




<b>COAL INDIA LIMITED</b> (A MAHARATNA COMPANY) Coal Bhavan, Materials Management Division Level I (1st Floor); Premises No.04, Plot No.AF-III Action Area 1A, New Town, Rajarhat, Kolkata - 700 156 (WB)	PHONE-033-2324 4127 FAX : 033-23244115 Website : <a href="http://www.coalindia.in">www.coalindia.in</a> E mail : <a href="mailto:armm.cil@coalindia.in">armm.cil@coalindia.in</a>		<b>कोल इंडिया लिमिटेड</b> कोयला भवन सामग्री प्रबंधन विभाग, लेवल 1, परिसर No.04, प्लॉट No.AF-III, Action एरिया 1A, न्यू टाउन, Rajarhat कोलकाता-700 156.	दुरोधस:033-2324 4127 फेक्स : 033-2324 4115 वेबसाइट: <a href="http://www.coalindia.in">www.coalindia.in</a> ईमेल: <a href="mailto:armm.cil@coalindia.in">armm.cil@coalindia.in</a>
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Ref No. CIL/C2D/E procurement Guidelines/NIC/2016/1285

Date : 08.01.2016

**Office Order**

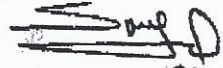
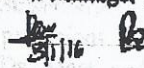
The guidelines of revised e procurement of materials by CIL and its Subsidiaries Co.s have been approved by CIL Board in its 322nd meeting held on 13.11.2015 and the provisions with respect to limited tenders and reverse auction have been deliberated in the CMDs Meet and approved by Chairman, Coal India. A copy of the guidelines is enclosed at Annexure-I

These guidelines will supersede the e-procurement guidelines as amended from time to time. However, those provisions of Purchase Manual, 2004 and e-procurement guidelines as amended from time to time, which are not replaced by the above provisions, will remain unaltered.

The revised guidelines shall be effective from 15.01.2016, by which NIC, shall incorporate the new version of GePNIC software in the CIL e procurement portal (<https://coalindiatenders.gov.in>), as well as in other NIC portals of Subsidiaries. However all other NIC portals shall be merged with CIL e procurement portal latest by 31.03.2016. MCL, ECL & CMPDI, who are operating in separate NIC portals shall be required to send their confirmation to NIC for using same software and merger with CIL portal. In other words, the process of procurement shall be uniform in CIL & all other Subsidiaries, without exception. However, the on-going tenders shall be available for evaluation in the existing method till their logical conclusion.

The new version of software shall be available in Demo portal on 11.01.2016. CIL & Subsidiary Co.s shall be testing the same on 12.01.16 & 13.01.16.

Encl : Guidelines of Revised e-procurement, Limited tender & e-Reverse auction in Annexure-I

  
General Manager (MM) 08-01-16  


- CC. CMD, ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI  
 Dir (T), CIL/ Dir (F), CIL/Dir (Mktg), CIL/Dir (P&IR), CIL/ CVO, CIL  
 Dir (T), ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI  
 Dir (F), ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI  
 CVOs, ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI  
 TS to Chairman, CIL/TS to Dir (T), CIL  
 All HOD's, CIL  
 GM (MM), ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI, GM(NEC), GM (DCC)  
 GM (F), ECL/BCCL/CCL/WCL/SECL/MCL/NCL/CMPDI  
 All Executives of MM division CIL

DT (P&R)  
GM (MM)  
GM (System) ✓

For n.a.p.

MRP  
12/11/16  
Dy GM (e-proc)

e-PROCUREMENT CELL  
Receipt Dy. No. 3607 dt. 12/11/16

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11/01/16  
D. 11/01/16

**Annexure -I**

**Guidelines on Revised e-Procurement Process & e-Reverse auction of Goods through NIC portal of Coal India Limited**

**A. Revised e-Procurement Process**

1. The bidder shall upload their bids along with all the supporting documents in the e-procurement portal within the stipulated date of tender submission. EMDs are to be paid by the bidders in on line mode, available in the system. However offline mode of EMD payment will be allowed for those Subsidiaries, who are yet to provide their Bank accounts or mapping of the Axis Bank accounts are completed by NIC/Axis Bank. EMD exemption documents will be uploaded as provided in the system, to be verified along with bid documents.
2. Extension of tender submission date in case of number of bids received are less than three, initially by two days and thereafter by five days will be done automatically by the system.
3. Tendering Inviting Authority (TIA) will design General Technical Evaluation (GTE), Technical Parameter Sheet (TPS) as per the tender requirement and may request bidder to upload their bid documents as specified in the NIT.
4. On scheduled date & time of tender opening and upon opening of the tender by the bid opening team, System automatically evaluates particulars as contained in GTE, TPS and other Commercial Parameters (to be combined in TPS).
5. Upon opening of the bids, GTE, TPS, BOQ and all other documents uploaded by the eligible bidders get opened and comparative statement of prices is generated by the system.
6. Supportive documents of L-1 bidder only, shall be downloaded for evaluation by the TIA.
7. After evaluation of the uploaded documents, shortfall documents, if required, are sought from the L-1 bidder. For this purpose, maximum 2 chances, each of 7x24 hours duration shall be given.
8. If the techno-commercial acceptability of L-1 bidder is established upon verification of uploaded documents and short fall documents if any, the case shall be considered by the tender committee. If the L-1 bidder happens to be defaulter upon verification, the documents of the next lowest bidder shall be downloaded for evaluation and short fall documents obtained if required. This process continues sequentially till techno-commercially acceptable L-1 is established.

*A* *B*

9. The following penalties shall be imposed on the defaulting bidders :

S.	Situation	Penal Provisions
(i)	L-1 bidder is a defaulter for part of items for which he is L-1	50% of EMD amount or Rs.1.00 or whichever, is lower, is forfeited. In case the defaulter is an EMD exempted bidder, he will be asked to deposit the equivalent amount within 7 days of notice otherwise he will be disqualified in the subsequent tender for the item he participates.
(ii)	L-1 bidder is a defaulter for all items for which he is L-1	100% of EMD amount or Rs.1.00 or whichever, is lower, is forfeited. In case the defaulter is an EMD exempted bidder, he will be asked to deposit the equivalent amount within 7 days of notice otherwise he will be disqualified in the subsequent tender for the items he participates.
(iii)	L-1 bidder happens to be a defaulter in 2 tenders issued by the same procurement entity within a span of 1 one year	100% of EMD amount of 2nd tender, is forfeited. In case the defaulter is an EMD exempted bidder, he will be asked to deposit the equivalent amount within 7 days of notice otherwise he will be disqualified in any of the tenders he participates for a period of 1 year.

Note :

\* The zone of applicability of penal provisions shall be subsidiary specific.

\*\* The penal provisions will be squarely applicable to all those firms whose documents are examined on account of treating them as L-1 successively. For OEMs, the debarring actions may not be made for their spares in order to ensure no disruption in supply of such spares.

The submission of forged document, if any, by the bidder (s), shall be dealt as per extant guidelines of the Purchase manual.

#### **B. Limited Tenders:**

Revised guidelines for Limited tenders shall be as under ;

1. All limited tenders shall have facility for participation by any prospective bidder who fulfill such eligibility conditions/provenness criteria as may be prescribed therein.

2. Eligibility conditions/provenness criteria as ordinarily applicable in open tenders, shall also be stipulated in all limited tenders. The Eligibility conditions/provenness criteria shall be applicable to all bidders whether listed in limited tenders or not. Offers of all the participating bidders shall be evaluated as per merits in reference to the conditions contained in the tender document.
3. All limited tenders irrespective of the value, shall be published in the e-procurement portal under Tender type 'Open Limited'. All the limited tender documents shall carry a caption "Eligible for participation by any prospective bidder" prominently displayed on the first page.
4. The process of evaluation of limited tenders shall be same as per revised e-procurement process given above.

**C. General guidelines and Process Flow for Tender cum Auction:**

Tenders issued from CIL, Subsidiary Hqrs and NEC, having tender value of Rs.1.00 Cr and above shall follow reverse auction process as under;

1. The Reverse Auction Process (RAP) requires selection of "Tender cum Auction" in "Form of contract" in the e-procurement portal of CIL, at the time of creation of tenders of value Rs. 1 Crore and above, invited from CIL, Hqrs of Subsidiaries and NEC.
2. Reverse Auction will be initiated after opening of price bids, as detailed above in case of normal tenders.
3. There will be no participation fees for e-Reverse auction.
4. Upon opening of the price bids, a reverse auction platform will be created, displaying only the itemwise L1 price received. No indication will be available in the portal to anybody regarding number of bids and names of the bidders.
5. System displays L1 landed price automatically in auction creation form and allows TIA to edit the value as 'start bid' price. For the time being L1 Price will be the start bid price for tenders for goods. The BOQ shall be designed taking into consideration CENVAT Credit, VAT set off etc., as applicable, so that it is reflected in the landed price.
6. The L1 price / start bid price is landed / cost to the company price on which the auction will be initiated. At the end of reverse auction, the L1 bidder has to submit break up of prices conforming to the lowest landed rate quoted by him in the reverse auction. A stipulation to this effect shall be made in the NITs.
7. The L1 bidder after the reverse auction has to upload the Break up of Landed Prices in the shortfall documents. The detailed Break-up of offered landed price, uploaded by the bidder shall be considered and order, if placed, shall be with the same break-up of prices. The L1 bidder after reverse auction will be responsible to ensure that the landed rate as

per the break up of prices provided by him after the reverse auction and the L1 landed rate offered by him in the reverse auction is exactly same, otherwise it may be treated as withdrawal of offer and will attract penal action. While giving the break up, the bidder will have to consider same rate of taxes and duties as quoted while submitting the e price bid. In case the L1 bidder fails to submit the break-up of landed price within stipulated period, the Company will be at liberty to place order on the basis of the breakup of the e-price bid submitted by the bidder along with the initial offer and the same will be binding on the bidder.

8. To evaluate the L-1 Price, of different kind of tenders, the evaluation criteria would be as under:

**Price Evaluation:** In reverse auction to evaluate the offers on equal footage the calculation schema (separate for Indigenous and Foreign Bidders) will be prepared and will be provided with the tender. The applicable rate of customs duty will be specified in the NIT.

**LCB (Local Competitive Bidding) - The Price for the Reverse auction would be the FOR Destination price, which should include all the components of Taxes and Levies applicable, Freight, Insurance etc as per the pricing schema given in the particular tender.**

**ICB (International Competitive Bidding) - Only Foreign Bidder: The Price for the Reverse auction should be the CIF Landed price, which should include all the components like FOB charges, ocean / air freight, insurance, landing charges, customs duty etc. as per the pricing schema given in the particular tender.**

**Mixed Bidders: "FOR Destination price (including Excise Duty, Sales Tax, freight and transit insurance charges)" for Domestic Bidder and " Landed price (i.e. quoted FOB price plus other loadings as per provisions of NIT to arrive at FOR Destination price) for Foreign Bidder as per the pricing schema given in the particular tender.**  
If there is no acceptable foreign bidder, then the evaluation of the domestic bidders will be made on FOR destination basis.

9. The decrement value will be 0.5 % of the start bid price with minimum of Rs.1/-, as the system does not have a provision of taking amounts less than Rs.1/- as decrement value. The reduction shall have to be made as per decrement value or in multiple thereof.

In order to have ease of submission of reverse auction bid by the bidders, it is suggested that decrement value may be rounded off to nearest value as under :

- (a) For decrement values up to Rs.10/-, rounding off may be made to nearest rupee.  
(b) For decrement values from Rs.11/- to Rs.100/-, rounding off may be made to nearest 10.

(c) For decrement value from Rs.101/- to Rs.1,000/-, rounding off may be made to nearest 100.

(d) For decrement value from Rs.1,001/- to Rs.10,000/-, rounding off may be made to nearest 1000.

and so on .....

For cases where the unit rate is low and quantum of item is huge, if the decrement value in terms of 0.5% works out to be in paise and rounding off to nearest rupee, would be much higher than 0.5% of start bid value, the unit of measurement may be adjusted in such a way so that decrement value may remain in the range of 0.5% or Rs.1/- whichever is higher.

For example, Tender for any item, whose unit of measurement is in KG and having low unit rate may be invited in terms of 10 KG or 100 Kg, as may be considered appropriate, as unit of measurement.

10. Initial period of reverse auction will be two hours. There will be auto extensions of time every time by ten minutes in case of any reduction recorded in the last ten minutes. The reverse auction will come to a close only when there is no further reduction recorded in the last ten minutes slot.
11. System protects bid and bidder information till auction gets over and displays current L1 price to the bidder in auction hall.
12. System provides bidder details along with bid documents at the end of reverse auction process.
13. The log details of the entire reverse auction process will be generated by the system once the process of reverse auction is completed.
14. If a bidder does not submit his bid in the Reverse Auction, the price quoted by him in the price bid shall be considered as the valid price of that bidder. The status of the bidder (L1, L2 etc) shall be evaluated considering either the bid price submitted in Reverse auction or the Price quoted in the price bid, whichever is lower.
15. Since, reverse auction is a sequel to e-tender, the process of finalizing the tender upon completion of reverse auction will be same as the tender process without reverse auction.
16. Business rules like event date, time, methodology of start bid price and bid decrement value, extensions, etc. also shall be indicated in NIT for information of bidders.
17. CIL will provide the calculation sheet (e.g.: EXCEL sheet) which will help to arrive at "Total Cost to CIL" by the vendor, like-packing & forwarding charges, Taxes and duties.

Freight charges, Insurance, Service tax for services etc, to enable them to fill-in the price and keep it ready for keying in during the Reverse auction.

18. The bid history shall reflect only the landed price. The landed price shall also not be same for two bidders even if any bidder makes such an attempt.
19. Only the chronologically last bid submitted by the bidder till the end of the auction shall be considered as the valid price bid of that bidder. Any bid submitted earlier by the bidder prior to submission of his last bid will not be considered as the valid price bid.
20. Purchase Preference: In case BEC provides for purchase preference as per Govt. policy, as may be notified time to time to any category of bidders, and if any of the short listed bidders are eligible for such purchase preference in terms of policy, such bidders would get opportunity to match the L-1 prices concluded after reverse auction, if their final prices in Reverse Auction fall within the permitted percentage.
21. Conversion Rate: While evaluating the bids, the exchange rate captured by the e procurement system will be taken into account for conversion of foreign currency into Indian Rupees.
22. Server time shall be the basis of Start time & Closing time for bidding and shall be binding for all. This would be visible to all concerned.
23. On expiry of the closing of the auction, the bid history showing all the last valid bids offered along with name of the bidders shall be published. All bidders shall have the facility to see and get a print of the same for their record.
24. All electronic bids submitted during the reverse auction process shall be legally binding on the bidder. The chronologically last bid submitted by the bidder till the end of the auction will be considered as the valid price bid offered by that bidder and acceptance of the same by CIL will form a binding contract between CIL and the bidder for entering into a contract.
25. Input Tax Credit will be considered for determining the status of the bidders.
26. Conditional discounts shall not be considered. If a bidder offers a discount unilaterally after submission of bid, the discount shall not be considered for evaluation of offers but shall be availed if order is placed on such tenderer.
27. If the lowest price received during reverse auction is unreasonable or it is unacceptable on ground of being too high or too low compared with estimated price, the management reserves right to seek justification of the price from lowest bidder. If the price is not considered reasonable, management may not accept such bid and go for another tender process.

28. In case of disruption of service at the service provider's end while the RAP is online, due to any technical snag or otherwise attributable to the system failure at the server end, the RAP process will start all over again. In such a situation, the last recorded lowest price of prematurely ended RAP, will be the 'Start Bid' price for the restarted RAP. The prices quoted in the prematurely ended RAP will be binding on all the bidders for consideration, if the restarted RAP does not trigger within the stipulated time. A provision to this effect should be made in the NIT.

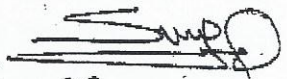
Disruption and restarting of RAP shall be intimated to all the bidders through system/SMS/e-mail through e procurement portal. All the time stipulations of normal RAP will be applicable to the restarted RAP.

29. TIA will incorporate suitable stipulations in the NITs for all tenders in accordance with the above features and guidelines.

The above procurement process and guidelines shall be effective for the tenders floated w.e.f. 15<sup>th</sup> January, 2016. However, the ongoing tenders shall remain available in the CIL e tender portal for evaluation by the TIA in the existing method till their logical conclusion.

All those provisions of Purchase Manual, 2004 and e-procurement guidelines as amended from time to time, which are not replaced by the above provisions, will remain unaltered.

The revised e-procurement process has been approved by CIL Board in their 322nd Meet held on 13.11.2015 and the provisions with respect to limited tenders and reverse auction have been deliberated in the CMDs Meet and approved by Chairman, Coal India.

  
08.01.2016  
General Manager(MM)  
Coal India Limited

*Handwritten initials*

*Gms (Systems)*