1974 2023

GLORIOUS YEARS

NATIONAL FERTILIZERS LIMITED

(A Govt. of India Undertaking)

PURCHASE MANUAL

(Effective from 1st April, 2024)

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NATIONAL FERTILIZERS LIMITED

(A Govt. of India Undertaking)

Corporate Office:

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FOREWORD

1. The Purchase Manual was comprehensively revised and issued in 2017. The Manual, over a period of time, has become a standard reference document for the concerned officials across all the units & offices of the Company.

2. Public Procurement is a dynamic field where policies are constantly reviewed to help the organization achieve its socio-economic or strategic goals. Hence, there is a need to keep reference documents, like manuals, updated to ensure their continued relevance.

3. Instructions issued by Department of Expenditure from time to time have been incorporated in the current edition of Purchase Manual. Further, Procurement related instructions issued by Central Vigilance Commission have been subsumed into the Manual.

4. The Purchase Manual is to be taken as generic guidelines, which are necessarily broad in nature. However, certain instructions containing "shall" in the Manual are mandatory; any deviation from these instructions shall require relaxation from the Competent Authority as per Delegation of Powers.

5. I would like to acknowledge the hard work of the concerned officers in updating of the Purchase Manual.

6. I hope that this updated Manual will help the officials working in various Departments as a guiding template, deepen the impact of policy initiatives and improve the ease of doing business.

(U. Saravanan)
Chairman & Managing Director

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ANNEXURES

ABBREVIATIONS AND ACRONYMS

AMRCD	Administrative Mechanism for Resolution of CPSEs Disputes
API	American Petroleum Institute
ASTM	American Society for Testing and Materials
BG	Bank Guarantee
BOD	Bid Opening Date
BIS	Bureau of Indian Standards
BPS	Basis Points
BS	British Standards
CIF	Cost Insurance and Freight
C&MD	Chairman & Managing Director
CENVAT	Central Value Added Tax
CGST	Central Goods & Service Tax
CO	Corporate Office
CPPP	Central Public Procurement Portal
CVC	Central Vigilance Commission
DD	Demand Draft
DO	Delivery Order
DOP	Delegation of Power
DPE	Department of Public Enterprises
D(T)	Director(Technical)
ECS	Electronic Clearing System
EFT	Electronic Funds Transfer
ED	Executive Director
EMD	Earnest Money Deposit
EoI	Expression of Interest (Tender)

F&A	Finance & Accounts
FCA	Free Carrier Airport
FOB	Free On Board
FOR	Free On Road/ Rail
FOT	Free On Truck
GeM	Government Electronic Market
GoI	Government of India
GR	Goods Receipt
GTE	Global Tender Enquiry
H-1	Highest Bidder
HOD	Head of the Department
HSD	High Speed Diesel
HSN	Harmonized System of Nomenclature
IGST	Integrated Goods and Service Tax
IOCL	Indian Oil Corporation Limited
ISD	Initial Security Deposit
INR	Indian Rupee
ISO	International Organization for Standardization
IST	Insurance Stock Items
ITB	Instructions to Bidders (may in some instance be called Instructions to Tenderers - ITT)
KL	Kilo Litre
KM	Kilo Metres
L-1	Lowest Bidder
L-2	Second Lowest Bidder
L-3	Third Lowest Bidder
LC or L/C	Letter of Credit

LD	Liquidated Damages
LOI	Letter of Intent
LPV	Local Purchase Voucher
LTA	Long Term Agreement
LTE	Limited Tender Enquiry
MCLR	Marginal Cost of Funds Based Lending Rate
MMTC	Metals & Minerals Trading Corporation
MIR	Material Inward Register
MO	Materials Officer
MS	Motor Spirit
MSE	Micro and Small Enterprise
MSME(D)	Micro Small and Medium
MT	Metric Tonne
NEFT	National Electronic Funds Transfer
NFL	National Fertilizers Limited
NIT	Notice Inviting Tender
NSIC	National Small Industries Corporation
ODC	Over Dimensional Consignment
OEM	Original Equipment Manufacturer
OSRD	Over, Short, Rejection, Damage
P&F	Packing & Forwarding
PBG	Performance Bank Guarantee
PDI	Pre-dispatch Inspection
POL	Petroleum, Oil and Lubricants
PO	Purchase Order
PMA	Permanent Machinery of Arbitration
PSE	Public Sector Enterprise

PSU	Public Sector Undertaking
QCS	Quotation Comparison Statement
RA	Reverse Auction
RC	Rate/Running Contracts
RR	Rail Receipt
RST	Regular Stock Items
RTGS	Real Time Gross Settlement
SAC	Service Accounting Code
SAIL	Steel Authority of India Limited
SC/ST	Scheduled Caste/Scheduled Tribe
SBI	State Bank of India
SD	Security Deposit
SGST	State Goods & Service Tax
SIAC	Singapore International Arbitration Centre
ST	Specific Items
TCS	Technical Comparative Statement
TIN	Taxpayer Identification Number
TPI	Third Party Inspection
UGST	Union Territory Goods & Service Tax
VAT	Value Added Tax

PROCUREMENT GLOSSARY

In this Manual and in the 'Procurement Guidelines', unless the context otherwise requires[1]:

i) "Bid" (including the term 'tender', 'offer', 'quotation' or 'proposal' in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers;

ii) "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any eligible person or firm or company, including a consortium (that is an association of several persons, or firms or companies), participating in a procurement process with a procuring entity;

iii) "Bid security" (including the term 'Earnest Money Deposit'(EMD), in certain contexts) means a security from a bidder securing obligations resulting from a prospective contract award with the intention to avoid: the withdrawal or modification of an offer within the validity of the bid, after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.;

iv) "Class-I local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meet the minimum local content as prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India;

v) "Class-II local supplier" means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India);

vi) "Competent authority" means the officer(s) who finally approves the decision.

vii) "e-Procurement" means the use of information and communication technology (specially the internet) by the procuring entity in conducting its procurement processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, non-discriminatory and efficient procurement through transparent procedures;

vii) "Indenter" (or the term 'User (Department)' in certain contexts) means the entity and its officials initiating a procurement indent, that is, a request to the procuring entity to procure goods, works or services specified therein;

viii “Inventory” means any material, component or product that is held for use at a later time;

ix) "Invitation to (pre-) qualify" means a document including any amendment thereto published by the procuring entity inviting offers for pre-qualification from prospective bidders;

x) "Invitation to register" means a document including any amendment thereto published by the procuring entity inviting offers for bidder registration from prospective bidders;

xi) “Local Content” means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.

xii) “Non-Local supplier” means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for ‘Class-II local supplier’ under the Public Procurement (Preference to Make in India);

xiii) "Notice inviting tenders" (including the term ‘Invitation to bid’ or ‘request for proposals’ in certain contexts) means a document and any amendment thereto published or notified by the procuring entity, which informs the potential bidders that it intends to procure goods, services and/or works.;

xiv) "Pre-qualification (bidding) procedure" means the procedure set out to identify, prior to inviting bids, the bidders that are qualified to participate in the procurement;

xv) "Pre-qualification document" means the document including any amendment thereto issued by a procuring entity, which sets out the terms and conditions of the prequalification bidding and includes the invitation to pre-qualify;

xvi) "Procurement" or "public procurement" (or ‘Purchase’, or ‘Government Procurement/ Purchase’ in certain contacts) means acquisition by way of purchase, lease, license or otherwise, either using public funds or any other source of funds (e.g. grant, loans, gifts, private investment etc.) of goods, works or services or any combination thereof, including award of Public Private Partnership projects, by a procuring entity, whether directly or through an agency with which a contract for procurement services is entered into, but does not include any acquisition of goods, works or services without consideration, and the term "procure" or "procured" shall be construed accordingly;

xvii) "Procurement contract" (including the terms ‘Purchase Order’ or ‘Supply Order’ or ‘Withdrawal Order’ or ‘Work Order’ or ‘Consultancy Contract’ or ‘Contract for Services’ under certain contexts), means a formal legal agreement in writing relating to the subject matter of procurement, entered into between the procuring entity and the supplier, service provider or contractor on mutually acceptable terms and conditions and which are in compliance with all the relevant provisions of the laws of the country. The term “contract” will also include “rate contract’ and “framework contract”;

xviii) “(Public) Procurement Guidelines” means guidelines applicable to Public Procurement, consisting of under relevant context a set of – i) Statutory Provisions

(The Constitution of India; Indian Contract Act, 1872; Sales of Goods Act, 1930; and other laws as relevant to the context); ii) Rules & Regulations (General Financial Rules, 2017; Delegation of Financial Power Rules and any other regulation so declared by the Government); iii) Manuals of Policies and Procedures for Procurement (of Goods; Works; Consultancy Services or any for other category) promulgated by the Ministry of Finance and iv) Procuring Entity’s Documents relevant to the context (Codes, Manuals and Standard/ Model Bidding Documents);

xix) "Prospective bidder" means anyone likely or desirous to be a bidder;

xx) "Public Private Partnership" means an arrangement between the central, a statutory entity or any other Government-owned entity, on one side, and a private sector entity, on the other, for the provision of public assets or public services or both, or a combination thereof, through investments being made or management being undertaken by the private sector entity, for a specified period of time, where there is predefined allocation of risk between the private sector and the public entity and the private entity receives performance-linked payments that conform (or are benchmarked) to specified and predetermined performance standards, deliverables or Service Level agreements measurable by the public entity or its representative;

xxi) “Registering authority” means an authority which registers bidders for different categories of procurement.

xxii) "Registered Supplier" means any supplier who is on a list of registered suppliers of the procuring entity or a Central Purchase Organisation;

xxiii) "Reverse auction" (or the term ‘Electronic reverse auction’ in certain contexts) means an online real-time purchasing technique utilised by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favourable bids during a scheduled period of time and automatic evaluation of bids.

PURCHASE MANUAL

1.0 Extent of Application

1.01: The procedures in the Purchase Manual shall apply to the procurement of all types of items, i.e., Plant and Machinery, spares, stores, consumable, catalysts, chemicals etc. The procedures shall also cover the Service Contracts, which are lined up through the Materials Department, such as Contract for Appointment of Custom House Clearing Agents, Consolidation-cum-Freight Forwarding Agents, Coal Handling (Supervision) Agents; Contract for Transportation for Urea/CAN/Industrial Products by road (if dealt by Materials Department), Transportation Contract for LPG, Railway Siding Maintenance Contract, Material Handling Contract of Unit Stores for clearance of incoming consignments by Rail/Road, Foreign Experts deputation to NFL and erection/commissioning part of the Purchase Orders covering supply, erection and commissioning. All contracts for repairs (where material is required to be sent outside factory premises) shall be awarded by respective User Departments. Cases for repairs of rotors and re-tubing of Heat Exchangers having estimated value of repair up to INR 25 lakhs shall also be awarded by respective user Departments. However, Cases of Repairs of rotors and re-tubing of Heat Exchangers (where estimated value of repair is more than INR 25 lakhs) shall be awarded by Materials Department. The outgoing as well as incoming of materials under all contracts shall be routed through Stores Section. All laid down procedure for dispatches shall be followed.

The procedure in Purchase Manual shall also cover the appointment of 3rd Party Agency for sampling & testing of Bags at Ports.

All other contracts of services except those specifically covered above will be governed by provisions of Works Manual.

1.02: As a policy, all the purchases will be done through Materials Departments in the Units as well as at Corporate Office.

1.03: Procedures as per the Purchase Manual shall be followed for purchase of Packaging Materials, i.e., HDPE/PP Bags, Jute Bags etc. for all the Units, which shall be finalized by the Materials Department at Corporate Office. However, the Units shall operate the Purchase Orders. Any deviation in the procedures shall require approval of the competent authority.

1.04: In cases where supplier(s) do not agree, waiver of EMD/SD/PBG/LD etc. for proprietary purchases may be approved by Unit Head. For Non-Proprietary purchases, Unit Head may approve waiver by appropriate loadings as per clause no. 7.04.

For the orders which are to be approved by an authority higher than Unit Head; waiver of EMD/SD/PBG/LD etc. shall also be approved by the authority who approves the Purchase Order.

1.05: Purchase Manual does not cover the contracts for supply of Raw Materials, Feedstock and petroleum products, i.e., Coal, HSD, MS, Lubricants, etc. These contracts/agreements shall be finalized as per the mutually agreed terms and conditions with the suppliers. Materials Department at Corporate Office shall finalize these contracts. However, contracts for natural gas shall be finalized by Technical Department of Units/Corporate Office. Loading at the source, transportation and coordination with the Railways shall also be done by the Materials Department at Corporate Office. For Lubricants, Petrol, Diesel and Petroleum Products, the respective Units shall issue the Purchase Orders and will arrange transportation. For Lubricants, Petrol, Diesel and other Petroleum products the respective Units shall take action for procurement as per guidelines issued by Corporate Office from time to time.

1.06: The Materials Department of Corporate Office shall do the purchases for the Marketing Department at Corporate Office. However, purchases at Zonal and Area Offices shall be done by the concerned offices as per the sub-delegated powers.

1.07: Financial powers under the Purchase Manual shall not exceed the powers sub-delegated by C&MD to Functional Directors/ E.D./G.M. /D.G.M. /C.M. and further sub-delegated by them to GM/ Dy.GM/ Chief Managers/ Senior Managers/ Managers/Deputy Managers/AM/MO etc.

The powers delegated to various officers in this Manual shall be governed by prevalent Sub-delegation of Powers. For items, which are not specified in the Delegation of Powers, provisions contained in the relevant rules/Purchase Manual shall be followed. For items, which are specified in the Delegation of Powers, the same shall prevail upon the powers defined in the Purchase Manual.

2.0 Budget Provisions

2.01: Provisioning of revenue budgets for regular stock items (RST), bulk chemicals, POL (Petrol, Oil and Lubricants), etc., for which indenting is done through Stores, shall be done by Materials Department. Provisioning of relevant budgets for specific spares (Revenue/Capital), shall be done by concerned user departments. Once the budget has been approved, concerned user department can place indents within the approved budgetary limits and in accordance with the provisions contained in this Purchase Manual. All the purchases shall be subjected to the budget provision, which shall be monitored by the respective Departments.

The Finance and Accounts Department shall examine budgetary provision and expenditure for Capital items. All indents for capital items shall be sent to the Finance & Accounts Department by the Indentor to ensure availability of budget before such indents are forwarded to Stores/Purchase Section for procurement. Budget provisions should be available at the time of controlling of Indent. In case budget is available at the time of indent approval/controlling and placement of order and /or execution of order is not in the same Financial Year; spilling of budgets to next/subsequent Financial Years shall be got incorporated by the concerned Department in the budget/revised budget.

3.0: General Principles of Purchase

As a general principle, purchase of materials should be restricted to the minimum requirement, so as to avoid over stocking, and, at the same time, making sure that the stock is readily/timely available for consumption.

3.01: The materials would broadly be classified into following types of items:

Specific Items (ST): Items for specific works, plant and machinery, equipment, etc. against the approved budget.

Regular Stock Items (RST): Items of normal requirement of recurring nature for operation, maintenance and other purposes. RST items shall be only those items, which are fast moving general consumable items and / or are used by more than one Department. The lists or RST items shall however be reviewed regularly at Unit level (i.e. at least once in a year).

Insurance Stock Items (IST): Items for use as replacement in the event of a possible breakdown. These items are normally having high value & long delivery, are likely to be stocked as single piece/unit in number, are not likely to be used during the life cycle/time of the concerned equipment and are generally proprietary in nature.

3.02: Provisioning of items under category ST shall be done by the concerned user departments. Normally, the departments should be able to assess the requirements of this category of items and would include it in the Revenue/Capital Budget for the year.

3.03: The indents for capital items should invariably be given the reference of the Capital Budget Item Number and the approved budget for the item. Administrative approval of the Head of the Unit should also be enclosed with the indent.

3.04: Provisioning of items under RST category shall be done by the Stores Section. Stores Section will monitor the stock position and place indent on the Purchase Section in accordance with the reordering levels. Stores Section will follow fixed period review system for RST items. For Review of Stock Levels, the Stores Section, if necessary, will consult the user department and shall review, from time to time, the levels on the basis of the past consumption, trends in consumption and the future projections.

3.04.1: Regarding raw materials, feed stocks and bulk chemicals, etc., Production Department will give the projected requirement for the year to Stores Section and confirm the requirement on quarterly basis during the year. Similarly, user departments shall submit the yearly requirement of POL items i.e., oils, lubricants, etc.

3.05: Provisions of items, falling under IST category, will be done by the concerned user departments on the same lines as for ST items, indicating the following:

i) The equipment/system for which the item is required.

ii) The quantity to be kept as insurance stock.

4.0: Indents:

With the implementation of Inventory Management System (IMS), online processing of Indents has been started. Wherever applicable indenting shall be done through IMS as per the system already developed/implemented or amended in future. Under this system the details of stock position, past consumption, pending indents, codification etc. are available on line and individual indents are not to be sent to Stores section for these details. However, for approval of New codes electronic routing through Stores section shall be done as per the requirements of the IMS System. Process of purchase shall be initiated by Purchase section on receipt of electronic indents by them and where ever feasible Enquiries shall be issued by Purchase section after taking a print out of indents received electronically through IMS. It shall, however, be the responsibility of the Indentor to make available the hard copy of indent (duly signed by Approving Authority of the indent) to the Purchase section within one week from the date of electronic approval of the indent. Where detailed specifications, drawings and other documents forming part of indent are not received electronically through IMS, Enquiries shall not be issued unless these details/documents are physically received in Purchase section along with the Hard copy of indent duly signed by Approving Authority of the indent. It shall be the responsibility of the Indentor to ensure that these documents are sent to Purchase section immediately after the date of electronic approval of the indent. It shall be ensured by the Indentor that all specifications and other columns of electronic indents are correctly filled through IMS and that there is no change in any specification/notes/column/data etc. in the signed Hard copy of Indent to be subsequently sent to Purchase section, so that the Enquiry earlier issued based on electronic Indent does not become redundant on receipt of signed hard copy of indent and/or no addendum/corrigendum to Enquiries is required to be issued to avoid extra expenditure as well as delay in placement of orders. No case shall be processed for Finance concurrence and/or for approval for placement of Purchase order/contract, unless the hard copy of indent (duly signed by Approving Authority of the indent) is placed in the file of Purchase section.

4.01: The indents would be raised in the prescribed proforma (annexure-I).

The indent should specifically indicate whether the indent is for 'Regular Stock Items (RST)", "Specific Items" (ST) or for "Insurance Items"(IST).

4.01.1: Indents for capital items should be raised only after prior concurrence from the Finance Department and approval for the General Manager/Executive Director at Unit Level and concerned GM/ED/Director at Corporate Office.

4.01.2: For Stock Items

The indents for purchase of materials which have been declared as “Stock Items” will be raised by Stores Section after the quantity in stock has reached the “Re-Order Level” as determined for the respective items. Such indents/requisitions, amongst other particulars, shall also indicate:

i) Re-Order quantity

ii) Stock in hand

iii) Pending Purchase Order reference and quantity

iv) Consumption statistics

v) Safety Stock etc.

4.01.3: For Other Items

The respective departments will raise all requisitions/indents for purchase of materials/works and services. The requirements should not be intentionally bifurcated/split so as to avoid approval from higher authorities. One time purchase for projects or capital equipment/spares should be properly justified. Further, the obsolescence factor should also be taken into account, i.e., the equipment to be purchased should conform to the latest specifications and technology available in the market. The departmental head will ensure that the purchase requisitions must indicate:

a) Budget Provision

b) Estimated value of the requisition.

4.02: The indents will be prepared in four copies which will be distributed as under:

a) The original copy: For Purchase Section;

b) Two copies: For Stores Section (one for the individual go-down and the other for the master file for control purpose).

c) One copy: For User Department.

(b) And (c) - Not required if the indent has been raised through IMS.

4.03: While filling the indent form, attention should be paid to the following:

4.03(i): The indents must be clearly marked for the class of items i.e. 'RST', 'ST' or 'IST' or Capital and signed by the competent authority.

4.03(ii): All the columns of the indent must be filled in.

4.03(iii): It should be ensured that the requisition for purchase should be Complete in all respects with regard to:

- Standard Nomenclature & description of the items/material/equipment/ scope of work should be used. The terminology should be such as to show beyond doubt as to what exactly is required to be purchased. Detailed specifications, full particulars, drawings/sketches (if necessary), should be attached. Ten copies of such annexure to the indent should be attached and additional copies, as and when required, should be furnished by the Indentor.
- Standard codes such as IS, BS, DIN, ASTM, API etc., wherever applicable, should be adopted.
- Temperature/pressure/standard, if any, where applicable.
- Quantity and Unit of Measurement.
- When delivery of materials/services is required. Definite required delivery date / period should be mentioned in the indent. For controlled items, if any, the Government Policy should be borne in mind by the indenting officers while raising the indents for such items.
- Name(s) of vendor(s)/contractor(s) in case the item is of proprietary nature.
- Estimated value and budget head.
- Whether Pre-Dispatch Inspection (PDI) is required?
- Third Party Inspection (TPI), if required with scope and agency.
- Performance Bank Guarantee (PBG) required or not. If required, the amount (percentage) and period of guarantee must be recorded. Three months claim period shall be added beyond the required validity of all Bank Guarantees.
- Last Indent/PO Reference. Previous Purchase Order reference, if item has been purchased earlier, should invariably be given in the indents.
- Likely consumption period.
- Present Stock Position and pending indents references

4.03(iv): Separate indents should be prepared for each category of item (Categories are listed in Annexure II).

4.03(v): Normally, suppliers will be asked to dispatch materials by approved Road Transporters.

For Truck Loads: - Chartered Trucks on Door Delivery basis. For Smalls by Road up to Transporter's Godown at destination/door delivery by Cargo Movers.

For Foreign Orders: Ordinary ocean freights. If air freight is required, special approval of the approving authority is required as per clause no. 10.08.

Small packages: By Registered Post Parcel/Courier (cargo Movers)

4.03(vi): Placing indents for items of specific makes, on the grounds of suitability and past performance, should, as far as possible, be avoided, as this does not permit enquiries / competition of a wide nature. Complete specification, to which the item should conform to, should be given. If such specifications cannot be given in certain cases, then the specific make and model can be mentioned to permit the suppliers to quote for suitable equivalents. However, full justification may also be furnished. The above, however, does not apply to those cases where a particular plant or machinery is patented or is proprietary under a particular name or spare parts are needed for such plant and machinery.

4.03(vii): Proprietary

The proprietary items of any manufacturers mean equipment/ machinery or its components (including spares) having unique features /specifications/attributes/ characteristics patented, under registered trademark or brand name or tailor made for a specific application and cannot be substituted.

Indents for proprietary items shall be approved by the Competent Authority as per DOP

Note: A certificate to the effect that the "item is of proprietary nature and has to be purchased from the manufacturer as this is the only manufacturer of the required equipment machinery" shall be recorded on the indent by the Indentor. Enquiry in such cases is to be issued to (Original Equipment Manufacturers) OEMs. Enquiry may also be issued to Indian agents (in case of FOREIGN OEMs)/ Authorized dealers (in case of Indian OEMs) only where proper valid authorization from OEM in favour of Indian agent/Authorized dealer is available on record. Copy of such authorization should invariably be placed in the individual file. In absence of valid authorization letter from OEM appointing their Indian agent /authorized dealer, enquiry should be issued to OEMs only. In case there is no response /poor response from OEMs and details of authorized Indian agent /Authorized dealer are not available, enquiries may be issued to known/likely Indian agent/Authorized dealer subject to following conditions:-

a): That a suitable clause is incorporated in NIT asking the Tenderer to submit valid authorization of OEM in his favour and that in absence of such authorization, their offer will not be considered.

b): Normally offers of Indian/Authorized Agents without proper authorization of OEMs should not be considered for placement of orders. Either the Indian agent on behalf of the foreign OEM or the foreign OEM directly can bid in a tender but not both. Further, in cases where an Indian agent participates in a tender on behalf of one of the manufacturer, he should not be allowed to quote on behalf of another manufacturer along with the first manufacturer in a subsequent/parallel tender for the same item. Rates reasonability has to be properly examined/ascertained and certified in case of proprietary purchases. In case the prices are considered unreasonable and holding of negotiations is found necessary, a Tender Committee may be constituted to negotiate prices and to ascertain & certify rate reasonability.

4.03(viii): Single Tender (Nomination basis) Enquiry (Other than Proprietary)

The cases where the enquiry is restricted to only one source, though many sources/ suppliers exist, such procurement is on nomination basis. Such Single Tender Enquiries should be issued as an exception only and processed, after recording reasons. The indenter should take approval of Unit Head in all cases and approval of Competent Authority shall be obtained as per D.O.P. before processing the case for procurement.

However, in case of procurement on single select make/brand (Nomination basis); NIT may also be issued to known dealers of that manufacturer.

4.03(ix):

a) The details of purchase orders having value of INR 5 lakhs and above should be hosted on NFL website to enhance vendor base.

b) The instructions to be included on the website should be that, "Whoever is interested to be a registered supplier of these items, should fill up the vendor registration form, uploaded on the website. The normal registration process shall, thereafter be followed by the plants/ units for registering the eligible suppliers."

4.03(x): Standardization:

Standardization is of product, whereas pre-qualification is of vendor. Standardization can be for more than one make of comparable quality out of many makes available. Standardized items of pre-qualified manufacturers/vendors mean equipment/machinery or its component (including spares) and any regular consumption items having such features/ specifications/ attributes/ characteristics, which are substitutable or interchangeable with each other. In case any item is required to be standardized, the indenting department will initiate a proposal, justifying the need for standardization. The proposal should be examined by the Committee, constituted by the GM//ED/D(T)/C&MD, under the Chairmanship of DGM/GM/ED/ D(T) and consisting of representatives of the User, Materials and Finance Department. On recommendations of the Committee, all items valuing up to INR 100 lakhs in a year shall be purchased with the approval of Unit Head. Purchases beyond INR 100 lakhs but up to INR 200 Lakhs (FOR EACH UNIT) be done with the approval of D (T) and purchases more than INR 200 Lakhs (FOR EACH UNIT) be done with the approval of C&MD. The items so standardized, shall be reviewed and updated after every two years. Such standardized items should be purchased only after inviting the offers directly from the manufacturer or their authorized resellers, as the case may be. Purchases shall be made with the financial concurrence (as per clause no. 11 of Purchase Manual) and with the approval of Competent Authority as per the delegation of powers. Standardized items shall be processed on limited tender basis by Materials Department. However, number of vendors shall be as on standardized list. The cases where only one Make/ Brand is standardized shall be processed on Single Tender basis irrespective of number of offers received. Powers for purchase of standardized items would be as per Clause 12.01.

Variation in value of individual item within the same group, say Electrical items may be permitted within the total value of standardized items for that group by Unit Head.

Variation in total value of each group up to 20% is allowed to be approved by Unit Head. Thereafter, it shall require approval of next higher authority. However, in all cases as given above, such enhancement should not be in excess of overall DOP.

4.03(xi): Import Substitution

Import substituted items of pre-qualified manufacturers mean equipment/ machinery of its component (including spares) manufactured indigenously with such features / specifications / attributes / characteristics which can substitute the original equipment / machinery / or component (including spares) of imported origin without affecting the intended operation. The cost and quality of replacement will be the main consideration in import substitution.

The imported equipment / machinery or its component (including spares) shall be divided into three categories, namely: -

i. Non - critical

ii. Sub - critical

iii. Critical

The categorization criteria of the criticality will be governed by the application of item in the smooth and safe running of the plant /equipment system and shall be decided by the concerned Unit Head after taking comments/opinion of all Sister Units (Comments/opinion of Sister Units shall also be obtained on likely/recommended Indian vendors for Import Substitution), where the same item is also being used for same/similar application. Sister Units should give their comments on such matters in a time bound schedule i.e. within a maximum period of 10 days after receipt of request from other units. In case of difference in opinion in Units, approval of Director (Technical) shall be taken. Non- critical / sub-critical spares of plant & machinery of imported origin can be considered for substitution. The cost of imported item vis-à-vis the quality, the cost of indigenously manufactured substitute and the frequency of requirement shall be the main criterion for considering such substitution. Indenting Department will take initiative for developing vendors who can supply such non-critical / sub-critical spares, which will meet the requirement of the Plant in respect of imported machines and their spares. The item, of import substitution, should be procured initially on trial order basis and after verifying the satisfactory performance of the item, the same can be procured on regular basis.

Trial order up to INR 20 Lakhs can be approved by Unit Head. Trial orders for value more than INR 20 lakhs and up to INR 50 lakhs will require approval of Director (Technical) and above INR 50 lakhs of C&MD. Once the trial has been completed and satisfactory performance is established, the said item would be treated as an Import Substituted item. Such items shall be procured on single tender basis as long as only one vendor is available for import substituted items and not treated as proprietary. However, OEM (Original Equipment Manufacturer) should invariably be contacted along with such vendors. The list of such import-substituted items at one unit would be circulated to the other units by Materials Department. The process of import / Vendor substitution shall be a continuous one so that more suppliers could be developed for the same items. All critical spares would normally be purchased from OEM. However, in the event proven equipment / machinery or components (including spares) of required quality and cost effective is sourced indigenously, the substitution can be considered by following the same procedure as that for non-critical / sub-critical item with the exception that such import substitution will be approved by C&MD.

A list of import / vendor substituted items purchased, should be submitted by the Chief Manager (Matls) / DGM (Matls) to Unit Head [D (T) / C&MD in case of Corporate Office], every quarter by the 10th of following month and a copy endorsed to C.M./DGM (F&A) of the Unit & C.M./DGM/GM (Materials) of Corporate Office.

The Para of Import substitution should apply to Spares only and not to regular consumption items such as Gaskets, O Rings, Cables, Batteries, Fasteners etc. which are readily available indigenously. Indigenous Repairs of imported Items shall not be treated as Import Substitution.

4.04: An indent will, normally, be effective for procurement only from the date it is found complete by the Purchase Section in respect to details at (i) to (ix) of above clause.

4.05: Ordinary Indents

All indents should be raised keeping in view the lead time for procurement in the normal course. The normal lead time (from the date of Indent complete in all aspects to date of placement of LOI/PO) shall be as under:

TIME LINES:

Type of Indent	(i) Indigenous (Items having estimated value of less than one crore)	(i)Imported Items (ii)Indigenous (Items having estimated value of one crore and above)
Normal	3 months	4 months

4.06: Emergent Indents:

4.06.1: Emergent indents should be raised only in exceptional cases for sudden and unforeseen requirements. The reasons, necessitating the emergent purchase, shall invariably be recorded on the indent. If an ordinary indent is pending for purchase, the reference of the same should be given in the emergent indent.

4.06.2: The concerned Head of Department should sign all the emergent indents. In the event of his absence from Headquarters, the next higher officer should sign the indents, if such indents cannot wait till his return to the headquarters.

4.06.3: In all cases of emergency purchase, the DGM/CM/Sr. Mgr./ Mgr. of Materials Department will decide the mode of transport, i.e. by road transport, passenger train or special courier.

4.06.4:

a. Item against emergent indent, which are available off the shelf, must be made available at the earliest, normally within 15 days from the date of indent.

b. For the items, which are not available off the shelf and enquiries are required to be issued, the enquiries must be sent by the fastest means, i.e. FAX, e-Mail or through courier, for submitting the offers within 7 to 10 days or as decided by the Indenting Officer. It should be specifically mentioned in the enquiry that material is required on ex-stock basis (off the shelf) or within the minimum delivery period. Orders must be released at the earliest possible time preferably within a week's time after receiving quotation.

4.06.5:

4.06.5(a): Emergent purchases shall be resorted to against Emergent Indents with due approval of competent authority.

Such procurements can be done through Fax and/or telephonic Quotations, hand collection of offer(s) by officials of Materials Department (rep. of Indentor may be associated on need basis), through a Committee as per (4.06.6 below), Fax/Email enquires giving 7-10 days' time to submit sealed offers and indicating earliest delivery requirement.

4.06.5(b): Emergent Indents valuing more than INR 50,000: For such indents Fax/Email enquires giving 7-10 days' time and indicating earliest delivery requirement may be issued. The vendors may be asked to submit sealed offers. In addition the vendors may be informed on telephone also of such requirements to enable them to submit their offers. Such emergent enquiries may also be displayed on company's website also on priority to enable the Vendors to assess the same and submit their offers in time. The processing of such case for both (a) & (b) above (where sealed offers have been invited giving 7-10 days' time and shortest delivery requirement has been asked) shall be done as per normal procedure and such purchases shall not be regarded as emergent purchases and cases shall be processed on Lowest/ Other than Lowest/ Single Tender basis etc, as the case may be. Such purchases shall not be covered under the annual financial limits of emergent purchases.

4.06.6: Other Emergent Purchases/purchase of special items shall be resorted to through a Committee with due approval of the Head of the Unit. The composition of the

Committees for such purchases comprise of Representatives from Materials, F&A and User Departments. The Committees for such purchases shall be constituted as under:

i) Purchase of Over INR 10 Lakh:

Materials Department - Chief Manager

F&A Department - Sr. Mgr/Mgr

User Department - Sr. Mgr/Mgr

ii) Purchases above INR 5 Lakh but upto INR 10 Lakh:

Materials Department - Sr. Mgr/Mgr

F&A Department - Dy.Mgr/ Sr.A.M

User Department - Dy.Mgr/ Sr.A.M

iii) Purchases above INR 2 Lakh but upto INR 5 Lakh:

Materials Department - Dy.Mgr/Sr.AM

F&A Department - Asst. Mgr

User Department - Asst. Mgr

iv) Purchases below INR 2 Lakh:

Materials Department - Asst. Mgr/M.O.

F&A Department - Accounts Officer

User Department - Engineer or equivalent

However, a report on emergent purchases and status of consumption shall be submitted by Head of the Materials Department to Unit Head & D(T) in case of Corporate Office, copy endorsed to Head of the F&A Department and forwarded to D(T) every quarter by 10th of the following month. This report shall indicate the indent reference, indenting department, date of purchase, period of consumption envisaged, actual date of consumption/issue of stores, reasons if item not utilized.

4.07: In the indent, the indenter will ensure, depending upon the nature of the item indented, incorporation of special requirement of inspection/ quality assurance plan/ special packing instructions, if any.

4.08: In case some of the items in the Indent are matching/ complementary parts of an equipment/ assembly and are required to be supplied by one supplier only, the Indenter shall specify this in the Indent.

4.09: Estimated Value: It will be the prime responsibility of the indenter to prepare judicious estimate of the current value of the Indent.

Following shall be the guidelines for the preparation of estimates:

a) For frequently purchased items (i.e., items purchased at least twice during last three years), the estimate shall be based on the last purchase price obtained through normal tendering and competitive bids with adjustment for variations in the prices of raw materials, wages and other inputs including current market conditions based on relevant RBI indices or any other indices, wherever appropriate.

b) For infrequently purchased items (i.e. items not purchased twice during last three years)/ new items, scientific/ technical estimate shall be prepared taking into consideration the cost of raw material, casting/ matching, treatment/ testing, labour, overhead expenses, transportation and applicable statutory duties and levies etc. In case, cost of making pattern/ engineering drawing/ development of the items are also included in the estimate, all care should be taken to exclude this portion of cost in future while re-indenting/ re-ordering. If required, for guidelines, budgetary quotations may be obtained for infrequently purchased items preferably from registered vendors/ last supplier; for new items (s) or new technology efforts should be made by the indenter to get more than one budgetary quotation and estimate to be considered based on average rates of budgetary quotations.

c) For procurement of proprietary items, Last Procurement Price, if available in the last 2 years, should be considered as estimate. Adjustment for variations in the prices of raw materials, wages and other inputs including current market conditions may be done based on relevant RBI indices or other indices wherever appropriate. In cases where LPP is not available, the supplier's price-list/ rates along with the applicable discounts shall be obtained for preparing estimates. Such list should be directly obtained from the manufacturer only and the list supplied by dealers/ authorized agents should not be considered unless directed by the manufacturers.

5.00: List of Approved Suppliers/Vendors:

Materials Department will maintain a list of approved suppliers of known, reputed and proven standing, both for indigenous and imported items. The approved list of one Unit shall be circulated to all the other units and Corporate Office also. The list of approved suppliers shall be reviewed by the Committee once in three years. If, due to any specific reasons, the list has not been reviewed within a period of three years, approval of General Manager/ED shall be obtained to revalidate the same. However, this validation shall not be used for more than one year at a time.

For new item/items where no pre-qualification list is available, a list to be drawn in consultation with Indenter and with the approval of Unit Head. The names of the suggested manufacturers/ suppliers/ traders/ contractors, as the case may be, may be indicated by the indenter in the indent on the basis of past experience of parties along with references, if any.

Necessary action for identification of MSME parties in the Vendors list and in all cases at the time award of job shall be done. Based on parties so identified, these parties will be marked as MSME parties in the Vendors Master in the Computer System. The purchase order issued to such parties shall also prominently indicate the status of such parties.

In addition compliance of Public Procurement Policy for Micro and Small Enterprises (MSEs) vide Gazette Notification No. 503 dated 26.03.2012 effective from 1st April, 2012 notified as per MSMED Act 2006, shall be ensured". (Annexure-XVI).

5.01: Debarment of Suppliers/Vendors:

(A) Debarment:

i. A bidder shall be debarred if he has been convicted of an offence-

(a) Under the Prevention of Corruption Act, 1988; or

(b) the Indian Penal Code or any other law for the time being in force, for causing any loss of life or property or causing a threat to public health as part of execution of a public procurement contract.

A bidder debarred (under sub-section (i) or any successor of the bidder shall not be eligible to participate in a procurement process, for a period not exceeding three years commencing from the date of debarment.

ii. **Conditions for Debarment *{other than provisions mentioned at Sl. No-A (i)}*:**

a) Bribery, dishonesty, mal-practice, submission of forged documents, misrepresentation, spurious supplies, fails to refund the amount due to the Company, fails to return the material issued for reprocessing/manufacturing.

b) A bidder can also be debarred for any actions or omissions by the bidder other than violation of code of integrity, which in the opinion of the NFL, warrants debarment for the reasons like: "supply of sub-standard material, non-supply of material, abandonment of works, sub-standard quality of works, Bidder repeatedly fails to perform, causes abnormal delays, supplies sub-standard material, fails to rectify/settle discrepancies in the supplies within a reasonable time.

c) Cartel Formation / Pool Rates/Bid rigging/Collusive bidding etc.: Quoting of pool rates/Cartel formation, bid rigging/collusive bidding 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 Competition Commission of India, on case to case basis, as decided by the competent authority. NFL may also debar the tenderers indulging in cartel formation/collusive bidding/bid rigging for a period of two years from participation in the tenders of the Purchaser.

NFL may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity. The Department will maintain such list which will also be displayed on NFL website.

iii. The bidder shall not be debarred unless such bidder has been given a reasonable opportunity to represent against such debarment.

Definitions:

a) Firm: The term 'firm' or 'bidder" has the same meaning for the purpose of these Guidelines, which includes an individual or person, a company, a cooperative society, a Hindu undivided family and an association or body of persons, whether incorporated or not, engaged in trade or business.

b) Allied firm: All concerns which come within the sphere of effective influence of the debarred firms shall be treated as allied firms. In determining this, the following factors may be taken into consideration:

1. Whether the management is common;
2. Majority interest in the management is held by the partners or directors of banned/ suspended firm;
3. Substantial or majority shares owned by the banned/ suspended firm and by virtue of this it has a controlling voice.
4. Directly or indirectly controls, or is controlled by or is under common control with another bidder.
5. All successor firms will also be considered as allied firms.

"The terms 'banning of firm', 'suspension', 'Black-listing' etc convey the same meaning as of 'Debarment'.

(B) Execution of Debarment of Supplier:

a) Debarment should be done on the basis of recommendations of the Indenter/DGM(Materials)/Chief Mgr (Matls) concurred by Finance Department and approved by Unit Head {for approving power falling under the purview of Unit Head and D(T) in case of approving powers falls under the Purview of D(T) / C&MD / Board}.

b) Such action against the supplier will be communicated, along with the brief of the case, to DGM (Matls.)/ CM (Matls.) of all the other Units. The other Units will also follow this decision.

c) In case there are running cases, where offer of such bidder(s) are under consideration, the same shall not be considered. In case of review of Vendor lists, debarred parties shall not be removed from the lists on the grounds that they have been debarred earlier; but clear remarks about a particular party being debarred shall be given in the vendor lists. Also the date when such debarment shall be over shall also be given / recorded in vendor lists.

(C) Revocation of Orders:

i) An order for debarment passed shall be deemed to have been automatically revoked on the expiry of that specified period and it will not be necessary to issue a specific formal order of revocation.

ii) A debarment order may be revoked before the expiry of the Order, by the competent authority, if it is of the opinion that the disability already suffered is adequate in the circumstances of the case or for any other reason. Revocation of the debarment orders before expiry of debarred period should be done only through F&A concurrence and with the approval of C&MD.

(D) Other Provisions:

i) No contract of any kind whatsoever shall be placed to debarred firm including its allied firms. Bids from only such firms shall be considered for placement of contract, which are neither debarred on the date of opening of tender (first bid, normally called as technical bid, in case of two packet/two stage bidding) nor debarred on the date of contract. Even in the cases of risk purchase, no contract should be placed on such debarred firms.

ii) In case, any debar firms has submitted the bid, the same will be ignored. In case such firm is lowest (L-1), next lowest firm shall be considered as L-1. Bid security submitted by such debarred firms shall be returned to them.

iii) Contracts concluded before the issue of the debarment order shall, not be affected by the debarment Orders. No fresh contract will be awarded to debarred party during period of debarment even though the case may be at advanced stage for placement of Contract/PO at the time of debarment. However, other contracts under execution may be reviewed by Committee chaired by Unit Head with GM (O&M), HOD's of Indenting, Materials and F&A Departments, w.r.t. criticality of Contract for plant operation or Project schedule, and justifications may be recorded by Committee in case contracts under execution are to be continued.

iv) The Debarment shall be automatically extended to all its allied firms. In case of joint venture/ consortium is debarred all partners will also stand debarred for the period specified in Debarment Order. The names of partners should be clearly specified in the "Debarment Order".

v) Debarment in any manner does not impact any other contractual or other legal rights of the NFL.

vi) The period of debarment shall start from the date of issue of debarment order.

vii) The Order of debarment will indicate the reason(s) in brief that lead to debarment of the firm.

viii) Ordinarily, the period of debarment should not be less than six months.

ix) In case of shortage of suppliers in a particular group, such debarments may also hurt the interest of NFL. In such cases, endeavour should be to pragmatically analyze the circumstances, try to reform the supplier and may get a written commitment from the supplier that its performance will improve.

(E) Safeguarding NFL's Interests during debarment of suppliers:

Suppliers are important assets for the NFL and punishing delinquent suppliers should be the last resort. It takes lot of time and effort to develop, register and mature a new supplier. In case of shortage of suppliers in a particular group of materials/equipment, such punishment may also hurt the interest of NFL. Therefore, views of the concerned Department may always be sought about the repercussions of such punitive action on the continuity of procurements. Past records of performance of the supplier may also be given due weightage. In case of shortage of suppliers and in cases of less serious misdemeanors, the endeavour should be to pragmatically analyse the circumstances, reform the supplier and get a written commitment from the supplier that his performance will improve. If this fails, efforts should be to see if a temporary debarment can serve the purpose.

(F) List of Debarred parties shall also be displayed on Company's web-site by IT Department of Corporate Office.

5.01.1: Finalization of PQ lists should be on the same broad principles as Tenders. The power for approval of PQ lists should be as per DoP (as amended from time to time). As such the PQ bids should be evaluated by PQ committee of 3 members (Executive Deptt., Finance Deptt. & Mtls. Deptt.). The PQ committee shall be nominated with the approval of the competent authority as per value of item (as per DOP).

The committee after due evaluation of technical & commercial aspects of the bids should submit its recommendations for acceptance by the competent authority (as per DoP).

Requests, received from the suppliers from time to time for enlistment, will be kept pending by the Materials Department for consideration at appropriate time. All such requests shall be considered by the Committee once in a year. However, these requests can be considered earlier also if the situation so warrants but with the approval of GM/ED/D (T).

5.02: Pre-qualification of suppliers can be invited through press advertisements for various classes of items normally required by the company. Approximate value/yearly quantity for consumption and eligibility criteria may/should be mentioned in the advertisement/NFL website so that competent parties can be identified for enlistment.

5.03: Before enlisting a new supplier, the Materials Department shall carry out evaluation with regard to the Technical and Financial capabilities of the supplier. The prospective suppliers may be asked to furnish the details, such as:

i) Location of Plants

ii) Facilities available, type of machinery installed and capacity

iii) List of items and range of manufacture with specifications

iv) List of customers and past orders executed.

v) Inspection and testing facility for quality control.

vi) Name of their Bankers.

vii) Copy of latest balance sheet, if available.

viii) If a Partnership Firm, copy of Partnership Deed.

ix) If a trading firm, types of goods handled by them.

x) Sales Tax No.

xi) Tax Identification No. (TIN)

xii) Self certification that they have not been debarred by any government department/public sector undertaking/co-operative Unit.

5.04: Materials Department may regularly carry out market survey for development of new sources of supply in the area where there is lack of adequate competition.

5.05: The eligibility criteria should neither be made very stringent nor very lax to restrict/ facilitate entry of bidders. It should be ensured that the eligibility criteria are exhaustive yet specific. It should also be ensured that the criteria are clearly stipulated in unambiguous terms.

5.06: Wherever necessary, the party’s premises should be visited and report placed on record regarding the capability and capacity of the firm. In this connection, the Technical Departments may be associated. Regarding financial capability of the suppliers, information can be obtained from the Bankers through confidential enquiry.

5.07: Wherever possible, before placement of bulk order, a trial order may be placed and performance evaluated.

6.0: TENDERS:

6.01: Classes of Tenders:

i.) 6.01.1(a)-Open Tender (Estimated Value More than INR 40.0 lakh and up to INR 100.00 lakh)

Enquiry shall only be issued on following (No advertisement in newspapers):-

A. NFL website

B. NFL e-tendering site.

C. CPP Portal

In addition to above, known suppliers/manufacturers may also be intimated through email.

ii.) 6.01.1(b)-Open Tender (Estimated Value above INR 100.00 lakh)

In addition to above websites [as per clause No. 6.01.1 (a) above] Tender Notice should also be advertised in the leading Newspapers as under:

- Hindi National Daily - 1 No.
- English National Daily - 1 No.
- Regional Language - 1 No. (Optional)
- Indian Trade Journal

In addition to above, known supplier/manufacturers may also be intimated through email.

6.01.2: Limited Tenders: Direct invitation/enquiry to all or limited numbers of suppliers/manufacturers on the approved list.

Note: NITs having estimated value of more than INR 1 Lakh will be displayed on Company's Website also.

6.01.3: Single Tender: The placement of PO shall be approved as per D.O.P.

(A)- The following is covered under the "Single Tender"

i) Open or Limited tender invited but only one technically acceptable quotation received and the order placed with or without negotiation

ii) Placing an order for one selected make/brand.

[However, in case of procurement on single select make/brand basis, the NIT may also be issued to the known dealers of that particular make/brand].

(B)- The following will not constitute a single tender:

i) Placing an order with a Government Agency or through GeM up to INR 25000 (Twenty Five Thousand Rupees) through any of the available suppliers or at Govt. controlled rates.

ii) Order placed with manufacturers/sole selling agents/dealer for proprietary items.

iii) Emergent purchases without inviting tenders for value up to INR 50,000.

(C) Single select party: Placing an order on one selected party with or without negotiation.

6.01.4*:* Government e-Market Place (GeM)

Government of India has established an online Government e-Market place (GeM) for common use goods and services to ensure transparency and higher efficiency. The GeM portal may be utilized for on-line purchases of goods & services as under:

i) Up to INR 25,000/- through any of the available suppliers on the GeM, meeting the requisite quality, specification and delivery period.

ii) Above INR 25,000/- and up to INR 5,00,000/- through the GeM Seller having lowest price amongst the available sellers (excluding Automobiles where current limit of INR 30 lakh will continue), of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used.

iii) Above INR 5,00,000/- through the supplier having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding Automobiles where current limit of INR 30 lakh will continue).

iv) The above mentioned monetary ceiling is applicable only for purchases made through GeM.

(v) Detailed instructions for user organization registration, supplier registration, listing of products, terms and conditions, online bidding, reverse auction, demand aggregation, payment procedure, etc. are available on GeM portal https://gem.gov.in.

For bids issued through GeM portal, provisions/guidelines of GeM portal shall be applicable.

6.01.5: Petty Purchases:

All purchases up to the value of INR 5000 per item shall be considered as petty purchases. These purchases can be affected by Purchase Section without calling for tenders and without issuing Purchase Orders. The value of Petty Purchase shall not exceed INR 15000 per Indent. After purchase, the Purchase Section shall hand over the material on Local Purchase cum Receipt Voucher (Annexure-VII) in 4 copies with distribution as below:

i) Accounts Department - One copy (Original)

ii) Purchase Section - One copy

iii) Stores/Indentor - One copy

iv) Supplier, if required - One copy

All petty purchases shall preferably be made on payment basis. Hence, material must be inspected at supplier's shop thoroughly before acceptance. Indentor's help can be taken wherever needed. Where credit is obtained and when supplies are made by the supplier at site, the inspection can be done at site in which case one extra copy of LPV shall be prepared and handed over to the party in token of Purchase Order. These LPVs shall be serially numbered by Purchase Section. The total value of the Petty purchases on annual basis shall be as per Delegation of Power.

The petty purchase can also be affected from e-commerce companies like Flipkart, Snapdeal, Amazon, etc.

6.02: Tender System and General Principles:

Notice Inviting Tender

The Notice Inviting Tender (NIT) is crucial for attracting wide competition in the tender. The NIT should be brief but must contain sufficient detail for a prospective bidder to decide whether to participate in the tender or not and, if he decides to participate, how to go about it. To ensure competition, attention of all likely tenderers, for example, registered vendors, past suppliers and other known potential suppliers, should be invited to the NIT through email/ SMSs/letters.

In case of procurement through a limited tender, the NIT may be uploaded on CPP Portal and Procuring Entity's website with a note saying:

"This notice is being published for information only and is not an open invitation to quote in this limited tender. Participation in this tender is by invitation only and is limited to the selected Procuring Entity's registered suppliers. Unsolicited offers are liable to be ignored. However, suppliers who desire to participate in such tenders in future may apply for registration with Procuring Entity as per procedure."

Printouts of the tenders/corrigendum published on the website should be collected and kept on record as a proof of publicity.

(A) Enquiries would be issued in the proforma at Annexure-III. Normally, enquiries will be dispatched by ordinary post and in important cases under Registered Post/Speed Post. Except where otherwise provided, tenders must be invited for all works and for all purchases, including plant equipment, machinery etc. However, tenders need not be invited for:

a) Petty Purchases valuing up to INR 5000 per item: as per clause no 6.01.5.

b) Emergent Purchases: as per clause no 4.06.

(B) All the indents having estimated value INR two lakhs and above shall be processed through e-tendering as per the Policy/Guidelines issued from time to time.

(i) However for all Proprietary / OEM purchases, prior consent of vendors shall be taken about their willingness to participate in e-tendering. For this purpose, all known vendors shall be asked to send their confirmation. Enquiry shall be issued thereafter through e-tendering to them.

(ii) In case vendors are unwilling to participate through e-tendering, waiver of e-tendering may be granted with due justification for same, with approval of Unit Head for Proprietary/OEM purchases

(iii) Other cases shall however require the approval of C&MD as per present practice.

After reverse auction, negotiation with lowest bidder(s) should be avoided, unless rates are considered unreasonable.

(C) Buy Back Offer

When it is decided to replace an existing old item(s) with a new/better version, the Department may trade the existing old item while purchasing the new one by issuing suitable bidding documents for this purpose. The condition of the old item, its location and the mode of its handing over to the successful bidder are also to be incorporated in the bidding document. Further, the bidder should be asked to quote the prices for the item (to be offered by them) with rebate for the old item and also, without any rebate (in case they do not want to lift the old item). This will enable the Department either to trade or not to trade the old item while purchasing the new one.

(D) Mandatory e-Publishing of Tenders

It is mandatory to publish tender enquiries, corrigenda thereon and details of bid awards on the Central Public Procurement Portal (CPPP). These instructions apply to all Tender Enquiries, Requests for Proposals, Requests for Expressions of Interest, Notice for Pre-qualification/ Registration or any other notice inviting bids or proposals in any form whether they are advertised, issued to limited number of parties or to a single party. These instructions would not apply to:

(i) Purchase of goods without quotations or purchase of goods by purchase committee.

(ii) Procurement of Goods & Services through GeM portal.

6.03.1: Special Conditions in the Notice Inviting Tenders (NIT)

The General Terms and Conditions shall always be attached with the Notice Inviting Tenders. However, for certain categories of items, some special conditions, such as the method of manufacture, applicable codes, inspection procedures etc. may have to be stipulated in the NIT which are not covered under the General Terms and Conditions.

Such special conditions should be made clear in the NIT for compliance by the Tenderers.

6.03.2: Two Part Bid procedures may be adopted in respect of the tenders for high value and specific items and jobs. All tenders excluding Proprietary/single select party basis; having estimated value as more than INR 20 lakh shall be issued under Two Part Bid System. In the first part, full details of scope of supplies, technical specifications, experience and commercial conditions should be submitted by the Bidders. In the second part, schedule of rates/prices for various items may be provided by the bidder along with the break-up of prices, asked for. Both the parts may be submitted by the bidders in two separate sealed envelopes put in one outside envelope, superscribing clearly the reference of NIT and the date of opening of tenders. Part – I may be opened on the scheduled date of opening of tenders. After bringing all the qualified parties reasonably at par, the second part (containing Pricing Schedule) may be opened in the presence of representatives of the parties who may like to attend. Any revision in price structure and/or change in commercial terms and conditions which have a bearing on prices, if done after the due date and time for submission of bids, shall amount to post tender revision and is not permitted. Only in cases, where techno-commercial negotiations are conducted with all the bidders to clarify the deviations vis-à-vis tender specifications/requirements, which lead to changes in terms/conditions and/or technical specifications, the bidders may be given a fair chance to revise their price bids accordingly.

However Two part Bid system can also be followed for items having estimated value up to INR 20 lakh, depending upon merit of the case.

Revision in prices, if any, may be through Add-on/ Reduction on account of change in terms/conditions/or technical specifications w.r.t. original price bid submitted by all the eligible bidders before opening of original price bid. While evaluating the offers, the impact of add-on/ reduction on the original price bid should be considered and no fresh revised price bid should be sought from bidders against the same tender.

However, such cases shall be processed after due recommendations of Tender Committee and financial concurrence, irrespective of estimated value.

6.03.3: In case of Two Part Bids, approval as per following would be required for opening of Price Bids:

i) All indents where the estimated value is less than INR 5 Lakh-: With the approval of Head of Materials Department

ii) Indents having estimated value between Rs.5 Lakh and Rs.25 Lakh - : With the recommendations of Indenting Department, Concurrence of F&A and approval of Head of Materials Department.

iii) Indents having estimated value of Rs. 25 Lakh and above -: Recommendations of Tender Committee, Concurrence of F&A and approval of Unit Head/GM (Mtls) at CO/D (T).

6.03.4: The specifications of equipment and spares for cases valuing Rs One crore and above, be finalized as per guidelines indicated in Annexure-'XVII'.

6.03.5: In all the cases involving competitive bidding under two part bid system where approval of C&MD/ D(T) shall be required, as per DoP (based on estimated value of the indent), the following procedure shall be followed:

a) The eligibility criteria to be incorporated would require final approval of D (T) after recommendations of Tender Committee, concurrence of local Finance and approval of Unit Head.

b) The Technical recommendations of Tender Committee duly concurred in by local Finance and approved by Unit Head shall be submitted for final approval of D (T) before notifying opening of Price Bids. However, if more than one offer is received and all the offers are considered technically suitable, Unit Head is authorized to approve opening of price bids after recommendations of Unit level Committee and concurrence of Unit Finance.

6.03.6: For all other cases involving competitive bidding under Two Part Bid System, the Eligibility Criteria to be incorporated would require approval of Unit Head after recommendations of Tender Committee and concurrence of local F&A.

6.03.7: Power to modify / amend the Eligibility Criteria wherever required shall be as per DoP for issue of NIT.

6.04: Monetary Limits for the issue of Tender Enquiry

Except where otherwise stated, the enquiries should be issued as under:

a) i.) Above INR 100.0 lakhs- Through Press advertisement, as per clause 6.01.1(b).

ii.) More than INR 40.0 Lakh and Up to INR 100.0 lakhs–Through e-publishing, as per clause No. 6.01.1(a).

b) Limited Tenders: Up to INR 40 Lakh

c) Proprietary Tenders: To the OEM and its Authorized Dealer only

d) Tenders for Single Select Party/ Single Select make - : All procurement of items where the procurement is proposed to be from a Single Select Source or single select make.

Notes:

(1) Even in cases exceeding INR 40 lakhs Open Tender need not be issued where Pre-qualification of suppliers has been done by following the prescribed procedures and the

list has been approved by Unit Head [D (T) / C&MD in case of Corp. Office]. Where pre-qualified list is approved by competent authority, further approval of Unit Head [D (T) / C&MD in case of Corp. Office], for issuing LTE to pre-qualified vendors is not required. The LTE will be issued to all vendors on approved list for the indented item.

LTE may be issued to suppliers recommended by process licensor with the approval of Competent Authority as per DoP.

(2) Notwithstanding the provisions of above paragraph, the Unit Head [D (T) / C&MD in case of Corp. Office] may authorize to issue enquiry through limited tenders in respect of procurement of above INR 40 lakhs where :

a) Due to emergency, the Company's interest warrants such a course.

b) The source of supplies is limited and open tenders are not likely to serve any purpose;

(3) No Global Tender Enquiry (GTE) up to INR 200 crores shall be invited or such limit as may be prescribed by the Department of Expenditure from time to time. In exceptional cases where the Department feels that there are special reasons for inviting GTE, for tenders below such limit, it may record its detailed justification and seek prior approval for relaxation from the Competent Authority specified by the Department of Expenditure as per extant guidelines.

6.04.1: In case of limited tender enquiries, minimum number of suppliers (on approved list) to whom enquiry must be issued shall be as under:

a) Indents valuing up to INR 5 Lakh -: Six or all the parties on the list (if the list contain less than six).

b) Indents valuing above INR 5 Lakh and upto INR 10 Lakh -: Ten or all the parties (if the list contains less than Ten).

Note: Selection of Vendors may be done on the basis of their response to our previous enquiry/ last PO for same/similar item. L-1, L-2 & L-3 Parties of previous enquiry/ last PO should always be considered and remaining Parties may be taken by rotation.

c) Indents valuing INR 10 Lakh and above -: All the parties available on the P.Q list.

6.05: Period of submission of Tenders:

Sufficient notice should be given for submission of tenders, which under normal circumstances may be as under:

a) Limited Tender: Minimum 20 days

b) Single Tender/Proprietary/ Single Select party/Single Select make-: Minimum 7 days:

Note: NIT for such procurements may be issued by Fax/Email/by hand against acknowledgment.

c) Open Tender (other than e-tender):

i) India - 40 days (Minimum 30 days) from the date of 1st publication in paper

ii) Abroad - 10 Weeks (Minimum 8 weeks)

d) e- Procurement: (Minimum 1 week).

NOTE: Extension of Tender Opening Date may be done indicating reasons and considering the merit of the case. Competent Authority to approve the tender opening date extension shall be Head of Materials Department.

6.06: EMD, SECURITY DEPOSIT AND PBG:

6.06.1: Earnest Money and Security Deposit must be insisted upon in respect of items which are critical / important and will hamper production, such as HDPE/Jute Bags, Capital Equipment, Rate Contract items, etc.

6.06.2: EMD need not be insisted for proprietary purchases or purchases from single select source or single select item. Offers of OEMS/PSUs/Govt. companies may be considered with appropriate loadings as per sr. no.7.04. Unit Head would be empowered with concurrence of F&A Department to approve waiver of EMD in other cases by appropriate loadings (with recording of substantial reasons for such waiver) to bring the offers at par. However, this option shall be exercised only in exceptional cases. Offers without EMD are otherwise liable for rejection straightaway.

6.06.3: Registered MSEs shall be given following benefits while making procurement:

a) Issue of Tender Sets free of cost

b) Exemption from payment of Earnest Money*

(Note: *Start-ups as recognized by DPIIT are also exempted from payment of Earnest Money).

6.06.4: The following rates for Earnest Money (EMD) and Security Deposit(SD) shall be applicable:

I) Earnest Money Deposit: In Rupees

a) Tenders with estimated value up to INR 10 Lakh – Nil

b) Tenders with estimated value more than INR 10 Lakh and up to INR 15 Lakh -INR 15000.

c) Tenders with estimated value more than INR 15 Lakh and up to INR 25 Lakh -:INR 25,000

d) Tenders with estimated value more than, INR 25 Lakh and up to INR 50 Lakh -:INR 50,000

e) Tenders estimated to cost more than INR 50 Lakh -:INR 1 lakh

f) For the cases processed through GeM, the Earnest Money Deposit provisions shall be as per prevailing GeM guidelines.

EMD can be submitted in the form of:

i) e-transfer in NFL account through RTGS/NEFT.

or

ii) Bank Guarantee in the prescribed format from any scheduled Bank excluding Gramin/Co-op Banks. The BG should be valid for a period of minimum 3 months and the party should give an undertaking for extension of the validity of the BG in case the same is desired by NFL. (Annexure-XIII)

Cheques shall not be accepted in any case. No interest shall be payable on Earnest Money Deposit.

II) Security Deposit:

Successful Tenderers shall be required to submit Security Deposit for 5% of the order value for all purchase orders valuing INR 10 lakhs and above. No security deposit shall be required for Purchase Orders valuing less than INR 10 lakhs.

In case, enquiry has been floated for stores valuing INR 10 lakhs & above and subsequently decided to split the order between two or more parties, SD shall be obtained on the basis of value of split order and not on the basis of original enquiry value.

Unit Head would be empowered to waive of SD in respect of proprietary item / items from single select source / single select make.

In case of Service Contracts placed by Materials Department as per clause No. 1.01, the Security Deposit together with EMD/ Initial Security Deposit (ISD) shall be 5% of the contract value. The Initial Security Deposit shall be 2.5% of the contract value (excluding Taxes) which is required to be deposited within 15 days of the issue of the Letter of Intent (LOI)/contract by the successful tenderer. EMD can be adjusted against ISD. The balance Security Deposit amount shall be recovered @2.5% from each running bill and the final bill so as to make the total security deposit at 5% of the contract value. In case work is split between two or more parties, SD shall be submitted based on the value of split order.

Note:- EMD submitted by successful Tenderers can be adjusted against SD or PBG or SD-cum-PBG.

Mode of Payment:

i) e-transfer in NFL account through RTGS/NEFT.

or

ii) Bank Guarantee in the prescribed format (Annexure- IV) from any scheduled Bank excluding Gramin/Co-op Banks. The BG should be valid for the Delivery Period plus 3 months' claim period.

III) Performance Bank Guarantee: The period of PBG desired to be submitted as per terms of the P.O would be as follows:
-Warranty Period plus 3 months' claim period

IV) SD-cum-PBG: Vendors may be allowed to submit SD-cum-PBG for the proposed amount. Such BGs should be valid for Delivery Period plus Warranty Period plus 3 months claim period. (Annexure- XII).

No interest shall be payable either on Security Deposit / Performance Bank Guarantee / SD-cum-PBG.

Security Deposit against Rate/Running Contracts (RC) of items like bulk chemicals e.g. Caustic Soda Lye / Sulphuric Acid etc. where deliveries are in phased manner would be 5% of the RC value.

Value for the purpose of determination of Security Deposit shall be the Basic Value excluding Taxes and Duties, Freight and Insurance etc.

The SFMS confirmation of the Bank Guarantee received must be arranged as per the guidelines issued by NFL F&A Deptt., CO Noida from time to time.

Note: Bank Guarantees submitted by parties on GeM format towards SD-cum-PBG shall be accepted for the orders placed through GeM portal only.

6.07: Refund of Earnest Money / Security Deposit/PBG/ SD-cum-PBG:

Earnest Money should be refunded to the unsuccessful tenderers on the recommendations of the Head of Materials Department immediately after placement of order against the tender. Security Deposit of the parties on whom Purchase order have been placed, shall, however, be refunded as per terms and conditions of the Purchase Order after consulting the indenting Department. PBG/ SD-cum-PBG should be refunded on the recommendations of the Indenting Department and approval of the Head of Materials Department, after completion of stipulated period and conditions.

Note: Executive Deptt. while sending the proposal for vetting of POs/WOs to F&A Deptt. shall simultaneously also submit the recommendation (duly approved as per Company's rules) for making refund of EMDs by F&A Deptt. to unsuccessful bidders.

6.08: Delayed/Late offers (bids):

Delayed/late Offers in Single Bid as well as Two-Bid System are those offers, which are received after the due date/time as proclaimed in NIT.

6.09: Treatment to Delayed/late offers (bids): (A) Late/delayed offers in Single Bid as well as Two-Bid System:

(A1) No late/delayed offer should be considered except in case of enquiry to Single Party on nomination basis or Proprietary item basis. However, admittance of late/delayed offers in such cases shall be done with the approval of Head of Materials Department.

(A2) Tender Opening Committee shall ascertain whether the offer is late/delayed offer based on the guidelines/parameters as stated above. In case it is a late/delayed offer, the same shall be forwarded to concerned dealing officer of Purchase Section without opening it. The Committee shall handover such sealed late/delayed offers to concerned dealing officer against signatures in a register having columns as below:-

<table>
<tr><td>Sr. No. (1)</td><td>(2) Tender No.</td><td>(3) Due date.</td><td>(4) Name of Bidder.</td><td>(5)Date of receipt of late/delayed offer in Purchase Section.</td><td>(6) Name of concerned officer of Purchase Section receiving late/delayed offer.</td></tr>
<tr><td colspan="2">(7)Signature Of concerned officer of Purchase Section.</td><td colspan="2">(8) Date when Sealed late/delayed offer handed over to concerned officer of Purchase Section.</td><td>(9) Signatures of tender opening committee.</td><td>(10) Remarks if any.</td></tr>
</table>

Late/delayed offers which are not to be opened shall be kept in the concerned Purchase File. For such cases, the concerned Purchase Officer shall record (in the register of late/delayed offers) in the remarks Column that this late/delayed offer was not to be opened.

In case where late/delayed offers (both in Single bid as well as two-bid system) are not being opened, the concerned Vender is to be informed as below:-

"Your offer against our Tender No........Dated........Due on ……..at……hrs has been received at……hrs on…..Thus your offer is a late/delayed offer.

As you have not submitted your offer in time, your late/delayed offer is not being opened/considered. In case you have submitted EMD with your bid or e-transfer in NFL account through RTGS/NEFT, please inform the same so that your EMD can be returned back.

In case a bidder has submitted EMD in their late/delayed offer and the same is not being opened, the original EMD submitted by the bidder shall be returned to them immediately. For this purpose, the envelope shall be opened (only outer envelope/ technical envelope in case of Two part bid system) by the Tender Opening Committee, The Original EMD instrument shall be taken out and returned back to the bidder, The offer shall be re-sealed by the Committee and shall be kept with NFL. Such late/delayed offers are not to be returned back to the bidder.

6.10: Opening of Tenders:

6.10.1: All tenders will be received in sealed cover by post or deposited in a locked and sealed tender Box, which would be kept at a conspicuous place. The tender box shall be kept locked and the key would be kept with an officer of the Purchase Section.

Tenders will be collected by the officers nominated for opening of the tenders. There will be at least two such officers, one from the Purchase Section and one from Finance and Accounts Department. At the time and place fixed, the tenders will be opened and read out, wherever possible and practical, in the presence of tenderers who may be present. Tenders will be authenticated by initials of the officers of the Purchase Section and Finance & Accounts Departments. Tenders shall be numbered serially and marked as Serial No./Total No. of tenders. All pages of the tender shall be marked Tender No. and initiated by officers of Purchase and F&A. All cuttings and overwriting would also be initialed by representatives of Purchase and F&A and the numbers of such cuttings/overwriting would be specified on last page of Tender. The prices and delivery terms shall be encircled. In case the prices in the price schedule are not written in words, the same shall be written down by the representative of Purchase Section. Once tenders are opened, no alteration/modification shall be permitted in the tender. All tenders shall be kept as confidential documents in safe custody. These will, then, be entered in a Register. Total number of tenders received, shall also be entered. Representative of Purchase & Finance Departments shall sign the statement in the Register. Representatives of the parties, who may be present, shall also sign in the register.

(1) The format of this register shall be maintained as below:-

"Date of tender opening: ___________

Sr. No.*	Tender No. & Date*	Brief Description of items*	No. of parties to whom enquiry issued*	LTE/ PROP/ OPEN*	Single Part/ 2-Part bidding	No. of in time offers recd.	Remarks
1							
2							
3							

Late/delayed offers opened:-

Sr. No.	Tender No.	No. of L/D offers opened	Remarks

(Name & signature of F&A Rep.)   (Name & signature of Materials Dept. Rep.)"

Such record shall be maintained for all tender opening days. Entries as per Column No. 1,2,3,4,5 & 6* i.e. Sr. No., Tender No. & date, Brief description of item, No. of parties to whom enquiry issued, LTE/PROP/OPEN, Single Part/2-Part Bidding shall be made in the register as and when enquiries for different cases are issued to the vendors. Other entries shall be made by the Committee members who open the Tenders on that particular day.

(2) Signatures of the representative of vendors who are present during tender opening are to be obtained on separate sheet. The format of this sheet shall be as below:-

<table>
<tr><td>Tender No. and date</td><td>Due on</td><td>No. of Tenders issued</td><td>No. of in time offer received</td><td>No. of late/ Delayed tenders</td><td>Date of opening</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Description</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Sr. No.</td><td>Name of Company</td><td colspan="2">Name & sign of representatives of parties, if any</td><td colspan="2" rowspan="4">Remarks</td></tr>
<tr><td></td><td></td><td>Name</td><td>Signatures</td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>

Offers have been opened as above.

(Name & signature of F&A Rep.)   (Name & signature of Materials Department Rep.)

Notes:

(i) Sheet as per Sr. No. 2 above shall be made in duplicate. The original sheet along with offers opened shall be filed in the relevant Purchase File. The second/copy sheet shall be filed date wise in a separate Box File which shall be kept/maintained along with Tender opening Register as per Sr. No. 1 above.

(ii) Details viz; Name of all parties whose offers are opened on a particular day against each tender shall be entered in the sheet as per Sr No. 2 above irrespective of the fact whether any representative of that company attended tender opening or not.

(iii) Separate sheets shall be made for each tender/case for which offers are opened on that day.

(iv) Such records shall be maintained separately for in time and late/delayed offers.

6.10.2 Offers received by FAX/e-mail/without proper superscription on envelope:

Offers shall generally be invited in sealed envelopes with the instructions to Bidders to mention the complete tender Number of NFL and due date on the outer envelope. However, sometimes offers may be received by FAX and or e-mail. Sometimes offers may also be received in sealed envelope without proper superscription on the envelope i.e. without giving details of tender No., due date, etc. Tenders received in open condition by way of FAX/e-mail or in closed/sealed conditions but without proper superscription on envelope shall be dealt with in the following manners: -

(a) Tenders received by FAX/e-mail or in open condition before due date shall be put in an envelope superscribed with tender reference and due date of opening, stapled and thereafter shall be deposited in proper Tender box to be opened subsequently on due date. Such offers shall be admitted only with the approval of HOD of Materials Department of the concerned Unit. Unless specifically asked in NIT for submission of offers by FAX/e-mail, vendor should send their original signed offer in sealed envelope subsequent to sending their prior offer by FAX/e-mail. In case there is difference in rates, terms and conditions in signed original offers viz-a-viz offer earlier received by FAX/e-mail, such offers shall be treated as void/unacceptable and may not be processed further for evaluation/placement for orders

(b) Tender received before due date in closed/sealed condition but without necessary superscription on the envelope shall be opened to ascertain the tender No. and due date of opening. The same shall be superscribed with the required details i.e. Tender No. and due date, etc. by the concerned purchase executive with the remark "opened due to absence of superscription" duly signed by him and put in the Tender Box.

(c) Open offers or offers without proper superscription on the envelope received after due date of opening of tenders shall be treated as 'late offer' and dealt with accordingly. However, open offers or offers without proper superscription on envelope received in time or after due date in response to single tendering/proprietary tender enquiry shall not attract the above formalities (i.e. late offer).

6.10.3 Offers received against e-tenders:-

All offers received against e-tenders must be opened with concurrent login of both representatives of Materials Deptt./Tender inviting Deptt. and F&A Deptt. using their respective Digital Signing and Encryption Certificates.

6.10.4 Offers received against GeM bidding:-

All offers received against GeM bidding will be opened as per the provisions of GeM portal from time to time.

6.11: Evaluation of Tenders:

Issue of NIT, Receipt of Tenders, Custody of tenders, Tabulation in Comparative Statement, Recommendations by User Department and presentation to the Tender Committee will be coordinated by the Purchase Section maintaining confidentiality of these documents.

7.00: Scrutiny of Tenders and Splitting of Orders:

7.01: Technical Scrutiny of Bids:

The technical aspect of bids should be evaluated by preparing a Technical Comparative Statement (TCS) indicating technical conditions as per requirement of NIT and Vendors' response. The TCS shall be prepared by the Indenting Department. The deviation/exception from ITB requirements should be scrutinized thoroughly. The deviations, which otherwise comply with NIT requirements, such as alternate, equivalent or superior material of construction are considered acceptable deviations. The deviations, which are not acceptable, are considered substantial deviation and such bids should be considered non-responsive. The TCS shall indicate reasons for acceptance/rejection of bids and clearly indicate technically acceptable bids. Indenting Department should certify that all acceptable bids are technically at par for common evaluation.

7.02: Commercial Scrutiny of Bids:

A Comparative Statement of commercial terms and conditions as per NIT requirement and Vendor's response thereof should be prepared by the Materials Department. The deviations should be scrutinized. Deviations such as non-submission of EMD, non-acceptance of securities, requirements etc. should be considered substantial deviation and such bids should be considered commercially non-responsive or should be considered with loadings. Deviations, consequence of which can be measured in terms of value, such as payment terms, non-acceptance of liquidated damages etc. are not considered substantial deviations. However, for evaluation purposes, these deviations will be taken into account. The commercial comparative statement shall indicate reasons for acceptance / rejection of bids and clearly indicate commercially acceptable bids. The bids, which are technically and commercially acceptable, are considered substantially responsive bids. In case of single stage bidding procedure, the price evaluation statement of all bids should be prepared for comparison and selection of suitable bid for placement of order. In case of two stages bidding procedure the price bids of only those bidders should be opened which are substantially responsive. The price evaluation statement of all such bids should be prepared for comparison and selection of suitable Vendor for placement of order.

Consideration of Abnormally Low Bids:

An Abnormally Low Bid is one in which the Bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the Bidder to perform the contract at the offered price. Procuring Entity may in such cases seek written clarifications from the Bidder, including detailed price analyses of its Bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, procuring entity determines that the Bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the Procuring Entity may reject the Bid/Proposal. However it would not be advisable to fix a normative percentage below the estimated cost, which would be automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid from the bidder.

In the case of predatory pricing as well, procuring entities may refer to the above consideration of Abnormally Low Bids to assist themselves in finalization of tenders.

No provisions should be kept in the Bid Documents regarding the Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids. Wherever, there are compelling circumstances to ask for Additional Security Deposit/ Bank Guarantee (BG) in case of ALBs, the same should be taken only with the approval of the next higher authority competent to finalise the particular tender.

7.03: Quotation Comparison Statement (QCS):

After the tenders are opened a Quotation Comparison Statement (QCS) of all the bids opened shall be prepared by the Materials Department. The factors (other than price) to be used for determining the lowest evaluated bid should to the extent practicable be expressed in monetary terms or given a relative weightage in the evaluation. The methodology of bid-evaluation should be clarified in the NIT itself or communicated to all tenderers before price bid opening with proper approval. The Materials Department shall ascertain whether the bids

(i) meet the requirement of NIT;

(ii) have been properly signed;

(iii) have any error in computing as sometimes, non- conformities / errors are also observed in responsive tenders between the quoted prices in figures and in words. This situation normally does not arise in case of e-procurement. This should be taken care of in the manner indicated below:

a) If, in price structure quoted for the required goods, there is discrepancy between the unit price and total price (which is obtained by multiplying the unit price by quantity), the unit price shall prevail and the total price corrected accordingly;

b) If there is an error in a total corresponding to the addition or subtraction of sub-total, the sub-total shall prevail and the total shall be corrected; and

c) If there is discrepancy between words and figures, the amount in words shall prevail;

d) Such a discrepancy in an offer should be conveyed to the tenderer asking him to respond by a target date and if the tenderer does not agree to NFL's observation, the tender is liable to be rejected.

(iv) are otherwise generally in order. These conditions should be made clear in the NIT itself.

A bid, which contains substantial deviations from or reservations to the terms, conditions and specifications from the NIT, may be considered, after approval of competent authority. The bidder shall not be permitted to correct or withdraw deviations or reservations of his own, once price bids have been opened. The purpose of bid evaluation is to determine the cost of each bid to the Department in a manner that will permit a comparison of bids on the basis of their evaluated cost. The bid with the technically acceptable lowest evaluated cost but not necessarily the lowest quoted price may be selected for placement of purchase order. An extension of bid validity shall be asked in writing from all bidders, if justified by exceptional circumstances. The bids conforming to the specifications and the lowest in value will be rated in the QCS as lowest (L-1), second lowest (L-2), and third lowest (L-3) and so on. The bids shall be evaluated only on the basis of set criteria to be clearly stated in the bid documents/informed to all bidders before the price bid opening. There will not be any change in the criteria after opening of price bids. No document presented by the bidder after closing date and time of the bid to be taken into account for evaluation unless it is of a purely technical nature which have no bearing financially on the contract and which does not seek major changes in technical specification given in the bid documents. If a bidder offers a rebate unilaterally after due date of submission of bids, it is not to be taken into account for evaluation purposes, but if that bidder emerges as the lowest evaluated bidder the rebate offered by him is to be taken into account while forwarding the recommendations to the accepting authority for placement of order. If any cost compensation is carried out on account of technical deviation or on other factors the same is to be mentioned in the QCS in terms which can easily be understood by non-technical officials. Use of white ink for correction in vital documents viz. TC Notes, Payments Vouchers / Certificates etc. is not desirable. Corrections if any required to be made in these documents can be carried out by circling / cutting the previous figure / word and indicating the correct figure / word using pen with proper initials.

7.04: Evaluation and Comparison of Price Bids:

The evaluation of bids shall be done on the basis of "landed cost" at plant site. The evaluation of bulk materials will be carried out on item wise basis to the extent possible to achieve maximum economy. The evaluation of bids shall take into consideration the following aspects: - All cost implications including the following; wherever applicable – deficient bids shall be loaded for cost of deficiency on Base Price, which shall include cost of spares, inspection, packing, forwarding and any other charges/taxes/duties etc. up to our site in case of Indian Vendors and CIF Port of Discharge in case of foreign bidders. - Base Price of equipment and material;

- The cost of spare parts for erection, commissioning and maintenance spares as required. This cost will be added to the cost of equipment. Non-quoted spares will be loaded at the highest rate quoted by any other bidder or at estimated price in case quoted prices of other bidder are not available.

- **Loading Taxes and Duties for Indian Bidders:-**

As quoted by Indian Bidders, otherwise as applicable.

-Any clarification / confirmation having reduced price implications received from Bidder after price Bid opening shall be considered only for ordering purposes and not for evaluation purposes. However, clarification/confirmations sought by NFL having additional price implication if accepted shall also be considered for evaluation purpose.

- Discount

Any conditional discount given by the Bidder such as minimum order value on certain group of items etc. is not to be considered for evaluation purpose. However, conditional discount offered by Bidder on total order value will be considered if the evaluation of the enquiry is carried out for all items of the enquiry. For ordering purpose all such discounts shall be considered.

- Other Charges

Other charges, if any, such as documentation charges for providing extra sets of Drawings/ reproducible etc. shall be considered as under:

In case of item wise evaluation, the documentation charges quoted by the Bidder, will be loaded on each item. In other cases, it will be loaded on total cost.

- **No CENVAT credit** will be considered for evaluation purposes but excise registration will be insisted upon.

- **Third Party Inspection charges** wherever applicable. Wherever Bidders have not indicated third party Inspection charges, highest third party Inspection charges quoted by other Bidder shall be loaded for comparison purpose.

- **Calculation of Supervision Charges for Erection and Commissioning:**

Wherever Bidder has not indicated per diem rate and duration of stay at site for carrying out erection and commissioning services at site, the offer will be loaded from the highest rate and maximum period quoted by the other Bidder including cost of to & fro air fare charge and income tax to be borne by NFL wherever applicable.

- Escalation: A firm price bid shall be preferred compared to a bid with variable price. A bid with price variation may be considered for evaluation provided that price variation is based on well-defined formula indicating the escalation ceiling in % of bid price and in such cases escalation ceiling indicated by bidder shall be loaded to work out evaluated price.

- In case a variable price bid indicates the well-defined price variation formula but no escalation ceiling, such bid shall be loaded for highest escalation ceiling indicated by any other bidder or such bid may be considered nonresponsive if sufficient numbers of acceptable bids are available.

- In case a variable price bid neither indicates price variation formula nor ceiling on escalation, such bid shall be considered non-responsive and rejected. The tenderers must accept the terms and conditions stipulated in NIT failing which the offer is liable to be rejected at the sole discretion of NFL. NFL however, may at its sole discretion accept offers having deviation to NIT terms and conditions in respect of EMD, Security Deposit and Liquidated Damages etc. by adopting the loading criteria as below. All loadings shall be on CIF (Import)/ Ex- Works (Domestic) prices.

- EMD: Full EMD value shall be loaded to the quoted rates of those tenderers who have not submitted the requisite EMD along with the quotations to generate competition.

- Payment Terms:

Deviation in Payment Terms:

NFL will not make any advance/progressive payments. In exceptional cases, advance/progressive payments can be agreed subject to payment of interest @ SBI MCLR + 1% and submission of acceptable unconditional Bank Guarantee (BG) of equivalent amount (including interest amount) as per 'NFL' format. The BG shall have sufficient validity, i.e., quoted delivery period + three months. For any advance/progressive payments guidelines of CVC shall be followed. The deviation in differential payment terms with respect to NIT clause shall be loaded as under for interest @ prime lending rate (SBI MCLR) + 1% for the period:

(a) Interest calculation against Mobilization Advance.

Sr.	Payment Terms	Period of Loading
1.	Advance against	LOI/PO Full delivery period + 30 days

(b) Interest calculation on progressive payment.

Interest on Progressive payment shall be calculated on FOB/Exworks price for the following period:

Sr no	Payment Terms	Period of Loading

	Against submission of	
1.	Drawing	Full delivery period less one month
2.	Against drawing Approval	Full delivery period less one month
3.	Against placement of PO for raw material	a. If delivery period < 8 months Full delivery period less two months b.If delivery period > 8 months Full delivery period less three months
4.	Against Shipment of raw materials	Full delivery period less five months or five months whichever is more
5.	Against Receipt of raw materials	Full delivery period less six months or four months, Whichever is more
6.	Against Payment for dispatch of materials/ through bank	
6 a.	Foreign Bidders	Three months
6 b.	Indian Bidders	Depending on Delivery Conditions viz. Ex-works – one and half months, FOR destination – one month
7.	Against Payment within 30 days	Nil.

-Interest will also be charged on advance payment if supplies get delayed beyond delivery schedule stipulated in the P.O.

-Interest on interest-free advance payment, if insisted by the bidder, shall be loaded at applicable prime lending rate (SBI MCLR) + 1% or as may be indicated in the bidding documents.

- For Other Deviations, Following Loading criteria shall be done:

i. Packing and Forwarding (P &F):

2% of Basic Price if party has not quoted P&F charges i.e. 1% each for packing and or forwarding respectively. Also NFL's maximum liability to pay such charges shall be limited to the amount loaded for evaluation purposes.

(Suitable clause is to be incorporated in the NIT/PO, accordingly)

ii. Loading of freight in percentage terms as under:

Inland Transportation Charges:

A) In case weights and distances are known for all suppliers:

i) FOR SMALLS: Inland transportation charges shall be calculated at the rate of INR 5.00 per KM/MT.

(ii) FOR TRUCK LOADS: @ INR 4 per KM/MT

B) While undertaking item-wise evaluation where item wise weights are not available, the following procedure shall be adopted for calculating transportation charges up to NFL site:

1. Transportation from the vendors --	1% of CIF/Ex-works Prices situated within a distance of 400 KMS.
2. Transportation from the vendors --	2% of CIF/Ex-works Prices situated within a distance of 401 to 800 KMS.
3. Transportation from the vendors --	3% of CIF/Ex-works Prices situated at a distance of more than 800 KMS.

All Indian parties are required to quote ex-works Price and freight charges up to NFL Site, compulsorily. If all the parties have given freight charges up to site the same shall be considered for evaluation. However, if only some parties have given freight charges, NFL reserves the right to load for such parties who have not quoted freight charges with freight charges as above. NFL's decision on this regard shall be final and binding on these Bidders.

iii. Transit Insurance Premium as below:

Inland Insurance: The inland insurance shall be calculated at the rate of 0.15% of CIF/FOR prices.

For Foreign Bidder: Transit Insurance @0.11% of FOB/FCA price shall be taken for calculating assessable value for working of the custom duty. The above transit insurance shall not be considered for working out the landed cost.

For arriving at the landed cost, transit insurance shall be calculated @0.15% of (FOB/FCA cost + Ocean/ air freight+P&F+Port Handling + Inland Freight).

For Indian Bidder: To arrive at the landed prices, the transit insurance shall be calculated @ 0.11% of (Basic Price +P&F+Excise duty+CST/VAT + other statutory taxes/levies (if any) + Inland Freight) for Indian bidders.

iv. Loading On Account Of Longer Delivery Period

a) Wherever Bidders quoted delivery is higher than the preferred delivery period as indicated in the ITB document, the following loading criterion shall be applied:

Loading @ 2 % per month on FOB/ Ex-works price for the following periods:

Delivery Quoted	Loading Period
-----------------	------------------
Foreign/Indian Bidders	(Effective delivery-Preferred delivery)

In order to account for Sea shipment and port clearance time the difference between FOB delivery date and EX-Works delivery date is to be considered as 1.5 months.

No credit shall be given for early delivery period. Quoted delivery has to be computed for effective delivery as given below. Preferred delivery for Foreign Bidder has to be as per FOB delivery at port of loading and for Indian Bidder as delivery on ex-works basis.

b) The loading as mentioned at (a) shall not be applied in case the quoted delivery does not meet the project requirement and the Bid shall not be qualified.

- Calculation of Effective Delivery Period

The delivery shall be counted from LOI. Wherever the Bidder does not agree to the above condition following criteria will be used for calculating the effective delivery period for evaluation purpose:

Delivery basis as per Bidder offer -	Loading in months To be added to quoted delivery
Ex-works basis for Foreign Bidders -	15 days
On readiness for Inspection for Foreign Bidders -	One month
From receipt of PO -	One month
From drawing approval -	Two months or time indicated for Submission of approval , whichever is more.
On receipt of Letter of Credit -	Two months

When the Bidders ask for grace period for applicability of damages, the same shall be added to the quoted delivery period. The delivery period computed on the above basis shall be taken as delivery period for each Bidder for the purpose of evaluation."

v. Loading on account of discrepancy in the Warranty/Guarantee Period:

Wherever bidders quote reduced warranty period, following loading criteria shall be adopted:

$$\frac{[10\% \text{ of CIF/ex-works price x (No. of Months as per NIT– No. of Months quoted)}]}{\text{No. of Months as per NIT}}$$

vi. Loading on account of discrepancy in Performance Bank Guarantee:

PBG Quoted	Loading Criteria
Less than 10% -	10% - quoted percentage of CIF/Ex-works prices

NOTE: Over-riding Conditions for (v) & (vi) above.

If the sum of (v) & (vi) above is more than 10% of CIF/ex-works prices, then the loading shall be limited to 10%

vii. Non-submission of SD:

The loading shall be adopted for shortfall in the bank guarantee agreed by the bidder, for example, NIT calls for bank guarantee for 10%, then loading shall be done as under @ lending rate (SBI MCLR) + 1% , on short fall in Bank Guarantee value agreed by the bidder for delivery period with additional one month period. Bank guarantee for SD Loading Criteria Less than 10%. (10% - quoted percentage) of basic price @ prime lending rate (SBI MCLR + 1%); on short fall in Bank Guarantee value agreed by the bidder for delivery period with additional one month period.

Bank guarantee for SD	Loading Criteria
Less than 10 %	(10%- quoted percentage)of basic price @ prime lending rate (SBI MCLR + 1%), on short fall in Bank Guarantee value agreed by bidder for delivery period with additional one month period.

viii. Loading for discrepancy in acceptance of Liquidated Damages Clause:

If deviation is noted in quoted damages, the proportionate loading for shortfall shall be added as follows:

Quoted Damages	**Loading Criteria**
i) 0.5% per week subject to a ceiling of 5% of total order value.	NO LOADING
ii) 0.5% per week subject to a ceiling of 2.5% of total order value.	2.5% LOADING

iii) Damages accepted on undelivered value Instead of total order value	2.5% LOADING
iv) Non-acceptance of damages	5% LOADING

- In case any of the vendor does not accept our standard L.D clause or accept LD less than a ceiling limit of 5%, loading for balance amount shall be done on the quoted (Ex-works/CIF value) prices.

ix. Liquidated Damages for delay in commissioning where commissioning is part of the Purchase Order:

Liquidated Damages @ 1% of the commissioning value per week of delay or part thereof subject to a maximum of @ 10% of commissioning value should be levied.

Note: (1) Due care shall be taken to clearly define commissioning value at the time of release of Purchase Order.

(2) The penalties proposed for identified lapses of omission or commission must be disclosed in the tender documents in clear monetary terms.

- NIT CONDITIONS:

Whenever the bidder is silent about the acceptance of NIT conditions such as performance bank guarantee, warranty period, liquidated damages etc, it shall be presumed that the bidder has accepted these conditions and no loading shall be done while undertaking evaluation. (Suitable clause is to be incorporated in the NIT, accordingly)

7.05: All the papers & documents received along with the tenders shall be kept in the file of Materials Department and serially numbered so as to avoid misplacement of any paper which may be required subsequently for reference.

7.06: Splitting of Orders:

In case the NIT/Tender contains more than one item and difference in rates of various items between the lowest tender and the tenderer on which major order is being placed is up to 10% of value of Purchase Order *or* INR 3000*,* whichever is less, Purchase Order need not be split provided the party remains overall L-I for items being ordered. Such cases shall not require financial concurrence.

7.07: Public Procurement Policy:

(a) Public Procurement Policy for Micro and Small Enterprises (MSEs) shall be followed as per Annexure-XVI.

(b) Public Procurement Policy MII (Preference to Make in India) shall be followed as per Annexure-XVIII.

7.08: Model Clauses/ Certificates (Public Procurement No.4):

Model Clause Certificate as mentioned in Annexure-XIX vide Order dated 23.02.2023 (F.No.7/10/2021-PPD) for Restrictions under rule 144 (xi) of the General Financial Rules (GFRs) 2017 as amended time to time shall be obtained from all bidders participated in the tender.

8.0: Tender Committees

8.01.1:

(a) All proposals for purchases exceeding INR ₹ 25.00 Lakh (estimated) in value (excluding taxes and statutory duties) would require scrutiny and recommendations by a Tender Committee.

(b) The Financial Power for acceptance of TC recommendations shall be in line with Power for approval of sales/Purchase/Works and other contracts as mentioned in the DoP Para 1.3 & 2.2 (and as modified from time to time).

(c) The TC constituted for evaluation of offer and submitting recommendations for acceptance by Tender Accepting Authority shall be constituted with the following Principles:

   (i) TC Members should be one or two level below the Tender accepting authority (depending upon the availability).

   (ii) TC members should be independent and should not be reporting to another member of the same TC.

   (iii) TC should be constituted of only 3 members (One from the Executive Dept., One from the F & A Dept., and One from the Materials Dept.).

   Any additional member can be co-opted only in specific cases where a specific expertise is required, whenever considered necessary. (For example a member from HR Dept. can be co-opted if the Purchase/Service comprises of substantial labour element which would require compliance of labour Laws etc.). However due care shall be taken that, committee formation should not be very large.

   (iv) The TC member from Materials Dept. shall be convener of the Tender Committee.

(d) Illustrative Guidelines for composition of TC (as per current DOP and subject to modification):

REVENUE items

Sr. No.	Value	Tender Committee	Tender Accepting Authority as per DOP
1	Above ₹ 1000 Lakhs	HOD of Indenting Dept. HOD of Materials Dept. HOD of F & A Dept.	Director (T) up to 1500 Lakh
2	Above ₹ 100 Lakhs and up to ₹ 1000 Lakhs	HOD of Indenting Dept. HOD of Materials Dept. HOD of F & A Dept.	Unit Head up to 1000 Lakh
3	Above ₹ 50 Lakhs and up to ₹ 100 Lakhs	Indenting Dept. (not below rank of E-5) Materials Dept. (not below rank of E-5) F & A Dept. (not below rank of E-5)	General Manager
4	Above ₹ 25 Lakhs and up to ₹ 50 Lakhs	Indenting Dept. (not below rank of E-4) Materials Dept. (not below rank of E-4) F & A Dept. (not below rank of E-4)	General Manager

CAPITAL items

Sr. No.	Value	Tender Committee	Tender Accepting Authority as per DOP
1	Above ₹ 1000 Lakhs	HOD of Indenting Dept. HOD of Materials Dept. HOD of F & A Dept.	Director (T)
2	Above ₹ 100 Lakhs and up to ₹ 1000 Lakhs	HOD of Indenting Dept. HOD of Materials Dept. HOD of F & A Dept.	Unit Head

3	Above ₹ 50 Lakhs and up to ₹ 100 Lakhs	Indenting Dept. (not below rank of E-5) Materials Dept. (not below rank of E-5) F & A Dept. (not below rank of E-5)	General Manager
4	Above ₹ 25 Lakhs and up to ₹ 50 Lakhs	Indenting Dept. (not below rank of E-4) Materials Dept. (not below rank of E-4) F & A Dept. (not below rank of E-4)	General Manager

Notes:

1. (i) The following cases need not be put up for evaluation by the Tender Committees where:
   (a) Item is of Proprietary nature.
   (b) The Orders are to be placed on Govt. companies like IOCL, SAIL, MMTC, etc.

   (ii) Eligibility Criteria wherever required to be incorporated in NIT may also be deliberated and recommended by above constituted Tender committee.

   (iii) Reasons for change in nominated members of TC (if any) due to unforeseen reasons shall be recorded in the MOM & shall be done with the approval of C.A.
2. In case in any Deptt. the officer in the above defined level is not available (working/posted) then the senior most officer below the level indicated above shall be the member of TC.
3. Tender committee, higher than the stipulated above, may be constituted in special case(s) depending upon the merit of the case and with the approval of D(T)/ C & MD.

8.01.2: Functions of the Tender Committee:

The functions of the Tender Committee will be as follows:

1. The scrutiny of the tenders will include a complete technical & financial check of the specifications/samples, rates and other terms and conditions of the tender. The Tender Committee shall take note of the comments/recommendations of Purchase Section, F&A and User Departments during the course of scrutiny of tenders. On the basis of above scrutiny, the Tender Committee will recommend acceptance of the lowest acceptable tender.

2. The Tender Committee will examine, if it is necessary in any particular case, the proposed deviations from the stipulated conditions of the contract and recommend the extent to which relaxation can be agreed. The Tender Committee will record, in its

minutes, the recommendation it chooses to make regarding the acceptance of tender under such conditions as considered necessary.

3. While making the recommendations, the Tender Committee will record, in detail, reasons for not accepting the lower quotations. In respect of capital items, the recommendations will also specify the existence or otherwise of the budget provision and availability of funds.

4. The Tender committee should give an undertaking at the appropriate time (i.e. while recording final recommendations) that none of them has any personal interest in the Companies /Agencies participating in the tender process. Any member having interest in any company should refrain from participating in the Tender Committee.

For the purpose of discharging the functions laid down above, Tender Committee should meet as often as necessary to expedite the disposal of business.

8.01.3: The lowest (among) technically acceptable tender should normally be accepted. The financial status, capability to manufacture & supply as per the specifications, their past performance etc. shall be the factors to judge the reliability of the tenderers.

Where the lowest or the next lower or all tenders are ignored, detailed reasons for the same should be recorded. Orders should normally be placed on the lowest technically acceptable tenderer. However, even if one party is L-1, the aspect of reasonability of rates including reasonability of packing and forwarded charges quoted by them, should be looked into considering the nature of the materials being purchased.

When open or limited tenders result in one effective offer only, fresh tenders should be invited unless the rates are considered reasonable or inviting fresh tenders would entail substantial loss or inconvenience. Where it is considered that the rates of the lowest tenderer are not reasonable, the tenders may be rejected and fresh tenders invited.

In case re-tendering is done more than once, approval of one level above the Competent Authority as per DoP may be taken.

8.01.4: Negotiations shall not be resorted to in case of open/limited tenders. If negotiations are considered necessary to be resorted to, the guidelines of the Central Vigilance Commission should be kept in view. The highest/lowest bidder (H-1/L-1), for the purpose of negotiation shall be considered purely based on Unit price (landed cost) irrespective of quantities quoted by the tenderer. However, the quantities quoted corresponding to the price offered must not be less than the minimum quantities specified in the schedule of rates, if any. No clause on negotiation may be incorporated in tender document/NIT. The latest guidelines of CVC, issued vide letter No.005/CRD/012 dated 3rd March 2007 are as below:-

(i) As post tender negotiations could often be a source of corruption, it is directed that there should be no post-tender negotiations with L-1,except in certain exceptional situations. 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.

(ii) 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 should, however, be procured expeditiously through a re-tender, following the normal tendering process.

(iii) 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 month from the date of submission of recommendations. In cases where the proposal is to be approved at higher levels, a maximum of 15 days should be assigned for clearance at each level. In no case should the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalized within their validity period.

(iv) As regards the splitting of quantities, some organizations have expressed apprehension that 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 organizations decide in advance to have more than one source of supply (due to critical or vital nature of the item) that the Commission insists on pre-disclosing the ratio of splitting the supply in the tender itself. This must be followed scrupulously.

(v) 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. It is reiterated that in case L-1 backs-out, there should be a retender.

8.01.5: A target timeline of finalisation of procurement should be laid down. Abnormal delays and reasons thereof should be brought out before the CA on the file at the time of TC’s acceptance or contract signing. The contract should be strictly as per the bid conditions and accepted offer.

9.0: Types and General Principles of Contracts:

9.01: Types of Contracts:

The contracts for supply of materials can be of the following types:

i) Supply Contracts

Supply contracts are generally concluded for supply of a specific type of materials whose delivery is to be made within a specific time as indicated in the contract. The rates at which the items shall be supplied are fixed during the tenure of the contract and in certain cases may vary depending upon the price variation clause agreed to and provided in the contract/supply order.

ii) Rate Contracts

Rate Contract is a contract for the supply of materials on agreed rates during the period covered by the Contract. Quantities are not mentioned in the contract and the suppliers are bound to accept any supply/delivery order, which may be placed on them, during the currency of the contract. Each delivery order is placed in accordance with the stipulations mentioned in the rate contract at the rates specified therein. Each delivery order, placed in accordance with the stipulations mentioned in the rate contract, shall form individual fixed time contract.

iii) Running Contract

The Running Contract is a contract concluded for supply of specific quantity of materials (with the percentage variation in contractual quantity either way) to be supplied within a specific period of time. This contract distinctly differs from the above two contracts in as much as the Supplier undertakes to supply the materials as specified from time to time within the tenure of the contract.

9.02: General Principles of Contract:

Contract is an agreement enforceable by law, for supply of materials, acceptance of terms and conditions of tender/purchase order and schedule of accepted rate, attached thereto, shall constitute a contract. In preparing contract for supplies, the following fundamental principles should be observed:

i) Whenever practicable and advantageous, order should be placed only after inviting tenders.

ii) The terms of the purchase order must be precise and there should not be any ambiguity or misconstruction of any provision contained therein.

iii) If the time is the essence of the contract, the same should be specifically stated to make the time factor legally enforceable.

iv) Standard format of purchase order should be adopted unless, in any particular case, a different format would be more practicable and advantageous.

v) Every Purchase Order must provide penalties leviable on the supplier in case of failure to affect the supplies, as ordered, as also the right of the Company to procure supplies from any other source at the risk and cost of the supplier.

vi) The terms of payment should be on receipt of material of the prescribed quality and quantity but, where advance payment, in part or full, on proof of dispatch is inescapable, submission of manufacturer's test certificate, third party inspection or inspection at the supplier's work may be specified.

vii) Any extra charges payable, in addition to the basic rates, should be clearly stated and so also for the components and spare parts, comprising a complete unit of machinery etc. Also, the details of the after-sales services to be rendered by the suppliers should be specified.

viii) All rate and quantities as well as the amount may be entered in figures. However, the total value of the order shall invariably be indicated both in figures and words.

ix) The terms in the Purchase Order should be self-contained so as to enable processing of the payments by reference to the PO alone. Accordingly, instead of giving reference to any earlier correspondence, the terms and conditions mentioned in such letters should be incorporated in the PO itself.

x) While entering into a long term contract for supplies, provision should be made empowering the authority placing the order to cancel the un-executed part of the Order at any time after the expiry of the specified period without assigning any reason for such cancellation and without any compensation on this account whatsoever.

xi) The terms of contract, once entered into, should normally not be varied. If, in any circumstances, these are to be varied, it should be in consultation with the Finance Department and should be approved by the competent authority.

xii) Purchase of Proprietary items from PSU: In case of purchase of proprietary items from public sector units, the Orders may be placed based upon the valid price list.

9.03: Price preference for earlier deliveries:

When a tender, other than the lowest, has been accepted in the interest of earlier delivery order, the following clause should be inserted in the Purchase Order:

"Notwithstanding that a bid lower than yours was submitted at the price __________ (indicate the price), you have been awarded this contract because of your offer of earlier delivery date. It is accordingly stipulated that in the event of your failure to deliver in full or part of the ordered materials, the difference between your price and the lower price or the LD whichever is more, shall be recovered without derogation of all other rights and remedies that we may have against (You) for breach of contract. This shall apply to the delivered quantity of the ordered material also, if due to non-delivery/delayed delivery or part quantity, the earlier supplied quantity cannot be put to the intended use. Such price reduction shall in no way be deemed to confer any right on your part to any extension of the agreed delivery date. The provision hereof shall not apply to any delay in delivery which is excusable if falling under standard force majeure provisions accepted intra and internationally.

9.04: Liability for Transit Losses:

Apart from the terms of delivery viz. FOR dispatching station or destination, the liability for transit losses whether it would lie on the supplier or not, should be separately mentioned, in both tender conditions and the contracts. Normally, the liability for transit losses on the supplier or purchaser is governed by the following principles:

i) In case of stipulated delivery at FOR Destination Station for "Smalls" consignments the supplier is responsible to tender the ordered quantity of materials and in good condition to the Transporters' Godown at the station of destination. For truck load consignments, the FOR destination should mean delivery at NFL Stores. Unless otherwise specified in the tender, delivery can be said to be complete only when the goods reach the destination in full and in good condition. The supplier is, therefore, liable in such cases for any loss or damage that may occur in transit and should make good the same by replacement, free of charge at destination or accept deduction from his bill for the quantity lost or damaged in transit.

ii) In case of supplies against the orders stipulating delivery FOR station of dispatch, the property passes to the consignee as soon as the same is accepted by the carrier for carriage. Thereafter, the supplier is normally not responsible for any loss or damage to goods that may occur enroute, if he has been able to book the goods in a rail-worthy condition under a clear receipt without any adverse remarks about the conditions of the goods or their packing.

9.05: The Purchase Order would be issued in seven copies in the format as at Annexure-V with distribution as under:

i) Original Copy - To Supplier

ii) 2nd and 4th - To F & A Department

iii) 3rd Copy - To Purchase Section

iv) 5th & 6th copies - To Stores Section

v) 7th Copy - To the Indenting Department

10.0: Amendment to Purchase Orders

10.01: All subsequent changes desired in a Purchase Order shall be issued through amendments in format at Annexure-VI.

10.02: Variation in value

No amendment needs to be issued for consumable stores if the quantity supplied results in overall variation in value of the order up to ± 5 % thereof.

10.03: Contracts with Price Variation Clause:

10.03.1: Contracts with price variation clause (including statutory levies/taxes variation) may be processed for variation in the unit rates in accordance with the stipulated formula with concurrence of Finance Department under orders of the authority, which approved the original order (However, Unit Head/ Corporate Materials Head shall approve such amendments to orders approved by CO i.e. orders approved by authority higher than Unit Head), irrespective of the amount involved.

10.03.2: Amendments for reduction in the unit rates may be issued under the orders of the authority, which approved the original order for items not covered under 10.03.1.

However Unit Head/Corporate Materials Head can approve such amendments for orders approved by CO i.e. orders approved by authority higher than Unit Head.

10.04: Variation in quantities of any item

Variations up to +5% for each item would not require any formal amendment if the item is of consumable nature. Variations beyond this limit may be regularized through amendment with concurrence of Finance and approval of the authority, which approved the placement of original Order. If the revised value exceeds his financial powers, approval from the next higher competent authority would be required.

10.05: Variation in specifications of items

Such variations may be allowed by the authority, which approved the original order, in consultation with the indenting department and unless, it involves any financial implications, would not require concurrence from Finance. In such amendments, the approving authority would, however, record that it does not involve any financial implication. Other cases i.e. involving financial implications would, however, require concurrence from Finance Department. For the orders approved by C.O, Unit Head shall approve any variation in specifications having no financial implication.

10.06: Change of Name and/or address of the Supplier:

It should require approval of the same authority, which approved the original order. However, orders approved by C.O, this power shall be exercised by the Unit Head/ Head of Materials at C.O.

10.07: Extension in Delivery Period

Cases for grant of extension in delivery period should be analyzed carefully with special reference to the following factors:

A) The rate in the Purchase order was not accepted against other lower tenders in consideration of earlier date delivery; and

B) The delay in delivery has not resulted in any loss/damage.

Note:

The waiver of LD for delayed supplies should be an exception and should be analysed carefully.

10.07.1: Cases requiring grant of extension in delivery period, in which both the conditions as in clause 10.07 above are satisfied may be approved by the authority, which approved the original order, after F & A concurrence. In the copy enclosed to Finance Department, the fact that approval of competent authority had been taken, as both the conditions as per clause 10.07 above have been met, shall be recorded.

10.07.2: Other cases for grant of extension in delivery period, which are not covered by clause 10.07.1 above, would require concurrence from Finance Department and approval from authority, next higher to the approving authority of the original order. GM/ED/D(T) can approve extension where the value of the order is within his delegation of powers.

For Purchase Orders issued from Corporate Office and subsequent Delivery Orders issued by respective Units against above POs, Unit Head can approve extension of Delivery Period (for the DOs issued) without levy of Liquidated Damages provided delay in delivery has not resulted in any loss/damage.

10.07.3: Purchase Orders with a specific agreed 'Liquidated Damages Clause would also be dealt with and approved in accordance with the provision in the clause 10.07 above. However, in the cases where delay does not exceed 15 days and the amount of liquidated damages is within INR 3,000, Head of Materials would be empowered to extend the delivery period without levy of liquidated damages and without concurrence. However, reasons for waiving the liquidated damages should be recorded by the Head of Materials Department.

10.07.4: In case of delay in delivery against which liquidated damages do not exceed an amount of INR 3,000, the Bills, if negotiated through Bank, shall be retired by Finance Department in consultation with Materials Department. In such cases, liquidated damages up to a limit of INR 3,000 shall be ignored, if not recoverable from the amount due to the supplier. Where the amount of liquidated damages is more than INR 3,000/-, Materials Department will inform the Finance Department in writing regarding retiring of documents in case the party has agreed for the recovery of liquidated damages or shall issue amendment for extension of Delivery period/waiver of Liquidated damages.

However, no amendment letter shall be necessary where the amount of liquidated damages is below INR 1500/-

10.07.5: In case of items of proprietary nature/Single select Nomination basis, involving delay in delivery of not more than four months, extension in delivery period, provided the condition mentioned in clause 10.07(B) above is satisfied, can be granted by the authority which approved the original order.

10.07.6 In case the seller fails to make delivery on time as stipulated in the contract due to Public Holiday on the last contractual delivery date and delivers the material on the next working day, HOD(Materials) is empowered to approve the above extension of delivery period with waiver of LD charges.

10.07.7 Where commissioning is also part of the Purchase Order:
Where there is likely to be a delay in commissioning after receipt of supplies due to various operational reasons of NFL, provision may be made in the PO in such a way that payment for supply of equipment/machineries may be released (on receipt of unconditional Bank Guarantee by the Vendor against supplies), while withholding the payment for commissioning as per Purchase Order.

10.08: Change in the mode of transport, when so warranted by the circumstances, may be approved by Head of Materials Department without concurrence of Finance on the basis of need/justification given by the Indentor. However, air freight shall be resorted to with the approval of Unit Head and D (T) at Corporate Office, indicating the urgency for air freight.

10.09: For contracts approved by Corporate Office, having provisions for extension of validity of the contract and/or for increase/ decrease of ordered quantities (maximum by a specified percentage), Unit Head can approve amendment for such extension of validity of contract and/ or change in ordered quantity in line with stipulated clauses.

11.00: Purchase for which financial concurrence not required:

11.01: Prior financial concurrence would be essential in all the cases except the following:

i) Order on the basis of technically accepted lowest tender when tenders are invited and more than one tender is received	Up to INR 5 Lakh
ii) Purchase at Govt. controlled rate without calling for tenders	Up to INR 10 Lakh
iii) Acceptance of proprietary items only	Up to INR 10 Lakh.
iv) Repeat Orders	Subject to the condition as per Clause 13.01
v) Purchases in any Emergency	As per clause no.4.06.5(a)
vi) Purchase through GeM	Up to INR 5.0 lakh

Note: 1. On the copies of the Purchase Order, meant for Accounts Department, suitable remarks will be endorsed regarding the relevant clause of this procedure, under which the order issued by the Materials Department.

2. No order for items of capital nature, irrespective of the amount and/or not covered under Clause 11.01 will be placed without financial concurrence.

12.00: Powers to Approve/Place/Sign Purchase Orders:

12.01: The powers for approving Purchase Orders would be as under:

12.01(a): The powers for approving Purchase Orders without financial concurrence would be as under:

INR in lakhs

Types of Purchase Order	DGM/HOD (Mtls.)	CM(Matls)/ SM(Mtls.)	Mgr(Mtls.)	DM(Mtls.)/ AM(Mtls.)
1. P.O without financial concurrence where more than one tender has been received/ order placed through GeM (as per Clause No. 6.01.4-ii).	5	3	1	0.50
2. *P.O without financial concurrence in respect of proprietary and RC items.*	10	5	3	2
3. P.O with financial concurrence against emergent indents (both prop. & non-prop items) i.e. without inviting quotations.	AS	PER	D.O.P	
4. Order through GeM on selection basis, as per Clause No. 6.01.4-(i)	0.25	0.15	0.10	0.02

12.01(b): The powers for approving Purchase Orders with financial concurrence would be as under:

INR in lakhs

Types of Purchase Order	DGM/HOD (Mtls.)	CM(Matls)/ Sr.M(Mtls.)	Mgr.(Mtls)	DM(Mtls.)/ AM(Mtls.)
1. P.O. with financial concurrence where more than one tender has been received.	AS per	5	2	1

	DOP			
2. P.O. with financial concurrence in respect of proprietary, through GeM, RC items	AS per DOP	5	2	1
3. P.O. with financial concurrence against emergent indents (both prop. & non-prop items) i.e. without inviting quotations.	AS	PER	D.O.P	

Powers for approving the Order, above INR 5.0 lakh, through GeM will be same as powers for approving orders on technically acceptable lowest Offer defined in Purchase Manual/DOP.

12.01(c): The powers for signing of Purchase Orders would be as under:

INR in lakhs

Type of Purchase Orders	DGM/ HOD(Mtls.)	CM(Matls)	SM(Mtls.)	Mgr.(M)/D M(M)/Sr. AM(M)	AM(Mtls.)/ MO
P.O. with Competent Authority's approval and with/without financial concurrence	Full	20	10	3	1

12.02: Purchase orders involving cash discount for early payment as per stipulation in the order, would be stamped as "Cash Discount" on top of P.O. to ensure prompt attention at all levels to avail the discount.

12.03: The Purchase Section shall exercise due care in agreeing to the terms of payment.

Advance payments need to be discouraged except in exceptional cases and hence, NITs should not contain any provision for advance payments. Whenever payment of advance is considered unavoidable, the same should be interest bearing advance (@MCLR plus 1%) and be allowed only after getting an acceptable unconditional Bank Guarantee for an equivalent amount towards the advance payment and interest thereon with sufficient validity so as to protect the Company's interest. Such bank guarantee should be from a Scheduled Bank operating in India except Rural and Co-operative Banks. The Bank Guarantees submitted by the Vendor/Supplier should be verified from the concerned Bank by the Finance Department before release of advance payment. Such Bank Guarantees should be unconditional and without demur so that it can be en-cashed merely on demand. Timely action for revalidation/ encashment of BG must be taken by F&A Department. In case of default by the vendor, encashment within validity of bank guarantee shall be based on recommendation of Materials Department.

While evaluating the Technical/un-priced commercial bids, if the parties demand advance payment, the same can be accepted in exceptional cases on payment of interest and submission of bank guarantee. Price bids should be opened only after ensuring the above. There will not be any loading of interest on these advances as the interest is being charged separately. For "MOBILISATION ADVANCES" guidelines of CVC issued vide circular no. 4CC-1-CTE-2 dated 10-04-2007 (Annexure–XV) and its subsequent amendments (if any) shall be strictly followed. 100% payment against dispatch of documents through banks may be avoided as far as possible. In cases where it is unavoidable, the credentials of the party shall invariably be verified before agreeing to such terms of payment. In case of suppliers who are not reputed or not known for their fairness by earlier business dealings or with whom there were earlier business dealings, advance payments may not be agreed to.

12.04: The value for determining the Competent Authority shall be the landed cost inclusive of all taxes (Sales Tax etc.), duties (Excise Duty, Customs Duty etc.), freight etc. In case of imported items, the value shall include CIF and Customs Duties also.

12.05: Waiver of L.D. Clause:

The Unit Head will be empowered to waive of L.D clause in respect of Proprietary Items/Single Select Party/Single select make. For other cases, Unit Head would consider the offers at sole option of NFL with loading as per Clause 7.04.

13.0: Repeat Orders:

13.01: Repeat Order can be placed if a material already purchased is required again, but this will be subject to the following:

a) The repeat order is placed within 6 months of the date of placement of original order if the value of the repeat order is above INR 2 Lakh and up to INR 10 Lakh

b) The repeat order is placed within 12 months of the date of placement of original order if the value of the repeat order is less than INR 2 Lakh

c) The value of the repeat order does not exceed the value of the original order.

d) It is possible to satisfy and is so certified by DGM (Matls)/ Chief Manager (Matls) / Sr.Mgr (Matls) / Mgr (Matls) that there is no downward trend in the prices

e) The repeat order is being placed only once. Powers to approve Repeat Orders shall be as per Clause 12.01 (a).

14.0: Receipt of Stores/Inspection:

14.01: Unless otherwise specified in the Purchase Order, suppliers must be instructed to consign all the materials to Stores as follows:

i) In case of wagon loads -NFL Siding

ii) In case of 'Smalls' through railway -Nearest Rly. Station

iii) In case of full truck load -NFL Store

iv) In case of 'smalls' through road -Transporter' godown at destination.

Immediately on receipt of material, the Stores Section will inform the indentor and Purchase Section, giving the date of receipt.

14.02: All incoming consignments would be arranged to be cleared by Stores Section at the earliest. Discrepancies, if noticed, would be dealt in accordance with the procedure for lodging claims.

14.03: Stores Section would arrange inspection of the material most expeditiously. CM/Sr.Manager/Manager of Materials Department would circulate separately a standing weekly schedule for the indenting departments to depute their representative to conduct inspection of all the consignments received till that date on the scheduled day of a week. In this manner, inspection would be possible within a week of receipt of material in the Stores.

14.04: Cases, whose inspection is not completed within 15 days of the receipt of the material, would be brought to the notice of Chief Manager(Matls)/HOD by the Stores Section for Chief Manager (Matls)/HOD to take up with the concerned department.

14.05: Final inspection of the materials will be carried out by the authorized representative of the indenter and the Stores Section. Any discrepancy noticed would be pursued by the Stores Section with the suppliers /carrier / insurance, as the case may be. Copies of such correspondences with the suppliers will be endorsed to Purchase Section by the Stores Section.

14.06: It should be possible to raise SRV in the format at Annexure-VIII within 15 days of the receipt of the consignments. Stores Section would send the SRV to Finance & Accounts Department, on day to day basis.

14.07: The SRV must be carefully prepared by the Stores Section so as to indicate complete details regarding:

a) Receipts of materials vis-à-vis stipulations in the Purchase Orders.

b) Liability of the supplier i.e. deductions, if any, required to be effected.

c) Cross reference to claims lodged on the carriers / underwriters, if any.

d) Payment of freight along with details of wharfage and/or demurrage charged, indicating clearly whether the recoveries are to be effected from suppliers/handling contractors etc.

15.00: Payments

15.01: Finance & Accounts Department on receipt of the SRV from the Stores, along with the relevant invoice of the supplier, would ensure that the payment is released to the suppliers most expeditiously and positively by the stipulated period as per terms of Purchase Order.

15.02: Payment shall be preferably released by ECS (Electronic Clearing System) or EFT (Electronic Fund Transfer), provided facility for such payment system is available at NFL Units/Plants. Vendors shall be asked to provide the requisite details of their Account No., Name& Branch code of Bank, Acceptance/request for release of payment by ECS/EFT, to the Finance and Materials Department of concerned Unit/Plant of NFL.

15.03: If any supplier wants payment by way of transfer of funds to their account, the supplier shall be asked to indicate the bank account number accordingly to avail the facility. Such account No. will be incorporated in all account Payee cheques.

15.04: In case payment by account payee Demand Draft is insisted by supplier, the DD charges shall be deducted from the payment due to the supplier and the DD shall be sent through courier/speed post. To avoid misuse of DD during transit, parties shall be advised to give their Bank Account No. & the same shall be incorporated in all account payees' Demand Drafts.

16.00: Samples

As far as possible, samples shall not be asked for in the NIT, as it leads to subjective evaluation. Indentor shall ensure that specifications are complete or material is to be purchased is as per BIS specifications. Samples received from the tenderers along with or after the quotations shall be received by the Purchase Section. These shall be forwarded to the Indentor, wherever necessary, for his recommendations. The approved samples shall be appropriately marked by the officer of indenting department recommending the purchase, for preservation and comparison of the supply. All the samples (except those which have been consumed in the process of trial) shall be returned to the Purchase Section for disposal in the following manner:

a) The approved samples shall be sent to the Stores Section for use at the time of inspection and later for stock charging;

b) The returnable rejected samples shall be returned to the tenderer through the Stores Section;

c) Samples having negligible value shall be disposed off through the Stores Section.

Note:

The above procedure shall also be applicable to the samples received directly by the Stores Section.

17.0: Purchase of Imported materials

17.01: As per the existing practice for procurement of imported materials, the Units will process the indents for the items to be imported. The indents shall be approved by the competent authority as per powers for Proprietary Items.

17.02: Emergent Indents up to a value of INR 2 Lakh shall be approved by the DGM / GM (O&M) and up to INR 5 Lakh by Unit Head and D (T) at Corporate Office and above INR 5 Lakh by C&MD.

17.03: Indents of capital nature must have the concurrence of Finance Department for proper budgetary control.

17.04: All LTEs for imported items shall be sent to by air mail only and giving 4 weeks (minimum 3 weeks) time to the parties for submission of offers.

17.05 Calculation of Landed Price for Foreign Bidders:-

To arrive at Landed prices of Foreign Bidders, FOB /FCA prices shall be loaded as under:

Ocean freight @ 3.00 % of FOB value

Air Freight @ 5.00% of FCA Value
Marine Insurance @ 0.11% of FOB value

Custom duty @ Basic duty + Countervailing duty + Educational Cess + other applicable levies.

17.06: Transportation of Over Dimensional consignment (ODC) by Sea:

The term ODC refers to consignment which is beyond standard measure i.e. where anyone dimension exceeds any external container dimension of eight (8) feet wide or eight (8) feet six (6) inches high but does not exceed the following maximum dimensions:

Weight	Length	Width	Height
20 to 100 MT	40 to 50 feet	11 feet	11 feet

These consignments include, inter alia, heavy machinery, plant generator, turbines, furnace, rotor, chimneys and boilers etc. Consignment with above weight and dimensions require special handling equipment and are generally classified as Over Dimensional Consignment.

For above consignment, ocean freight may be taken @ 5% of FOB value. This pre-determined 5% ocean freight for ODC consignment is purely estimation for the purpose of evaluation of bids only. The actual amount may however, vary to any extent on other side depending on the value/ weight of the consignment.

Transportation of ODC by Air: Dimensions and weight of the package exceeding 10 feet pallet dimension i.e. 125 inches in length, 88 inches in width, 63 inches in height and weighing more than 3.5 tonne will be considered as ODC.

For above consignment, Air freight may be taken as per the rates offered by our air cargo handling agent.

Transportation of ODC by Road in India: For road transport in India, packages exceeding one or more of the following measurements:

Weight 9 tonnes, length 5.5 meter, width 2.12 meter, height 2.1 meter will be considered as Over Dimensional consignments.

For inland freight for ODC, efforts may be made to obtain budgetary quotes. Based on the budgetary quote and the estimated cost of procurement, the percentage of likely inland freight may be evolved and these percentages may be specified in the tender documents for loading of the offers for evaluation of bids/ calculation of landed price. The actual amount of inland freight may however, vary to any extent on either side depending on prevailing market situations.

Transportation of Super ODC by Sea: Consignment that has weight more than 100 MT and any one dimension over 50 feet long, more than 11 feet wide or over 11 feet high, requires special handling equipment for loading abroad or discharging from a vessel because of that consignment's a typical size classified as Super ODC.

For ocean freight of super ODC consignments, efforts may be made to obtain budgetary quotes from M/s. Balmer Lawrie and M/s. Shipping Corp. of India. In case both the quotes are available, average of the two may be taken for evaluation. However, in case only one quote either from M/s. Balmer Lawrie or M/s. Shipping Corp. of India is available then the same shall be considered for incorporation in the NIT for evaluation purpose. The actual amount of ocean freight may also, however, vary to any extent on either side depending on prevailing market situations.

Transit Insurance: The transit insurance shall be calculated as per Clause No. 7.04. However, for calculating assessable value of working out the custom duty amount transit insurance has to be taken @0.11 % of FOB/FCA. This transit insurance is however not to be considered while calculating landed cost.

Customs Duty/ other levies: As per the applicable rates.

However, if there is any revision in the project status or in rate of Custom duty by GOI, the same shall be applicable. Offers of Foreign Bidders shall be loaded with L/C charges wherever applicable. However, forward cover charges on exchange rate variation shall not be considered for evaluation, as it is a contingency.

Inland Transportation Charges:

Inland transportation charges for other than ODC/Super ODC cases shall be calculated as per Clause No. 7.04 on CIF Price for Foreign Bidders.

Inland Insurance:

The inland insurance shall be calculated @ 0.15% of Ex Indian port price (i.e. CIF Price plus custom duties) for Foreign Bidders.

17.07: Purchase Orders shall be processed as per applicable provisions of clause 11.00 and 12.00.

17.08: Copies of Purchase Orders along with relevant documents thereof shall be made available to Materials Department, Corporate Office for arranging Customs clearance.

17.09: Letter of Credit, against import orders, shall be opened by the Finance Department, Corporate Office.

17.10: Clearance of consignments, dispatched by sea as well as air, shall be looked after by the Materials Department, Corporate Office.

i) All consignments coming by air shall be dispatched to Delhi Airport and shall be cleared from Customs by Materials Department, Corporate Office.

ii) All consignments, coming by sea, shall be dispatched to Mumbai Seaport and will be cleared from Customs by Materials Department, Corporate Office.

iii) Insurance premium:

As per the prevalent practice/rules of Custom Authorities while working out assessable value of various import consignments, Marine Insurance charges are loaded @1.125% unless the documentary proof of actual incidence of lesser insurance charges is submitted to them at the time of custom clearance.

In view of substantial savings involved in custom duties by submitting documentary evidence (letter/certificate/premium receipt issued by Underwriter) of actual payment of lesser insurance charges for imported consignments, Materials Department of Units may ensure that a copy of such documentary evidence is forwarded to Materials Department, Corporate Office, Noida as soon as dispatch particulars are received/insurance is arranged so that the same can be submitted to Custom Authorities and benefit of loading of actual lower insurance charges can be availed while calculating assessable value/custom duty.

18.00: INTEGRITY PACT:

For all tenders/ Contracts/ Long term Agreements (LTAs) valuing INR 1 crore and above, the tenderer(s) / bidder(s)/ contractor(s) has to enter into an "Integrity Pact" with NFL. A copy of the Integrity Pact typed on plain paper duly signed by the tender issuing officer who is the authorized signatory on behalf of NFL, has to be enclosed with the tender document. In case of uploading the tender in the website, Integrity Pact also has to be necessarily uploaded after scanning the signed copy of the pact.

Non-signing of the Integrity Pact will disqualify the offer/ bid. However, bidders may be given an opportunity to sign the Integrity Pact before rejection of the bid.

Following instructions shall be included in the tender documents, valuing INR 1 crore and above:

The Bidder(s) / Contractor(s) is required to enter into an "Integrity Pact" with the Principal i.e. NFL. The Integrity Pact has to be signed by the Proprietor / Owner/ Partner/ Director or by their duly Authorised Signatory. In case of failure to return the Integrity Pact along with the offer/ bid, duly signed by the authority as mentioned above, will disqualify the offer/ bid.

19.0: EXPRESSION OF INTEREST:

Expression of Interest may be adopted in the following cases where in the first instance, it is not possible to proceed with tendering. No Indent may be required for issuing an EOI.

i) Cases where new technology is involved and details are not fully known.
ii) Where the tender specifications/ commercial terms are required to be finalized in consultation with the prospective bidders by calling bidder's conference after receipt of the prequalification bid. During the technical discussions other stake holders who can add value to the decision making on technical aspects and evaluation criteria may also be involved.
iii) When prospective bidders are not known and have to be identified.

Based on the response received in the EOI tender document (Indent) may be prepared and processed accordingly.

20.0: PRE-BID DISCUSSIONS:

In technically complex Projects cases, pre-bid discussions after floating tender and before submission of bids may be held. The date, time and place of pre-bid discussions should be clearly mentioned in the tender document. During pre-bid discussions all the queries of the potential bidders must be properly clarified and recorded.

If any change in the specification, terms and conditions in the original tender is contemplated as a result of pre-bid discussions, the same should be broad based and have the approval of the competent authority accordingly, a corrigendum to the original tender is to be issued on tender website.

Submission of the bids shall be allowed only after pre-bid discussions or after issue of corrigendum wherever necessary. The date after which submissions of bids shall be allowed should be mentioned in the tender itself or in the corrigendum if such corrigendum is issued after pre-bid discussions. The copy of corrigendum may also be sent to all bidders who had participated in the pre-bid discussions. Sufficient time (at least 7 days) may be given between pre-bid discussions and submission of tenders.

21.00: General

21.01: All pre-indent activities will be conducted by indenting department.

21.02: In case of medicines, chemicals and other items having limited shelf life, the left over shelf life of each item at the time of delivery should be at least 80%.

21.03: All the correspondence in respect of clarifications/ confirmations, whether it be technical or commercial shall be dealt through Matls. Dept. till the final placement of order. Thereafter, while routine follow up may be done by the executing agency under intimation to Matls. Dept., all the matters having financial/ commercial implications will still be dealt with by Matls Dept. only.

21.04: If items under purchase are the matching/ complimentary parts to be supplied by single party or items of work in the job contract to be performed by single contractor, it should be clearly specified in the tender document that total price of all such items/ items of work shall be evaluated for determining the reasonableness of the price.

21.05: Where for any reason the due date and / or time of opening the tenders is extended, the concerned Executive shall intimate all the firms to whom the tender papers had been sent irrespective of the number of quotations already received, the revised tender opening date and time. However, in case any of parties, who have submitted offer earlier, submits revised offer, within extended period, their revised offer only will be considered for opening.

21.06: Purchase Proposal:

In case the order is to be placed on more than one tenderer as specified in Tender Document, then the tenderers will be asked to match their prices with L-1 rate for distribution of the items/ jobs to be ordered. Only the tenderers, who agree to match their prices with L-1 rate, will be considered for the distribution of order.

Besides giving preferential treatment to MSEs in terms of, exemption of EMD and fee for tender document, purchase preference is also to be given to MSE as per extant guideline of Government of India.

21.07: In case a party is selected to supply material/execute a job contract at a higher price against a subsequent tender, but whose supply of the material/ execution of job contract against the earlier order at lesser price is not yet complete for reasons attributable to the supplier/ contractor, it will be ensured that the supplies are made/jobs executed first against the earlier order before being considered against the subsequent order.

21.08: Before any legal proceedings, arising out of a contract are entered upon, the sanction of Unit Head acting in consultation with his legal and financial advisers should be obtained. Where the terms of contract expressly admit any waiver, such right may be exercised only by the authority designated, and for adequate reasons which should be placed on record. In the absence of such provisions, non-enforcement of a condition of contract constitutes a 'variation' thereof and should be dealt with, as required.

21.09: Arbitration:

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be resolved amicably through negotiations by the parties. A "Notice of dispute" shall be given by the party seeking resolution of a dispute to other party. If the dispute is not resolved within thirty (30) days from the notice, the dispute shall be referred to arbitration as per the procedure mentioned herein below:

A written notice shall be given by the contractor invoking arbitration to National Fertilizers Limited through designated Authority.

Where the claim including determination of interest, if any, being claimed upto the date of commencement of arbitration does not exceed INR Five crore, the reference shall be made to a sole arbitrator. The parties shall mutually agree on the name of sole arbitrator. In case of disagreement upon the name of the sole arbitrator, the appointment of sole arbitrator shall be done in accordance with the provisions of Arbitration & Conciliation Act, 1996.

Where the claim including determination of interest, if any, being claimed, upto the date of commencement of arbitration exceeds INR five crore, the reference shall be made to arbitral tribunal consisting of three arbitrators. Each party shall nominate one arbitrator each within 30 days from the date of receipt of notice of invocation of arbitration and two nominated arbitrator shall appoint the presiding arbitrator within 30 days thereafter. If a party to the dispute refuses or neglects to nominate an arbitrator on its behalf within the period specified, or the two arbitrators fail to nominate presiding arbitrator, appointment of arbitrator(s) shall be done in accordance with the provisions of Arbitration & Conciliation act, 1996.

The Arbitration proceedings shall be governed by the Arbitration & Conciliation act, 1996 and any further statutory modification or re-enactment thereof and the rules made thereunder.

It is agreed by and between the parties that in case a reference is made to the Arbitrator for the purpose of resolving the dispute/differences arising out of the contract by and between the parties hereto, the arbitrator shall not award interest on the awarded amount more than the rate SBI/PLR/base rate applicable to NFL on date of award of the contract.

The seat and venue of arbitration shall be at Delhi/Place of respective Unit/Place of Zonal Office.

The cost of the proceedings shall be equally borne by the parties, unless otherwise directed by the arbitral tribunal. The decision of the arbitral tribunal shall be final & binding on all parties.

Arbitration for Foreign Vendors/ Parties:

"Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("SIAC") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rules") for the time being in force, which rules are deemed to be incorporated by reference in this clause.

The seat and venue of the arbitration shall be at New Delhi, India.

The language of the arbitration shall be in English.

This contract/LOI/NIT shall be governed by and construed in accordance with the Laws of India."

Arbitration for CPSEs and Government Departments:-

"In the event of any dispute or difference relating to the interpretation and application of the provision of commercial contract(s) between Central Public Sector Enterprises (CPSEs) / Port Trusts inter se and also between CPSEs and Government Departments/ Organizations (excluding disputes relating to Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD as mentioned in DPE OM No. 5/0003/2019-FTS-10937 dated 14th December 2022 and decision of AMRCD on the said dispute will be binding on both the parties."

22.0: CANCELLATION OF PURCHASE/ CONTRACT AND RISK PURCHASE

22.1: For Risk Purchase action after issue of notice to the defaulting party a tender enquiry will be issued excluding the defaulting party for finalization of order on alternate source. Preferably the date of tender opening of the alternative tender enquiry and the expiry of risk purchase notice to the defaulting party should be about the same time. Notice should be given to the defaulting party with a view to provide it with last chance to effect supply and as such its response should be taken into account before deciding on the cancellation or alternate procurement through risk purchase.

22.2: After expiry of notice period and on finalization of the alternate purchase order/ left over quantity in the original purchase order should be cancelled at the risk and cost of defaulting party and new order should be placed.

22.3: The Risk Purchase Order should as far as possible be on the same terms and conditions as the original PO (apart from delivery time), i.e. the goods should be of the same specifications, etc.

22.4: It should be ensured that Risk PO is concluded within a reasonable time.

22.5: Approval for Risk Purchase shall be accorded by the same authority which approved the original order after due concurrence by F&A Department.

22.6: Waiver of risk purchase action against defaulting supplier for the items/services not delivered would require concurrence from F&A Department and approval from Unit Head for POs approved at Unit level. For the POs approved at CO, GM/ED/D(T)/C&MD can approve such waiver with due concurrence from F&A Department, where value of order is within their delegation of powers.

23.0: In order to promote wider participation and ease of bidding, COST of tender document (open or limited) for Procurement/Contracts (lined up through Materials Deptt.) shall NOT be charged for the tender documents downloaded/sought by the bidders through e-mail.

24.0: For CVC / Govt guidelines as and when issued / circulated by Materials Department Corporate Office, Shall become effective immediately and shall supersede relevant clause of Purchase Manual, if any.

ANNEXURE-I

NATIONAL FERTILIZERS LIMITED

………………………………..Unit

Purchase Indent

Department………………………………Indent No……………………………..

Dept. Ref. No……………………………Indent Date……………………………

Date…………………………………… Type of items : RST/ ST/ IST/ Capital

Delivery…………………………………Mode of Transport……………………

--

Required for: **----------------------**

Sr. No	Item Code	Descri-ption	Unit	Qty. Reqd.	Estimated Value	Re-order Level	Re-order Qty.	Safe-ty Stock	Pres-ent Stock	Last 12months Consum-ption	Pending P.O.&. indent

Signature Signature & Designation Concurred by Finance

(For Capital Items only)

Indenting Officer Approving Authority

ANNEXURE-II

Categories of Stores

1. Abrasives
2. Battery
3. Building Materials (Sand, stone, bricks, asphalt)
4. Building materials finished (asbestos, steel sheet etc.)
5. Casting and forgings
6. Communications (telephone, signaling, radio etc.)
7. Conductors, cables and wires
8. Container
9. Control Equipment (Elect.) Switches etc.
10. Conveyors
11. Crusher Pulverizers and Mixers
12. Door fittings
13. Drawing office material
14. Drivers
15. Earth Moving Equipment
16. Fastener (Bolts, Rivets, Screws, Washers etc.)
17. Fitters and cleaning equipment
18. Firefighting equipment
19. Foundry equipment
20. Furniture & Office equipment
21. Garage tools
22. Gaskets & Packing (gland & jointing)
23. Generators and motors
24. Glasses of all type (sheets, plates, safety etc.)
25. Hand tools including electric & pneumatic

26. Hardware Miscellaneous
27. Heavy Chemicals
28. Hoists and elevators
29. Horticulture & Agriculture Stores and equipment
30. Hose & Hose fittings
31. IC & Steam Engines
32. Instruments & Gauges
33. Insulating Materials (Heat, Sounds and Elect.)
34. Laboratory Stores & Apparatus
35. Leather Goods
36. Lighting
37. Machine Tools etc.
38. Medicines and medical equipment
39. Metals
40. Packing Material, branding pads etc.
41. Paints and Varnishes
42. Petroleum products (oil and lubricants & road dressing material)
43. Photo & Sound equipment
44. Pipes and pipe fittings
45. Plastics
46. Pumps and Compressors
47. Quarry equipment
48. Raw material, etc.
49. Refractory
50. Research
51. Road making and civil construction machinery
52. Ropes (Steel, manila, cotton and fittings & Chains)

53. Rubber Goods
54. Safety equipment
55. Sanitary
56. Stationery forms, labels, charts, books etc.
57. Steel (structural, rounds, sheets, plates, rails etc.)
58. Steel fabricated structures (tanks, vessels etc.)
59. Survey instruments and materials
60. Tents
61. Timber
62. Transformers, capacitors and reactors
63. Transportation (Machinery and Stores)
64. Uniforms
65. Valves (Water, Air, Steam and Gases etc.)
66. Ventilation (Air conditioning and Refrigeration)
67. Welding
68. Wire Netting, Expanded Metal, Screws etc.
69. Miscellaneous

NOTE: Additions and alterations may be made as per needs of the Unit.

ANNEXURE-III

National Fertilizers Limited

…………………….….Unit

Phone:

FAX:

E-Mail:

Sub: Notice Inviting Tender (Single Part Bidding)

Our NIT Ref No.………………………………. Date:

………………

M/s……………………………………

……………………………………….

……………………………………

Dear Sir,

Sealed tenders on your letter head are invited by the undersigned for the supply of items as mentioned in the attached schedule/given below:

1. Each tender should be sent in duplicate cover. Both the covers should be sealed with distinctive seal and superscribed with Tender No.____________ due on __________. The outer cover should contain Bank Draft/Bank Guarantee for earnest money wherever required and the inner cover should contain the price quotation/schedule of rates. Two or more quotations should not be sent in one cover and the quotation against each tender should be sent separately.

For tenders received in unsealed/stapled/open condition or without superscription, resulting in opening of tender before due date, the risk and responsibility of losing confidentiality shall rest with the tenderer.

2. The rates should be quoted in the Measurement Units given in the enquiry only i.e. Nos./Kgs/MT/Meters/liters/KL etc. Rates should be firm for a period of 90 days from the date of opening of the tender and should be on FOR/FOT_________(name of place of dispatch/destination) excluding insurance. The rates should be exclusive of transit insurance from your warehouse to our warehouse. The goods shall be covered under NFL's Open Marine Policy. The rates should be quoted both in figures and words.

3. Your Sales Tax/VAT Registration No. and Permanent Account No. (allotted by Income Tax Department) should be mentioned in the quotation positively.

4. The tender should reach this office on or before………..p.m. on ……… The tenders will be opened at………p.m. on the same date in the presence of such of those tenderers who

may like to be present. Quotations will be considered subject to the terms and conditions given on reverse.

5. The tenderer shall deposit a sum of INR____________ (Rupees____ ____only) by demand draft payable to Manager (F&A), National Fertilizers Limited or Bank Guarantee from a scheduled Bank operating in India except Rural and Cooperative Banks, towards Earnest Money which shall be refunded as expeditiously as possible in case the tender is not accepted. No interest is payable on such deposit. Tenders without earnest money shall be rejected.

6. Whenever the bidder is silent about the acceptance of NIT conditions such as bank guarantee, warranty period, liquidated damages etc, it shall be presumed that the bidder has accepted NIT conditions and no further correspondence seeking specific confirmation about acceptance of these conditions shall be made.

7. In case you are registered as MICRO, SMALL or MEDIUM Enterprise under 'The Micro, Small & Medium Enterprise Development Act, 2006 (MSMED Act)' promulgated by Government of India vide Notification dated 16/06/2006, please indicate the relevant category in your offer and also enclose a copy of the certificate issued by the concerned authorities.

8. In case a tenderer is not interested to quote, a regret letter giving reasons for the same must be sent to us. In case any tenderer regularly abstains from submitting quotation, we may be constrained to debar the tenderer from our vendor list.

Sr.No.	Description	Qty	Unit	Delivery Reqd.

Thanking you,

Yours faithfully

For & on behalf of

National Fertilizers Limited

Terms & Conditions of Notice Inviting Tender

1. a) the prices should be FOR/FOT………….. by Road Transport approved by bankers. In case the material constitutes wagon load, the prices should be FOR NFL siding served by …………..Railway Station.

b) The price quoted shall be exclusive of all taxes and duties as may be applicable presently or imposed by Government of India from time to time.

c) The bidder shall indicate the rates of GST applicable in their bid, for the quoted items indicating clearly the HSN code of item / SAC Code in case of service and applicable category of GST (i.e. whether IGST, CGST, SGST, UGST).

d) For dispatches effected from 01.07.2017 (date of implementation of GST), the bidder / supplier shall provide a proper invoice in the form and manner prescribed under relevant section of GST Act.

e) Bidder / Supplier shall have valid GSTIN / GST, Provisional ID and provide Invoice and all other documentation (such as E Way bill, transportation copy of invoice, etc.) in such form and manner as may be prescribed under the GST Act and Rules which are inter-alia necessary to enable NFL to claim input tax credit set off, rebate or refund in relations to payment of GST.

2. If for any reason, prices tendered are for delivery FOR forwarding station, the freight charges together with the gross weight of the material should be clearly mentioned in the quotation. In case the rates quoted are ex-go down/ex-factory, the packing and forwarding charges, if leviable, may be specifically indicated.

3. If the weight of the material permits dispatch by post parcel/courier, this may clearly be stated in the quotations.

4. Our standard terms of payment are within 30 days of receipt & acceptance of the material.

5. Complete specifications of the Stores offered together with manufacturer's name brand, etc., of each of the item must be given in the quotations and descriptive literature and samples (wherever necessary or required) should be sent along with the quotations.

6. Price and delivery quoted by you must be firm and valid for a minimum period of 90 days from the due date of opening of quotation.

7. The tenderer shall quote the price strictly as per the proforma enclosed for schedule of prices. Parties should quote one rate for specific quantity quoted by them. Tenders with quotation of different rate for different quantities shall be rejected without any further reference.

8(a). It shall be obligatory on the part of suppliers to adhere strictly to the deliveries quoted and accepted by us in our orders. In case of delay in supplies, unless extension of delivery has been granted by us on application by the suppliers, we may at our option either (i) recover liquidated damages from supplier at a sum equal to ½% per week or part thereof of the value of stores not delivered subject to a maximum of 5% of the value of the order, or (ii) purchase elsewhere on account and at the risk and cost of the suppliers the stores not delivered or(iii)cancel the contract without prejudice to our rights under (i) & (ii) above.

8(b). In case of delay in completion of the commissioning from the date of site handover to vendor (where commissioning is also part of the Purchase Order), liquidated damages @ 1 % of the contract value per week of delay or part thereof subject to a maximum of 10 % (ten percent) of commissioning value should be levied. The penalties proposed for identified lapses of omission or commission must be disclosed in the tender documents in clear monetary terms.

9. Quotations must be legible, clear and free from overwriting/erosions. You should sign on all cuttings/over writings. Incomplete quotations are liable to be summarily rejected.

10. We reserve the right to accept or reject any quotation in full or in part without assigning any reason thereof. We also reserve the right to split and place order on more than one supplier.

11. NFL will have the right to issue addendum to tender documents to clarify, amend, modify, supplement or delete any of the conditions, clauses or items stated. Addendum so issued will form part of original invitation to tender.

12. NFL reserves the right to postpone the tender opening date and/or time and will intimate all the tenderers well in time, of such postponement along with notice of revised opening date and time.

13. One person will be allowed to represent only one company during discussions/negotiations with NFL. If same person is representing different companies with authorization letter from more than one company, such person will be allowed to represent only the first company called for negotiations.

14. Bidders may ensure that tender documents/offer has been signed by appropriate/authorized representative of the Company. Withdrawal of offer/non acceptance of orders placed based on offers submitted by bidder's on their letter head; will not be allowed on the grounds that offer was not signed by authorized person.

15. The prospective tenderers having any common partners/Directors/ Managing partners, etc. or having any other common criteria shall be considered as Sister/Group/Associates company. In such cases, only one of them will be eligible for participating in the tender.

16. In case, due to some unforeseen circumstances, the date of receiving/opening of the tender happens to be a holiday/closed day, the tender will be received and opened on the next working day.

17. If a tenderer resorts to any frivolous, malicious or baseless complaints / allegations with an intent to hamper or delay the tendering process or resorts to canvassing/ rigging/ influencing the tendering process, NFL reserves the right to debar such tenderer from participation in the present / future tenders up to a period of 2 years.

18. It shall be certified by the tenderer that none of the NFL employee is related to owners/directors. (In case any relative is working in NFL, furnish details separately).It shall also be certified by the tenderer that none of NFL's ex-employee is employed with them. (In case any ex-employee of NFL is employed, furnish details separately).It shall be certified by the tenderer that none of blood relation of the owners/directors is participating in this tender in the name of other firm.

19. Subsequent to an order being placed against your quotation, received in response to this 'enquiry', if it is found that the materials supplied are not of the right quality or not in accordance with our specifications (required by us) or received in damaged or broken conditions, not satisfactory owing to any reason of which we shall be the sole judge, we shall be entitled to reject the materials, cancel the contract and buy our requirement from the open market/other sources and recover the loss, if any, from the supplier reserving to ourselves the right to forfeit the security deposit, furnished by the supplier against the contract. The supplier will make his own arrangements to remove the rejected materials within a fortnight of instruction to do so. Thereafter, materials will lie entirely at the supplier's risk and responsibility and storage charges, along with any other charges applicable, will be recoverable from the supplier.

20. FORCE MAJEURE:

Neither party will be liable for any claim on account of any loss, damage or compensation, whatsoever, arising out of any failure to carry out the terms of this contract, where such failure is caused due to war, rebellion, mutiny, civil commotion, fire, riots, earthquake, drought, flood crop failure, or Act of God or due to any restraint or regulation of the State or Central Government or a local authority/authorities, provided a notice of such occurrence is given to the other party in writing within 10 days from the date of occurrence of the force majeure condition, furnishing therewith a documentary evidence supporting the invoking of the force majeure clause. On cessation of the force majeure, the party invoking force majeure will inform the other party of the period for which the force majeure condition continued and will also give documentary evidence there of this effect

21. In all cases of disputes, the decision of National Fertilizers Limited shall be final. Failing this, the matter will be referred to the Arbitration in accordance with the Indian Arbitration Act and amendments thereof.

22. Arbitration:

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be resolved amicably through negotiations by the parties. A "Notice of dispute" shall be given by the party seeking resolution of a dispute to other party. If the dispute is not resolved within thirty (30) days from the notice, the dispute shall be referred to arbitration as per the procedure mentioned herein below:

A written notice shall be given by the contractor invoking arbitration to National Fertilizers Limited through designated Authority.

Where the claim including determination of interest, if any, being claimed upto the date of commencement of arbitration does not exceed INR Five crore, the reference shall be made to a sole arbitrator. The parties shall mutually agree on the name of sole arbitrator. In case of disagreement upon the name of the sole arbitrator, the appointment of sole arbitrator shall be done in accordance with the provisions of Arbitration & Conciliation Act, 1996.

Where the claim including determination of interest, if any, being claimed, upto the date of commencement of arbitration exceeds INR five crore, the reference shall be made to arbitral tribunal consisting of three arbitrators. Each party shall nominate one arbitrator each within 30 days from the date of receipt of notice of invocation of arbitration and two nominated arbitrator shall appoint the presiding arbitrator within 30 days thereafter. If a party to the dispute refuses or neglects to nominate an arbitrator on its behalf within the period specified, or the two arbitrators fail to nominate presiding arbitrator, appointment of arbitrator(s) shall be done in accordance with the provisions of Arbitration & Conciliation act, 1996.

The Arbitration proceedings shall be governed by the Arbitration & Conciliation act, 1996 and any further statutory modification or re-enactment thereof and the rules made thereunder.

It is agreed by and between the parties that in case a reference is made to the Arbitrator for the purpose of resolving the dispute/differences arising out of the contract by and between the parties hereto, the arbitrator shall not award interest on the awarded amount more than the rate SBI/PLR/base rate applicable to NFL on date of award of the contract.

The seat and venue of arbitration shall be at Delhi/Place of respective Unit/Place of Zonal Office.

The cost of the proceedings shall be equally borne by the parties, unless otherwise directed by the arbitral tribunal. The decision of the arbitral tribunal shall be final & binding on all parties.

The following clause shall continue to be incorporated in all the contracts irrespective of contract value:

It is agreed by and between the parties that in case a reference is made to the Arbitrator or the Arbitral Tribunal for the purpose of resolving the disputes / differences arising out of the contract by and between the parties hereto, the Arbitrator or the Arbitral Tribunal shall not award interest on the awarded amount more than the rate of SBI MCLR / Base rate applicable to NFL on the date of award of contract.

Arbitration for Foreign Vendors/ Parties:

"Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("SIAC") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rules") for the time being in force, which rules are deemed to be incorporated by reference in this clause.

The seat and venue of the arbitration shall be at New Delhi, India.

The language of the arbitration shall be in English.

This contract/LOI/NIT shall be governed by and construed in accordance with the Laws of India."

Arbitration for CPSEs and Government Departments:-

"In the event of any dispute or difference relating to the interpretation and application of the provision of commercial contract(s) between Central Public Sector Enterprises (CPSEs) / Port Trusts inter se and also between CPSEs and Government Departments/ Organizations (excluding disputes relating to Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD as mentioned in DPE OM No. 5/0003/2019-FTS-10937 dated 14th December 2022 and decision of AMRCD on the said dispute will be binding on both the parties."
The Parties to the disputes will share the cost arbitration as intimated by the Arbitrator".

23. JURISDICTION:

All actions at law or suits arising out of or in connection with this contract or the subject matter thereof will be instituted in __________court in ______________district in the State of____________________.

ANNEXURE-IV

BANK GUARANTEE FOR SECURITY DEPOSIT FORMAT

(To be prepared on Stamp paper issued in the name of Bank)

This BANK GUARANTEE No. ______________________________ made this day of ____________________________between____________________________________ ___________________ a bank incorporated and having its registered office at _______________________________ (hereinafter called BANK) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns on the one part and NATIONAL FERTILIZERS LIMITED, a Company registered in India under Companies Act, 1956 and having its registered office at Core - III, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi - 110 003, India to the context or contrary to the meaning thereof include its successors and assigns on the other part.

WHEREAS in pursuance to the agreement dated _____________________(hereinafter called CONTRACT) entered into between National Fertilizers Limited (hereinafter called OWNER and ____ a Company incorporated in ________________________ (hereinafter called CONTRACTOR) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns, for supply of ____ ___________________________ as envisaged in the Contract, Contractor has to submit a SECURITY DEPOSIT for INR__________.

CONTRACTOR accordingly agrees to furnish the Bank Guarantee for Security Deposit as hereinafter contained towards fulfillment of all of its obligations under the contract.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. In pursuance of the Contract, the Bank hereby guarantees as a direct responsibility to OWNER that the BANK is holding the amount of INR____at Owner's disposal and hereby promises and shall be bound to pay to OWNER, forthwith at Owner's written notice stating that the contractor has failed to fulfill its obligations under the contract for reasons for which contractor is liable and without any protest or demur and without recourse to contractor and without asking for any reasons as to whether the amount if lawfully asked for by Owner or not, the entire amount or the portion thereof as mentioned by Owner in the notice.

The decision of the Owner as to whether the terms and conditions of this BANK GUARANTEE FOR SECURITY DEPOSIT have been observed or not shall be final and binding on the BANK. In any case, however the Bank's responsibility under this BANK GUARANTEE FOR SECURITY DEPOSIT is limited to INR ____

2. This BANK GUARANTEE FOR SECURITY DEPOSIT shall be valid for an initial period of ________________________ months from the date of this Bank Guarantee No. ____________________ dated _______________ given by the Bank to Owner become

effective. Upon issuance of Commissioning / Erection / Completion certificate according to terms of contract on expiry of _________________ months after the issuance of the above mentioned certificate of commissioning / erection / completion certificate, the BANK GUARANTEE FOR SECURITY DEPOSIT shall become null and void.

3. This BANK GUARANTEE FOR SECURITY DEPOSIT shall be in addition to and shall not affect or be affected by any other security now or hereafter held by Owner on account of money hereby intended to secure and Owner at its discretion and without any further consent from the Bank, and without affecting its rights against the Bank, may compound with, give time or other indulgence to or make any other arrangement with Contractor and nothing done or omitted to be done by Owner in pursuance of any authority or permission contained in this guarantee shall effect discharge of the liability of the Bank.

4. UNLESS PREVIOUSLY CANCELLED BY THE OWNER, this Bank Guarantee for Security Deposit will remain in force initially up to __________________ months from the effective date of Bank Guarantee No. ________________ dated _____________ given by the Bank to the Owner and subject to provisions of paragraph 2 above will stand automatically cancelled on the expiry of the said period. Unless demand or claim under this Bank Guarantee is made on Bank in writing within three months from the date of expiry of this Bank Guarantee, all the rights of Owner against the Bank shall be forfeited and Bank shall be relieved and discharged from all the liabilities hereunder.

5. Any notice by way of request, demand or otherwise hereunder may be sent by post to the Bank, addressed as aforesaid, and if sent by post, it shall be deemed to have been given at the time when it would be delivered in due course of post, and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate, signed by an officer of the owners, to the effect that the envelope was so posted, shall be conclusive.

6. The BANK GUARANTEE FOR SECURITY DEPOSIT is to be returned to the Bank after its expiry in terms of Paragraph 4 above.

7. The Bank declares that it has the power to issue this guarantee and the undersigned have full power to do so.

Dated _______________ this __________________ day of _____________.

(Indicate the name of the Bank with stamp)

Annexure-V

NATIONAL FERTILIZERS LIMITED

(A Government of India Undertaking)

(An ISO –9002 & ISO – 14001Unit)

------------------- Unit

INDIA

Our CST no.:--------------- **Materials Department:**

Our TIN NO.:---------------------------- Fax# (91) ----------------------------

ST NO.:---------------------------------- Tel# (91) ------------------------------

ECC NO.:----------------------------------- E-mail: --------------------------------

Website: www.nationalfertilizers.com

By Speed Post/ Registered Post

PURCHASE ORDER

PO NO: **-------------------------------**

Dated: **----------------------------------**

M/S. --

SUB: **Purchase Order for --**

REF: ►Our Enquiry No. --------------------------------- Dated ----------------------------

►Your Offer No. ------------------------- dated -------------------------------

►Our/your e-mail message No. --------------------------------- dated --------------

►Our/your fax message No. ------------------------------------- dated -----------------

Dear Sir,

With reference to your above quotation and subsequent correspondence, we are pleased to place with you Order for the supply of -- as per details of specification, quantity, rates and terms and conditions given below and overleaf:

01. **Scope of Supply**

	Description	Unit	Quantity	Unit Rate	Amount (INR)
				TOTAL INR	

(Rupees ---

-------- only)

02. **Price Basis:** F.O.R. --

03. **Excise Duty:** --

04. **Packing & Forwarding Charges: ---**

05. **Sales Tax/VAT:** --

06. **Payment Terms:** --

07. **Mode of Dispatch:** ---

08. **Insurance:** -----------------------

09. **Bank Charges:** ----------------------------

10. **Delivery:** -------------------------------

Note: Terms and conditions specifically mentioned above shall prevail upon those printed overleaf.

For and on behalf of

NATIONAL FERTILIZERS LIMITED

CHIEF MANAGER-MATERIALS

<u>ACKNOWLEDGEMENT</u>

RECEIVED FOR EXECUTION

Signature:

Name & Designation

(SEAL)

General Terms & Conditions of Purchase Order and instructions to Suppliers

This order is subject to conditions given in the Notice Inviting Tender, and also the following:

1. **PACKING**: While dispatching Stores ordered, it will be the responsibility of the supplier to sufficiently and properly pack the consignment so as to enable its delivery at destination free from loss, damage or pilferage. Each packing must contain a list of Stores packed therein.

2. **MARKING** Each packing/bundle must be prominently marked with Order No. and packing No.

3. **CONSIGNEE**: All goods shall be consigned to Manager (Materials) Stores, National Fertilizers Limited…………Any expenditure and or demurrage incurred in respect or wrong consignment of goods by rail/road, as the case may be, shall be recovered from the supplier.

4. **DISPATCH DOCUMENTS:** An advice note quoting the Order No. shall accompany each consignment. A duplicate advice note along with Railway or Motor receipt must sent to the consignee by Speed Post/Regd. Post acknowledgement due, sufficiently in advance, so that the same reaches the consignee before the arrival of Stores at destination. Any demurrage incurred on account of late or non-receipt of dispatch documents will be recovered from supplier. All RRs/GRs must be in the name of National Fertilizers Limited and only where specifically agreed the same can be consigned to self.

5. **INVOICE**: In case where documents are not routed through Bank, original copy of invoice may be directly sent to Chief Manager (F&A), National Fertilizers Limited, ………. immediately after dispatch with copies to Purchase and Stores Department. All invoices must bear the Purchase Order No. with date and should also indicate the dispatch particulars. It may be noted that the documents will be retired only if the dispatches are made as per mode indicated in the Purchase Order. Where payment is made by installments, separate invoices are required by each instalment on each consignment.

6. **INSURANCE**: The insurance will be arranged by National Fertilizers Limited unless it has been specifically stated in the Purchase Order that the same shall be arranged by the Supplier.

7. **REJECTION:** If the goods dispatched against the Purchase Order are found to be not of correct quality or not according to specifications required as per the Purchase Order or received in damaged or broken conditions or otherwise not satisfactory owning to any reason and of which the Company (National Fertilizers Limited) shall be the sole judge, the Company will entitled to reject the materials, cancel the contract and buy its requirements in the open market against the Purchase Order and recover the loss, if any from the supplier, reserving to itself the right to forfeit the deposit, if any placed by supplier for the due fulfilment of the contract. The supplier will make arrangement to remove the rejected material at his risk and responsibility.

8. **TEST CERTIFICATE:** All certificates called for under the conditions of the order must be sent by Registered Post/Speed Post/Reputed Couriers.

9. National Fertilizers Limited will not allow any upward revision or prices during the period of contract unless specifically stated in the Purchase Order.

10. **(a) DELIVERY PERIOD**: Time shall be deemed to be the essence of contract. In case of delay in supplies, unless extension of delivery has been granted by NFL on application by the suppliers; NFL may at their option either (i) recover from supplier as liquidated damages a sum equal to half per cent per week or part thereof of the value of stores not delivered, subject to a maximum of 5% of the value of the order, or (ii) purchase elsewhere on account and at the risk and cost of the supplier the stores not delivered, or (iii) cancel the order without prejudice to the rights of NFL under (i) and (ii) above.

    (b) In case of delay in completion of the commissioning from the date of site handover to vendor (where commissioning is also part of the Purchase Order), liquidated damages @ 1 % of the contract value per week of delay or part thereof subject to a maximum of 10 % (ten percent) of commissioning value should be levied. The penalties proposed for identified lapses of omission or commission must be disclosed in the tender documents in clear monetary terms.

11. **FORCE MAJOURE:** The delivery period indicated in the Purchase Order should be strictly adhered to and normally no extension in delivery would be granted. However, if any time during the currency of the contract the performance in whole or in part by either party of any obligation under the contract shall be prevented or delayed by way of any war, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosion, epidemics, strikes, lock outs or acts of Gods, provided notice of any such happening is given by either party to the other within 21 days from the date occurrence thereof neither party shall, by reason of such event, be entitled to terminates contract nor shall either party have any claim for damage against the other in respect of such non-performance or delay in performance and deliveries under the contract shall be resumed as soon as practicable after the event has come to an end, ceased to exist, provided that if performance in whole or part of the contract is prevented or delayed for a period exceeding 60 days either party may at its option, terminate the contract.

12. **SUB-LETTING:** Sub-letting of contract or part thereof is not permissible without the consent of NFL.

13. All consignments forming full wagon loads should be booked to National Fertilizers Limited siding ……..The consignment in small may be booked to…………..in case of road transporters. The goods shall be booked through those transport companies who have their regional office at………Booking through commission agents shall be avoided.

14. **BANK CHARGES:** Bank charges shall be to the supplier's account unless specifically mentioned to the contrary or otherwise in the Purchase Order.

15. **ARBITRATION:**

Any dispute or difference whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be resolved amicably through negotiations by the parties. A "Notice of dispute" shall be given by the party seeking resolution of a dispute to other party. If the dispute is not resolved within thirty (30) days from the notice, the dispute shall be referred to arbitration as per the procedure mentioned herein below:

A written notice shall be given by the contractor invoking arbitration to National Fertilizers Limited through designated Authority.

Where the claim including determination of interest, if any, being claimed upto the date of commencement of arbitration does not exceed INR Five crore, the reference shall be made to a sole arbitrator. The parties shall mutually agree on the name of sole arbitrator. In case of disagreement upon the name of the sole arbitrator, the appointment of sole arbitrator shall be done in accordance with the provisions of Arbitration & Conciliation Act, 1996.

Where the claim including determination of interest, if any, being claimed, upto the date of commencement of arbitration exceeds INR five crore, the reference shall be made to arbitral tribunal consisting of three arbitrators. Each party shall nominate one arbitrator each within 30 days from the date of receipt of notice of invocation of arbitration and two nominated arbitrator shall appoint the presiding arbitrator within 30 days thereafter. If a party to the dispute refuses or neglects to nominate an arbitrator on its behalf within the period specified, or the two arbitrators fail to nominate presiding arbitrator, appointment of arbitrator(s) shall be done in accordance with the provisions of Arbitration & Conciliation act, 1996.

The Arbitration proceedings shall be governed by the Arbitration & Conciliation act, 1996 and any further statutory modification or re-enactment thereof and the rules made thereunder.

It is agreed by and between the parties that in case a reference is made to the Arbitrator for the purpose of resolving the dispute/differences arising out of the contract by and between the parties hereto, the arbitrator shall not award interest on the awarded amount more than the rate SBI/PLR/base rate applicable to NFL on date of award of the contract.

The seat and venue of arbitration shall be at Delhi/Place of respective Unit/Place of Zonal Office.

The cost of the proceedings shall be equally borne by the parties, unless otherwise directed by the arbitral tribunal. The decision of the arbitral tribunal shall be final & binding on all parties.

The following clause shall continue to be incorporated in all the contracts irrespective of contract value:

It is agreed by and between the parties that in case a reference is made to the Arbitrator or the Arbitral Tribunal for the purpose of resolving the disputes / differences arising out of the contract by and between the parties hereto, the Arbitrator or the Arbitral Tribunal shall not award interest on the awarded amount more than the rate of SBI MCLR / Base rate applicable to NFL on the date of award of contract.

Arbitration for Foreign Vendors/ Parties:

"Any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("SIAC") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre ("SIAC Rules") for the time being in force, which rules are deemed to be incorporated by reference in this clause.

The seat and venue of the arbitration shall be at New Delhi, India.

The language of the arbitration shall be in English.

This contract/LOI/NIT shall be governed by and construed in accordance with the Laws of India."

Arbitration for CPSEs and Government Departments:-

"In the event of any dispute or difference relating to the interpretation and application of the provision of commercial contract(s) between Central Public Sector Enterprises (CPSEs) / Port Trusts inter se and also between CPSEs and Government Departments/ Organizations (excluding disputes relating to Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through AMRCD as mentioned in DPE OM No. 5/0003/2019-FTS-10937 dated 14th December 2022 and decision of AMRCD on the said dispute will be binding on both the parties."
The Parties to the disputes will share the cost arbitration as intimated by the Arbitrator".

16. The contract shall deem to have been entered at……..and all suits in respect of this contract shall be in the court of ……

ANNEXURE-VI

National Fertilizers Limited

………………………Unit)

CST No. …………………….. Phone:

ST No. ………………………. e-mail:

TIN NO. …………………….. Fax:

Purchase Order Amendment

Ref. No……………………… Date…………………..

M/s. ……………………………..

………………………………

Sub: P.O. No. ……………………………..

Ref. Your letter No. ………………………..

Dear Sir,

The following amendment(s) to the above purchase order is/are hereby authorized:

All other terms and conditions of the Purchase Order remain unaltered.

Yours faithfully,

For & on behalf of

National Fertilizers Limited

C.C. 1. Indenter

2. F & A - This issues with the concurrence of Finance Deptt.

3. Store Section

ANNEXURE-VII

National Fertilizers Limited

………………………Unit)

Local Purchase cum Receipt Voucher

L.P.V. No…………………………….. Date……………

Purchase against Indent………………. Date……………

Head of A/c…………………………… Division ………

Inspected by…………………………..

Emergency/Routing…………

S.No.	Description	Unit	Quantity Ordered	Quantity Received	Rate INR	Amount INR	Remarks

Supplier……………………….   Cash Memo/Bill no……………Dated…..….

1. Please supply the above material/FOR…………………………….
2. Above materials have been collected from supplier
3. Payment has been made vide cash memo No………Dated…………………
4. Payment is to be made
5. Above items have been purchased on petty purchase basis.
6. The rates charged above are reasonable.

(Strike out whichever is not applicable)

(Material Officer)

Received by			Taken in stock		Checked Adjusted by Accounts
Purchase	Stores	Indenter	Ledger Folio No.	Signature of Indenter/ Stores	

ANNEXURE-VIII

National Fertilizers Limited

……………………… .Unit)

Stores Receipt Voucher

Supplier: M/s. ………………… SRV No. ……………….

Date…………

……………………………………

Indentor……………………………………..

P.O.No. …………………………… Date…………….

Indigenous/Imported

Challan No. ……………………… Date……………MIR

No. ………….Date…………

Bill/Cash Memo No. …………… Date……………OSRD………..

Date……....

Mode of Transport …………… Truck/Wagon No. ------------------------

Name of Transporter……….. GR/RR No. …………………

Date………..

GR/RR Weight …………….. Actual Weight………………. No. of cases.

Unloaded By…………………… Handling Challan No…………….

Date………

Freight payable/prepaid………… Rly. Credit NoteNo…………………………

Sr. No.	Desc ription	Item Code	Unit	Cha llan Qty.	Qty. Accepted	Rate	Value	Frei-Ght	Octroi	Handling Insur-ance	Total

Manager (Materials)

ANNEXURE – IX

Proforma for Indemnity Bond

THIS DEED OF INDEMNITY made between M/s ………….. …………..………………………having its registered office at ……………………and place of business at……………………… The Contractor, which expression shall include its successor and assigns of the one part and M/s National Fertilizers Limited, a company incorporated under the Indian Companies Act and having its registered Office at SCOPE Complex, Core-III, Institutional Area, Lodhi Road, New Delhi (hereinunder called 'the purchaser') which expression shall include its successors and assigns of the other part.

WHEREAS the Purchaser has placed a Purchase Order No. ……………………………….on the Contractor for …….. …………….and whereas one of the conditions of the said Contract, is that the Purchaser will supply to the contractor free issue Material for………………………………. As specified in the said Contract for the purpose of ………………………..… …………………..and WHEREAS the Purchaser has agreed to send the said Free issue Material in the terms of the said Contract upon the terms that the Contractor should enter into covenants hereinafter contained.

NOW THIS DEED WITNESSETH AS FOLLOWS:

1. In pursuance of the said agreement and in consideration of the promises the Contractor hereby permits and acknowledges that the Contractor holds and shall always hold the said Free Issue Materials (which will from time to time be sent by the Purchaser to the Contractor) under the said contract, in trust for to the order of and on account of the Purchaser.

2. The Contractor hereby assume full responsibilities for the said Free Issue Materials shall keep the said Free Issue Materials free of charge to the Purchaser in the safe place and in good condition.

3. The Contractor hereby agrees to indemnify and keep the Purchaser indemnified at all times hereafter against all claims, demands, proceedings, losses, damages, costs charges and expenses which may be or brought against the purchaser of which the Purchaser may suffer or incur by reason of any loss or damage to the Contractor or its employees caused by the default or negligence of the Contractor or its employees or agent and/or by reasons of breach by the Contractor or its covenants obtained in clause 1 and/or clause 2 hereof.

4. The Contractor hereby admits that the Purchaser shall have a first lien or charge for any amount due to the Purchaser from the Contractor hereunder on any amount which may be due from the Purchaser to the Contractor under the said contract.

5. The said contract shall constitute and form an integral part of these presents provided that nothing herein contained shall effect the right of the Purchaser under the said contract.

6. NOTWITHSTANDING anything stated herein above, Contractor’s liabilities under this Guarantee are restricted to INR……………… (Rupees……………………………. only) and it will remain in force till…………………unless an action to enforce claim under the guarantee is filed against Contractor before the aforesaid date all Purchaser’s rights under the said guarantee shall be forfeited and Contractor shall be relieved and discharged from all the liabilities there under.

Date……………………………

ANNEXURE-X

PROFORMA FOR BANK GUARANTEE AGAINST ADVANCE PAYMENT

(On Stamp Paper issued in the Name of the Bank)

Guarantee No............................

Dated...............…

In consideration of the National Fertilizers Limited, a Company incorporated under the Indian Companies Act and having its registered office at SCOPE Complex, Core-III, Institutional Area, Lodhi Road, New Delhi 110 003 (hereinafter called "NFL") having agreed to advance a sum of INR……………. (Rupees…………………………… only) to M/s………………………………….. (Hereinafter called "SUPPLIER") as ………..% advance against supplies against Purchase Order No………………….. dated……………. for INR………. (Rupees……………… only). We, ……………………….(Bank), having its registered office at ………………….. (Hereinafter referred to as the "BANK") do hereby undertake to pay immediately on demand by NFL an amount not exceeding INR………………….. (Rupees…………………. only) [i.e. INR…………..as Principal Amount and INR………………………. as Interest for …………Months]. NFL can demand, against this Bank Guarantee, only an amount equivalent to an amount not adjusted by NFL against the supplies by the Supplier as per the Purchase Order.

2. Bank do hereby undertake to pay the amounts due and payable under this guarantee without any protest or demur immediately on a demand by NFL. Any such demand made on the Bank shall be conclusive as regards the amount due and payable and the Bank will make the payment immediately without referring to Supplier.

3. The Bank further agrees that the guarantee herein contained shall remain or shall be released to the Supplier when the deliveries are completed or advance made towards supplies are fully adjusted bill of deliveries with earlier certification by NFL.

4. We………………….. (Bank) further agree with the NFL that NFL shall have the fullest liberty without the Bank's consent and without effecting in any manner or obligations hereunder to vary any of the terms and conditions of the Purchase Order or to extend time of performance by the Supplier from time to time or to postpone for any time or from time to time any of the powers exercisable by NFL against the Supplier and to forebear or enforce any of the terms and conditions relating to the No…………….. Dated………. and the Bank shall not be relieved from its liability by reasons of any such variation or extension being granted to the Supplier or for any forbearance, act or omission on the part of NFL or any indulgence by the NFL to the Supplier or by any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving Bank.

5. We……………. (Bank) further agree that it shall not revoke this guarantee during its currency of Guarantee except with the previous consent of NFL in writing.

6. This guarantee will not be discharged due to the change in constitution of the Bank or the Contractor(s)/Supplier(s). Also the guarantee will not be discharged due to change in the constitution or Management of NFL.

7. We……………. (Bank) agree to extend the validity of the guarantee for the period(s) as asked for by M/s ………………………….

8. Notwithstanding anything contained herein before, our total liability under this guarantee is restricted to INR………………… (Rupees……………………………. only) and shall remain in force until………………….. unless a demand or claim to enforce a claim under this guarantee is made against us in writing on or before the date i.e……………….. all rights of NFL, under this guarantee shall be forfeited and the Bank shall be released and discharged from all liabilities hereunder.

Dated:……………………   Bank……………………………

(Corporate Seal of Bank)

ANNEXURE-XI

POLICY GUIDELINES FOR e-PROCUREMENT

1.0	INTRODUCTION: E-Procurement is very important to achieve e-governance and for applicability of uniform procurement process to all units. It has ability to reduce procurement cost by reduction in lead time, reduction in transaction cost and cycle times etc. E-procurement also helps in building collaborative relationship with suppliers, E-procurement enables greater transparency, it also enables best practices and increase vendor base. E-procurement also reduces the possibility of cartel formation and generates reasonable competition. It also achieves savings in administrative and process cost. E-procurement enhances the security and it is also a step towards ERP systems for the organization.
2.0	CONCEPT AND SCOPE: E-procurement is purchase and sale of supplies and services and management of procurement process over internet. E-procurement application allows qualified and registered users to look for buyers or sellers for goods & services. E-procurement can be divided in two parts i.e. e-tendering and reverse auctioning. While e-tendering is an exact replication of the existing tendering process, the reverse auctioning is an on line auction wherein the participating bidders are required to reduce their prices during the allotted time period.
3.0	POLICY: NFL has operating units at Nangal(Pb), Bhatinda(Pb), Panipat (Haryana) & Vijaipur (MP) & uniform system is envisaged which shall be efficient, economic and transparent. The e-procurement shall be applicable to all the NFL units and Corporate Office at Noida. Procurement process shall gradually be taken electronically so that we achieve all possible procurement through electronic media. The present policy is for adoption of procurement process through electronic media, therefore the existing DOP shall remain same.

4.0	**IMPLEMENTATION STRATEGY** a) All procurements valuing INR 2 lakhs & above including b) proprietary, import of equipment/spares & non-specified items shall be processed through e-tendering. c) In case of two part bid system, the Technical clarifications shall be asked manually after electronic opening of techno-commercial bids and price-bids may be opened electronically after completing all the formalities for Techno-commercially acceptable bidders. d) In those cases where drawings have to be provided to vendors, the same shall be sent to all vendors separately through Speed-post/ Couriers after issuance of Tender electronically. e) Procurements under long term agreements/ contracts with M/s. IOC for HSD/ Lubricants/LPG etc. and Structural STEEL from M/s. SAIL be excluded and continue to be done manually.
4.1 a	**Targets:** All the indents having estimated value INR 2.0 lakhs and above shall be processed through e-tendering. E-Tendering will be resorted to in cases where the (1) value of procurement is INR 2 lakhs and above (2) Where valid pre-qualified/ Registered list of vendors is available (3) where the specifications are general & standardized (off the shelf items). Reverse Auction is, however, not compulsory for all e-tendering cases. Reverse Auction may be conducted for high value cases where no. of technically acceptable bids are likely to be three or more. Conduction of Reverse Auction is to be decided at the time of tendering i.e. before issue of NIT and decision for inclusion of Reverse Auction in NIT has to be taken at this stage on the merits of the case.
	4.1 b). For all Proprietary / OEM purchases, prior consent of vendors shall be taken about their willingness to participate in e-tendering. For this purpose, all known vendors shall be asked to send their confirmation as per the draft format. Enquiry shall be issued thereafter through e-tendering to them. 4.1 c). In case vendors are unwilling to participate through e-tendering, waiver of e-tendering may be granted with due justification for same, with approval of Unit Head for Proprietary/OEM purchases Other cases shall however require the approval of C&MD as per present practice.

4.2	**Selection of items:** Selection of e-procurement items necessarily should take care of capability of vendors to respond to electronic procurement process, generation of adequate competition and appropriate package value that would justify the service charges payable.
4.3	TRAINING will be imparted to vendors /officials wherever required at Units/C.O.
4.4	SECURITY CONCERNS In order to assure confidentiality, security and authenticity and non-repudiation, following techniques shall be used. Security will not be restricted to these but if felt appropriate, at any time, additional features shall be applied. • Digital Signature • SSL/passwords • Tender preparation and release…. Work flow based • Bid preparation – data resides on server Only bidder is able to view • Bid submission – with HASH and encryption • Bid opening – can be viewed only upon Un – encryption.
4.5	PROCESS The process of e-procurement shall be taken up by Materials department after receipt of a requisition / indent from the User department. The indent duly approved by the competent authority as per DOP, is a pre-requisite to initiate e-procurement action. The indent complete in all respect along with all required information, documents, specifications, quality plan shall be forwarded by indentor to Materials department.
The proposed e-procurement process is as per Annexure A & B.	
4.6	• Annexure A…Defining work flow • Annexure B…Defining tendering procedures • Appointment of Service provider …to be taken up at Corporate Materials Deptt.

4.7	The main steps involved are: • Mode of tendering • Defining tender documents • Obtaining digital certificate for authorized NFL officers. • Generation of passwords. • Hosting of tender documents. • Release and Uploading of document • Defining tender schedule • Allowing download of tender document • Clarification on tender document on line • On line pre-bid clarification / Amendments • Preparation of bids on line • Submission of bids on line • Up-loading of bids • Submission of EMD – off-line (on line payment possible where e-payment facility is available) • Opening of bids – on line (upon Applying individual digital certificate & Passwords by Designated Members of Tender Opening Committee) • Opening of envelope – 1…EMD – 2…Technical details & data sheets and • On line evaluation of technical bids • On line technical clarifications • Arriving at technical loading off-line • Incorporation of loading logic • Off line Mtls. Deptt.'s recommendation for opening of price bids • Opening of envelope – 3…price bid • On line generation of comparative statement • On line reverse auction (To be conducted on merits of the case)

4.8	• Final recommendations and award • Release of purchase orders • Retention of documents
4.9	**Retention of Documents:** Case file should necessarily contain following documents. • Purchase indent along with administrative approval • Approved note sheet for resorting to e-tendering • Approved note sheet for nomination of Tender Committee • Tender Documents • Tender release schedule • System generated technical data comparative statements • Approved note sheet for technical evaluation /short listing of vendors / price Bid Opening • System generated price Bid comparative statements • Down loaded copy of item rate details as per BPS. • Original copy of item rate details as per BPS from L-I bidder.
5.0	Delegation of Power: The delegation of powers, Policies and guidelines issued from time to time and relevant for procurement cases will be applicable for e-procurement also

ANNEXURE-A

e-Procurement process – workflow

Registration of Indent

Check for value

Proposal for Floating
On LINE tender through
e-procurement Portal

TC Nomination
Indentor & Finance

Release Tender through
e-procurement Portal

OFF LINE
EMD submission

Online Bid Submission

ONLINE Technical Bid Opening

Technical Evaluation using online
Technical Bid Comparator

Ter

TC Meeting, note proposal for technical
approval Off-line short-listing of parties for
price BID opening

Auto opening of Price Bid & auto Generation
Of CS reports. On-line Price Biding(1) (Dynamic)
Reverse Auction (wherever applicable)

Control/Registration of
Purchase Order
Release of PO to supplier

To release EMD for Unsuccessful bidders

Security Deposit from Successful bidders

ANNEXURE-B

E-procurement workflow chart for a tender ……

S.No.	Steps	Proposed / suggested action
1.	Defining work flow	Copy of work flow … Anneuxure – I To be configured by the SERVICE PROVIDER and to be followed uniformly by the purchase groups while following electronic tendering e-procurement.
2.	Appointment of Service provider	Service provider by Corporate Materials Deptt.
3.	e-tendering as a EVENT	Is broadly defined in following segments a. e-procurement pre-requisites …includes setting of software and buyer cum supplier Training b. Pre-event …items identifications, specifications,etc. c. Event ...on-line tendering including Auctions & reports. d. Post-event ..post auction Item rate and the Archive reports.
4.00	Features of the process	
4.1	**Hoisting of Tender Documents**	
	Hoisting of Tender Documents by Materials Deptt. Officials, using digital Certificate	On line
	Allowing Downloads to Bidders, By providing passwords	On line

	Submission of EMD	Off line
	Verifying of EMD Details	Off line
	Submission of BIDs	<u>On line</u>
4.2	**<u>Tender Opening</u>**	
	Opening of Technical Bids	<u>On line</u>
	Bid opening by Material Deptt. Official, Using Digital Certificates & Pass words.	<u>Online</u>
	Technical clarification	<u>Online</u>
	Evaluation of tech. Bids.	On line/ off line
	Final TER & Arriving at Technical Loading.	<u>Off line</u>
	Approval for short listing of bidders of Technical acceptable Bids for price bid opening & technical Loading.	<u>Off line</u>
4.3	Opening for price Bids ..<u>Incorporation of Loading Logic</u>	<u>Online</u>
	<u>Opening of Price Bids Using Digital Certificates & pass Words.</u>	<u>Online</u>

4.4	<u>Conducting Reverse Auction (wherever applicable)</u>	<u>Online</u>

Explanatory Notes to the process		
1.0	Defining tendering procedures	Procedures shall be similar at all the plants, process designed by C.O based on various experiences gathered from pilot e-procurement project carried out at Corporate Office and various plants.
2.0	Mode of tendering	Limited Tender
4.0	Defining tender Documents.	The broadly following sections should be part of a tender documents as required on case to case basis:- 1. Bill of Materials 2. Instructions to bidders. 3. General purchase conditions 4. Proforma of Bank guarantee towards EMD 5. Reverse Auction Rules. 6. Technical Data Compliance Sheets. 7. Bid Price Schedule 8. Statement of deviation.
5.0	Apply & issue of Digital certificates	Apply and Receive the digital Certificate from the certifying authorities for the designated` Committee members. Service Provider may also render assistance through sub-CA.

6.0	Generating of pass Words.	Generated by SERVICE PROVIDER and refixed by the digital certificate holders.
7.0	Defining of Server Timing of clock	The server time of e-procurement portal / site shall be ensured before release of tender document.
8.0	Hosting of tender Documents	Tender documents to be electronically released for hosting at the e-procurement portal.
	Release and Unloading of documents	The tender documents defined above shall be released and uploaded on e-procurement portal (in association with Service Provider) by the Materials Deptt. Representative under their Digital Certificate and Passwords.
9.0	Defining Tender Schedule	Tender Schedule is as below:

S. No.	NFL Stage	Contractor Stage	Start Date & Time	Expiry Date & Time
a.	Release Tender			
b.	-	Tender Download		
c.		Bid Preparation (Techno-Commercial & Price bids)		

d.	Securing Techno-commercial & price Bids			
e.	-	Bid Submission		
f.	Techno-commercial Bids Opening			
g.	Price Bids Opening			
h.	Initiate Reverse Auction*	Participate in Reverse Auction*		
i.		Matching of Price (if required by NFL)		
j.	View Matching Price (if required)			
k.	Tender Award			

* Wherever applicable

10.0	Allowing download of Tender	Only those authorized by NFL at the time of the Tender release.
11.0	Clarification on tender docum online.	If required, Vendors shall seek on the clarifications on released document, Materials Deptt. shall respond and issue the clarifications on-line to the queries, these queries shall be on ONE to MANY basis. The reply to the query shall be automatically forwarded to all the vendors who have down loaded the documents.
12.0	Preparation of bids online	Based on the clarifications to the Vendors, if required, Materials Deptt. may issue

		the necessary amendments, these shall be on ONE to MANY basis. The amendment shall be automatically forwarded to all the vendors who have down loaded the documents and shall be available for down load too.
13.0	Preparation of bids online	Vendors shall be preparing the Bids on line. Till the time they are submitting their bids, they shall be saving the bids at the server under their Digital Certificate also using PKI. For encryption & decryption for ensuring the confidentially and security of the bids.
14.0	Submission of bids on line	Vendors shall have to submit bids online on the NFL, e-procurement website.
15.0	Up-loading of bids	All the vendors shall upload their bids on the NFL, e-procurement website based on the tender requirements defined in the tender documents, viz • Qualifying Requirements documents. • EMD details • Technical data sheets and Commercial bid etc.
16.0	Submission of EMD offline	All the vendors shall send the EMD in acceptable form to NFL directly and should reach to tendering authority on or before bid opening date. Any special treatment to be allowed for EMD should be clearly brought out in the Tender document.
17.0	Submission of EMD offline	The copies of the EMD details shall be uploaded on the website. In case of vendors who

		are exempted from submitting EMD, the necessary documents shall be uploaded on the website.
18.0	Opening of BIDs – line By applying individual digital certificates passwords by Designated Committee	At the time of bid opening, Designated Committee shall open the EMD documents first, Then the qualifying requirement details shall be opened, followed by the Technical bid opening and the technical data sheets and the deviation statement. Committee using individual or concurrent log in by digital certificates &/or passwords shall open the electronic envelope cum tender box consisting of 1. Envelope – 1… containing EMD details 2. Envelope - 2…. Containing Technical details & data sheets and 3. Envelope – 3… containing bid price schedule + Cost of deviation (if any) The price bids of only those vendors who are techno- commercially acceptable and have either submitted necessary EMD or submitted necessary documents for EMD exemption will be opened on later date by the committee.
19.0	Opening of EMD Envelope-1	Designated Committee shall open the EMD Details and compare and verify with the physical details of EMD received. Where ever discrepancy, the off line EMD will be final and binding.
20.0	Opening of technical Bids **Envelope-2**	Designated officer(s) shall open the Technical bids, using individual digital certificates.

	Opening of c sheets **Envelope-2**	Designated officer(s) shall open the Technical deviation details, using individual digital certificates.
	On line evaluat of technical bids	Designated officer(s) will evaluate the bids on line based on the technical comparative sheets generated by the system.
	On line technical clarifications	Designated officer(s) will seek on-line clarifications if required, from the individual vendor. These clarifications shall be on one to one basis and shall be sought on-line only.
21.0	**Arriving at techni loading off line**	Based on the clarification furnished by the vendors, against the declared (technical & commercial) deviations (if any) finally arrived at during the technical evaluation, loading is required in terms of money value.
	Incorporation of loading logic by Service Provid	Incorporate the loading logics in consultation with Service Provider before deciding the price bid opening date. Ensure the loading logic is incorporated towards the loading.
22.0	**Short listing of vendors**	Based on technical evaluation cum QR qualification in case of Open Tender, obtain approval for short listing of vendor for opening of Price Bid for technically qualified vendors. Define Price Bid Opening Date.
23.0	**Opening of Bid**	Defining bid opening date (BOD) for price bids opening.
	Price Schedule Envelope-3	On line opening of price bids by Designated officer(s) using individual digital certificates & passwords with the

		help of Service provider. 1.Open cost of Deviation (if any) provided by the bidders. 2. Open the item rates (BPS).
	Comparative Statement	Generate On-line Comparative statement, after completion of price bid opening based on offers submitted by Vendors. Also generate Evaluated Comparative Statement based on the various loadings.
24.0	**Conduction of Reverse Auction (whereve applicable)**	After opening of price bids and generation of Comparative Statement, reverse auction shall be conducted. All the bidders whose offers were found to be technically acceptable shall be allowed to participate in R.A. The bidders will be given user ID, Password, alias name etc. for log on to the designated website for this purpose. They shall have the option to reduce the prices from the starting(base) price by the pre-decided bid decrement value during the allotted time. The starting price shall be generally the lowest price received on initial price bid opening.
25.0	**Reverse Auction Report**	Generate complete report of the RA event with starting price to last price along with details of participating bidders, their bids and time record etc.
26.0	**Training**	Training of NFL personnel Training of vendors The Designated officers(s) & Service Provider shall ensure that the proper training is imparted to the participating Vendors.

27.0	**Archiving vaulting**	Data towards concluded tenders, which has been Logically completed, shall be transferred to NFL Servers for the purpose of long term Audit requirements.
28.0	**Documents to be retained for verification**	Case file should necessarily contain following documents. 1. Purchase indent along with administrative approval. 2. Approved note sheet for resorting to e-tendering 3. Approved note sheet for nomination of Designated Committee. 4. Tender Documents 5. Tender release schedule 6. System generated technical data comparative statements. 7. Approved note sheet for technical evaluation / short-listing of vendors / price Bid Opening. 8. System generated Price Bid comparative statements. 9. Reverse Auction report (wherever applicable) 10. Down loaded copy of item rate details as per BPS. 11. Original Copy of item rate details as per BPS from L-I Bidder.

ANNEXURE-XII

SECURITY DEPOSIT-CUM-PERFORMANCE BANK GUARANTEE FORMAT

(To be prepared on Stamp paper issued in the name of Bank)

This BANK GUARANTEE No. ______________________________ made this day of _____________________________ between ________________________________ _______________________ a bank incorporated and having its registered office at ________________________________ (hereinafter called BANK) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns on the one part and NATIONAL FERTILIZERS LIMITED, a Company registered in India under Companies Act, 1956 and having its registered office at Core - III, Scope Complex, 7,Institutional Area, Lodhi Road, New Delhi - 110 003, India to the context or contrary to the meaning thereof include its successors and assigns on the other part. WHEREAS in pursuance to the agreement dated _____________________(hereinafter called CONTRACT) entered into between National Fertilizers Limited (hereinafter called OWNER and____ a Company incorporated in________________________ (hereinafter called CONTRACTOR) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns, for supply of____ _ as envisaged in the Contract, Contractor has to submit a Security Deposit-cum-Performance Bank Guarantee for INR_________. CONTRACTOR accordingly agrees to furnish the Security cum performance Bank Guarantee as hereinafter contained towards fulfillment of all of its obligations under the contract.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. In pursuance of the Contract, the Bank hereby guarantees as a direct responsibility to OWNER that the BANK is holding the amount of INR____at Owner's disposal and hereby promises and shall be bound to pay to OWNER, forthwith at Owner's written notice stating that the contractor has failed to fulfill its obligations under the contract for reasons for which contractor is liable and without any protest or demur and without recourse to contractor and without asking for any reasons as to whether the amount if lawfully asked for by Owner or not, the entire amount or the portion thereof as mentioned by Owner in the notice. The decision of the Owner as to whether the terms and conditions of this Security Deposit cum Performance Bank Guarantee have been observed or not shall be final and binding on the BANK. In any case, however the Bank's responsibility under this Security Deposit-cum- Performance Bank Guarantee is limited to INR ____.

2. This Security Deposit-cum-Performance Bank Guarantee shall be valid for an initial period of_______________________Months from the date of this Bank Guarantee No.___________________ dated ______________ given by the Bank to Owner become effective. Upon issuance of Commissioning / Erection / Completion certificate according to terms of contract on expiry of _________________ months after the issuance of the above mentioned certificate of commissioning / erection / completion certificate, the Security Deposit-cum-Performance Bank Guarantee shall become null and void.

3. This Security Deposit-cum-Performance Bank Guarantee shall be in addition to and shall not affect or be affected by any other security now or hereafter held by Owner on account of money hereby intended to secure and Owner at its discretion and without any further consent from the Bank, and without affecting its rights against the Bank, may compound with, give time or other indulgence to or make any other arrangement with Contractor and nothing done or omitted to be done by Owner in pursuance of any authority or permission contained in this guarantee, shall effect discharge of the liability of the Bank.

4. UNLESS PREVIOUSLY CANCELLED BY THE OWNER, this Security Deposit-cum-Performance Bank Guarantee will remain in force initially up to __________________months from the effective date of Bank Guarantee No. ________________ dated ____________ given by the Bank to the Owner and subject to provisions of paragraph 2above will stand automatically cancelled on the expiry of the said period. Unless demand or claim under this Bank Guarantee is made on Bank in writing within three months from the date of expiry of this Bank Guarantee, all the rights of Owner against the Bank shall be forfeited and Bank shall be relieved and discharged from all the liabilities hereunder.

5. Any notice by way of request, demand or otherwise hereunder may be sent by post to the Bank, addressed as aforesaid, and if sent by post, it shall be deemed to have been given at the time when it would be delivered in due course of post, and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate, signed by an officer of the owners, to the effect that the envelope was so posted, shall be conclusive.

6. The Security Deposit-cum-Performance Bank Guarantee is to be returned to the Bank after its expiry in terms of Paragraph 4 above.

7. The Bank declares that it has the power to issue this guarantee and the undersigned have full power to do so.

Dated _______________ this __________________ day of ___________

(Indicate the name of the Bank with stamp)

ANNEXURE-XIII

BID SECURITY (EMD) FORM

DRAFT OF BANK GUARANTEE FOR BID SECURITY DEPOSIT/EMD

IN CONSIDERATION OF NATIONAL FERTILIZERS LIMITED (NFL), HAVING ITS REGISTERED OFFICE AT SCOPE COMPLEX, CORE-III, 7 INSTITUTIONAL AREA, LODHI ROAD, NEW DELHI-110003 (HEREINAFTER CALLED NFL WHICH EXPRESSION SHALL UNLESS REPUGNANT TO THE SUBJECT OR CONTEXT INCLUDES ITS SUCCESSORS AND ASSIGNS) HAVING AGREED TO EXEMPT ____________(HEREINAFTER CALLED THE, THE SAID TENDERER(S)' WHICH EXPRESSION SHALL UNLESS REPUGNANT TO THE SUBJECT OR CONTEXT INCLUDES HIS SUCCESSORS AND ASSIGNS) FROM THE DEMAND UNDER THE TERMS AND CONDITIONS OF TENDER NO ________________FOR___________________HEREINAFTER CALLED "THE SAID TENDERER' OF SUCH BID SECURITY DEPOSIT FOR THE DUE FULFILMENT

BY THE SAID TENDERER(S) OF THE TERMS AND CONDITIONS CONTAINED IN THE SAID TENDER ____________FOR ____________ON PRODUCTION OF BANK GUARANTEE FOR

INR______________________(RUPEES ________________________ONLY).

1. WE___________________BANK HEREINAFTER REFERRED TO AS 'THE

BANK' DO HEREBY UNDERTAKE TO PAY TO NFL AN AMOUNT NOT EXCEEDING INR___________________(RUPEES____________________ONLY) AGAINST ANY LOSS OR DAMAGE CAUSED TO OR SUFFERED BY 'NFL' REASON OF ANY BREACH BY THE SAID TENDERER(S) OF ANY OF THE TERMS AND CONDITIONS CONTAINED IN THE SAID TENDER (THE DECISION OF THE COMPANY AS TO ANY SUCH BREACH HAVING BEEN COMMITTED AND LOSS SUFFERED SHALL BE BINDING ON US.

2. WE _________________BANK DO HEREBY UNDERTAKE TO PAY THE AMOUNTS DUE AND PAYABLE UNDER THIS GUARANTEE WITHOUT ANY DEMUR MERELY OR A DEMAND FROM 'NFL' STATING THAT THE AMOUNT CLAIMED IS DUE BY WAY OF LOSS OR DAMAGE CAUSED TO OR WOULD CAUSE TO OR SUFFERED BY 'NFL' BY REASON OF ANY BREACH BY THE SAID TENDERER(S) OF ANY OF THE TERMS OR CONDITIONS CONTAINED IN THE SAID TENDER OR BY REASON OF THE SAID TENDERER'S FAILURE TO KEEP THE TENDER OPEN. ANY SUCH DEMAND MADE ON THE BANK SHALL BE CONCLUSIVE AS REGARDS THE AMOUNT DUE AND PAYABLE BY THE BANK UNDER THIS GUARANTEE. HOWEVER, OUR LIABILITY UNDER THIS GUARANTEE SHALL BE RESTRICTED TO AN AMOUNT NOT EXCEEDING INR________________(Rupees_____________________________________ONLY).

3. WE ____________________BANK FURTHER AGREE THAT THE GUARANTEE HEREIN CONTAINED SHALL REMAIN IN FULL FORCE AND EFFECT DURING THE PERIOD THAT WOULD BE TAKEN FOR THE FINALISATION OF THE SAID TENDER AND THAT IT SHALL

CONTINUE TO BE ENFORCEABLE TILL THE SAID TENDER IS FINALLY DECIDED AND ORDER PLACED ON THE SUCCESSFUL TENDERER AND/ OR TILL ALL THE DUES OF NFL UNDER/OR BY VIRTUE OF THE SAID TENDER HAVE BEEN FULLY PAID AND ITS CLAIMS SATISFIED OR DISCHARGED OR TILL A DULY AUTHORISED OFFICER OF NFL CERTIFIED THAT THE TERMS AND CONDITIONS OF THE SAID TENDER HAVE BEEN FULLY AND PROPERLY CARRIED OUT BY THE SAID TENDERER(S) AND ACCORDINGLY DISCHARGES THE GUARANTEE. UNLESS A DEMAND OR CLAIM UNDER THIS GUARANTEE IS MADE ON US IN WRITING ON OR BEFORE THE_____________TO INCLUDE 3 MONTHS CLAIM OVER AND ABOVE THE PERIOD MENTIONED IN THE PARAGRAPH FOR THE VALIDITY OF THE BANK GUARANTEE IN THE TENDER WE SHALL BE DISCHARGED FROM ALL LIABILITY UNDER THIS GUARANTEE THEREAFTER.

4. WE ______________________________BANK, LASTLY UNDERTAKE NOT TO REVOKE THIS GUARANTEE DURING ITS CURRENCY EXCEPT WITH THE PREVIOUS CONSENT OF ‘NFL’ IN WRITING.

DATED________________DAY OF______________________202__

CORPORATE SEAL FOR BANK.

ANNEXURE-XIV

PERFORMANCE BANK GUARANTEE FORMAT

(To be prepared on Stamp paper issued in the name of Bank)

This BANK GUARANTEE No. ______________________________ made this day of____________________________ between ________________________________ ______________________ a bank incorporated and having its registered office at _______________________________ (hereinafter called BANK) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns on the one part and NATIONAL FERTILIZERS LIMITED, a Company registered in India under Companies Act, 1956 and having its registered office at Core - III, Scope Complex, 7, Institutional Area, Lodhi Road, New Delhi - 110 003, India to the context or contrary to the meaning thereof include its successors and assigns on the other part.

WHEREAS in pursuance to the agreement No. ________________________ dated _____________________(hereinafter called CONTRACT) entered into between National Fertilizers Limited (hereinafter called OWNER and ____ a Company incorporated in ________________________ (hereinafter called CONTRACTOR) which expression shall unless repugnant to the context or contrary to the meaning thereof include its successors and assigns, for supply of ____ ________________ as envisaged in the Contract, Contractor has to submit a Performance Bank Guarantee for INR__________. CONTRACTOR accordingly agrees to furnish the Performance Bank Guarantee as hereinafter contained towards fulfillment of all of its obligations under the contract. NOW THIS DEED WITNESSES AS FOLLOWS:

1. In pursuance of the Contract, the Bank hereby guarantees as a direct responsibility to OWNER that the BANK is holding the amount of INR____at Owner's disposal and hereby promises and shall be bound to pay to OWNER, forthwith at Owner's written notice stating that the contractor has failed to fulfill its obligations under the contract for reasons for which contractor is liable and without any protest or demur and without recourse to contractor and without asking for any reasons as to whether the amount if lawfully asked for by Owner or not, the entire amount or the portion thereof as mentioned by Owner in the notice. The decision of the Owner as to whether the terms and conditions of this Performance Bank Guarantee have been observed or not shall be final and binding on the BANK. In any case, however the Bank's responsibility under this Performance Bank Guarantee is limited to INR ______________________________ ____.

2. This Performance Bank Guarantee shall be valid for an initial period of ________________________ months from the date of this Bank Guarantee No.

____________________ dated _______________ given by the Bank to Owner become effective.

Upon issuance of Commissioning / Erection / Completion certificate according to terms of contract on expiry of __________________ months after the issuance of the above mentioned certificate of commissioning / erection / completion certificate, the Performance Bank Guarantee shall become null and void.

3. This Performance Bank Guarantee shall be in addition to and shall not affect or be affected by any other security now or hereafter held by Owner on account of money hereby intended to secure and Owner at its discretion and without any further consent from the Bank, and without affecting its rights against the Bank, may compound with, give time or other indulgence to or make any other arrangement with Contractor and nothing done or omitted to be done by Owner in pursuance of any authority or permission contained in this guarantee, shall effect discharge of the liability of the Bank.

4. UNLESS PREVIOUSLY CANCELLED BY THE OWNER, this Performance Bank Guarantee will remain in force initially up to ___________________ months from the effective date of Bank Guarantee No. _________________ dated _____________ given by the Bank to the Owner and subject to provisions of paragraph 2 above will stand automatically cancelled on the expiry of the said period. Unless demand or claim under this Bank Guarantee is made on Bank in writing within three months from the date of expiry of this Bank Guarantee, all the rights of Owner against the Bank shall be forfeited and Bank shall be relieved and discharged from all the liabilities hereunder.

5. Any notice by way of request, demand or otherwise hereunder may be sent by post to the Bank, addressed as aforesaid, and if sent by post, it shall be deemed to have been given at the time when it would be delivered in due course of post, and in proving such notice, when given by post, it shall be sufficient to prove that the envelope containing the notice was posted and a certificate, signed by an officer of the owners, to the effect that the envelope was so posted, shall be conclusive.

6. The Performance Bank Guarantee is to be returned to the Bank after its expiry in terms of Paragraph 4 above.

7. The Bank declares that it has the power to issue this guarantee and the undersigned have full power to do so.

Dated ________________ this ___________________ day of ______________.

(Indicate the name of the Bank with stamp)

ANNEXURE-XV

No. ACC-1-CTE-2

Government of India

Central Vigilance Commission

*****

Satarkta Bhawan, Block-A,

4th Floor, GPO Complex,

INA, NEW DELHI-110 023.

OFFICE MEMORANDUM/CIRCULAR NO. 10/4/07

Sub: Mobilization Advance

Commission has reviewed the existing guidelines on "Mobilization Advance issued vide OM No. UU/POL/18 dated 08.12.97 and OM No. 4CC-1-CTE-2, dated 08.06.2004. The following guidelines are issued in supersession of earlier guidelines issued by the Commission of Mobilization Advance.'

1. Provision of mobilization advance should essentially be need based. Decision to provide such advance should rest at the level of Board (with concurrence of Finance) in the organization.

2. Though the Commission does not encourage interest free mobilization advance, but, if the Management feels its necessity in specific cases, then it should be clearly stipulated in the tender document and its recovery should be time-based and not inked with progress of work. This would ensure that even if the contractor is not executing the work or executing it at a slow pace, the recovery of advance could commence and scope for misuse of such advance could be reduced.

3. Part 'Bank Guarantees' (BGs) against the mobilization advance should be taken in as many numbers as the proposed recovery instalments and should be equivalent to the amount of each instalment. This would be ensure that at any point of time even if the contractor's money on account of work done is not available with the organization, recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time.

4. There should be a clear stipulation of interest to be charged on delayed recoveries either due to the late submission of bill by the contractor or any other reason besides the reason giving rise to the encashment of BG as stated above.

5. The amount of mobilization advance; interest to be charged, if any, its Recovery should and any other relevant detail should be explicitly stipulated in the tendered document upfront.

6. Relevant format for BG should be provided in the tender document, which should be enforced strictly and authenticity of such BGs should also be invariably verified from the issuing bank, confidentially and independently by the organization

7. In case of ‘Machinery and Equipment advance’, insurance and hypothecation to the employer should be ensured.

8. Utilization certificate from the contractor for the mobilization advance should be obtained preferably, mobilization advance should be given in instalments and subsequent instalments should be released after getting satisfactory utilization certificate from the contractor for the earlier instalment.

(P.VARMA)

Chief Technical

Examiner

Copy to:

All CVOs: Ministries/Departments/PSUs/BANKS/Uts.

ANNEXURE - XVI

Public Procurement Policy for Micro and Small Enterprises (MSEs):

Reservation of specific items for procurement from Micro and Small Enterprises (MSE)

To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure items reserved for procurement exclusively from MSE (presently 358 (three hundred and fifty-eight) items including eight items of Handicrafts) from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. The latest list may be seen from the website of the MSME Ministry[1]. Ministry of MSME has clarified that the laminated paper Gr.I, II and III are not covered under the paper conversion product (SI.No.202) of the Public Procurement Policy[2]. For locating the sources of such reserved items, NSIC may be contacted.

Public Procurement Policy for Micro and Small Enterprises (MSEs)

i) From time to time, the Government of India (Procuring Entity) lays down procurement policies to help inclusive national economic growth by providing long-term support to micro, small and medium enterprises and disadvantaged sections of society . The Procurement Policy for Micro and Small Enterprises, 2012 [amended 2018 and 2021] has been notified by the Government in exercise of the powers conferred in Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Details of the policy along with the amendments issued in 2018 and 2021 are available on the MSME website[3].

ii) Micro and Small Enterprises (MSEs) registered under Udyam Registration are eligible to avail the benefits under the policy.

iii) The Policy is applicable to all the Central Government Ministries/ Departments/ CPSUs.

However, the policy is not applicable to State Government Ministries/ Departments/PSUs.

1) To reduce transaction cost of doing business, MSEs will be facilitated by providing them tender documents free of cost, exempting MSEs from payment of earnest money deposit, adopting e-procurement to bring transparency in tendering process. However, exemption from paying Performance Bank Guarantee is not covered under the policy. MSEs may also be given relaxation in prior turnover and prior experience criteria during the tender process, subject to meeting of quality and technical specifications.

However, there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipment, etc.) where procuring entity may prefer the vendor to have prior experience rather than giving orders to new entities[4].

2) Chapter V of the MSMED Act, 2006 also has provision for ensuring timely payments to the MSE suppliers. The period agreed upon for payment must not exceed forty-five days after the supplies. For delays in payment the buyer shall be liable to pay compound interest to the supplier on the delayed amount at three times of the bank rate notified by the Reserve Bank. For arbitration and conciliation regarding recovery of such payments and interests, Micro and Small Enterprises Facilitation Council has been setup in states.

3) In tender, participating Micro and Small Enterprises (MSE) quoting price within price band of L1+15 (fifteen) per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply up to 25(twenty five) per cent of total tendered value. The 25(twenty five) per cent quantity is to be distributed proportionately among these bidders, in case there are more than one MSEs within such price band.

4) Within this 25% (Twenty Five Percent) quantity, a purchase preference of four (4) per cent s reserved for MSEs owned by Scheduled Caste (SC)/Scheduled Tribe (ST) entrepreneurs and three (3) percent is reserved for MSEs owned by women entrepreneur (if they participate in the tender process and match the L1 price).However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, four percent sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs and three (3) percent earmarked to women owned by SC/ ST entrepreneurs:

a) In case of proprietary MSE, proprietor(s) shall be SC /ST;

b) In case of partnership MSE, the SC/ ST partners shall be holding at least 51% (fifty-one percent) shares in the unit;

c) In case of Private Limited Companies, at least 51% (fifty-one percent) share shall be held by SC/ ST promoters.

iv) If subcontract is given to MSEs, it will be considered as procurement from MSEs.

v) In case of tender item cannot be split or divided, etc. the MSE quoting a price within the band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, considering the spirit of the Policy for enhancing Govt. Procurement from MSEs.

vi) To develop MSE vendors so as to achieve their targets for MSEs procurement, Central Government Ministries /Departments /PSUs shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes (VDPs) or Buyer-Seller Meets focused on developing MSEs for procurement through the Government e-Marketplace (GeM) portal. In order to develop vendors belonging to MSEs for Public Procurement Policy, the Ministry of MSME is regularly organizing State Level VDPs and National Level VDPs under the Procurement and Marketing Support Scheme. For enhancing participation of MSEs owned by SCs /STs/ Women in Government procurement, Central Government Ministries/ Departments/ CPSUs have to take the following steps:

a) Special Vendor Development Programmes/ Buyer-Seller Meets would be conducted by Departments/ CPSUs for SC/STs and Women.

b) Outreach programmes will be conducted by National Small Industries Corporation (NSIC) to cover more and more MSEs from SC/STs under its schemes of consortia formation; and

c) NSIC would open a special window for SCs/ STs under its Single Point Registration Scheme (SPRS).

d) A National SC/ST hub scheme was launched in October, 2016, for providing handholding support to SC/ST entrepreneur which is being coordinated / implemented by the NSIC under this Ministry.

vii) Where any Aggregator has been appointed by the Ministry of MSME, themselves quote on behalf of some MSE units, such offers will be considered as offers from MSE units and all such facilities would be extended to these also.

viii) This Policy is meant for procurement of only goods produced and services rendered by MSEs. Traders/ distributors/ sole agent/ Works Contract are excluded from the purview of the policy.

ix) Exemptions from the policy: Given their unique nature, defence armament imports shall not be included in computing 25(twenty five) per cent goal for Ministry of Defence.

In addition, defence equipment like weapon systems, missiles, etc. shall remain out of purview of such Policy of reservation. Monitoring of goals set under the policy will be done, in so far as they related to Defence sector, by Ministry of Defence itself in accordance with suitable procedures to be established by them.

x) To monitor the progress of procurement by Central Government Ministries/ Departments and CPSUs from MSEs, Ministry of MSME has launched the MSME 'Sambandh'[5] Portal on 8th December, 2017 for uploading procurement details by all CPSUs on a monthly and an annual basis which is regularly monitored by the Ministry.

xi) To redress the grievances of MSEs related to non-compliance of the Policy a Grievance cell named "CHAMPION Portal" has been set up in the Ministry of MSME.

(Note: [1] http://www.dcmsme.gov.in/schemes/Listof358itemsReserved.pdf

[2]Policy Circular No. 21(6)/2016-MA dated 26.05.2016

[3]http://dcmsme.gov.in/pppm.htm.aspx

[4]Notified vide OM No.F.20/2/2014-PPD(Pt.) issued by Department of Expenditure dated 29.09.2016.

[5]https://sambandh.msme.gov.in/PPP_Index.aspx)

[Buyer is advised to refer latest guidelines, if any, issued by the Ministry/ Corporate Office].

Sub: Finalization of specification of equipment & Spares.

For finalization of specifications in respect of equipment and spares valuing more than INR One crore, a Technical Committee at unit level may be formed to finalize the specifications. The committee may be constituted as follows:-

1) Gen. Mgr.(O&M) or above -Chairman
2) Head of Technical Services -Member
3) Head of Indenting Deptt. –Member

Indents being raised for such items will be accompanied by the recommendations of the above Committee on finalization of the specifications. Basic guidelines to be considered by the Committee in formulation of the specification are as proposed below:-

(A) Basic Guidelines:

The important aspects to be kept in view while formulating the specifications and other technical particulars of the goods to be purchased are indicated in the following paragraphs.

(i) The specifications of the goods shall meet only the actual and essential needs of the user because 'over-specification' will unnecessarily increase the cost and may stifle competition. Specifications should aim at procuring the latest technology and avoid procurement of obsolete goods. Specification should have emphasis on factors like efficiency, optimum fuel/power consumption, use of environmental-friendly materials, reduced noise and emission levels, low maintenance cost etc. Further, the specifications should not be too restrictive as the aim should be to attract reasonable number of competitive tenders. The specifications should also take care of the mandatory and statutory regulations, if any, applicable for the goods to be purchased.

(ii) Wherever Indian Standard exists for the required goods, the same should be adopted. Preference should be given to procure the goods, which carry BIS (Bureau of Indian Standards) mark. Apart from BIS/ISO, other applicable standards i.e standard of process licensors may-also be considered while framing specifications wherever applicable. For any deviations from Indian Standards or for any additional parameters for better performance, specific reasons for deviations/modifications should be duly recorded with the approval of the competent authority.

(iii) Some departments publish their own standards. Which apart from specifying the technical parameters also specify special requirements of packing, marking, inspection etc. The technical parameters in such cases may be marginally different from the Indian Standards. In such cases , the general principle shall be to adopt Indian Standard and the departmental specifications could cover only such additional details as packing marking, inspection etc. as are specially required to be complied for a particular end use.

(iv) In cases where Indian Standards do not exist or, alternatively, decision has been taken to source the foreign markets also, International Standards (like ISO etc.) may be adopted. Where no widely known standard exist, the specifications shall be drawn in the generalized and broad based manner to obtain competitive bid from different sources. Except in case of proprietary purchase from a selected single source, the specifications must not contain any brand name, make or catalogue number of a particular manufacturer and if the same is unavoidable due to some compelling reasons, it should be followed by the words " or equivalent".

(v) All dimensions incorporated in the specifications shall be indicated in metric units. If due to some unavoidable reasons, dimensions in FPS units are to be mentioned, the corresponding equivalents in the metric system must also be indicated.

(vi) The specifications and the technical details should be expressed with proper clarity without any ambiguity or double meaning. Wherever necessary, the written specifications should be supplemented with drawing for additional clarity etc.

(vii) Deciding tender on the basic of tendered sample is too subjective, therefore unless specially decided due to some reasons duly recorded with the approval of the competent authority, tender sample clause shall not be incorporated in the specifications. If necessary, suitable stipulations for submission of advance sample (before starting bulk production) by the successful bidder may be incorporated in the same specifications.

(B) Essential Technical Particulars:

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

i) Scope of supply including quantity required and also, end use of the required goods.

ii) Specifications, technical parameters and product requirements, expressing the requirement in terms of functional characteristics.

iii) Drawings.

iv) Requirements of BIS mark, where applicable.

v) Requirement of advance sample, if any, at post contract stage before bulk production.

vi) Special requirement of packing and marking, if any.

vii) Inspection procedure for goods ordered and criteria of conformity.

viii) Requirements of special tests, if any.

ix) Requirement of type test certificate, if any.

x) Requirement of type approval for compliance of statutory requirements w.r.t. pollution, emission, noise, etc.

xi) Training, Technical support, after sales service and annual maintenance contract requirements, if any.

xii) Warranty requirements.

xiii) Qualification criteria of the tenderers.

xiv) Any other aspects peculiar to the goods in question like shelf life of the equipment etc.

(C) Certification:

The official / authority formulating the specification should ensure and also certify the specification and the technical details are complete and correct to meet the user's requirements fully.
Recommendations of the unit level Committee on finalization of the specification is required to be sent to corporate Vigilance for information only and are required to be sent after the action for procurements has been taken. The information may be sent to C.O Materials Deptt. on monthly basis for subsequent submission to Corporate Vigilance Deptt.

Preference to Make in India

To encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, issued Public Procurement (Preference to Make in India), Order 2017[1]. The order is issued pursuant to Rule 153 (iii) of GFR, 2017. The Order is applicable on the procurement of Goods, Works and Services. For the purpose of this Order:-

a) *'L1'* means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

b) *'Margin of purchase preference'* means the maximum extent to which the price quoted by a "Class-I local supplier" may be above the L1 for the purpose of purchase preference. It has been fixed as 20 (twenty) percent.

c) *'Nodal Ministry'* means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.

d) *'Procuring entity'* means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes

Government companies as defined in the Companies Act.

e) *'Works'* means all works as per Rule 130 of GFR- 2017, and will also include *'turnkey works'.*

i) Eligibility of 'Class-I local supplier'/ 'Class-II local supplier'/ 'Non-local suppliers' for different types of procurement.

a) In procurement of all goods, services or works in respect of which the Nodal Ministry/Department has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier', shall be eligible to bid irrespective of purchase value.

b) Only 'Class-I local supplier' and 'Class-II local supplier', shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'. In procurement of all goods, services or works, not covered by sub-para (i)(a) above, and with estimated value of purchases less than INR 200 Crore, in accordance with Rule 161(iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure.

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

ii) Purchase Preference

a) Subject to the provisions of the Order and to any specific instructions issued by the Nodal Ministry or in pursuance of the Order, purchase preference shall be given to 'Class-I local supplier' in procurements undertaken by procuring entities in the manner specified here under.

b) In the procurements of goods or works, which are covered by para (i)(b) above and which are divisible in nature, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

1. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.

2. If L1 bid is not a 'Class-I local supplier', 50 (fifty) percent of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price for the remaining 50 (fifty) percent quantity subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the L1 price. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I local supplier' within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.

c) In the procurements of goods or works, which are covered by para (i)(b) above and which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

1. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.

2. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.

3. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I local supplier' with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be

awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

4. "Class-II local supplier" will not get purchase preference in any procurement, undertaken by procuring entities.

iii) Applicability in tenders where contract is to be awarded to multiple bidders

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

a) In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only 'Class I Local suppliers'.

b) In other cases, 'Class II local suppliers' and 'Non local suppliers' may also participate in the bidding process along with 'Class I Local suppliers' as per provisions of the Order.

c) If 'Class I Local suppliers' qualify for award of contract for at least 50 (fifty) percent of the tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents. However, in case 'Class I Local suppliers' do not qualify for award of contract for at least 50 (fifty) percent of the tendered quantity, purchase preference should be given to the 'Class I local supplier' over 'Class II local suppliers'/ 'Non local suppliers' provided that their quoted rate falls within 20 (twenty) percent margin of purchase preference of the highest quoted bidder considered for award of contract so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract for at least 50 (fifty) percent of the tendered quantity.

d) First purchase preference has to be given to the lowest quoting 'Class-I local supplier', whose quoted rates fall within 20 (twenty) percent margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting 'Class-I local supplier', does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher 'Class-I local supplier', falling within 20 (twenty) percent margin of purchase preference, and so on.

e) To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to 'Class-I local supplier' within the broad policy guidelines stipulated in sub-paras above.

iv) **Exemption of small purchases**: Notwithstanding anything contained in paragraph (i), procurements where the estimated value to be procured is less than INR 5 lakhs shall be exempt from the Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.

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

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

vii) Government E-marketplace: In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.

viii) Verification of local content:

a) The 'Class-I local supplier'/ 'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local supplier'/ 'Class-II local supplier', as the case may be. They shall also give details of the location(s) at which the local value addition is made.

b) In cases of procurement for a value in excess of INR 10 crores, the 'Class-I local supplier'/ 'Class-II local supplier' shall be required to provide a certificate from the tatutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.

c) Decisions on complaints relating to implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.

d) Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.

e) Nodal Ministries and procuring entities may prescribe fees for such complaints.

f) False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

g) A supplier who has been debarred by any procuring entity for violation of the Order shall not be eligible for preference under the Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph (h) below.

h) The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:

1. The fact and duration of debarment for violation of the Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;

2. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);

3. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

ix) Specifications in Tenders and other procurement solicitations:

a) Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.

b) Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of 'Class-I local supplier'/ 'Class-II local supplier' who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.

c) Procuring entities shall review all existing eligibility norms and conditions with reference to sub-paragraphs (viii) (a) and (b) above.

d) Reciprocity Clause

1. When a Nodal Ministry/Department identifies that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GeM for appropriate reciprocal action.

2. Entities of countries which have been identified by the nodal Ministry/Department as not allowing Indian companies to participate in their Government procurement for any item related to that nodal Ministry shall not be allowed to participate in Government procurement in India for all items related to that nodal Ministry/ Department, except for the list of items published by the Ministry/ Department permitting their participation.

3. The stipulation in (2) above shall be part of all tenders invited by the Central Government procuring entities stated in (1) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry/ Department.

4. State Governments should be encouraged to incorporate similar provisions in their respective tenders.

5. The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.

e) Specifying foreign certifications/ unreasonable technical specifications/ brands/ models in the bid document is restrictive and discriminatory practice against local suppliers. If foreign certification is required to be stipulated because of non-availability of Indian Standards and/or for any other reason, the same shall be done only after written approval of Secretary of the Department concerned or any other Authority having been designated such power by the Secretary of the Department concerned.

f) "All administrative Ministries/Departments whose procurement exceeds INR 1000 Crore per annum shall notify/ update their procurement projections every year, including those of the PSEs/PSUs, for the next 5 years on their respective website."

x) Action for non-compliance of the Provisions of the Order: In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.

xi) Assessment of supply base by Nodal Ministries: The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing the higher minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.

xii) Increase in minimum local content: The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.

xiii) Manufacture under license/ technology collaboration agreements with phased indigenization

a) While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.

b) In procurement of all goods, services or works in respect of which there is substantial quantity of public procurement and for which the nodal ministry has not notified that there is sufficient local capacity and local competition, the concerned nodal ministry shall notify an upper threshold value of procurement beyond which foreign companies shall enter into a joint venture with an Indian company to participate in the tender. Procuring entities, while procuring such items beyond the notified threshold value, shall prescribe in their respective tenders that foreign companies may enter into a joint venture with an Indian company to participate in the tender. The procuring Ministries/Departments shall also make special provisions for exempting such joint ventures from meeting the stipulated minimum local content requirement, which shall be increased in a phased manner.

xiv) Powers to grant exemption and to reduce minimum local content: The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,

1. reduce the minimum local content below the prescribed level; or

2. reduce the margin of purchase preference below 20 (twenty) percent; or

3. exempt any particular item or supplying entities from the operation of this Order or any part of the Order.

A copy of every such order shall be provided to the Standing Committee and concerned Nodal Ministry / Department. The Nodal Ministry / Department concerned will continue to have the power to vary its notification on Minimum Local Content.

xv) Directions to Government companies: In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

xvi) Standing Committee. A standing committee is hereby constituted with the following membership:

Secretary, Department for Promotion of Industry and Internal Trade-Chairman Secretary, Commerce-Member Secretary, Ministry of Electronics and Information Technology-Member Joint Secretary (Public Procurement), Department of Expenditure-Member Joint Secretary (DPIIT)-Member-Convenor The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

xvii) Removal of difficulties: Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of the Order.

xviii) Ministries having existing policies: Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of the Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.

xix) Transitional provision: The Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.

(Rule 153 of GFR 2017)

(Note: [1]Latest revision to the Order notified vide OM No. P-45021/2/2017-PP (BE-II) issued by DPIIT, dated 16.09.2020)

[Buyer is advised to refer latest guidelines, if any, issued by the Ministry/ Corporate Office].

ANNEXURE – XIX

Model Clauses for Tenders

I. Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority. Further, any bidder (including bidder from India) having specified Transfer of Technology (ToT) arrangement with an entity from a country which shares a land border with India, shall also require to be registered with the same competent authority.

II. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.

III. "Bidder (or entity) from a country which shares a land border with India" for the purpose of this Order means: -

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

IV. The beneficial owner for the purpose of (iii) above will be as under:

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

Explanation-

a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five per cent. of shares or capital or profits of the company;
b. "Control" shall include the right to appoint majority of the

directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

V. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.

VI. [To be inserted in tenders for Works contracts, including Turnkey contracts] The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority.

VII. The registration shall be valid at the time of submission of bid and at the time of acceptance of bid.

VIII. If the bidder was validly registered at the time of acceptance/ placement of order, registration shall not be a relevant consideration during contract execution.

Model Certificate for Tenders:

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model Certificate for Tenders for Works involving possibility of sub-contracting:

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such countries; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority and will not sub-contract any work to a contractor from such countries unless such contractor is registered with the Competent Authority. I hereby certify that this bidder fulfils all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model additional certificate by Bidders in the cases of specified ToT:

"I have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. I certify that this bidder does not have any ToT arrangement requiring registration with the competent authority."

OR

"I have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. I certify that this bidder has valid registration to participate in this procurement."

A. **Model Certificate for GeM (to be taken by the GeM from seller during registration on GeM. GeM should also obtain this certificate from all existing bidders as soon as possible):**

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this vendor/ bidder is not from such a country and does not have any specified Transfer of Technology (ToT) from such a country or, if from such a country or if having specified ToT from such a country has been registered with the Competent Authority. I hereby certify that this vendor/ bidder fulfills all requirements in this regard and is eligible to be considered for procurement on GeM. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

[Buyer is advised to refer latest guidelines, if any, issued by the Ministry/ Corporate Office].

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