (Project) for each project/scheme.
- (c) The recommendations shall also include the type of procurement {International Competitive Bidding (ICB) & Domestic Competitive Bidding (DCB)}; mode and method of procurement for each package and schedule for starting the procurement activity.
- (d) The consolidation of such recommendations shall be sent by In-charge (Project) to Director (Finance & Accounts) for interpretation of any provision having financial implications.
- (e) After the finalization of the packages, ED (operations)/CE (Corporate)/In-charge (Project) shall forward for subsequent approval of MD.
- (f) Any subsequent change in the number of packages has to be approved by the MD. The ED (Operations)/CE (Corporate)/In-charge (Project) shall be responsible for coordinating the

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 27

process of approval. This shall be the starting point for initiating the procurement activities for the relevant packages.

## 2.8. Commencement of procurement activity

- (a) It shall be the responsibility of the Procurement department to ensure the following before initiating the procurement activity:
  - (i) The detailed technical specifications for O&M items if not available in the standard technical specifications and the estimated cost duly approved by the competent authority of User department as per DoP.
  - (ii) The detailed technical specifications for capital works with scope of supply and estimated cost duly approved by the competent authority of User department as per DoP.
  - (iii) Receipt of indent on the prescribed format from the User department for goods, works (including turnkey contracts) and services not included in the approved Procurement Budget prepared for O&M and Capital requirements along with the detailed technical specifications, complete scope of supply and cost estimates. In order to avoid repetitive purchases of small value for the same item, it shall be ensured that indents are raised for economic order quantities (EOQ) and with phased delivery schedule. It shall be the responsibility of the User department to validate the stock status for such items before raising the indent for approval. The certification of availability of the goods in the stores shall be recorded by the Store in-charge on the indent.
  - (iv) The competent authority for administrative approval of such indents shall be as per the DoP. While according to the administrative approval, the competent authority in consultation with Director (Finance & Accounts) shall reallocate the budget provision for such procurement. Certificate regarding availability of budget provision and its source of funding for expenditure to be incurred on such procurements shall be obtained from Director (Finance & Accounts). The competent authority shall issue a technical sanction in writing before the invitation of bids.
- (b) Procurement action shall be initiated for goods, works (including turnkey contracts) and services included in the reallocated approved Procurement Budget on the basis of technical sanction, provision in the budget, sources of funding, and cost estimates.
- (c) The commencement of procurement activities for works or incurrence of any liability on any works shall be authorized by the competent authority as per DoP, as per the approved Capital budget. Ordinarily, no works shall commence and no expenditure shall be incurred on any work, until award of work has been duly approved by the competent authority as per DoP.
- (d) In exceptional cases, a work can be commenced with the procedure as mentioned in Section 3.1(e), if it is required to safeguard the distribution facilities of the Company or in an emergency arising out of unforeseen circumstances based on the request given by the User department not less than SE/Circle-in-charge as per DoP.
- (e) Consolidated Region wise quarterly Management Information System (MIS) reports of such urgent works to be submitted to the CE (Works) by each CE (Region Office) who shall obtain approval from MD.

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### 3 MODES OF PROCUREMENT

#### 3.1. Procurement Modes

(a) The Company shall follow procurement modes depending on the complexity of contracts and threshold values, nature and circumstances of each procurement. The modes of procurement of goods, works (including turnkey contracts) and services are as given below:

- (i) Open Bidding;
- (ii) Limited Bidding;
- (iii) Single Tender (or Direct Contracting);
- (iv) Repeat Order (or Extension Order)
- (v) Emergency Procurement;
- (vi) Rate Contract (or Running Contract);
- (vii) Spot Purchase;
- (viii) Re-Tendering and Snap Bidding
- (ix) Swiss Challenge approach

#### (b) Open Bidding

- (i) Open Bidding procedure shall normally be used for procurement of goods, works (including turnkey contracts) and services by the Company and is the most appropriate method of procurement. The competitive bidding could be International Competitive Bidding (ICB) or Domestic Competitive Bidding (DCB) depending upon the requirements and available potential bidders. Where it is unlikely that foreign bidders would participate, or the contract values are small or works are scattered geographically or works are labour intensive or goods or works are available locally at competitive prices, the DCB method could be followed, except in cases where ICB is the requirement of funding agencies.
- (ii) Open Bidding shall be resorted to for procurement of goods, works (including turnkey contracts) and services of the value more than or equal to INR five (5) lakhs. In case of Open Bidding, attention of all known, reliable, eligible and proven sources of supply for goods, works (including turnkey contracts) and services will be drawn to the requirements through advertisements as per the clause 5.8.1.
- (iii) For all procurements through Open bidding, scope of work in terms of goods, works (including turnkey contracts) and services; EMD; cost of bid; date of sale, bid opening, pre-bid if required shall be specified in the Notice Inviting Tender (NIT). Bidding documents detailing full technical specifications of goods, works (including turnkey contracts) and services required, commercial aspects applicable to the bid as well as

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 29

evaluation criteria and bid forms, etc. should be prepared and issued to all intending bidders to enable them submit their bids by the specified date and time so as to ensure that only reliable and eligible parties submit the bids.

- (iv) The bid evaluation shall take into consideration the Qualifying Requirement (QR) and evaluation criteria specified in the bidding documents and award shall be made in favour of the most technically and lowest financially evaluated bidder and who fulfils the prescribed QR and has the capability and capacity to execute the contract awarded to him.
- (v) International Competitive Bidding (ICB) may be resorted as and when required as per procedure for open bidding specified herein above.

### (c) **Limited Bidding**

- (i) Limited Bidding may be invited only for goods, works (including turnkey contracts) and services up to the value not exceeding the ceiling limit of INR five (5) Lakhs, from not less than three (3) parties amongst the list of approved suppliers/contractors/vendors.
- (ii) The financial limits for procurement of goods, works (including turnkey contracts) and services through enquiry/tender procedure have been stated hereunder and are subject to revision from time to time as deemed appropriate.

S. No.	Financial limit	Mode of Procurement	EMD/SD to be obtained or not
1	Upto INR 0.5 lakhs	Limited Enquiry	No
2	INR 0.5 lakhs to INR 3.0 lakhs	Limited Enquiry	Yes
3	INR 3.0 lakhs to INR 5.0 lakhs	Limited Tender	Yes
4	Above INR 5.0 lakhs	Open Tender	Yes

- (iii) However, in absence of the approved list of the vendor, the Limited bidding may be sought from suppliers/contractors/vendors who have executed orders for the Company in the past, after obtaining approval of the competent authority as per DoP. The reasons for inviting tenders through Limited bidding shall be recorded in writing while seeking approval from the competent authority as per DoP.
- (iv) Number of suppliers/contractors/vendors to be addressed can be reduced up to two (2) parties in exceptional cases for reasons to be recorded in writing in the note seeking approval of competent authority as per DoP and such tenders will also be treated as limited tenders for the purpose of award.
- (v) If for reasons of urgency or any other valid reason, Limited tender is to be resorted to in preference to the Open tender, for estimated value of the procurement exceeding the ceiling limit for Limited tender, the reasons, thereof, will be recorded in writing while seeking approval of the competent authority as per DoP.
- (vi) In case of a single response against Limited tender, normally, Re-tendering will be resorted to with due approval from competent authority as per DoP. However, in exceptional circumstances, the single response against Limited tender may be accepted, but in such cases the reasons thereof, will be recorded in writing and submitted to the competent authority. The case of acceptance of single response to the Limited tender will be treated as Single tender for the purpose of award.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 30

(d) **Single Tender (or Direct Contracting)**

- (i) In a planned procurement system, there should normally be no occasion to take recourse to purchases through Single tender except in emergent and unforeseen circumstances. Therefore, invitation of bid from a single party should be resorted to only in proprietary cases or source standardisation cases or exceptional cases with the approval of the competent authority as per the DoP.
- (ii) Where procurement is made by contacting only single source in any of the following cases, it shall be treated as a Single tender. The ceiling value of the procurement may be determined by the Company from time to time:

(A) **Proprietary nature:** The vendor has the proprietary rights/patents of all the technical data and processes necessary to manufacture the required item or to perform the required service; provided that there is no suitable substitute;

(B) **Government/Public Sector Undertakings:** For items required/ cost effective for procurement from Government/Public Sector Undertakings meeting the prescribed technical and quality requirements;

(C) **Original Equipment Manufacturer (OEM) or from Original Equipment Supplier (OES):** The requirement is for original equipment parts that can come only from the manufactures/suppliers.

(D) **Standardised Source:**

(I) For items of specialised/ standardised nature required for regular use or consumption, source standardization may be resorted to. Standardization of equipment or spare parts or any other goods shall be done based on its compatibility with the existing equipments. For considering the standardization, it is essential that the prices shall be reasonable, and the advantage of another make or source of equipment is considered before selecting the Single tendering method. If there is a technical justification for additional procurement on the basis of commonality of equipment already owned by Company, the standardisation can be adopted.

(II) The source standardization will normally be valid for periods not exceeding two (2) years and will be examined by a committee consisting of representatives of Procurement department, User department and Finance & Accounts department at Corporate Office and approved by the MD.

(III) The source standardization for any item may be from a single party or multi party, as deemed appropriate, keeping in view the nature of item and number of acceptable vendors available. If the tenders are invited from a single party, it will be treated as Single tender and in case of two or more parties as Limited tender.

(E) **Grounds of urgency:** For reasons of non-availability of sufficient time required for Open or Limited bidding method;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 31

(F) **Petty Purchases:** In the case of purchases to be made for the purpose of day to day administration or special circumstances, as per DoP.

(G) **Other reasons:** Procurement for any other reason duly approved by competent authority as per DoP.

- (iii) This type of tendering is without competition and this method allows negotiating the terms and conditions directly with the supplier after obtaining the quotation from such supplier indicating the terms and conditions of supply.
- (iv) In case of proprietary items or items procured from OEMs or OES or those procured on grounds of urgency/emergency or for standardization of machinery/ equipments/ components/ spare parts, the certificate to that effect shall have to be issued in each case, by the User department at the level not less than SE or equivalent.
- (v) The Single tender enquiry may be issued in any manner *i.e.* Registered Post, Speed Post, Facsimile, E-mail or courier. Similarly, offers against Single tender enquiry can also be received in any manner.

(e) **Repeat Order (or Extension Order)**

- (i) The circumstances may arise where due to time constraints or any other factor, the Repeat Order against an existing order is required to be placed without inviting separate tenders. Such orders are called repeat orders. Repeat Orders may be placed against previous orders placed on Open tender/ Limited tender without further going through the normal tendering procedures, as per the DoP. After recording the reasons leading to placement of Repeat Order, the proposal for Repeat Orders on same terms, conditions and specifications (except delivery schedule which may be appropriated) may be considered on the following:
  - (i) Value of Repeat Order should not be more than fifty percent (50%) of the original order quantity; however, the Repeat Order can be for one more additional unit in case the sanctioned quantity is in fraction. A reasonable assessment and certification by the Procuring authority not less than the rank of SE level, that there has been no downward trend in prices by available means of inquiry;
  - (ii) The prices against earlier order were not escalated to compensate for earlier deliveries;
  - (iii) Repeat Order shall normally not be placed more than once unless otherwise specified in the bid document/contract/order;
  - (iv) The Repeat Order shall be placed within six (6) months of the placement of the original order at the same price; and after expiry of six (6) months; on mutual consent of the Company and supplier/contractor/vendor;
- (ii) Additional materials are required under an existing contract, and that the price to be paid is not more than the original price and there is no downward trend in prices.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 32

- (iii) The Repeat Order shall be approved as per the DoP for the total amount of orders against a particular tender. However, in cases where original order has been approved by MD, subsequent Repeat Orders can be approved by MD.
- (iv) Extending a Maintenance Contract for further period where no such provision exists then it will also be treated as Repeat Order.
- (v) The performance of the vendor must be satisfactory.
- (vi) Provision for Repeat Order shall be included in the SBD in case Company desires to opt for extended supply of goods, works and services in previous order.
- (vii) **Repeat Orders for Service or Maintenance contracts:** In addition to the above provisions, the following conditions shall apply for the extension of Service or Maintenance Contracts.
  - (i) The approving authority for the extended period shall be the authority in whose powers the original value plus the value for the extended period falls.
  - (ii) The extension shall be subject to receipt of technical sanction from the User department for the value for the extended period.
  - (iii) In case the existing contract provides for extension at the same rates and terms and conditions, and if the original contract was awarded after obtaining approval of the value for the extended period, no separate approval would be required provided the performance of the contractor is certified by the User department as satisfactory.
  - (iv) Where the contract specifies the items of work, quantities, rates and also the period, in such cases, the contract shall not be extended beyond the specified period simply for the reason that quantities of items of work have not been executed to its full extent and there is a balance amount available in the contract. However for any other reason or unavoidable circumstances it becomes necessary to extend the contract, the same can be done with necessary approval of the competent authority as per DoP.

(f) **Emergency Procurement**

- (i) Emergency Procurement refers to circumstances which are unforeseen in nature and create the need for availing goods, works and services. The lack of such goods, works and services in such situations would jeopardize:
  - (i) The health and safety of employees;
  - (ii) The protection of the property and the assets of the Company; and
  - (iii) The continuation of critical services
- (ii) An authority's failure to plan in advance does not constitute an emergency. When an emergency arises, an authority may let procurement contracts be executed without complying with formal competitive requirements. Under these circumstances, the



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 33

competent authority as per DoP must approve a waiver of the competitive bidding requirements.

- (iii) The administrative approving authority for procurement under Disaster and Emergency shall either be the MD or Procuring authority as per DoP and the reasons for single source procurement shall be recorded.
- (iv) The proposal for emergency purchases shall be initiated by an officer not below the rank of SE or equivalent and sent to concerned ED (Operations)/CE (Corporate) or CE (Region) as the case may be, along with the reasons recorded in writing and other necessary details of the procurement namely description of material, cost estimation, name of the single source and schedule of delivery. The ED (Operations)/CE (Corporate) or CE (Region) shall approve the proposal or obtain the approval of MD as per the DoP.

**(g) Rate Contract (or Running Contract)**

- (i) Rate Contracts are to be adopted for goods, works and services which are procured regularly and repetitively. For entering into Rate Contracts, the mode of tendering shall be decided as per the nature of the goods, works and services, available sources, etc. and accordingly either Open tender/Limited tender/Single tender may be invited. Revalidation/extension of the Rate Contract shall be done on yearly basis after re-evaluation of the performance of the vendor subjected to Price Variation clause, if applicable.
- (ii) Where it is advantageous to have the supply of goods, works and services at a steady pace and at a pre-determined price over a period of time, particularly for goods of regular consumption, time bound Running/ Rate Contracts may be entered into, after following the prescribed procedure, as per the requirement.
- (iii) The Open bidding method shall apply to Rate Contract procurement if the total estimated value of the procurement to be made within a period of one (1) year is within the threshold limits of the Open bidding. Otherwise, the Limited bidding method may be followed. This method of procurement may be used for the supply of items of regular consumption e.g. stationery, electrical and hardware items, over a given period of time. Under this method, the Company and the supplier agree to the terms and conditions and in particular the price for an agreed time period. The contract period may be extended but not beyond fifty percent (50%) of the duration of the original contract period, except in the case of specialized services where longer duration is found beneficial to the Company. The period of such extension shall generally be not more than twelve (12) months at once.
- (iv) A Rate Contract is in the nature of a standing offer from the supplier and no minimum drawl need to be guaranteed by the Company. The contract comes into force only when a formal order is placed. Under this method supplies may be ordered under the contract at different intervals depending upon the requirements without further competitive bidding. The Company may place orders against the Rate Contracts awarded by Director General of Supplies and Disposal (DGS&D) and Government of India. However the payment against such orders shall be made by the Company directly to the vendor. The Company may also place orders against Rate Contracts prescribed by Madhya Pradesh Laghu Udyog Nigam Limited (MPLUNL). However, in case of rates prescribed by DGS&D and MPLUNL for identical items, it shall be at the sole discretion of the Procuring authority to decide on the rates of the items to be procured on Rate Contract. The suppliers/

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 34

contractors/vendors registered under DGS&D, MPLUNL, etc. shall submit registration certificate regarding empanelment from these organizations.

- (v) The detailed procedure for Rate Contract is given in Section 8 of this Manual.

**(h) Spot Purchase for Sundry requirements**

- (i) When the supplier is not willing to supply the required goods on credit, or it is not possible to follow the modes of procurement specified above in view of the constraint of time or for any other reasons to be recorded in writing, Spot Purchases can be affected for value up to a ceiling limit mentioned in the DoP. Spot Purchase can be made from the imprest account of the office and the same is recouped from the paying authorities or an advance can be drawn for making such purchases and adjustment account can be rendered afterwards.
- (ii) Spot Purchases can also be made by a committee consisting of representatives from the Procurement department; User department and Finance & Accounts department at appropriate levels depending upon the value of procurement and obtain spot quotations if required. Based on such spot quotations, the committee may decide to place order and take delivery of goods and services against payment on the spot. The ceiling limit for such purchases shall be as prescribed in the DoP.

**(i) Re-Tendering and Snap Bidding**

- (i) In case a cartel formation is suspected or if the prices quoted are substantially higher than the estimated cost, a decision may be taken either to Re-Tender or to accept the tender with the approval of competent authority as per the DoP for the reasons duly recorded in writing.
- (ii) If it is not possible to objectively evaluate the bids received, normally Re-Tendering should be resorted to. However, in exceptional circumstances, Snap bidding limited to the bidders whose bids have been opened may be resorted to. The bid process followed in Snap bidding shall be similar to the processes followed in any other bidding processes, except that in this case revised/fresh bids are invited only from those bidders who have already participated and submitted a valid bid and qualified for opening of Price Bid.

**(j) Swiss Challenge approach**

- (i) "Swiss Challenge Approach" means a Private Sector Participant (Original Project Proponent) submits an Unsolicited or Suo-Motu proposal and draft contract principles for undertaking a project, if not already initiated by the Company, then it invites competitive counter proposals in such manner as may be prescribed by the Company. The proposal and contract principles of the Original Project Proponent shall be made available to any interested applicants; however, proprietary information contained in the original proposal shall remain confidential and shall not be disclosed. The applicants then shall have an opportunity to better the Original Project Proponent's proposal.
- (ii) If the Company finds one of the competing counter proposals more attractive, then the Original Project Proponent will be given the opportunity to match the competing counter proposal and win the Project. In case the Original Project Proponent is not able to match the more attractive and competing counter proposal, the Project is awarded to the Private

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 35

Sector Participant, submitting the more attractive competing counter proposal. This mode of procurement may be used for pilot projects only.

### 3.2. Methods of Tendering

- (a) The methods of tendering would be decided by the Procuring authority depending upon the requirement of individual procurement value. The Company shall follow either of the following two (2) methods of tendering:

- (i) Single Stage Tender
- (ii) Two Stage Tender

#### (b) Single Stage Tender

- (i) Where Techno-Commercial Bid (including cost of tender and EMD in a separate envelope and all terms & conditions) and Price Bid are invited together at the same time, it is called a Single Stage tender. There are two types of Single Stage tender - (i) Single Stage Single Envelope and (ii) Single Stage Two Envelopes. This can be adopted in Open Bidding as well as Limited Bidding methods.

##### (A) Single Stage Single Envelope:

- (I) This process shall be the normal procurement method to be adopted by the Company. Both the Techno-Commercial Bid and Price Bid shall be submitted in one sealed envelope together and shall be accordingly opened publicly at the date, time and place mentioned in the bidding document. The Techno-commercial Bid comprises of technical (including cost of tender and EMD in a separate envelope) and commercial information as per the prescribed guidelines mentioned in the bidding documents. The financial proposal comprises of the Price Bid. This method of tendering may be adopted where the cycle time for procurement is shorter and specification of the item to be procured are standard and there is no need to modify such specifications based on the market feedback.

##### (B) Single Stage Two Envelopes:

- (I) Two Envelopes method should be adopted where contract requires more technical competence and to satisfy whether the bidders are qualified to perform the contract. The Techno-commercial and Financial proposal shall be enclosed in two separate sealed inner envelopes and which shall be further enclosed in a sealed single outer envelope. Only, the Techno-commercial proposal will be opened first, publicly at the date, time and place mentioned in the bidding document and the financial proposal shall remain unopened and sealed. Only those bidders whose bids are technically qualified and found responsive will be invited to witness the opening of the Financial proposal at the date, time and place mentioned in the invitation letter. The Financial proposals of technically disqualified bidders shall be retained with the Company.
- (II) The technical specifications, commercial conditions and scope etc. are required to be adjusted/ firmed up first to make all the bids responsive,

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 36

uniform and comparable with respect to scope, technical specifications and commercial conditions specified in bidding documents and, thereafter, the bidders whose bids are technically and commercially acceptable may be required to submit any adjustments (plus or minus) in the Price Bid already submitted in a separate envelope for the agreed technical/commercial adjustments. After this, the price bids of Techno-commercially qualified bidders as submitted earlier and the envelope for changes in price wherever required and submitted by bidders are opened and compared for evaluation. The bidders may or may not submit any subsequent price adjustment.

- (III) In the Single Stage Two Envelope procedure, bidders are allowed to amend their Techno-commercial proposals in order to ensure conformance to the same technical or commercial standards. Only the Financial proposals, including supplementary price proposals, of bidders whose original or revised Techno-commercial proposals are found conforming to the agreed technical standards, are opened for evaluation and comparison.

### (c) Two Stage Tender

- (i) The Two Stage Tender process may be adopted under the following conditions:
- (A) In large and complex contracts of special nature where techno-commercially unequal proposals are likely to be encountered;
  - (B) In complex information and communication technology;
  - (C) In turnkey contracts
  - (D) Where the Company is aware of its options in the market, but for a given set of performance requirements, there are two (2) or more equally acceptable technical solutions available to it;
  - (E) Where the Company is unable to set the specifications precisely in advance and needs to obtain the input from experienced bidders in order to finalize the scope of work and set the specifications in a way, which guarantees the best and most appropriate outcome.
- (ii) The two stage process shall be conducted as follows:
- (A) In the first stage of the process, bidders shall be invited to submit their Techno-commercial proposals only. As a part of the Techno-commercial proposal, the bidders shall be asked to submit documentary evidence in a format to be prescribed in the Instructions to bidders, establishing the bidder's qualifications to perform the contract, along with the required cost of bid and EMD;
  - (B) The Techno-commercial bids shall be reviewed to determine their responsiveness to the requirements;
  - (C) During the review of Techno-commercial proposals, the procuring authority shall determine to its satisfaction whether the bidders are qualified to perform the contract satisfactorily. An affirmative determination shall be a prerequisite for further

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 37

consideration of the Techno-commercial bid. A negative determination shall result in the disqualification of the bid;

(D) The un-priced substantially responsive Techno-commercial bids shall be examined and discussed with the bidders to arrive at the most suitable technical solution;

- (iii) Following discussions between the Company and the responsive bidders, the bidders may revise or adjust their proposals to better meet the Company's requirements. The Techno-commercial bids of bidders who are unable or unwilling to amend their proposals so as to conform to the agreed technical standards may be rejected by the procuring authority.
- (iv) In the second stage, the responsive bidders shall be provided the addenda of the agreed Techno-commercial modifications based on which the bidders shall submit their revised Techno-commercial bids and their Price bids. Bidders shall be given sufficient time to calculate the prices to be offered.
- (v) At a date and time fixed by the Procuring authority and advised to the bidders, the revised Techno-commercial bids and the Price bids shall be opened in public. The Price bids of Techno-commercially disqualified bidders shall be retained with the Company.
- (vi) The revised Techno-commercial bids and the Price bids shall be evaluated and the award of contract shall be made to the successful bidder.

### **3.3 e-Procurement**

#### **3.3.1 Policy**

- (a) It has been the constant endeavour of Company to adopt the latest bidding processes. The bidding process and selection of bids shall either be done conventionally or by bidding electronically on-line through e-Procurement.
- (b) All procurement of goods, works (including turnkey contracts) and services beyond the value of INR twenty (20) lakhs shall be done through e-Procurement. For this purpose, Company shall utilise the portal/application available from one of the external service provider(s) empanelled by the IT department, GoMP. At present, bidders are required to furnish the bids electronically on e-Procurement website. However it shall be the discretion of the Company to change the service provider from time to time if so desired in line with the quality of services received.
- (c) The process of e-Procurement shall be followed for all cases of procurement except in cases where Techno-commercial evaluation which is not feasible through e-Procurement. However the Financial evaluation in such cases may be done through e-Procurement after short-listing the bidder(s). However, the Purchaser shall carry out the procurement process as per the routine/defined process *via* physical mode, in case(s) wherein the e-Procurement website or portal is incapable of providing such functionalities.

#### **3.3.2 Key requirements for e-Procurement**

##### **(a) Purchaser**

- (i) Purchaser shall register as a buyer organisation in the e-Procurement portal available from the appointed service provider.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 38

- (ii) The responsible Procuring authority shall have their digital certificate(s) issued through the Controller of Certifying Authorities nominated by Government of India in order to facilitate the work flow. A Class III Digital Certificate is issued upon receipt of mandatory identity proofs along with an application form. Only upon the receipt of the required documents, a Digital Certificate can be issued.

*(b) Supplier/Contractor/Vendor*

- (i) The bidder(s) shall need to separately register as a supplier/contractor/vendor organisation in the e-Procurement portal.
- (ii) The interested online bidder(s) shall require to sign their non-transferrable bids online using Class III – Digital Certificates only, hence they are advised to obtain the same at the earliest from the agencies nominated by Government of India in order to facilitate the work flow.
- (iii) For obtaining non-transferrable digital signature certificate, the bidder may Contact Registration Authorities of any Certifying Authorities (CA) in India. The list of CAs is available by clicking the link “<https://tender.eprocurement.gov.in/DigitalCertificate/signature.html>”.
- (iv) Bid for a particular tender can be submitted during the Online bid submission stage only using the Digital Certificate that is used to encrypt the data and sign the Hash during the Online bid preparation and Hash submission stage.
- (v) In case, during the process of a particular tender, the bidder loses his Digital Certificate because of any problem (such as misplacement, virus attack, hardware problem, operating system problem, etc.); he may not be able to submit his bid online within stipulated time. On such intimations Purchaser may consider to extend the key dates for ensuring sufficient participation.
- (vi) The Digital Certificate issued to the authorized user of a partnership firm/ private limited company/ public limited company/ Joint Venture (JV) and used for online bidding will be considered as equivalent to a no-objection certificate / power of attorney to that user.
- (vii) Unless the Digital Certificate is revoked, it will be assumed to represent adequate authority of the specific individual to bid on behalf of the firm for online tenders as per Information Technology Act, 2000. This authorized user will be required to obtain a Digital Certificate. The Digital Signature executed through the use of Digital Certificate of this authorized user will be binding on the firm. It shall be the responsibility of management/ partners of the concerned firm to inform the Certifying Authority, if the authorized user changes, and apply for a fresh Digital Certificate for the new authorized user.
- (viii) It shall be the responsibility of the bidders to ensure that they get themselves trained on the e-Procurement system through the service provider.

*(c) Infrastructure*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 39

- (i) For the purpose of facilitating the e-Procurement process, both the Purchaser as well the seller organisations need to have appropriate infrastructure solution which requires a computer terminal and an internet connection at their respective ends to access the portal.

### 3.3.3 Scope of e-Procurement

- (a) The e-Procurement shall support the following categories of procurement:
  - (i) Goods,
  - (ii) Works (including turnkey contracts) and
  - (iii) Services.
- (b) The e-Procurement shall be applicable for Open Bidding mode of tender for both Domestic and International bids.

### 3.3.4 e-Procurement Procedure

- (a) Tender creation:
  - (i) **Indent creation and Aggregation:** The detailed technical specifications with complete scope of work and cost estimates shall be prepared as per Sections 2.6 and 2.7.
  - (ii) **Multi-Part Bid:** The Procuring authority shall approve the type of bid whether it is Single Stage Single Envelope bid, Single Stage Two Envelope or Two Stage Two Envelope bid, etc. depending upon the requirement.
  - (iii) **Attachments and amendments:** After verification of the technical specification of the items, any attachment or amendments related to the indent are to be uploaded along with the original document after taking prior approvals from competent authority(s).
  - (iv) **Authorization:** The competent authority(s) shall verify whether provisions exists in the approved budget for the said procurement and if so, the source of its funding As per Section 2.7.
- (b) Request for Quotation (RFQ) creation:
  - (i) *Pre RFQ clarification:*

Prior to RFQ creation often interactions between Purchaser and potential suppliers/contractors/vendors shall be required. Information dissemination with respect to RFQ shall be floated with help of the Pre RFQ Clarification module of the portal. The option of sending online clarifications to specific suppliers/contractors/vendors along with receipt of response shall be made available with any RFQ to be initiated through the portal. E-mail alerts shall be the basis of communication. The Purchaser and suppliers/contractors/vendors shall attach any required document or file as per the tender document.
  - (ii) *Initiating a New RFQ*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 40

(A) Tenders shall be created directly on the portal through the “Add RFQ” facility by the Procuring authority. However in the event of emergency, the service provider may facilitate in uploading the tender as provided by the Procuring authority through E-mail or uploading the same on website.

(B) The Purchaser shall select its desired suppliers/contractors/vendors from the list of suppliers/contractors/vendors in the portal. Contact information of Procurement department shall be displayed so that the suppliers/contractors/vendors can contact, if necessary.

(iii) *Searching and Finding RFQs*

(A) The authorized official(s) of Procurement department shall have the options of searching RFQs under preparation; RFQs released, opened and completed tenders for ready reference during RFQ preparation.

(iv) *Preparing Tender Schedule:* The authorized official(s) of Procurement department shall define the following details in line with the requirements of the tender document.

(A) Tender schedule;

(B) Type of bid, like Single part or Two-part bid and their sequence, etc.

(v) *Adding Tender requirements*

(A) The authorized official(s) of Procurement department shall be able to add multiple items in a tender from different indents, material master list or on adhoc basis depending on requirement. This shall be done through proper access control system in line with the procedure. Such modification(s) shall not devoid the bidder(s) from online bid submission.

(vi) *Adding and preparing Terms and Conditions:* The portal shall have the flexibility to create, prepare and add different terms and conditions, either as a text or as an attached file. Such modification(s) shall not devoid the bidder(s) from online bid submission.

(vii) *Authorization:* A tender shall be scrutinized, validated and then sent for rework if necessary by the competent authority.

(viii) *Release and View of Tender*

(A) On release, the tender with all details can be viewed publicly in new tender notices without login or registration.

(ix) *Amendments/Corrigendum*

(A) Amendments to a tender shall be done for extending dates, adding new suppliers/contractors/vendors, and/or modifying the scope or terms and conditions. All amendments shall be carried out post the approval of the competent authority. The portal shall have in-built checks to ensure that any modification to a published tender shall only be through an amendment process and shall not be made to an event or clause, whose scheduled time for bidding/opening etc. is over. Any amendment



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 41

shall follow same preparation/release process as for original tender and all changes shall get appended to the original system. The amendments/corrigendum to the bidding documents if any shall be published on the Company website. Hence the potential bidders are advised to regularly visit the website for any amendments/corrigendum to the bidding documents until the last date of bid submission. The Procurement department shall not in any way responsible for any ignorance of the bidders about amendments/corrigendum.

(c) Downloading of RFQ:

- (i) The Tender document(s) shall be available on the Company's website.

(d) Purchase of Tender documents:

- (i) The Tender documents can be purchased via online mode. The Tender shall be available for purchase to concerned eligible suppliers/contractors/vendors immediately after online release of the Tender and upto scheduled date and time as set in the key dates. Arrangements will be made for the bidders to make payments online via credit card / internet banking. In case of online tendering, the application form for the purchase of tender documents shall not be required.
- (ii) The bidders can purchase the Tender documents online by making online payment of Tender document fees using the service of the secure electronic payments gateway and shall take the system generated receipt for their reference which can be produced whenever required.
- (iii) As the Tender documents shall be available for purchase only online, Bidders are required to pay the Tender Document fees online using the Online Payments Gateway Service integrated into the e-Procurement System.
- (iv) For the list of available modes of electronic payments that are presently accepted on the Online Payments Gateway Service.
- (v) Bidders can bid online as well as download RFQs for bid preparation. Bidders shall have added facilities to search opened tenders, completed and awarded tenders except in case of Limited and Proprietary tenders.

(e) Bid preparation:

(i) *Filling up bid forms:*

The portal shall guide the bidders to ensure that all mandatory information is provided before the bid submission. The portal shall allow the bidders to save the quotation in draft mode for submission, later with facility for modification. Further, multiple bid submission before due date shall be allowed with the last bid being the one to be considered by system automatically. There shall be a facility for bidders to download quotation template in pre-defined excel formats and upload the same as bids after filling it up offline. The process of e-Procurement shall be followed for all the cases of procurement except in cases where Technical evaluation is not feasible through e-Procurement.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 42

(ii) *Specifying Deviations:*

The system shall have the provision of allowing the bidders to mention deviations, if any.

(iii) *Adding Attachments:*

The system shall allow bidders to upload/attach appropriate documents. The bidder would be able to select and attach required documents associated with a specific tender.

(f) Bid Submission:

- (i) The bid data should be filled in and the bid seals of all the envelopes and the documents which are to be uploaded by the bidders should be submitted online as per the schedules.
- (ii) The bidders shall have to submit their bids online (decrypt the bids and re-encrypt the bids) and upload the relevant documents as per the schedule.
- (iii) Bidders have to decrypt the Bid Data with their Digital Certificate and re-encrypt the Bid Data and also upload the relevant documents using Online Briefcase feature for which they had generated the Bid Seals (Hashes) during the Bid Preparation and Hash Submission stage within the specified time as stated in the time schedule (Key Dates).
- (iv) The bidders have to prepare their bids online with each page of the bid should be digitally signed and duly stamped by the bidder; encrypt their bid data in the Bid Forms and submit Bid Seals (Hashes) of all the envelopes and documents required to be uploaded related to the tender as per the time schedule mentioned in the key dates of the Notice Inviting Tenders after signing of the same by the Digital Signature of their authorized representative. Physical documents to be submitted, if any, witnessing any over corrections /overwriting should be signed by the bidder. An offer with corrections/overwriting without signature of the bidder is likely to be rejected. Transfer of the documents purchased online by one bidder to any other bidder is not permissible.
- (v) After the time of submission of Bid Seal (Hash) by the bidders has lapsed, the bid round will be closed and the Procurement department shall generate a Tender Super – Hash which shall be digitally signed by the concerned authority of the Procurement department for closure of bid.
- (vi) The encrypted data of only those bidders who have submitted their Bid Seals (Hashes) within the stipulated time, as per the tender time schedule (Key Dates), will be accepted by the system. A bidder who has not submitted Bid Seals (Hashes) within the stipulated time will not be allowed to decrypt and re-encrypt his Bid Data or upload the relevant documents unless the key dates are extended by the Purchaser, as and when required, taking into consideration the technical issues of procurement portal.
- (vii) The EMD as applicable in line with the contract value shall reach the Procurement department by the opening date specified in the tender, along with hard copy of tender supporting documents including the price and quantity schedules. The same shall be submitted to the Procurement department. The Bidders have to upload scanned copy of EMD along with the reference details.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 43

(viii) The multi-part bidding shall also be facilitated by the portal. The portal shall be able to generate a time stamped receipt with a unique bid number to the Supplier for his records. The comparative sheet shall be viewed by competent authority of the Procurement department at the time of opening.

(g) Bid Opening and Evaluation:

The Bids Seals will be received online from bidder(s) only as per the tender specifications on the portal. Only authorized official(s) of Purchaser shall be allowed to login to the portal for accessing and downloading the bids against a tender notification at specified schedule. The system shall allow the authorized official(s) to open the bid. Similarly, in case of multiple bid opening, login shall be mandatory for each authorized official(s).

(i) *EMD*

Procuring authority shall be able to verify and record the receipt of EMD in the system. Bids not accompanied with the EMD shall be rejected by the Procuring authority and in such cases bids shall be retained by the Company.

(ii) *Bid View*

- (A) Once the bids are opened, they can be viewed by the participating bidders as per the rules defined by Purchaser. Authorized official(s) of the Purchaser can always view the bids online once bids are opened.
- (B) The competent authority of the Procurement department shall first open the online EMD envelope of all the bidders and verify the scanned copy of the EMD uploaded by the bidders. The competent authority of the Procurement department shall check for the validity of EMD as required and verify the scanned documents uploaded by the bidders, if any, as required. In case, the requirements are incomplete, the bids of such bidders received online shall not be opened.
- (C) The competent authority of the Procurement department shall then open the other envelopes submitted online by the bidders in the presence of the bidders or their authorized representatives who choose to be present in the order of opening. The competent authority of the Procurement department will match the Bid Seal (Hash) of each envelope and the documents uploaded, during the respective opening, with the hash submitted by the bidders during the Bid Preparation and Hash Submission stage. In the event of a mismatch, the Bid Data in question shall be liable for a due process of verification by the competent authority of the Procurement department.

(iii) *Technical bid opening*

The series of activities for Technical bid opening shall require authorization of competent authority of the Procurement department as per the approved workflow. On closure of submission of bids, the RFQ owner, in this Procuring authority shall initiate the process of Technical bid opening on the schedule as specified in the Tender document. The authorized officer(s) shall have the option of commenting and forwarding it to the next approving authority. The same process shall be followed till it comes to the final approving officer who is able to open the bid. The bids shall be visible to only those officers who are present in the defined workflow. The bidders or their duly authorized representatives may remain present at the time of opening of tender.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 44

(iv) *Techno-Commercial Evaluation*

Technical bids opened shall then be compared and evaluated. The portal provides for system generated bid Comparative Statement in standard formats and stipulated templates as well as customizable formats as per requirement of Company. This facility shall work as a decision support tool for Company official(s) for evaluating and short listing of qualified Suppliers. These comparative charts can be downloaded by Procuring authority for other purposes, like analysis. The Comparative Statement is only visible to officers present in the workflow and not to any other user of the Purchaser. Bidders short listed in this round would qualify for the next round, which is price evaluation. The qualifying list of bidders shall be automatically generated by the system.

(v) *Price bid Opening*

The Procuring authority shall set a date and time for the opening of the Price bid in the system. Post evaluation of Techno-commercial bids, the Price bid opening shall be initiated by the Procuring authority and follow the same sequence similar to the opening of the Technical bid. The quotes of all the technically qualified bidders shall be visible to the Procuring authority. Any other user(s) apart from this chain would not be able to view these quotes. The bidders or their duly authorized representatives may remain present at the time of opening of tender.

(vi) *Price Bid evaluation*

Price Bid evaluation shall happen with Comparative Statements generated from system from bid data. The system shall allow computation of ranking / price based on pre-determined "Loading Factors" (decided by Purchaser prior to tender launch/release). Automated loading factors can also be accommodated on the proposed system. Like the Technical evaluation the Comparative Statement shall be visible only to competent authority of the Procurement department and not to any other user of the Purchaser.

- (h) **Contract Management:** The detailed guidelines regarding contract management and administration to be referred have been elaborated in Section 7 of this Manual. While the indicative work flow through e-Procurement system has been discussed hereunder:

(i) *Issue of Purchase Order/Work Order*

The Purchase Order/Work Order (PO/WO) shall be issued to the supplier/contractor/vendor with the lowest quote. The competent authority of the Procurement department shall be able to log on to the e-Procurement system and create a PO, where they select the suppliers/contractors/vendors from the master list to whom the PO is to be issued. Amendments to the issued PO shall also be issued if required, with reference to the unique PO number. POs shall be visible to all official(s) of the Purchaser who have users rights as per the defined workflow after taking the approval from the competent authority. However, authorization shall be given to officers using POs based on financial limits. The issued PO shall be visible to the supplier/contractor/vendor.

(ii) *Acceptance of Purchase Order/Work Order*

The portal shall allow web-based order acceptance. The supplier/contractor/vendor shall log into the system and acknowledge the order issued. The E-mail in his mailbox shall contain the instruction and the link to accept the order.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 45

(iii) *Materials Inspection*

The suppliers/contractors/vendors shall be able to raise inspection call for competent authority of the Company through the system. Post successful physical inspection of the items (both at Company premise or supplier/manufacturer's site), the competent authority of the Company shall be able to issue an Material Receipt Certificate (MRC)/Dispatch Instruction (DI) through the system for the relevant supplier/contractor/vendor. The competent authority of the Company shall be able to take a print out of the MRC/DI so that the same may be used, when the supplier/contractor/vendor places an invoice.

(iv) *Material Receipt*

The competent authority of the Company shall be able to send acknowledgement information of goods/material receipt to the suppliers/contractors/vendors through the system. Similarly for any contract, acceptance information of job completion shall be sent to the suppliers/contractors/vendors through the system.

(v) *Invoice and Payments*

The competent authority of the Company on acceptance of the supplier/contractor/vendor invoices (physically placed) shall be able to upload the same in the e-Procurement portal. However, post integration with the Material Management system, invoices shall flow from the Material Management system to the portal. Detailed information of payment made to the supplier/contractor/vendor shall be displayed to them with the help of the system. Payments to supplier/contractor/vendor shall also be electronically facilitated through the portal vide credit card payment/fund transfer.

- (vi) In absence of any facility/feature on e-Procurement portal, all the procedures mentioned in e-Procurement may be adopted through physical mode along with the e-mail/online correspondence(s)/documents and remain valid.

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 46

## **4 REGISTRATION/ENLISTMENT OF SUPPLIER/CONTRACTOR/VENDOR**

### **4.1 General**

- (a) The purpose of the registration of supplier/vendor/contractor is to limit the procurement time taken due to the repeated qualification of bidders for similar procurements and to ensure a continued pool of suitably qualified suppliers/vendors/contractors of goods, works (including turnkey contracts) and services. It is a system of general prequalification signifying the capability of a bidder to handle a particular type of contract and volume of contract. This process can be adopted for all the items which may be prescribed by the Company from time to time. It shall be made clear in the notification for registration of supplier/vendor/contractor that registration by itself do not guarantee that the contracts for goods, works (including turnkey contracts) and services would be awarded to the registered suppliers/vendors/contractors.
- (b) As supplier/contractor/vendor registration/enlistment may in itself form a significant exercise, thus, a proper strategy and methodology shall be formulated by the Company for registration/enlistment process for the transition period and thereafter.
- (c) The vendor registration process shall be carried out both at Corporate Office as well as Region Office(s) for the Centrally and Non-Centrally Procured Items respectively.
- (d) Vendor registration shall be done either through vendors recommended by User department or vendors received through advertisement, introduction letter, sourcing journal and yellow pages or equivalent source.
- (e) The process of registration shall only be applicable for domestic bidders. For international bidders, the Company shall develop and maintain a database of probable bidders for each type of contracts and get such database approved by the MD.
- (f) Bidders who are not registered in accordance with the procedures set out in this section will be required to demonstrate their qualifications to the Procuring authority while participating in any procurement.

### **4.2 Supplier/Vendor/Contractor Registration Procedure**

- (a) The Company shall establish 'lists of registered suppliers/contractors/vendors', hereinafter called 'Register' for all items.
- (b) The opening of invitation for enrolling in the Register shall be notified by the Procurement department in a mass circulated newspaper within the State or outside the State depending upon the nature of supply and availability of prospective suppliers/contractors/vendors. The notification shall also be displayed on the website of the Company.
- (c) The intending suppliers/contractors/vendors shall be offered an opportunity for a specified time initially to apply for admission in the Register. Such applications shall be in writing and complete with all necessary information and supporting documents as prescribed by the Procurement department in the notification. The applicant is solely responsible for the preparation and submission of its applications; any cost or expenses incurred by the applicants

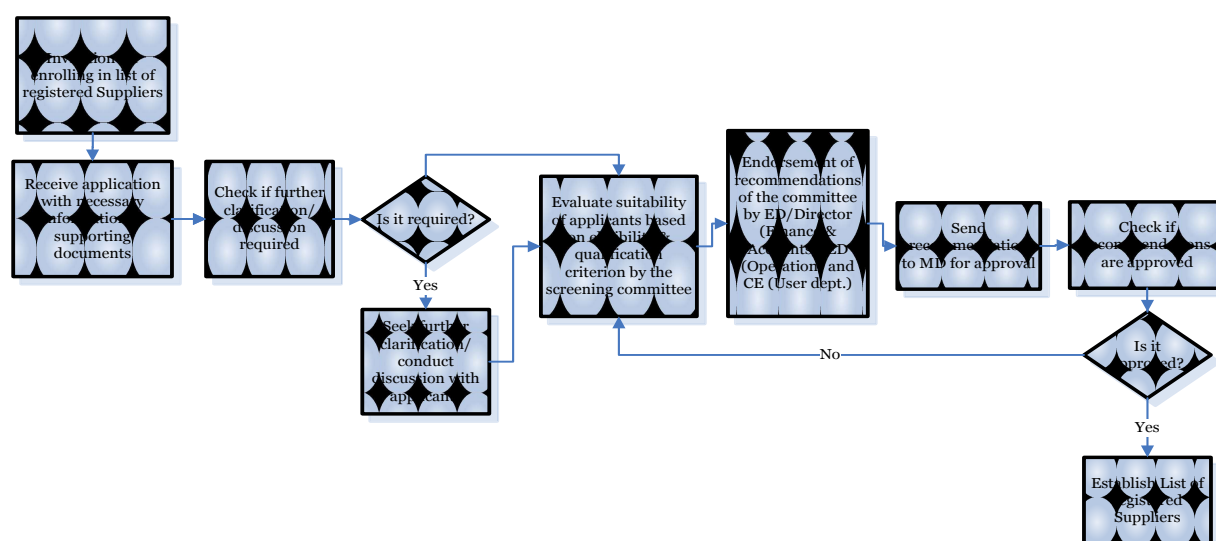
Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVCL/PM/	Version: v1	Date: July, 2014	Page 47

in connection with the preparation or delivery of applications shall be solely at the cost of applicant.

- (d) The written application may be followed by further clarifications/ discussions between the applicants and the authorized representatives of the Procurement department to clarify and/or supplement the information contained in the original application.
- (e) The evaluation of suitability of the applicants shall be made in accordance with the eligibility and qualification criteria set out in Section 4.4. A Screening committee comprising representatives from User department, Procurement department and Finance & Accounts department from Corporate Office at a level not less than SE or equivalent shall be constituted for this purpose to analyse and evaluate the responses from suppliers/vendors/contractors. The Screening committee shall shortlist the qualified suppliers/vendors/contractors based on verification of the data and details submitted by them in support of their qualification criteria. The Screening committee may carry out physical verification, if felt appropriate.
- (f) The recommendation of the committee shall be endorsed by the respective Director (Finance & Accounts), ED (Operations)/CE (Corporate) and concerned CE (User department). Following evaluation and approval, the Procuring authority shall establish the Register for specific items. The Procuring authority at Region Offices shall also use the Register for the purpose of procurement under Limited bidding and Single tender for their requirements.
- (g) The enlistment of suppliers/vendors/contractors will be a dynamic process with provision to induct new competent suppliers/vendors/contractors and de-listing of non-performing suppliers/vendors/contractors. Requests for admission to the Register may thereafter be made at any time, but shall only be reviewed on a yearly basis. The Company shall have the right to de-list any of the suppliers based on its responses to the tender invitations and performance in respect of contracts awarded.

### 4.3 Supplier/Contractor/Vendor Registration Procedure Flowchart

- (a) A flow chart of the registration procedure is shown in the figure below:



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 48

#### 4.4 Eligibility criteria for registration

##### (a) General Suitability

- (i) The supplier shall be eligible to get registered if it meets the eligibility criterion and qualification criterion (**Annexure-VI**) prescribed in the notification for registration.
- (ii) It may require the party to furnish evidence by whatever means that is considered appropriate to establish that the supplier/contractor/vendor is a legal entity.
- (iii) The Company may deny the registration of a supplier/contractor/vendor for reasons directly related to its capability and availability of resources to successfully perform the contract.

##### (b) Supplier/contractor/vendor shall be ineligible for registration, if:

- (i) It is insolvent or is in receivership or is bankrupt or is in the process of being wound up, or have entered into an arrangement with creditors;
- (ii) Its affairs are being administered by a court, judicial officer or by an appointed liquidator;
- (iii) It has suspended business or is in any analogous situation arising from similar procedures under the laws and regulations of India;
- (iv) It has been found guilty of professional misconduct by a recognized tribunal or professional body or any Government authority or judiciary; and,
- (v) It has not fulfilled obligations with regard to the payments of taxes, duties or other payments due in accordance with the laws of India.
- (vi) A firm which has been engaged by the Company to provide consulting services for the preparation or implementation of a project, and any of its affiliates, resulting from or directly related to the firm's consulting services for such preparation or implementation.
- (vii) The criteria for ineligibility may include but not limited to the above specified.

##### (c) Qualification criteria for registration

- (i) All suppliers/contractors/vendors shall be given equal opportunity of submitting application for registration. It shall be ensured that unqualified suppliers/contractors/vendors, which do not have the requisite technical and financial capabilities to execute the contract, are not registered. If any supplier/contractor/vendor is excluded from the registration, the reason for such exclusion shall be recorded.
- (ii) The different qualification criteria may be prescribed for registration of suppliers/contractors/vendors for different items of goods, works (including turnkey contracts) and services keeping in view its nature.
- (iii) The Procurement department shall state in the invitation for registration if any preferences would be applicable to any specific class of suppliers/contractors/vendors. In



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 49

addition to Section 4.4(a), the selection criteria may include but not limited to the following:

**(A) Financial Capacity**

- (I) The financial criteria may include the net-worth, turnover and credit facilities. The limits of these parameters may vary depending upon the nature and size of the procurement;
- (II) The Company may require the suppliers/contractors/vendors to furnish evidence of their Financial and economic capacity to fulfil the requirement of the contract;
- (III) The balance sheets and profit and loss accounts atleast for last three (3) years audited by a recognized accounting firm or statutory auditors, or income tax return duly acknowledged by tax authority;
- (IV) A certified statement of the overall turnover and turnover in respect of contracts executed atleast over the previous three (3) years;
- (V) Proof of tax registration and tax clearance certificate from the tax authorities;
- (VI) Documentary evidence from bankers certifying that the limits sanctioned for net worth and credit facilities to be determined on case to case basis.

**(B) Technical Capacity**

Evidence of suppliers'/contractors'/vendors' technical ability may be furnished by any of the following means:

- (I) A description of the suppliers'/contractors'/vendors' technical facilities, including the details of tools, materials and technical equipments available with installed capacity.
- (II) A description of the quality management process of suppliers/contractors/vendors.
- (III) The suppliers/contractors/vendors shall furnish documentary evidence that the goods offered have been in production and have been sold to the end users for a minimum of two (2) years.
- (IV) The suppliers/contractors/vendors shall furnish a performance certificate from the users for satisfactory performance of the goods for which registration is sought for a minimum period of one (1) year prior to the date of application for registration.
- (V) The suppliers/contractors/vendors shall furnish a copy of ISO/ISI/BIS or equivalent certificate.
- (VI) The suppliers/contractors/vendors shall furnish type test reports performed on the equipment proposed for registration of last two (2) to five (5) years from labs specified in the tender document.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 50

(VII) The suppliers/contractors/vendors shall furnish details of manufacturing capacity and the quantity which can be supplied on annual basis.

#### 4.5 Pre-Qualification of Suppliers/Vendors/Contractors

- (a) If considered appropriate by the Company, the pre-qualification of suppliers/contractors/vendors can be done for a particular or a specified category of goods, works (including turnkey contracts) and services. The criteria for pre-qualification will, inter-alia, consist of past performance, financial soundness, technical competence, adequate quality procedures, organizational capacity and manufacturing capabilities, etc., commensurate with the requirements.
- (b) Prequalification may be necessary for large or complex works, or in any other circumstances in which the high costs of preparing detailed bids could discourage competition, such as custom designed materials, equipments, specialized services, some complex information and technology contracts and turnkey contracts, design and build, or management contracting.
- (c) The prequalification ensures that invitation to bid is extended only to those who have adequate capabilities and resources. Prequalification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their:
  - (i) Experience and past performance on similar contracts;
  - (ii) Capabilities with respect to construction or manufacturing facilities; and
  - (iii) Financial position.
- (d) To encourage more number of participation, the suppliers/contractors/vendors new to the Company but have successful track record in national and international market and meet all the qualifying criteria specified in the tender documents, may be considered qualified.
- (e) The invitation to prequalify for bidding on specific contracts shall be advertised and notified. The scope of the contract and a clear statement of the requirements for qualification shall be sent to those who respond to the invitation. Generally, a minimum period of six (6) weeks shall be allowed for the submission of prequalification applications. There shall be no limits on the number of bidders to be pre-qualified, and all found capable of performing the work satisfactorily in accordance with the approved prequalification criteria shall be prequalified and invited to submit bids. As soon as prequalification is completed, the bidding documents shall be made available to the prequalified prospective bidders.
- (f) A nominal registration fee can be levied for supplier/contractor/vendor registration as per the sole discretion of the Screening committee.

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 51

## 5 BID ISSUANCE AND OPENING

### 5.1 Selection of mode and methods of tendering

- (a) Procuring authority shall initiate a proposal for calling of tenders for approval of competent authority as per DoP for their respective procurement responsibilities specified in Section 0 on the following triggers:
  - (i) On receipt of approved Procurement Budget for Centrally/Non-Centrally Procured Items for O&M and Capital requirements;
  - (ii) On receipt of approved package list for new projects;
  - (iii) On receipt of approved cost estimate and technical specification for O&M works from the User departments.
- (b) The selection of names and number of parties; and selection of mode and methods of tendering will be the responsibility of the Procuring authority and will be done as per the threshold values specified and any other guidelines issued in this regard. Thus, the proposal initiated will recommend, with reasons for selection, the following:
  - (i) Modes of tendering as per Section 3.1; and
  - (ii) Methods of tendering as per Section 3.2.
- (c) The role of User department in the process of procurement shall be suggestive, if so required. The Procuring authority shall consider the suggestions of User department on merits at its own discretion.
- (d) In cases where there is a deviation requested by the Procuring authority from the guidelines specified in the Manual, the approval should be taken from the competent authority as per DoP.
- (e) In general, the selection of modes and methods of tendering would depend upon the following:
  - (i) The estimated cost of procurement of goods, works (including turnkey contracts) and services, as per approved NIT cost estimate/ indent/ Procurement Budget;
  - (ii) Threshold values prescribed in the Manual;
  - (iii) Supplier/contractor/vendor enlistment or source standardisation or any Rate Contract for the relevant item finalised, as per the prescribed procedures and, if so, the procurement will be made accordingly;
  - (iv) If the relevant item is a proprietary item, or the item is to be sourced from OEM or OES or both, the type of tendering will be Single tender/ Limited tender;
  - (v) Number of known sources available;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 52

- (vi) Urgency of requirement in writing;
  - (vii) Other justifiable grounds for making procurement through Limited tender instead of Open tender or vice versa as per DoP.
- (f) With regard to selection of methods of tendering, the same should be decided as per the points indicated in Section 3.2.
- (g) Once the modes and methods of tendering are finalized with the approval of Procuring authority, the process of tendering shall be initiated by Procuring authority. The details of such processes are explained in the subsequent sections.

## 5.2 Bidding Documents

- (a) The purpose of bidding documents is to help the bidder in arriving at an informed decision on whether or not to submit a bid, also at working out their rates for the goods, works (including turnkey contracts) and services for a competitive bidding and to enable bidders to prepare responsive bids. These documents shall explain in detail the requirements of the Procuring authority regarding the supply of goods, works (including turnkey contracts) and services under bid, the instructions and conditions of bidding and the provisions of the proposed contract.
- (b) Bidding documents shall set forth as clearly and precisely possible the technical specification of goods, works (including turnkey contracts) and services to be procured, the place of delivery, the schedule for delivery, minimum performance requirements, guaranteed technical particular, guarantee and maintenance requirements, as well as any other pertinent terms and conditions. The bidding documents shall define the tests, standards and methods that will be employed to judge the conformity of equipment as delivered, with specifications. Drawings shall be consistent with the text of the specifications and where there is an inconsistency in the drawing with the text of the specifications, the text shall prevail.
- (c) The bidding documents shall specify factors which will be taken into account in evaluating bids, and how such factors will be quantified or otherwise evaluated. If bids based on alternative designs, materials, completion schedules, payment terms, etc., are permitted, conditions for their acceptability and the method of their evaluation shall be explicitly stated in the bidding documents.
- (d) In order to avoid confusion and the partial comparison of bids, the bidding documents shall make clear the treatment of taxes and relevant duties for bidders' setting of Price Bid. In addition, treatment of those factors shall be clearly stipulated in the evaluation methods.

### 5.2.1 Standardization of Bidding Documents

- (a) The Company shall formulate Standard Bid Documents (SBDs) for various types of contracts and seek its approval from the BoD. Wherever any SBD approved by the GoMP, are available, the same shall be used by the Company. Any amendment(s) in these bid documents, if required, shall be approved by the authority that has approved the SBDs. In absence of any SBD, the authority competent to approve the bid documents for specific procurement shall be the same who has accorded the administrative approval.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 53

- (b) Standardization of bidding documents will help in finalizing the bidding documents required for a specific procurement in the shortest possible time, by making minor modifications in the standardized documents. This shall also facilitate expeditious and uniform decision making at various stages of pre-award, award and post-award activities and simplify contract administration.
- (c) All prospective bidders shall be provided the same information, and shall be assured of equal opportunities to obtain additional information on a timely basis. The Company shall provide reasonable access to project sites for visits by prospective bidders if required for specified type of works.
- (d) Any additional information, clarification, correction of errors, or modifications of bidding documents shall be notified on Company Website in sufficient time, before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline can also be extended.
- (e) The SBDs for different category of procurements (at least for three different categories namely procurement of goods, works (including turnkey contracts) and services) shall be prepared by the Procurement department in consultation with User department and the Finance & Accounts department. While the details and complexity of these documents vary depending upon the kind of goods, works (including turnkey contracts) and services to be procured and the size of contract, and modes & methods of procurement adopted, they shall include but not be limited to the documents listed below.
  - (i) NIT (abridged) and detailed NIT including Qualifying Requirements duly approved by the competent authority;
  - (ii) Instructions to Bidders (ITB);
  - (iii) Bid Data Sheet (BDS);
  - (iv) Detailed scope of work and technical specifications including Bill of Quantity (BoQ);
  - (v) Qualification Requirement (QR);
  - (vi) Evaluation criteria with evaluation factors;
  - (vii) General Conditions of Contract (GCC);
  - (viii) Special Conditions of Contract (SCC);
  - (ix) Proformas for Bank Guarantee (BG) for performance security;
  - (x) Amendment to General Conditions of Contract (GCC), if any;
  - (xi) Tender drawings, Quality Plans/ Quality Requirements {Quality Control and Supervision (QCS)/Manufacturing Quality Plan (MQP)};
  - (xii) Guaranteed Technical Particulars (GTP);
  - (xiii) Schedule of deviations;
  - (xiv) Bid form and price schedule;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 54

(xv) Bid security form;

(xvi) Contract Agreement form; and

(xvii) Manufacturer's authorization form in case the bidder is a Supplier.

- (f) In case of procurement funded by multi-lateral financial institution, concurrence of the bidding documents by the funding authority is required to be obtained.

### 5.2.2 Standardization of Technical Specifications

- (a) Technical specifications and designs of all procured items shall be standardized by the respective User departments and these standardized specifications shall be continuously reviewed and updated, if required. The review should be explored for each standardised material every two (2) years and if needed can be done earlier. The review committee shall consist of the representatives from each User department.
- (b) Standards and technical specifications specified in the bidding documents shall promote competition, while assuring the critical performance or other requirements for the goods, works and services under procurement. As far as possible, the Company shall specify internationally/nationally accepted standards depending upon whether it is an ICB or DCB process with which the equipment or materials or workmanship shall comply. Where such international/domestic standards are unavailable or are inappropriate, equivalent standards may be specified.
- (c) For updating of specifications, the Company may seek feedback from the User departments and prospective suppliers/contractors/vendors. The standard technical specifications shall be kept on the Company website and suggestions/ comments shall be invited periodically from the prospective suppliers/contractor/vendors. The schedule of rates shall be changed against the modified technical specifications, if required. The competent authority for approval of the modification of standard specifications shall be the MD in consultation with User departments.
- (d) Specifications shall be based on relevant characteristics and/or performance requirements. References to brand names, catalogue numbers, or similar classifications shall be avoided. If it is necessary to quote a brand name or catalogue number of a particular manufacturer to clarify an otherwise incomplete specification, the words "*or equivalent*" shall be added after such reference. The specification shall permit the acceptance of offers for item(s) which have similar characteristics and which provide performance at least substantially equivalent to those specified. Provision for submission of necessary declaration/ performance certificate from bidder in case of acceptance of offers for item(s) which have similar characteristics and which provide performance at least substantially equivalent to those specified as per requirement of bid shall be specified in the bidding documents.
- (e) The responsibility for the procurement of capital goods, works (including turnkey contracts) and services related to sub-transmission and distribution lines, and sub-stations shall be with the Procuring authority. The User department shall be responsible for preparation of technical portion of bidding documents viz. technical specifications, BoQ (to be incorporated in Bid form/ Bid Proposal Sheets), Data Requirement Sheets; Technical Conditions of Contract.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 55

- (f) For a new procurement, a 'Technical Screening committee' comprising of representatives of Procurement, Works, Projects, known specialist/experts within the Company having long work experience related to the procurement and Quality & Standards departments shall be constituted. Procuring authority should do the evaluation of the new items and if it has been used by any of the Company/State Electricity Board (SEB) of the country a confidential feedback from same should necessarily be obtained. The standard technical specifications shall provide the Quality Plan indicating the Quality checks to be exercised by the Quality and Standards department/User department as the case may be at various stages of the execution of works.

### **5.2.3 Commercial Portion of Bidding Documents**

- (a) For preparing commercial portion of bidding documents viz. NIT, Instructions to Bidders, GCC, SCC, Bid Form/ Bid Proposal Sheets, including forwarding letter to bidding documents, the responsibility centre shall be with the Procuring authority at Corporate Office/ Region offices, as the case may be.

## **5.3 Essential conditions to be incorporated in the bidding documents**

### **5.3.1 Eligibility and qualification criteria for bidders**

- (a) Eligibility and qualification criteria for bidders shall be specified in the bidding documents as per the merit of the particular case of procurement. Broadly, the criteria shall be in line with the eligibility and qualification criteria for registration of suppliers/vendors/contractors as given in Section 4.

### **5.3.2 Bid validity**

- (a) Realistic validity period (minimum 90 days and maximum 180 days) of the bid shall be specified. Bidders shall be required to submit bid valid for a period specified in the bidding documents which shall be sufficient to enable the Company to complete the comparison and evaluation of bids, and obtain all necessary approvals from the competent authority as per DoP so that contract can be awarded within that period.
- (b) If the Company sees that it is not possible to complete the bid evaluation and award of contract within given period of validity due to reasons beyond its reasonable control, it may solicit bidders' consent to an extension of bid validity period. Under such circumstances:
- The request and the responses thereto shall be made in writing or by Fax to all participating bidders;
  - A bidder agreeing to the extension request shall also agree to an extension of the validity of the EMD without modification of any terms and conditions and price. The period of the validity of the EMD shall be suitably extended accordingly by the bidder.
  - A bidder may refuse the request to extend the bid validity which would lead to his disqualification without forfeiting his EMD. In such a case the bid shall not be further considered for evaluation and award and EMD shall be returned as per provisions in Section 5.3.3(h).

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 56

### 5.3.3 Earnest Money Deposit (EMD)

- (a) The requirement of submission of EMD will be specified in the bid documents and where so specified, it should be submitted by the bidders along with the bids. Bids received without EMD, where required to be submitted as per bid documents, shall not be opened. The EMD will not be entitled for any interest thereon. If decided by the Company, EMD from OEM/OES or any other category and for value of purchases as prescribed by the Company from time to time may not be insisted.
- (b) The slab wise EMD structure is stated hereunder which can be revised from time to time by the Procurement department depending upon the business requirement.

S. No.	Value of contract	Earnest Money
a)	Upto INR 50,000	Nil
b)	Above INR 50,000 and upto INR 2.5 Lakhs	@ 1%
c)	Above INR 2.5 Lakhs and upto INR 3.0 Lakhs	INR 2,500
d)	Above INR 3.0 Lakhs and upto INR 7.0 Lakhs	INR 5,000
e)	Above INR 7.0 Lakhs and upto INR 15.0 Lakhs	INR 7,000
f)	Above INR 15.0 Lakhs and upto INR 25.0 Lakhs	INR 10,000
g)	Above INR 25.0 Lakhs and upto INR 35.0 Lakhs	INR 15,000
h)	Above INR 35.0 Lakhs and upto INR 50.0 Lakhs	INR 20,000
i)	Above INR 50.0 Lakhs and upto INR 75.0 Lakhs	INR 30,000
j)	Above INR 75.0 Lakhs and upto INR 100.0 Lakhs	INR 40,000
k)	Above INR 100.0 Lakhs	INR 50,000

In case of Capital projects the EMD/Bid security may vary from 0.9% to 1.0% of contract value or as per the funding scheme guidelines.

- (c) EMD shall be in the form of Crossed Bank Demand Draft (DD) / Pay Orders/ Banker's Cheque (BC) of scheduled bank drawn in favour of the Procuring authority, or by Bank Guarantee (BG) as per the Company's format (**Annexure-VII**). The EMD shall be in the form of DD or unconditional BG or any other form as mentioned in the bidding document for procurement of goods, works (including turnkey contracts) and services issued from a scheduled/nationalised bank as mentioned in the bidding document.
- (d) For turnkey contracts, the EMD validity shall be up to two hundred and forty (240) days from the next day of the final bid submission date i.e. bid deadline and with a claim period of another thirty (30) days.
- (e) For all other types of contracts, the EMD validity shall be up to one hundred and eighty (180) days from the next day of the final bid submission date i.e. bid deadline and with a claim period of another thirty (30) days.
- (f) For all tendering modes and methods, EMD shall be submitted by bidders in a separate envelope along with the bid, which should be opened prior to the opening of the Techno-commercial and Financial proposal. In absence of EMD, Techno-commercial and Financial proposal shall be treated as unresponsive and the same shall be retained with the company.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 57

- (g) The EMD may be forfeited:
- (i) If a bidder withdraws or revokes its bid during the period of bid validity specified by the bidder;
  - (ii) If a bidder modifies its bid in any manner after its opening but before the validity of the bid expires;
  - (iii) If a bidder does not accept the arithmetical corrections of its bid price;
  - (iv) In the case of successful bidder, if the bidder:
    - (A) Fails to sign the contract within the prescribed time;
    - (B) Fails to furnish the performance security/CPG within the prescribed time.
    - (C) Non-executes the supply/work or part thereof.
  - (v) Any other condition as specified in bid documents.
- (h) After signing of contract agreement/submission of CPG with the successful bidder, EMD of all the unsuccessful bidders shall be returned within fifteen (15) working days of the signing of contract.
- (i) The EMD of the successful bidder shall be returned immediately after the submission of the CPG by the successful bidder to whom the contract is awarded.
- (j) The following are exempted from payment of EMD:
- (i) Small Scale Industries (SSI) Units of State of Madhya Pradesh permanently registered with District Industries Centre (DIC)/Ancillary Units of MPPKVVCL. The registration should be permanent and should be specifically for the items quoted in the tender and valid on the date of opening of tender.
  - (ii) The Small Scale Units permanently registered with National Small Industries Corporation (NSIC), whose registration certificate is valid for the item quoted on due date of opening of commercial and technical bid shall be entitled for exemption from EMD. The renewal/amendment of certificate should not be more than three (3) years old from the due date of opening of tender otherwise EMD has to be furnished by the bidder.
  - (iii) The Medium/Large Scale Manufacturing Units, located in Madhya Pradesh (other than SSI/ Ancillary Units to MPPKVVCL and Government undertakings) are permitted to furnish the EMD @50% (Half) of the rates prescribed above. Here also, permanent registration is a must in respect of specified item against the tender.
  - (iv) Fully owned State/Central Government manufacturing units, if 100% shares are held by the respective Government concerned, for which documentary evidence must be furnished with the offer.
  - (v) The photocopy of the NSIC/SSI Registration Certificate for the tendered items duly notarized/attested by General Manager/Manager, DIC of the area or an officer

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 58

MPPKVVCL not below the rank of EE, or any Gazetted officer not below the rank of Deputy Collector, shall be furnished with the offer. In case of unattested/un-notarized copy, the original certificate should be produced at the time of tender opening for verification.

- (vi) All the SSI/NSIC units should quote/offer the material only to the extent they are registered for respective items with SSI/NSIC organization. The certificate should be valid and duly renewed as the case may be.

- (k) Whenever in such cases mentioned in Section 5.3.3(j), supplier/contractor/vendor fails to deliver, the Directorate of Industries, GoMP should be immediately apprised of it. It may take appropriate action having regard to merits of each case and remove the name of the supplier/contractor/vendor from the list of industrial units qualified for the above concession for a period not exceeding two (2) years. Bid provision requiring notarised certificate from MPLUNL, NSIC, DIC, and SSI shall be included. Stock details and production capacity of bidders as per bid requirements shall be validated as per Section 6.3.9.

#### 5.3.4 Schedule of Delivery

- (a) One of the objectives of the Procuring authority is to ensure the availability of goods, works (including turnkey contracts) and services at the right time. In order to achieve this objective, the Procuring authority shall be responsible to ensure that required schedule of delivery available in the bid documents/contracts and supplier/contractor/vendor strictly adheres to it.
- (b) Accordingly, every bidder will incorporate a schedule for designing, manufacturing, inspection, supply and transportation in its bid. Further, details of these network/programmes and schedules will be developed by the successful bidder as a necessary requirement of each contract and mutually agreed between the Company and suppliers/contractors/vendors, before the award of the Contract. Extensions, if any, in the schedule of delivery will require approval of competent authority as per DoP.

#### 5.3.5 Contract Performance Guarantee (CPG)

- (a) The successful bidder would be required to submit CPG in the prescribed format (**Annexure-VII**) equivalent to the ten percent (10%) of the value of the contract to protect the Purchaser in case of breach of contract. This CPG shall be provided in an appropriate form and amount, as specified by the Company in the bidding document. The CPG shall extend sufficiently beyond the date of completion of procurement of goods, works (including turnkey contracts) and services to cover the defect liability period or maintenance period up to final acceptance by the Company.
- (b) Concessional Performance Security/CPG
  - (i) SSI units registered with Industries Department of MP are required to pay performance security for only five percent (5%) value of the order, subject to maximum of INR 20,000/- in cash or DD. This concession is for such SSI units of MP who are doing business upto INR 50 Lakhs annually with the Company.
  - (ii) SSI units having annual business of above INR 50 Lakhs, with the Company, shall be required to pay the performance security equivalent to ten percent (10%) of the value of the order.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 59

- (iii) The concessional performance security/CPG exemption may also be applicable for DGS&D and MPLUNL as mentioned by the Company from time to time.
- (c) The CPG shall be valid beyond three (3) months of completion of the guarantee period under the contract and for any extension thereto. It shall serve as a guarantee that the supplier will perform his contractual obligations under the contract till the guarantee period. The CPG shall be denominated in the currency specified in the bid documents and shall be in the form of unconditional Bank Guarantee/ Banker's Cheque/Demand Draft as mentioned in the bid documents.
- (d) The Company may consider fixing the threshold value of contracts for which submission of CPG will not be required. In cases of service contracts (including consultancy contracts) of small value upto INR 50,000 or cases of procurements from OEM/OES or proprietary procurements, provision of CPG may not be insisted upon with the approval of the competent authority in writing. Wherever it is decided not to obtain CPG, final payment shall be released after fulfilment of all obligations under the contract.
- (e) The Procuring authority, in case of small civil works, in lieu of CPG, shall retain a part of the amounts due to a supplier/contractor/vendor till the end of the defect liability period which shall be a minimum of twelve (12) months or in accordance with the contract agreement. Retention money of ten percent (10%) against each bill payable to the supplier/contractor/vendor shall be deducted. The retention money is the aggregate money retained by the Procurement department from the amount payable to the supplier/contractor/vendor to the extent that the final retained amount reaches the limit of retention money as per the contract agreement which shall be ten percent (10%) of the value of the contract.
- (f) The CPG shall be discharged and returned to the supplier/contractor/vendor within thirty (30) days of expiry of the guarantee period subject to adjustment of liabilities. If the supplier/contractor/vendor fails to remedy any reported defect within guarantee period, the Procuring authority shall be entitled to either encash the CPG or to remedy the defect at the expense of the supplier/contractor/vendor.

#### **5.3.6 Advances in Contracts**

- (a) An advance payment at the rate of ten percent (10%) of value of contract may be considered as per the contract agreement.
- (b) An interest component may be incorporated in the advance payment as per bidding documents. The advance will be secured against an unconditional bank guarantee acceptable to the Procuring authority and the terms of payment shall be developed considering the advance payment made.
- (c) Provision of mobilization advance shall essentially be need-based. Decision to stipulate interest free mobilization advance in the tender document shall rest at the BoD level (with concurrence of Finance & Accounts). However, in case of interest bearing mobilization advance, the Company may delegate powers at appropriate levels such as the MD or Functional Directors/Heads.
- (d) Interest free mobilization advance shall not be encouraged normally, but, if Company feels its necessity in specific cases, it should be clearly stipulated in the tender document and its recovery shall be time-based and not linked with progress of contract. This would ensure that

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 60

even if the supplier/contractor/vendor is not executing the contract or executing it at a slow pace, the recovery of advance could commence and scope for misuse of such advance could be reduced.

- (e) Part BGs against the mobilization advance shall be taken in as many numbers as the proposed recovery instalments and shall be equivalent to the amount of each instalment. This would ensure that at any point of time even if the supplier's/contractor's/vendor's money on account of work done is not available with the Company, the recovery of such advance could be ensured by encashing the BG for the contract supposed to be completed within a particular period of time.
- (f) The mobilization advance shall not be paid in less than two (2) instalments except in special circumstances for the reasons to be recorded. The subsequent instalments shall be disbursed after due diligence with User department(s). This shall keep check on the supplier/contractor/vendor misutilizing the full mobilization advance when the contract is delayed considerably.
- (g) There shall be a clear stipulation of the interest to be charged on delayed recoveries either due to the late submission of bill by the supplier/contractor/vendor or any other reasons besides the reason giving rise to the encashment of BG, as stated above.
- (h) The amount of mobilization advance; interest to be charged; if any; its recovery schedule and any other relevant detail shall be explicitly stipulated in the tender document upfront.
- (i) Relevant format for BG shall be provided in the tender document, which shall be enforced strictly and authenticity of such BGs shall also be invariably verified for the issuing bank, confidentially and independently by the Company.
- (j) In case of 'Machinery and equipment advance', insurance and hypothecation to the employer shall be ensured.
- (k) Utilization certificate from the User department(s) shall be obtained by supplier/contractor/vendor for the mobilization advance. Preferably, mobilization advance shall be given in instalments and subsequent instalments shall be released after getting satisfactory utilization certificate from the supplier/contractor/vendor issued by User department(s) for the earlier instalment.
- (l) A clause in the tender document and the contract of cases providing for interest free mobilization advances may be stipulated that if the contract is terminated due to the default of the supplier/contractor/vendor, the 'Mobilization Advance' shall be deemed as interest bearing advance at an interest rate (to be stipulated depending on the prevailing rate at the time of issue of NIT) to be compounded quarterly. The interest rates (like cash credit rate, rate as per funding agency guidelines, etc.), as applicable, shall be clearly mentioned in the tender documents.

### **5.3.7 Insurance and Transportation**

- (a) Bidding documents shall permit suppliers/contractors/vendors to arrange transportation and insurance from any eligible source.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVCL/PM/	Version: v1	Date: July, 2014	Page 61

- (b) Internationally recognized contract terms such as the International Chamber of Commerce (ICC) INCOTERM (International Commercial Terms) shall be referred to. Bidding documents shall state the type and terms of insurance to be provided. The indemnity payable under transportation insurance shall be at least one hundred and ten percent (110%) of the contract amount in the currency of the contract or in a freely convertible currency to enable prompt replacement of lost or damaged goods.

### **5.3.8 Currency of Bid**

- (a) In all cases of ICB bidding process, the bidding documents shall state clearly the currency of bid applicable in which bidders are to state their prices and in which the contract price will be paid. Final quoted price in Price Bid is the sum of all payments in various currencies required by the bidder. For the purpose of comparing prices, final quoted prices of Price Bid shall be converted to Indian currency selected. The rates of exchange to be used for conversion shall be the reference rates on the date of bid opening or next proceeding date if rate of exchange for the date of bid opening is not available. The reference exchange rate prevailing at that date as posted by Reserve Bank of India shall be used for the conversion of prices.

### **5.3.9 Price of Bid**

- (a) Payment of the contract price shall be made in the currency or currencies in which the quoted price expressed in the Price Bid of the successful bidder, except where a different arrangement is clearly justified and specified in the bidding documents. All prices shall be invited on the basis of CIF (Cost Insurance and Freight) or CIP (Carriage and Insurance Paid) or EXW (Ex-Works) or FOR (Free on Rail) or FOB (Free on Board) or FOR destination as specified in the bidding documents.

### **5.3.10 Terms of payment to suppliers/contractors/vendors**

- (a) Payment terms shall be developed in accordance with the commercial practices at par with the industry norms applicable to the specific goods, works (including turnkey contracts) and services.
- (i) Contracts for supply of goods shall provide for full payment on the delivery and inspection, if so required, of the contracted goods except for turnkey contracts (involving installation and commissioning, etc.) in which case a portion of the payment may be made after the Supplier has complied with all its obligations under the contract for supply of goods. However, this portion should be atleast fifteen percent (15%) less than the price of stores delivered so that the contractor does the installation and commissioning work with due alacrity also. In major contracts for equipment, provision shall be made for suitable advances and, in contracts of long duration, for progress payments during the period of manufacture or assembly.
- (ii) Contracts for works shall provide in appropriate cases for mobilization advances, advances on contractor's equipment and materials, regular progress payments, and reasonable retention amounts to be released upon compliance with the contractor's obligations under contract.
- (b) Any advance payment for mobilization and similar expenses, made upon signature of a contract for goods, works (including turnkey contracts) and services, shall be related to the estimated amount of these expenses and be specified in the bidding documents. Amounts and timing of other advances to be made, such as for materials delivered to the site for

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 62

incorporation in the works, shall also be specified. The bidding documents shall specify the arrangements for any security required for advance payments.

- (c) Bidding documents shall specify the payment method and terms offered, whether alternative payment methods and terms will be allowed and, if so, how the terms will affect bid evaluation.
- (d) All bills and invoices shall be paid within forty five (45) days from the date of certification for payments of such bills/ invoices and such provisions shall be incorporated in the contract documents unless it is agreed with the bidders that payment be made on dispatch of goods through Letter of Credit (LC) or documents through bank, as may specially be the case with international bidders.
- (e) In case of unforeseen and genuine situations during contract execution wherein terms of payment need modification at a later stage, it shall be done with due approval of competent authority after in-depth analysis of the case and critically examining the genuine reasons behind such proposed modification. Such kind of modification shall not impose any additional financial commitment over and above the original PO/Work order. However, the detailed procedure of such modification in terms of payment shall be incorporated in the tender document and the same shall prevail.

### 5.3.11 Price Variation

- (a) The prices in a contract shall be on a fixed basis with the following exceptions:
  - (i) The Procuring authority may prescribe conditions relating to price variations due to difference/deficiencies in qualities within tolerable limits determined by it;
  - (ii) For contracts having specific items as classified by the Procuring authority from time to time, the bidders may not be able to quote the fixed prices. Variations in the cost of material and labour based on specified indices shall be permitted.
  - (iii) Increase/decrease in duties, taxes and levies shall be payable to/by the bidders as a result of Government orders during contractual delivery period.
- (b) Ordinarily the prices shall be asked on firm basis for the period of delivery. The bidding documents shall clearly indicate whether price variations are allowed in the event changes occur in major cost components of the contract such as labour, equipments and materials, over which the bidder has no control.
- (c) Price variation provisions are not necessary for simple supply contracts involving short delivery periods. However, for contracts with long delivery or completion periods, including major civil works contracts, price variation provisions may be provided.
- (d) For certain type of equipment where normal commercial practice requires bidders to submit firm prices regardless of the delivery time, price variation provisions are not needed. Contracts which contain a large commodity component whose price may vary sharply in the short term shall contain a price variation clause that protects the interest of the Company or bidder from losses in case of any abrupt changes in price.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 63

- (e) The amount of price variation shall be based on changes in the cost of the major components of the contract. If used, the method of variation indicated in the bidding documents shall provide for variations calculated using a price variation formula or formulae. The comparison of bid prices shall be carried out on the basis of base price only without taking the price variation. The price variation formula shall be provided without any ceiling.
- (f) Price variation index shall be based on a base index available on the reference date. Price Variation shall be applicable from the date starting one month (30 days) prior to the Bid Opening Date. The price increase shall be limited to the contractual delivery period only. In case actual supplies are made beyond the contractual delivery period, the prices prevailing at the time of contractual delivery period or actual date of supply, whichever is less shall be taken. For the purpose of calculation of PV, the date of offer for dispatch inspection shall be considered as the date of delivery, subject to the condition that the offer has been made 15 days in advance of terminal date of schedule delivery. However, the PV clause may be modified as requirement of the SBD.
- (g) Standard escalation formula, wherever applicable and prescribed by the Company from time to time for various types of contracts, should be adopted. In this regard, the escalation formulae prescribed by organisations like IEEMA (Indian Electrical and Electronics Manufacturing Association)/CACMAI (Cable and Conductors Manufacturers Association of India) may be adopted wherever applicable.
- (h) Where the prices are subject to variations due to rise and fall in the cost of labour and/or materials, provisions relating to the method of price variations may be prescribed and included in the SBDs. Either party, under such circumstances, shall be allowed to seek a price variation by submission of documentary evidence of the changes in the market prices of the components.
- (i) In respect of domestic procurements, for the purpose of calculation of Price variations:
  - (i) the indices for various materials shall be considered as published by IEEMA and indices of the other sources/publication shall be considered only when IEEMA does not publish such indices; and
  - (ii) The indices for labour shall be considered as published/declared by Labour Bureau, Shimla. Accordingly, suitable provisions shall be made in the bidding documents.
- (j) The Price Variation (PV) formula to be specified in the bidding documents shall be finalized by the Procuring authority.
- (k) For simplicity, ICB may be obtained with firm price. To the extent possible, the PV impact need not be considered for the purpose of evaluation

### **5.3.12 Force Majeure**

- (a) The bidding documents shall clearly state the force majeure clause, that, in the event, supplier/contractor/vendor delays in performing their obligations under the contract, and such delay is caused by force majeure, including but not limited to war, civil insurrection, fire, floods, epidemics, earthquakes, quarantine restrictions and freight embargoes, such delay may be excused and the period of such delay may be added to the time of performance of obligation delayed. If a force majeure situation arises, the supplier/contractor/vendor shall notify the Engineer-in-Charge (User department) in writing of such conditions and the cause

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 64

thereof along with documentary or pictorial evidence acceptable to the User department. Unless otherwise directed by Procuring authority in writing, the supplier/contractor/vendor bidder shall continue to perform its obligations.

### 5.3.13 Liquidated Damages (LD)

- (a) All contracts shall provide for a clause on liquidated damages for delay in supply or completion of work by the supplier/contractor/vendor except where it is considered appropriate with the approval of the competent authority not to include such a clause. The amount of liquidated damages shall be equal to half percent (1/2%) per week of delay subject to a maximum of ten percent (10%) of the remaining value of the contract derived after deducting cost of complete/operational/functional billing units of Contract from total project cost, in case of Works contract. Billing unit(s) for the Contract(s) shall be defined prudently by the Company in the Contract and detailed project reports. In case of supply contracts, the amount of liquidated damages shall be equal to half percent (1/2%) per week of delay subject to a maximum of ten percent (10%) of the delayed/undelivered value of contract. However, in case of supplies with milestone based delivery schedule and payment terms, the LD shall be calculated on the unexecuted portion of the supply. However, even if after the imposition of LD, the supplier/contractor/vendor fails to deliver supply/work/service; in that case the Purchaser shall be authorized to procure the balance requirement at the risk and cost of supplier/contractor/vendor.
- (b) In case of Turnkey contracts, once the maximum amount of LD is reached, the Procuring authority may consider termination of the contract and CPG shall also be forfeited in duly liable LD.
- (c) Provision may also be made for an incentive to be paid to suppliers/contractors/vendors for completion of works or delivery of goods before due dates as specified in the contract when such earlier completion or delivery would be of benefit to the Company. However, this may be applicable as per the terms and conditions specified in the tender document.
- (d) Provision for liquidated damages, due to shortfall in performance, in an appropriate amount shall be included in the conditions of contract when goods/works/services fail to meet the performance requirements and would result in extra cost, or loss of revenue or loss of other benefits to the Company.
- (e) Provision may also be made for recovery of LD from Government of MP owned other electricity distribution utilities, with approval from competent authority as per DoP.

### 5.3.14 Arbitration/Resolution of disputes

- (a) All contracts shall include a suitable arbitration clause in line with prevailing rulings, laws and regulations.
- (b) The mechanisms for dispute resolution, intended to regulate events following the breach of a contract by one of the parties, shall be prescribed in the bidding document. This will include:
  - (i) The language and interpretation of the contract: Where more than one language is used, reference must be made to the language version which takes precedence;



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 65

- (ii) The governing law and forum of dispute resolution: The governing law shall be the law of India and the forum for mediation/ arbitration shall be as specified in the bidding documents;
- (iii) A clause requiring the parties to attempt to reach an amicable settlement before turning to the courts or other tribunals.

#### **5.3.15 Bid form and price schedule**

- (a) The bid form shall be a letter addressed to the Procuring authority with the bidder's commitment to accept and comply with the provisions of bidding documents/ contracts, which are binding on them, and abide by the bid validity date and provide performance guarantees, if required, on award of contract. The bidder shall fill the bid form and sign each page of the document(s). Non-compliance may be treated as bidder not accepting the terms and conditions of the bid documents and addenda issued thereafter.
- (b) A price schedule form, to enable the bidder to indicate the description, quantity, unit and total prices of the goods, works and services as well as information on the country of origin, taxes and duties payable shall be provided with the bid documents.
- (c) The prospective bidders shall be instructed to include or mention in the price schedule form about any unconditional discount that may be offered by them on the quoted prices.

#### **5.3.16 Clarification on bidding documents**

- (a) The Invitation for Bid shall mention that if bidder requires further bid clarification, the same shall be submitted in writing before the last date of bid clarification submission. The Procuring authority will respond to all the bidders who have acquired the bidding documents, including a description of the enquiry without identifying the source, as an amendment to the bidding document. Any bid clarification inquiry received after the last date of bid clarification shall not be responded.

#### **5.3.17 Amendment of bidding documents**

- (a) The Company reserves the right to amend or modify bidding documents for any reason with due approval from the Procuring authority that has approved the bidding documents, by issue of addendum either on its own initiative or in response to a clarification request from bidders who have purchased the bid documents prior to a predetermined date or deadline for submission of bids. Finance & Accounts department shall be consulted on matters having financial implications. The Company shall notify the amendments/corrigendum on their website. It shall be the responsibility of such bidders to regularly visit the website for any amendment to the bidding documents until the last date of bid submission. A suitable clause in the Invitation to Bids originally published on the website may be included to this effect making it very clear that Procuring authority shall in no way be responsible for any ignorance of the bidder about the amendment to the bidding documents.
- (b) Taking into account the nature of amendment issued, the Purchaser can also extend the deadline for submission of bid to allow the bidders reasonable time for taking the addendum into account in preparation of their bids.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 66

- (c) Such amendments/ clarifications shall be notified through Website/E-mail/Registered/ Speed Post/Courier. Instructions shall be given to bidders to attach the amendment/clarification along with his bid.
- (d) The proof of dispatch of amendment/corrigendum/clarification shall however be kept on record for future reference. Certificate may be obtained from the bidders that they have taken all amendments/corrigendum/clarifications into account.

### 5.3.18 Sale of Bidding Documents

- (a) Bidders' representative will be required to collect duly signed tender document from the concerned office of the Company during the period as specified in the notification which shall be used for final submission of bids. The bidding document can also be sent to the prospective bidder by registered post or courier, if so requested by the bidder at the sole risk and cost by the bidder without taking any responsibility for its timely delivery. A master copy shall be retained in print form, suitably authenticated by signature and stamp of Procuring authority.
- (b) The bidding documents shall also be made available through the Company website or any other websites as may be specified in the notification and shall be made secure to avoid any modifications to the bidding documents without restricting the access to bidders to the bidding documents. Bidder downloading the document through the website shall register with the Company prior to submitting the bid and make payment for the cost of bidding documents either in advance or by means of DD/Pay orders at the time of submission of Bid.

### 5.3.19 Cost of Bidding Documents

- (a) The cost of the bidding documents should only be nominal, to cover reproduction and mailing costs. It should not be so high so as to discourage bonafide bidders. For tenders through limited enquiries and single enquiries, there shall be no cost of bidding document. The cost of bidding documents varies with the value of tender and has been summarized in the following slab which may be revised by the Company if deemed necessary:

S. No.	Value of tender of material/work	Cost of tender document (INR)	Cost of Postal charges (INR)
1	Less than INR 5 lacs	100/-	100/-
2	More than INR 5 Lacs and less than INR 25 lacs	1,000/-	
3	More than INR 25 lacs and less than INR 1 crore	2,000/-	
4	More than INR 1 crore and less than INR 5 crore	5,000/-	300/-
5	More than INR 5 crore	10,000/-	

- (b) For bidding documents downloaded from the Company website, the cost of bidding document should be paid in form of DD, Banker's Cheque along with the bid submission in an envelope other than EMD envelope. If cost of bid documents is not found in the envelope, the tender shall be deemed as non-responsive.

### 5.4 Preparation of NIT

- (a) In case of procurement of goods, works (including turnkey contracts) and services, the Procuring authority, shall approve NIT initiation process subject to the availability of approved Qualifying Requirements (QR) and approved NIT cost estimate.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 67

#### 5.4.1 Qualifying Requirements (QR)

- (a) Considering the repetitive nature of business handled by the Company, it is desirable that standard QR is prepared and its approval is obtained from MD so as to expedite pre-award activities. Wherever the standard QRs are not available, the specific QR relevant to the procurement shall be prepared by the Procuring authority and competent authority as per DoP. The sample QR for 33 kV substations/lines, 11 kV substations/lines is given at **Annexure-VI**. As and when the standard QR is available, the same may be used.
- (b) Any change in approved QR will require the approval of the authority that approved the original QR. In case of change in the approved QR, the notification for invitation of bids shall be published again with changed QR

#### 5.4.2 Approved NIT Cost Estimate

- (a) For procurements to be made at the Corporate Office, the NIT cost estimates shall be prepared by the Projects department for all capital works and by the Works department for all O&M works and got approved from the competent authority as per DoP and sent to Procurement department for further action. In case of procurements to be made by the specified Regions, the NIT cost estimates shall have to be prepared by CE (Region office) and approval of the competent authority shall be obtained before sending it to Procuring authority. In case of procurement of goods, the cost estimate shall be prepared by the User department at the Corporate Office and by the CE at the specified Region Office based on procurement budget and Last Purchase Price and updated for escalation over the period from the last purchase date at a predetermined rate of escalation. The rate of escalation to be considered for the purpose of preparation of estimates shall be the annual inflation rate as per WPI of the preceding year.
- (b) Approved NIT cost estimated shall be as per Schedule of Rate (SOR) in case where Last Purchase Price is not available. If item is not available in Schedule of Rate, then prices shall be taken from other sources such as manufacturer of different region and different utilities.

#### 5.5 Fixing of Bid Opening Date and Time

- (a) Generally, the last date for submission of bids and date of opening of the bids should be kept same, with a time lag of thirty (30) minutes between submission and opening of bids. The timings for submission of bids shall normally be 15:00 hours and opening of bids shall be at 15:30 hours on the same day and accordingly specified in the bidding document. In some exceptional cases, as decided by the Procuring authority, bid shall be opened on the next working day and that timeline needs to be incorporated in bidding document.
- (b) For fixing the Bid Opening Date, the indicative timelines given in the following table may be allowed for pre-bid meeting and submission of bids after pre-bid meeting.

Type of Tender	No. of days between publication of NIT and Pre-bid meeting	No. of days between Pre-bid meeting and Bid Opening Date
Single Tender	Not applicable	As considered appropriate
Limited Tender	Not applicable	Fourteen (14) days In case of emergencies, the no. of days will be as considered appropriate by the Procuring authority and decided on case to case basis.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 68

Type of Tender	No. of days between publication of NIT and Pre-bid meeting	No. of days between Pre-bid meeting and Bid Opening Date
Open Tender (DCB)	Twenty one (21) days	Fourteen (14) days
Open Tender (ICB)	Forty Five (45) days	Forty Five (45) days

- (c) The period mentioned above could be reduced on grounds of urgency with the approval of Procuring authority for reasons to be recorded in writing.
- (d) It may further be specified in the bidding documents that in cases where any of the dates, as given above, are declared holidays, the next working day after the holiday will be considered. Such postponement of date will not have any impact on the other dates specified in the bidding documents.

## 5.6 Calling for Tenders

- (a) The Procuring authority shall initiate proposal for
- (i) Release of abridged NIT in press; and
  - (ii) Hosting of detailed NIT on the Company website.
- (b) The abridged NIT and detailed NIT shall be approved by the Procuring authority.
- (c) With a view to effect savings in publication costs, competent authority as per DoP shall make attempt to prepare a consolidated abridged NIT for all NITs available for publication at that time without adversely affecting the procurement lead time. This will be possible only if identified personnel are made responsible for publication of NITs.
- (d) NIT for procurement of goods, works (including turnkey contracts) and services, for which investment approval is pending, can only be issued with the specific approval of MD or by the authority who has been delegated the powers by MD, provided all other conditions mentioned above are fulfilled.

## 5.7 Abridged NIT

- (a) An abridged NIT (specimen given at **Annexure-VIII**), incorporating but not limited to the following details, shall be published in the newspapers:
- (i) Corporate Signature/Company Logo;
  - (ii) Company's Name and Issuing department name;
  - (iii) Name of Procurement including Bid Specification Number/Name of item(s)/Category of item(s) of Procurement;
  - (iv) Type of Bidding (ICB/DCB);
  - (v) NIT Number and Date (NIT Number is same as Bid Document Number, wherever given);

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 69

- (vi) Scope of work in brief (In case of single item, work reference may be shifted to title and need not be repeated under this item again);
- (vii) Details regarding dates, time and venue for bid submission and opening;
- (viii) Date, time and venue for pre-bid meeting, if applicable;
- (ix) Designation, Telephone numbers (along with STD code) and Fax number, E-mail address, etc. of contact person;
- (x) Reference to the Company's website(s), where detailed NIT is available along with date.

## **5.8 Publication of NIT**

### **5.8.1 Notification and Advertising**

- (a) Timely notification of bidding opportunities is essential in competitive bidding. For projects that include ICB and project is funded by multi-lateral financial institutions the Company would be required to prepare and submit to the concerned financial institution a draft general procurement notice which arranges for its publication and shall follow the requirements prescribed by the financial institutions. The notice shall contain information concerning the Procuring authority responsible for procurement and the address of the website where specific procurement notices shall be posted. If known, the scheduled date for availability of prequalification or bidding documents should be indicated.
- (b) In case of domestic Open tenders, attention of all known, reliable, eligible and proven sources of procurement of particular goods, works (including turnkey contracts) and services will be drawn to the requirements through various modes of communication including press advertisements in Indian Trade Journal, two (2) or more leading newspapers of all-India repute and/or one (1) or two (2) state based newspapers, as the case may be. The abridged NIT shall also be published in English, Hindi and Regional language as applicable.
- (c) Advertisement released in press shall be in abridged form and detailed advertisement shall be made available on Company's website or other websites for publication of tender as considered appropriate from time to time. The details of websites shall be brought out in the press advertisement.
- (d) The competent authority in the Procurement department shall ensure that approved bidding documents are available for issuance on Company's website before abridged NIT is released for publication in the press.
- (e) The Public Relations Officer (PRO) of Human Resource department/Procuring authority at Corporate Office shall be responsible for timely publishing of abridged NIT in newspapers. The records of publications, where the abridged NIT was published with dates/content of publication and newspaper clippings in the concerned file shall be maintained with the Company.

### **5.8.2 Corrigendum**

- (a) If a corrigendum to abridged NIT is required to be published for any change in the dates, etc., the same shall be published only on the Company website, (keeping in view the need of cost

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 70

saving on publication) referring the highlights of corrigendum. The Procuring authority shall be responsible for ensuring the correctness of abridged NIT/Corrigendum.

### 5.8.3 Detailed NIT

- (a) Detailed NIT shall be published on the Company website as per procedure mentioned hereunder with the following details:
  - (i) Corporate signature/Company logo;
  - (ii) Company's Name or issuing department name;
  - (iii) Name of package/Name of work/procurement details;
  - (iv) NIT Number and date of issuance (NIT Number is same as bid document number where given);
  - (v) Scope of procurement in brief, including salient technical features of procurement;
  - (vi) Estimated cost of work (applicable for civil and structural works). This cost should be the approved NIT cost estimate (excluding IDC, overhead costs, establishment costs) and rounded-off to the nearest multiple of INR ten thousand (10,000);
  - (vii) Qualifying Requirements for prospective bidders, if deemed necessary;
  - (viii) Dates of commencement of issuance of bidding documents, last date and time for submission of bids, date and time for opening of bids, and details of EMD, etc.;
  - (ix) Address for communication, Telephone/ Fax/ E-mail details, etc. of the contact person(s) of Procuring authority at the Corporate Office;
  - (x) Any other details if applicable (viz. unique capital works code, etc.).
- (b) The following paragraph may also be included in the detailed NIT (in bold capitals) for all NITs:
 

**“BIDS NOT ACCOMPANIED WITH AN ACCEPTABLE BID SECURITY AS SPECIFIED IN BIDDING DOCUMENTS, IN A SEPARATE COVER OR BIDS ACCOMPANIED WITH BID SECURITY OF INADEQUATE VALUE SHALL BE REJECTED BY THE PURCHASER AND IN SUCH CASES BIDS SHALL BE RETURNED TO THE BIDDERS UNOPENED”.**
- (c) A sample format of the detailed NIT is enclosed as **Annexure-IX**.
- (d) The Procuring authority may ensure that the text of the detailed NIT is ready at least three (3) working days in advance of the expected date of publication of the abridged NIT.
- (e) The text of the detailed NIT shall be sent to concerned person responsible for hosting on website in advance of the expected date of publication of the abridged NIT. The detailed NIT shall be in the Portable Document Format (PDF). It is envisaged that the person responsible

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 71

for website requires a lead-time of 24 hours for hosting the detailed NIT on website(s), after receiving the text and shall be checked for its availability on portal/website after publication.

- (f) Availability of detailed NIT on the website(s) shall be arranged one (1) day prior to the day the abridged NIT is to be published. In no case it should be later than the day the abridged NIT has been published even in one (1) newspaper. Detailed NIT along with bid documents shall be withdrawn from the websites, one (1) week after the final bid submission date. In case of corrigendum of detailed NIT, the copy of amendment shall also be hosted on the Company website.

## 5.9 Issuance of Bidding Documents

- (a) The requirement of number of copies of the bidding documents should be estimated in advance. Due care should be taken in estimating the same so as to maintain proper balance between the number of copies required and those printed to avoid any surplus/shortage situation.
- (b) Before bidding documents are put on sale, a set of Master Bidding Document shall be prepared by the respective Procuring authority. The set of Master Bidding Document and those meant for sale to the bidders shall be signed on each page by Procuring authority. All amendments/clarifications issued to bidders shall be signed on the first and last pages. The set of Master Bidding Document(s) shall be preserved by the Procuring authority.
- (c) The following provisions may be incorporated in the letter while issuing the bid document:
- “These documents are meant for the exclusive purpose of bidding against this NIT and shall not be transferred, reproduced or otherwise used for purposes other than that for which they are specifically issued.”*
- (d) Accordingly, in case of Open Tenders, the bids received only from the bidders to whom the bidding documents have been issued, shall be opened provided other requirements prescribed in the bidding documents are fulfilled.
- (e) Bidding documents shall be issued by the Procuring authority to an authorized representative of the prospective bidders, whosoever makes a request in writing up to the closing date of sale of bidding documents along with the payment for the cost of bidding documents in specified manner and production of other documents, as sought, if any, as per the NIT.
- (f) Before issue of bidding documents, the Procuring authority shall ensure the following:
- The bidding documents have been duly examined for its completeness and correctness and signed on required pages;
  - The bidder has deposited the cost of bidding documents in the form as prescribed in bidding documents.
- (g) Normally, only one (1) set of bidding document will be issued to the prospective bidder. However, additional copy(ies) of bidding documents, if requested by the bidder, can be issued at the additional cost at the same rate as that of original bidding documents.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 72

## 5.10 Pre-Bid Meeting

- (a) Wherever it is required to hold a pre-bid meeting, the Bid documents shall specify the same with the date, venue and time for such meeting.
- (b) The Procuring authority may hold a pre-bid meeting, if necessary, prior to the date of bid opening with all the prospective bidders who have purchased bidding documents to clarify doubts and concerns of the bidders prior to submission of bids. This is to provide opportunity to the prospective bidders to seek any clarification on the bid document. In case any change in bid documents is required, copy of the same to be supplied to all the prospective bidders, who have purchased the specific tender document, prior to bid opening. Adequate time (with reference to Section 5.5) should be allowed between pre-bid meeting and bid opening, wherever held, to allow bidders adequately address the clarifications / issues discussed in the pre-bid meeting in their respective bids. Non attendance in the pre-bid meeting, if conducted, shall not be a reason for disqualification of bidders.

## 5.11 Extension of Bid Opening Date

- (a) Need for extension of closing date for sale of bidding documents, or date and time for submission and opening of bids may arise due to reasons within the Company or on the request of the prospective bidders. Such extension could be granted on merits with the approval of Procuring authority.
- (b) Where extension in Bid Opening Date is made after the closing date of sale of bidding documents, all the prospective bidders who have already purchased the bidding documents shall be informed in writing by registered/ speed post/official website or by courier, about extension of time and/or date.
- (c) In case where closing date for sale of bidding documents itself is extended or Bid Opening Date is extended prior to the expiry of the closing date of sale of bidding documents, a corrigendum would need to be published on the Company website or any other medium as mentioned in the bidding document. While informing the extended date and time for submission of bid and bid opening, the bidders shall also be informed of the extended date of validity of EMD, if required in the same manner.
- (d) The extension of validity period of EMD shall not be required in cases where Bid Opening Date is extended for not more than thirty (30) days in aggregate for all extensions.
- (e) The notice of Extension of Bid Opening Date shall specify the following:

*“The bidders who have already submitted their bids within the original date of submission shall have an option to submit their revised bid in substitution either in full or in part of their earlier bid. In the absence of a revised bid, the original bid shall be considered for opening and subsequent evaluation.”*
- (f) The bids already received, as per the original scheduled date, shall be considered for opening on extended date in case no revised bid is submitted. Wherever, the bidder has submitted the revised bid in modification of earlier bid, the earlier bid shall not be opened and returned to the bidder, if required.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 73

- (g) The Procuring authority shall ensure the Bid Opening Date extension intimation to bidders prior to Bid Opening Date. The extension of Bid Opening Date shall be posted on the Company's website.

### 5.12 Tender Evaluation Committee (TEC)

- (a) After the issuance of NIT, the Procuring authority shall initiate a proposal for the nomination of the TEC, if the tender is to be evaluated by TEC, depending upon its value as per DoP. However, TEC shall act upon the report/observation of the officer processing the case.
- (b) For procurement at Corporate Office, the TEC may consist of representatives from User departments and Procurement department, as applicable, for technical evaluation of the tender at appropriate level commensurate to the value of tender. Subsequently, Finance & Accounts department shall be involved at the time of commercial evaluation only.
- (c) For procurement to be made at Regional office, TEC shall comprise of the representatives from Procuring authority and User department, as applicable, for the technical evaluation part. While for the commercial evaluation part appropriate authority (or its substitute, if deemed necessary) empowered by the head of Finance & Accounts department shall be the part of TEC.
- (d) The recommendations of the TEC would be put up by the Procuring authority for approval of competent authority as per the DoP. If the recommendations of the TEC are not acceptable to the competent authority, the reasons for non-acceptance thereof shall be recorded.
- (e) The TEC nominating authority shall nominate TEC members in accordance with the level of award and obtain approval from competent authority as per DoP.
- (f) The Nominating authority of each department shall nominate only one member on the TEC and in case of his/her absence, the next senior most authority shall work on his behalf as a TEC member. In the exigencies due to any reason if any change of TEC member is necessitated, the same shall be done with the approval of ED (Operations)/CE (Corporate)/CE (region)/approving authority for TEC.

### 5.13 Procurement Lead Time

- (a) The indicative Procurement Lead Time for different types of tendering as specified below may be followed by the TEC.

Type of Tender	Activity	Maximum Timeline (Indicative)
Single Tender	Issue of NIT to placement of order	As considered appropriate
Limited Tender	Issue of NIT to placement of order	60 days
	Issue of NIT to Bid opening	20 days (in case of emergencies, as considered appropriate by the competent authority decided on case to case basis)
	Bid opening to completion of bid evaluation	15 days (in case of emergencies, as considered appropriate by the competent authority decided on case to case basis)
	Completion of bid evaluation to placement of order	25 days (in case of emergencies, as considered appropriate by the competent authority decided on case to case basis)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 74

Type of Tender	Activity	Maximum Timeline (Indicative)
Open Tender(DCB)	Issue of NIT to placement of order	90 days
	Issue of NIT to Bid opening	45days
	Bid opening to completion of bid evaluation	20 days
	Completion of bid evaluation to placement of order	25 days

- (b) Procuring authority and the Company Secretary shall plan well in advance for arranging meetings for approval of award recommendations by BoD within stipulated time.

#### 5.14 Receipt of Bids

- (a) In case of Open tenders and Limited tenders, the bids can be submitted by the prospective bidders within the specified date and time of submission either by:
- Registered post/ speed post/ courier addressed in the manner indicated in the bidding document/ tender enquiry; or
  - Deposited in person in the Tender Box kept by Procuring authority at an identified safe and secure place, easily accessible to the prospective bidders.
- (b) Necessary arrangements shall be made by Procuring authority to provide Tender Box of appropriate size to enable bidders to deposit their bids in the box. The NIT/ Tender Enquiry should specifically mention that bidders should deposit the bids in the Tender Box, when deposited in person. The bidder shall ensure that the envelopes containing the bid are super-scribed as per the requirements of the procedures laid down in the bidding documents/ Tender Enquiry for submission of bids and that the envelopes are properly sealed. In no case the bids shall be received by any employee of the Company sent by bidder through any person (except in cases where bid has been sent by Registered post/ speed post/ courier addressed in the manner indicated in the bidding document).
- (c) However, in case of Single Tender where bid is submitted in person, the same may be received by Procuring authority before the expiry of the stipulated date and time for submission of bid.
- (d) When bid submission is allowed through Registered post/ speed post/ courier, the Receipt section, on receipt of bid, shall make entry of bids received in a separate Register as referred in **Annexure-X** (Serial Number, name of the bidder, date and time of receipt, Tender Enquiry number, etc.) and note down the date and time of receipt of the bid and Serial Number of the register on the covering envelope, signed by the person receiving the bid. The bids so received shall be sent immediately (without any delay) on each day under a covering note, to the Procuring authority and obtain acknowledgement on the note. The copy(ies) of the covering note(s) received from Receipt section shall be kept by Procuring authority. The bids can also be submitted by dropping the bids in the tender box kept in the Corporate Office/ Region offices at a prominent location easily accessible under proper security arrangements.
- (e) Procuring authority before opening of the bid shall ascertain from the Receipt Section whether any bid is received and pending with them. If so, the bid shall be got collected and considered for opening, if those are in order and received within the stipulated time of submission, as recorded by the Receipt section.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 75

- (f) In case of Open and Limited tenders, bids received through Fax or E-mail shall not be considered. In case of Single Tenders, bids can be received by Fax/E-mail and considered for evaluation, as per the procedures mentioned in the bid document.
- (g) Every page of the submitted bid shall be signed by an authorized representative of the supplier/contractor/vendor.

#### **5.15 Late/Delayed Bids**

- (a) Any bid received after the due date and time of receipt of bids shall be summarily rejected and will be returned unopened, if required.

#### **5.16 Modification/Withdrawal of Bid**

- (a) The bidders may modify/withdraw their bids after submission but before expiry of the last date and time for submission of bids provided a bid withdrawal/ modification notice is issued within the bid submission date and time.
- (b) The intimation for bid withdrawal/ modification received after the last date and time for bid submission shall be ignored and bid already submitted will be deemed to be a validly submitted bid. The bidders' modification to bid shall be sent in the same manner as submission of bid marking on the top of the envelope "Bid Modifications". No bid will be withdrawn/ modified after the last date and time for submission of bid till bid validity period.
- (c) Where modified bid is submitted by the bidder within the last date and time for submission of bid, the original bid shall not be considered except to the extent where specified by the bidder in his modified bid. Withdrawal/modification of bid after bid submission date and time during bid validity period may result in forfeiture of EMD.

#### **5.17 Opening of Bid**

- (a) In case of inadequate response in Open tenders, in the extended timeframe, further extension may be given with due permission from the Procuring authority. In case only a single bidder has applied post two (2) bid extensions, then the price bid may be opened in case the bidder is technically qualified. The decision for opening of price bid shall be taken by an interdepartmental committee consisting of competent authority not less than the rank of SE from Procurement department, Finance & Accounts department and User department with due approval from the Procuring authority. Qualification requirements in case of aforesaid response may be revisited in order to ensure adequate participation in competitive bidding.
- (b) In case of Limited tenders where enquiry has been addressed to three (3) or more parties, tenders will be opened on the due date only if the response is from a minimum of three (3) Bidders. In case response is from less than three (3) bidders, the status shall be put up to the Procuring authority. On the same date for further decision, on priority, regarding extension of bid opening or opening of bids on the same day, as the case may be, in either case the reasons shall be recorded in writing. If decision of Procuring authority is to open the bids, the same shall be opened on the same date in the presence of bidders' representatives present in the tender opening. However, if Limited tender enquiry is either issued to two (2) bidders only with due approval from competent authority as per DoP and response is from all of them the bids will be opened irrespective of response being from less than three.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 76

- (c) First, the envelope containing the EMD shall be opened for all the bids received within the due date and time. Where EMD has been furnished in the form of Bank Guarantee, prima-facie the acceptability of the same shall be examined by the designated TEC whose decision shall be binding with regard to its value, validity period and issuing bank vis-à-vis provision in the bidding document.
- (d) In the case of Bank Guarantee submitted towards EMD, at the time of bid opening, the TEC shall verify the acceptability of the Bank Guarantee with respect to its value, validity period, its text and issuing bank.
- (e) In case the Bank Guarantee is not found acceptable by the TEC based on the verification, the same shall be rejected and returned to the bidder.
- (f) In the absence of EMD the bids will not be opened and returned unopened, if required, with the approval of Procuring authority.
- (g) If on opening of EMD envelope of all the bidders as above, it is found that sufficient number of bids are not there with valid EMD, the matter will be put up to the Procuring authority for a decision to open or not to open the Bids for reasons to be recorded in writing. If it is decided not to open the Price Bids, all the bids shall be returned to the bidders (if required) including those with valid EMD. Tenders shall then be re-invited after analyzing the reasons for poor response, etc. and taking remedial measures to avoid such situations in future. Alternatively wherever it is considered that response to the bidding process is not adequate the Bid Opening Date can also be extended before the opening of bids. Where it is decided to open the bids, the bids of those bidders without valid EMD shall be returned to the bidders unopened, if required.
- (h) In case of Single Stage Single Envelope method, when the tenders are opened, the names of bidders and the overall price quoted by them will be read out, wherever the bidders are attending the Bid Opening. The absence of signature of any bidder on the bid, absence of EMD will be pointed out on the spot for the information of representatives of the bidders present during Bid Opening.
- (i) Immediately after completion of the opening of all the bids, the members of the designated TEC, who have attended the Bid Opening, will sign and number each page of all the original copies of the bids (except printed brochure/ leaflet/ Annual Reports which can be signed on first and last page). While signing the bids, the representatives shall also encircle and initial all the unit rates/ prices/ rebates quoted by bidders and cuttings in the bid wherever appearing and mention the number of cuttings/ over-writings on the particular page having cuttings/ over-writings.

## 5.18 Records of Bid Opening

- (a) In all cases of Open tenders and Limited tenders, records of Bid Opening, as per the enclosed format (**Annexure-XI**) shall be prepared by the Procuring authority and shall be signed by all those who attended the Bid Opening (members of Tender opening committee and bidders' representatives). The same shall be kept in the file by Procuring authority. Additionally, Bid Opening Register may be maintained by Procuring authority.

## 5.19 Bank Guarantee/Pay Order/Demand Drafts received as EMD/SD

- (a) Immediately after Bids are opened, all Pay Orders/Demand Drafts received as EMD/SD and towards the cost of bid documents shall be forwarded to RAO (Regional Accounts

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 77

Office)/Finance & Accounts department. Photocopies shall be retained by the Procuring authority for reference. In case of Bank Guarantees, Procuring authority shall monitor the validity of EMD till acceptance of the award by the successful bidder and submission of Contract Performance Guarantee (CPG) by him, wherever required. The original BGs for EMD shall be retained by the Procuring authority and kept in safe custody. A photocopy may be kept in the relevant file for reference.

## 5.20 Open Tenders - Single Stage Two Envelope

- (a) The procedure outlined above for Invitation, Receipt and Opening of Bids in case of Open tender - Single stage Single envelope Tendering shall also be applicable in case of Open tender - Single stage Two envelope Tendering, except for the provisions mentioned hereinafter.
- (b) First, the envelope containing the EMD and Certificate of Acceptance of Critical Conditions (where provided) are opened for all Bidders, and thereafter the Technical Bids {which include Qualifying Requirements (QR), Technical specifications / details, scope and other terms and conditions (excluding Price)} of all those Bidders whose EMD and Certificate of Acceptance of Critical Conditions (if applicable) are acceptable shall be opened and taken up for evaluation by tender evaluation committee.
- (c) After examination of the Technical Bids and ascertaining the bids which are responsive, compliant with the provisions of bidding documents, and acceptable and bidders who meet the qualifying requirements, the TEC shall put up the case to Award Approving Authority, as per DoP for :
  - (i) Supplementary Prices for any specific departure/ deviation from Technical Specifications or commercial conditions if considered necessary.
  - (ii) Opening of the Price Bids.
- (d) After obtaining approval of Award approving authority, as per DoP, where required the bidders are asked to submit Supplementary Prices (plus or minus), including change, if any, in guaranteed performance parameters (if so required) which has got financial implications.
- (e) Thereafter, both the original Price Bids as well as the supplementary Price envelopes, as submitted, are opened together.

## 5.21 Limited Tenders

- (a) Limited tender may be invited only for items up to the value not exceeding the ceiling limit of INR five (5) lakhs, from not less than three (3) parties from amongst the list of approved vendors/contractors after obtaining approval of the competent authority as per the DoP. Number of vendors/contractors to be addressed can be reduced up to two (2) parties in exceptional cases for reasons to be recorded in writing in the proposal seeking approval of competent authority and such tenders will also be treated as Limited tenders for the purpose of the DoP. The vendors shall be selected out of the approved list of vendors prepared as per the provisions of Section 4. However, in absence of the approved list of the vendor, the Limited Tender may be sought from regular vendors/ contractors or other eligible vendors from previous contract, the reasons for same should be recorded in writing while seeking approval from competent authority as per the DoP.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 78

- (b) If for reasons of urgency or any other valid reason, Limited Tender is to be resorted to in preference to the Open tender, for procurement value exceeding the ceiling limit for Limited tender, the reasons, thereof, will be recorded in writing and approval of the competent authority, as mentioned in the DoP, will be obtained.
- (c) In case of a single response against Limited tender, normally, re-tendering will be resorted to. However, in exceptional circumstances, the single response against Limited tender may be negotiated / accepted, but in such case the reasons thereof, will be recorded in writing and submitted to the competent authority, as mentioned in the DoP, for approval. The case of acceptance of single response to the Limited tender will be treated as Single tender for the purpose of the DoP.
- (d) In case of Limited tenders, the parties can be addressed directly for submission of bids, without having to go through the process of publication of abridged NIT in press and hosting of detailed NIT on website.
- (e) Bidding documents/ Tender enquiry are issued to the enlisted vendors or parties approved by the competent authority free of cost for submission of the bids on the specified date and time.
- (f) The Limited Tenders can be (i) Single stage - Single envelope or (ii) Single stage Two envelope. The procedure for Invitation, Receipt and Opening of Bids shall be same as applicable for the Open tender as outlined above.
- (g) Where Limited tenders are to be invited from less than three (3) parties, {up to two (2) in exceptional circumstances}, the reasons with full justification shall be recorded and shall be approved by competent authority to approve names and number of parties, as per DoP.

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## 6 BID EVALUATION AND CONTRACT AWARD

### 6.1 Bid Evaluation

- (a) The members of the TEC shall evaluate the bids jointly, to the extent possible, without involving any physical displacement of the documents and discuss their findings among themselves. The member of the Procuring authority on the TEC shall be the convener of the TEC and initiate the preparation of the Evaluation Report.
- (b) The Technical evaluation shall be done within the period as per Section 5.13. During the evaluation process, there shall be no cross observations /comments from the members of the committee and in case of any disagreement between the members, the same shall be discussed and resolved and a consensus report shall be submitted for the approval of the Procuring authority.
- (c) In cases where e-Procurement is followed, Technical evaluation is to be done manually since it involves verification of the Qualification Requirements and supporting documents thereof and verifications of the technical specifications of the goods, works (including turnkey contracts) and services being offered by the bidder.
- (d) The Financial evaluation of procurement cases shall be done as follows:
  - (i) *Cases of e-Procurement:* The receipt of the Price Bids and Financial evaluation thereof shall be done online through the process of e-Procurement for those bidders who have been short-listed after Techno-commercial evaluation.
  - (ii) *Cases other than e-Procurement:* In case of Single-Stage-Two Envelope bids, the financial evaluation shall be done only for those bidders who have been shortlisted through the Techno-commercial evaluation process, by the same committee which has carried out the Techno-commercial evaluation, normally within a period of ten (10) days from the period of opening of the Price Bids.
- (e) The Price Bids of those bidders, whose bids have not been found techno-commercially acceptable, shall not be opened.
- (f) The TEC shall be responsible for:
  - (i) Evaluation of bids;
  - (ii) Preparation of Evaluation Report with recommendations;
  - (iii) Providing clarifications to the award approving authority (wherever required);
  - (iv) Participate in pre-award discussions, where required with the successful bidder for settlement of issues specified in the Evaluation Report.
- (g) Procuring authority shall coordinate the TEC meetings to ensure completion of activities as per prescribed schedule.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 80

- (h) Immediately after the bid opening, Procuring authority shall coordinate with the TEC members as applicable for bid evaluation.
- (i) The Evaluation Report as finalized by the TEC shall be signed confidentially and submitted to the competent authority in confidential cover to maintain secrecy.
- (j) In such cases where the constitution of TEC is not required for procurement as per the value prescribed in DoP, the evaluation of tender will be done by the Procuring authority with the assistance of Finance & Accounts department or User department or any other department where specific knowledge base required for evaluation of tender for that specific case is available. After evaluation and prior to award, award recommendations shall be put up to the competent authority as per DoP, through Finance & Accounts department, for approval within the prescribed lead time.
- (k) It shall be the joint responsibility of all TEC members to finalize the award recommendations so as to enable release of LoA/PO within the initial validity period of bids.
- (l) In case where any delay is anticipated in evaluation beyond the initial validity of the bids, suitable extension of the validity of bids and EMD shall be obtained by the Procuring authority well in time. It shall invariably be ensured that the bids are valid at the time of issue of LoA / PO. Wherever possible, various evaluation activities may be scheduled parallel to ensure that LoAs/ POs are placed within schedule and within the validity period of the bids.
- (m) Wherever clarifications relating to Qualification Requirements (QR) are required to be obtained on the bids, the TEC shall ensure that the same are sought promptly from concerned bidders, so as not to delay the evaluation process.
- (n) The Company may reject any or all the tenders or accept any tender in full or part as considered advantageous to the Company, whether it is the lowest or not, without assigning any reasons whatsoever it may be.

## **6.2 Preliminary evaluation of bids by TEC**

### **6.2.1 Preliminary evaluation:**

- (a) After opening of bids, the TEC shall undertake preliminary examination of the bids. During the course of preliminary examination, each bid shall be examined to determine whether it is generally of acceptable quality, complete and substantially responsive to the bidding documents. In particular, the following aspects shall be examined by the TEC:

- (i) **EMD**

(A) Subsequent to the opening of bids, the TEC shall examine in detail that all the bidders have submitted EMD, as per the guidelines mentioned in the bid document. The contents of Bank Guarantee (BG), its validity, value of stamp paper, its date of purchase, name of the Purchaser and other details shall be finally examined by the TEC during the course of evaluation to establish its acceptability. Any deficiency observed in the EMD shall be clearly analysed and the TEC shall take decision, as considered appropriate with regard to acceptability or otherwise of EMD. Notwithstanding the above, where variations in the BG are of minor nature, the respective bidder shall be asked to furnish an amendment to original BG as may be



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 81

required from the same bank without returning original BG to the bidder during evaluation period itself before submission of Evaluation Report. This shall be suitably mentioned in the Evaluation Report.

(ii) **Arithmetical accuracy**

- (A) All bids shall be scrutinized by the TEC to ascertain the arithmetical accuracy of the bid price. Arithmetical errors, if any, noticed in any bid will be brought out in the Evaluation Report for each item of discrepancy either as annexure to the Evaluation Report or in the main body of the Evaluation Report, as considered appropriate. These errors shall be dealt with; by the TEC, as per provisions of bidding documents.
- (B) If there is a discrepancy between the price per unit of an item and total price for that item which is obtained by multiplying the unit price and quantity or between sub-totals and total price, the unit price or sub-total shall prevail and total price shall be corrected accordingly. The total price so corrected shall be considered for the purpose of evaluation of bid. However, for the purpose of award, the corrected price shall be taken.
- (C) In case the unit rate of an item is not provided in the bid and the total price against that item has been given, the same shall be taken as reference to evaluate the price bid. The same shall be considered for the award of tender.
- (D) In case where different rates for the same item are quoted, the lowest quoted rate shall be considered for that particular item.
- (E) If there is a discrepancy between words and figures the amount in words shall prevail.
- (F) If the bidder does not accept the correction of errors as per the above provisions its bid shall be rejected and the EMD shall be forfeited.

(iii) **Bid validity**

- (A) The TEC shall examine the bids to verify that bidders have submitted the bid, valid for the period prescribed in the bidding documents. The Evaluation Report shall include a paragraph with regard to the status of validity of all bids. Exception, if any, for any bidder shall be mentioned in the Evaluation Report with recommendation of TEC for consideration of the bid or otherwise.

(iv) **Completeness of the bid**

- (A) The TEC shall determine whether the each bid opened and taken up for evaluation is of acceptable quality and is generally complete with respect to requirements prescribed in the bidding documents. In this regard, the bids will be examined to verify whether all attachments/ annexure, price schedules, technical data sheets for items, data/ documents in support of meeting Qualifying Requirements (including sub-QR for sub-contractors, if any) provided in the bidding documents, and to establish required capability and capacity, have been furnished by the bidders.
- (B) Any material information/ data/ document for evaluation required to be submitted by the bidders as per provisions of bidding documents, if not submitted by the bidder,

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 82

may render the bid to be non-responsive in accordance with provisions of the bidding documents, provided such information/ data/ documents is such that they may adversely affect the evaluation. The TEC shall analyse such deficiencies with reference to provisions in the bidding documents and circumstances of each case and shall make suitable recommendations recording the reasons for the same.

(v) **Clarifications on bid**

- (A) During bid evaluation, the TEC may, at its discretion and if so required, ask the bidders for any clarification in support of their compliance to stipulated Qualifying Requirements (QR). The TEC shall be fully authorized to seek any QR related clarifications from the bidders during evaluation of bids, if required, without the need for any further approval. Such clarifications on behalf of the TEC shall be sought under the signatures of the Procuring authority of the TEC. The office copy of the letter(s) seeking clarifications from the bidders on QR shall be signed by all the members of the TEC. The request for clarification required from the bidder and the response thereto shall be in writing and shall be delivered by registered post / speed post/ courier/ hand delivery under acknowledgement/E-mail/Facsimile. In case of communication through e-mail, hard copy of the same shall be properly filed.
- (B) No change in stipulated QR is to be made after opening of bids and in case QR needs modifications, re-tendering shall be done.
- (C) After opening of the Price Bids, no clarifications can be sought from the bidders in case of Open tender and Limited tender. Any post-bid change in the price or substance of the bid, if given by the bidder, shall not be accepted in case of Open tender and Limited tender. However, in case of Single stage Two envelope bidding, clarifications on technical matters may be sought or discussions may be held with the bidders before opening of Price Bid envelope. In order to obviate the need for seeking any post-bid clarification, in case of Single stage Single envelope mode of tendering through Open tender/ Limited tender, a proforma titled Minimum Technical Requirements and Certificate of Acceptance of Important Conditions may be made (if required) part of the bidding documents. The submission of that is mandatory by the bidders in the EMD envelope, failing which the bid may not be opened.

(vi) **Bid Currency and Conversion of Bid Prices to Single Currency**

- (A) In case of ICB bids, the TEC shall examine the bids to ensure compliance of the provisions of Instructions to Bidders (ITB) with regard to bid currency and include a paragraph in the Evaluation Report. The TEC shall scrutinize conversion of the bid prices in Indian currency *i.e.* Indian National Rupee (INR) wherever applicable based on the exchange rate and methodology, as laid down in bidding documents.

(vii) **Comparative statement of prices**

- (A) A comparative statement of prices shall be prepared by the TEC in all cases (**Annexure-XII**). The basis for comparison of the prices will be as per the provisions in the bidding documents (e.g. Free on Board (FOB); Cost Insurance and Freight (CIF); Ex-Works (EXW); Free on Rail (FOR) Site). A preliminary evaluated price of all bids would be worked out for preparation of the Comparative Statement of Prices. Thereafter, the Statement will be scrutinized by the TEC members and signed by all of them.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 83

### 6.3 Detailed evaluation

- (a) Detailed evaluation of bids shall comprise of Technical and Commercial evaluation (in case of Single Stage Single Envelope bidding this shall be done together and in case of Single Stage Two Envelope bidding, Technical evaluation shall be done after opening of Technical bid and Financial evaluation after opening of Price bid) and shall form part of the Evaluation Report. Bid evaluation shall be carried out strictly in line with the evaluation criteria mentioned in the bidding documents.

#### 6.3.1 Technical evaluation

- (a) The technical member (User department) of the TEC shall scrutinize the bids and, if so considered by him, may seek formal comments on the technical examination of bids from other concerned departments through their respective representatives. The technical member of the TEC shall consolidate the comments received from concerned departments and finalize the same in written consultation with the representatives of his own department. The finalized comments on the technical examination shall be discussed in the TEC and appropriate recommendations will be made by the TEC.
- (b) Technical evaluation shall include a comparison of technical features of the items as specified in bidding documents and those offered by the bidders including guarantees (if any), and compliance to technical specifications. The bids shall be examined and analysed to verify the compliance with the technical specifications. All aspects relating to technical acceptability of the bids vis-à-vis the specified requirements in the bidding documents and comparison between the bidders shall be discussed in the Technical evaluation and incorporated in the Evaluation Report.
- (c) If after Technical evaluation of bids, only one technically acceptable bid is available, against Open tender/Limited tender cases, the TEC shall analyse the reasons for such situation and make appropriate recommendations either for Re-tendering or for award.

#### 6.3.2 Commercial evaluation

- (a) Commercial evaluation shall include analysis and comparison as per commercial conditions of the bids. All the bids shall be examined to determine their compliance to the commercial terms and conditions, as stipulated in the bidding documents.
- (b) For cases that do not require constitution of a TEC for evaluation, as per DoP, all the bids shall be examined by the Procuring authority who will similarly examine all the aspects as done by the TEC. In such cases, the Comparative statement of prices, wherever required, shall be prepared by the Procuring authority and submit to competent authority as per DoP. All the bids will be examined and evaluated, except those which do not comply with conditions prescribed in the bidding documents/ tender enquiry regarding acceptance of bids for taking up for evaluation.
- (c) Differences of opinion, if any, on matters of Techno-commercial evaluation between members of TEC or their respective representatives have to be by and large sorted out by discussions. All efforts must be made to avoid noting and cross noting in Evaluation Report / files / documents. When noting is required as a part of evaluation, recorded note shall be attached as a part of Tender evaluation.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 84

### 6.3.3 Treatment of deviations

- (a) In case bidders feel that some deviations are required in the technical or commercial conditions from what has been specified in the bidding documents, the same shall be discussed in the evaluation report appropriately and sorted out before opening of Price Bids of bidders.

### 6.3.4 Comparison with cost estimate and reasonability check

- (a) The comparison of the lowest evaluated bidder along with techno-commercially responsive/ acceptable bidder shall be made with respect to the approved cost estimate /estimated value and reasonability of the evaluated price shall be established and mentioned in the Evaluation Report. Apart from reasonability of the total price any abnormal variations in the rates of particular item(s) are also to be analysed and indicated in the Evaluation Report.

### 6.3.5 Evaluation criteria

- (a) Wherever the bids have been invited for a large number of items with specific quantity of each item (other than civil works), the evaluation shall be done as per the provisions incorporated in the bidding documents (*i.e.* either on total quoted price for all the items or on lowest for each item basis). In the latter case (lowest for each item basis), recommendations would be to place LoA / PO on the bidders for the items for which the respective bidders are lowest. For turnkey contracts, total quoted price shall form the basis of evaluation.

### 6.3.6 Other issues for consideration in detailed evaluation

#### (a) Abnormally high or low unit rates for items

- (i) The bidders sometimes quote abnormally high or low unit rates for some of the goods, works (including turnkey contracts) and services. Considering the fact that the contractual provisions stipulate that variation in quantities up to specified percentages shall continue to be supplied by the successful bidder at the item rates quoted in the bid, any variation in the quantities of such abnormally high or low rated items may result in loss to the Company and undue financial gains to the successful bidder during the post-award execution stage. It would, therefore, be necessary that the TEC or Procuring authority (for non-TEC cases) analyses the individual items rates/ prices (wherever the same have been called for in the bid) and identify the items for which “abnormally high or low rates” have been quoted by the bidder. If the rates quoted by the recommended bidder are more than or less than by twenty percent (20%) of the Company’s cost estimates, these may be treated as abnormally high/low. This analysis shall be carried out only in respect of the bid, which is being recommended for award and shall be discussed in the Evaluation Report. A separate annexure may be prepared for such items and annexed to the Evaluation Report.
- (ii) In case the TEC observes that the recommended bidder has quoted abnormally low rates for certain items of BoQ in the bid (in comparison to the average rates of the items worked out on the basis of rates quoted by the other bidders) then the TEC, shall recommend to obtain justification and rate analysis from the bidder. The successful bidder shall be asked to produce detailed price/ rate analysis for all such items and demonstrate the justification of prices/ rates quoted in the bid. The TEC after evaluating such rate/ price analysis furnished shall arrange resolution of such issues and obtain approval of Procuring authority. After evaluation, TEC may also recommend to enhance the Performance Security (e.g. Bank Guarantee) at bidder's expense to a level sufficient to

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 85

protect the Company interests against likely financial losses in the event of default under the contract. The financial loss may be considered as the difference between the rates quoted by the recommended bidder for such items and average rates of other bidders for estimated quantities for such materials. There shall be a suitable clause in the bidding documents to this effect.

- (iii) For abnormally high rates, the TEC shall recommend to obtain justification and rate analysis from the bidder. The successful bidder shall be asked to produce detailed price/ rate analysis for all such items and demonstrate the justification of prices/ rates quoted in the bid. The TEC after evaluating such rate/ price analysis furnished shall arrange resolution of such issues and obtain approval of the Procuring authority.
- (iv) The permissible quantity variation limit of each of such individual high/ low rate items shall be specifically stipulated in the LoA. Any variation beyond limits during execution of the contract shall be approved by competent authority, as per DoP before execution of any such contract.
- (v) The analysis of rates of individual items, as aforesaid, shall also be applicable in the cases of supply contracts (POs) involving large number of items with evaluation on total price basis.

**(b) Evaluation of item rate tenders having partly item rates and partly lump sum value**

- (i) In such cases, the evaluation will be done on the basis of BoQ, as specified in the bidding documents, without considering the variation limits provided in the bidding documents.

### **6.3.7 Consideration of Unit Prices**

- (a) The bidders sometimes are required to quote 'Unit Prices' for certain items or prices for 'Alternative Requirements' or 'Optional Items' or 'Recommended Spares'. Such prices shall not be considered for evaluation of bids. These prices form the basis for the long-term supply of spares and variation in quantity or optional/ alternative items, during execution. However, the TEC shall establish the acceptability or otherwise of these Unit Prices quoted by the successful bidder for items to be incorporated in the LoA. For this purpose, the information in other bids and/or other cost data available may be used and suitable recommendations shall be made in the Evaluation Report. If any of such items are not prepared to be ordered, the aforesaid analysis may not be required.

### **6.3.8 Snap Bidding**

- (a) Where, owing to exceptional circumstances of the case, bids are re-invited only from the bidders whose bids had been opened based on acceptable EMD and Letter of Acceptance of important conditions during the tendering process, it is termed as "Snap bidding". The term "Snap bidding" is different than the term "Re-tendering". In the case of "Re-tendering", the complete process of inviting the bids afresh is undertaken again and participation is open to other bidders also including those who had not responded in the tendering process. In the case of "Re-tendering", the previous tender is cancelled and EMD of the bidders is returned to them.
- (b) Normally, Snap bidding should not be resorted to. However, under certain exceptional circumstances, as specified hereunder, Snap bidding may be resorted to with the approval of the next higher Competent Authority as per DoP, as a last resort taking care of ethics of

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 86

procurement/ interest of the Company, ensuring that it does not provide undue benefit to any particular bidder(s) and where completion schedule for the procurement will be adversely affected in case the route of Re-tendering is adopted. Snap bidding shall not be resorted to for more than one occasion in any particular procurement case.

- (c) The exceptional circumstances, mentioned hereunder, are indicative only and may not be taken as an exhaustive list. In any case, the exceptional circumstances of each case have to be analysed in totality before taking the decision to resort to Snap bidding. The exceptional circumstances for Snap bidding (indicative only) are as follows:
- (i) Due to ambiguity in the bidding conditions/ specifications, it is not possible to objectively evaluate the bids;
  - (ii) Due to revised requirements arising after opening of bids, some changes are needed in the technical specifications, which are of the nature that cannot be reasonably taken care of by the existing provisions in the bidding documents;
  - (iii) Due to multiple bids quoting the same lowest evaluated financial value (For instances like indecisiveness in contract splitting, etc.);
  - (iv) All the bids received are found to be non-responsive;
  - (v) Errors and omissions on the part of the Company in the bidding documents are vitiating the process of procurement;
  - (vi) The time available does not permit to go in for the process of Re-tendering.
- (d) Some of the points, which are intended to serve as guideline while inviting “Snap bids”, are enumerated below (however, these are not to be construed as an exhaustive list):
- (i) There should be adequate response in the original bidding;
  - (ii) The Qualifying Requirement and Evaluation criteria specified in the previous bidding should not be changed in case of Snap bidding.
- (e) There shall be no major changes in specifications (where the variation in the estimated cost as a result of changes in the specification exceeds twenty percent (20%) of the original cost estimate). In case change in specifications also require change in the Qualifying Requirements or Evaluation criteria, even though the variation in the cost estimate is within the limit specified above, Snap bidding shall not be resorted to.
- (f) The reasons for Snap bidding shall be recorded while seeking approval for Snap bidding from the next higher Competent Authority as per DoP. The Procuring authority for granting approval for undertaking Snap bidding should be same as indicated in DoP for award of contract. In case, the approving authority for award is below CE of the Field offices, the approval for Snap bidding is to be obtained from CE of the Field offices. Further, the Procuring authority for approving the award recommendations after evaluation of the Snap bids submitted by the bidders shall also be same as for award under initial bidding.
- (g) Snap bids shall be invited from all the bidders who had submitted their bids during the initial bidding. However, Snap bidding would not be open to bidders whose bids may have been

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 87

rejected at the time of bid opening due to failure of the bidder to furnish required EMD, Certificate of Acceptance of important conditions, etc. in line with the provisions of the bid documents.

- (h) The letter communicating the decision to invite Snap bids shall clearly specify the scope of the Snap bidding and the desired validity of the Snap bids to be submitted by the bidders. Further, the letter should enclose the revised Bid Form, Bid Proposal Sheet/ Attachments/ Revised Price Schedule, etc., wherever applicable, to enable the bidder to furnish their Snap bids.
- (i) The terms and conditions for the Snap bidding may require the bidders to furnish their complete revised bid, or in case of large and complex contracts, to furnish only their modifications to the bids submitted earlier. In case the bidders are required to furnish the complete revised bids, the earlier bids submitted by the bidders shall be null and void, once the Snap bids are invited.
- (j) In case the bidders are required to furnish only the modifications to their earlier bids, the earlier bid as modified to the extent of the modifications submitted in the Snap bid would be valid for consideration for the specified validity period. In this case the re-submission of the EMD may not be insisted upon and only the validity extension of the Bank Guarantee for the required period may be sought along with the Snap bid. However, if a bidder does not respond in the Snap bidding, the earlier bid submitted by the bidder shall be considered null and void. This shall be clearly stipulated in the Snap bid invitation.
- (k) The quoted price in the Price bid shall not be allowed to be increased unless there are changes in the bidding documents that justify the increase in the prices. In case bidders increase their prices, they shall be required to furnish justification for upward revision in price as compared to the original prices. However, where the terms of Snap bidding as communicated to bidders specify that the prices given in earlier bid shall not be increased and in spite of this, any bidder increases the price in the Snap bidding, such a Snap bid shall be treated as non-responsive and such bidder shall not be considered for award. This fact shall be brought out in the Evaluation Report.
- (l) In order to avoid difficulty during the process of evaluation of Snap bids, the ambiguities encountered, if any in the original bids received and /or in bidding documents, etc. should be clarified to the bidders while seeking the Snap bids.
- (m) The notice for Snap bidding shall be sent by Registered Post/ Speed Post and a confirmation regarding receipt of the notice should be sought from all the bidders to whom the notice for Snap bidding has been issued. Such notice can be delivered by hand under acknowledgement.

### **6.3.9 Assessment of capability and capacity of the bidders**

- (a) In case of Open tenders, the TEC, at its discretion, may undertake capability and capacity assessment of the bidders, which have been qualified in the Evaluation Report.
- (b) Assessment of capability
  - (i) The requirement of assessment to be carried out before finalization of award recommendations shall be decided by the TEC, based on the examination of data and other particulars submitted by the bidder in the bid. The actual assessment shall be carried out by the TEC. If an assessment is undertaken, it shall cover set up of works office, manufacturing facilities, quality control set up, financial capability, similar works

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 88

executed by the bidder, feedback from clients with respect to procurement of items and other requirements, as may be decided by the TEC.

(c) Assessment of capacity

- (i) To ensure successful completion of work, the TEC, wherever assessment of capability has been under taken, may also ascertain that the bidder qualified in the Evaluation Report besides having adequate capability, possesses adequate spare capacity to undertake the work/ supply tendered after taking into account its existing commitments (orders in hand) in a time frame matching the schedule requirements. The assessment of adequacy of available capacity of the recommended bidder(s) shall be the responsibility of the TEC who shall analyse the data submitted by the bidder with regard to past performance and orders/ contracts in hand and establish the capacity of the bidder to execute the work/ supply which, inter-alia, includes the bidders' manufacturing capacity and its financial, technical and organizational resources.

- (d) While doing capability and capacity assessment, the TEC shall also examine the veracity and authenticity of documents/ credentials submitted by the bidder in support of Qualifying Requirements or will obtain any additional document/ clarification from the bidder, as per requirement in respect of QR.

- (e) TEC may take into account the vendor rating, if available, as specified in the tender.

- (f) The Evaluation Report shall include a specific paragraph on the capability and capacity assessment, report of visits to manufacturing facilities and past performance of the bidder in the zone of consideration of award wherever applicable.

#### 6.4 The Evaluation Report

- (a) The TEC shall incorporate a paragraph in the Evaluation Report indicating the following factual details:

- (i) Invitation to bid and bid response;
- (ii) Modes and Methods of tendering adopted and its reasons;
- (iii) Date of issue of tender;
- (iv) Details of newspapers and date when abridged NIT was published (applicable for Open Tender);
- (v) Details of parties from whom the bids have been received; and
- (vi) Details of bids returned unopened, if any.

- (b) The initial draft of the Evaluation Report incorporating factual details of the case and recommendations of the TEC emerging out of discussions in TEC meetings on matters of responsiveness of the bids, compliance of QR, etc. shall be prepared by the TEC member from the Procuring authority. The draft Evaluation Report shall be discussed in the TEC and based on discussions, examination of bids and other documents and assessment of capability and capacity (where taken up). Evaluation Report shall be finalized by the TEC who will put up the



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 89

Evaluation Report for approval of competent authority as per DoP. The sample Evaluation Report is given at **Annexure-XIII**. However, depending upon the modes/methods of tendering, nature of procurement of items and relevance of the specific paragraphs mentioned in the sample, the contents of Evaluation Report may be suitably modified by the TEC.

- (c) All pages of the Evaluation Report including its annexure/ appendices/ Comparative statements of prices shall be signed on every page by each member of the TEC before putting up award recommendations for approval of competent authority as per DoP. Any cutting in the Evaluation Report/ annexure, etc. shall be initiated by all the TEC members.

## 6.5 Price fall in subsequent tender

- (a) Price fall clause is a price safety mechanism in Contracts. In case of subsequent tender of any item overlapping with an ongoing Contract of the same item, if the rates received are found to be lower, then the pending procurement shall be made at lower rates. However, the supplier/contractor/vendor adhering strictly to their delivery schedule may stand eligible for executing the Contract at the previous rate as deemed appropriate by the Company. Moreover, a detailed clause on reduction of rate due to subsequent tender shall be incorporated in the tender document.

## 6.6 Approval of Award recommendations

- (a) The Procuring authority shall coordinate the Approval of Award recommendations from the competent authority, as per DoP.
- (b) For cases requiring approval of Business committee/ BoD, the draft Board Agenda for approval shall be prepared by Procuring authority and sent along with the Evaluation Report.
- (c) In cases requiring approval of Business committee/BoD after clearance of the award recommendations by MD; Board Agenda along with two (2) copies of award recommendations as approved and signed by the MD shall be sent by ED (Operations)/CE (Corporate) for putting up of the case to Board committee/ BoD meeting for their approval. The original approved copy shall be retained by Company Secretary.
- (d) Effort shall be made to obtain approval of the competent authority expeditiously to enable award being placed well within the validity period of the bid.

## 6.7 Post tender negotiations

- (a) The guidelines issued by Government and Central Vigilance Commission from time to time regarding post tender negotiations, shall be followed, after the same has been approved by the BoD.
- (b) As post tender negotiations could often be a source of corruption, it is directed that there should normally be no post tender negotiation. If at all negotiations are warranted under exceptional circumstances, then it can be with L1 (lowest tenderer) only if the tender pertains to the award of work/supply orders, etc. where the Government or the Government Company has to make payment. Such exceptional situations would include, procurement of proprietary items, items with limited sources of supply and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time. However, if the tender is for sale of material by

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 90

Government or Government Company, the post tender negotiations are not to be held except with H1 (i.e. highest tenderer) if required.

- (c) In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity. The balance quantity, however, be procured expeditiously through a re-tender, following the normal tendering process..
- (d) Negotiations should not be allowed to be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and a definite timeframe should be indicated so that the time taken for according requisite approvals for the entire process of award of tenders does not exceed one (1) month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of fifteen (15) days should be assigned for clearance at each level. In no case the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalized within their validity period.
- (e) As regards the splitting of quantities, pre-disclosing the distribution of quantities in the bid document may not be feasible, as the capacity of the L-1 firm may not be known in advance. It may be stated that if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and there was no prior decision to split the quantities, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable. It is essentially in cases where the Company decides in advance to have more than one source of supply (due to critical or vital nature of the item) the ratio of splitting the quantity shall be pre-disclosed in the tender itself. This must be followed scrupulously.
- (f) Counter-offers to L-1, in order to arrive at an acceptable price, shall amount to negotiations. However, any counter-offer thereafter to L-2, L-3, etc., (at the rates accepted by L-1) in case of splitting of quantities, as pre-disclosed in the tender, shall not be deemed to be a negotiation.
- (g) In case of L-1 backing out there should be re-tendering as per existing instructions.

## 6.8 Splitting of Quantity

- (a) Wherever, splitting of quantity amongst more than one bidder is envisaged as per the provisions included in the bidding documents, such splitting shall be recommended strictly in line with the methodology specified in the bidding documents/Tender Enquiry. In no case the splitting of quantity shall be recommended at post-bid stage in absence of any provision in the bidding documents/Tender Enquiry.
- (b) Splitting of quantity amongst eligible bidders for procurement of various materials against tenders invited
  - (i) Distribution of quantity amongst bidders other than the L1 can be done in cases where a prior decision has been taken and suitable provisions have been made in the bid document. The offers of lowest three bidders confirming acceptance to all commercial

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 91

terms and conditions as also meeting technical requirements as per tender specification and whose quoted prices are within price consideration zone of 10% above lowest acceptable rate shall be considered eligible.

- (ii) For arranging timely procurement of materials and to have uniform practice of distribution of quantity amongst eligible bidders, the following procedures shall be applicable:

**(A) In cases where lowest acceptable F.O.R. destination rate is from a regular firm**

60% of the proposed quantity to L1 bidder (limiting the same to offered quantity) and balance 40% quantity amongst L2 and L3 bidders falling within price consideration zone of 10% above L1 and at the price of L1. The order shall be placed to L3 when the offered quantity by L-2 is less than the balance 40% and at the price of L1. However the bidders shall have to offer a minimum of 10% of the proposed quantity, below which their bid shall not be evaluated.

**(B) In cases where lowest acceptable F.O.R. destination rate is from a New firm (not supplied material to Distribution Licensees of Madhya Pradesh and whose supply performance is not known) and difference between L1 and other eligible bidders is within price consideration zone of 10%**

Capacity of the L1 bidder or 50% of proposed quantity, whichever is lower, to L1 bidder (subject to satisfactory inspection prior to placement of detailed order and limiting the same to offered quantity) and balance quantity amongst L2 and L3 bidders only falling within the price consideration zone of 10% above L1 and at the price of L1. Order shall be placed to L-3 when the offered quantity by L2 is less than the balance 50%, at the price of L1. However the bidders shall have to offer a minimum of 10% of the proposed quantity, below which their bids shall not be evaluated.

**(C) In any of the cases above where L2 and L3 do not accept the counter offers**

If L2 and L3 bidders do not accept the counter offer for the quantity and price offered by the Company, then their EMD shall be forfeited and the balance quantity shall be procured through re-tendering or by enhancement of the quantity on L1. The L1 will be required to accept the enhanced quantity provided it is within the offered quantity. In the event L1 does not accept enhanced quantity, as above, EMD shall also be forfeited. Suitable provisions in this regard shall be incorporated in the bid documents.

## **6.9 Placement of Award**

- (a) In order to ensure uniformity in the issue of LoAs/ POs and to avoid legal vetting of LoA/ PO in each case, the model LoA/ PO for each category of contract should be prepared and be vetted from legal/law officer and Finance & Accounts department as applicable. All LoA/PO shall be prepared based on the model formats given in **Annexure-XIV** after incorporating modifications as may be necessary for individual cases.
- (b) It shall be necessary to place LoA before commencement of the work by the successful bidder. In procurement cases supplies shall commence only after placement of PO. The

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 92

practice of regularizing PO, if any, after receipt of item shall be discouraged. In cases where it is considered imperative by the Procuring authority as per DoP to issue LoI (Letter of Intent) in consultation with the User department pending placement of detailed LoA/PO, it shall be ensured by the Procuring authority that LoA/PO is placed within thirty (30) days of placement of LoI. The EMD to the successful bidder shall be released only after placement of detailed LoA / PO and acceptance thereof by the successful bidder.

- (c) Draft PO only in respect of supply contracts or service contracts considered by TEC shall be vetted by Finance & Accounts department before issue. However, LoAs shall be vetted by the Finance & Accounts department in all the cases irrespective of whether it is considered by the TEC or not. The comments of Finance & Accounts department, if any, shall be appropriately considered before issue of LoA / PO.
- (d) The Procuring authority as per DoP signing the LoA / PO shall ensure that LoA / PO details are noted in the LoA / PO register (maintained by Procuring authority) and LoA / PO control number is allotted.
- (e) For all purchases of items, bifurcation between Capital and Revenue contracts shall be achieved by assigning a unique identification number in the LoA/PO.
- (f) The Procuring authority as per DoP shall ensure signing of LoA / PO on each page by the Procuring authority designated for signing of LoA / PO, as per DoP, in three (3) copies. The Procuring authority as per DoP may ensure receipt of unequivocal acceptance on the duplicate copy from the successful bidder within specified timeline from the date of issue.

#### **6.10 Acceptance of Letter of Award/Purchase Order by successful bidder**

- (a) The Procuring authority shall monitor the receipt of duplicate copy of LoA duly signed by authorised representative of successful bidder on each page as a token of acknowledgement, unequivocal acceptance and confirmation of receipt of LoA.
- (b) The receipt of acceptance from successful bidder shall be expedited. It shall be ensured that accepted copy of LoA contains all pages and that every page has been signed and stamped by the authorized signatory of successful bidder including attestation of any cuttings with no comments or corrections by the successful bidder.

#### **6.11 Signing of contract**

- (a) Once the LoA/PO is issued and its acknowledgement is received in case of LoAs, it shall be ensured by Procuring authority that formal Contract Agreement, appending therewith all the documents forming part of the contract, is signed between the Company and the bidder in two (2) original copies, within the time period specified in the bidding documents. One original copy of the signed Contract Agreement along with relevant documents (LoA, acceptance of LoA, etc.) shall be bound, sealed and kept in the safe custody of the Procuring authority. One photocopy of the same shall be retained for day to day reference. Copies shall also be distributed to Procurement department, Finance & Accounts department, Area Stores, and other concerned departments as may be required within seven (7) days of signing of Contract Agreement. The other original copy of LoA/ Contract Agreement shall be retained by the supplier/contractor/vendor.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 93

- (b) Authorized representative of the successful bidder having proper Power of Attorney shall be invited for signing of Contract Agreement. The Contract shall be signed by the Procuring authority. Contract Agreement shall be signed on stamp paper of appropriate value. Before signing all the original copies of Contract Agreement(s), the completeness of documents shall be examined. Original copies of Contract Agreement(s) shall generally be prepared by the successful bidder, unless specified otherwise in the bidding documents.
- (c) It shall be ensured by the Procuring authority after vetting by Legal/Law officer that the Power of Attorney of the representative of successful bidder, who have been authorized to sign the Contract Agreement is in order and all the original copies of Contract Agreement(s) are signed by the authorized signatory of the Company (as per DoP) and successful bidder's representative in whose favour Power of Attorney has been given. It shall be ensured that all pages of all the original copies of Contract Agreement(s) are signed and stamped by representatives of the Company and successful bidder.

#### **6.12 Return of EMD**

- (a) The EMD of the bidders if submitted in the form of DD/ Bank Pay Order, except the successful bidder, shall be returned to them by the associated Regional Accounts Office (RAO) based on the advice to that effect from the Procuring authority, after acceptance of LoA / PO by the successful bidder. The Procuring authority shall advise for refund of EMD, as above, within thirty (30) days from the acceptance of award and RAO shall ensure the release of the same within thirty (30) days thereafter. Procuring authority shall co-ordinate with Finance & Accounts department to ensure that EMD of the bidders in question are returned within thirty (30) days of the Acceptance of Award. Where EMD submitted in the form of Bank Guarantee, the same shall be returned by the Procuring authority within the time schedule as mentioned above.
- (b) The aforesaid provision shall be applicable to bidders other than L-2 and L-3 who's EMD shall be returned at the time of return of EMD of successful bidder.
- (c) The EMD of the successful bidder, which has been retained as per above paragraph, shall be returned by associated RAO immediately after the acceptance of the Contract Performance Guarantee (CPG) submitted by the successful bidder after Acceptance of Award, wherever such provisions exist in the contract based on the advice to that effect from the Procuring authority. The EMD shall be returned, as above, positively within shortest time after acceptance of CPG of the successful bidder. Where EMD is provided in the form of DD/Pay Order, the same shall be converted into security deposit if the CPG is not submitted by the successful bidder as applicable.
- (d) Notwithstanding the provisions under above two paragraphs, if the validity of the bid expires and/ or the bidder does not agree to extend the same on the same price, terms and conditions, unless otherwise provided in the bidding documents, the EMD of the bidder shall be returned forthwith by the associated RAO, based on the advice to that effect from the Procuring authority. Any deviation to the above procedure for a particular procurement shall require the approval of Procuring authority as per DoP.

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## **7 CONTRACT MANAGEMENT AND ADMINISTRATION**

### **7.1 Contract Management and Administration**

- (a) Contract Management is an element in the procurement process to ensure that contract is executed by both the parties (Company and the supplier/vendor/contractor) as per the terms and conditions included in the contract. It includes Vendor Performance evaluation such as timely delivery of the required quantity of materials and to maintain the specified quality of the materials. It is a shared responsibility between the Procuring authority, User department and supplier/contractor/vendor.
- (b) The following provisions for all activities after award of contract starting from obtaining Contract Performance Guarantee (CPG) to completion/ commissioning of contracts as per the scope awarded including closing of the contract shall be applicable. These provisions shall be applicable to contracts to be awarded by Procuring authority at the Corporate Office, and if applicable, for contracts awarded by Region offices, under any mode of tendering i.e. Open tender, Limited tender and Single tender and under any methods of tendering i.e. Single stage bidding (Single envelope/Two envelope).

### **7.2 Submission of CPG**

- (a) As soon as the LoA/PO is issued to the bidder, the Awarding authority shall do continuous follow up for submission of acceptance of LoA and CPG by the contractor (if CPG is applicable for that particular contract) within the period specified in the bidding documents. If required, notice shall be issued to the bidder in the event of any delay in submission of CPG. At the same time, it shall be ensured that the EMD submitted by the bidder along with his bid is valid so that, if need be, the same can be invoked/forfeited.
- (b) Upon receipt of CPG from the bidder, the same shall be checked by the Procurement department for its general conformity to the specified format, its validity, amount and acceptability of the issuing bank. If found in order, the CPG, in original, shall be forwarded, within two (2) days of receipt, to the Legal/Law officer for scrutiny and verification from the issuing bank. On successful verification, the Bank Guarantee shall be accepted by the Procuring authority. This activity shall be completed by the Legal/Law officer within fifteen (15) days. The responsibility for safe custody of the CPG and for obtaining any extension in validity or any other amendment shall be with Procuring authority.
- (c) Normally, any change in the CPG format from the one specified in the bidding documents shall not be permitted. However, minor changes/ variations, which do not affect intent and spirit or which may be necessitated due to any particular requirement of the contract in question, may be accepted after approval of Procuring authority with due consultation from Legal/Law officer.
- (d) CPG from a bank other than those specified in the bidding documents shall be accepted only under exceptional circumstances with the approval of Director (Finance & Accounts). In such cases, Procuring authority shall put up the recommendation note bringing out the relevant details and justifications.
- (e) The Legal/Law officer shall inform the results of its verification of CPG to the Procuring authority which has awarded the relevant contract immediately after acceptance and

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 95

verification of CPG(s). Based on the same, the Procuring authority shall, without any delay, advice RAO for release of the EMD of successful bidder.

### **7.3 Release of initial advance to supplier/contractor/vendor**

- (a) For release of initial advance if provided in the contract, the supplier/contractor/vendor shall generally be required to complete the following formalities:
  - (i) Acknowledgement and acceptance of the LoA/PO/Contract Agreement where required to be signed;
  - (ii) Submission of CPG in the form of BG or otherwise;
  - (iii) Finalization of PERT chart for execution of the contract only in case of turnkey contracts;
  - (iv) Setting up of site office where so provided in the contract;
  - (v) Submission of BG for initial advance from the bank for the validity and amount as per the provisions of the contract.
- (b) The supplier/contractor/vendor shall be required to submit bill(s)/invoice(s) for payment of initial advance containing relevant documents including BG to the Procuring authority.
- (c) Upon receipt of BG for initial advance, the Awarding authority shall scrutinize the same in consultation with Legal/Law officer. In case of any unacceptable non-conformity in the BG with respect to the prescribed format and contract provisions, the matter shall be taken up with the supplier/contractor/vendor for rectification of the same. Once the BG is considered acceptable, case shall be forwarded to concerned Finance & Accounts department/ RAO for payment of initial advance along with payment advice note, CPG (if not already sent to concerned Finance & Accounts department/ RAO) and other requisite documents as per Contract Agreement, within three (3) days after receipt from the supplier/contractor/vendor. Within two (2) weeks from the date of receipt of the above documents, concerned Finance & Accounts department/ RAO shall release payment, after completing all necessary formalities including TDS towards income tax where applicable, inclusion of advance in measurement book/ invoice, etc. However, it shall be ensured jointly by the Awarding authority and Finance & Accounts department/RAO that the advance is released to the supplier/contractor/vendor within the time stipulated in the contract.

### **7.4 Finalization of PERT chart**

- (a) Supplier/contractor/vendor shall submit the detailed network plan hereinafter named as PERT (Programme Evaluation and Review Technique) chart with respect to contracts where such responsibility is specified for completion by the supplier/contractor/vendor. The Project In-charge shall finalize the PERT chart with the supplier/contractor/vendor within fifteen (15) days from the date of acknowledgement of LoA by the supplier/contractor/vendor, if not already finalized during post bid discussions. The PERT chart shall be in line with the work completion schedule specified in the contract and indicate the schedule for all major and critical activities covered under the contract, taking into account inter-linkages and interfacing between different activities. The PERT chart shall cover different areas such as finalization of sub-vendor, quality Plan, engineering activities, inspection, manufacturing and supply of items, civil and erection works, testing and commissioning, the Company's obligations, etc. The PERT

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 96

chart shall include all intermediate activities for the completion of the work which takes more than fifteen (15) days time for completion.

- (b) Keeping the above in view, the Project In-charge shall standardize the format for PERT chart for contracts, so that the same for a particular contract could be expeditiously finalized taking into account the quantum of workload involved therein and the time schedule specified in the contract. The chart thus finalized for each contract should not contradict in any manner the schedule provided in the contract.
- (c) An authority not below the CE will approve the PERT chart finalized with the supplier/contractor/vendor. The PERT chart shall also be the contractual schedule for the purpose of regulating PV provisions, if any, in the contract. Subsequent revision of the PERT chart shall be permitted with the approval of the authority that has initially approved the same, provided the overall schedule of completion is not affected and there will not be any financial liability on the Company on account of such revision with regard to PV or any other claim from the supplier/contractor/vendor. Wherever the final schedule for completion is affected the approval will be obtained from the competent authority as per DoP with or without the levy of LD/with or without payment of PV for the extended period.
- (d) During finalization of PERT chart, in case some preponement from the schedule as provided in the contract is required, for which the successful bidder has also agreed, the same shall be done with the approval of Project In-charge as applicable. The proposal for the same shall be initiated by the Engineer-In-Charge (User department) and routed through Project In-charge and Director (Finance & Accounts) in case of financial implication. In such case, PERT chart shall be based on the preponed schedule agreed with the supplier/contractor/vendor.
- (e) In case, postponement from contractual schedule is required keeping in view developments subsequent to invitation of tender/award of contract, the same shall be done only with the approval of next higher authority/MD as per DoP, after prior concurrence of the supplier/contractor/vendor. The proposal for the same shall be initiated by Project In-charge and routed through CE (Corporate) in consultation with Director (Finance & Accounts) before obtaining the approval. In such case, PERT chart shall be based on the postponed schedule agreed with the supplier/contractor/vendor.
- (f) Wherever change vis-à-vis contractual schedule has been affected after approval as explained above, the same shall be specifically informed to the competent authority of Field office(s) while forwarding the bar chart/ network schedule.
- (g) Once PERT chart has been finalized, no revision shall normally be permitted as long as the basic scope of work remains unchanged. However, in cases of increase in quantities, while executing the work as per original scope; suitable adjustments shall be made without affecting the overall completion schedule. The revision in PERT chart for aforesaid reasons shall be done with the approval of Project In-charge. Upon approval, the revised PERT chart will be intimated to the User department.
- (h) If the basic scope of work undergoes changes during execution stage resulting into additional scope over that originally provided, for which the supplier/contractor/vendor insists for additional/separate completion period/schedule, such extra completion schedule along with PERT chart for the same shall be finalized in consultation with the supplier/contractor/vendor while obtaining approval for ordering additional scope of work/amendment to the contract, with the approval of competent authority as per DoP as applicable.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 97

- (i) In case the scope of work does not change but the contractual completion period is extended because of delayed commencement of the work on account of non fulfilment of obligations by the Company or because of any other reasons not attributable to supplier/contractor/vendor, PERT chart shall be suitably revised as per the extended completion period. Once the contractual completion period has been extended with the approval of competent authority as per DoP, revised PERT chart shall be finalized as per procedure described in paragraph above.

## **7.5 Finalization/change of sub-vendor/sub-contractor (as applicable)**

- (a) Attempts shall be made to finalize sub-vendor/ sub-contractor for procurement of items, as far as possible, before award of contract. The details regarding items to be sub-contracted with suggested/approved sub-vendors, at least minimum three (3) for each item may be asked from the bidders as part of the Bid.
- (b) The finalization of sub-vendors/sub-contractor not decided during pre-award stage, or change of sub-vendor/sub-contractor during post award (such change should be only under exceptional situations) or change from main supplier/contractor/vendor to sub-vendor/sub-contractor or vice versa, or additionally proposed items during the post award, shall be taken up during post award stage within the time limit tied up during post bid discussions or that indicated in PERT chart.
- (c) It may so happen that the bidder, at the time of post award discussions, requests for change of sub-vendor/sub contractor proposed in the bid for a particular procurement of item. The request for change of sub-vendors/sub-contractors shall be accepted by the Procuring authority with justified reasons. Sub-vendor/sub-contractor is to be registered. The proposal shall be put forward to Procuring authority for approval. The bidder's request, in this regard, shall be examined and dealt with as discussed below;
- (d) In case of change of sub-vendor/sub-contractor, the issue of commercial implication, which are linked with (a) freight and insurance, and (b) taxes and duties, shall be dealt with as described hereunder:
- (i) *Inland freight and insurance:* Irrespective of the geographical location of the source of supply, the supplier/contractor/vendor is entitled for a fixed freight and insurance charges. Therefore the question of any price implication on account of inland freight and insurance in case of change of sub-vendor/sub-contractor shall not arise.
- (ii) *Issue of taxes and duties:* Normally, as per contracts awarded by the Company, the contract price for items to be procured through sub-vendor/sub-contractor is inclusive of taxes and duties. Therefore, there shall not be any financial implication on account of taxes, duties in case of change of sub-vendor/sub-contractor during post bid discussions.

## **7.6 Change of scope of work (as applicable)**

- (a) There may be a case when the supplier/contractor/vendor proposes change of scope of work of him or of sub-vendor/sub-contractor, for procurement of an item. In such a case, the request of the supplier/contractor/vendor shall be considered on the following lines:
- (i) In case the proposed works of Main supplier/contractor/vendor and sub-vendor/sub-contractor is in the approved list, or the Main supplier/contractor/vendor and sub-vendor/sub-contractor has dealt with the Company regarding the procurement of items in

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 98

the past and meets the QR (for QR items only), the same shall be accepted subject to the condition that there is no extra financial liability to the Company on any account.

(ii) In case the proposed scope of works of Main supplier/contractor/vendor and sub-vendor/sub-contractor is new to the Company, further action shall be taken to assess the acceptability of such works based on physical assessment by a team constituted by Procuring authority as considered appropriate.

(b) For such a change, the commercial implications which are linked with (a) freight and insurance, and (b) taxes and duties, shall be dealt with as per the guidelines given in Section 7.5(d) above.

#### **7.7 Manufacturing Quality Plan (MQP) approval (as applicable)**

(a) Since Manufacturing Quality Plan (MQP) may not be required for procurement of all items, detailed guidelines in this regard inter alia identifying the items, for which MQP will be applicable, shall be finalized by the Quality and Standards department with the approval of the competent authority of concerned User department.

(b) Once sub-vendor/sub-contractor has been finalized, the MQP, wherever applicable, shall be finalized expeditiously with concerned supplier/contractor/vendor for procurement of items.

(c) In order to ensure the quality of the items, the contract shall provide for the inspection of the items, such inspection may be carried out at the premises of the supplier/contractor/vendor or on receipt of materials at the project site/stores. The inspection shall primarily be conducted to confirm that the items procured from the supplier/contractor/vendor meet the technical specifications prescribed in the contract. The contract shall also include provision for conductance of type tests of equipments wherever required and through in-house or NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited labs.

(d) The inspection may be conducted by the Company at its own or any third party may be engaged for such inspections/tests.

(e) The Quality and Standards department/identified officers of the Company by Procuring authority shall be responsible for the inspection and testing of items. The Quality & Standards department shall make sure that the quality requirements are identified in the procurement specifications and Quality Plans [Manufacturing Quality Plan (MQP) as well as Field Quality Plan (FQP)] are finalized, with successful bidders. Such Quality Plans shall include check point, hold point, testing code, type of tests, category of inspection, etc. The Quality & Standards department shall continuously strive to further develop, improve and update the Quality Assurance (QA) systems to be followed during all phases of the procurement cycle to improve and maintain the quality.

(f) The Quality & Standards department/ identified officers of the Company by Procuring authority shall be responsible for inspection of items being supplied from the supplier/contractor/vendor to the stores. Dispatch instruction (DI) or clearance/final acceptance shall be given as per the requirements specified in the Quality Plans. Inspections of items received at stores shall be undertaken as per the existing procedure.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 99

### 7.7.1 Field Quality Plan (FQP) approval (as applicable)

- (a) Once sub-vendor/ sub-contractor have been finalized, the Field Quality Plan (FQP), wherever applicable, shall be finalized expeditiously with concerned supplier/contractor/vendor for different field installation(s). The supplier/contractor/vendor shall submit the FQP and Quality & Standards department shall finalize that.

## 7.8 Settlement of Disputes and Arbitration

- (a) Normally, there should not be any scope of dispute between the Purchaser and the supplier/contractor/vendor after entering into a mutually agreed valid contract. However, due to various unforeseen reasons, problems may arise during the progress of the contract leading to disagreement between the Purchaser and the supplier/contractor/vendor. Therefore, the conditions governing the contract shall contain suitable provision(s) for settlement of such disputes/ differences which shall be binding on both the parties
- (b) All efforts shall be made by the Purchaser for amicable settlement of dispute(s), if any, which may arise in the course of execution of a contract. In this regard, it is necessary that any issue that a particular supplier/contractor/vendor raises be dealt with promptly. All contracts shall provide for reference of such issues/disputes by the supplier/contractor/vendor, at the first stance, to the Engineer-in-charge (User department) from the side of the Company.
- (c) Normally, for contracts to be executed by the Region office(s), the Engineer-in-charge (User department) shall be identified in the LoA/contract itself. However, in case the same is not identified or in case of change in the identified Engineer-in-charge (User department), the concerned CE (Region office) shall nominate the Engineer-in-charge (User department) and the same will be communicated to the supplier/contractor/vendor.
- (d) For procurement of items to be executed by the Region office, the CE (Region office) shall be the Engineer-in-charge unless otherwise mentioned in the contract.
- (e) The Engineer-in-charge (User department), once any claims/ disputes, whether of supplier/contractor/vendor or the Purchaser are referred to him, shall get the same examined promptly from Procuring authority/technical committee in consultation with Director (Finance & Accounts). Based on their views, decision shall be taken and informed to the supplier/contractor/vendor.
- (f) Prior to arbitration (or alternate dispute resolution process if provided in the contract) or during it, as a matter of policy, at least one (1) attempt for amicable settlement of disputes with the supplier/contractor/vendor shall be made by a committee comprising of the Engineer-in-charge (User department), Procuring authority and Finance & Accounts department. The recommendations of the committee will be reviewed by MD.
- (g) Wherever alternate dispute review mechanism exists in the contract, the representative of the Purchaser for the same shall be nominated with the approval of MD. However, if as per contract, the Purchaser is also required to convey its acceptance of supplier/contractor/vendor's representative, the same may be done with the approval of MD. The coordination in such cases shall be done by the Engineer-in-charge (User department). The decisions arrived at in the alternate dispute review forum shall be implemented after approval of MD.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 100

- (h) Depending upon the value of contract, gravity and dispute, and the cost of arbitration, appointment of (i) adjudicator and (ii) committee of eminent persons may also be considered with the approval of MD.

### 7.8.1 Mode of Settlement

- (a) Mode of settlement of disputes/differences shall be through Arbitration. However, when a dispute/difference arises, both the Purchaser and the supplier/contractor/vendor shall first try to resolve the same amicably by mutual consultation. If the parties fail to resolve the dispute by such mutual consultation within twenty one (21) days, then, depending on the position of the case, either the Purchaser or the supplier/contractor/vendor shall give notice to the other party of its intention to commence arbitration as hereinafter provided:
- (i) When the contract is with domestic supplier, the applicable arbitration procedure will be as per Madhya Pradesh Madhyastham Adhikaran Adhiniyam as amended.
  - (ii) When the contract is with foreign supplier/contractor/vendor, the supplier/contractor/vendor has the option to choose either Indian Arbitration and Conciliation Act, 1996 as amended or Arbitration in accordance with the provision of UNCITRAL (United Nations Commission on International Trade Law) Arbitration Rules.
- (b) The venue of arbitration shall generally be the place from where the contract has been issued except when foreign supplier/contractor/vendor opts for Arbitration, in accordance with the provision of UNCITRAL Arbitration Rules, the venue can be a neutral country.
- (c) Upon receipt of arbitration notice from the supplier/contractor/vendor, the Engineer-in-charge (User department) shall immediately send an advance copy of the said notice along with the arbitration clause applicable, to the Legal/Law officer for examination.
- (d) Then, the Engineer-in-charge (User department), in consultation with Procuring authority shall put up a note to the Legal/Law officer, within seven (7) days of receipt of the arbitration notice. The note shall inter alia contain relevant details such as: (a) Name of work; (b) Name and address of the supplier/contractor/vendor; (c) Contract Agreement/LoA details along with contract price including details of amendments, if any; (d) Brief Scope of Work; (e) Commencement and Completion date (scheduled as well as actual) and brief details of the dispute and its financial implications Further, the said note shall also critically examine different aspects such as when the dispute was first raised, whether disputes have been raised within the time period specified in the contract and statutory limitation period, whether any recoveries on account of LD, risk and cost amount to be made, etc.
- (e) The Legal/Law officer shall legally examine the disputes and accordingly, if necessary, recommend the case for invocation of arbitration and appointment of Arbitrator within fifteen (15) days from the date of receipt of the note from the concerned User department for approval of the appointment of Arbitrator, to the competent authority responsible for project execution.
- (f) The approval for the appointment of the Arbitrator under a contract shall be obtained within thirty (30) days of the receipt of the arbitration notice and the appointment of the Arbitrator shall be communicated to the concerned (with a copy to the supplier/contractor/vendor) for his acceptance within three (3) days by the Legal/Law officer. In order to maintain consistency, the draft of the letter to be issued in this regard shall be standardized by Legal/Law officer.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 101

- (g) Upon receipt of the intimation from the Arbitrator for starting of arbitration proceedings by way of entering upon the reference, the Legal/Law officer shall notify the Engineer-in-charge (User department) and the concerned CE (User department).
- (h) The Engineer-in-charge (User department) shall assist the Legal/Law Officer by furnishing facts of the case.
- (i) After the Arbitrator enters upon the reference and a claim is filed by the supplier/contractor/vendor, the detailed factual comments on the claims, specifically admitting/denying or clarifying the paragraph under reply, duly supported with documents, shall be prepared by the Engineer-in-charge (User department). The said comments shall be sent to the Legal/Law officer for finalisation of the reply to the claim. Concurrently, the Engineer-in-charge (User department) shall also prepare the counter claims along with supporting documents, if any, to be filed, and forward the same to the Legal/Law officer.
- (j) In case the sole Arbitrator is a retired employee of the Purchaser, the fee payable to him shall be as per the prescribed schedule of fee to the Arbitrators. However, in case the Arbitrator(s) is/are from outside the Purchaser, a note for approval of the terms of payment of the Arbitrator, as decided by the Arbitrator(s) in the arbitration meetings, shall be processed by the Legal/Law officer for approval to the MD. All payments to the Arbitrator shall be processed and authorized by the Legal/Law officer.
- (k) After the documents are finalized, the Legal/Law officer shall, after getting the same signed by the Engineer-in-charge (User department), file the documents with Arbitrator and distribute the copies to all concerned. The complete set of pleadings and the parallel records of the case shall be maintained both by Legal/Law officer and User department.
- (l) In case the Purchaser, on its own, wants to invoke arbitration provisions, prior administrative approval of the competent authority as per DoP shall be obtained. The proposal in regard to the same shall be initiated by the Engineer-in-charge (User department) and put up for the approval to the MD through the Legal/Law officer. Upon receipt of the administrative approval, the notice invoking arbitration shall be issued to the supplier/contractor/vendor by the Engineer-in-charge (User department) with a copy to the Legal/Law officer.

## **7.9 Suspension/Banning of Business Dealings**

- (a) For Suspension/Banning of Business Dealings, the detailed policy and procedure(s) elaborated in Section 9 of this Manual shall be referred to.

## **7.10 Technical approval for quantity variation (as applicable)**

- (a) Variations/deviations in the contract may be encountered during the execution stage, necessitating revision in contract price, as the materials and quantities thereof in the BoQ/ Price Schedule attached with the LoA/Contract Agreement are based on estimate made while finalizing NIT BoQ. The actual requirement in many cases is different than provided in the contract. Such variations/deviations in the contract may be in form of:
  - (i) Variation in quantities of different materials available in the BoQ/Price Schedule attached with the LoA/Contract Agreement. Such materials may be termed as contract items;

or

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 102

Requirement of some items, which are not available in the BoQ/Price Schedule attached with the LoA/Contract Agreement or there is a change in specification/make/model of existing/available items. All such items may be termed as new items;

- (ii) Any change in scope of work; and
  - (iii) Items included in the BoQ/Price Schedule but may not be required at all or in lieu of any existing item, another item is required in the substituted form.
- (b) In order to exercise proper control in this regard, all such variations encountered in a contract will be processed in two stages - first Technical approval for variations shall be obtained and then Administrative approval for issue of change order shall be processed.
- (c) The Technical approval for variation in respect of quantities provided in the contract and/or requirement of any new items or change in specifications/ make of any item shall be approved by the Technical committee at Corporate office, bringing out the estimated cost implication. The cost implications in such cases shall be worked out by the concerned Region office/User department.
- (d) When variations are anticipated on account of site conditions, the supplier/contractor/vendor shall be required to submit to the concerned Engineer-in-charge (User department) a request for approval of such variations along with all relevant details such as the anticipated quantity, the proposed rate in case of new item and estimated financial implications, either for variation in quantity in respect of items available in the contract and/or for requirement of any new item without the basic scope of the contract undergoing a change. The same shall be examined by the concerned Engineer-in-charge (User department) and a proposal containing details of variations, estimated financial implication, reasons thereof, shall be initiated by the concerned Engineer-in-charge (User department) and sent to Procuring authority as the case may be depending upon the awarding authority for further action towards obtaining the approval as per DoP. Beyond stipulated variation, upon approval by the competent authority, concerned Engineer-in-charge (User department) and sent to the procuring authority as the case may be depending upon the awarding authority for further action towards obtaining the administrative approval for issuance of change order. However, if any design or drawing is required to be developed to execute such variation of work, the same shall be finalized and approved by the Procuring authority, and then issued to the concerned Engineer-in-charge (User department).
- (e) The proposal for Technical approval may not be routed through Director (Finance & Accounts).
- (f) If the basic scope of the work, vis-à-vis that specified in the contract, changes, either due to site conditions or due to engineering requirements, Technical approval, including development and approval of design/revision of drawing, shall be processed and accorded by the competent authority as per DoP of the User department.
- (g) All proposals of Technical approval shall inter alia contain:
- (i) Estimated financial implication of the variation proposed for approval;
  - (ii) Cumulative estimated financial implication, taking into account the variation so far processed for technical approval/approved already.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 103

- (h) The estimated price for new items, if any, shall invariably be indicated. The level of the competent authority shall be decided as per DoP based on the cumulative value only.
- (i) Since processing the proposal of Technical approval indicating financial implications may be time taking in some of the cases, clearance to proceed ahead with the work, on case to case basis, can be accorded by Procuring authority, before taking formal Technical approval. This is to avoid delay in the progress of work. The appropriate Technical approval indicating financial implications of the same shall follow, as soon as possible. However, the proposal for Technical approval shall be initiated as and when variations are encountered so that the scope for proceeding ahead with the work and post-facto technical approval could be avoided to the extent possible.
- (j) Once the concerned Engineer-in-charge (User department) initiates a proposal for Technical approval, the approval of the same, in the normal course, should not take more than fifteen (15) days.
- (k) It shall be ensured by the concerned Engineer-in-charge (User department) that the proposal for Technical approval is processed and Technical approval is obtained expeditiously, wherever variation is anticipated. To ensure that the payment to the supplier/contractor/vendor for the variations is not unduly held up, the proposal shall be initiated by the concerned Engineer-in-charge (User department) well in time keeping in view the quantum of variation involved and the anticipated time for processing of the case.
- (l) It shall be ensured by the concerned Engineer-in-charge (User department) that the final proposal in respect of Technical approval of variations in a contract is normally processed within one (1) month of the date when the requirements have first been noticed either by the supplier/contractor/vendor or by the concerned Engineer-in-charge (User department) and approval of the same is positively obtained within one (1) month thereafter.
- (m) In case work is done as per Technical requirement/approval but deviated with respect to agreement on commercial/financial terms including itemized rate, following measures may be followed:
  - (i) In case of LoA items beyond quantity variation, 80% payment of the invoices may be made subject to physical verification.
  - (ii) In case of new items/substituted items/extra items, first reasonableness of the claim should be checked and maximum 40% of claimed amount may be paid.
- (n) For quantity variation up to the limits specified below, there shall be no change in the unit rates quoted in the contract:
  - (i) *Turnkey contracts*:  $\pm 20\%$  of contract price as per funding agency guidelines
  - (ii) *Supply contracts*:  $\pm 2\%$  of total quantity.
  - (iii) *Service contracts*:  $\pm 10\%$  of contract price

*These provisions shall be further elaborated in the Standard Bidding Documents.*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 104

## 7.11 Amendment to the contract

- (a) On receipt of Technical approval, further action shall be taken by the Procuring authority for obtaining administrative approval for issue of Change order/Amendment.
- (b) Efforts shall be made to expeditiously process the proposal for Administrative approval for issue of Change order/Amendment to the contract on account of variation. In case the Technical approval covers variation in contract items and requirement of new items, efforts shall be made to process the proposal for Administrative approval in two (2) parts, if feasible.
  - (i) The first part shall cover variation in quantity of contract items where finalization of new rate is not required. The concerned Engineer-in-charge (User department) shall send the document to the competent authority of the User department who shall take necessary approval from the competent authority as per DoP in consultation with the Finance & Accounts department.
  - (ii) The second part shall cover new items as well as contract items requiring finalization of new rate. For this, on receipt of documents from the concerned Engineer-in-charge (User department), the User department shall initiate a proposal to finalize rates with the supplier/contractor/vendor which shall be recommended by Technical Committee in consultation with Director (Finance & Accounts). The Technical committee shall forward its recommendations indicating the rate finalized with the supplier/contractor/vendor through Procuring authority to the competent authority as per DoP for issue of Change order.
- (c) All proposals for issuance of Change order, on the basis of Technical approval, to be processed shall inter alia contain the cumulative cost implications taking into account all previous Change orders processed/issued. Further, the total cumulative cost implications shall be broken up under the head of contract items and new items separately so as to provide clarity in regard to nature of variations. The total variations in contract items shall be further broken up indicating variation within contract's limit and variation beyond contract's limit. All such proposals shall be routed through Director (Finance & Accounts) before obtaining approval of the competent authority as per DoP.
- (d) There may be a situation during execution of a particular contract that approval of MD has been obtained as per requirement of DoP for an interim amendment proposal and the cumulative variation as per final amendment proposal is found to be on lower side vis-à-vis that is already approved earlier, though still exceeding the powers of CE. In such a situation there will not be a requirement of again seeking approval of MD.
- (e) Processing and obtaining approval of the proposal for Administrative approval for Change order/ amendment to the contract shall normally be completed within two (2) months of receipt of the same by the Procuring authority.
- (a) All changes to the original LoA /contract shall be notified by Procuring authority, at a level not below CE by way of amendment/ Change order, to be serially numbered for each contract. The amendment shall be vetted by Finance & Accounts, in line with the Administrative approval, before issuance. It shall be ensured that the amendment/ Change order is issued within one (1) week from receipt of Administrative approval.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 105

## 7.12 Time extension and Liquidated Damages (as applicable)

- (a) Time remains the essence of all major contracts. Therefore, a provision shall be kept in the contract that in case of delay in completion, for reasons attributable to the supplier/contractor/vendor, the same shall be required to pay to the Purchaser, a sum, as Liquidated Damages (LD), specified in the contract.
- (b) Even after putting best effort, a number of cases of delay in completion of contract are encountered. Though the reasons for delay are diverse, the contracts finally get completed beyond the contract completion period. In order to keep the contract alive, it is also necessary that extension of time is granted to the supplier/contractor/vendor for the extended period of completion. While communicating the approval of extension of time, a decision on imposition/ waiver of LD, fully or partly, on account of delay in completion of work is also required to be indicated. Since the reasons for delay are generally diverse, the issue of time extension with imposition/ waiver of LD need to be dealt with meticulously and delicately taking into account all the relevant aspects. The relevant aspects to be considered include the reasons for delay, the period of delay attributable to either parties and the loss or damages, if any, suffered by the Purchaser. However, the waiver of LD, fully or partly, should be without any extra cost to the Company on account of price escalation and change in taxes, duties, etc.
- (c) To establish the value of LD, a rational approach should be adopted. For example, in case of turnkey contracts, the LD value should be linked to the project cost derived after deducting the value of completed/functional/operational billing units of contract from total project cost, through suitable contractual arrangement, as failure of either supply or erection contracts will lead to total failure of the project.
- (d) Since the settlement exercise can normally be taken up only after physical completion of the project, provisional time extension shall be granted with the approval of competent authority on recommendation from User department so that the contract is alive and delayed project execution can be accepted by the Purchaser. A written communication in this regard shall be issued by Procuring authority to the supplier/contractor/vendor. Such provisional time extension shall be without prejudice to all the obligations of the supplier/contractor/vendor under the contract and further without prejudice to the Purchaser's right to levy LD and other rights under the contract. Above facts shall be clearly indicated in the provisional time extension letter.
- (e) In normal course, the proposal for provisional/interim time extension or final extension of time along with settlement of LD shall be initiated upon receipt of request from the supplier/contractor/vendor to that effect.
- (f) In case of provisional/interim time extension, the recommendation shall be put up by the concerned Engineer-in-charge (User department) to the CE (User department)/Procuring authority as the case may be. Competent authority as per DoP shall approve the requirement and instruct the Engineer-in-charge (User department) for taking appropriate steps. This exercise shall be initiated at least one (1) month before the expiry of scheduled completion period so that provisional extension letter is issued before expiry of the contract period with or without provision to levy LD.
- (g) For imposition of LD, the loss/damages suffered by the Purchaser due to delays by the supplier/contractor/vendor are the basic criteria. The fundamental principle underlying the theory of damages is not punishment but compensation, against damage.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 106

- (h) In contracts awarded by the Purchaser, delay in performance of the contract may be on account of one or more of the following:
- (i) Reasons attributable to the Purchaser viz., delay in providing the work front, approval of drawings/ Sub- contractors/vendors, issue of Purchaser supplied items and/or fulfilment of the Purchaser's other obligations as provided in the contract, etc;
  - (ii) Reasons attributable to "Force Majeure" conditions as defined in the contract;
  - (iii) Reasons attributable to the supplier/contractor/vendor viz., delay in mobilization, submission of drawings, finalization of Sub-contractors/vendors, supply of items, fulfilment of the suppliers/contractors/vendors' other obligations under the contract, etc.
- (i) The proposal for Time extension and decision on LD shall, accordingly, contain a detailed analysis indicating reasons and period of delay on each account, along with documentary and pictorial (if applicable) evidence. Based on the analysis, the period of delay due to 'Force Majeure' and for reasons attributable to the Purchaser shall be identified. The idea of the exercise is to find out the net delay, which is attributable to the supplier/contractor/vendor. But in most of the case, all the three (3) types of delay mentioned above are so much intermingled, with one running concurrently with another; it becomes extremely difficult to directly identify the delay attributable to the supplier/contractor/vendor. Therefore a practicable approach for working out the net delay attributable to the supplier/contractor/vendor, as described below, shall be adopted:
- (i) Total delay that has occurred in a contract = A
  - (ii) Cumulative period of delay on account of "Force Majeure" = B
  - (iii) Cumulative period of delay on account of the Company = C
  - (iv) Concurrent cumulative period in (ii) and (iii) = X
  - (v) Cumulative period of delay on account of "Force Majeure" and the Purchaser = B+C-X
  - (vi) Net period of delay attributable to the supplier/contractor/vendor, Z = A-(B+C-X)

*Related records shall be maintained by Region office(s).*

- (j) While calculating the period of delay, which shall be considered for extending the contract completion period, for the reasons attributable to the Purchaser or due to Force Majeure, all efforts shall be made to objectively work out/analyse whether a delay in a particular activity has really contributed in extending the completion period of the contract. This is important in view of the fact that a number of activities of a contract undergoing delay may not have impact on overall delay as subsequent site activities are not entirely dependent upon them. All such delays, which are not found to be directly contributing in extension of completion period, will therefore be ignored. Moreover, there may be a situation in which the impact of some of delays in intermediate activities may not be feasible to be objectively determined. In all such cases, a practical view will be taken and a judicious assessment of overall impact will be made on the basis of normal prudence.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 107

- (k) It will, thereafter, be examined whether the Purchaser, on account of the delay Z, has suffered loss i.e., extra payment to other supplier/contractor/vendor on account of delay; cost of transportation for diversion of item required in order to continue progress in the event of delay in supply; payment of additional insurance premium on account of the delay; loss on account of delay in return on investment and/or compensation payable to generating/ transmission companies in a situation, when, despite readiness of all other associated system power flow could not take place because of delay in execution of the contract in question; net extra financial burden to the Purchaser because of fluctuation of exchange rate in a foreign currency contract, wherever applicable, after taking into account the impact of negative price variation as on contractual schedule vis- a- vis actual delivery; loss, if any, on account of interest during construction, incidental expenditure during construction, etc.
- (l) In case, the Purchaser has suffered loss, the Time extension, till the actual completion of the supply/works/service shall be allowed with imposition of LD as described below:
- (i) If the amount of loss/damages suffered by the Purchaser is more than the full LD as applicable for a delay of period Z, in terms of provisions of the contract, the latter shall be the amount of LD to be levied.
  - (ii) If the amount of loss/damage suffered by the Purchaser is less than the LD as applicable for a delay of period Z, in terms of provisions of the contract, the former shall be the amount of LD to be levied.
  - (iii) In the normal course, the settlement of LD along with final time extension shall be done after physical completion of supply/works/service as per the contract, and entire processing including approval and issuance of letter to the supplier/contractor/vendor shall be completed within three (3) months of physical completion.
- (m) The proposal for final Time extension including decision on LD shall be initiated by concerned Engineer-in-charge (User department) after obtaining comments of the concerned departments on whose account delays have been identified by the supplier/contractor/vendor. The Engineer-in-charge (User department), after preliminary examination of the supplier/contractor/vendor's request shall seek comments from the concerned departments, if details have not already been provided, within ten (10) days of receipt of the supplier/contractor/vendor's request. The supplier/contractor/vendor may also be asked to furnish additional details/documents, if any, within a specified time limit.
- (n) The concerned departments at Corporate office/ Region office shall forward their comments to the concerned Engineer-in-charge (User department), within a period of fifteen (15) days from the receipt of communication.
- (o) The case containing recommendation for settlement of LD along with final Time extension, taking into account the comments of concerned department, shall then be processed for approval of competent authority as per DoP. The case shall include the analysis of delays and other relevant details and shall be routed through Procuring authority and Director (Finance & Accounts).
- (p) Upon approval of the competent authority, the original approved note in respect of interim/ provisional as well as final Time extension/LD shall be forwarded to Procuring authority who shall issue necessary communication to the supplier/contractor/vendor with a copy to the Engineer-in-charge (User department) and Finance & Accounts department.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 108

- (q) Once a Time extension (final or provisional) is granted, the completion period for purposes of extension of validity of BGs/securities shall be determined by the extended period of completion except if otherwise provided in the contract.
- (r) In cases where, because of initial delay due to problems in land acquisition or in grant of Right of Way or other local problems or any other valid reasons not attributable to the supplier/contractor/vendor, the commencement of work by the supplier/contractor/vendor is delayed and consequently contractual completion period needs to be extended, there will be no objection to grant extension to the completion period in the initial stage itself.
- (s) In order to properly carry out analysis of delays in execution of a contract, it is imperative that date-wise record of various activities right from award of contract to completion of supplies/works/services are meticulously and systematically maintained by concerned departments in respect of areas under their responsibility. In line with above, it shall be ensured by the concerned Engineer-in-charge (User department) that the following details are maintained:
- (i) **Detailed Engineering Records:** These shall include receipt of drawings/design calculations/ other technical details from the supplier/contractor/vendor and its approval by the Purchaser, type tests, approval of Sub-contractor/sub-vendor items involving QR, etc. Accordingly, actual and scheduled dates in respect of various activities related to above shall be maintained, clearly indicating quantum of delay and to whom it is attributable.
  - (ii) **Quality Control Records:** These shall include approval of Sub-contractor/sub-vendor of non QR items, approval of Quality Plans of different manufacturer, inspection of item including issuance of inspection certificate based on inspection call received from supplier/contractor/vendor, etc. Accordingly, actual and scheduled dates in respect of various activities related to above shall be maintained, clearly indicating quantum of delay and to whom the delay is attributable.
  - (iii) **Site Execution Records:** These shall include details as per the record maintained by the Engineer-in-charge (User department) and entries are made therein on daily basis. The Difficulty Register should record all the difficulties in scheduled progress of work, such as delay in release in fronts due to non completion of supply/work/service by another agency doing associated work, delay in supply of infrastructure, facilities by 'Purchaser' as per contract, delay in receipt of item, delay in deployment of trained/adequate manpower, non-availability of site engineer/Project-in-charge of supplier/contractor/vendor, etc., apart from the day-to-day delay. These records also shall be reviewed during the progress review by the Engineer-in-charge (User department), and corrective measures shall be taken. The entries/ records in the Register shall be used/ referred while analyzing LD cases/arbitration cases/other claims of the supplier/contractor/vendor. In order to avoid any disputes in determination of LD, it would be advisable to get this Register signed on periodical basis from the supplier/contractor/vendor.
  - (iv) **Payment Details Records:** These shall include, apart from details as per Bill Registers, the various dates pertaining to the payments made to the supplier/contractor/vendor. The concerned Region/ Circle offices and Finance & Accounts department at Corporate office shall maintain a computerized Bill Register wherein date of receipt of bill, date of return of bill/intimation of discrepancies or deficiencies to the supplier/contractor/vendor/ by concerned Region/Circle office(s) (if applicable) with

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 109

reasons thereof in brief, date of forwarding of authorized bill and date of release of payment shall, inter alia, be recorded. CE (Region office) and concerned RAOs shall furnish the status in regard to bills being paid by the Corporate office/RAO as the case may be on a monthly basis to the concerned User department.

### **7.13 Completion, Testing, Commissioning, Taking Over & Release of Payment**

- (a) Concurrent inspection shall be done as per requirement of the contract for quality inspection and regular progress monitoring of the contract.
- (b) Immediately upon receipt of a written communication from the supplier/contractor/vendor intimating that the supply/work/service has been physically completed as per technical specifications or are nearing completion (within a period not exceeding fifteen (15) days), the concerned User department executing the contract shall take further necessary action, depending upon the nature of contract under a particular contract, towards taking over. For this purpose, the contracts have been categorized as follows:
  - (i) Contracts not involving Commissioning
  - (ii) Contracts involving Commissioning

#### **7.13.1 For Contracts not involving Commissioning (as applicable)**

- (a) Within fifteen (15) days of intimation from the supplier/contractor/vendor regarding completion of contracts, the concerned department shall inspect the contracts to verify the completion status, in presence of the supplier/contractor/vendor's representative.
- (b) If the contracts are found to be completed and acceptable in all respects (except for minor defects and deficiencies, if any), Completion Certificate/ Taking Over Certificate (TOC) shall be issued by the Engineer-in-charge (User department) within seven (7) days of supplier/contractor/vendor's physical inspection. The Completion Certificate shall generally contain the following details: (a) Date of completion; (b) Defects to be rectified; (c) Items not conforming to specification (d) Items not acceptable at all and need to be re-done.
- (c) If, on inspection, contracts are not found to be completed or rectification of major nature is required, the concerned Engineer-in-charge (User department) shall, within three (3) days of supplier/contractor/vendor's physical inspection, inform the incomplete works/ defects and deficiencies to the supplier/contractor/vendor in writing advising him to take necessary action and to inform the Purchaser after completion/ rectification. However, if the contract specifies separate completion period for different parts of contracts for the purpose of taking over also, completion certificate/ TOC shall be issued in respect of portion of contracts that are completed and are acceptable.
- (d) The concerned User department shall ensure regular monitoring during execution of contracts by supplier/contractor/vendor.

#### **7.13.2 For Contracts involving Commissioning (as applicable)**

- (a) On receipt of communication from the supplier/contractor/vendor informing that the contracts/part of contracts are physically complete/nearing completion and installation is ready for carrying out pre-commissioning checks/tests, the concerned Engineer-in-charge

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 110

(User department) shall take further actions, towards declaring the contracts ready for commissioning.

- (b) The contracts/part of contracts, as above, shall be thoroughly inspected/checked by the concerned Engineer-in-charge (User department) within seven (7) days of supplier/contractor/vendor's intimation. Wherever pre-commissioning checks /tests are involved, the same shall be witnessed jointly with the supplier/contractor/vendor's representative. On such verification, once the entire contracts under a particular contract are found to be complete and acceptable (except for minor defects and deficiencies, if any), the concerned Engineer-in-charge (User department) shall request the supplier/contractor/vendor to undertake commissioning. The commissioning operations shall be supervised if required by a team consisting of representatives from the relevant departments as considered appropriate. The team shall be responsible inter alia for the following:
- (i) Inspection of finished works under a particular contract, bring out deficiencies and suggest corrective measures well ahead of initial charging;
  - (ii) Go through the storage history of each and every items, list out repair/renovation work, if any, carried out on them and document the observations for development of data base for future reference;
  - (iii) Go through test results on items installed and clear the item for energization;
  - (iv) Go through statutory clearances and standing instructions before putting the new items to initial charging;
  - (v) Witness final commissioning tests and test charging;
  - (vi) Investigate failure of item during test charging and document the observation;
  - (vii) List out deviations/exceptions/incomplete work, for acceptance/rejection.
- (c) If, on inspection/checking, the contracts/part of contracts are not found to be complete or rectification of major nature is required, the Engineer-in-charge (User department) shall, within twenty one (21) days of supplier/contractor/vendor's intimation, inform the incomplete works/ defects and deficiencies to the supplier/contractor/vendor in writing advising him to take necessary action.
- (d) On successful completion of commissioning test/test charging and upon request of the supplier/contractor/vendor for taking over the contracts and issuance of TOC, the concerned department, at a level not below that of SE, shall issue TOC ascertaining the following:
- (i) All the works under the contract have been satisfactorily completed by the supplier/contractor/vendor as per the provisions of contract;
  - (ii) The supplier/contractor/vendor has cleared the site of all the surplus items, removed all scaffoldings, shuttering items, labour huts/ sheds, cleaned the dirt from part of building, sanitary arrangement, water supply connection and all electrical gadgets/equipments/ switches, wiring, any wood work or any such item, to the satisfaction of the Engineer-in-charge (User department), except those required for carrying out rectification works;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 111

- (iii) All the defects have been rectified to the complete satisfaction of the Engineer-in-charge (User department).
- (e) Notwithstanding that has been stated above, the issuance of TOC shall not be held up for delay in completion/ rectification of works of minor nature that do not affect the performance/ use of the building/installation/ equipment/sub-system/system at rated parameters. In such a case the supplier/contractor/vendor shall however be required to give an undertaking that in case he fails to complete/rectify within a mutually agreed period, the Purchaser shall be at liberty to carry out the work at his risk and cost, and deduct an amount as per the terms and conditions applicable.
- (f) In most of the contracts in the Purchaser, particularly Turnkey contracts, the total price against each item is generally paid in three (3) stages; a portion is paid in advance, a portion as progressive/running payment on completion of respective activities and the balance portion is paid on successful completion of entire scope of work under the contract and Taking over of contracts by the Purchaser. Sometimes, it however happens that though all the activities under the contract are physically completed, the Commissioning, upon which only taking over by the Purchaser can take place, is held up for reasons not-attributable to the supplier/contractor/vendor. Under the above situation, the system despite being ready for Commissioning at specified parameters may remain without being commissioned or may be commissioned only at reduced parameters, depending upon available alternatives. The methodology to be adopted in such situations, wherein either the system cannot be commissioned at all or can be commissioned at reduced parameters, in regard to various contractual aspects like taking over of the system, release of final payment etc., is discussed hereunder:
- (i) If 'Commissioning' of the system at specified parameters cannot be done immediately after physical completion/readiness for commissioning, for reasons not attributable to the supplier/contractor/vendor, but it is possible within six (6) months thereafter, the supplier/contractor/vendor shall be required to extend the validity of the CPG accordingly;
- (ii) If 'Commissioning' of the system is not possible within six (6) months of the date of physical completion/ readiness of the system for Commissioning, the balance payment shall be released to him against BG of equivalent amount initially valid for a period of twelve (12) months. In this regard, based on request to be submitted by the supplier/contractor/vendor, approval of MD shall be obtained by the concerned Engineer-in-charge (User department).
- (iii) If the Commissioning does not take place within the validity period of the BG, the validity shall be extended from time to time. The supplier/contractor/vendor shall be also required to extend the validity of the CPG so that it remains valid up to a period of one (1) year beyond the validity period of the BG against which last payment has been released to the supplier/contractor/vendor.
- (g) TOC shall be issued by the Purchaser, only after the system is commissioned at specified parameters. The TOC shall be issued within a period not exceeding fifteen (15) days from the date of Commissioning. The defect liability period/ guarantee period shall be reckoned from the date of Taking over.
- (h) The concerned User department shall ensure regular monitoring during execution of contracts by supplier/contractor/vendor.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 112

## 7.14 Contract Closing

- (a) Contract closing is a milestone, which symbolizes that liabilities of either parties (Purchaser and supplier/contractor/vendor) under the contract stand settled i.e. supplies/works/services have been completed in terms of the provisions of the contract and all the due payments have been released. No guarantee/claim is outstanding with/against either party.
- (b) A contract is said to be completed in all respects only after successful completion of the Guarantee period. A contract shall therefore be considered to be closed only after the Guarantee period is successfully completed and CPG of the supplier/contractor/vendor is returned / discharged.
- (c) The contract closing is a very important milestone, since it is after the closing of various contracts under a project that the total financial outlay against a project is known with certainty.
- (d) As a matter of policy, all the contracts shall be closed immediately after the expiry of defect liability period/guarantee period of respective contracts. Various activities pertaining to contract closing, except release of CPG/SD, shall generally be completed within twelve (12) months of the completion of the respective contracts.
- (e) The closing of a particular contract shall be said to have taken place in time if the CPG is released immediately after successful completion of Guarantee period. The associated activities, including release of CPG, required to be completed for closing of the contract are outlined below and as per certifications mentioned in Section 7.25:
  - (i) Receipt of drawings, Quality Assurance (QA) documents and O&M manuals where required as per the contract;
  - (ii) Physical Completion of scope of work;
  - (iii) Commissioning and TOC;
  - (iv) Item Reconciliation;
  - (v) Performance Guarantee Test, where applicable;
  - (vi) Processing of scope variation covering quantity variation, extra items/claims and Issuance of final amendment;
  - (vii) Time extension and settlement of LD;
  - (viii) Extra claims and settlement of disputes;
  - (ix) Processing and release of final bill;
  - (x) Successful completion of guarantee;
  - (xi) Release of CPG.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 113

- (f) As soon as the supplier/contractor/vendor's scope of work under a contract approaches completion (i.e. when about eighty percent (80) % to ninety percent (90) % of the scope is complete), the said contract shall be included in the list of contracts for closing, which shall be developed by the concerned User department. The list shall contain salient particulars of the contract including the expected date of physical completion/Taking Over and the Guarantee period. In respect of all such contracts, the progress of various activities mentioned above shall be reviewed on monthly basis by the CE of the concerned Region.

#### **7.15 Submission of All Manuals/Documents/Drawings (as applicable)**

- (a) Once the contracts are completed, it is absolutely necessary that proper documentation of all operating instructions, drawings, test certificates, various approvals, amendment and other relevant papers are made available by the supplier/contractor/vendor and taken on records by the Engineer-in-charge (User department), so that difficulty in carrying out maintenance is not encountered. For items, the supplier/contractor/vendor is supposed to submit a prescribed number of sets of instruction manuals (for installation and O&M), approved erection drawing, other technical literatures and test certificates to Engineer-in-charge (User department).

#### **7.16 Physical completion of scope**

- (a) Once the contracts are notified to be completed by a supplier/contractor/vendor, the User department shall take immediate action towards thorough checking of the same.

#### **7.17 Commissioning /Taking over**

- (a) After contracts are completed/test charged at rated parameters, TOC shall be issued. Such certificate shall be issued by the authority competent to issue such certificate as per the contractual document. The issuance of TOC is an important milestone in contract closing as it signifies completion of works and commencement of defects liability/Guarantee period.

#### **7.18 Item Reconciliation (Purchaser supplied items)**

- (a) The Engineer-in-charge (User department) shall periodically carry out item reconciliation with supplier/contractor/vendor. The statement shall accordingly be prepared and an item reconciliation statement (provisional) shall be enclosed with every Running Account (RA) bill to avoid situation of encountering abnormal recovery at the end.
- (b) On completion of works, the item reconciliation shall be given the final shape jointly by the Engineer-in-charge (User department) of the contract and the supplier/contractor/vendor. The supplier/contractor/vendor shall be required to return the balance Purchaser supplied items in terms of provision of the contract.
- (c) While making final reconciliation statement, the total allowable consumption of Purchaser supplied item shall be worked out taking into account the quantities actually erected/required as per specifications including allowable working wastage. Based on the item issued to the supplier/contractor/vendor and consumption as worked out above, balance items to be returned shall be arrived at. If the item returned by contractor is less than that arrived at as above, necessary recovery will be affected from the supplier/contractor/vendor's final bill or other bills/payment, etc., unless otherwise provided in the contract. However, if the supplier/contractor/vendor wishes to replenish the excess consumed items, the same shall be allowed from sources approved by the Purchaser.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 114

- (d) Joint reconciliation of item shall be completed within three (3) months of completion of contracts.
- (e) The rate, at which recovery for shortage of Purchaser supplied material has to be affected, shall be arrived at in the manner provided in the contract. In case the contract does not stipulate clear-cut guidelines the following course of action shall be taken. The details of the calculations of the recovery rate need to be clearly specified in the bid document. The applicable rates for the overhead charges shall be fixed on a yearly basis in consultation with Finance & Accounts department.
  - (i) The recovery rate shall be finalized as on the date of Taking Over of 'Works/Contract' i.e. the date of issuance of TOC for the 'Works/Contract' to which Purchase supplied material was issued;
  - (ii) The rate of such items, whose recovery rates are to be finalized, shall be based on the market price plus overhead charges at the pre-determined percentage of the cost of item;
  - (iii) The rate in all cases shall be all-inclusive i.e. including basic rate, duties, taxes, freight etc.

#### **7.19 Quantity variation, extra items and final amendment (as applicable)**

- (a) As and when variations are anticipated during execution of contract, action shall be taken by the competent authority (Region office)/User department for obtaining Technical approval for the same. Based on the Technical approval, the department who has awarded the contract shall obtain Administrative approval for issue of Change order and issue amendment to the contract.
- (b) On completion of contracts, the Engineer-in-charge (User department) shall examine as to whether some variations are yet to be approved and final amendment to the contract is to be issued. If all variations are found to have been covered by the amendments already issued, the Engineer-in-charge (User department) shall confirm to User department and Procuring authority to that effect. The Engineer-in-charge (User department) shall ensure processing of proposal for final amendment, if required, within thirty (30) days of completion of contracts. The Procuring authority in consultation with the User department shall ensure that final amendment is issued within three (3) months of the completion of contract.
- (c) During execution of the contract the Purchaser has a right to increase or decrease the quantity indicated in the LoA and for which the amendment to the contract shall be based on the final requirement of the Purchaser. But there may be a situation in pure supply/PO orders that the total quantity actually received/accepted is slightly different from the quantity indicated in the contract or the amendment last issued. Such variations occur generally on account of breakages/damages/theft during transit and storage and technical limitation in supplying the exact quantity indicated in LoA. Therefore, in such situation, variations (plus or minus) up to two percent (2) % shall be acceptable in supply contracts, provided the execution of work is not going to be adversely affected by accepting minus variation. The proposal for Technical and Administrative approval towards final amendment to the contract on this account too shall be processed in the same manner as explained in Section 7.10 and 7.11.
- (d) The processing of final amendment to the contract shall not be withheld for non-completion of minor works, which do not affect issuance of TOC/ Completion Certificate or performance of the system. However, the express understanding shall always be that all such works, howsoever minor those may be, shall be completed by the supplier/contractor/vendor within a time schedule mutually agreed at the time of issuing TOC/ Completion Certificate. If such works are

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 115

not finally completed/ carried out by the supplier/contractor/vendor, the Purchaser may consider closing of the contract, if it is feasible/workable to complete the balance works through other sources, by effecting appropriate recovery towards carrying out such works in the final bill. In order to finalize recoverable amount, a cost estimate of balance works at prevailing market rate will be prepared which will also include the Purchaser's overhead charges as may be determined from time to time, in line with the provisions given in Section 7.18(e). The amount payable to the supplier/contractor/vendor as per contract if he would have completed the balance works will also be worked out. The recovery amount shall be higher of estimate prepared at market rate and the amount payable to the supplier/contractor/vendor for balance works at LoA rates. For this, the proposal shall be submitted by the Engineer-in-charge (User department) and approval of competent authority as per the DoP shall be obtained.

## **7.20 Time Extension and Settlement of LD**

- (a) The Engineer-In-Charge (User department) shall initiate the proposal on this matter within two (2) months of completion of works. The provisions in this regard as mentioned in Section 7.12 shall be applicable.

## **7.21 Extra Claims and Settlement of disputes**

- (a) It may so happen that the supplier/contractor/vendor, in course of execution of contract, puts forth extra claims with respect to any provision of the contract. In such case attempts have to be made to mutually resolve such claims/ disputes within a reasonable time say three (3) months of the completion of contract. If such mutual settlement is not arrived at and any party to the dispute chooses to seek redressal, then either party may invoke the relevant provisions of the contract i.e. invoking Dispute Resolution/Arbitration clause which shall be dealt as per Section 7.8.

## **7.22 Processing and Release of Final Bill**

- (a) After final amendment to the contract is issued, the supplier/contractor/vendor shall be required to submit the final bill, along with all the relevant details such as summary of all the previously paid bills including PV bills, quantities executed/recorded, total value of the Running Account Bills, retention money, adjustment of mobilization advance, items and other advances, recoveries, due and drawn statement, etc. The final bill shall be properly checked and necessary action shall be taken to ensure that all the relevant details are taken care of before payment is recommended for release. Along with final bill, the Engineer-in-charge (User department) shall enclose the necessary certificates.
- (b) In case of negative PV persists, the same shall be certified by the supplier/contractor/vendor and required adjustment shall be done in the bill amount at the time of raising of bills.
- (c) The final bill shall be prepared and forwarded to the concerned RAO/Finance & Accounts department as the case may be so as to facilitate release of payment within a period as provided in the contract. After the final bill is forwarded to RAO/Finance & Accounts department, the same shall be thoroughly checked there and thereafter the payment shall be released.
- (d) There may be situation, when all other formalities required for release of final bill are complete but Arbitration proceedings are going on. In such a situation final bill and CPG/SD cannot be released to the supplier/contractor/vendor till settlement of disputes. However, if final bill amount is sufficient to take care of the amount expected to be settled out of claims and counterclaims, CPG shall be released. In case the supplier/contractor/vendor still insists for

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 116

release of payment otherwise due to him as per contract, without taking into account claims and counterclaims, the same can be released against BG of equivalent amount valid at least initially for one (1) year and with an undertaking from the supplier/contractor/vendor to extend the same as per requirement of the Purchaser. Failing which the Purchaser shall have the right to encash the BG whenever required by the Purchaser. Proposal in regard to release of CPG/SD and release of balance payment against BG will be initiated by the Engineer-In-Charge (User department) and the same shall require approval of the competent authority as per DoP.

### 7.23 Guarantee completion

- (a) With satisfactory completion of Guarantee period/defects liability period, which is linked with the date of Taking Over, the liability of the supplier/contractor/vendor under a contract comes to an end as all other activities are supposed to be completed much before it. In case any defect is observed during this period, the same is required to be rectified/replaced by the supplier/contractor/vendor free of cost and the guarantee period for that portion stands extended as may be specified.

### 7.24 Release of CPG

- (a) The release of CPG/SD is the last activity in contract closing and takes place after successful completion of the Guarantee period. Since the release of CPG/SD is the last activity before the contract is declared as closed, compliance in regard to completion of the required formalities is ascertained in the form of issuance of various certificates called Contract Closing Formats.

### 7.25 Contract Closing Formats (as applicable)

- (a) In order to ensure that entire scope under the contract is completed and obligations/liabilities of either party are properly settled before a particular contract is declared as closed, confirmation from concerned authorities in respect of satisfactory completion of respective activities shall be taken in form of issuance of Contract Closing Formats. The Contract Closing Formats are devised in a manner so as to cover all aspects of a contract. These formats which are enclosed as **Annexure-XV**, are outlined below and their applicability shall be on case to case basis with due clearance from competent authority of concerned department:

No.	Certificate Description (if applicable)	Responsibility of issuance
1.	Final Amendment to contract	Procurement department, if needed
2.	Receipt of Drawings from contractor if applicable	Engineer-In-Charge (User department)
3.	Receipt of QA Documents if applicable	Quality and Standards department
4.	Receipt of O&M Manuals if applicable	Engineer-In-Charge (User department)
5.	Certificate for liquidated damages	Competent authority of concerned department
6.	Certificate for Scope completion	Engineer-In-Charge (User department)
7.	Proforma for shortfall in equipment performance	Engineer-In-Charge (User department)
8.	Material Reconciliation	Engineer-In-Charge (User department)
9.	Certificate for Payment reconciliation	Finance & Accounts department
10.	Certificate regarding labour payments and statutory requirements	Supplier/Contractor/Vendor
11.	No Liability Certificate	Finance & Accounts department
12.	Certificate for completion of guarantee period	Competent authority of concerned department

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 117

No.	Certificate Description (if applicable)	Responsibility of issuance
13.	Certificate for return of Security Deposit	Finance & Accounts department (Non-BG cases); Procuring authority (BG cases)

- (b) From contractor's side, a representative, duly authorized by the Purchaser to sign such documents, shall sign formats. From the Purchaser's side, it shall be signed by an authority not less than SE and forwarded through the representatives of the departments.
- (c) Once all the contract closing activities are completed and the required certificates are obtained, the Procuring authority shall put up a note confirming the same and declare closing of a particular contract.

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 118

## 8 RATE CONTRACT

### 8.1 General

- (a) A Rate Contract is an agreement between the Purchaser and the supplier/contractor/vendor for supply of specified goods, works and services (and allied services if any) at specified price and terms and conditions (as incorporated in the agreement) during the period covered by the Rate Contract. Neither the quantity is mentioned in the Rate Contract nor the minimum drawl guaranteed.
- (b) The Rate Contract is in the nature of a standing offer from the supplier/contractor/vendor for an agreed period. Once an order is placed against a Rate contract on the supplier/contractor/vendor for procurement of goods, works and services during the validity period of the rate contract, that order becomes a valid and binding contract. The supplier/contractor/vendor and/or the Purchaser are entitled to withdraw/cancel the Rate Contract by serving an appropriate notice on each other as provided in the contract, however, the supplier/contractor/vendor shall be liable for all penal provisions, if any, as per the Rate Contract.
- (c) **Benefits to Purchasers**
  - (i) Competitive and economical price due to aggregation of demands;
  - (ii) Saves time, efforts, man-hours and related costs involved in time consuming as well as repetitive tendering process which reduces lead time for procurement;
  - (iii) Availability of quality procurement with full quality assurance back-up;
  - (iv) Enables procurement as and when required and thus reduces inventory carrying cost;
  - (v) Advantageous even to small users and those located in remote areas;
  - (vi) Provides one single point of contact to procure such items.
- (d) **Benefits to Suppliers/contractors/vendors**
  - (i) Reduces marketing cost and efforts;
  - (ii) Eliminates repetitive tendering and follow-up actions with multiple authorities;
  - (iii) Provides single point contact for procurement;
  - (iv) Aggregation of demand leads to economic production;
  - (v) Lends credibility;
  - (vi) Promotes quality discipline.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 119

**(e) Goods, works and services for which Rate Contracts are to be concluded**

- (i) Commonly used goods, works and services needed on recurring basis by various User department(s) within the Company;
- (ii) Goods, works and services for which prices are likely to be stable or where Rate Contracts could be finalized with provision of price variations to account for fluctuation of market rates of raw materials, etc.
- (iii) Goods, works and services for which Rate Contract is convenient to operate and annual draws are economical.
- (f) In case of goods, works and services of low value and which are required by the User departments in very small quantities and scarce / critical/ perpetually short supply goods, Rate Contracts may not be concluded.
- (g) It is enjoined upon the Procuring authority to bring more and more common user items on Rate Contracts. For this purpose, regular interactions should be held by the Procuring authority with the suppliers/contractors/vendors and the User department(s).

**8.2 Period of Rate Contract**

- (a) The period of a Rate Contract should normally be one (1) year for stable technology products. However, in special cases, shorter or longer period may be considered. As far as possible, termination period of Rate Contracts should be fixed in such a way as to ensure that budgetary levies would not affect the price and thereby frustrate the contracts. Alternatively, suitable provisions may be made in the contract to account for such changes in price. Attempts should also be made to suitably stagger the period of Rate Contract(s) throughout the year.

**8.3 Criteria for award of Rate Contract**

- (a) Rate Contracts shall be awarded to the registered suppliers/contractors/vendors of the Company. Suitable stipulations are to be incorporated in the tender documents to this effect.
- (b) Some of the registered suppliers/contractors/vendors may also be holding the current Rate Contracts and/or held past Rate Contracts for the required goods, works and services with the State/Central Government. Their performance against such earlier/current Rate Contracts shall be critically reviewed before they are considered for award of new Rate Contracts. Specific performance and achievement criteria as on a selected cut-off date is to be evolved for this purpose and incorporated in the tender document. The bidders will be asked to furnish the relevant details (along with their tenders) to enable the Purchaser to judge their performance and achievement against the past/current Rate Contracts. These criteria are to be evolved and decided by the Procuring authority during procurement planning stage for incorporation in the corresponding tender documents.

**8.4 Special Conditions applicable for Rate Contract**

- (a) Important special conditions applicable to Rate Contract are given below:
  - (i) In the schedule of price and quantity requirement, no quantity is mentioned; only the anticipated drawl may be mentioned without any commitment;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 120

- (ii) Company reserves the right to conclude more than one (1) Rate Contract for the same item;
- (iii) Company as well as the supplier/contractor/vendor may withdraw the Rate Contract by serving suitable notice to each other. The prescribed notice period is generally thirty (30) days, however, it may be shorter owing to the urgent nature of action required;
- (iv) In case of emergency, Company may purchase the same item through other contract with new suppliers/contractors/vendors;
- (v) Usually, the terms of delivery in Rate Contracts are FOR dispatching station. This is so, because the Rate Contracts concluded by the Company are to take care of the users spread all over the area of the Company.
- (vi) Purchase/Work Orders, incorporating definite quantity of goods, works and services to be procured along with all other required conditions following the Rate Contract terms, are to be issued for procurement through Rate Contract by the Procuring authority.
- (vii) Company and the User departments of the Rate Contract are entitled to place Purchase/Work Orders up to the last day of the validity of the Rate Contract and, though procurement against such Purchase/Work Orders will be affected after the validity of the Rate Contract.

## 8.5 Parallel Rate Contracts

- (a) In case it is observed that a single supplier/contractor/vendor does not have enough capacity to cater to the entire demand of an item, the Rate Contract issuing authority may enter into more than one Rate Contract with different suppliers/contractors/vendors for the same item. Such Rate Contracts are known as Parallel Rate Contracts.
- (b) Identical tender documents may be utilized for conclusion of parallel Rate Contracts subject to inclusion therein any special terms and conditions as applicable for such parallel Rate Contracts.
- (c) In the normal course, the Rate Contract is to be awarded to the lowest evaluated bidder (L1). However, depending on the anticipated demand of the item, location of the users, capacity of the responsive bidders, reasonableness of the prices quoted by the responsive bidders, etc. it may become necessary to award parallel Rate Contracts also. For this purpose, a reasonable price band above the L1's price is to be decided and parallel Rate Contracts may be awarded to the responsive bidders falling within that price band. Efforts should be made to conclude parallel Rate Contracts with suppliers/contractor/vendor located in different parts of the country. For the sake of transparency and to avoid any criticism, all such Rate Contracts are to be issued simultaneously.

## 8.6 Price Negotiation/Counter-Offer

- (a) Price Negotiation with bidders shall be severely discouraged. It shall be dealt as per section 6.7.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 121

## 8.7 Cartel Formation/Pool Rates

- (a) Sometimes a group of bidders quote identical rates against a Rate Contract tender. Such pool/cartel formation is against the basic principle of competitive bidding and defeats the very purpose of open and competitive tendering system. Such practices should be severely discouraged with strong measures. Suitable administrative actions like rejecting the offers, reporting the matter to Registrar of Companies, MRTP Commission, National Small Industries Corporation, etc. should be initiated against such suppliers/contractors/vendors, on case to case basis, as decided by the competent authority. The Company may also bring such unhealthy practice to the notice of the concerned trade associations like FICCI, ASSOCHAM, NSIC, etc. requesting them, inter alia, to take suitable strong actions against such suppliers/contractors/vendors. The Company may also encourage new suppliers/contractors/vendors to get them registered for the subject goods, works and services to break the monopolistic attitude of the firms forming cartel.

## 8.8 Renewal of Rate Contracts

- (a) It should be ensured that new Rate Contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new Rate Contracts due to some special reasons, timely steps are to be taken to extend the existing Rate Contracts with same terms and conditions, etc. for a suitable period, with the consent of the Rate Contract holder(s). The extension shall be at the sole discretion of the Company with the mutually agreed terms and conditions. Rate Contracts of the firms, who do not agree to such extension, are to be left out.
- (b) The contract period may be extended but not beyond 50% of the duration of the original contract period, except in the case of specialized services where longer duration is found beneficial to the Company. Also, while extending the existing rate contracts, it shall be ensured that the price trend is not lower. Period of such extension at a time shall generally be not more than twelve (12) months.

## 8.9 Placement of Purchase/Work Orders against Rate Contract

- (a) Procuring authority shall place purchase/work orders to supplier/contractors/vendors for the procurement of goods, works and services incorporating the prices and other relevant terms and conditions of Rate Contract.
- (b) A Purchase/Work order should generally contain the following important details and copies of Purchase/Work order are to be endorsed to all concerned:
- Rate Contract Number and Date;
  - Quantity (Where there is more than one consignee, the quantity to be dispatched to each consignee is to be indicated);
  - Rate;
  - Date of delivery (In the Purchase/Work order, a definite delivery date based on the delivery period stipulated in the Rate Contract is to be provided);

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 122

- (v) Full address of the Purchaser along with Telephone number, Facsimile number and E-mail address;
- (vi) Complete and correct designation and full postal address of the consignee(s)/goods, works and services receiving officer(s) along with telephone number, Facsimile number and E-mail address;
- (vii) Nearest Railway Station (NRS) of the consignee(s);
- (viii) Dispatch instructions;
- (ix) Designation and address of the inspecting officer;
- (x) Designation and address of the paying authority to which the bills are to be raised by the suppliers/contractors/vendors;
- (xi) Risk and cost purchase;
- (xii) LD as applicable;
- (xiii) Transportation including loading/unloading;
- (xiv) BG as applicable;;
- (xv) Guarantee particulars (both during and post execution);
- (xvi) And other terms and conditions.

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Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 123

## 9 SUSPENSION/BANNING OF BUSINESS DEALINGS

### 9.1 Objective

- (a) The purpose of is to prescribe uniform and transparent guidelines for, firstly, Banning of supplier/contractor/vendor for business dealings and, secondly, Suspension of supplier/contractor/vendor, due to adverse performance in executing current/past contracts, awarded by the Procurement department at Corporate Office and competent department at Region Offices.
- (b) In this Section, the term “vendor” includes any supplier/contractor/vendor or person who is supplying goods and/or providing services like engineering, construction, erection, commissioning, etc. and means the same as “contractor” or “supplier”.

### 9.2 Policy and procedure for Suspension/Banning of business dealings

- (a) For Suspension/Banning of Business Dealings, the procedure prescribed by the Company from time to time shall be followed.
- (b) Suspension/Banning of Business Dealings with vendors may be resorted to for serious lapses in performance/misdemeanours on the part of the vendor, such as:
  - (i) Abandoning the work without completion;
  - (ii) Repeated failures in timely execution of the contracts;
  - (iii) Resorting to unfair means or unethical business practices, such as:
    - (A) Cheating;
    - (B) Forgery;
    - (C) Fraud;
    - (D) Accepting or offering bribe;
    - (E) Providing false certification/information/documents;
    - (F) Tampering with documents, etc.
  - (iv) Becoming bankrupt/insolvent;
  - (v) Being banned/suspended by any utility or Government of MP or Government of India; and,
  - (vi) Any other reasons of similar nature.
- (c) The Suspension/Banning of Business Dealings shall be done in a transparent manner after careful evaluation of the performance, facts and circumstances of the case by a duly constituted committee after issue of show cause notice to the vendor. The committee shall

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 124

consist of representatives from Procurement department, Law/Legal officer, User department, Finance & Accounts department and Quality & Standards department as may be relevant. The concerned party should invariably be informed of the decision in writing.

- (d) The Suspension / Banning notifications issued by the other utilities under the Energy department, GoMP shall be examined by the Company on a case to case basis. The decision for permitting the bidders who's Business Dealings have been banned to participate in tenders shall be taken by the committee consisting of representatives from Procurement department, Law/Legal officer, User department, Finance & Accounts department and Quality & Standards department as may be relevant.
- (e) Post recommendations of the committee, the final decision regarding Suspension/Banning of Business Dealings shall be done by MD of the Company and subsequently notified for implementation.
- (f) If vendors feel that they have justifiable reasons to defend their cases, they may appeal to MD before going for litigation.
- (g) After approval by the competent authority, the Screening Committee shall issue a show cause notice to the vendor. The Screening Committee may recommend suspension/ banning of the vendor even for a first case of offence/ default depending upon the severity of the offence/ default and seek reply to the show cause notice by the vendor. The decision shall be approved by the competent authority as per DoP.
- (h) In order to execute the contracts within the contractual time schedules and with acceptable quality, it is necessary that undesirable vendors are eliminated at the bidding stage itself. Thus, the vendors involved in serious lapses in performance/ misdemeanors previously, shall be eliminated at the bidding stage itself.

### **9.3 Notification of Banning issued by Corporate Office**

- (a) In the process of Banning, the concerned vendor, irrespective of the vendor's products/ services under consideration is prohibited from any future dealings of any nature with Company if the vendor has been involved in any serious lapses in performance/ misdemeanors.
- (b) The Notification of Banning issued by the Procurement department may also provide for banning of:
  - (i) All firms in which the proprietor(s) of the banned vendor is associated, either as proprietor or partner; or
  - (ii) Any associate/subsidiary/affiliate/firm(s) of such vendor.
  - (iii) In such a case stated in (i) and (ii), the provisions as mentioned in the Banning notification issued by the Procurement department shall also be applicable to all such firms described above. However, where no such stipulations are made, the Banning Notification shall be applicable only to the banned vendor.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 125

- (c) All Notifications for Banning of Business Dealings with the Corporate Office with any vendor shall be issued by Procurement department for the Company as a whole and not individually by Region Offices. Any case noticed by any of the Region Office shall be processed by the Screening Committee at Corporate Office after full back up details have been forwarded by the concerned Region Office through the Procurement department.
- (d) Based on any reference received, the Procuring authority shall put up the case with all relevant details (including the reference received) to ED (Operations)/CE (Corporate). The case, thereafter, would be referred to Screening Committee at Corporate Office.
- (e) In case of procurement of items at Region Office(s), the Screening Committee shall include CE (Region Office), SE (Circle Office) where the project is executed, Engineer-in-charge (User department) and competent authority of the concerned RAO department.
- (f) The Screening Committee shall examine the case in the context of the details received or may seek more details and discuss with concerned officers in the Procurement department, wherever required. In case the Screening Committee decides on sending a show cause notice to the vendor, after the approval for the same shall be sought from the competent Authority as per DoP. On receiving the approval, the convener of the Screening Committee shall issue a show cause notice to the vendor (as per format given in **Annexure-XVI**) seeking explanation as to why the vendor should not be banned for further Business Dealings for a specified period as deemed appropriate. The vendor is required to reply to that show cause notice within 30 days.
- (g) Pending final decision on banning from the issue of show cause notice, the vendor shall be *put on holidays* (interim suspension) during interim period. However, no formal letter shall normally be issued to the vendor, indicating that the vendor has been put on holidays pending final decision on banning, except in cases where the vendor insists for such letter. In such cases, such letter may be issued with the approval of competent authority as per DoP.
- (h) The Screening Committee shall appropriately consider the response to the show cause notice received from the vendor and shall send its clear opinion within 15 days of receipt of reply. The Screening Committee's recommendation (banning or not banning) shall be put up for approval of the competent authority. The Screening Committee's recommendations shall include the list of supply/ service/ turnkey contracts for which there have been serious lapses in performance/misdemeanours on the part of the vendor. Further, areas for improvement, if any, in case of vendors whose overall performance has otherwise been found to be of acceptable level, shall be also identified by the Screening Committee as part of their recommendations.
- (i) In case no reply from the vendor is received within 30 days of the date of issue of show cause notice (which shall be either be faxed or send through registered/ speed post/ courier with confirmation of receipt), suo-moto action shall be taken by the Screening Committee which shall be approved by the ED (Operations)/CE (Corporate).
- (j) Notification for Banning of the vendor shall be issued by ED (Operations)/CE (Corporate) for implementation uniformly by all Company departments and offices. Such Banning shall automatically extend to all Business Dealings. The Notification for Banning shall include the

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 126

names of the Directors of the Company/ Partners of the firm of the banned vendor. If the associate concerns of the vendor are also included and approved by the Procuring authority, the same should also be included in the Notification (format provided at **Annexure-XVII**). The concerned vendor shall also be informed suitably (format at **Annexure-XVIII**).

- (k) Where any Notification of Banning of Business Dealings with any vendor is issued by the Procurement department at Corporate Office after recommendation by the Screening Committee and approval of the Competent Authority, the same would be binding throughout Company with effect from the date mentioned in such notification and for the period specified therein.
- (l) For particular case(s) as deemed necessary, the case(s) shall be reviewed by the Screening Committee before the completion of notified period and a suitable recommendation on whether to extend or revoke the ban shall be given to the ED (Operations)/CE (Corporate) for approval.
- (m) For this purpose the Screening Committee may seek any information or document as considered appropriate from the vendor or even seek an interview with the vendor. In no case after completion of banning period, it shall be presumed that the vendor is automatically eligible for future Business Dealings, until and unless Revocation Notification is issued after approval of ED (Operations)/CE (Corporate).
- (n) The on-going supply/ service/ turnkey contracts under execution shall not be affected by the Notification of Banning. However, adequate precautions should be taken during execution of ongoing contracts.
- (o) In case a banned bidder participates in the bidding process and the Purchaser detects the same during evaluation process, the bid of such banned bidder shall be deemed non-responsive in nature. Hence, it stands disqualified and shall not be considered for opening of Price bid/placement of order.

#### **9.4 Notification of Suspension issued by Corporate Office**

- (a) In the process of Suspension, the concerned vendor is barred from having any future business dealings with Company for the specific products/ services under consideration for a specified period.
- (b) The Procurement department at Corporate office shall issue the Notification of Suspension of the vendor. As per the aforesaid Notification, the notified vendor becomes ineligible for participation in all future tenders limited to the nature of supply/ service as mentioned in the Notification.
- (c) The aforesaid Notification of Suspension will not be applicable to:
  - (i) Procurement of Supply/ Service contracts other than those mentioned in Notification; and
  - (ii) Contracts of packages under execution.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 127

- (iii) However, in the above cases mentioned in (i) and (ii), suitable arrangement, after discussion with the vendor, shall be made to ensure avoidance of adverse performance of the vendor in such cases.
- (d) The procedure for issuing Notification of Suspension shall be similar to that followed for issuing Notification of Banning, as specified under Sections 9.3(c) to 9.3(h) except for suspension of vendor where the contract has been placed by the Region office.
- (e) For the cases where contracts have been placed by the Region Office, the Screening Committee shall put up the case to ED (Operations)/CE (Corporate) through CE (Region Office) for concurrence and forward the same to the MD after examination of details and evaluating the overall performance of the vendor. Thereafter, the usual procedure shall be followed by the Screening Committee for issuing show cause notice.
- (f) The format for issuing show cause notice to vendor for suspension is at **Annexure-XIX**.
- (g) Notification for Suspension (format provided at **Annexure-XX**) of the vendor shall be issued by ED (Operations)/CE (Corporate) for implementation uniformly by all Company departments and offices. The concerned vendor shall also be informed suitably (format at **Annexure-XXI**).
- (h) Where any Notification of Suspension of any vendor is issued by the Procurement department at Corporate Office after recommendation by the Screening Committee and approval of the competent authority, the same would be binding throughout Company with effect from the date mentioned in such notification and for the period specified therein.
- (i) This Notification of Suspension shall be applicable to all tenders for which orders are yet to be placed and procedure shall be followed to restrict participation of suspended vendor in the tendering process.
- (j) The Notification of Suspension shall not be revoked during the period of suspension mentioned in the Notification unless otherwise directed by competent authority.

## 9.5 Suspension/Banning Notification issued by other Organizations

- (a) Suspension/Banning Notifications issued by other sister organizations (any other wholly-owned subsidiaries) will be examined by the Screening Committee of Company on a case to case basis and after approval by competent authority, decision shall be conveyed for implementation or otherwise. .
- (b) The Procurement department will interact with other utilities of the MP and will prepare a list of suspended / banned vendors at the beginning of the financial year. That list shall contain the name of vendors, nature of supply/ services for which ban/ suspension have been imposed and the time period applicable. There should be a concurrent communication between other utilities on this subject. The orders for banning/ suspension or revocation should be addressed to MDs of other utilities.
- (c) To withdraw the suspension/ban from that vendor, written information from Company and any other wholly-owned subsidiaries of these Companies, etc. shall be sought.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 128

- (d) The Suspension Notification issued by other organizations (other than Company and any other wholly-owned subsidiaries of these Companies etc.) may be considered on a case to case basis by the Company.

## 9.6 Appeal Process

- (a) For any appeal to be made by the aggrieved vendor, MD will be the Appellate Authority. Decision of Appellate Authority shall be final in all respect and binding on all concerned. Suitable provisions shall be included in the bidding documents for the same.

## 9.7 Composition of Screening Committee

- (a) There shall be a standing Screening Committee to deal with the cases of Suspension and Banning. The composition of the Committee shall include atleast three (3) representatives from relevant and different departments from the following as and when required:
- (i)ED (Operations)/CE (Corporate);
  - (ii)CE/SE (Works);
  - (iii)Competent authority of Quality & Standards department/identified specialist officers of the Company;
  - (iv)CE/SE (User department);
  - (v)Director (Finance & Accounts); and
  - (vi)Law/Legal officer.
- (b) The Engineer-in-charge (User department) shall be the Convenor of the Screening Committee and ED (Operations) shall be the Chairman of the Committee.
- (c) The recommendations of the Screening Committee shall be approved by ED (Operations)/MD wherever applicable.

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<b>Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore</b>			
<b>Procurement Manual (Policies and Procedures)</b>			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 129

## **10 VENDOR PERFORMANCE EVALUATION SYSTEM**

- 10.1 Vendor performance evaluation system is an efficient methodology to shortlist high/low performing supplier/contractor/vendor. The methodology shall be developed by the Company in future based in sync with the guidelines issued by the Government. This phenomenon shall stand applicable on case to case basis as per the directives of the Company issued from time to time.

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**11 ANNEXURES**

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 131

## 11.1 ANNEXURE-I: ROLES AND RESPONSIBILITIES OF PROCUREMENT FUNCTION

Activities	Supply of Goods	Civil Works	Turnkey Contract (funded by Company/D eposit scheme)	Turnkey Contract (funded by external multilateral agency)	Services	Authoriti es as defined in the Manual
<b>Requirement Gathering and Procurement Budgeting</b>	In-charge (Works); User dept. (Works, Region, MT, IT, Stores, etc.)	In-charge (Civil)	In-charge (Works)	Project Director	In-charge (Works); User dept. (Works, Region, MT, IT, Stores, etc.)	Competent authority
<b>Fund Allocation</b>	In-charge (F&A)					Fund allocating authority
<b>Procurement Process</b>	In-charge (Corporate); In-charge (Purchase); Section Heads of Corporate office; In-charge (IR/UR); In-charge (Civil); Field SE/EE as per DoP and item category	In-charge (Civil)	In-charge (Corporate); In-charge (Purchase)	Project Director or In-charge (Corporate) if Project Director is below CE rank	In-charge (Corporate); In-charge (Purchase); Section Heads of Corporate office; In-charge (IR/UR); In-charge (Civil); Field SE/EE as per DoP	Procuring authority
<b>Contract Awarding and Follow-up</b>	Same as Procuring Authority (Normally); But in certain cases Contract can be awarded by other Procuring authorities on competent approval as per DoP					Awarding authority
<b>Execution and Monitoring of Work</b>	User dept. (Works, Region, Circle, Division, MT, IT, Stores, etc.)	In-charge (Civil)	In-charge (Works)	Project Director	User dept. (Works, Region, Circle, Division, MT, IT, Stores, etc.)	User dept. (Indenting /Execution Dept.)
<b>No-Liability Certification</b>	Stores/Consignee and finally through F&A	In-charge (Civil) and finally through F&A	In-charge (Works) through User dept. and finally through F&A	Project Director through User dept. and finally through F&A	User dept. and finally through F&A	No-Liability Assurance authority
<b>Contract Closure</b>	Awarding authority	Awarding authority	Awarding authority	Project Director	Awarding authority	Closure authority

*Note* – The authorities mentioned in the above table have been mapped against various activities of procurement function across different type of contracts. These shall be executed in reference to DoP.

## 11.2 ANNEXURE-II: LIST OF CENTRALLY PROCURED ITEMS

No.	Name of Goods	Name of Goods/ Services	Name of the Works
	<i>Centrally Purchased Goods</i>	<i>Under Rate Contract</i>	<i>Turnkey Contracts</i>
1	Power transformers	PCC poles	R-APDRP contracts
2	Distribution transformers	Repair of Power transformers	Construction of new 33/11 kV sub-stations/ distribution lines and other capital works financed through various schemes of GoI, GoMP or any other financial institutions.
3	D.P.C wire	Repair of Distribution transformers	
4	Cables (all types)		
5	Distribution boxes		
6	33 kV & 11 kV VCB along with CTs & panels		
7	Energy meters (all types)		
8	33 kV & 11 kV metering equipments		
9	Capacitor banks		
10	33 kV & 11 kV CTs & PTs		
11	Conductors (all types)		
12	Transformer oil		
13	New vehicles		
14	Filter machines		
15	Testing bench		
16	Control relay panels		
17	Structural Steel		
18	Equipments and materials required for corporate office usage		

*Note: The above list can be revised by the Company from time to time as deemed appropriate.*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 133

### 11.3 ANNEXURE-III: (A) LIST OF NON-CENTRALLY PROCURED ITEMS

No.	Name of Goods	Name of Goods/ Services	Name of the Works
	<i>Non-Centrally Purchased Goods</i>	<i>Under Rate Contract</i>	<i>Turnkey Contracts</i>
1	M.V. lamps	Meter reading	
2	HRC/Catridge fuses	Bill distribution	
3	Enameled wire	O&M and R&M services	
4	33 kV & 11 kV GI Pins		
5	Flood light/Search light		
6	11 kV & 33 kV DO Fuse rods with & without metallic fittings		
7	CTs for LT meters		
8	Photo copier on DGS&D rates		
9	Robust Fuse Unit of shackle Insulators		
10	All kinds of general stationary items		
11	1000 Watts halogen lamps and Elements		
12	Spares of circuit breakers		
13	Chain link wire mesh		
14	Special type LT meter boxes		
15	33 kV & 11 kV Strain hardware		
16	Outdoor Pole mounting boxes		
17	Fabricated items V cross Arms, 4 Pin cross Arms, DC channel sets for DO Sets		
18	Nuts and Bolts		
19	Winter/Summer Liveries		
20	ICTPN Switches		
21	GI solid & stranded wire		
22	Stay sets		
23	Computer stationary		
24	Security Guard Uniform Articles		
25	Re-clamation of old transformers oil for utilization in sub-transmission system and for repaired Distribution transformer		
26	HT steel wire		
27	Hospital equipments, if any		
28	LT shackle hardware		
29	LT shackle insulators		
30	Hydraulic operated Aerial Lift		
31	All kinds of stationary items		
32	Double compartment meter boxes		
33	33 kV & 11 kV Pin insulators		
34	Disc Insulators 45 KN		
35	33 kV & 11 kV Isolators		
36	33 kV & 11 kV AB switches		
37	33 kV & 11 kV DO Fuse units		

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 134

No.	Name of Goods	Name of Goods/ Services	Name of the Works
	<i>Non-Centrally Purchased Goods</i>	<i>Under Rate Contract</i>	<i>Turnkey Contrac ts</i>
38	33 kV & 11 kV Lightning Arresters		
39	33 kV & 11 kV Polymer insulators		
40	Air conditioning on DGS&D rates		
41	Furniture Steel/Wooden		
42	Rubber ankle shoes		
43	Polypropylene ropes		
44	Rain Coats		
45	Porcelain Fuse Units		
46	Moulded case Circuit Breakers		

*Note: The above list can be revised by the Company from time to time as deemed appropriate.*

#### **Annexure-III: (B) List of Local Purchase Items**

	Name of Goods	Name of Goods/ Services	Name of the Works
	<i>Non-Centrally Purchased Goods</i>	<i>Under Rate Contract</i>	<i>Turnkey Contrac ts</i>
1	Bamboo ladders		
2	Fire extinguishers		
3	T&P items for construction/maintenance work		
4	Conduit pipe & accessories		
5	Retreading of tyres		
6	Bimetallic clamps		
7	Safety Appliances & tools as per prescribed norms		
8	Aluminum/ Red oxide paints/thinner		
9	Street light fittings		
10	Spare parts of energy meters		
11	Aerial Distribution boxes		
12	Batteries for vehicles		
13	Wooden board		
14	Cork sheet/ Neoprene sheet		
15	T connectors		
16	Male/ Female contacts for AB switches		
17	Computer consumables		
18	Tarpaulins		
19	Tyres, Tubes & Flaps for all vehicles		
20	Auto reset devices		
21	Generating sets		

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 135

	Name of Goods	Name of Goods/ Services	Name of the Works
	<i>Non-Centrally Purchased Goods</i>	<i>Under Rate Contract</i>	<i>Turnkey Contracts</i>
22	Barbed wires		
23	Spare parts of MCCBs		
24	Galvanized steel conduits		
25	Earthing coils		
26	Elements of Halogen Lamp of all capacity		
27	LT miniature Circuit breakers		
28	Earth leakage circuit breakers		
29	Ceiling fans on DGS&D rates		
30	Typewriters		
31	Fabricated items like V-cross Arms, DC Channels, D-Cross Arms etc. for H.T. & L.T. lines and distribution transformer		
32	Seasal ropes		
33	Silica gel		
34	M Seal cable compound		
35	M Seal kits		
36	Porcelain split insulators		
37	Aluminium Bobbin		
38	Aluminium Binding wire		
39	Aluminium tapes		
40	Brass Holders		
41	Fuse Wire tinned copper		
42	Fuse Wire tinned copper		
43	Spares of transformer oil filter machine		
44	Meter card holder		
45	Welding electrodes		
46	Insulation Tapes		
47	Rubber hand gloves		
48	Dry battery cells		
49	Metal/plastic seals & ceiling wire		
50	11kV & 33kV DO Fuse elements		
51	Lamps, tubes and fixtures		
52	Metal and Sand		
53	Danger Board		
54	Stay insulators		
55	Tumbler switches		

*Note: The above list can be revised by the Company from time to time as deemed appropriate.*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 136

#### 11.4 ANNEXURE-IV: (A) INDENT RECEIPT FOR GOODS FOR O&M REQUIREMENT

(To be modified as applicable)

##### Sub-Division wise requirement

Sub-Division wise requirement of goods for the works to be carried out during FY_____								
Name of Region								
Name of Circle								
Name of Division								
Name of Sub-Division								
S. No.	Description of Material	Unit	Name of the Distribution Centre (DC)				Available stock	Total
			DC1	DC2	DC3	DC4		
			[A]	[B]	[C]	[D]	[E]	[A+B+C+D-E]

##### Division wise requirement

Division wise requirement of goods for the works to be carried out during FY_____									
Name of Region									
Name of Circle									
Name of Division									
S. No.	Description of Material	Unit	Name of the Sub-Division (SD)						Total
			SD1	SD2	SD3	SD4	SD5	SD6	
			[A]	[B]	[C]	[D]	[E]	[F]	[A+B+C+D+E+F]

##### Circle wise requirement

Circle wise requirement of goods for the works to be carried out during FY_____							
Name of Region							
Name of Circle							
S.No.	Description of Material	Unit	Name of Division (D)				Total
			D1	D2	D3	D4	
			[A]	[B]	[C]	[D]	[A+B+C+D]



<b>Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore</b>			
<b>Procurement Manual (Policies and Procedures)</b>			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 137

### Region wise requirement

Region wise requirement of material for the works to be carried out during FY_____								
Name of Region								
S.No.	Description of Material	Unit	Name of Circle (C)				Available stock in stores	Total
			C1	C2	C3	C4		
			[A]	[B]	[C]	[D]	[E]	[A+B+C+D-E]

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 138

## ANNEXURE-IV: (B) INDENT RECEIPT FOR WORKS/SERVICES FOR O&M REQUIREMENT

(To be modified as applicable)

### Sub-Division wise requirement

Sub-Division wise requirement of Works/Services to be carried out during FY_____							
Name of Region							
Name of Circle							
Name of Division							
Name of Sub-Division/DC							
S.No	Description of Works/Services	Unit	Category of Work				Total
			Improvement Works	Repair & Maintenance of existing equipments and other assets	Housekeeping works	Any other requirements	
			[A]	[B]	[C]	[D]	[A+B+C+D]

### Division wise requirement

Division wise requirement of Works/Services to be carried out during FY_____									
Name of Region									
Name of Circle									
Name of Division									
S.No.	Description of Works/Services	Unit	Name of the Sub-Division (SD)						Total
			SD1	SD2	SD3	SD4	SD5	SD6	
			[A]	[B]	[C]	[D]	[E]	[F]	[A+B+C+D+E+F]

### Circle wise requirement

Circle wise requirement of Works/Services to be carried out during FY_____							
Name of Region							
Name of Circle							
S.No.	Description of Works/Services	Unit	Name of Division				Total
			D1	D2	D3	D4	
			[A]	[B]	[C]	[D]	[A+B+C+D]

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 139

## Region wise requirement

Region wise requirement of Works/Services to be carried out during FY_____							
Name of Region							
S.No.	Description of Works/Services	Unit	Name of Circle				Total
			C1	C2	C3	C4	
			[A]	[B]	[C]	[D]	[A+B+C+D]

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 140

## 11.5 ANNEXURE-V: FORMAT FOR CAPITAL BUDGET (SAMPLE)

*(To be modified as applicable)*

### Sub-division wise requirement format

Sub- division wise requirement of material for the works to be carried out during FY_____						
Name of Circle						
Name of Division						
Name of Sub-division						
S No.	Description of the Goods	Unit	Quantity	Estimated unit price (INR)	Total Value	Schedule of Delivery

Signature (\_\_\_\_\_)

Head of the Sub-Division

*Note:* This format is to be filled up by each sub-division separately and to be submitted to the concerned divisional head.

### Division wise requirement format

Division wise requirement of material for the works to be carried out during FY_____						
Name of Region						
Name of Circle						
Name of Division						
S No.	Description of the Goods	Unit	Quantity	Estimated unit price (INR)	Total Value	Schedule of Delivery

Signature (\_\_\_\_\_)

Head of the Division

*Note:* This format is to be filled up by each division separately and to be submitted to the concerned Circle head. Divisional head should consolidate the requirements as received from the head of the Sub-Division under his charge.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 141

### Circle wise requirement format

Circle wise requirement of material for the works to be carried out during FY_____						
Name of Region						
Name of Circle						
S No.	Description of the Goods	Unit	Quantity	Estimated unit price (INR)	Total Value	Schedule of Delivery

Signature (\_\_\_\_\_)

Head of the Circle

*Note:* This format is to be filled up by each circle separately and to be submitted to the concerned Region head. Circle head should consolidate the requirements as received from the head of the Division under his charge.

### Region wise requirement format

Region wise requirement of material for the works to be carried out during FY_____						
Name of Region						
S No.	Description of the Goods	Unit	Quantity	Estimated unit price (INR)	Total Value	Schedule of Delivery

Signature (\_\_\_\_\_)

Head of the Region

*Note:* This format is to be filled up by each Region separately and to be submitted to the concerned Circle. Region head should consolidate the requirements as received from the head of the Circle under his charge

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 142

## 11.6 ANNEXURE-VI: ELIGIBILITY AND QUALIFICATION CRITERIA (SAMPLE)

*(To be modified as applicable)*

### Corporate Office

#### Technical criteria

The criteria should be fixed on the total scope of work and scheduled time taken to execute the work. A sample criterion is given below:

The bidder should have executed at least 5 Sub Stations of 33 kV class or above on turnkey basis during the last 3 (three) years as on the date of Bid Opening which must be in satisfactory operation for atleast one (1) year for which performance certificate is to be submitted.

OR

The bidder should have erected either twice the length of line as per the scope of NIT or 50 Km of 33 kV level (or above) line whichever is less on turnkey basis, during the last 7 (Seven) years as on the date of bid opening and the same must be in satisfactory operation for atleast one (1) year for which performance certificate is to be submitted.

OR

The bidder should have erected either twice the length of line as per the scope of NIT or 500 Km of 11 kV line whichever is less, on turnkey basis, during the last 7 (seven) years as on the date of bid opening and the same must be in satisfactory operation for atleast one (1) year for which performance certificate is to be submitted.

#### Financial criteria

For the purpose of particular Bid, Bidder shall fulfill the following minimum criteria:

1. For the work with the completion schedule of 12 months, the Minimum Average Annual Turnover (MAAT) of last best 2 years out of last 3 accounting years should be 2 times the estimated cost of package and the Minimum Average Annual Turnover (MAAT) in last 3 accounting years should be 1.5 times the estimated cost of the package. For the works where the completion time is more/less than the 12 months, then the MAAT requirement will be decreased/increased proportionately as per the formula:  

$$\text{MAAT Requirement} = 12 / \text{Completion schedule (in months)} \times \text{MAAT requirement for 12 months (as explained above)}.$$
2. The Bidder shall have Liquid assets (LA) and / or evidence of access to or availability of credit facilities of NOT less than 40% of the package value.

#### Terms of payment

#### Price component for material:

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 143

Procedure should only be for material supply where weighted value is more than two (2)%.

1. 40% payment of the cost of material including excise duty, sales tax, freight, insurance etc. will be made on 30th day of receipt of material by the supplier/contractor/vendor at works site store and after verification of receipt of material by the Procuring authority and on execution of Indemnity Bond on NJS of appropriate value by the supplier/contractor/vendor.
2. 50 % payment will be made on 30<sup>th</sup> day after the material has been erected/ utilized at site and verified by the Procuring authority. The running bill can be raised by the supplier/contractor/vendor on not less than fortnightly basis.
3. Balance 10% payment shall be made on 30th day after inspection, clearance by the Finance and Accounts department.

#### **Price component for Erection Services:**

1. 90% of the total erection price component shall be paid monthly on pro-rata basis on 30th day on furnishing of certificate by the Engineer-in-charge (User department), for the quantum of work completed and on successful completion of quality check.
2. Balance 10% shall be paid on 30th day of taking over certificate of the substation & line by the Purchaser.

#### **Regional Office**

#### **Technical criteria**

The bidder should have erected either twice the length of line as per the scope of NIT 50 KM of 33 kV level (or above) line whichever is less on turnkey basis, during the last 7 (seven) years as on the date of bid opening and the same must be in satisfactory operation for atleast one (1) year for which performance certificate is to be submitted

OR

The bidder should have erected either twice the length of line as per the scope of NIT or 500 Km of 11 kV line whichever is less, on turnkey basis, during the last 7 (seven) years as on the date of bid opening and the same must be in satisfactory operation for atleast one (1) year for which performance certificate is to be submitted.

#### **Financial criteria**

For the purpose of particular Bid, Bidder shall fulfill the following minimum criteria:

1. The Minimum Average Annual Turnover (MAAT) of last best 2 years out of last 3 accounting years should be 2 times the estimated cost of package and the Minimum Average Annual Turnover (MAAT) in last 3 accounting years should be 1.5 times the estimated cost of the package.
2. The bidder shall have Liquid assets (LA) and / or evidence of access to or availability of credit facilities of NOT less than 40% of the package value.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 144

### **Terms of payment:**

#### **Price component for material**

1. 40% payment of the cost of material including excise duty, sales tax, freight, insurance etc. will be made on 30th day of receipt of material by the supplier/contractor/vendor at works site store and after verification of receipt of material by the Procuring authority and on execution of Indemnity Bond on NJS of appropriate value by the supplier/contractor/vendor.
2. 30 % payment will be made on 30th day after the material has been erected/ utilized at site and verified by the concerned CE/ Engineer-in-charge (User department) of the Company. The running bill can be raised by the supplier/contractor/vendor on not less than fortnightly basis.
3. Balance 30% payment shall be made on 30th day after inspection, testing, clearance by the concerned CE/ Engineer-in-charge (User department).

#### **Price component for Erection Services**

1. 90% of the total erection price component shall be paid monthly on pro-rata basis on 30th day on furnishing of certificate by the Engineer-in-charge (User department), for the quantum of work completed and on successful completion of quality check.

Balance 10% shall be paid on 30th day of taking over certificate of the substation & line by the Purchaser.



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 145

## 11.7 ANNEXURE-VII: (A) FORMAT FOR BANK GUARANTEE

*(To be modified as applicable)*

*(To be stamped in accordance with Stamp Act)*

Bank Guarantee No. ....

Date.....

To

[Purchaser's Name and Address]

Dear Sirs,

In accordance with NIT No. ...., M/s ..... having its Registered/Head Office at..... (here-in-after called the 'Bidder') wish to participate in the said tender for [Name of tender].....

As an unconditional and irrevocable bank guarantee against Bid Security for an amount of ..... (\*insert in words and figures)..... valid for.....(insert number of days).....days from .....(\*\*)..... is required to be submitted by the Bidder as a condition precedent for participation in the said tender which amount is liable to be forfeited on the happening of any contingencies mentioned in the Bidding Documents.

We, the..... [Name & address of the Bank] ..... having our Head Office at..... (#) ..... guarantee and undertake to pay immediately on demand by [Name of the Company] (Company, herein after referred to as the "Purchaser") the amount of..... (\*insert in words and figures)..... without any reservation, protest, demand and recourse. Any such demand made by the Purchaser shall be conclusive and binding on us irrespective of any dispute or difference raised by the Bidder.

This Guarantee shall be irrevocable and shall remain valid up to..... (@)..... If any further extension of this guarantee is required, the same shall be extended to such required period on receiving instructions from M/s..... [Bidder's Name]..... on whose behalf this guarantee is issued.

All rights of Purchaser under this Guarantee shall be forfeited and the Bank shall be relieved and discharged from all liabilities there under unless a demand or claim is lodged by Purchaser under this Guarantee against the Bank within [thirty (30)] days from the above mentioned expiry date of validity or, from that of the extended date.

In witness where of the Bank, through its authorised officer, has set its hand and stamp on this.....day of.....20.....at.....

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 146

Witness	Signature of Authorized Signatory of the Bank
..... (Signature)	..... (Signature)
..... (Name)	..... (Name)
..... (Official Address)	..... (Official Address)

Authorized vide

Power of Attorney No:.....

Date.....

<b>Note:</b>	<ol style="list-style-type: none"> <li>1. (*) The amount shall be as specified in the NIT.</li> <li>2. (**) This shall be the date of opening of bids.</li> <li>3. (#) Complete mailing address of the Head Office and issuing branch of the Bank to be given with fax no./telephone no. of the contact person</li> <li>4. (@)The bid security shall be valid for a period as specified in NIT.</li> </ol>
--------------	--

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 147

## (B) Format for Performance Bank Guarantee

*(To be modified as applicable)*

*(To be stamped in accordance with Stamp Act)*

Bank Guarantee No. ....

Date.....

To

[Company's Address]

Dear Sirs,

In consideration of [Name of the Company] (hereinafter referred to as Company which expression shall unless repugnant to the context or meaning thereof include its successors, administrators and assigns) having awarded to M/s ..... with its Registered/ Head Office at ..... (hereinafter referred to as the 'Supplier' which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns), a Purchase Order No..... dated ..... valued at ..... for ..... (Scope supply) and the Supplier having agreed to provide a Performance Guarantee for faithful and due fulfillment of all obligations under the Order equivalent to .....[insert ten percent (10%) or five percent (5%)]..... of the said value of the Order to the Company.

We ..... (Name and Address) having its Head Office at ..... hereinafter referred to as the 'Bank' which expression shall, unless repugnant to the context or meaning thereof include its successors, administrators, executors and assigns), do hereby guarantee and undertake to pay Company, on demand any and all monies payable by the Supplier to the extent of .....[INR.....]..... as aforesaid at any time upto .....@.....(day/month/year) without any demur, reservation, contest recourse or protest and or without any reference to the Supplier. Any such demand made by Company on the Bank shall be conclusive and binding notwithstanding any difference or dispute between Company and the Supplier or any dispute pending before any Court, Tribunal or any other Authority. The Bank undertakes not to revoke this guarantee during its currency without previous consent of Company and further agrees that the guarantee herein contained shall continue to be enforceable till .....[thirty (30)]..... days after the validity of this guarantee.

The Company shall have the fullest liberty without affecting in any way the liability of the Bank under this guarantee from time to time to extend the time for performance of the Order by the supplier/contractor/vendor. Company, shall have the fullest liberty, without affecting this guarantee to postpone from time to time the exercise of any powers vested in them or of any right which they might have against the supplier/contractor/vendor and to exercise the same at any time and any manner, and either to enforce or to forbear to enforce any covenants, contained or implied in the Order between Company and the supplier/contractor/vendor or any other course of remedy or security available to Company. The Bank shall not be released of its obligations under these presents by any exercise by Company of its liberty with reference to the matters aforesaid or any of them or by reason or any other acts of omission or commission on the part of Company or any other indulgence shown by Company or by any other matter or thing whatsoever which under the law would but for this provisions have the effect of relieving the Bank.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 148

The Bank also agrees that Company at its option shall be entitled to enforce this guarantee against the Bank as a Principal debtor, in the first instance without proceeding against the supplier / contractor / vendor and notwithstanding any security or other guarantee that Company may have in relation to the supplier/contractor/vendor 's liabilities.

Notwithstanding anything contained herein above liability under this guarantee is restricted to ..... and shall remain in force up to and including ..... and shall be extended from time to time for such period, as may be desired by M/s .....on whose behalf this guarantee has been given.

All rights of Company under this guarantee shall be forfeited and the Bank shall be relieved and discharged from all liabilities there under unless a demand or claim is lodged by Company under this guarantee against the Bank within .....[thirty (30)]..... days from the above mentioned date or from the extended date.

Dated this .....day of .....20 ..... at .....

Witness:

..... (Signature)	..... (Signature)
..... (Name)	..... (Name)
..... (Official Address)	..... (Official Address)

Authorized vide

Power of Attorney No:.....

Date.....

<b>Note:</b>	1.	(@)This date will be thirty (30) days after the end of Defect Liability Period as specified in the Order, if the Defect Liability Period is of a maximum period of eighteen (18) months In case the Defect Liability Period is more than eighteen (18) months, the validity period of the performance guarantee shall be three (3) months after the completion of delivery. (#) Complete mailing address of the Head Office of the Bank to be given
	2.	The Stamp Paper of appropriate value shall be purchased in the name of guarantee issuing Bank or the party on whose behalf the Bank Guarantee is being issued. The Bank Guarantee (BG) shall be issued on a stamp paper of value as applicable in the state of India from where BG has been issued or the state of India from where the BG shall be operated, whichever is higher

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 149

## 11.8 ANNEXURE-VIII: SPECIMEN OF ABRIDGED NOTICE INVITING TENDER

*(To be modified as applicable)*

**[Name of the Company]**

(Issuing Department\_\_\_\_\_, Place\_\_\_\_\_)

NOTICE INVITING TENDER

FOR

**NAME OF PACKAGE/WORK/PROCUREMENT/SERVICE**

Ref. No. ....

Date .....

[Name of the Company] invites sealed bids/tenders/proposals from eligible bidders/ parties for procurement of -- -----against NIT Nos. -----

*(Brief Description of Package)*

Detailed NIT and Bidding Documents are available at [Name of the Company] website (Company's official website) and can be downloaded from the website from -----

*(Date)*

Bids shall be received up to ----- *(Time)* -----on----- *(Date)* ----- and shall be

opened on -----*(Date)*----- at -----*(Time)*-----.

*Text in italics is not for printing in NIT*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 150

## 11.9 ANNEXURE-IX: FORMAT OF DETAILED NOTICE INVITING TENDER

*(To be modified as applicable)*

**[Name of the Company]**

**ISSUING DEPARTMENT**

-----

Ref: \_\_\_\_\_

Date: \_\_\_\_\_

1. [Name of the Company] invites tenders for supply of the following items:

Sl. No.	Tender No.	Description of Item*	Quantity*	EMD (INR)

*(Note: In case of Works, indicate the name of Work and Column for Quantity shall not be applicable)*

The estimate cost of Work is INR \_\_\_\_\_ Lakhs

2. QUALIFYING REQUIREMENTS

3. SCOPE OF WORK IN BRIEF INCLUDING SALIENT TECHNICAL FEATURES OF THE PROCUREMENT/WORK

4. OTHER TERMS AND CONDITIONS

5. Tender Document shall be issued to all prospective bidders upon depositing requisite cost of tender documents.

6. For Fulfilling of qualifying requirements, all the bidders shall be required to submit the following documents (all the photo copies should be attested by the bidder himself)

a. Documentary evidence for being manufacturer like Registration Certificate issued by SSI/NSIC/Directorate of Industries/DGS&D, etc.;

b. List of purchase order references with execution status of similar works;

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 151

- c. Copies of Purchase Order and corresponding delivery Challans/Stores Receipt Vouchers/Excise Duty Invoice, Client's Certificate, etc., i.e. proof of execution of Purchase Order;
- d. Self certificate for confirmation of availability of in-house inspection/ testing facilities or access through other agencies for performing inspection/ testing.
- e. Request for issue of tender documents may be made to CE (Procurement department) at the address given below along with non-refundable fee specified above by Demand Draft in favour of M/s. **[Name of the Company]** \_\_\_\_\_ payable at Bank \_\_\_\_\_ (Branch Code).
- f. The Sale of Bidding Documents shall commence on \_\_\_\_\_ and close on \_\_\_\_\_. The last date and time for bid submission is \_\_\_\_\_, 15:00 hrs and bids shall be opened on the same day at 15:30 hrs.
- g. **[Name of the Company]** will not be responsible for late/delayed receipt of request for tender documents/tender due to any postal delay or delay in any form in transit.
- h. Bids not accompanied with an acceptable Bid Security as specified in Bid Documents, in a separate cover or Bids accompanied with Bid Security of inadequate value shall be rejected by the procurer and in such cases Bids shall be returned to the Bidders unopened.
- i. Issuance of Bidding Documents shall not automatically construe that the Bidder fulfils the Qualifying Requirements which shall be determined during Bid evaluation based on data/documents submitted by the Bidder.
- j. **[Name of the Company]** reserves the right to accept or reject any tender partly or fully or cancel the tender without assigning any reasons thereof.
- k. Cost of tender document is not refundable.
- l. Earnest money on non-execution of order if placed will be forfeited and will be refunded to unsuccessful bidder.
- m. Security Deposit shall be required to be deposited in the form of Bank Guarantee/Demand Draft/Cheque before release of EMD, where applicable.

**Address for Communication:**

(Procuring authority)

\_\_\_\_\_

\_\_\_\_\_

Telephone No.: \_\_\_\_\_

Fax No.: \_\_\_\_\_

E-mail: \_\_\_\_\_

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 152

#### 11.10 ANNEXURE-X: BID REGISTER FORMAT

*(To be modified as applicable)*

Sl. No.	Date of Bid Receipt	Time of Bid Receipt	Person delivering the bid <i>(not applicable in case of bids received by post)</i>		Signature of authorized official receiving bids	Tender Enquiry Number	Signature of the Representative of the Bidder*	Remark
			Name	Contact No.				



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 153

## 11.11 ANNEXURE-XI: FORMAT FOR MAINTAINING RECORDS OF BID OPENING

*(To be modified as applicable)*

NIT/Tender Enquiry No. & Date:

Bid Opening Date:

Venue:

Name of the contract (procurement/work):

Sl. No.	Name & Address of the Bidder	Name & Designation of Bidder's Representative(s) present during the bid opening	Total Bid price as read during the bid opening	Bid Security enclosed Yes/ No	Remarks	Signature of Bidder's Representatives

Signature of

(Procuring authority)

(User department)

(Finance & Accounts)

Tender Opening Committee (Where applicable)

Along with Name & Designation

Signature of TEC Members \_\_\_\_\_

(Where Bid Opening is attended by TEC Members) along with Name & Designation

(Procuring authority)

(O&M Region)

(Finance & Accounts)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 154

## 11.12 ANNEXURE-XII: FORMAT FOR COMPARATIVE STATEMENT OF PRICES

(To be modified as applicable)

(We may add Bid Opening Date and Material requisition No. A column for total price may be added)

<b>Department Name:</b>	<Procurement	Department/	Region	office>
<b>Date:</b>				
<b>NIT No. / File No.</b>				

Bidder Sl. No.				1		2		3		4		Remarks
Bidder Name				M/s		M/s		M/s		M/s		
Reference				Bid No.: Date:		Bid No.: Date:		Bid No.: Date:		Bid No.: Date:		
Sl. No.	Material description - as per NIT			Unit Base Price	Quoted Base Price	Unit Base Price	Quoted Base Price	Unit Base Price	Quoted Base Price	Unit Base Price	Quoted Base Price	
	Description	Unit	Qty									
(a)	(b)	(c)	(d)	(e)	(f) =(d)*(e)	(g)	(h)	(i)	(j)	(k)	(l)	
(i)												
(ii)												
(iii)												
1. Base Price				=Quoted price of Sl. No of (i), (ii), (iii) etc.								
2. Discount, if any												
3. Packing and Forwarding Charges												
4. Excise Duty												
5. Sales Tax												

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 155

6. Transit Insurance					
7. Freight					
8. Preliminary Evaluated Price (to be used for evaluation)	<Sum of serial no. 1 to 7>				
9. Payment Terms					
10. Validity up to					
11. Earnest Money Deposit					
12. Price Firm/Variable					
13. Delivery Period					
14. Guarantee Test Certificate					
15. Any Other Information					

Checked (By Finance & Accounts)

Checked (By Procuring authority/O&M department of Region)

Tabulated (By Procuring authority/O&M department of Region)

*Note:* This format is applicable for supply/service contracts. For turnkey contracts, this may be suitably modified, as per requirements.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 156

### 11.13 ANNEXURE-XIII: FORMAT FOR EVALUATION REPORT (SAMPLE)

*(To be modified as applicable)*

(Evaluation Committee shall be eligible to modify the format as per requirement of the specific case)

EVALUATION REPORT FOR THE PROCUREMENT OF .....*(Insert name of goods)*.....

#### 1. Scope of procurement and estimated cost

The goods covered under this bid are for the supply of ..... *(insert name of goods)* and estimated cost of the goods is INR .....

#### 2. Bidding document

Salient points of bidding document (as specified):

- i) Stipulated period of supply - *(specify duration)*
- ii) Price adjustment – *(specify whether price adjustment is applicable or not)*
- iii) Pre-bid meeting - *(specify date of pre-bid meeting, if any)*
- iv) Bid security
- v) Performance guarantee
- vi) Liquidated damages
- vii) Payment terms

#### 3. Bid invitation process

Bids were invited on *(date of invitation)* and notice was published in *(insert media of invitation and date of publication)*. A copy of the invitation to bid is enclosed in Annexure- VII.

The bidding documents were made available for sale from *(specify date)* to *(specify date)*. The date of bid opening was *(specify date)*. Thus, a minimum bidding period of *(specify number of days)* days was provided.

The following prospective bidders purchased the bidding document *(give the list of prospective bidders who purchased the bidding document)*.

*(Insert if pre-bid meeting was held)* Pre-bid conference was held on *(specify date if applicable)*. The copy of record note of discussion of the pre-bid meeting and the addendum was sent immediately to all the bidders who had purchased the bidding document and was incorporated in the bidding documents. A copy of the record note of discussion of pre-bid meeting and the copy of the addendum is enclosed in Annexure \_\_\_\_ and Annexure \_\_\_\_ respectively.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 157

#### 4. Bid response

- i) In all (*insert number of bids*) bids were received.
- ii) In time: (*insert number*)
- iii) Late: (*insert number*)
- iv) Total (*insert number*)
- v) Name of bidders whose bids were received (*insert list*)

#### 5. Bid opening

The Record of Bid Opening is attached in ***Annexure- X***.

The bids were opened on (*insert date*) at (*insert time*) in the (*insert venue*) in the presence of the bidders and /or their authorized representatives. All the (*insert number*) bids received were opened one by one. The quoted bid price, bid securities furnished by the bidders and discounts offered by the bidders were read out at the meeting.

Table of Bid Prices as quoted by the bidders is as follows:

Sl. No	Name of Bidder/Company	Bid price (INR)	Discount/Rebate Offered	Remarks

#### 6. Evaluation Team

The evaluation team comprised of the following;

- i) [*Name and designation with concerned department*]
- ii)

#### 7. Clarifications obtained:

(*Describe the type of clarifications sought from the bidders and mention the bidders' name*)

#### 8. Responsiveness of the Bids

- i) **Completeness and legal validity:**

(*Specify the legal validity of bids for e.g. all bids are duly signed by the bidders or by persons holding proper power of attorney and hence are legally valid. They have quoted for all the items and are thus complete, etc.*)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 158

ii) **Bid Validity:**

As per the clause (*insert clause no.*) of Instructions to the Bidders, the bids shall remain valid for a period not less than (*insert number of days*) days after the deadline for the submission of the bid. The bids were opened on (*insert date*) and hence the bids should be valid up to (*insert date*). *All the bidders have quoted the bid validity as prescribed in the bidding documents. (Indicate if there is any variation)*

iii) **Bid Security:**

As per Clause (*insert clause no.*) of the Instructions to the Bidders, the bid security should be (*insert amount*) in the form of a Bank Guarantee or a Demand draft which shall be valid for 30 days after the date of expiry of the validity of the bid i.e. up to (*specify date*). The bid securities furnished by the prospective bidders are as follows:

Sl. No	Name of Bidder/Company	Bid Security amount (INR)	Bid Security type & issuing bank	Bid validity

(Describe whether the bid securities are in the prescribed format and state whether they are valid or not. Give reasons for invalid bids)

iv) **Responsiveness to commercial conditions:**

The bidders have (*state whether bidders have stipulated any conditions*). They have (*state whether the bid form has been signed*) the Supplier's bid form as well as bidding documents and hence it is taken that they are agreeable to the commercial conditions.

v) **Bids rejected as non-responsive to the bidding documents:**

Sl. No	Name of Bidder/Company	Brief reasons for rejection

vi) **Substantially responsive bids:**

In view of the above the bids of the following bidders are determined as substantially responsive to the provisions of the bidding documents.

(List the substantially responsive bids)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 159

## 9. Evaluation Criteria:

The evaluation was conducted in accordance with the criteria set out in the Invitation for bids as summarized in below table (*illustrative only*):

Item	Condition	Clause ref	Requirement
1	Price basis – Firm or variable		
2	Inclusive of taxes or duties		
3			
4			

## 10. Arithmetical check:

All responsive bids were arithmetically checked. Arithmetical errors were found in the price schedule of the bid submitted by the following bidders:

(Specify bids in which arithmetical errors were found and details of errors)

Table of Bid Prices after the arithmetical check is as follows:

Sl. No	Name of Bidder/Company	Corrected bid price (INR)	Discount/Rebate Offered	Final bid price (INR)	Remarks

## 11. Deviations taken by the bidders:

- Technical Conditions** (*specify the details of technical deviations taken by each bidder with reference to the conditions specified in the bidding documents, if required, separate statement can be enclosed*).
- Commercial Conditions** (*specify the details of commercial deviations taken by each bidder with reference to the conditions specified in the bidding documents, if required, separate statement can be enclosed*)

There are (*specify any condition or deviation*) which warrant loading of the bid prices. No other specific evaluation criteria have been stipulated in the bidding document. The loading of the prices is therefore (*specify the loading factor, if none, specify as NIL*).

## 12. Evaluation table showing ranking of the bids after loading, if applicable:

Rank	Name of Bidder/Company	Bid price after loading, if applicable (INR)	Remarks
1			
2			
3			

(The bid ranking is done in ascending order of bid prices)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 160

The comparative statement of the evaluation of bids is enclosed as **Annexure- XI**.

As per Clause (*insert clause no.*) of the Instructions to the Bidders, in order to qualify for supply of goods, the substantially responsive bidders should meet the minimum qualifying criteria. Therefore the substantially responsive lowest bids in the order of above ranking should be evaluated against the following minimum qualifying criteria:

*(The table below will be inserted only in such cases where minimum qualification criteria has been prescribed in the bidding documents)*

### 13. Evaluation table of minimum qualification criteria (illustrative):

Sl. No.	Clause ref.	Minimum required* Qualification	Qualification of the Lowest Bidder	Remarks
1	( <i>insert clause no.</i> )	<specify the QR requirements as specified in the bidding documents> e.g. Average annual turnover of goods supplied in the last 3-5 years: INR.	<specify the details given by the bidder in the bid>	Bidder <comply/do not comply> with this criteria
2	( <i>insert clause no.</i> )	<specify the QR requirements as specified in the bidding documents>	<specify the details given by the bidder in the bid>	Bidder <comply/do not comply> with this criteria
3	( <i>insert clause no.</i> )	<specify the QR requirements as specified in the bidding documents>	<specify the details given by the bidder in the bid>	Bidder <comply/do not comply> with this criteria
4				
5				

### Important Notes

In the event the lowest bidder does not meet any of the minimum qualification criteria, similar table for the next lowest bidder to be inserted.

All document specified in the bidding documents need to be verified as a proof of minimum qualification criteria

### Examples

Satisfactory completion of similar supplies in past 3-5 years (Supply orders and completion certificates to be attached).

Credit facilities

Closing cash and bank balances supported by audited financial statements and bank statement for the last business year end and the current overdraft facilities up to a maximum limit issued by a reputed financial institute to be taken into account.

*(The above minimum qualification criteria shall apply to supplies where such requirements has been prescribed in the bidding documents.)*



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 161

#### 14. Evaluation Result:

The lowest evaluated responsive bidder(s) *(insert name of bidders and their lowest evaluated prices for their respective items in case of more than one item)* are as follows:

Sl. No.	Name of the Bidder	Particulars of the Item	Total Bid Price
<b>TOTAL VALUE OF PROCUREMENT</b>			

#### 15. Recommendations

1. 2. 3.

Signature of the Evaluation Committee Members

#### Enclosures

Copy of bidding document (Attached as Annexure)

Copy of bid invitation and press advertisement (Attached as Annexure)

Record of bid opening (Attached as Annexure)

Copies of amendment issued, if any (Attached as Annexure)

Determination table of responsiveness (Attached as Annexure)

Comparative statement of offers (Attached as Annexure)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 162

#### 11.14 ANNEXURE-XIV: FORMAT FOR PURCHASE ORDER (SAMPLE)

*(To be modified as applicable)*

Ref No:

Date:

To,

.....

Supplier's Name & Address

.....

Attn: Mr.....

**Sub: Order for ..... (brief description of scope of supply).....**

Ref :	(i) NIT No: .....
	(ii) Bidding documents against NIT No .....along with clarifications/ amendments dated ..... <i>[References of all correspondence (if any) with successful bidder(s) to be referred]</i>
	(iii) Your bid dated ..... Against NIT No..... and subsequent letter dated ..... <i>[Reference of all correspondence (if any) by successful bidder(s) to be referred]</i>

Dear Sir,

With reference to the above, we are pleased to place an Order with you for the Equipment/ Materials at the price and terms and conditions stipulated hereunder:

S.No	Description of Equipment/ Materials	Material Code	Quantity	Unit of measure	Unit Ex-works price (INR)	Unit Freight & Insurance price (INR)	Total Amount (INR)
1	.....		....		....	....	....
2	.....		....		....	....	....
....	.....		....		....	....	....
....	.....		....		....	....	....
	Total (in words)						

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 163

## **TERMS AND CONDITIONS**

### **1. Price**

Above prices are firm and not subject to any variation on any account except taxes and duties as per General Conditions of Contract clause number \_\_\_\_\_.

**OR**

**[Insert if applicable]** The prices given above shall be subject to variation as per the escalation formula applicable to the relevant Equipment/ Materials. The price variation as per the formulae shall be calculated as per Appendix 1 to this Order and are subject to a ceiling limit of \_\_\_\_\_ %]

The prices given above are inclusive of packing, forwarding, loading and unloading at Site and at Supplier's works and inclusive of cost of transportation up to the place of delivery and transit insurance. The prices given above are exclusive of Excise Duty and Sales Tax, or any other taxes and duties applicable which will be paid extra at actual on production of documentary evidence in terms of clause 2 below.

### **2. Taxes & Duties**

Central Sales Tax: Central Sales Tax at concessional rate against issue of relevant declaration form by Purchaser, where applicable, will be paid extra at the rate prevailing on the scheduled date of or the actual delivery date, whichever is lower. The Supplier is requested to furnish one copy of each of the invoice/ bills duly attested by the Paying Authority to the ..... [insert name ,designation and address of the Official of Purchaser] ..... for facilitating issue of Sales Tax Declaration form

Excise duty: This will be paid, where applicable, on production of **original documentary evidence** as a proof of Excise Duty payment, at the rate applicable at the time of scheduled physical delivery date or the actual delivery date, whichever is lower.

*(Note: Provisions relating to any other relevant taxes/duties, if applicable, for specific Equipment/ Materials should be mentioned in this clause.)*

### **3. Performance Guarantee**

You are required to submit within ten (10) days of the date of issue of this Order, the Performance Guarantee equivalent to ten percent (10%) of the value of the Order from a scheduled commercial bank in the prescribed proforma. valid upto .....[insert date]....

### **4. Quality Assurance Plan**

The Supplier shall submit Quality Assurance Plan containing the overall quality management & procedures to be followed during various phases of execution of the Order within .....[insert period]..... of the date of this Purchase Order in the format attached.

### **5. Inspection & Testing**

The provisions relating to Inspection & Testing shall be governed as per General Purchase Conditions clause number \_\_\_\_\_. The Supplier shall address the inspection calls to CE (Region)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 164

[Purchaser] and endorse a copy to ED (Operations)/CE (Corporate) and CE (Procuring authority) [Purchaser].

## 6. Consignee

The details of consignee are as under:

Description of Equipment/ Materials	Quantity	Name and address of the consignee	Place of delivery

Notwithstanding the details of consignees mentioned above, the Purchaser reserves the right to make modification in the above details at the time of issuing Delivery Instructions (DI).

## 7. Delivery Schedule

The Equipment/ Materials are to be delivered as per delivery schedule given hereunder.

Quantity of Equipment/ Materials	Delivery schedule
Insert quantity	To be delivered by .....[months/days from placement of Order].....
Insert quantity	To be delivered by .....[months/days from placement of Order].....
.....	.....

## 8. Submission of Delivery Challan

Copies of delivery challan in triplicate are to be submitted to the consignee along with the Equipment/ Materials at the time of physical delivery. The original and duplicate copies of the delivery challan duly signed by the consignee officer, as indicated in the Payment Clause, will be returned to the Supplier.

## 9. Paying Authority

.....[insert name and address relevant officer of Purchaser responsible for making payments]..... will be the Paying Authority.

## 10. Payment

\_\_\_\_\_ % payment along with hundred percent (100%) taxes and duties against submission of original invoice and original receipted challan signed by .....[insert relevant consignee officer]..... attached to the respective stores and MICC-cum-DI will be made within .....[forty-five (45)]..... days from the date of submission of bills directly to the Paying Authority. The balance ten percent (10%) payment [insert if applicable .....inclusive of Price Variation Bill if any with supporting documents.....] will also be made within .....[forty-five (45)]..... days of submission of bills to the Paying Authority along with Stores Receipt Voucher (SRV).

*(The Purchaser may revise the payment terms on case-to-case basis)*

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 165

## 11. Defect Liability Period

The Defect Liability Period shall be .....[insert period in months] ..... from the date of commissioning or from the date of last despatch of any integral part of the Equipments/ Materials, as applicable.

This Order is being issued to you in duplicate. Please acknowledge the receipt of this Order and convey your acceptance within seven (7) days from the date of issue of this Order by returning one (1) copy duly signed with stamp and recording "Accepted unconditionally". If no acceptance/communication is received within seven (7) days, it will be considered that the Order has been accepted.

## 12. The Address for correspondence of Purchaser and Supplier is as follows:

*Address of Purchaser:*

.....

.....

.....

.....

*Address of Supplier:*

.....

.....

.....

.....

13. This Purchase Order shall be subject to the Technical Specifications and terms and conditions as mentioned in GCC and NIT which shall form an integral part of this Order.

*Enclosure:* Technical specifications and General Conditions of Contract

Yours faithfully,

for and on behalf of

..... (Authorized Signatory).....

..... (Name of the Purchaser).....

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 166

## 11.15 ANNEXURE-XV: CONTRACT CLOSING FORMATS

### Certificate #1: Certificate of final amendment to the Contract

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that amendments have been issued to the aforesaid contract as per the details below mentioned:

Amendment No.	Date

This is to certify further that Amendment No.....dated.....is the last amendment issued.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Procuring authority)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 167

## Certificate #2: Certificate for Receipt of Drawings

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that we have received all the drawings which were to be submitted by the Contractor in requisite number along with the reproducible as detailed in Annexure enclosed herewith, as per provisions stipulated in the above mentioned LoA/Contract.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(User department)

## Certificate #3: Certificate for Receipt of QA documents

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that the QA documents as per the list enclosed, in respect of the above mentioned LoA/ Contract, has been received in line with the provisions of the contract.

Date:	(Signature).....
Place:	(Name) .....
	(Designation).....
Through:	
(Name) .....	
(Designation) .....	

(Quality and Standards department)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 168

#### **Certificate #4: Certificate for receipt of operations manuals**

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that we have received from the Contractor all the necessary Operations manuals in requisite number including the list of spare parts along with the names of vendors in respect of the above LoA/ Contract. The consolidated list of such manuals received is enclosed along with the distribution as marked on the list.

Date:	(Signature).....
Place:	(Name) .....
Through:	(Designation).....
(Name) .....	
(Designation) .....	

(User department)

#### **Certificate #5: Certificate for Liquidated Damages for Delay**

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that the issue regarding liquidated damages for delay as per the provisions of clause .....of the above contract/LoA has been resolved with the approval of the Competent Authority (copy of letter/ approval enclosed).

Date:	(Signature).....
Place:	(Name) .....
Through:	(Designation).....
(Name) .....	
(Designation) .....	

(Competent authority of concerned department)



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 169

## Certificate #6: Certificate for Scope completion

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

i) This is to certify that the scope of the above contract has been completed in line with the contract read in conjunction with the following documents:

1. Final amendment No.....(As per Certificate #1)
2. Approved drawings.
3. Approved Bill of Materials.
4. MICCs.
5. As built Drawings
6. Any other documents (specify)

ii) It is further certified that the following have been supplied, as per the details given the contract documents and the same have been taken over by Company.

1. Mandatory Spares
2. Recommended spares.
3. Special Tools & tackles.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(User department)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 170

## Certificate #7: Proforma for shortfall in equipment performance

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that the following shortfall in equipment performance as compared to the guaranteed parameters have been assessed and agreed to with the Contractor in respect to the terms and conditions of LoA/Contract.

(S. No.) (Guarantee Parameter) (Guaranteed value) (Assessed Value) (Shortfall, if any)

(1) (2) (3) (4) (5)

---



---

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(User department)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 171

### Certificate #8: Certificate for “Material Reconciliation”

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that the materials issued to be Contractor in respect of the above mentioned LoA/Contract have been reconciled with the stipulations under contract documents and no other recovery of material is pending with the Contractor.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(User department)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 172

## Certificate #9: Certificate for “Payment Reconciliation”

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that all the payments released to the Contractor in respect of the above-mentioned LoA/Contract have been reconciled with the provisions of the contract documents and statement of Accounts and/ or other certificates of Contractor. It is observed that there are no recoveries pending under any of the items noticed and listed over leaf.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Finance & Accounts department)

## Enclosure(s):

The list of recoveries and claims should include all recoveries and claims on any account whatsoever, including the following:

1. Liquidated damages for delay.
2. Liquidated damages for shortfall in performance as observed during shop-testing by Inspection department
3. Liquidated damages for delay for shortfall in performance as observed during performance guarantee tests conducted at site and other site tests.
4. All recoveries/claims on account of variations/deviations to scope of contract permitted or otherwise taken place during execution of the contract as listed in certificate No.-05 for contract closing (certificate by site Erection for contract closing).
5. Recoveries on account of reconciliation of payments made under the contract.
6. All the claims against the contract regarding clearance of materials from site and vacation of the premises allotted for site office / camp office, stores.
7. All claims in respect of Training /Transportation /Accommodation/ Services provided by site in respect of above mentioned LoA/ Contract.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 173

8. Recoveries on account of settlement of insurance claims.
9. Recoveries on account of reconciliation of materials issued to the Contractor.
10. All recoveries on account of demurrage, transportation, insurance premiums etc., and other recoveries on account of transportation etc.
11. All recoveries on account of wastage and scrap.
12. All recoveries/claims (if any) on account of maintenance.
13. All recoveries/claims (if any) on account of price variation.
14. All recoveries/claims (if any) on account of statutory dues paid on behalf of the Contractor by Company.
15. Royalty charges.
16. All recoveries/claims (if any) on account of hiring out of Company's plant and equipment.
17. All recoveries/claims (if any) on account of water and electricity charges (if applicable).
18. Customs Reconciliation has been done by the Contractor / All documents required for custom reconciliation and to be submitted by the Contractor have been submitted by the Contractor.
19. Any other recoveries/claims against specific instructions.

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 174

## Certificate #10: Certificate regarding labour payments and statutory requirements

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that we have made all labour payments, in compliance with Minimum Wages Act, including PF Liabilities in respect of the above mentioned LoA / Contract and no other payments in this regard is pending from us. Further we confirm that all statutory requirements have been complied with by us and in case any default is reported against us, we shall be solely responsible for the same.

It is also certified that no refund has been received/is envisaged to be received on account of taxes and duties paid by Company in respect of this contract. In case any refund is received in future, the same will be passed on to Company.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Supplier/Contractor/Vendor)

### Enclosure:

a) Certified copies of received PF challan

Certified copies of labour payment vouchers

Countersigned and accepted/certified by the User department for admitting as known fact to them

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 175

### Certificate #11: No-Liability Certificate

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that there is no liability against this contract on account of any payments pending to the Contractor or any recoveries.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Finance & Accounts department)

### Certificate #12: Certificate for completion of guarantee period

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that the guarantee period for the above mentioned LoA/Contract has been completed in line with the provisions of the contract.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Competent authority of concerned department)

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 176

### Certificate #13: Certificate for return of Security Deposit (Bank Guarantee Sample)

*(To be modified as applicable)*

Name of Package: Letter of Award/Contract No.:

Name of Contract: Date:

Project:

This is to certify that all the Bank Guarantee/Indemnity bonds Insurance policies/ collaborators' or associates' guarantee received for the above mentioned LOA/Contract have been returned in original to the Contractor.

Date:	(Signature).....
Place:	(Name) .....
	(Designation) .....
Through:	
(Name) .....	
(Designation) .....	

(Procuring authority)

### Countersigned by:

(Name of Contractor) .....

(Signature of authorized representative).....

(Date) .....



Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 177

## 11.16 ANNEXURE-XVI: SHOWCAUSE NOTICE TO VENDOR FOR BANNING

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

To,

.....

.....

Kind Attention ..... *[Chief Executive Officer/MD/CMD of the Vendor]* .....

Sub.: Notice for Banning for Business Dealings

Dear Sir,

1.0 This has reference to the following:

- i) .....} *give details/facts of the case pertaining to the Vendor based on*
- ii) .....} *which Banning of Business Dealings with the Vendor*

*is under consideration.*

2.0 Your case has been considered by Screening Committee headed by MD of Company and based on the review, the matter regarding Banning of Business Dealings with you (and your subsidiary / affiliate Company / firm - *write as applicable*) is under consideration for a period of ..... years.

3.0 However, before a final view is taken on the subject by Company, an opportunity is hereby given to you to explain in writing to the Committee within a period of 30 days i.e. up to ..... (give date) from the date of issue of this letter, as to why Company should not ban you (and your subsidiary / affiliate Company / firm - *write as applicable*) for Business Dealings for a period of ..... years. In case you wish to present your case in person to the Screening Committee, you may visit our office at the address mentioned below on ..... *[a suitable date may be indicated here]* ..... at ..... AM / PM.

Name of Authority & Address:

.....

.....

.....

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 178

- 4.0 In case no response is received from you within the period stated above, it shall be construed that you have nothing to submit in this regard and accordingly, Company shall proceed to take necessary actions against you based on the above details/facts.

Yours faithfully,

(.....)

ED (Operations)/CE (Corporate), Company

Convenor of the Screening Committee

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 179

## 11.17 ANNEXURE-XVII: NOTIFICATION OF BANNING (NOTICE WITHIN COMPANY)

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

Sub.: Banning of Business Dealings with M/s .....

- 1.0 It has been decided to Ban all Business Dealings with M/s ..... (Name & Address of the Company / Firm) for a period of ..... years from the date of issue of this Circular. Accordingly, no Bidding / Tender Documents for any of the Tenders Enquiries as may be invited either from the Corporate office or any of the other offices of Company, shall be issued and/or award placed on M/s ..... during the said period.
- 2.0 However, dealing with M/s ..... in respect of ongoing supply/ service/ turnkey contracts already entered into with Company shall continue till final settlement and closure of such contracts.
- 3.0 This Notification of Banning shall be applicable to all tenders already issued for which orders are yet to be placed and Tenders to be issued in future. No Bidding Documents shall be issued to M/s ..... after issue of Notification of Banning. Where Bidding Documents have already been purchased by M/s ..... but Bids are yet to be opened, in such cases M/s ..... shall be informed that they need not submit the Bid and even if the Bid is submitted by them, the same shall not be opened. The cost of Bidding Documents shall be refunded in such cases. Where award recommendations have been approved by Competent Authority in favour of M/s ..... but orders are yet to be placed, the order shall not be placed on M/s ..... and the matter would be placed before the Award Approving Authority for appropriate alternate decision.
- 4.0 It is further notified that the details of the Directors of the vendor are as under:  

Directors: 1.....

(Name & Address) 2.....

3.....
- 5.0 This is issued with the approval of Competent Authority.

Signature

Name and Designation

ED (Operations)/CE (Corporate), Company

Convenor of the Screening Committee

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 180

## 11.18 ANNEXURE-XVIII: NOTIFICATION OF BANNING (NOTICE TO VENDOR)

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

M/s .....

.....

Dear Sir,

Sub.: Banning of Business Dealings with you

- 1.0 It has been decided to Ban all Business Dealings with you for a period of ..... years from the date of issue of this letter. Accordingly, no Bidding / Bidding Documents for any of the Tenders/ Enquiries as may be invited either from the Corporate Office or any of the Region Offices or any other offices of Company shall be issued and / or award shall be made to you during the said period.
- 2.0 However, dealing with you in respect of ongoing supply/ service/ turnkey contracts already entered into with Company shall continue till final settlement and closure of such contracts *(specify any precautions to be taken)*.
- 3.0 The following are your associate Concerns and the Business Dealings with them have also been banned.

Concerned Associates/Allied Firms (Name & Address)

1. ....

2. ....

***(Note: Para 3 would be applicable when so decided and approved by Competent Authority)***

- 4.0 After completion of the period of ..... years, fresh Notification for continuance of Banning or its Revocation shall be issued based on the review of the case.

Yours Faithfully,

(.....)

Signature and Name

ED (Operations)/CE (Corporate), Company

Convenor of the Screening Committee

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 181

## 11.19 ANNEXURE-XIX: SHOWCAUSE NOTICE TO VENDOR FOR SUSPENSION

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

To,

.....

.....

Kind Attention ..... *[Chief Executive Officer/MD/MD of the Vendor]* .....

Sub.: Performance Evaluation in respect of Contracts under execution by you for appropriate action including ineligibility to participate in future tenders.

Dear Sir,

This has reference to the following:

*[Reference may be given of the supply/ service contracts in respect of which the performance has not been found satisfactory]*

1.0 Your performance in respect of the above contracts has been reviewed by a duly constituted Screening Committee and based on the review, the following areas of non-performance on your part have been observed in the execution of the aforesaid Contracts:

a) .....

*}(give details)*

b) .....

*}(give details)*

c) .....

*}(give details)*

2.0 As you are aware, non-performance of the vendor results in avoidable economic loss to Company including cost overruns, idle capital investment, loss of revenue, adverse impact on reputation of Company etc.

3.0 In view of the above, before a final view is taken on the subject by Company, an opportunity is hereby given to you to explain to the Committee within a period of 30 days i.e. up to ..... *(give details)* from the date of issue of this letter, as to why Company should not make you ineligible for participation in future tenders for a period of ... years. In case you wish to present your case in person to the Committee, you may visit our office at the address

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 182

mentioned below on ..... [a suitable date may be indicated here] ..... at  
..... AM / PM.

Name of Authority & Address:

.....

.....

- 4.0 In case no response is received from you within the period stated above, it shall be construed that you have nothing to submit in this regard and accordingly, Company shall proceed to consider necessary action against you based on the above details.

Yours Faithfully,

(.....)

ED (Operations)/CE (Corporate), Company

Convener of the Screening Committee

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 183

## 11.20 ANNEXURE-XX: NOTIFICATION OF SUSPENSION (NOTICE WITHIN COMPANY)

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

Sub.: Suspending the issuance of Bidding Documents to M/s .....

Dear Sir,

The performance of M/s ..... in executing contracts as under has not been found satisfactory.

	<u>Contract Specification (No.) with Date</u>	<u>Brief description</u>
1.	.....	.....
2.	.....	.....
3.	.....	.....
1.0	Therefore, it has been decided to put M/s ..... suspended for ..... years from the date of this Circular. Accordingly, no Bidding Documents / Tender enquiries shall be issued and / or award shall be placed on M/s ..... for ..... (specify the name of item/work )tendered by any of the offices of Company during the above period of holidays.	
2.0	However, dealings with M/s ..... in respect of <b>ongoing</b> contracts shall continue till final settlement and closure of such Contracts. However, in such cases suitable tie up shall be made with the Vendor so that adverse performance of such Vendor is avoided.	
3.0	In cases where the Bidding Documents have already been purchased by such suspended Vendor or Tender enquiry has been issued but Bids are yet to be submitted, in such cases suspended Vendor should be informed not to submit the Bid and even if the Bid is submitted by such Vendor, the same shall not be opened. The cost of Bidding Documents shall be refunded in such cases.	
4.0	After completion of the above period of ..... years based on the review of the performance of the Vendor, fresh Notification for Continuance of Suspension or its Revocation shall be issued.	
5.0	This is issued with the approval of Competent Authority.	

Yours Faithfully,

(.....)

Procuring authority, Company

Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore			
Procurement Manual (Policies and Procedures)			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 184

## 11.21 ANNEXURE-XXI: NOTIFICATION OF SUSPENSION (NOTICE TO VENDOR)

*(To be modified as applicable)*

Ref.: No.: .....

Date:.....

To, .....

.....

Dear Sir,

Sub.: Suspending the issuance of Bidding Documents

Your performance in executing following contracts has not been found satisfactory.

	<u>Contract Specification (No.) with Date</u>	<u>Brief description</u>
1.	.....	.....
2.	.....	.....
1.0	Therefore, it has been decided to suspend you for ..... years from the date of this letter. Accordingly, no Bidding Documents / Tender Enquiries shall be issued and / or award shall be made to you from any of the offices of Company during the period of suspension.	
2.0	However, dealings with you in respect of ongoing Contracts already entered into, shall continue till final settlement and closure of such Contracts.	
3.0	After completion of the above period of ..... years based on the review of your performance, fresh Notification for Continuance of Suspension or its Revocation shall be issued.	

Yours Faithfully,

(.....)

Procuring authority

Company



<b>Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited, Indore</b>			
<b>Procurement Manual (Policies and Procedures)</b>			
Doc No: MPPKVVCL/PM/	Version: v1	Date: July, 2014	Page 185

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