



COAL INDIA LIMITED

PURCHASE MANUAL 2020

(Updated till 31.10.2023)

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2020

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This Manual incorporates:

1. Purchase Manual 2020 as amended from time to time.
2. Important procurement guidelines issued from time to time as separate Office Orders.
3. Recommendations of CIL's CFDs during their 306th Meeting held on 10.05.2023.
4. Rectification of typographical errors.

Foreword

The quintessential role of Materials Management function in an organization is to procure vital material inputs that spur production growth in a fair, accountable, cost effective and transparent manner.

The last edition of the Purchase Manual of Coal India Limited was brought out in 2004. Since then, there have been periodical revisions & modifications to the various rules, regulations and guidelines. The present edition incorporates all the changes which took place in the interregnum and also the best practices related to procurement of goods and associated services.

The purpose of the manual is to provide all personnel involved in procurement with an understanding of their responsibilities, objectives and duties within the overall policy framework of the company. This manual intends to act as a set of guidelines and reference book to be followed for procurement of goods and associated services.

I compliment the painstaking efforts taken by all concerned especially the officers of Materials Management Division, CIL under the guidance of Director (Technical), CIL in meticulously compiling such an array of updates and bringing out the new Purchase Manual.

I sincerely hope that the new Purchase manual stands up to its purpose and helps in effective and efficient procurement in a transparent manner.

Date: 25.01.2020

(Anil Kumar Jha)
Chairman
Coal India Limited

Preface

Over a period of time need has been felt for an updated version of CIL Purchase Manual encompassing all relevant Government guidelines and also taking into account various methods and processes like e-Tendering, e-Reverse Auction, etc.

Keeping this in mind, CIL had engaged services of Shri V. Ramachandran, Ex-CTE, CVC along with his team of two Ex-Technical Examiners of CVC, Shri S. D. Narang and Shri P. K. Kanchan, for complete revision of Purchase Manual of CIL in accordance with General Finance Rules (GFR) of GoI, CVC guidelines and the latest technological advancement in the field of procurement.

The new Purchase Manual has been prepared after wide consultation with various stakeholders including the field officers of different subsidiaries. The CIL Purchase Manual, 2020 in its present form has evolved after inputs from various departments and review by multidisciplinary committees.

An updated Purchase Manual is greatly advantageous for proper and informed decision making and helps eliminate ambiguity in procurement process. A well compiled up-to-date knowledge base of purchase guidelines protects the officials concerned from any inadvertent oversights. For the procurement process to be efficient and effective, it is imperative that established guidelines are followed assiduously.

I would like to put it on record my sincere appreciation to all the persons associated in finalizing CIL Purchase Manual 2020. Special thanks are due to the above mentioned original authors and CIL Audit Committee, which has diligently gone through the manual in the process of its approval and made valuable suggestions.

I would like to express my kudos to the officers of CIL Materials Management Division engaged in bringing out this volume for their exemplary and untiring work.

Date: 25.01.2020

(Binay Dayal)
Director (Technical)
Coal India Limited



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CHAPTER -1 ORGANIZATION

1.1 Introduction

1.1.1 Coal India Limited (CIL) as an organized state owned coal mining corporate came into being in November, 1975, with the Government of India taking over private coal mines. With a modest production of 79 Million Tonnes (MTs) at the year of its inception, CIL today is the single largest coal producer in the world.

1.1.2 CIL was granted the Maharatna recognition in April, 2011. It is a privileged status conferred by the Government of India to select state owned enterprises in order to empower them to expand their operations and emerge as global giants. So far, this select club has only thirteen members out of nearly 250 Central Public Sector Enterprises in the country.

1.2 Subsidiary Companies of Coal India Limited

1.2.1 Coal India is a holding company with eight wholly owned subsidiary companies out of which seven are coal producing companies and one is a mine planning & consultancy company. The subsidiary companies are:

1. Eastern Coalfields Limited (ECL), Sanctoria, West Bengal
2. Bharat Coking Coal Limited (BCCL), Dhanbad, Jharkhand
3. Central Coalfields Limited (CCL), Ranchi, Jharkhand
4. South Eastern Coalfields Limited (SECL), Bilaspur, Chhattisgarh
5. Western Coalfields Limited (WCL), Nagpur, Maharashtra
6. Northern Coalfields Limited (NCL), Singrauli, Madhya Pradesh
7. Mahanadi Coalfields Limited (MCL), Sambalpur, Odisha
8. The mine planning & consultancy company is Central Mine Planning and Design Institute Limited (CMPDIL), Ranchi, Jharkhand.

1.2.2 North Eastern Coalfields (NEC), a small coal-producing unit operating in Margherita, Assam is under direct operational control of CIL with a General Manager as the Head. Indian Institute of Coal Management (IICM), a training institute located in Ranchi, Jharkhand is also under direct control of CIL with an Executive Director as the Head.

1.2.3 Coal India Limited has a Board of Directors headed by a full time Chairman who is the Chief Executive of the Company. The Subsidiary Companies have their own Board of Directors. Each of these Subsidiary Companies has a Chairman-cum-Managing Director who is the Chief Executive of the Subsidiary Company.

1.3 Purchase Functions in CIL/ Subsidiary Companies

1.3.1 The purchase functions in Coal India Limited (HQ) are carried out by Materials Management Division headed by the General Manager (MM) who reports to the Director (Technical). In respect of Subsidiary Companies, these functions are carried out by the respective Materials Management



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Departments headed by the General Manager (MM) reporting to the Director-in-Charge of MM Department. Purchase functions are also carried out by Area HQ/ Projects/ Mines/ Units/ User Departments, as per powers delegated to them.

1.3.2 The Materials Management Division of Coal India Limited (HQ) is presently responsible for procurement of following items:

1. Dumpers - 120T and above capacity
2. Dozers - 450 HP and above capacity
3. Electric Rope Shovels - 20 Cu M and above capacity
4. Hydraulic Shovels - Above 10 Cu M capacity
5. Draglines - of all Sizes
6. OTR Tyres - For 85T Dumpers and above
7. Explosives - Bulk, Cartridge & Accessories

1.3.3 All other goods/items are procured by Materials Management Departments of the subsidiary companies and NEC.

1.3.4 In case of any modification or addition/deletion of items in the above list, the same shall be undertaken only in consultation with the subsidiary companies and after due approval of the Board of Directors of CIL. For one-time procurement of any other item(s) without modification of the above list, the same can be undertaken with the approval of Chairman, CIL. Further, Chairman, CIL may authorize procurement of any of these items to any subsidiary company on Lead Company basis for the requirement of all the subsidiary companies. Chairman, CIL may also authorize procurement of any of these items to individual subsidiary companies for their own requirements.

1.4 About the Manual

1.4.1 CIL as a whole spends a sizeable amount on procurement of various types of goods and associated services to discharge its main function of producing coal. It is imperative that these purchases are made following an efficient and cost effective procedure in accordance with the relevant rules and regulations of the Government of India.

1.4.2 The Indian Contract Act, 1872 and the Sale of Goods Act, 1930 are major legislations governing contracts of sale/ purchase of goods in general. Though, there is no law exclusively governing public procurement of goods, General Financial Rules (GFR) 2017, various Government orders and guidelines provide the regulatory framework for public procurement.

1.4.3 In this Manual, attempt has been made to contain the relevant rules, regulations, instructions, directives and guidance on best practices concerning purchase of goods as well as allied areas such as installation of equipment, after sales services including training, maintenance, etc. Different aspects of procurement have been grouped under appropriate



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sub-heads in separate chapters, which will help users to readily locate the desired subjects/sub-subjects.

- 1.4.4** The procedure laid down in this Purchase Manual is to be followed by all entities of CIL, involved in procurement of goods. However, these guidelines would not be applicable to projects funded by World Bank and other International Funding Agencies, as, such external aid/ loans etc. received are covered under the applicable policies/ legal agreements executed as permitted under Rule 264 of GFR 2017.
- 1.4.5** As and when any new policy and guideline is issued from Government of India, the same shall be made part of this manual with the approval of CIL Management.



CHAPTER – 2

OBJECTIVES AND POLICIES OF PURCHASE

2.1 Fundamental principles of public buying

2.1.1 Professionalism Principle: The procuring authorities have a responsibility and accountability ensuring professionalism and that the methodology adopted for procurement should not only be reasonable and appropriate for the cost and complexity but should also effectively achieve the planned objective of the procurement.

2.1.2 Every authority delegated with the financial powers of procuring goods and services in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency, effectiveness and integrity into the procurement process and ensure fair and equitable treatment of suppliers and promotion of competition in public procurement.

2.1.3 The procedure to be followed in making public procurement must conform to the following yardsticks:

- (i) The description of the subject matter of procurement to the extent practicable should -
 - a) be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics.
 - b) not indicate a requirement for a particular trade mark, trade name or brand.
- (ii) The specifications in terms of quality, type, etc., as also quantity of goods to be procured, should be clearly spelt out, keeping in view the specific needs of the procuring organizations. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure.
- (iii) Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist.

Provided that a procuring entity may, for reasons to be recorded in writing, adopt any other technical specification.

- (iv) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;
- (v) Offers should be invited following a fair and transparent procedure;
- (vi) The procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;



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- (vii) The procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;
- (viii) At each stage of procurement the concerned procuring authority must place on record, in precise terms, the considerations which weighed with it while taking the procurement decision.

2.2 Central Public Procurement Portal

Central Public Procurement Portal (CPPP) has been designed, developed and hosted by National Informatics Centre (NIC), Ministry of Electronics & Information Technology, in association with Dept. of Expenditure, to ensure transparency in the public procurement process. The primary objective of the Central Public Procurement Portal is to provide a single point access to the information on procurements made across various Ministries and Departments. The CPPP has e-publishing and e-procurement modules. It is mandatory for all Ministries/ Departments of the Central Government, Central Public Sector Enterprises (CPSEs) and Autonomous and Statutory Bodies to publish on the CPPP, all their tender enquiries and information about the resulting contracts. CPPP provides access to information such as documents relating to pre-qualification, Bidders' registration, Bidding documents; details of bidders, their pre-qualification, registration, exclusions/ debarments; decisions taken regarding pre-qualification and selection of successful bid. It is also now mandatory with effect from 01.04.2016 to implement end-to-end e-Procurement for all procurements of more than Rs. 2 Lakhs either through CPP portal or any other suitable portal.

Government of India has also developed an online Government e-Marketplace (GeM) for procurement of Goods & Services required by various Government Departments / Organizations / PSUs. Purchase through GeM portal is detailed under Clause-8.23.

2.3 Code of Ethics

2.3.1 As a guiding principle of professional conduct, all purchase executives of CIL and its subsidiary companies will abide by the following codes of ethics:

- To consider first the total interest of one's organization in all transactions without impairing the dignity and responsibility of one's office.
- To subscribe and work for honesty and truth in buying, to denounce all forms and manifestations of commercial malpractices and eschew anti-social practices.
- To accord a prompt and courteous reception so far as conditions will permit, to all who call up on legitimate business mission.

2.3.2 Code of Integrity for Public Procurement (CIPP): CIL, its subsidiaries as well as bidders, contractors, suppliers and consultants under contract



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with CIL or its subsidiaries shall observe the highest standard of ethics during the procurement and/or execution of such contracts.

In pursuit of this policy, for the purpose of this provision, the terms set forth below are defined as follows:

- (i). "Corrupt Practice" means making offers, solicitation or acceptance of bribe, rewards or gifts or any material benefit, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process or contract execution;
- (ii). "Fraudulent Practice" means any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an obligation avoided. This includes making false declaration or providing false information for participation in a tender process or to secure a contract or in the execution of a contract;
- (iii). "Anti-competitive Practice" means any collusion, bid rigging or anti-competitive arrangement, or any other practice coming under the purview of The Competition Act 2002, between two or more bidders, with or without the knowledge of the Purchaser, that may impair the transparency, fairness and the progress of the procurement process or to establish bid prices at artificial, non-competitive levels;
- (iv). "Coercive Practice" means harming or threatening to harm, directly or indirectly, at any stage, persons or their property to influence their participation in the procurement process or affect the execution of a contract;
- (v). "Conflict of interest" means participation by a bidding firm or any of its affiliates that are either involved in the consultancy contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or if the bidding firm or their personnel have relationships or financial or business transactions with any official of Procuring Entity who are directly or indirectly related to tender or execution process of contract; or improper use of information obtained by the (prospective) bidder from the Procuring Entity with an intent to gain unfair advantage in the procurement process or for personal gain; and
- (vi). "Obstructive practice" means materially impede the Procuring Entity's investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and/or by threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or by impeding the Procuring Entity's rights of audit or access to information.

2.3.3 Procuring authorities, as well as bidders, suppliers, contractors and consultants, are obliged under Code of Integrity for Public Procurement to suo moto proactively declare any conflicts of interest (coming under the



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definition mentioned above – pre-existing or as and as soon as these arise at any stage) in any procurement process or execution of contract. Any bidder must declare any previous transgressions of such a code of integrity with any entity, in any country, during the last three years, or of being debarred by any other Procuring Entity. Failure to do so would amount to violation of this code of integrity. This should be included in NIT.

2.3.4 Punitive Provisions: A particular violation of code of integrity may span more than one of the above mentioned unethical practices. Without prejudice to and in addition to the rights of the Procuring Entity to other penal provisions as per the bid documents or contract, if the Procuring Entity comes to a conclusion that a (prospective) bidder/supplier, directly or through an agent, has violated this code of integrity in competing for the contract or in executing a contract, the Procuring Entity may take appropriate measures including one or more of the following:

- i) if his bids are under consideration in any procurement
 - a) Forfeiture or encashment of bid security;
 - b) Calling off of any pre-contract negotiations; and
 - c) Rejection and exclusion of the bidder from the procurement process.
- ii) if a contract has already been awarded
 - a) Cancellation of the relevant contract and recovery of compensation for loss incurred by the Procuring Entity;
 - b) Forfeiture or encashment of any other security or bond relating to the procurement;
 - c) Recovery of payments including advance payments, if any, made by the Procuring Entity along with interest thereon at the prevailing rate. The due amount may be recovered from the bills of the supplier against any existing/future contract(s) with CIL and/or any of its subsidiaries.
- iii) Provisions in addition to above:
 - a) Removal from the list of registered suppliers and banning/debarment of the bidder from participation in future procurements of the Procuring Entity for a period not less than one year;
 - b) In case of anti-competitive practices, information for further processing may be filed under the signature of a General Manager level officer, with the Competition Commission of India; and
 - c) Initiation of suitable disciplinary or criminal proceedings against any individual or staff found responsible.

2.4 Primary Objective of Public Procurement

2.4.1 The primary objective is to procure plant & machinery, equipment & spares, consumables and other stores & materials required by indentors with a view to:



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- a) Help and maintain continuity of production, by arranging timely supplies as per users' requirement.
- b) Ensuring that items purchased are most economical, taking into account their quality, durability, efficiency, etc.
- c) Developing and promoting an effective, healthy and harmonious buyer–seller relationship to ensure fair play and equity.

2.4.2 The basic aim of procurement function is to ensure five essential parameters in every procurement decision (called five R's of Public Procurement). The word right is used in the sense of optimal balance-

- a) Right quality:
The aim of procurement should be to buy just the right quality that will suit the needs, with clear specification of the procuring entity's requirements, proper understanding of functional value and cost.
- b) Right quantity:
There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities and then storing them for prolonged use. Hence, the right quantity is to be procured.
- c) Right time and place of delivery :
The time at which the purchase is to be made is of vital importance. In case of items used regularly, right time means the time when the stock reaches the minimum level. It should also be ensured that the materials are available at the right place, as transportation and material handling costs are greatly affected by the selection of the right place from where the materials are to be acquired.
- d) Right price and value for money¹:
It is not correct to aim for the cheapest material available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for the goods/services, which could lead to a situation of non-performance or failure of contract). Value for

¹Refined Concepts of Cost and Value – Value for Money

The concept of price or cost has been further refined into Total Cost Of Ownership (TCO) or Life Cycle Cost (LCC) or Whole-of-Life (WOL) to take into account not only the initial acquisition cost but also cost of operation, maintenance and disposal during the lifetime of the external resource procured. Similarly, the concept of quality is linked to the need and is refined into the concept of utility/ value. These two, taken together, are used to develop the concept of Value for Money (VfM, also called Best Value for Money in certain contexts). VfM means the effective, efficient, and economic use of resources, which may involve the evaluation of relevant costs and benefits, along with an assessment of risks, non-price attributes (e.g. in goods and/or services that contain recyclable content, are recyclable, minimise waste and greenhouse gas emissions, conserve energy and water and minimize habitat destruction and environmental degradation, are non-toxic etc.) and/or life cycle costs, as appropriate. Price alone may not necessarily represent VfM. In public procurement, VfM is achieved by attracting the widest competition by way of optimal description of need; development of value-engineered specifications/ Terms of Reference (ToR); appropriate packaging/ slicing of requirement; selection of an appropriate mode of procurement and bidding system.



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Money means the effective, efficient and economic use of resources, which may involve the evaluation of relevant costs and benefits, along with an assessment of risks, non-price attributes and/or life cycle costs, as appropriate.

e) Right source of supply:

The source of supply has to be just right for our needs, having established credentials and a proven track record.

2.5 Laws / Guidelines governing Public Procurement

Various key rules, legislations and directives that guide public procurement are:

- i) The Indian Contract Act, 1872
- ii) The Sale of Goods Act, 1930
- iii) General Financial Rules (GFR), 2017 as amended to date
- iv) The Arbitration and Conciliation Act, 1996 as amended to date
- v) The Competition Act, 2002 as amended to date
- vi) The Information Technology Act, 2000 as amended to date
- vii) Export Import Policy of India

2.6 Disclosure under RTI Act

Under the Right to Information Act, 2005 (RTI Act), every citizen has the right to demand information related to Public Procurement. Thus, a Public Procurement organization should be ready to provide Documented Record of its Procurement Process/ Decisions to general public under the RTI Act. Further, Section 4(1) (b) of the RTI Act lays down the information to be disclosed by public authorities on a suo moto or proactive basis and Section 4(2) and Section 4(3) prescribe the method of its dissemination to enhance transparency and also to reduce the need for filing individual RTI applications. The Department of Personnel & Training, Ministry of Personnel, Public Grievances & Pensions, Government of India has issued "Guidelines on suo moto disclosure under Section 4 of the RTI Act" vide their OM No.1/6/2011-IR dated April 15, 2013. The relevant guidelines are reproduced below:

"Information relating to procurement made by public authorities including publication of notice/ tender enquiries, corrigenda thereon, and details of bid awards detailing the name of the Vendor/ Contractor of goods/services being procured or the works contracts entered or any such combination of these and the rate and total amount at which such procurement or works contract is to be done should be disclosed. All information disclosable as per Ministry of Finance, Department of Expenditure's O.M. No 10/1/2011-PPC dated 30th November, 2011 (and 5th March 2012) on Mandatory Publication of Tender Enquiries on the Central Public Procurement Portal and O.M. No.10/3/2012-PPC dated 9th January 2014 on implementation of comprehensive end-to-end e-procurement should be disclosed under Section 4 of the Right to Information Act...."

2.7 External Accountability



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Apart from internal accountability, Public Procurements are answerable and accountable to a number of external organizations, like the Parliament and Parliamentary Committees, CVC, CBI, CAG, concerned Ministries, etc. Thus, Public Procurement Organization has to conduct its procurements and keep records in such a way that the decisions can be explained to these organizations who may not be fully conversant with the peculiarities of its operations.

2.8 Preferential/Mandatory Purchase from certain sources/Product Reservation

Note: Before considering any Purchase Preference / product reservation mentioned below, the Procuring Entity should check the latest directives issued by CIL and Department of Expenditure in this regard for necessary action.

2.8.1 Khadi Goods/Handloom Textiles

2.8.1.1 The Central Government has reserved² all items of hand-spun and hand-woven textiles (Khadi goods) for exclusive purchase from Khadi & Village Industries Commission (KVIC).

2.8.1.2 Of all items of textiles required by Central Government departments, it shall be mandatory to make procurement of at least 20% from amongst items of handloom origin, for exclusive purchase from KVIC and/or Handloom Clusters such as Co-Operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations etc. including Weavers having Pehchan Cards.

2.8.1.3 Left over quantity, if any, may be purchased from other sources. In the case of KVIC, the rates are fixed by certification committee and the rates so fixed are reviewed by the Cost Accounts Branch of the Ministry of Finance. In the case of Handloom Clusters such as Co-Operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations etc. including Weavers having Pehchan Cards, for fixation of prices, the guidelines of the Ministry of Textiles and Ministry of Finance may be taken into account.

2.8.2 Products Reserved for Micro and Small Enterprises

2.8.2.1 As per the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, GoI has reserved 358 items for exclusive purchase from MSEs as defined under MSMED Act, 2006. Ministries/Departments and Public Sector Undertakings are required to purchase these items only from MSEs having Udyam Registration. A list of the 358 items is given in **Annexure-2**.

2.8.2.2 The Government reviews the lists of such reserved items and the applicable procedures for purchasing the same from time to time. The tender

²Ministry of Textiles O.M. No. 4/2/88-DCH/M&E dated 17th February 1992



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document should clearly indicate that the purchase will be made from the suppliers falling in the category of MSEs.

2.8.2.3 Following facilities are also extended to the MSEs subject to furnishing relevant valid certificate for claiming exemption:

- (a) Issue of Tender Sets free of cost;
- (b) Exemption from payment of Earnest Money.

2.8.3 Mandatory procurement from Micro and Small Enterprises

2.8.3.1 In terms of Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 dated 23.03.2012 and subsequent Public Procurement Policy for Micro and Small Enterprises (MSEs) Amendment Order, 2018 dated 09.11.2018, the Central Government Ministries, Departments and Public Sector Undertakings shall procure a minimum of 25% of their annual value of goods or services from MSEs having Udyam Registration.

2.8.3.2 The annual goal of procurement of minimum 25% from MSEs also includes sub-contracts to MSEs by large enterprises and consortia of MSEs formed by NSIC.

2.8.3.3 CIL and its Subsidiary Companies are required to procure 358 items [as the list is reviewed by Ministry of MSME (MoMSME) from time to time, it is advised to check the latest list before tendering], reserved for MSEs, from MSEs only. If required, NSIC may be contacted for locating the sources for such reserved items. These items may be procured from non-MSE firms if no offer is received from the MSEs in the first tender issued to MSEs only. In case a tender is invited for multiple items including items reserved to be procured from MSEs, along with other non-reserved items, then serial numbers of the items reserved to be procured from MSEs are to be clearly indicated in the NIT that they are to be procured from MSEs only. For other non-reserved items, the eligibility criteria are to be clearly indicated in the NIT.

2.8.3.4 In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category (micro or small or medium) it was in before the re-classification, for a period of three years from the date of such upward change. Non-tax benefits include benefits of various schemes of the Government, including Public Procurement Policy, Delayed Payments, etc.

2.8.3.5 Special provisions for Micro and Small Enterprises owned by Scheduled Castes or Scheduled Tribes and Women Entrepreneurs

Out of 25% target of annual procurement from MSEs, sub-targets of 4% and 3% shall be earmarked for procurement from MSEs owned by the Scheduled Caste or the Scheduled Tribe (SC/ST) and women entrepreneurs respectively. Provided that, in event of failure of such MSEs



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to participate in tender process or meet tender requirements and L1 price, 4% and 3% sub-targets for procurement earmarked for MSEs owned by Scheduled Caste or Scheduled Tribe and women entrepreneurs respectively shall be met from other Micro and Small Enterprises. MSEs would be treated as owned by SC/ ST entrepreneurs if:

- (i) In case of proprietary MSE, proprietor(s) shall be SC/ST.
- (ii) In case of partnership MSE, the SC/ ST partner(s) shall be holding at least 51% shares in the unit.
- (iii) In case of Public Limited Companies, at least 51% share shall be held by SC/ ST entrepreneurs at any given point of time.
- (iv) In case of Private Limited Companies, at least 51% share shall be held by SC/ ST promoters.

2.8.3.6 Price quotation in tenders

- 1) In tender, participating MSEs quoting price within price band of L1+15% shall also be allowed to supply a portion of the requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than an MSE and such MSE shall be allowed to supply up to 25% of total tendered value.
- 2) In case of more than one such MSE, the supply shall be shared proportionately³ (to tendered quantity). Subsequently, it has been clarified⁴ by the Ministry of MSME, that in case two or more MSEs are within L1+15%, all such vendors need to be given an opportunity to accept L1 price and shall share the 25% of the ordered value equally.

2.8.3.7 Further, vide Policy Circular No.1(2)(1)/2016-MA dated 10.03.2016 of MoMSME, it has been clarified that all Central Ministries / Departments / Central Public Sector Undertakings may relax the condition of prior turnover and prior experience with respect to Micro and Small Enterprises in all public procurements subject to meeting of quality and technical specifications, i.e. these MSEs must have the technical capability to deliver the goods and services as per prescribed technical and quality specifications. Further, as per Department of Expenditure, Ministry of Finance OM No. F.20/2/2014/PPD-(Pt) dated 25.07.2016 circulated vide note F. No. 24/2/2013/Fin-1 dated 02.08.2016, relaxation of the condition of prior turnover and prior experience in public procurement has been extended to all Startups⁵ (whether MSE or not) subject to

³MSME Order dated 23.03.12

⁴Letter No. 21(4)/2016-MA dated 28.03.2016 issued from the Office of Development Commissioner, MoMSME.

⁵Startups means an entity, incorporated or registered in India not prior to ten years, with annual turnover not exceeding Rs. 100 crores in any preceding financial year, working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation. Provided that such entity is not formed by splitting up, or reconstruction of a business already in existence. Provided also that an entity shall cease to be a startup if its turnover for the previous financial years has exceeded Rs. 100 crores or it has completed 10 years from the date of incorporation/ registration. In order to avail benefits provided to Startups, the entity is to be recognized by DPIIT [GSR No. 127(E) dated 19.02.2019 of Gazette of India].



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meeting of quality and technical specifications in accordance with the relevant provisions [Rule 173(i)(b) of GFR, 2017]. It has subsequently been clarified by the Department of Expenditure, MoF vide OM No. F.20/2/2014/PPD-(Pt) dated 20.09.2016 that there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipment, etc.) where procuring entities may prefer the vendors to have prior experience rather than giving orders to new entities. For such procurements, wherever adequate justification exists, the procuring entities may not relax the criteria of prior experience/ turnover for Startups/ MSEs. In view of the above instructions, wherever, it is decided not to relax prior experience/ turnover criteria, adequate justification has to be given and approval of CMD of the subsidiary company/ Chairman, CIL, as the case may be, obtained. Further, the list of such items shall be sent to Technical Department of CIL for circulation to all the subsidiaries for ensuring uniformity across CIL.

Except for those procurement cases where no relaxation for prior experience/ turnover criteria is to be given, Tender Inviting Authority (TIA) in CIL and its Subsidiaries shall make a provision in the tender documents that prior experience and prior turnover criteria are not applicable for Startups and MSEs in the tender.

Against the tender, if the bidders in their offer have submitted documents to prove the Startup/MSE status for the tendered item without certificate towards quality, assurance and capability from some authority like MSME, NSIC, etc., the TIA, if needed, may assess the techno-commercial capability of the vendors to manufacture and deliver goods as per the prescribed quality and technical specification before awarding contract to them. For this purpose, a 'Proforma for Equipment and Quality Control' (as per **Annexure-3**) has to be enclosed in the tender documents and such MSEs/ Startups should be asked to submit the details of plant & machinery, quality control arrangements, etc., in the above proforma along with their bids for verification of their technical capability. After opening of bids, the verification of technical capability may be done by the concerned Technical Department immediately without any undue delay so that it is available for consideration at the time of evaluation/ processing of offers.

It should be ensured that the designated technical authority from whom the technical capability report is being called, is furnished with copy of the enquiry, the details of equipment, quality control, man-power availability, compliance/ deviation statements and any other relevant particulars related to manufacturing/supply of the item as furnished by the firm(s) along with their tender.

If required, a techno-commercial team of the organization may visit the manufacturing unit of the vendor without any undue delay for quick finalization of tenders.

In case there is deficiency in technical capability of the firm, the same is to be communicated to them by TIA for improvement in the quality of their



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product for future tenders and clearly indicating that their offer cannot be considered for relaxation against the tender in question in order to avoid any future complications. The issues relating to Technical capability may be decided by the Head of the Technical Department.

If favorable technical capability reports obtained earlier on such firms for supply of the item in question as per the required specification is available, these may be considered for granting relaxation to the criteria of prior experience and prior turnover provided date of such reports are not more than one year from the date of opening of bids.

If bidders have submitted documents to prove the Startup/MSE status for the tendered item and their products are ISI marked/DGMS approved/Proven in CIL or its Subsidiary companies/Proven product of the ancillary unit of a Subsidiary Company of CIL, they will be required to submit the following applicable related documents, digitally signed (for documents submitted on e-procurement portal) / self-certified (for documents submitted in modes other than e-procurement portal), for relaxation from the criteria of prior experience and prior turnover:

- a valid BIS Marking License for the quoted items
or
- Rate contract issued by CIL/its Subsidiary Companies for the quoted items
or
- a valid DGMS Approval certificate for the quoted items
or
- Proven Ancillary certificate issued by the Subsidiary Companies for the quoted items.

The document(s)/certificate(s) furnished by the bidders for ISI markings or DGMS approval for any relaxation should be valid on the date of tender opening and a self-certified copy of such document(s)/certificate(s) valid on the date of supply, must accompany their bill(s).

If the documents are related to the OEM or principal, the self-certification of OEM or principal shall also be required.

Note: The above provision for submission of digitally signed documents does not overrule existing provisions of mode of document submission by bidders during the course of a tender.

2.8.3.8 It is clarified that if L1 price is quoted by an MSE, then the MSE who quotes L1 price will get the opportunity for full supply. However, if there are ancillary units within L1+15% price band, then 25% quantity shall be distributed among them at L1 price.

2.8.3.9 Further, in case of non-divisible tenders, an MSE quoting in the price band of L1+15% may be awarded for full/complete supply of tendered value,



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considering the spirit of policy for enhancing the government procurement from MSEs, subject to bringing down of price to L1 by the MSE concerned.

2.8.3.10 Where any Aggregator⁶, 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.

2.8.3.11 This Policy is meant for procurement of only goods produced and services rendered by MSEs and not for any trading activities by them. An MSE Unit will not get any purchase preference over another MSE Unit.

2.8.3.12 A Review Committee of Ministry of MSME may consider any request of Ministries/ Departments/ CPSUs which are procuring items of unique nature, for exemption from 25% (Twenty five percent) procurement targets on case to case basis.

CIL has obtained relaxation from the Review Committee for items beyond the scope / capacity of MSEs. However, CIL has to achieve a target of minimum 35% procurement from MSEs for all non-exempted items from FY 2022-23 onwards. The Minutes of Review Committee Meeting granting exemption to specific classes of items are incorporated as **Annexure-38**.

2.8.3.13 Procurement details, keeping in mind the relaxation provided to CIL by the Review Committee, are to be uploaded on monthly basis on MSME 'Sambandh' Portal launched by Ministry of MSME.

2.8.4 [Deleted]

2.8.5 Purchase Preference to Central Public Sector Undertakings

As per the government policy⁷, the Central Public Sector Undertakings (CPSU) were getting purchase preference upto 10% over the Large Scale Private Units. This policy was last extended upto 31.03.2008. However, in view of the judgement dated 18.05.2007 of the Supreme Court of India, the Government has reviewed⁸ the Purchase Preference Policy and decided to terminate this policy w.e.f. 31.03.2008. The Government has decided that the preferential purchase policies framed for the specific sectors by the concerned Ministries/ Departments do not come within the purview of this decision. The concerned Ministries/ Departments can independently evolve/ review preferential policies for the sectors of their concern, as per their requirement.

2.8.6 Purchase Preference to Pharma Central Public Sector Enterprises (CPSEs)

Purchase Preference should be given to Pharma CPSEs as per the latest guidelines / directives issued by Department of Chemicals &

⁶ One who sells the products coming directly from the manufacturers. MSME appoints aggregators for the specific items.

⁷DPE O.M. No. DPE/13(12)/2003-Fin.Vol.II dated 18.7.2005

⁸DPE O.M. No. DPE/13(15)/2007-Fin. dated 21.11.2007



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Petrochemicals or any other Department / Ministry of Government of India.

The current list of 104 specified medicines to be procured from Pharma CPSEs and their subsidiaries is given in **Annexure-4**. Since this list is subject to revision by Government of India from time to time, the procuring entity should check the latest directives in this regard and take procurement action accordingly. In case of applicability of the Purchase Preference to Pharma CPSEs, the same should be made part of the NIT.

2.8.7 Promotion of Generic Medicines and its availability through ‘Jan Aushadhi’ Stores

2.8.7.1 ‘Jan Aushadhi’ is a campaign launched by the Department of Pharmaceuticals, Government of India in association with Pharma Public Sector Undertakings, to provide quality medicines at affordable prices to the masses. Further, Jan Aushadhi stores have been set up to provide generic drugs, which are available at least prices but are equivalent in quality and efficacy as expensive branded drugs. Bureau of Pharma PSUs of India (BPPI) has been established under the Department of Pharmaceuticals, Government of India for coordinating procurement, supply and marketing of generic drugs through the Jan Aushadhi Stores.

2.8.7.2 As per D.O. dated 12.04.2016 from Department of Pharmaceuticals, Ministry of Coal has, vide its letter No. JS(SKS)/01/2016-Gen.Medicine dated 18.04.2016, decided that CIL and its subsidiaries including NEC may take necessary steps for the promotion of generic medicines through company’s healthcare set up and its availability through facilitating opening of ‘Jan Aushadhi’ stores. The details of generic medicines and the scheme of opening of Jan Aushadhi stores are available on their website.

2.8.8 Purchase Preference to Ancillary Units

2.8.8.1 In each subsidiary company, the items for procurement from ancillary units are to be identified by the Plant Level Advisory Committee chaired by Director (Technical) and comprising officers of Subsidiary Company, State District Industry Centre (DIC) and representative(s) of Ancillary Association. After the list of items is identified, an open advertisement is to be issued by the Company inviting applications from MSEs only, for enlistment as Ancillary unit.

2.8.8.2 After receipt of applications, a sub-committee comprising representatives of MSME Development Institute, DIC, Subsidiary Company and Ancillary Association shall undertake visit of factory premises of the units who have applied for ancillary status and shall evaluate the overall suitability of a particular unit for recommendation as ancillary and submit their report to Plant Level Advisory Committee who will consider the matter further and forward their recommendations to CMD of the subsidiary company, seeking approval for grant of ancillary status.

2.8.8.3 Ancillary Status granted to a firm shall be valid for a period of three years during which the performance of the firm shall be monitored and in case



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of consistent unsatisfactory performance of the firm or change in the status of the firm from MSE to Medium or Large Enterprise, the ancillary status granted to the firm shall be withdrawn. Renewal of ancillary status for another three years shall be considered only after receipt of request made by the firm.

2.8.8.4 In tender, the participating ancillary units within the price band of L1+15% 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 an Ancillary. Such Ancillary shall be allowed to supply up to 25% of total tendered value over and above the 25% value reserved for MSEs. In case of more than one such ancillary unit, the supply shall be shared proportionately (to tendered quantity).

2.8.8.5 If in a tender, L1 price is quoted by an ancillary unit, then the ancillary who quoted L1 price will get the opportunity for full supply. However, if there are MSEs within L1+15% price band, then 25% tender quantity shall be awarded to them subject to their matching L1 price.

2.9 [Deleted]

2.10 Purchase Preference under 'Make in India' Policy

2.10.1 Under 'Make in India' policy of Government of India, Purchase Preference will be given to eligible bidders as per Public Procurement (Preference to Make in India), Order 2017 issued vide order No. P-45021/2/2017-B.E.-II dated 15.06.2017 (subsequently revised vide orders dated 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020, and clarified vide OM dated 04.03.2021) of Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry. However, the procuring entity should check the latest directives of GoI in this regard and keep suitable provision in the NIT accordingly.

A copy of the revised Public Procurement (Preference to Make in India), Order 2017 dated 16.09.2020 is enclosed at **Annexure-30**.

2.10.2 It may be ensured that tender documents state that Clause 10(d) of the PPP-MII Order 2017 will be invoked wherever applicable. In case of invocation of the reciprocity clause under clause 10(d) of the PPP-MII Order 2017, single bids can be accepted. In order to control tender pricing, bench marking of prices may be done.

2.10.3 [Deleted]

2.10.4 [Deleted]

2.10.5 [Deleted]

2.10.6 As per Department of Expenditure, MoF, tender documents will be permitted to be uploaded on CPPP, GeM and NIC portals only after the



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Purchase Officer certifies that the tender documents comply with Public Procurement (Preference to Make in India) Order, 2017 and Public Procurement Policy for MSEs Order, 2012, as amended till date.

2.10.7 Subsequent to the Public Procurement (Preference to Make in India), Order 2017, various ministries have issued notifications in furtherance to the said order. These notifications have been circulated to the all concerned at CIL and the subsidiaries for compliance, and will continue to be applicable unless notified otherwise.

2.10A Department of Expenditure, Ministry of Finance, GoI, may, by order in writing, impose restrictions, including prior registration and/or screening, on procurement from bidders from a country or countries, or a class of countries, on grounds of defence of India, or matters directly or indirectly related thereto including national security. No procurement shall be made in violation of such restrictions. Office Orders issued in this regard are provided in **Annexure-31**.

2.10B Concurrent application of purchase preference under Public Procurement (Preference to 'Make in India') Order 2017 and Public Procurement Policy for Micro and Small Enterprises (MSEs) Order 2012 shall be as per OM no. F.1/4/2021-PPD dated 18.05.2023 of Department of Expenditure, Ministry of Finance (**Annexure-39**).

2.11 Procurement of Spare Parts of Underground Machines

The policy for Procurement of Spare Parts of Underground Machines, approved by CIL Board in its 384th meeting held on 17th May 2019 and circulated vide Office Order no. CIL/C2D/UGMM Spares Policy/2019/288 dated 17.06.2019 of GM(MM), CIL is as follows:

- A. The policy shall be called "Policy for Procurement of Spare Parts of Underground Machines".
- B. This policy shall be made applicable for all underground machines except Pumps and Conveyor Idlers / Rollers / Brackets as these items are used for both underground and surface operations. Therefore, procurement of spare parts of these items may be made by Subsidiary Companies as per their prevailing practice.
- C. In respect of critical spare parts for underground machines, procurement shall be made from OEM/OES/OPM only. If Single Tender is issued for procurement from OEM/OES, the same can be issued on proprietary basis based on a Proprietary Certificate or on special technical consideration basis, as the case may be, as per the provisions contained in CIL's Purchase Manual. In case of non-critical items, the procurement from proven sources may be considered as per Clause-E below.



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The definition of OEM, OES, OPM and Proven Sources are given at Clause-H.

In case, OPM does not quote directly as a matter of its corporate policy to any organization (Government or Private, except in situations like supplies to OEM, supplies of spares and consumables bundled with supply of equipment, supplies to customers not covered by dealer network due to geographical/ logistics constraints), its authorized distributor/ dealer/ agent may quote with specific authorization from OPM. In such cases, the price quoted by authorized distributor/ dealer/ agent shall be authenticated by the Principal along with the offer.

- D. Separate list of spare parts of underground machines to be procured from OEM/OES and those to be procured from OPM shall be compiled by Head of E&M Department of the Subsidiary Company based on the information given by / collected from the OEM. The manufacturers whose supplied assemblies / sub-assemblies / component are found originally fitted on the equipment at the time of physical verification by a committee constituted by Director (Technical) of the Subsidiary Company, will also be considered as OPM.

The above lists of spare parts to be procured from OEM/OES and OPM shall be approved by the Director (Technical) of the subsidiary company and these lists may be reviewed and shared among all the subsidiaries on annual basis for the sake of uniformity.

Procurement of such items shall be made through Limited Tender basis among OEM/OES/OPM. If any other bidder claims to be OPM, he has to submit self-certified copy of Purchase Order in support of proof of having supplied to OEM or copy of an agreement of the OEM with OPM for the tendered items.

A centralized list of spare parts to be procured from OEM / OES / OPM shall be made available centrally on the website of CIL (HQ) by concerned Technical Division of CIL for ease of access by all Subsidiaries.

- E. Procurement from Proven Sources maybe made in the following cases:
- Procurement of bought out items of OEM like Bearings, Oil Seals, Cables, Hoses, End Fittings, Brake-linings, O-Rings, Gaskets, Carbon brushes, Pin, Bush, Nipples etc.
 - Procurement of standard items of non-critical nature like Fasteners, Washers, Batteries, Lamps etc.
 - Procurement of such spares already ordered on OEM / OES / OPM which have not been supplied by them within the stipulated delivery period of the respective orders, may be made from the proven sources with a specific approval of the CMD of the respective Subsidiary Companies. This option is to be exercised by the Subsidiary Companies after taking decision on delivery extension as per urgency of work.



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- iv. Procurement of spare parts of such old models of equipment which are still in operation but are either not in the current manufacturing range of the OEM or presently the OEM is not in business and the OEM / OES are not ready to supply the spare parts, may be made from proven sources with the approval of the CMD of the respective Subsidiary Companies.
- v. Procurement of such imported items for which equipment is under breakdown and which are not readily available with OEM / OES / OPM, may be made from proven sources with the approval of the CMD of the respective Subsidiary Companies.
- vi. The list under (i) & (ii) above is indicative only. Subsidiary Companies may identify other items as per their fleet of equipment for inclusion in the above list and communicate to other subsidiary companies.

However, any item of critical nature falling in the above broad category of items shall be purchased, with proper justification, from OEM / OES / OPM as per clause-C with the specific approval of CMD of the Subsidiary Company.

Procurement from Proven Sources shall be made through appropriate mode of tendering (open / limited) depending on the value of tender, wherein OEM/OES/OPM will be considered as eligible bidders. OPMs have to submit self-certified copies of Purchase Orders in support of proof of having supplied to OEM or copy of an agreement of the OEM with OPM for the tendered items.

- F. In case of procurement through proven sources, procurement has to be made as per laid down procedure and provisions of the Purchase Manual following all applicable guidelines related to Ancillary Units, MSEs, Startups and Public Procurement (Preference to 'Make in India') Order 2017 and other guidelines issued from time to time.
- G. However, the spare parts to be supplied by the proven sources and MSEs / Ancillary Units / Startups should be monitored on regular basis both in respect of quality and delivery of the spare parts and performance should be renewed annually.
- H. Definition of OEM / OES / OPM / Proven Sources:
 - a. OEM – Means, Original Equipment Manufacturer.
 - b. OES – Means, the authorized supplier of Original Equipment Manufacturer. Only those firms who have the current authorization and/or technical collaboration with OEM for supply of their equipment and giving technical services would be treated as OES.
 - c. OPM – Means, Original Parts Manufacturer falling under the following categories:
 - i. The original manufacturers of assemblies, sub-assemblies or component of the original equipment.



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- ii. The original manufacturers of spare parts / items of assemblies, sub-assemblies or component of the original equipment.
- d. Proven Sources – Means sources who have manufactured and supplied tendered Spare Parts, Assemblies, sub-assemblies or components in the past to CIL/Subsidiary Companies or other PSUs/Government Departments/Private Organizations and these items have performed satisfactorily for a period of not less than one year from the date of fitment/commissioning.



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CHAPTER -3 GENERAL PRINCIPLES OF ENTERING INTO CONTRACTS

3.1 Introduction

- 3.1.1** Normally, all purchases by Govt. Departments except cash purchase of limited value, are required to be made on the basis of tenders. For this purpose, Invitation to Tender is issued in prescribed forms detailing particulars of goods and quantities required, period of delivery and other terms and conditions which will govern the supply. In response thereto, the prospective suppliers make offers quoting prices, etc. These offers must be made in the prescribed forms duly completed and signed by the tenderers and submitted in sealed covers along with all the supporting documents as asked for. Date and time for receipt and opening of these offers are clearly specified in the NIT. Sealed tenders are received through the Tender Box and are opened on the scheduled date and time when prices, major terms and conditions, etc. are announced by the tender opening officers in the presence of the representatives of the tendering firms, who choose to be present during tender opening. The tenders received are tabulated in a standard form, called 'Comparative Statement'. Sometimes, it may be necessary to obtain clarifications from some or all the tenderers to arrive at complete agreement as regard supplies to be made and attendant conditions. Thereafter, tender is decided/ finalized with the approval of competent authority and Purchase Order(s)/ Supply Order(s) are issued on successful bidder(s). This gives rise to a Purchase Contract and all the previous documents as may be quoted in the Purchase Order or Supply Order would generally come within the gamut of contractual documents.
- 3.1.2** In case of e-procurement, the submission and opening of bids shall be in electronic mode which are given the legal sanctity under the Information Technology Act 2000 (as amended to date).
- 3.1.3** In some cases, however, self-contained contracts are concluded in the form of Agreement on non-judicial stamp paper of appropriate value, which are signed by both (all) the parties to the contract and are duly witnessed.
- 3.1.4** Whatever the procedure followed and forms adopted for conclusion of contracts, the same have to fulfill the provision of certain basic laws of the country. The elements and principles of contract law and the meaning and import of various legal terms used in connection with the contracts are available in the Indian Contract Act, 1872 read with the Sale of Goods Act, 1930. Some of the salient principles relating to contracts are set out briefly in this chapter.



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3.2 Elementary Legal Practices

3.2.1 What is a Contract? The proposal or offer when accepted is a promise, a promise and every set of promises forming the consideration for each other is an agreement, and an agreement if made with free consent of parties competent to contract, for a lawful consideration and with a lawful object is a contract.

3.2.2 Proposal or Offer: When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of the other to such act or abstinence, he is said to make a proposal or offer. In a sale or purchase by tender, the tender signed by the tenderer is the proposal. The invitation to tender and instructions to tenderers do not constitute a proposal.

3.2.3 Acceptance of the Proposal: When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a promise. In CIL and its Subsidiary Companies, this is usually done by issuance of Purchase Order or by issuance of Notification of Award followed by signing of contract.

3.2.4 What agreements are contracts: An agreement is a contract enforceable by law when the following are satisfied:

- (a) Competency of parties
- (b) Freedom of consent of both parties
- (c) Lawfulness of consideration
- (d) Lawfulness of object

A defect affecting any of the above renders a contract un-enforceable.

Thus, an agreement which is enforceable by law is a contract; that which is not enforceable by law is said to be 'Void'; and that which is enforceable by law at the option of one of the parties, but not at the option of the other is 'Voidable'.

An agreement to do an act impossible in itself is void (Sec. 56 of the Contract Act).

3.3 Competency of Parties

3.3.1 Under law any person who has attained majority and is of sound mind or not debarred by law to which he is subject, may enter into contracts. It, therefore, follows that minors and persons of unsound mind cannot enter into contracts nor can an insolvent person do so.

Note-1: Parties to the contract must be of sound mind at least when the contract is made. (Sections 11 and 12 of the Indian Contract Act) otherwise the contract becomes un-enforceable.

Note-2: An Indian attains his majority at the age of 18 unless he is under the jurisdiction of the Court of Wards or if a guardian of his property is appointed by any court, in which case he becomes major at the age of 21.



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3.3.2 Categories of persons and bodies who are parties to the contract may be broadly sub-divided under the following heads:

- (a) Individuals
- (b) Partnerships
- (c) Companies
- (d) Corporations other than companies

(a) Contracts With Individuals: Individuals tender either in their own name or in the name and style of their business. If the tender is signed by any person other than the concerned individual, the authority of the person signing the tender on behalf of another must be verified and a proper power of attorney authorizing such person should be insisted upon. In case, a tender is submitted in business name and if it is a concern of an individual, the constitution of the business and the capacity of the individual must appear on the face of the contract and the tender signed by the individual himself as proprietor or by his duly authorized attorney.

(b) Contracts with Partnerships: A partnership is an association of two or more individuals formed for the purpose of doing business jointly under a business name. It is also called a firm. It should be noted that a partnership is not a legal entity by itself, apart from the individuals constituting it. A partner is the implied authority to bind the firm in a contract coming in the purview of the usual business of the firm. The implied authority of a partner, however, does not extend to enter into arbitration agreement on behalf of the firm. While entering into a contract with partnership firm, care should be taken to verify the existence of consent of all the partners to the arbitration agreement.

(c) Contracts with Companies: Companies are associations of individuals registered under the Companies Act according to which the liability of the members comprising the association is limited to the extent of the shares held by them in such companies. The company after its incorporation or registration, is an artificial legal person which has an existence quite distinct and separate from the members or shareholders comprising the same. A company is not empowered to enter into a contract for purpose not covered by its memorandum of association; any such agreement in excess of power entered into the company is void and cannot be enforced. Therefore, in cases of doubt, the company must be asked to produce its memorandum for verification or the position may be verified by an inspection of the memorandum from the office / website of the Registrar of Companies before entering into a contract. Normally, any one of the Directors of the company is empowered to present the company. Where tenders are signed by persons other than Directors, it may be necessary to examine if the person signing the tender is authorized by the company to enter into contracts on its behalf.

(d) Contracts with Corporations other than Companies: Associations of individuals incorporated under statutes such as Trade Union Act, Co-operative Societies Act and Societies Registration Act are also artificial persons in the eye of law and are entitled to enter into such contracts as are authorized by their memorandum of association. If any contract has to



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be entered into with any such corporation or association, the capacity of such associations to enter into contract should be verified along with the authority of the person coming forward to represent the said Association.

3.4 Consent of Both Parties

Two or more persons are said to consent when they agree upon the same thing in the same sense. When two persons dealing with each other have their minds directed to different objects or attach different meanings to the language which they use, there is no agreement. The misunderstanding which is incompatible with agreement, may occur in the following cases:

- (a) When the misunderstanding relates to the identity of the other party to the agreement;
- (b) When it relates to the nature or terms of the transactions;
- (c) When it relates to the subject matter of the agreement.

3.5 Free Consent of Both Parties

3.5.1 The consent is said to be 'free' when it is not caused by coercion, undue influence, fraud, misrepresentation or mistake. Consent is said to be 'so caused' when it would not have been given but for the existence of coercion, undue influence, fraud, misrepresentation or mistake. When consent to an agreement is caused by coercion, undue influence, fraud or misrepresentation, the agreement is a contract voidable at the option of the party to a contract, whose consent was so caused. A party to a contract whose consent was caused by coercion, fraud, etc. may, if he thinks fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.

3.5.2 In case consent to an agreement has been given under a mistake, the position is slightly different. When both the parties to an agreement are under a mistake as to a matter essential to the agreement, the agreement is not voidable but void. When the mistake is unilateral on the part of one party only, the agreement is not void.

3.5.3 Distinction has also to be drawn between a mistake of fact and a mistake of law. A contract is not void because it was caused by a mistake as to any law in force in India but a mistake as to law not in force in India has the same effect as a mistake of fact.

3.6 Consideration

Consideration is a promise or a set of promises made by one party to another and vice-versa. These promises form the consideration to each other mutually in an agreement. In a legal contract it is necessary that there should exist a consideration although it need not necessarily be adequate to the promise. Total absence of consideration will render the contract un-enforceable. The consideration must not be unlawful (Sec. 23 of the Contract Act).



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3.7 Lawfulness of Object

The consideration or object of an agreement is lawful, unless it is forbidden by law or is of such a nature that if permitted, it would defeat the provisions of any law, or is fraudulent or involves or implies injury to the person or property of another or the court regard it as immoral or opposed to public policy. In each of these cases, the consideration or object of an agreement is said to be unlawful.

3.8 Other Legal Requirements

The other requirements to be fulfilled, are that the contract must not be:

- (i) in restraint of trade (Sec. 27 of the Contract Act) e.g., A, a tailor was employed by B on the terms that during his employment and six months after its termination, A will not work as a tailor within one km of B's shop. Here, the restriction during employment is enforceable but not after the termination of the employment.
- (ii) in restraint of legal proceedings (Sec. 28 of the Contract Act) e.g., If an agreement contains a provision that neither party shall have any right to have recourse to a court of law in case of any disputes, such a provision is void though both parties had agreed.
- (iii) of uncertain meaning (Sec. 29 of the Contract Act) e.g., A agrees to sell to B "one hundred tonnes of oil" there is nothing whatever to show what kind of oil was intended. The agreement is void due to uncertainty.
- (iv) by way of wager (Sec. 30 of the Contract Act) e.g., A agreed to sell his horse to B for Rs. 300/- if the horse won a race but for one rupee if it failed to do so. The horse failed to do so. B claimed the horse from A for one rupee. The transaction is really a bet and hence void.
- (v) for an impossible act (Sec. 35, 36 and 56 of the Contract Act) e.g., A agrees to pay Rs. 1000/- if B will marry A's daughter C. C was dead at the time of agreement. The agreement is void.
- (vi) involving a mistake of both parties on to the essential matters i.e., matter of fact (Sec. 20 of the Contract Act), e.g., A agrees to buy from B a certain horse. It turns out that the horse was dead at the time of the bargain, though neither party was aware of the fact, the agreement is void.
- (vii) entered into due to a mistake of both parties as to a foreign law (Sec 21 of the Contract Act). Explanation: Mistake based on ignorance of any foreign law is treated a mistake as to a matter of fact (refer Sec. 20 of Contract Act).

Note: In a work/supply contract, items (ii) and (iii) above are important. Any provision in the contract that has the effect of transgressing the jurisdiction of law is objectionable. For example a provision that a dispute will not be referred to Court for settlement is illegal but a provision that the dispute shall be referred to arbitration for settlement is NOT illegal as the latter is legislated as a method of settling the disputes.

3.9 Contractors and their Authorized Representatives

It must be noted that it is of no use contracting with a person who has no legal authority to bind those for whom he professes to act. If he proposes



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to contract on his own behalf, it should be ascertained that the person is a major, sound in mind, and not disqualified from contracting by any law to which he is subject (Sec. 11 and 12 of the Contract Act). If he proposes to contract as someone else's authorized representative, it should be ascertained whether the person has the proper power of attorney. The power of attorney should be verified as to the exact nature of the authorized representative's powers, whether the authorized representative is entitled to manage the whole work or merely to receive payments, sign bills or measurements (Sec. 182, 190, 191, 196, 200 and 201 of the Contract Act).

3.10 Communication of an Offer or Proposal

The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. A time is generally provided in the tenders for submission of the tender. CIL and its Subsidiary Companies are not bound to consider a tender which is received beyond that time though there is no legal prohibition for accepting such a tender.

3.11 Communication of Acceptance

3.11.1 A date is invariably fixed in tenders upto which tenders are open for acceptance. A proposal or offer stands revoked by the lapse of time prescribed in such offer for its acceptance. If, therefore, in case it is not possible to decide a tender within the period of validity of the offer as originally made, the consent of the tenderer should be obtained to keep the offer open for further period or periods.

3.11.2 The communication of an acceptance is complete as against the proposer or offerer, when it is put in the course of transmission to him, so as to be out of the power of the acceptor and it is complete as against the acceptor when it comes to the knowledge of the proposer or offerer. Therefore, the acceptance is complete as soon as a letter of acceptance duly addressed is posted even though the letter does not actually reach the offerer. The letter must, however, be correctly addressed and actually posted by some authentic foolproof mode like registered/speed post so that there might be no possibility of a dispute regarding the date of communication of acceptance.

3.11.3 Oral or telephonic communication of an offer and its acceptance may be legally valid, but complication may arise in proving that communication was clear and complete and hence, oral or telephonic communication of acceptance of an offer is to be avoided.

3.11.4 Section 7 of the Contract Act makes it obligatory that the acceptance must be absolute and unqualified.

3.12 Acceptance to be Identical with Proposal

If the terms of the tender or the tender, as revised and modified, are not accepted or if the terms of the offer and the acceptance are not the same,



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the acceptance remains a mere counter offer and there is no concluded contract. It should, therefore, be ensured that the terms incorporated in the acceptance are not at variance with the offer of the tender and that none of the terms of the tender is left out. In case, uncertain terms are used by the tenderers, clarifications should be obtained before such tender is considered for acceptance. If it is considered that a counter offer should be made, such counter offer should be carefully drafted as a contract is to take effect on acceptance thereof.

3.13 Withdrawal of an Offer or Proposal

3.13.1 A tenderer, who is the proposer may withdraw its offer at any time before its acceptance, even though the firm might have offered to keep the offer open for a specified period. It is equally open to the tenderer to revise or modify his offer before its acceptance. Such withdrawal, revision or modification must reach the accepting authority before the acceptance is put in communication.

3.13.2 No legal obligations arise out of such withdrawal or revision or modification of the offer as a simple offer is without a consideration. Where, however, a tenderer agrees to keep his offer open for a specified period for a consideration, such offers cannot be withdrawn before the expiry of the specified date. This would be so where earnest money is deposited by the tenderer in consideration of his being considered for award of contract and withdrawal of offer by the tenderer before the specified period would entitle the purchaser to forfeit the earnest money. In case the bidder is exempted from payment of EMD, it will be asked to submit the EMD amount of the tender within 7 days failing which it will be debarred from participation in any tender for a period of 1 year for the same item(s).

3.14 Withdrawal of Acceptance

An acceptance can be withdrawn before such acceptance comes to the knowledge of the tenderer. A revocation of acceptance made through Fax/ digitally signed e-mail which reaches the tenderer before the letter of acceptance will be a valid revocation.

3.15 Changes in Terms of a Concluded Contract

No variation in the terms of a concluded contract can be made without the consent of the parties. While granting extensions or making any other variation, the consent of the contractor must be taken. While considering grant of extension in time for delivery, the letter and spirit of the application of the contractor should be kept in view.

3.16 Discharge of Contracts

3.16.1 A contract is discharged or the parties are normally freed from the obligation of a contract by due performance of the terms of contract.

3.16.2 A contract may also be discharged:

- a) **By mutual agreement:** If neither party has performed the contract, no consideration is required for the release. If a party has performed a part of the contract and has incurred expenses in arranging to



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fulfill the contract, it is necessary for the parties to agree to a reasonable value of the work done as consideration for the value.

- b) **By breach:** In case a party to a contract breaks some stipulation in the contract which goes to the root of transaction, or destroys the foundation of the contract or prevents substantial performance of the contract, it discharges the innocent party to proceed further with the performance and entitles him to a right of action for damages and to enforce the remedies for such breach as provided in the contract itself. A breach of contract may, however, be waived.
- c) **By refusal of a party to perform:** On a promisor's refusal to perform the contract or repudiation thereof even before the arrival of the time for performance, the promisee may at his option treat the repudiation as an immediate breach putting an end to the contract for the future. In such a case, the promisee has a right of immediate action for damages.
- d) **In a contract where there are reciprocal promises,** if one party to the contract prevents the other party from performing the contract, the contract may be put to an end at the instance of the party so prevented and the contract is thereby discharged.

3.17 Stamping of Contracts

Under entry 5 of Schedule I of the Indian Stamp Act, an agreement or memorandum of agreement for or relating to the sale of goods or merchandise exclusively is exempt from payment of stamp duty (a Note or Memorandum sent by a Broker or Agent to his principal intimating the purchase or sale on account of such principal is not so exempt from stamp duty).

3.18 Authority for Execution of the Contracts in CIL/Subsidiary Companies

3.18.1 All contracts shall be executed for and on behalf of CIL/Subsidiary Companies by the officers as per Delegation of Power.

3.18.2 All contracts with CIL/Subsidiary Company must be in writing and its terms must be specifically provided therein.

3.19 Contract Effective Date

The contract effective date is normally the date on which the Purchase Order is issued or the contract is signed by both the parties unless otherwise mutually agreed to and clearly indicated in the contract as per agreed terms and conditions.

3.20 Salient Features of the Sale of Goods Act, 1930

3.20.1 Scope: Agreements for the sale of goods are governed by the general principles of the contract law. A contract for sale of goods has, however, certain peculiar features such as transfer of ownership of the goods and quality aspects implied under a contract for sale of goods, and so on, are



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not covered in the Contract Act. These peculiarities are the subject matter of the provisions of the Sale of Goods Act, 1930. In this act, the two parties to the contract are called “seller” and “buyer”. This act defines goods, for the purpose of applicability of this act, as every kind of movable property, including stocks and shares, growing crops, goodwill, patents, trademarks, electricity, water, gas, and so on—all that can be exchanged for money but not any kind of immovable property (for example, real estate).

3.20.2 Concept of Transfer of Property (Passing of Title): Proprietary (ownership) rights and obligations in “goods” are called legally “title to goods” or “property in goods”. The meaning of property here is different from the common connotation of the word. At what point of time or stage in a contract does this passing of title of (property in) goods happen is laid down by this Act. This ownership of goods is different from ‘possession of goods’ which means the physical custody or control of the goods. Delivery of goods is only a transfer of ‘possession of goods’; and may or may not coincide with the passing of title in goods. This distinction is very important in procurement.

The transfer of property in the goods, from the seller to the buyer, is the essence of procurement of goods. Therefore, the moment when the property in goods passes from the seller to the buyer is significant for the following reasons:

- i). **Ownership:** The moment the property in goods passes, the seller ceases to be their owner and the buyer acquires the ownership. The buyer can exercise proprietary rights over the goods. For example, the buyer may sue the seller for non-delivery of the goods or when the seller has resold the goods, and so on.
- ii). **Concept of “Res Perit Domino” - Risk Follows Ownership:** This concept simply means that, as a general rule, risk follows the ownership, irrespective of whether the delivery (or transfer of possession of goods) has been made or not. If the goods are damaged or destroyed, the loss shall be borne by the person who was the owner of the goods at that time – irrespective of whosoever is in the “possession of the goods”.
- iii). **Action against Third parties:** When the goods are, in any way, damaged or destroyed by the action of third parties, it is only the owner of the goods who can take action (claim, litigation) against them.

3.20.3 Time at which Property in Goods is Transferred: The property in goods is transferred to the buyer at such time as the parties to the contract intend this to happen, as recorded in the terms of the contract. This needs neither to coincide with the point when payment is made nor with the delivery of Goods and not even with the point of time when the seller dispatches the goods.

3.20.4 Document of Title to Goods: These are the voucher, bill, document, receipt, cash memo, bill of lading, lorry receipt, railway receipt, or any such acknowledgement which proves the ownership of the goods that, in the ordinary course of business, the buyer may receive. These are called documents of title to goods.



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3.20.5 Doctrine of Caveat Emptor: The Sales of Goods Act lays down this important concept that the buyer must act with due diligence when buying goods; it is not a seller's duty to point out the defects in goods. This is a doctrine which is not in consonance with modern times but, unfortunately, is a legal position. This, however, does not apply if the buyer's consent to buy is obtained by the seller by knowingly concealing the defects which could not have been discovered by the buyer reasonably at the time of procurement. The caveat emptor is also diluted under some implied conditions in a contract for sale.

3.20.6 Provision of the Act regarding Statutory Variations in Taxes and Duties: Statutory variations in the taxes and duties (customs duties, excise duty, tax on the sale or procurement of goods), after the making of any contract, has to be borne by the buyer even if there is no such express stipulation in the contract.

3.21 General Guidelines for Entering into Contracts

While various aspects of contract management are discussed in the respective subject chapters of this Manual, the following general guidelines for entering into contracts have been laid down for guidance of the concerned authorities/officers.

- (i) The terms of a contract must be precise and definite and there must be no room for ambiguity or misconstruction thereon. The terms should not involve an uncertain or indefinite liability, except in cases where there is a price variation clause in the contract.
- (ii) Standard forms of contracts should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice.
- (iii) In cases where standard forms of contracts are not used, legal and financial advice should be taken in drafting the clauses in the contract.
- (iv) In selecting the tender to be accepted, the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.
- (v) **Price Variation Clause**
 - a) Price variation clause, wherever considered necessary, can be provided in long-term contracts, where the contract/delivery period extends beyond 12 months. Normally, in short-term contracts, firm and fixed prices should be provided for. However, for short-term contracts for identified items like SE Copper Wire, Cables, Batteries, Lubricants etc. (items to be identified by technical department), Price Variation Clause may be provided with the approval of Director (Technical) of Subsidiary Company / CIL, as the case may be. Where a Price Variation Clause is provided, the price agreed upon should specify the base level viz. the month and year to which the price is linked, to enable



3 - General Principles of Entering into Contracts

variations being calculated with reference to the price levels prevailing in that month and year.

- b) A formula for calculation of the price variations that have taken place between the Base level and the Scheduled Delivery Date should be included in this clause. The variations are calculated by using indices published by Government authorities, Chambers of Commerce, LME, etc. periodically. An illustrative Price Variation Formula is at **Annexure-8** for guidance.
- c) The Price Variation Clause should also specify cut off dates for material and labour, as these inputs taper off well before the scheduled Delivery Dates.
- d) The Price Variation Clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both. The buyer should ensure a provision in the contract for benefit of any reduction in the price in terms of the price variation clause being passed on to him.
- e) The clause should also stipulate a minimum percentage of variation of the contract price above which price variations will be admissible (e.g. where resultant increase is lower than two per cent, no price adjustment will be made in favour of the supplier). If the resultant increase is 2.3%, price variation will be applicable for 2.3%.
- f) Where advance or stage payments are made there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment.
- g) Where deliveries are accepted beyond the scheduled Delivery Date subject to levy of Liquidated Damages as provided in the Contract, the Liquidated Damages (if a percentage of the price) will be applicable on the price as varied by the operation of the Price variation clause.
- h) No upward price variation will be admissible beyond the original Scheduled Delivery Date for defaults on the part of the supplier. However, the Purchaser will take the benefit of any downward revision in price during the extended delivery period.
- i) Price variation may be allowed beyond the original Scheduled Delivery Date, by specific alteration of that date through an amendment to the contract in cases of Force Majeure or defaults by Purchaser.
- j) Where contracts are for supply of imported goods and subject to customs duty and foreign exchange fluctuations and/or locally manufactured goods subject to excise duty and other duties and taxes, the percentage and element of duties and taxes included in the price should be specifically stated, along with the selling rate of foreign exchange element taken into account in the calculation of the price of the imported item. The mode of calculation of variations in duties and taxes and Foreign exchange rates and the documents to be produced in support of



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claims for such variations, should also be stipulated in the Contract.

- k) The clause should also contain the mode and terms of payment of the price variation as admissible.
- (vi) Contracts should include provision for payment of all applicable taxes by the contractor or supplier.
- (vii) Departmental issue of materials should be avoided as far as possible. Where it is decided to supply materials departmentally, a schedule of quantities with the issue rates of such material as are required to execute the contract work, should form an essential part of the contract.
- (viii) In contracts where Company property is entrusted to a contractor either for use on payment of hire charges or for doing further work on such property, specific provision for safeguarding Company property (including insurance cover) and for recovery of hiring charges regularly, should be included in the contracts. Provision should also be made in the contract for periodical physical verification of the number and the physical condition of the items at the contractor's premises. Results of such verification should be recorded and appropriate penal action taken where necessary.
- (ix) The terms of a contract, including the scope and specification once entered into, should not be materially varied. Wherever material variation in any of the terms or conditions in a contract becomes unavoidable, the financial and other effects involved should be examined and recorded and specific approval of the authority competent to approve the revised financial and other commitments obtained, before varying the conditions. All such changes should be in the form of an amendment to the contract.
- (x) A warranty clause should be incorporated in every contract, requiring the supplier to, without charge, repair or rectify defective goods or to replace such goods with similar goods free from defect. Any goods repaired or replaced by the supplier shall be delivered at the buyers premises without costs to the buyer.
- (xi) All contracts for supply of goods should reserve the right to reject goods which do not conform to the specifications.

3.22 Types of Contracts: The contracts can be of many types depending on the nature of the item being procured, work to be executed, services required to be rendered and support to be provided. The general types of contract relating to procurement of goods and support services are as follows:

- (a) Fixed Quantity Contract



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- (b) Rate Contract
- (c) Running Contract
- (d) Annual Maintenance Contract/ Comprehensive Maintenance Contract/ Maintenance and Repair Contract (AMC/ CMC/MARC)

3.22.1 Fixed Quantity Contract: In this type of contract, the firms are called upon to make offers for supply of specified number or quantity and they have opportunity to work out the total cost and tender with definite knowledge of their contractual obligations. The tenderer has to quote the price at which he is willing to supply the whole quantity or part thereof in accordance with the purchaser's requirement at the place and time of the delivery. The essential point of this contract is that in the absence of mutual agreement or specific provisions for termination of contract, the successful tenderers can refuse to supply anything over and above the contracted quantity and at the same time he can insist that the purchaser shall take full quantity ordered if supplied within the contractual delivery period and found acceptable.

3.22.2 Rate/ Running Contract: As defined in Clause-8.7 of this Manual.

3.22.3 Annual Maintenance Contract/ Comprehensive Maintenance Contract/ Maintenance and Repair Contract (AMC/ CMC/ MARC): As defined in Clause-8.18 of this Manual.



4 - Specifications and Allied Technical Particulars

CHAPTER-4 SPECIFICATIONS AND ALLIED TECHNICAL PARTICULARS

4.1 Basic Guidelines

- 4.1.1** To enable the effective procurement of materials and services, clear and complete scope of work and specifications are critical. Since the purpose of tendering is to attract competitive bids, the specifications for the goods intended for procurement should be broad-based and not restrictive, and should conform to statutory regulations. The specifications should be precise, objective, functional, generic, standardized and measurable, and should meet only the actual and essential needs of the user. Specifications should aim at procuring the latest technology and avoid procurement of obsolete goods. While drawing the specification of capital goods, proper care should be taken to avoid over specification, such as capacity etc. which may unnecessarily lead to high cost and may also stifle competition.
- 4.1.2** While drawing the specifications, adequate caution needs to be observed so as to ensure a level playing field and that these are not tailor made to suit a particular make / model / brand of product. The specifications for goods should be as per approved standard specification/last tender for each type of goods. Any amendment required due to advancement of technology and specific change in operational and safety rule / guideline issued by regulatory authorities, should have approval of Director (Tech), CIL / Subsidiary Company/ Area GM, as the case may be.
- 4.1.3** The specifications should spell out the relevant technical, quality and performance related parameters and 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. The specifications should also take care of the legal requirements of environment such as pollution control and other mandatory and statutory regulations, if any, applicable for the goods to be purchased.
- 4.1.4** Government of India has set up the Bureau of Energy Efficiency (BEE) on 01.03.2002 under the provisions of the Energy Conservation Act, 2001, with the primary objective of reducing the energy intensity of the Indian economy. The Bureau initiated the Standards & Labeling Programme for equipment and appliances in 2006 to provide the consumer an informed choice about the energy saving and thereby the cost saving potential of the relevant marketed product.
- The energy efficiency labeling programs under BEE are intended to reduce the energy consumption of appliance without diminishing the services it



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provides to consumers. More the stars, higher the efficiency of the appliance. The threshold ratings prescribed by the Ministry of Finance are:

Appliance	Threshold Star Rating
Split Air conditioners	5 Star (under normal conditions where annual usages are expected to be more than 1000 hrs) 3 Star (where usage of AC is limited e.g. in conference rooms)
Frost Free Refrigerators	4 Star
Ceiling Fans	5 Star
Water Heaters	5 Star

BEE Star rating, wherever available, should be built into the technical specifications.

While indenting electrical appliances like AC, Refrigerators, etc. with BEE rating as part of Technical Specifications, care should be taken by the indenting department to indicate the year / period of BEE Star Rating also in the technical specifications, to ensure that product & BEE rating is not obsolete.

- 4.1.5** Under no circumstances, terminology such as 'best quality', 'commercial quality' or 'as per previous supply' etc. shall be used. Wherever Indian Standards exist 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. 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. Special requirements of packing, marking, inspection etc. as are specially required to be complied for a particular end use, may, however, be specified in addition to standard specifications.
- 4.1.6** 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 drawings, etc. for additional clarity.
- 4.1.7** All dimensions incorporated in the specifications shall be indicated in SI (Système International) units. If due to some unavoidable reasons, dimensions in FPS (Foot-Pound-Second System) units are to be mentioned, the corresponding equivalents in the SI system must also be indicated.



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4.1.8 In cases where Indian Standards do not exist or, alternatively, decision has been taken to source from the foreign markets also, International Standards such as British Standards, VDE, DIN, ISO etc., may be adopted.

4.1.9 Where no widely known standards exist, the specifications shall be drawn in a generalized and broad-based manner indicating parameters like dimensions, performance, material composition, manufacturing process, tolerance, etc., to obtain competitive bids from different sources. In order to have transparency in formulating specifications in such cases, the draft specifications so drawn may be put in public domain on the website of the organization inviting comments / suggestions from the prospective bidders within a reasonable time. Final specifications may be prepared after considering the comments / suggestions received keeping in view the basic aim of generating adequate competition.

4.2 Specifications of equipment/plant of complex nature

4.2.1 There may be instances where the equipment/plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of the various technologies / solutions / specifications available in the market to meet the desired objectives of a transparent procurement that ensures value for money spent simultaneously ensuring upgradation of technology & capacity building.

4.2.2 In such cases, two stage tendering process may be useful and be preferred. During the first stage of tendering, Expression of Interest (EOI) may be invited from the leading experienced and knowledgeable manufacturers / suppliers in the field of the proposed procurement. The broad objectives, constraints etc. could be published while calling for EOI. On receipt of the Expressions of Interest, technical discussions / presentations may be held with the short-listed manufacturers / suppliers, who are prima facie considered technically and financially capable of supplying the material or executing the proposed work. During these technical discussions stage, the procurement agency may also add those other stake holders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria.

Based on the discussions / presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality bench marks, warranty requirements, delivery milestones etc., in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of discussions / presentations in the process of decision making should be kept.

Once the technical specifications and evaluation criteria are finalized, the second stage of tendering could consist of calling for techno commercial bids as per the usual tendering system under single bid or two bid systems, as per the requirement of each case. Final selection at this stage would



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depend upon the quoted financial bids and the evaluation matrix decided upon.

4.3 Procurement of Capital Equipment on 'Life Cycle Cost' concept basis

The principles of Life Cycle Cost may be followed while making procurement for Capital Equipment to the extent practically feasible, based on the past experience and taking into account the parameters which can be ascertained and evaluated.

The scope of supply incorporating the detailed list of items must be mentioned in the tender document. Spares and consumables to be procured along with the equipment for total / certain life of the equipment should be procured with a provision of buy-back by the supplier in case of non-utilization after review by the purchaser. There should also be provision of evaluation on NPV method.

If felt appropriate, instead of seeking year-wise priced list of spares and consumables, combined priced list of spares and consumables for certain cluster of years, depending on the nature and life of equipment, may be asked for. Further, the concept of "Cost Cap" for total value of spares and consumables (instead of item-wise priced list for spares and consumables) for each year or cluster of years of the equipment, may also be considered.

In case of procurement of electronic and telecommunication equipment/ systems involving one time or recurring licence fees, royalties, spectrum charges and any other such charges /costs during the lifetime of equipment, should also be taken into account while working out the Life Cycle Cost of the equipment.

The parameters and methodology for evaluation of the bids should be mentioned in the tender documents explicitly without any ambiguity.

4.4 Use of Brand Names

Except in case of purchase from a selected single source, the references to brand name, catalog /model number of a particular manufacturer, or similar classifications shall be avoided.

In case of procurement of equipment, if considered necessary, brand names of assemblies/ sub-assemblies/ accessories to be fitted in the equipment may be indicated in the NIT. Specific choice of Brands for such assemblies/ sub-assemblies/ accessories shall be for a minimum of three, based on the past experience of users.

4.5 Tender Sample

4.5.1 While it is recognized that samples may be required to be approved to provide a basis in respect of indeterminable parameters such as shade, feel, finish & workmanship for supplies of some items such as clothing and textiles but system of approving / rejecting tender samples at the



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time of decision making is too subjective and is not considered suitable, especially for items which have detailed specifications. The lack of competition in such cases is also likely to result in award of contracts at high rates.

- 4.5.2** Therefore, procurement of such items should be considered on the basis of detailed specifications and if required, provision may be stipulated in the purchase order for submission of an advance sample by successful bidder(s) for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply. Such a system would not only avoid subjectivity at the tender decision stage but would also ensure healthy competition among bidders and thus take care of quality aspect as well as reasonableness of prices.

4.6 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 qualitative, functional and performance characteristics including guaranteed or acceptable maximum or minimum values, as appropriate.
- (iii) Drawings, if applicable.
- (iv) Requirement of BIS mark, where applicable.
- (v) Requirement of ISO Certificate, where applicable.
- (vi) Requirement of advance sample, if any, at post contract stage before bulk production.
- (vii) Special requirements of preservation, packing and marking, if any.
- (viii) Inspection procedure for goods ordered and criteria of conformity.
- (ix) Requirements of special tests, if any.
- (x) Requirement of type test certificate, if any.
- (xi) Requirement of type approval for compliance of statutory requirements w.r.t. pollution, emission, noise, etc.
- (xii) DGMS approval, wherever required.
- (xiii) PESO License, wherever required.
- (xiv) Other additional work and/or related services required to achieve full delivery / completion, installation, commissioning, training, technical support, after sales service and annual maintenance contract requirements, if any.
- (xv) Warranty requirements.
- (xvi) Qualification criteria of the tenderers.
- (xvii) Provenness Criteria for the item.
- (xviii) Inspection criteria and procedure – whether pre-despatch inspection is required or not.
- (xix) PBG requirement, if applicable.
- (xx) Any other aspects peculiar to the goods in question like shelf life of the items etc.



4 - Specifications and Allied Technical Particulars

A Technical Parameter Sheet (TPS) will be designed by Technical Department as per the tender requirement in Excel format containing the technical specification parameters for each item to be tendered along with qualification and provenness criteria. The TPS should be prepared and submitted along with indent or preferably with Standard Specifications itself.

Note: In case of tenders for multiple items especially involving multi-sheet BoQ templates, the TPS should be designed in such a manner that the bidder has to specify in the TPS at the first instance whether they are bidding against a particular item or not. In case the bidder chooses not to bid against a specific item, all the subsequent fields / rows with respect to that items should be locked in the TPS so that the bidder is not able to fill any data in respect of that particular item. The multi-sheet BOQ template shall facilitate generation of Comparative Statement to reflect 'TR' (Technically Rejected) as per the standard nomenclature of the NIC portal to show the bidder has "Not Quoted" for that item even if '0' appears in BoQ1 sheet for that particular item for which the bidder has not quoted in the TPS. This is to prevent prices being reflected as "0" in the auto generated Comparative Statement for tenders having such multi-sheet BoQ templates.

4.7 Certification

The responsibility of formulating the broad-based, correct and complete specifications shall rest with the concerned Technical Head who would ensure the same and certify that the specifications and the allied technical details are complete and correct to meet the user's requirements fully. The concerned Technical Head shall also issue a certificate that all parameters essential to technical acceptance, qualification and provenness criteria have been made part of the TPS.



CHAPTER -5 ESTIMATION OF COST

- 5.1** Estimated cost is an approximation of the cost of a product, program, project, operation, etc. As the estimated cost is a vital element in establishing the reasonableness of prices, it is important that the same is worked out in a realistic and objective manner.
- 5.2** The following aspects shall be kept in mind while working out the estimated cost of the item intended for procurement:
- (a) Prevailing market price as revealed in the market survey, demand & supply position in the open market, inflation, etc.
 - (b) Economic indices for raw materials & labour and other costs, Price Variation Formula wherever applicable, and assessment based on intrinsic value. Depending on the type of procurement for goods & services and the composition of the same, the indices below may be used to establish a realistic cost estimate (list below is indicative, not exhaustive):
 - i. Wholesale Price Index (WPI): May be used as it is or indices of relevant commodities such as minerals, metals, etc. may be used.
 - ii. Consumer Price Index (CPI): Industrial workers or urban workers consumer price index may be used as the case may be.
 - iii. International indices: London Metals Exchange Index, Steel Index, Zinc Index etc. based on the composition of the goods.
 - iv. Foreign exchange fluctuation from the LPP date.
 - v. Minimum wages in case of labour / services contract.
 - (c) Estimated rates in past indents of similar goods.
 - (d) Last Purchase Price of same, similar and nearly equivalent requirements with proper and justifiable escalation, and after factoring in the bulk discount offered, price variation clause, foreign exchange fluctuation, changes in taxes and duties, etc. relating to the last purchase.
 - (e) The estimated cost shall include basic cost, packing & forwarding / transportation charges, taxes, duties, training charges, inspection charges, foreign exchange variations, etc.
 - (f) Country specific / local environmental factors for specific site conditions or any other factor affecting the cost of the proposed purchases.
 - (g) In respect of calculation of estimated cost by the indenter, if it is a contract which includes R&D and manufacturing, separate estimate for both the portions should be furnished.
 - (h) If the Last Purchase Price (LPP) is less than one year old, it may not be updated. However, if the LPP is more than one year old, it needs to



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be updated taking into account the relevant indices. In the absence of any specific index, WPI as it is (All Commodities) may be used to update the LPP.

- (i) Where the firm holding the LPP contract has defaulted, the fact should be highlighted and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be used.
- (j) In case LPP is of an order whose supplier is not a proven source, then the price should not be considered as LPP unless at least 25% of the order quantity has been supplied.

5.3 In respect of new items or new technology or equipment/ items which are uniquely custom-built to specifications, budgetary quotations may be obtained from the known sources after firming up the scope of work including special conditions of contract so that potential suppliers can understand the scope and send quotations. While collecting budgetary quotes etc., no commitments and assurances will be held out to prospective vendors / suppliers / contractors. Quotations can be collected by physical copy, letter, fax, e-mail, etc. However, there is need to have a time schedule for receipt of quotes to ensure some timeframe for this activity. Thus:

- a. An attempt should be made to obtain as many budgetary quotes as possible from reputed/potential firms and a time of 21 (twenty-one) days be indicated. Ideally, there should be three quotes. In the event of receipt of less than three budgetary quotes, two extensions of up to 10 (ten) days each may be considered; and
- b. In the event of non-availability of three quotes within the above extended period, the estimates should be prepared on the basis of the number of budgetary quote(s) received, which may even be one; and where more than one budgetary quote is received, the estimate should be framed on an average of the quotes which will reduce variations and fluctuations.

In addition, published price lists of the potential vendors, as may be available on the website or otherwise, may also be checked.

5.4 In case of projects / procurement having longer completion / delivery schedule spreading over years, future inflation should be built into the cost estimate. The forecasts available for the indices used for adjusting the LPP may be used for building in the future escalation. In case the expenditure schedule is known, then escalation should be built in based on the schedule of expenditure, else escalation shall be added up to the midpoint of completion period for contract.

5.5 For OEM / OES / OPM / Proprietary purchase, if the contract price already exists, then that should be used for cost estimation. If it is a new purchase, then either published price list for the particular items should be considered for costing or budgetary quote should be obtained from the OEM / OES / OPM.



5 – Estimation of Cost

- 5.6** Cost estimates for jobs of specialized nature etc. shall be prepared using project cost data obtained on budgetary basis or drawn from execution of similar earlier works with appropriate escalation or use of costing software / database or through expert services of experienced consultant.
- 5.7** Applicable taxes, duties and statutory payments such as EPF, ESI etc. shall be added to the cost estimate.
- 5.8** The indenter should give the estimated cost, item-wise in the indent. Estimation for capital and revenue components of the indent should be made separately.



6 – Registration of Suppliers, Vendor Rating and Penal Action against Suppliers/Bidders

CHAPTER – 6

REGISTRATION OF SUPPLIERS, VENDOR RATING AND PENAL ACTION AGAINST SUPPLIERS/BIDDERS

6.1 Eligible and Qualified Supplier

6.1.1 Contract for supply of goods is to be placed on a supplier who is eligible to receive the contract and also capable i.e., qualified in all respects to 'deliver the goods'. The supplier is required to fulfill and follow all applicable rules, regulations and conditions to transact business with CIL/ Subsidiary Companies and it should be technically capable and financially sound to deliver the required goods. There are thus two basic criteria to be fulfilled by the supplier to receive a contract – Eligibility Criteria and Qualification Criteria.

6.1.2 The suppliers/firms who have been banned or suspended due to any reason including corrupt and fraudulent practices adopted by them will not be eligible to receive contract. Further, if the CIL/ Subsidiary Companies engages a consultant to prepare a project report, that consultant will not be eligible to quote against the tender subsequently floated for purchase of goods or services for that project.

6.2 Registration

6.2.1 In order to have dependable sources of supply of goods, stores, spares and equipment of right quality, suppliers will be registered by CIL/ Subsidiary Company after carefully verifying their credentials, manufacturing capability, quality control systems, facility for after-sales service, financial background etc.

6.2.2 The registration of suppliers will be a continuous process for which a 'Registration Section' will be created in MM Department of CIL. An officer of Chief Manager (E-7) rank who will report to HOD (MM) will head the Registration Section. Initially to begin with, the registration work will be centralized at CIL (HQ) and later on this will be extended to subsidiary companies in such a manner so that there is no duplication of registration of a supplier.

6.2.3 The list of registered suppliers shall be kept up-to-date by CIL/ Subsidiary Company by including in the list, names of firms registered subsequently or removing names of such firms which have been de-registered / banned as a measure of punitive action or validity of their registration has expired. Each Company will maintain the following two lists:

- a). Supplier's priority list indicating the items.
- b). Items priority list indicating the name (s) of suppliers.

6.2.4 The list of registered suppliers together with the list of items for which they are registered, shall be exhibited on the Central Public Procurement Portal, e-Procurement portal of CIL and websites of CIL/ Subsidiary Company.



6 – Registration of Suppliers, Vendor Rating and Penal Action against Suppliers/Bidders

- 6.2.5** Each Subsidiary Company will circulate the up-to-date list of registered suppliers together with the list of items for which they are registered to all other Subsidiary Companies and CIL for their information and guidance. This list is to be circulated once in a year in the month of April. The names of suppliers added to/deleted from lists should also be circulated to all the Subsidiary Companies as and when they take place and uploaded on the Central Public Procurement Portal, e-Procurement portal of CIL and websites of CIL/ Subsidiary Company.
- 6.2.6** Registered suppliers will prima facie be eligible for consideration for procurement of goods through Limited Tender Enquiry. But they have to fulfill the eligibility and provenness criteria and other terms and conditions of each tender.
- 6.2.7** Registered suppliers will also be exempted from furnishing EMD.
- 6.2.8** Performance and conduct of every registered supplier is to be watched by the CIL/ Subsidiary Company. The registered supplier(s) are liable to be removed from the list of approved suppliers if they fail to abide by any of the terms and conditions as elaborated under clause-6.11 of this chapter.
- 6.2.9** **Vendor Database:**
The 'Registration Section' should also maintain a database of each vendor registered with CIL / Subsidiary Company. The database should contain copies of all the details / documents submitted during registration by the vendor, copies of orders placed on the vendor, performance against each order, any history of banning / removal / de-registration, etc.
- 6.2.10** Vendors / Suppliers should be encouraged to register themselves on GeM website also.
- 6.3** **Eligibility for Registration**
- 6.3.1** Any firm, situated in India or abroad and is in the business of manufacturing or marketing of stores shall be eligible for registration.
- 6.3.2** Where such registration is granted based on manufacturing or marketing agreements and/or partly outsourced arrangements, it shall be the responsibility of the registered supplier to keep such agreements/ arrangements renewed/ alive at all times in order to keep their registration valid for the period for which it has been granted. Any failure in this regard may make the registration null and void / ineffective retrospectively, from any such dates, which the registering authority considers appropriate.
- 6.3.3** Firm, against whom punitive action has been taken, shall not be eligible for re-registration for a minimum period of two years. Registration requests will not be entertained from such firms, stakeholders (Directors,



6 – Registration of Suppliers, Vendor Rating and Penal Action against Suppliers/Bidders

Proprietors, Partners) of whom have any interest in deregistered / banned firms.

6.4 Registration of Suppliers for Safety Items

- i. For safety items, which are covered by DGMS approval, full details of valid approval shall be noted against each manufacturer.
- ii. For safety items covered by BIS specifications and BIS Certificate marking, full details shall be obtained for such approval and noted against their names.
- iii. For safety items for which DGMS have approved design and specifications only through circulars and do not issue specific approvals to manufacturers/ suppliers, full particulars of such items from recognized Testing Authorities shall be noted against their names. For these items, approval for registration will be provisional till the products stand the test of time in actual use.
- iv. For safety items covered by BIS specifications but not covered by BIS Certification /DGMS approval, full particulars of type test certificate of the items from recognized testing authorities obtained by the supplier will be noted against their name to ascertain that their products conforms to the relevant specifications. CIL's Safety Division will act as the approving authority based on all safety aspects and field trial reports. CIMFR, Dhanbad should be considered as an approved testing institute, in general, for testing such safety items.
- v. For safety items not covered by any BIS specifications or any approval from any authority, CIL Safety Division shall draw up specifications and manufacturers/ suppliers shall submit their product for type testing by recognized testing authority. After field trials and on satisfactory performance these may be granted provisional approval by CIL Safety Division. Full particulars of such type test certificate and field trial reports may be noted against the names of the manufacturers/suppliers.
- vi. Manufacturers/Suppliers of safety items who have received DGMS approval for the items of their manufacturing range shall be registered only after inspection of their works/facilities/testing equipment, etc., is carried out to establish the adequacy of their arrangements to meet the requirements.

6.5 Categories of Registration

6.5.1 Registration of Firms which Supply Indigenous Items:

Registration of firms for supply of indigenous items shall be made in following categories:

(a) Manufacturer:

- i. Indigenous manufacturer who owns factory/workshop and is found to be capable of producing goods of the required standard.



6 – Registration of Suppliers, Vendor Rating and Penal Action against Suppliers/Bidders

- ii. In case the firm does not own the factory but utilizes the factory of some other firm on lease or has other arrangement for producing the goods for which registration is sought, it should have entered into a valid agreement to formalize such arrangement with the firm owning the factory. The agreement should be valid at least for three years at the time of application. While granting registration to such firms the registration certificate should clearly indicate the name of the lessor, the type of arrangement the firm has with lessor and that in case lease or other arrangement in respect of factory/works is terminated, the firm's registration shall stand terminated with effect from the date when the arrangement is terminated.

(b) Authorized Agents/Distributors of Manufacturers:

For Indigenous Items, where the manufacturers, as a matter of policy, do not directly quote / market their products (except in situations like supplies to OEM / OES / OPM or supplies of spares and consumables bundled with supply of equipment or supplies to customers not covered by dealer network due to geographical / logistics constraints), Authorized Agents / Distributors can be considered for registration. In such cases, a certificate from the original manufacturer should be obtained to get satisfied about the bonafide of such Agents / Distributors.

6.5.2 Registration of Firms which Supply Imported Items:

Registration of firms which supply imported stores shall be made in following categories:

(a) Foreign Manufacturers and their Authorized Agents in India:

The foreign manufacturing firms can be registered without Indian agents if they have necessary arrangements for after sales service wherever required in India, otherwise, foreign manufacturing firms will be registered along with their authorized agents having necessary arrangements for after sales service in India.

(b) Suppliers of Imported Stores not requiring Customization:

Suppliers of imported stores not requiring customization are registered for those items which are needed on regular basis such as spares, consumables, etc. Firms in this category are required to be authorized by the foreign manufacturers. They are also required to produce documentary proof of import including certificate of origin at the time of supply.

(c) Suppliers of Imported Equipment requiring Customization:

Firms having regular arrangement with a particular foreign manufacturer for supply of equipment and who adapt/ tropicalize/ customize the equipment to suit Indian conditions and can prove the performance of the same at their premises in India shall be registered



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as suppliers. They are required to produce documentary proof of import including certificate of origin at the time of supply. They are also required to have established facilities for after sales services for the equipment in India.

(Note: Firms in categories (b) & (c) above are required to have valid agreements entered into between them and their foreign manufacturers.)

6.6 Procedure for Registration

6.6.1 Application form for registration of supplier in the prescribed form (**Annexure-9**) shall be available on the website of CIL/ Subsidiary Companies. The interested suppliers may download and submit the same duly filled in along with all the requisite documents to Registration Section of CIL/ Subsidiary Company, as the case may be. There shall be no application fee for registration of vendors.

The application is to be signed by the Proprietor / Partners / Managing Director / Director of the Business Entity.

6.6.2 Documents to be furnished by Indian Firms with Applications for Registration:

Self-attested copies of the following documents are to be furnished by the applicant:

- a. Firm's Permanent Account Number (PAN) Certificate of Income Tax Department in case of Partnership and Company.
- b. Proprietor's Permanent Account Number (PAN) Certificate in case of proprietorship concerns.
- c. Last three years' Annual Reports including the Profit and Loss Account and Balance Sheet.
- d. Partnership Deed and extracts from Registrar of firms (In case of partnership firm).
- e. Certificate of Incorporation along with Memorandum and Articles of Association (in the case of Companies).
- f. Ownership documents in respect of firm's factory and Plant & Machinery installed therein (in respect of manufacturers) together with copies of legal agreements in case of utilization of factory of others.
- g. Affidavit regarding banning in prescribed form (**Annexure-10**).
- h. Document showing firm's registration as MSE, if the firm is an MSE.
- i. Technical Documents: The manufacturing units are to furnish full information of the Technical Know-how, Manufacturing Facilities including details of Plant and Machinery, Quality Assurance Facilities, Technical and Skilled Manpower available, the items and the standard specifications for which the registration sought, copies of licenses of



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statutory authorities and type test certificates as applicable for the items.

- j. For the registration of an Indian firm as Authorized Agent/ Distributor, the firm shall also furnish Agency Agreement and the undertaking from the manufacturers as well as from their own side as per the following details:

1. The Manufacturer:

- i. that, as a matter of policy, it does not directly quote/ market their products anywhere in India (except in situations like supplies to OEM / OES / OPM or supplies of spares and consumables bundled with supply of equipment or supplies to customers not covered by dealer network due to geographical / logistics constraints).
- ii. that it will accept the responsibility for the satisfactory execution of orders placed on the authorized agents / distributors including warranty / guarantee obligations.
- iii. that, wherever necessary, it will provide requisite inspection and testing facilities at its works in respect of orders placed on authorized agents / distributors.
- iv. the authorized agents / distributors price will not exceed that which the manufacturer would have quoted.
- v. Inspection call letter submitted by the Agents would be accompanied by a certificate from the manufacturer that the stores covered under the call letter have been manufactured by them.

2. Authorized Agents/Distributors

- i. that he will be responsible for all the contractual obligations including quality aspects, replacement of parts / items and warranty / guarantee obligations.
 - ii. that he will be responsible for providing after-sale service wherever necessary.
 - iii. Agency Agreement giving details of agency commission and confirmation of acceptance of payment of same in Indian Rupees (in case of Indian Agent).
- k. For the registration of an Indian firm as supplier of imported stores, following additional documents are also required:
- i. Manufacturer's authorization for selling the product in India.
 - ii. Facilities for customizing the equipment to suit Indian conditions and proving the performance of the same at their premises in India.
 - iii. Facilities for after sales services for the equipment in India.
 - iv. A report from any of the inspection agencies recognized by the government of the country of the Manufacturer regarding capacity/ technical capability of the manufacturer to produce the



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item for which registration is being sought. In case of any doubt regarding the status of the inspection agency that has submitted the capacity report a reference will be made to the Indian Embassy / High Commission situated in that country.

- v. However, if the information about the firm is available from Dun & Bradstreet Reference Book or similar such Books, the same may be accepted in lieu of capacity report as above. Special reports may, however, be called from the Indian Embassy / High Commission in important cases.

6.6.3 Documents to be furnished by Foreign Firms with Applications for Registration:

- a. Last three years' Annual Reports including the Profit and Loss Account and Balance Sheet.
- b. Certificate of Incorporation along with Memorandum and Articles of Association (in the case of a Company).
- c. Affidavit regarding banning in prescribed form (**Annexure-10**).
- d. Technical Documents: The manufacturing units are to furnish one set of catalogue, full information of the Technical Know-how, Manufacturing Facilities including details of Plant and Machinery, Quality Assurance Facilities, Technical and Skilled Manpower available, the items and the standard specifications to which the registration sought, copies of licenses of statutory authorities and type test certificates as applicable for the items.
- e. A report from any of the inspection agencies recognized by the government of the country of the Manufacturer regarding capacity/ technical capability of the manufacturer to produce the item for which registration is being sought. In case of any doubt regarding the status of the inspection agency that has submitted the capacity report a reference will be made to the Indian Embassy/ High Commission situated in that country.
- f. However, if the information about the firm is available from Dun & Bradstreet Reference Book or similar such Books, the same may be accepted in lieu of capacity report as above. Special reports may, however, be called from the Indian Embassy/ High Commission in important cases.
- g. For inclusion of Indian agents in the registration of foreign manufacturers, the agency agreement giving details of agency commission and confirmation by the Indian agent of acceptance of payment of the same in Indian Rupees, is to be furnished.

6.6.4 Signing of Application Forms



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- a. **Proprietorship Firms:** The application should be signed by the proprietor.
- b. **Partnership Firms:** The application should be signed by all partners.
- c. **Companies:** The application should be signed by the Managing Director or any of the Directors of the firm duly authorized.

In case the application has been signed by a person holding power of attorney on behalf of an authorized signatory (Proprietor / Partners / Directors), a copy of the power of attorney duly self-attested should be furnished along with the application.

6.6.5 Constitution of Committee

6.6.5.1 On receipt of the application, the Registration Section will scrutinize all the particulars given therein. A Committee exclusively for the purpose of registration of suppliers shall be constituted by CIL / Subsidiary Companies consisting of the following members :

- a. Representative of Purchase Department of not below the level of E-7
- b. Representative of concerned Technical Department of not below the level of E-7
- c. Representative of Finance Department of not below the level of E-7
- d. Representatives of other Departments such as Safety, Mining, Civil, etc., if required.

6.6.5.2 The above Committee will be formed with the approval of the Director-in-charge, MM Department of Subsidiary Company / Director (Tech), CIL, as the case may be. The Committee will visit the premises of the manufacturer / supplier and obtain and ascertain the following:

- i. **Bank reference:** A report in the prescribed format (**Annexure-11**) will be obtained from the Bank concerned regarding financial standing of the firm. The Bank's Report could be dispensed in respect of firms, which are covered by statutory auditing process. In all other cases the report shall be called confidentially from the Bank on receipt of the application in respect of firms, which are not covered by statutory auditing requirements.
- ii. **Annual Turnover:** To give a better picture of performance capability of the firm, it would be beneficial to show turnovers based on annual balance sheet showing profit and loss account of the firm during the preceding three years of the registration. In those cases where auditing of the annual balance sheets is not compulsory according to Income-tax Rules, a certificate to this effect duly signed by the applicant shall be accepted along with the unaudited balance sheets. Where it is a new firm or started only one year or two years ago then it should be mentioned against the turnover column "Not available, since new firm". In such cases where no turnover can be indicated, then in the subsequent years it will be responsibility of the firm to come with the relevant details and have them incorporated in the registration certificate from time to time, failing which CIL/ Subsidiary Company



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can withdraw registration. Turnovers shall be shown in the Registration certificate based on Annual balance sheet for the last three years.

- iii. **Capacity Verification:** Report may be submitted after inspection of the firm's factory/workshop/godown, if necessary, in order to ascertain their capability and capacity as manufacturers/importer of equipment, mentioning the details of Plant & Machinery, workshop facilities, testing and quality control facilities, covered and uncovered space of factory / workshop, etc. and giving clear opinion whether they have the ability to manufacture of the items as per specifications or not and their annual manufacturing capacity and the annual turnover. To satisfy about the ownership of factory / workshop / godown, etc. of the applicant firm, Rent Receipt, Electricity Bill and Corporation/Municipality Certificate, etc. should also be verified.
- iv. **Tests:** In case the application for registration is for items for which test reports from a laboratory is essentially required, applicant will be advised by the Committee to get their products tested at their own expenses and furnish test reports in original.
In case of indigenous development of spare parts, or any other cases of stores where felt necessary, the applicant if found suitable on inspection of their premises shall be advised to have their product tested in the field. On approval of the product by the concerned Technical Head, they may be considered for registration.
- v. **Verification of Documents:** The Committee will examine all the documents as required in the application form such as Udyam Registration, BIS License, DGMS approval etc. and will verify them with the original before registration is granted.
- vi. **Technical Assessment:** This should be based on technical literature provided by the firm and also on inspecting their office & factory premises to get satisfied in regard to technical competency of the firm for manufacture of various items as detailed by them in the technical literature.

6.6.6 Processing of Applications of Foreign Firms and their Indian Agents:

- 6.6.6.1** The registration of foreign firms and their Indian agents if any should be processed together. However, foreign manufacturers can be considered for registration without their Indian Agents if they possess required facilities or infrastructure to provide after-sales service in India, wherever such services are required.
- 6.6.6.2** All foreign firms, applying for registration for the first time or for additional items, which are not similar items for which the applicant firms already stand registered, are required to submit with their application an inspection report from an inspection agency recognized by the government of the country. The report should provide for confirmatory details regarding workshops (total area of the shop and site, number of workers and staff employed). It should also provide details of workmanship, plant & machinery available, the product range facilities for testing etc. together with the inspection agencies recommendation on the items, which the firms actually make or for which they wish to be registered. Where



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necessary, reports may be obtained from the Indian Missions concerned on the standing of the firms.

- 6.6.6.3** The availability or otherwise of after-sales service facilities in India and details thereof shall be incorporated in the Registration certificates issued to the foreign manufacturers/their agents.

6.7 Competent Authority for Grant of Registration

Competent authority for grant of registration shall be Director (Tech), CIL/ Director-in-Charge of MM Department, Subsidiary Company. Concurrence of Head of Finance Department shall be taken before obtaining the approval of Competent authority.

6.8 Period of Registration

The supplier(s) will normally be registered for a fixed period of two years. At the end of this period, the registered supplier(s), who are willing to continue with registration, are to apply for renewal of registration at least three months before its expiry. Such renewals shall also be for two years.

6.9 Communication of Deficiencies to Firms:

In cases where the firm is not considered capable and registration cannot be granted, Registration Section would communicate the deficiencies or shortcomings directly to the firms through registered/speed post/air mail as well as through e-mail to the applicant firm. In case such firms apply for re-verification of their capability within six months of the intimation, claiming to have made good the deficiencies pointed out to them, the request will be entertained. Such requests shall be entertained only once. Requests for re-verification after expiry of the said six months period would be treated as fresh application.

6.10 Procedure for Noting Down Change in Name and Constitution of Firms:

Requests for incorporating changes in name, address and constitution of firms in their registration shall be handled as under:

- a) **Change in the Name of a Firm and/or their Office Address:**
Requests for change in the name of a firm and/or their office address, duly supported by documentary evidence, should be addressed to the concerned Registration Section who granted the original registration. Such changes shall be allowed on verification of documentary evidence in consultation with Finance and Legal Departments.
- b) **Change in Constitution or Location of the Firm's Manufacturing Works:** In the event of any change in the constitution of the firm or in the location of their manufacturing works, the registration with CIL/Subsidiary Company shall lapse. The firm should apply for registration afresh in such cases.

6.11 Removal of Firm from the List of Approved Suppliers:

- 6.11.1** The performance of each registered firm shall be monitored on a continuous basis throughout the year by the concerned Head of Technical Dept. who shall submit half yearly reports to the Purchase Department



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within one month of the end of the half-year, who in turn will note it during finalization of orders as well as for continuous monitoring.

6.11.2 Any firm may be deregistered and its name removed from the approved list after issuing a show cause and with the approval of competent authority for any of the following reasons which may also be communicated to the concerned firm:

- a. If the firm fails to abide by the terms and conditions under which the registration has been given or to maintain the required technical / operational staff / equipment or there is change in its production / service line affecting its performance adversely, or fails to cooperate or qualify in the review for registration.
- b. If the firm supplies stores of inferior quality or renders services (including after sales services and maintenance services) of inferior quality than the contracted ones.
- c. If the firm fails to supply materials or supplies short quantities without any valid reason.
- d. If the firm makes a false declaration.
- e. If the performance of the firm is found to be consistently unsatisfactory over a period of time against orders placed on them or, after carrying out vendor rating, the firm has been classified into Group D for two consecutive years. Whenever a firm is classified in Group D on vendor rating, it should be informed accordingly and also be warned of the consequences of being classified into Group D for two consecutive years.
- f. Other than in situations of force majeure, after opening of financial bids, the supplier withdraws from the procurement process or after being declared as successful bidder: (i) withdraws from the process; (ii) fails to enter into a procurement contract; or (iii) fails to provide performance security or any other document or security required in terms of the bidding documents.
- g. If Central Bureau of Investigation / CVC / C&AG or Vigilance Department of Procuring Entity or any other investigating agency recommends such a course in respect of a case under investigation.
- h. If the firm ceases to exist or is acquired by or merged with another firm, or ceases to operate in the category of requirements for which it is registered.
- i. If the firm is declared bankrupt or insolvent.
- j. If the firm is banned by CIL or any of its Subsidiary Companies.

6.11.3 Deregistration/removal from the approved list shall be done with the approval of the Director (Tech), CIL/ Director-in-Charge of MM Department, Subsidiary Company, as the case may be. In the event of



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deregistration/ removal from the approved list, other Subsidiary Company and Coal India Ltd. shall be informed.

6.11.4 No firm once deregistered/removed from approved list will be reinstated without the approval of Chairman, CIL/ CMD of Subsidiary Company.

6.11A Empanelment of contractors:

Contractors may be empaneled for those specific goods and services which are required from them regularly. Performance of such empaneled contractors should be reviewed periodically. The list of empaneled contractors shall be updated on a regular basis. The category/ class of contractors may be upgraded/ downgraded or contractors may be de-listed based on their performance. Empanelment of contractors shall be done in a fair and equitable manner, preferably online after giving due publicity.

6.12 Vendor Rating

Selection of vendors with a consistent record of maintaining adequate standards in respect of quality of products and reliability in supply is an important step in Materials Management. Introduction of an objective assessment of Vendor Performance is, therefore, considered necessary towards achievement of this objective. Vendor performance may be evaluated on the following three major parameters :

1. Quality
2. Delivery
3. Price

In order to implement a Vendor Rating System, data have to be collected in regard to performance with respect to above parameters against each order placed on different Vendors. This should necessarily involve the active support of the user Departments. The Vendor Rating System can be adopted only after Subsidiary Companies have established such systems.

6.12.1 Quality Performance : It can be measured by the ratio of quantity of materials supplied as per specifications against total quantity of supply as per following formula:

$$\text{Quality Performance Index (QPI)} = \frac{(Q_a + 0.5Q_r) \times 100}{Q_s}$$

Where, Q_a = Quantity accepted as per specifications
 Q_r = Quantity accepted after replacement
 Q_s = Quantity supplied

In the above formula, the quantity accepted after rectification/repair/ replacement has been given weightage of 50%.



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6.12.2 Delivery Performance: If the supply is delayed beyond contractual delivery period, the company may suffer loss due to machine downtime etc. Hence, this aspect has to be given due consideration. The delivery performance index will be obtained as per the following formula:

A. In case of completed supply

$$\text{Delivery Performance Index (DPI)} = \left\{ \frac{Q_a}{Q_o} + \frac{Q_b}{Q_o} \times \frac{T_o}{T_a} \right\} \times 100$$

Where, Q_a = Quantity supplied in time

Q_b = Quantity supplied beyond original delivery period

Q_o = Quantity Ordered

T_o = Original delivery period in days

T_a = Actual number of days taken to complete supply, including delayed supply

B. In case of incomplete supply, after expiry of extended delivery period

$$\text{Delivery Performance Index (DPI)} = \left\{ \frac{Q_a}{Q_o} + \frac{Q_b}{Q_o} \times \frac{T_o}{T_a} \times 0.5 \right\} \times 100$$

Where T_a = Actual number of days taken upto the last delivery date

Here, the index for delayed supply is given 50% weightage as the delivery is not completed even after extension of delivery period.

6.12.3 Price Performance: To judge the price performance of a vendor, price reliability is an important criterion. The Price Performance Index may be obtained by the following formula:

$$\text{Price Performance Index (PPI)} = \left\{ 2 - \frac{Q_p}{O_p} \right\} \times 100$$

Where Q_p = Quoted Price

O_p = Ordered Price

If the PPI is less than Zero, the value will be taken as Zero. Thus the vendor who has been awarded with the order at quoted rate will score the maximum index of 100 and other vendors will score lower indices. Vendors quoting twice or more will score zero.

6.12.4 Composite Index: Composite Index will be obtained by giving weightage to the above three performance parameters as below :

Quality Performance = 40%

Delivery Performance = 40%

Price Performance = 20%

The Composite Index of Performance will be obtained by applying the following formula:

$$\text{Composite Performance Index} = (0.4 \times \text{QPI} + 0.4 \times \text{DPI} + 0.2 \times \text{PPI})$$



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6.12.5 Classification of Vendors

From the above, it may be seen that a vendor may score a maximum of 100 points as its Composite Performance Index (CPI). Based on the average CPI, calculated over a period of one year for all orders placed on a particular vendor, the vendors may be classified into four different groups:

GROUP

a) Vendors scoring an average CPI of 80-100	A
b) Vendors scoring an average CPI of 50-79	B
c) Vendors scoring an average CPI of 30-49	C
d) Vendors scoring an average CPI less than 30	D

6.12.5.1 Preference may be given to 'A' Group vendors, in distribution of order quantity, when orders are placed on more than one vendor. The actual quantum of preference will be decided before issuance of tender enquiry and shall be disclosed upfront in the tender documents.

6.12.5.2 A vendor who is classified in 'D' Group for two consecutive years should either be de-registered or removed from the approved list and Limited Tender Enquiries should not be issued to them. If they participate in an Advertised Tender, their offer should not be considered.

6.12.6 Vendor rating guidelines for procurement of explosives and their accessories will be as approved by CIL from time to time.

6.12.7 Notification of performance to vendors: All vendors should be apprised of the methodology of vendor rating. They should also be apprised of their Composite Performance Index every year to encourage them to improve upon their rating.

6.12.8 Progressive Implementation of Vendor Rating System: In a multi-unit organization like CIL, obtaining accurate and documented information about delivery, acceptance of materials etc. from various units is a time consuming job. A true vendor rating system with review on annual basis can effectively be achieved only after implementation of a computerized environment like ERP across various subsidiary companies and CIL. An Executive of the rank of not less than E-6 should be entrusted to look into this job exclusively.

However, for certain critical items like Wire Ropes, Tyres, Cables, Conductors, Electrodes, Beltings, Safety related items, Batteries, etc. a list of vendors may be drawn, who may be brought under the vendor rating scheme in the first instance. The system may be extended to other items progressively thereafter.

6.12.9 Interaction with the suppliers: Materials Management Executives will have regular interactions/discussions with the suppliers on technical matters to mutually update each other's knowledge on the latest technical developments/value engineering efforts regarding their products.



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6.13 Penal action against Suppliers

6.13.1 Suspension of Business

- 6.13.1.1** If the performance of any supplier is found to be unsatisfactory or in the event of any breach of the conditions of the contract committed by the supplier or if the conduct of the supplier (firm) is under suspicion, the competent authority (Chairman of CIL/ CMD of the Subsidiary Company, as the case may be) may consider whether such default on the part of the supplier, consequence of breach or the allegations are of a serious nature and whether pending full examination/ investigation, it would be advisable to continue business dealings with the firm. If the competent authority decides that it would not be in the interest of the Company to continue such business, pending full investigation/examination, it may suspend business dealings with the firm. The order of suspension should specify whether all subsisting Contracts/Supplies are suspended or whether the order relates to specific Contracts/Supplies. The order of suspension would operate for a period of not more than six months unless revoked earlier.
- 6.13.1.2** The concerned department of the Subsidiary Company/CIL should ensure that the final examination/investigation of the case is completed well within the duration of suspension order.
- 6.13.1.3** The order of suspension must be communicated to all HODs within the Subsidiary /CIL as the case may be. Copy of the order of suspension relating to any Subsidiary Company must be forwarded to the concerned department and Vigilance Department of other Subsidiary Companies and CIL for such action as may be necessary.
- 6.13.1.4** The concerned department of CIL on receipt of any such suspension order will ascertain the overall performance of the firm (including any misconduct giving rise to breach of contract) from the other Subsidiary Companies where the firm is supplying stores under any other contract. On examining the investigation report, CIL will decide whether the suspension order issued by one Subsidiary Company is required to be extended to other Subsidiary Companies. If it is felt necessary to extend suspension of business dealing with the firm to other Subsidiary Companies too, CIL with the approval of Chairman, CIL will issue suspension order suspending business dealings at all the Subsidiary Companies.
- 6.13.1.5** During the period of suspension, the competent authority may review the order of Suspension on receipt of a representation from the firm, if any. If the competent authority considers in the light of its review that the order may be revoked, it may do so. Order revoking the suspension order should be communicated to the firm with copy to all concerned.
- 6.13.1.6** However, if full investigation/examination is not completed within six months and the competent authority considers that suspension order should continue beyond that period, the suspension period beyond six



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months may be extended till the full investigation is completed. However, it must be ensured that the investigation/examination of the case is not delayed indefinitely. Extension of suspension beyond six month should also have the approval of Chairman of CIL/ CMD of the Subsidiary Company, as the case may be.

6.13.1.7 After full investigation of the matter is completed, the CIL / Subsidiary Company will take the following action:

- a). If the facts and evidences justify any penal action against the firm as detailed at clause-6.13.2 below, such action should be taken.
- b). Otherwise, the suspension order should be revoked forthwith, under intimation to all concerned.

6.13.2 Banning / Debarment of Business

When the misconduct and moral turpitude of a firm goes beyond mere performance issues, imposition of a ban on business relations with the firm may be done for a specified period of time, after following the prescribed procedure. The name of the defaulting firm from the list of registered vendors should be removed before submitting the proposal for banning of business. An order for banning passed for a certain specified period 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, except that an order of banning passed on account of doubtful loyalty to the country or national security considerations shall continue to remain in force until it is specifically revoked. However, the firm would have to apply afresh for registration with the procuring entities. Banning of business should be considered in the following cases:

- (i) If the Directors, Proprietors, Employees, Partners or any Representative of the firm is/are found guilty of offences involving any security consideration including loyalty to the State, in connection with business dealings with CIL or its Subsidiaries.
- (ii) If the Director, Proprietor or Partner, Manager or any Representative of the firm is convicted by a court of law
 - a). under the Prevention of Corruption Act, 1988 or under the Indian Penal Code or any other law for the time being in force for offences involving moral turpitude in business dealings; or
 - b). under 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.
- (iii) Violation / transgression of Integrity Pact.
- (iv) If there are strong reasons to believe that the Directors, Proprietors, Managers or any Representative of the firm has/have been guilty of or found to be indulging in malpractices / unethical commercial practices such as bribery, corruption, fraud, substitution of tenders, interpolation, etc.



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- (v) If there is strong justification for believing that the proprietor or employee or representative of the firm has been guilty of evasion or habitual default in payment of any tax levied by law; etc.
- (vi) Willful suppression of facts or furnishing of wrong information, false declaration or manipulated or forged documents by the firm or using any other illegal/unfair means.
- (vii) Drawing double payment or submitting invoice for double payment for the supply of same materials or carrying out the same job/work.
- (viii) Supplying defective materials and failure to replace the defective materials even after reasonable extension is given to the firm for rectification/ replacement of the defective materials or carrying out defective/poor quality job, not conforming to specifications of the contract and failure to rectify it within the stipulated time.
- (ix) If the firm repeatedly and/or habitually resorts to revision of price and terms of offer within the validity period of the tender and/or submission of ambiguous and misleading offers, post tender modifications in order to undermine the decision-making process.
- (x) Failure to pay legitimate dues to CIL/Subsidiary Companies including dues arising out of Risk Purchase and when CIL and/or its Subsidiary Companies are satisfied that this is not due to any reasonable dispute which would attract proceedings in arbitration or a Court of Law.
- (xi) Continued and repeated failure to meet contractual obligations.
- (xii) Canvassing and lobbying to get undue favour from the Company.
- (xiii) Formation of price cartels with other suppliers/contractors with a view to artificially hiking the prices.
- (xiv) Non-supply of material, abandonment of works, etc.
- (xv) Any other misdeed, which may cause financial loss or commercial disadvantage to the Company.

6.13.3 Approving Authority for Banning / Debarment

If the ban is applicable within a Subsidiary Company, CMD of that Subsidiary Company is the competent authority to order banning of business with a firm. For banning of business with CIL and all Subsidiary Companies, approval is to be accorded by Chairman, CIL.

6.13.4 Period of Banning / Debarment

The period of banning should be decided based on the gravity of the offence and the quantum of loss suffered by CIL or the Subsidiary Companies. In case banning is proposed under clause-6.13.2 (i), (ii) & (iii), the banning period should not be exceeding three years. In case banning is proposed under other sub-sections of clause-6.13.2, banning period should not exceed two years.

6.13.5 Procedure for Banning / Debarment



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- 6.13.5.1** All proposals of banning of business relating to procurement of goods and related services including proposals initiated by Area shall be put up to HOD, MM Department of Subsidiary HQ along with all relevant documents. In case of procurement being dealt by CIL (HQ), such proposals shall be put up to HOD (MM), CIL (HQ). The HOD, in turn, will have the case investigated, if necessary with the assistance of Vigilance Department and submit the case with his recommendation to the competent authority i.e. CMD of the Subsidiary Company/Chairman, CIL, as the case may be.
- 6.13.5.2** In case the competent authority decides that action against a firm is called for, it may recommend issue of a notice to the firm asking it to show cause why it should not be banned for a specified period in view of the allegations against it. Details of the allegations/charges may be appended to the show cause notice, signed by the HOD of the concerned MM Department, and the firm should be asked to submit its reply within 21 days. All the correspondence with the firm shall be made by speed post/ registered post.
- 6.13.5.3** On receipt of a reply of the show cause notice or where no reply is received within the stipulated period, the HOD may put up a proposal for either –
- Exonerating the firm, if the statement of defense of the firm is found to be satisfactory and the charges framed against the firm are not substantiated.
 - Banning of business dealings with the firm for a specified period.
- 6.13.5.4** The HOD will submit the case with his recommendation to the competent authority i.e. CMD of the Subsidiary Company/Chairman, CIL, as the case may be. If the competent authority, after going through the proposal of the HOD, decides to ban business dealings with a firm, an order to that effect should be issued to the firm.
- 6.13.5.5** Copies of the orders of banning of business dealing with the firm should be sent to all HODs and CVO of the Subsidiary Company concerned as well as to HOD, MM Department and CVO of CIL (HQ) and other Subsidiary Companies. HOD, MM Department of CIL (HQ) and other Subsidiary Companies will circulate the same to all concerned. Copies of the orders of banning of business dealings with the firm will also be uploaded on the website of procuring entity (Subsidiary Company / CIL, as the case may be) and e-procurement portal.
- 6.13.5.6** During the period of banning, no business dealing can be entered into with the firm by the Subsidiary Company which has issued the banning order. In case banning order is issued by CIL(HQ), it will be applicable for the whole of Coal India. Normally, contracts conclude before the issue of the banning order shall not be affected by the banning order. However, considering the gravity of the offence, the existing ongoing contracts may also be terminated after observing the formalities of termination as stipulated in the existing contracts. The order of banning should specify whether all the existing ongoing contracts are covered under the banning or whether certain existing contracts are excluded from the scope of banning.



6 – Registration of Suppliers, Vendor Rating and Penal Action against Suppliers/Bidders

- 6.13.5.7** On receipt of the order of banning of business with any firm by any Subsidiary Company, MM Department, CIL (HQ) will examine whether the offence(s) committed by the firm is/are serious enough to warrant banning of business across all Subsidiaries of CIL. For this purpose the contracts/supplies with other Subsidiary Companies will have to be examined and recommendations to extend the banning order to other subsidiaries or otherwise will be put up to Chairman, CIL for approval.
- 6.13.5.8** If it is decided to resort to banning of business of the firm with all Subsidiaries, a fresh show cause notice will have to be issued to the firm giving it reasonable time of 21 days to reply. Thereafter, the usual procedure for banning of business is to be followed and a final order is to be issued with the approval of Chairman, CIL.
- 6.13.5.9** If the competent authority, after going through the proposal of the HOD, decides to ban business dealings with a firm, an order to that effect should be issued to the firm. The order imposing banning on the business dealings with the firm should specifically mention whether the ban would extend to all the Subsidiary Companies, in case it is decided to do so and also the period of banning in number of years.
- 6.13.5.10** Copies of the order of banning issued by CIL will be sent to HODs, MM Department and CVOs of all Subsidiary Companies and CVO, CIL. It will also be uploaded on the web-site of CIL and e-procurement portal.
- 6.13.5.11** If after issuance of banning order by the Subsidiary Company/ CIL (HQ), the firm comes up with any appeal or representation seeking withdrawal or any modification of the order, the matter should be decided with the approval of Chairman, CIL.
- 6.13.6** The debarment done by DoE / MoC shall also be applicable in CIL and its Subsidiaries.
- 6.13.7** No contract of any kind whatsoever shall be placed to debarred firm after the issue of a debarment order by DoE / MoC / CIL / Subsidiary (as applicable) if such debarment has been done before the last date of bid submission.
- 6.13.8** In case of shortage of firms (less than three eligible firms) in a particular group, such debarments may also hurt the interest of CIL and/or its Subsidiaries. In such cases, endeavor should be to pragmatically analyze the circumstances, try to reform the firm and may get a written commitment from the firm that its performance will improve.



CHAPTER – 7 INDENTING PROCEDURE

7.1 Indent / Purchase Requisition (PR)

An indent or PR is a requisition on the procurement agency to procure an item. Indent is the authority for initiating procurement action and may contain one or more items, each with a distinct item code/part number. All necessary details of the item, including quantity, estimated price, scope of supply, specifications, drawings (if any), date(s) by which item is required are to be indicated in the indent to enable prompt procurement of the item.

Indents / Purchase Requisition (PR) are required to be generated online on ERP-SAP.

Sample PR form on ERP-SAP

7.2 Types of procurement

7.2.1 Capital Procurement: Significant expenditure incurred in acquiring tangible assets of a permanent nature (for use in the organization and not for sale in the ordinary course of business) or enhancing the utility of the existing assets, shall broadly be defined as Capital expenditure. Procurement of all goods and associated services that fit the description of capital expenditure is Capital procurement.

7.2.2 Revenue Procurement: Charges on maintenance, repair, upkeep and working expenses, required to maintain the assets in a running order as also all other expenses incurred for the day to day running of the organization, including establishment and administrative expenses, are classified as Revenue expenditure. Procurement of all goods and associated services that fit the description of revenue expenditure is Revenue procurement.



7.3 Initiation of Purchase Action

Purchase action shall be initiated only after receipt of Purchase Requisition generated on ERP-SAP, duly approved / released by the competent authority, containing the proper entries with regard to availability of funds in the financial year in which the deliveries are required. However, in case of long lead capital items, advance action for procurement may be initiated against indents / PRs without budget provisions as detailed in Clause-7.9 below.

7.4 Indents for Capital Items-Plant & Machinery, Equipment⁹, Vehicles, etc.

Indents for Capital Items normally fall under two categories:

- a) New Requirement.
- b) Replacement Requirement.

7.4.1 Indent for New Requirement of Capital Items

7.4.1.1 The purpose of new requirement is many and may generally be classified as under:

- a) New projects/schemes for increasing production.
- b) For expansion of existing production unit.
- c) For Welfare, Safety, Community Development Schemes, etc.
- d) For Research and Development.
- e) For advance action for Projects likely to be approved.
- f) Required for office premises and other establishments like Conference / Training Halls, Guest House, Official Residences & Bungalows, etc.
- g) Required for day to day official work.

7.4.1.2 Requirement is assessed and provided for in the respective Project Reports / Feasibility Reports / Schemes etc. prepared by the Project and Planning Division and/or CMPDIL. Sanctions for these projects/ schemes are accorded by the different authorities, viz. CMDs/Boards of Directors of Subsidiary Companies/ Chairman, CIL/Empowered Sub-Committee of CIL Board /Board of Directors of CIL/ Government of India, depending upon the nature of the Projects/Schemes and the cost involved.

7.4.1.3 Project executing departments and/or the concerned technical departments, viz. Excavation Dept., E&M Dept., Safety Dept., Systems, E&T etc. shall create Purchase Requisition (PR) on ERP-SAP on the basis of these sanctioned project reports/feasibility reports, schemes etc. for procurement in a phased manner as per the delivery requirements.

7.4.1.4 Director (Tech.), CIL or Other Concerned Director of Coal India Limited / Subsidiary Company is competent to approve / release Purchase Requisition (PR) for new requirement of Capital Items as per sanctioned project reports/ feasibility reports, schemes, etc.

Director (Tech.), CIL or Other Concerned Director of Coal India Limited / Subsidiary Company is competent to approve / release Purchase Requisition (PR) for Capital Items required for office premises and other

⁹Equipment shall mean all types of equipment like HEMMs, UGMMs, Medical Equipment, Survey Equipment, Laboratory Equipment, Safety Equipment, Office Equipment, etc.



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establishments like Conference / Training Halls, Guest House, Official Residences and Bungalows, etc. and for day to day official work.

General Manager of the Areas / HoDs of CIL and Subsidiaries / Project Officers of Subsidiaries are authorized to approve and release Purchase Requisition (PR) to the extent they have been delegated with specific powers by CIL / Subsidiary Companies.

7.4.2 Indent for replacement of Capital Items

7.4.2.1 For Capital Items which have outlived their lives in terms of number of hours worked/years of operation or rendered unserviceable due to premature failures, accidents etc., a technical survey will be carried out by the Technical Wing in Area in the format as per **Annexure-12** (where column 10 and 11 need not be filled up by the Technical Wing) for the purpose of getting “Replacement Equipment” and after approval of Area GM, the same will be sent to the concerned Head of the Technical Dept. at HQ.

7.4.2.2 The concerned Head of the Technical Dept. at HQ will obtain approval of Concerned Director / CMD, as per DoP of subsidiary company, for declaring the equipment as surveyed off for initiating the procurement action. However, all cases involving pre-mature failures will need the approval of Board of Directors of the respective Subsidiary Companies.

7.4.2.3 Director (Tech.), CIL or Other Concerned Director of Coal India Limited / Subsidiary Company is competent to approve indent for replacement of capital items.

General Manager of the Areas / HoDs of CIL and Subsidiaries / Project Officers of Subsidiaries are authorized to approve indents to the extent they have been delegated with specific powers by CIL or the Subsidiary Companies, as the case may be.

7.4.3 Indents / Purchase Requisition (PR) for Capital Items (**Annexure-13**) will be generated on ERP-SAP through the T-CODE – ME51N (Create Purchase Requisition). Indents / Purchase Requisition (PR) for replacement of Capital Items will need to be supported by approved survey off report (Annexure-12). Survey-Off Report shall be generated in SAP through relevant T-Code and shall be linked to the PR on ERP-SAP.

After filling up the necessary details on the ERP-SAP (e.g. Type of PR, Type of Procurement, Type of Indent, Account Assignment Category, Short Text, Asset Code, Unit of Measurement, Quantity, Valuation Price, Plant, Delivery Date, Material Group etc. as applicable), the officer generating the PR shall make sure that the necessary form fills and radio button selection are complete in all respects in the PR form on ERP-SAP.

It shall be ensured that the PR is generated following the guidelines contained in Checklist (**Annexure-14**).



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After PR is generated on ERP-SAP, the same shall be approved / released by the competent authority after concurrence by finance on ERP-SAP as per the configured release strategy of the PR in line with the Delegation of Powers.

The reference number of the approved and released PR along with the detailed technical specifications and necessary documents and drawings (if any), shall be forwarded to the Material Management Department for initiating procurement action.

7.5 Indent for Revenue Items-General Stores¹⁰, Consumables, Spare Parts, etc.

7.5.1 For Revenue Items, Materials Budgets (MB) will be prepared in ERP-SAP through “PR for consolidation” taking into consideration the stock and dues-in so that both excessive holding of stock and stock-outs of materials are avoided and optimum inventory levels are maintained at all times.

7.5.2 Requirement of the materials will be assessed on realistic basis keeping in view:

- (a) Past consumption pattern, average shelf-life of the stores items, etc.
- (b) Stock balance on the date of review.
- (c) Dues-in, i.e., the quantities awaiting supply against indents and supply orders.
- (d) Delivery schedule in respect of dues-in.
- (e) Earmarks, i.e. stores to be kept reserved for any project/mine.

7.5.3 In addition to the above, the following data will also be considered for working out requirement of spare parts:

- (i) Population of equipment in operation considering expected survey off & equipment coming out of warranty, for which spares are required.
- (ii) Manufacturer’s recommended list of spare parts, if any.
- (iii) Annual maintenance / repair / overhaul program of equipment.

7.5.4 The MBs / PR for consolidation for centralized items will be approved by Director (Technical), CIL/subsidiary companies in concurrence with Finance. The MBs / PR for decentralized items will be approved & released by Area General Manager in concurrence with Finance. MB/ PR for consolidation duly approved and released by competent authority in concurrence with finance, is an authority for purchase. The items covered under the approved MB/ PR for consolidation can be procured in a single lot or in phases depending on the requirement and consumption in order to avoid excessive stock holding and inventory carrying cost. However, in both cases, whether in a single lot or in phases, purchase action should be initiated only on receipt of duly approved / released Purchase Requisition (PR) in ERP-SAP.

Sometimes after approval of MBs, unanticipated requirement may arise due to unforeseen circumstances. In such cases, a separate Purchase

¹⁰General Stores will include Iron & Steel materials, Beltings, Wire ropes, Cables, Pipes, Conductors, etc.



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Requisition (PR), duly approved / released by the competent authority [Director (Technical), CIL/subsidiary companies or Area GM, / HoDs of CIL and Subsidiaries / Project Officers of Subsidiaries as the case may be] on ERP-SAP as per release strategy of the PR which shall be aligned with the delegation of powers.

MB / PR for consolidation shall be generated on ERP-SAP through the T-Code – ME51N (Create Purchase Requisition) by filling up the necessary details on the ERP-SAP (e.g. Material i.e. SAP Material Code, Quantity, Valuation Price, Plant, Delivery Date etc.). After PR is generated on ERP-SAP, the same shall be approved and released by the competent authority in concurrence with finance on ERP-SAP as per the release strategy of the PR which shall be aligned with the delegation of powers.

It shall be ensured that the PR is generated following the guidelines contained in the Checklist (Annexure-14).

7.6 Emergent Indents

7.6.1 Emergent indents will be submitted only in those cases where one cannot wait for procurement under normal circumstances due to an emergency or breakdown of equipment and/or essential services or unanticipated stock-out of critical item(s) vital for the production /operation of mines. Emergent indents may also be placed in cases of extreme urgency involving risk of life and property or due to consequences of natural calamities/or an accident in the mine, which would lead to a stoppage in production/operation resulting in considerable loss of revenue. Extreme care will be taken to ensure that such indents are kept to the minimum. The circumstances leading to the submission of emergent indent will be recorded in remarks column of the indent.

7.6.2 All emergent indents / Purchase Requisition (PR) with clear description of the materials and the time by which the delivery is required, will be raised vide ERP-SAP by the concerned department and will be approval by the competent authority (as per delegation of powers) in concurrence with finance. Quantity to be purchased against emergent indent shall be restricted to the bare minimum to cover the emergency only. Filling of the necessary forms and radio button selection containing the below information shall be ensured in the PR on ERP-SAP.

Forms / Radio Button on PR form on ERP-SAP for Emergent Indent

- (1) It is certified that the demand is emergent and any additional expenditure involved by not procuring through normal tendering procedure is justified in view of emergency.
- (2) The nature of emergency
- (3) Reasons why the procurement could not be anticipated
- (4) It is also certified that (select one of the two radio buttons in the PR Form):
 - The item(s) is not available in the stores.
 - or



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- The available item(s) is not adequate to meet the Emergent requirement.
- (5) It is certified that the quantity required is bare minimum to cover the emergency only.

7.6.3 There may be cases where the nature of emergency is such that procurement action has to be initiated on immediate basis without waiting for the formal approval of the competent authority for raising emergent indent / PR. In such cases, the concerned officers may be informed of the emergency for initiation of the purchase action. Emergent indent / PR, after obtaining post-facto approval of the competent authority, may be furnished to purchase department subsequently.

7.6.4 Clear recording should be made explaining the circumstances under which emergency purchase became unavoidable. Simultaneous exercise may also be made to know the circumstances under which the stock out of such critical item could not be anticipated.

7.6.5 Concerned Indentor / User department shall ensure sufficient stock of critical spares and the materials for which repeated emergency purchases have been made, by following normal methods of purchase through MM department.

7.6.6 It must be ensured that the items purchased under emergency purchase are issued and certified by user that they have been put in utilization. Delay in consumption of such items, if any, is to be apprised by the concerned officer to HOD/Director-in-charge of the Purchase Department, with reasons.

7.7 Indents for Purchase on Proprietary Basis

7.7.1 Purchase on proprietary basis may be adopted when:

- i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods. The reason for arriving to this conclusion is to be recorded and approval of the competent authority obtained.
- ii) Sometimes, spares/ consumables are required to be purchased only from OEM/OPM for reasons of warranty and so as not to endanger the functioning and/or performance of the machine. For example, in case of printers, consumables like cartridges have to be procured manufactured by OEM only otherwise the warranty becomes void besides adversely affecting the performance / functioning of the printer. Such items may also be procured on PAC basis.

7.7.2 Indent / PR for purchase on proprietary basis shall be routed through HOD of the concerned department and Finance.

Filling the necessary forms containing the below information with regard to Proprietary Article Certificate shall be ensured in the PR on ERP-SAP.

Form for Proprietary Article Certificate



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(i) The indented goods are manufactured by M/s.....

(ii) No other make or model is acceptable for the following reasons:

.....
.....
.....

7.7.3 As procurement of items on proprietary basis completely eliminates competition and could lead to higher prices, the indenting authorities before raising indents for proprietary articles should satisfy themselves that no other acceptable substitutes are available. The indentors shall take full responsibility for the decision to procure items on proprietary basis.

7.8 Flow of Indents for Capital Items

7.8.1 The concerned Technical Heads will initiate indents and generate PR on ERP-SAP for new capital items. For replacement items, the Area / Departments will send the PR with copy of approved survey off report, duly generated on ERP-SAP to the concerned Technical Heads. In case survey off is under approval, a certificate is to be submitted that the approved survey off report will be provided in due course but before finalization of contract. On receipt of PR, the Technical Head will check up the availability of such equipment from the surplus list, if any. In case the equipment is available in the surplus list, such equipment will be transferred to the needy project/mine. The final “PR for consolidation” shall be generated by the Technical heads on ERP-SAP after deduction of surplus equipment (if any).

7.8.2 If the capital item indented is not available in the surplus list, the concerned Technical Head shall generate final “PR for consolidation” on ERP-SAP and obtain the requisite financial concurrence and approval. The technical head shall draw out the detailed specifications, and thereafter, the consolidated PR with all requisite technical specifications, drawings, etc., as applicable, will be sent to Materials Management Division for taking procurement action.

The technical specifications, drawings, etc. as applicable shall be uploaded on ERP-SAP as an attachment in the space “Services for Object > Create > Store Business Document”.

7.9 Advance Action for Procurement of Long Lead Capital Items

The procedure for placement of actual order 2 to 3 years in advance for long lead capital items without budget provision at the time of indenting shall be as follows:

7.9.1 Subsidiary Companies should prepare in advance their requirement of long lead capital items to be procured by Coal India Limited/Subsidiary Companies for the approved projects, which are not cost overrun. In case of cost overrun projects, this action will be initiated only after such projects are approved by the competent authority with revised budget outlay. The annual statement / program of requirement for long lead items should be



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approved by the Director (Tech.), CIL / Sub. Co. after financial concurrence and sent to the concerned Materials Management Department.

7.9.2 Coal India Limited/Subsidiary Company will initiate procurement action so that orders are placed for full requirement of two or three years depending on the lead time, prior to the financial year, in which the equipment are required.

7.10 Normal Checks to be exercised in processing indents / PRs

7.10.1 The PR must indicate / accompany clear and detailed specifications, drawings, etc., wherever necessary, so that there is no ambiguity left for the tenderers to quote for correct materials.

7.10.2 All necessary entries in the PR form shall be filled in during generation of PR on ERP-SAP.

The indent amount shall be indicated in the PR form under “Valuation”

7.10.3 The requirement should be critically examined before generating PR so as to avoid redundant procurement /over stocking and also to ensure proper utilization, economy in the operations.

7.10.4 The indentors should not ask for proprietary materials or draw up specification that would result in proprietary procurement, except in cases, where proprietary procurement is unavoidable.

7.10.5 The time by which the material is required i.e. delivery date shall be filled in the PR form in ERP-SAP under “Quantities/Dates”.

7.10.6 While specifying the delivery period, a realistic approach should be adopted by taking into account the experience gained during the past in same/similar type of tenders.

7.10.7 Availability of budget provision in the relevant year for purchase, concurrence of Finance and approval of competent authority has to be ensured. Appropriate entries shall be made for budget linkage in the PR under “Account Assignment”.

7.10.8 As far as possible, there should be one indent only for each category of material.

7.10.9 A demand should not be split into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase of the original demand.

In case of phase-wise procurement of the items covered under the approved MB (Consolidated PR) in order to avoid excessive stock holding and inventory carrying cost, tender approving authority for each tender would be the same as the authority for approval of total MB. Such cases will, therefore, not be treated as splitting of requirement.



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7.11 Additional checks for Capital Items

In addition to above, while obtaining concurrence and approval of the indent for capital items (plant and machinery, equipment, vehicles, etc.), the points mentioned in the check list given in **Annexure-14**.

7.12 Scrutiny of Indents received in Materials Management Department

7.12.1 All PRs received in the concerned MM Department are maintained in the ERP-SAP Database and can be checked through the T-CODE ME-53N for individual PR / ME5A for PR lists by shortlisting by selecting appropriate fields.

For ease of access without logging in ERP, an Indent Control Register shall be maintained manually or in a computerized database.

7.12.2 ERP-SAP generated PR should be scrutinized with regard to the particulars given therein and the documents attached thereto. If the PR is found deficient, the deficiencies should be rectified (if required a new PR can be generated) without any loss of time. The effective date of receipt of PR by MM Department is the date on which the PR has been received complete in all respects enabling initiation of procurement action. Hence, in case of deficiencies, the effective date of the PR is the date on which complete reply rectifying the deficiency is received in MM Department.

7.12.3 In case of emergent / proprietary indents/PR, the required certificate issued with the approval of competent authority should also be checked.

7.12.4 For imported stores, it should be checked that the indented store does not fall under the “Restricted / Prohibited List”.

7.12.5 The indents/PR should be scrutinized to check that the availability of funds has been certified commensurate with the delivery period and that the funds provided are adequate by taking into account the Estimated Cost of the item.

7.12.6 In case of indents/PR received in Materials Management Department of CIL (HQ) from subsidiary companies, the same shall be further checked with reference to correct specifications for the purpose of tendering at the level of the CIL by Head of the concerned Technical Department and only when the same is endorsed by him the indent will be registered in Materials Management Department for initiating purchase action. In case, the concerned Head of the Technical Department in CIL feels that the specifications given in the indent/PR need modification, he will take up with the Subsidiary Company for resubmission of the indent with modified specifications. Only when the matter regarding specifications of an item for the purpose of tendering is sorted out, the effective date of indent/PR will be taken as mentioned in clause-7.12.2 above and purchase lead time will start from the effective date of indents/PR.



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7.12.7 Total valuation of the consolidated PR generated by the technical head at CIL (HQ) of the respective PRs from different Subsidiary companies will be made on the basis of Last Purchase Price (LPP), which should be updated as per the guidelines contained in Chapter-5 of this manual. The concerned Head of Technical Department in CIL (HQ) will ensure this at the time of compilation of requirement received from various Subsidiaries. The similar exercise will be done by the Subsidiary HQs while compiling the requirements received from their respective Areas/ Units. However, in case LPPs are not available, total valuation of indents / PRs will be made based on the value indicated in the individual indents/PR.

7.13 Publication of Procurement Projections

CIL and all Subsidiaries shall publish their procurement projections for next 5 years on their website, and update the same every Financial Year based on the inputs from User / Technical Department.



CHAPTER -8

MODES OF PURCHASE AND TENDERING

8.1 General

Depending on various factors such as nature of the demand, i.e., whether the goods are for general purpose or specialized; likely sources of supply, delivery schedule for the supplies, urgency etc., the materials management department is to decide the appropriate mode of purchase. The various modes of purchase to be adopted for this purpose are indicated below:

8.2 Purchase of Goods without Quotations

8.2.1 Purchase of goods without quotation may be resorted to for petty/small value items, parts/components etc., required for running of systems/sub-systems/equipment, day-to-day office management, etc. and medicines in cases when the following conditions exist:

- (i) When the value of purchase is not more than Rs. 25,000.00 (Rupees Twenty Five Thousand only) on each occasion.
- (ii) When the item is not regularly purchased and/or not generally included in Annual Indent/Materials Budget.
- (iii) When the item is locally available ex-stock at show rooms or shops dealing with the item of such nature.
- (iv) For off-the-shelf goods of simple and standard specifications and when the required goods (of required specification or within required delivery period etc.) are not available on GeM

8.2.2 These goods should be purchased through Direct Procurement on GeM portal. In case items meeting the requisite parameters (quality, specification and delivery period) are not available on GeM, they can be procured outside GeM after generating a unique “GeM Availability Report and Past Transaction Summary” (GeMAR&PTS) ID on GeM portal.

Purchase without inviting quotations/bids may be made after obtaining proper invoice and warranty certificate, if any, against any manufacturing defects and on the basis of a certificate in the following format to be given by an officer who has made such purchase:

“I, _____ am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”

In larger cities, reputed internet shopping portals and Shopping Malls may also be explored for purchase without quotation.

8.2.3 Approval of Unit in-charge/ Area GM/ HOD of concerned department of subsidiary company/ CIL will be taken in each case.

8.2.4 Above purchase will be made with an annual limit of Rs. 2,50,000.00 per Unit, for which proper record will be maintained by the Unit (Mine/



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Project/ Hospital/ Dispensary/ Sub-station/ IWSS/ Work Shop etc.)/
Sub-Area/ Area/ Department concerned.

GM (Admin.), CIL will have DoP to purchase goods without quotation with an annual limit of Rs. 10.00 lakhs for which proper records would be maintained by Administration Department.

8.3 Purchase of goods by Local Purchase Committee (LPC)

8.3.1 Purchase of goods, irrespective of nature of the items, costing above Rs. 25,000.00 (Rupees Twenty Five Thousand only) and upto Rs. 2,00,000.00 (Rupees Two Lakhs only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee (LPC) consisting of three members, one member from the User/ Administration/ Technical Department, one member each from MM and Finance. MM Department's representative, who may be an executive of any cadre discharging MM duties, will act as member secretary of the Committee. Different committees will be set up at Unit/ Area/ HQ level. Purchase of goods by LPC will be made only when goods meeting requisite criteria (quality, specification and delivery time) are not available on GeM. In such cases, it is mandatory for a buyer to generate a "GeM Availability Report and Past Transaction Summary" (GeMAR&PTS) with a unique ID on GeM portal using his login credentials on GeM.

8.3.2 The committee will conduct a market survey to ascertain the reasonableness of rate, quality and specifications, and identify the appropriate supplier. The quotations shall be solicited from as many different suppliers as possible, which in any case shall not be less than three. In larger cities, the presence of reputed Shopping Malls may also be included in the market survey. After identifying product(s) meeting the technical requirement and sources thereof, the LPC will issue a written letter/ NIT containing scope of supply/ specifications and main terms and conditions like payment, warranty/ guarantee if any, delivery, validity of offer, etc. In such cases, EMD and SD will not be applicable. Sealed quotations will be obtained on the spot or later upto a specified date and time. These quotations will be opened by the LPC at the pre-disclosed time and venue inviting the participating bidders who choose to attend. Thereafter, the offers will be scrutinized by the LPC and recommendations will be made to the competent authority for placement of order. The purchase order will be signed by the committee. The file will be retained in the MM Department for any future reference. However, the total procurement value through LPC at Unit / Area level, in a financial year should not exceed 2% of annual revenue budget for stores (Excluding POL & Explosives) for the particular Unit/Area. Any procurement in excess should be done through Limited Tender / Open Tender. However, for procurement through LPC at CIL (HQ) / Sub. Company (HQ)/ Office Establishments, the annual financial limit will be Rs. 1.00 crore.

8.3.3 Before recommending placement of the purchase order, the members of the committee will jointly record a certificate as under:



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“Certified that we _____, members of the Local Purchase Committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question. It is further certified that the supplier has confirmed that it is not banned by CIL / Subsidiary Company.”

8.3.4 While resorting to local purchase, it will be ensured that the demand is not split into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase or for avoiding open/limited tendering.

8.3A Purchase of Goods by Special Purchase Committee

8.3A.1 Procurement of:

- a. Items having aesthetic value like arts and crafts, paintings, furniture, furnishings, decorative items, bed linens, curtains, crockery, cutlery, hospitality items, household items for places like Guest Houses, Canteens, Reception, Corridors, Conference/ Training Halls, Official Residences / Bungalows, Kitchens etc.
- b. Gifts and items for corporate use, official functions,
- c. Sundry items such as sports items, Uniforms etc.

may be made through Special Purchase Committee (SPC) as the purchase of these items cannot be made effectively through normal tendering process. The Special Purchase Committee (SPC) would consist of representatives from MM, Finance & User/ Administration Departments. Constitution of the above committee and mode of procurement through SPC will be approved by Area GM / Director In-charge for Subsidiary Company/ CIL. The value of procurement through SPC will be upto Rs. 10.00 Lakhs in each case.

8.3A.2 SPC will visit known showrooms / dealers in the vicinity of procurement entity (not farther than nearest metro city) to identify the item(s) and vendor(s) meeting the requirement and issue a written letter/ NIT containing scope of supply/ specifications and main terms and conditions like payment, warranty/ guarantee if any, delivery, validity of offer, etc. In larger cities, the presence of reputed Shopping Malls may also be included in the market survey. In such cases EMD and SD will not be applicable. The vendor(s) will be asked to submit sealed quotation for the identified products on the spot or later upto a specified date and time. These quotations will be opened by the SPC at the pre-disclosed time and venue inviting the participating bidders who choose to attend. Thereafter, the offers will be scrutinized by the SPC and recommendations will be made to the competent authority for placement of order. The purchase order will be signed by the committee. The concerned user department which has initiated the requirement will retain the file for any future reference.



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- 8.3A.3** Before recommending placement of purchase order, the members of the SPC will jointly record the certificate as given below:

“Certified that we _____, members of the special purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question. It is further certified that the supplier has confirmed that it is not banned by CIL/ Subsidiary Company.”

8.4 Emergency Purchase

- 8.4.1** Emergency Purchase will be resorted to on receipt of emergent indent along with certificate of emergent demand as discussed in Clause-7.6. However, in cases where the nature of emergency is such that procurement action cannot wait receipt of formal indent, purchase may be initiated without formal indent, which is to be furnished subsequently after obtaining post-facto approval of the competent authority.
- 8.4.2** All emergency purchases irrespective of value shall be made through a Committee consisting of one Officer not below the rank of E-6, each from MM, Finance and Engineering Departments. Members from other departments may also be included in the Committee depending on the emergency. If E-6 officer of any of these departments is not available, then the senior-most officer below E-6 level from the respective departments may be included in the Committee. Approval for constitution of Emergency Purchase Committee (EPC) will be given by Area GM/ HOD MM for a value upto Rs. 10 Lakhs and D(T) of Subsidiary Company/ CIL for a value above Rs. 10 Lakhs.
- 8.4.3** The EPC will survey the market and/or make verbal/telephonic/written enquiries with the known reputed sources of supply to ascertain the availability of the material in the quickest possible time and identify the possible sources from whom the offers will be obtained. In larger cities, the presence of reputed Shopping Malls may also be included in the market survey. Reputed internet shopping portals may also be explored. In such cases, there will be no EMD and SD. The requirement of submission of PBG will depend on the nature of the item and the emergency situation. The Committee will scrutinize the offers so obtained and recommendation of purchase may be made taking into account the delivery factor.
- 8.4.4** Emergency Purchase shall be considered as Negotiated Purchase / Without-Tender and will attract approval of the competent authority accordingly before issuing a formal supply order. Concurrence of Finance should also be taken in all cases.
- 8.4.5** In all such cases, the delivery should be arranged by the quickest mode possible. However, for dispatch by air cargo service, special approval of HOD of Materials Management Department should be taken.



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8.4.6 A quarterly statement of emergency purchase made shall be sent to the Director-in-Charge of MM Department of the subsidiary/CIL.

8.5 Purchase under Option Clause against Existing Contract

8.5.1 An Option Clause will be stipulated in the tender enquiries and the resultant contracts. Under this clause, the purchaser will reserve the right to increase or decrease the ordered quantity by $\pm 25\%$. The increase in quantity shall be at the same rate, terms and conditions. If different rates for specific items of stores or slab rates are quoted, the supplier shall supply the additional quantity in respect of each specific item and each slab at the respective rates quoted by them.

8.5.2 With the provision of the Option Clause, coverage for additional quantity upto 25% of offered quantity can be made either by:

- (a) ordering full 25% quantity at the time of placement of contract;
- (b) ordering part quantity at the time of placing the contract and the remaining option quantity can be ordered during the currency of the contract;
- (c) ordering option quantity subsequent to placement of contract but during the currency of contract.

8.5.3 The MM department should maintain a register in the prescribed proforma manually or on computer, giving details of the contract, quantity available for coverage under option, delivery period etc.

8.5.4 The Purchaser's right to vary the ordered quantity by (+) 25% can be exercised at any time, till final delivery date of the contract even though the quantity ordered initially has been supplied in full before the last date of Delivery Period. In case delivery date is extended in a contract with (+) 25% Option Clause either for the full ordered quantity or a part quantity which remained unsupplied on the date of expiry of the original DP, then during the extended delivery period also, quantity variations can be made on the total ordered quantities. Keeping this in view, the Register for Utilization of Option Clause should be updated and maintained giving the correct position.

8.5.5 Coverage under option can be made with the approval of the officer within whose power the value of the total purchase falls (contract value + option value).

8.5.6 The following points must be kept in mind while operating the option clause:

1. There should be no declining trend in the price of the stores as evidenced from the fact that no order has since been placed at lower rates and no tender has been opened in which offer(s) received at lower rates – even if not finalized;
2. There should be no option clause in development / trial orders;



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3. The quantum of option clause will be excluded from the value of tenders for the purpose of determining the level of competent authority in original tender.
4. However, where parallel contracts on multiple suppliers are available, care should be taken in exercising the option clause, so that the original tender decision of splitting quantities and differential pricing is not upset or vitiated. Other things being equal, the supplier with the lower rate should first be considered for the option quantity.
5. Performance of the supplier may be kept in view while deciding this coverage. Non-utilization of option quantity available in a contract on account of poor performance would require concurrence of Finance and the approval of competent authority.

8.5.7 While exercising the (+) 25% option clause, a reasonable delivery schedule for the enhanced ordered quantity should be stipulated in the relevant amendment to the contract.

8.5.8 While exercising the (-) 25% option clause, a reasonable notice shall be given to the supplier. The purpose of 'reasonable notice' for exercise of (-) 25% option clause consequent to decrease in price subsequent to placement of contract should be served by giving a reasonable opportunity to the supplier to unconditionally agree to accept such lower rates for the quantity unsupplied on the date of reduction/ decrease of prices or the (-) 25% quantity, whichever is less. Where the supplier does not unconditionally accept such lower rate, no further consent from the supplier is necessary for exercise of (-) 25% quantity under option clause.

8.5.9 The Option Clause will be operated for consumables / spares / etc. (other than capital items)

8.6 Purchase of items with Administered Price

8.6.1 The procedure that may be laid down from time to time by the respective price administering authority / Govt. agency dealing with such items has to be followed.

8.6.2 Procurement of such items, shall be finalized by Materials Management Executives of rank E-5 upto a value of Rs.20 Lakhs; E-6 upto Rs.30 Lakhs; E-7 upto Rs.50 Lakhs and E-8 for any value at the prices fixed by Government Agencies from time to time. The purchase should be made within the approved Materials Budget.

8.7 Purchase against Rate Contract/Running Contract

8.7.1 A Rate Contract is a contract for the supply of stores at a specified rate during the period of contract. No quantity is mentioned and the contractor is bound to accept any order, which may be placed on him. Rate contracts are concluded for items required on repetitive basis. A Rate Contract



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should normally be concluded for one year. However, if Rate Contracts are being concluded for a period of two years, the same should have Price Variation Clause wherever relevant Price Variation formula is available.

8.7.2 A Running Contract is a contract for supply of an approximate quantity of stores at a specified price for a certain period. In CIL, Running Contracts are concluded for Explosives normally for a period of two years.

8.7.3 Detailed procedure for entering into Rate/Running Contracts is discussed separately in Chapter-9.

8.8 Purchase of Goods by obtaining Tenders

Purchase of goods by obtaining tenders is the standard/ conventional mode of purchase. One of the following methods is adopted for obtaining bids through manual/ electronic mode on single/ two bid system:

- (i) Advertised Tender Enquiry (ATE)
 - (a) Domestic
 - (b) Global
- (ii) Limited Tender Enquiry (LTE)
- (iii) Single Tender Enquiry (STE)
- (iv) Tender cum Reverse Auction

8.9 Advertised Tender Enquiry (ATE)

8.9.1 The Open/ Advertised Tendering system should be the preferred mode for procurement of goods of estimated value of Rs.25 lakhs (Rupees Twenty Five Lakhs) and above. Notice Inviting Tender (NIT) shall be published on the website of CIL/concerned Subsidiary Company, e-procurement portal and on Central Public Procurement Portal (eprocure.gov.in). Publication of individual tenders in newspapers and other print media should be dispensed with and one common window advertisement by CIL (HQ) and/or Subsidiary HQs may be published in national dailies, regional and local newspapers, once in a fortnight, indicating that all the tenders issued by CIL and its Subsidiaries for procurement of Goods, Works and Services are available on the above portals and that procurement is also done through GeM portal.

However, Limited Tender Enquiry can be issued for goods having value above Rs. 25.00 lakhs in case of procurement from OEM, OES and OPM as per Clauses-2.11.D and 15.3.8 of this Manual.

8.9.2 Complete tender document must be available on the websites of the CIL / concerned Subsidiary Company as well as on the CPP Portal and CIL Tender Portal (<https://coalindiatenders.nic.in>) for downloading and participation in the tender process by the potential suppliers. Parties should not be asked again to obtain some other related documents from the department manually for purpose of participating in the tender process.



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8.9.3 Individual cases where confidentiality is required, for reasons of national security, would be exempted from the mandatory e-publishing requirement. The decision to exempt any case on the said grounds should be approved by the Chairman, CIL/ CMD of Subsidiary Company with the concurrence of Director (Finance), CIL/ Subsidiary Company. Statistical information on the number of cases in which exemption was granted and the value of the concerned contract should be intimated on a Quarterly basis to the Ministry of Finance, Department of Expenditure.

8.9.4 In order to promote wider participation and ease of bidding, no charges/ fee for the tender documents shall be charged for the tender documents downloaded by the prospective bidders.

8.9.5 Global Tender Enquiry (GTE): Where it is felt that the goods of the required quality, specifications, etc., may not be available in the country and it is necessary to look for suitable competitive offers from abroad, Global Tender Enquiry may be issued. In such cases besides the usual publicity as in case of Advertised Tender Enquiry, the copies of the tender notice may be sent to the Foreign Embassies in India as well as to the Indian Embassies abroad requesting them to give wide publicity of the requirement in those countries. The selection of embassies would depend on the possibility of availability of the required goods in such countries.

No Global Tender Enquiry (GTE), however, shall be invited for tenders up to Rs. 200 crores or such limit as maybe prescribed from time to time. Provided that for tenders below such limit, in exceptional cases, where it is felt by the procuring entity that there are special reasons for GTE, it may record its detailed justification and seek prior approval for relaxation to the about rule from the Competent Authority¹¹. The guidelines issued in this regard are listed under **Annexure-32**. All new guidelines issued by DoE in this regard from time-to-time are also to be followed.

8.9.6 Ordinarily, the minimum time to be allowed for submission of bids should be 21 days from the date of publication of the tender on the e-procurement portal. In case of Global Tender Enquiry, the minimum period should be kept as 30 days.

8.10 Limited Tender Enquiry (LTE)

8.10.1 This mode is to be adopted for goods having estimated value above Rs.2.00 lakhs but below Rs.25.00 lakhs. The LTE will be issued to all the registered / known sources / suppliers, which in any case, should not be less than four. In case there are less than four registered / known sources / suppliers, then Open Tender Enquiry should be floated. However, this limit of minimum four registered / known sources / suppliers shall not apply in case of procurement from OEM / OES / OPM through LTE as per Clauses - 2.11.D and 15.3.8 of this Manual.

¹¹Competent Authority as per DoE's OM no. 12/17/2019-PPD dated 28.05.2020



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The Limited Tender Enquiry will be published on the website of CIL / concerned Subsidiary Company, e-procurement portal and on Central Public Procurement Portal and the registered / known sources / suppliers shall be separately informed by email, etc.

In case of procurement from OEM, OES and OPM as per Clauses-2.11.D and 15.3.8 of this Manual, Limited Tender Enquiry can be issued even for goods having value above Rs. 25.00 lakh.

Further, for goods valuing below Rs. 25.00 lakhs, if the procuring entity decides to go for Open Tender instead of Limited Tender for reasons other than less than four registered / known sources / suppliers, approval of HOD (MM) / Area GM is to be obtained bringing out the reasons.

8.10.2 All limited tenders shall have facility for participation by any prospective bidder who fulfill such eligibility conditions/provenness criteria as may be prescribed therein. The Eligibility conditions/provenness criteria shall be applicable to all bidders including those known sources/ suppliers to whom LTE has been issued. Offers of all the participating bidders shall be evaluated as per merits in reference to the conditions contained in the tender document.

8.10.3 All limited tender documents shall carry a caption "**Eligible for participation by any prospective bidder**" prominently displayed on the first page. However, in case Limited Tender Enquiry is being issued for procurement from OEM / OPM / OES only, the tender documents shall carry a caption "**Eligible for participation only by OEM / OPM / OES**".

8.10.4 Sufficient time should be allowed for submission of bids in Limited Tender Enquiry cases, which should not be less than fifteen days.

8.11 Single Tender Enquiry (STE)

8.11.1 Obtaining quotation by issuing single tender enquiry to a selected source amounts to purchase without generating competition. Therefore, this mode of purchase should be resorted to only in exceptional situations.

8.11.2 Adopting purchase through STE:

A. Purchase through STE with Proprietary Article Certificate (PAC) may be adopted when:

- i) It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- ii) When spares/ consumables are required to be purchased only from OEM/OPM for reasons of warranty and not to endanger the functioning and/or performance of the machine. For example, in case of printers, consumables like cartridges have to be procured manufactured by OEM only otherwise the warranty becomes void besides adversely affecting the performance/ functioning of the printer. Such items may also be procured on PAC basis.



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Note: (a) Proprietary Article Certificate in the form mentioned in Clause-7.7.2 is to be provided by the indenting department before procuring the goods from a single source under the above clause.

(b) Procurement of consumables like Cartridges/Toners etc. for Printers/ Xerox/Fax machines are required to be compatible with the existing equipment from OEM and procurement from manufacturer's retail outlet/authorized distributors/ channel partner, etc. for an item of proprietary nature will also be covered under proprietary procurement. However, enquiry may be sent to a number of outlets/ distributors to facilitate procurement at best price, terms & conditions, unless OEM has nominated one of them for CIL supplies.

B. Purchase through STE without Proprietary Article Certificate may be adopted when:

- i) In a case of existing or prospective emergency relating to operational or technical requirements to be certified by the indenter, the required goods are necessarily to be purchased from a particular source subject to the reason for such decision being recorded and approval of competent authority obtained.
- ii) For standardization of machinery or components or spare parts to be compatible to the existing sets of machinery/equipment, the required goods are to be purchased only from a selected firm.

Note: For STE with PAC, approval of HOD of technical dept. at HQ/Area, as the case may be, will be required and for STE without PAC, approval of Director (Technical) concerned of CIL/Subsidiary Company will be required.

8.11.3 Suitable tender document, containing required terms & conditions are to be issued to the selected firm through CIL's e-Procurement Portal with the request to submit its quotation through the e-Procurement Portal only. The time provided for submission of bid should be reasonable.

8.11.4 The firm may be asked to certify that the rates quoted by them are the lowest and not higher than those quoted to other government, public sector and private organizations.

8.11.5 In terms of Ministry of Finance Office Memorandum No.10/1/2011-PPC dated 30.11.2011, Single Tender Enquiry is also to be published on the CPP Portal.

8.12 E – Procurement

8.12.1 'E-procurement' means purchase of goods through electronic mode of interface with tenderers and IT enabled management of the entire procurement process involving notice inviting tenders, supply of tender documents, receipt of bids, evaluation of bids, award of contract, and



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execution of contract through systematic enforcement of its various clauses and tracking of claims, counter-claims, payments, etc.

- 8.12.2** Detailed procedure/guidelines on e-procurement are discussed separately in Chapter-14.

8.13 Single Stage Bidding System

In single stage bidding, all bids are invited together in a single envelope or in multiple envelopes system.

8.14 Single Stage Single Envelope (Bid) System

For items where qualitative requirements and technical specifications are clear; capability of source of supply is not critical and value of procurement is low or moderate, the single envelope (bid) system (where eligibility, technical/ commercial and financial details are submitted together in the same envelope) may be followed.

This may be followed for procurement of:

- a. proprietary and single source items irrespective of value;
- b. goods having value upto Rs. 50 Lakhs except capital equipment, plant & machinery etc. as mentioned in the clause below.

8.15 Single Stage Two Envelope (Bid) System

- 8.15.1** Tenders must be floated in Single Stage Two Envelope (Bid) System, and bidders should be asked to submit their quotation in two parts for the procurement of:

- a. Goods having value above Rs. 50 Lakhs, except proprietary and single source items
- b. HEMM Equipment (including all types of cranes, fork-lifts), Surface Miner, Slope Stability Radar, OITDS, SDL, LHD, UDM, Continuous Miner, PSLW, Man Riding Systems, Road Headers, Coal Tubs, Pumps, Transformers, Switch Boards/Panels, Trans Switch Units, Field Units, Haulages, Feeder Breakers, LDCCs, Crushers, Diesel Bowers, Explosive Vans, Rescue Vans, School Buses, Ambulances, Safety & Rescue equipment, Medical equipment, Survey equipment, Laboratory equipment, Belt Conveyor Systems irrespective of value

- 8.15.2** The first part is to contain the relevant technical specifications and allied commercial details as required in terms of the tender documents. The first part is commonly known as 'Techno-commercial Bid' and will consist of two sections:

- a) **Section - A:** Consisting of technical offer and a check list showing deviations from the technical specifications, if any.
- b) **Section - B:** Containing (a) Commercial Terms & Conditions, (b) a Check List showing deviations, if any, from the NIT commercial terms & conditions against each clause.



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- 8.15.3** The second part should contain only the price quotation. The second part is commonly known as 'Price Bid' or 'Financial Bid'. The second part of the tender shall consist of details of prices only.
- 8.15.4** In case of manual bidding, the techno-commercial bid and the price bid should be sealed by the tenderer in separate covers duly super-scribed with tender reference number and "Techno-commercial Bid" or "Price Bid" as the case may be and both these sealed covers are to be put in a bigger cover which should also be sealed and duly super-scribed with tender reference number. Both Techno-Commercial and Financial bids received on or before the due date shall be considered as valid offers. Bids received after tender due date and time, irrespective of whether they are Techno-Commercial or Price bids, shall be considered as late tenders. However, they must be kept unopened noting the time and date of receipt under the signature of the Officer concerned and shall be placed before the Tender Committee which will be taken note of and shall form part of the Tender Committee proceedings. After tender committee deliberations and recommendations, the late offers will be returned to the bidder unopened. In case of e-procurement, the procedure for submission of bids shall be as specified in Chapter-14 of this Manual and on e-procurement portal.
- 8.15.5** The techno-commercial bids of the bidders are to be opened in the first instance, at the prescribed time & date and the same will be scrutinized and evaluated with reference to parameters prescribed in the tender documents. For this purpose, the technical scrutiny of the bids will be done by the concerned Technical Department duly approved by its HOD. Similarly, commercial scrutiny of the bids shall be done by the MM department, which shall be vetted by Finance and shall be approved by the HOD of MM department.
- 8.15.6** Thereafter, in the second stage, the price bids of only those tenderers whose offers in Part-I are found to be techno-commercially acceptable will be opened for further scrutiny, evaluation, ranking and placement of contract. The financial bids of technically non-compliant bidders should be returned unopened to the respective bidders by registered/ speed post /reliable courier or any other mode with proof of delivery. In e-Procurement, financial bids of technically non-compliant offers would not get opened.
- 8.16 Two-Stage Bidding**
- 8.16.1** In Two-Stage Bidding, bids are obtained in two stages. In the first stage, only technical bids are received and financial bids are received in second stage after evaluation of technical bids.
- 8.16.2** CIL/ Subsidiary Company may procure the subject matter of procurement by the method of two-stage bidding, if
- (a) it is not feasible to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders; or



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- (b) the character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both; or
- (c) CIL/ Subsidiary Company seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of items in quantities sufficient to establish their commercial viability or to recover research and development costs; or
- (d) The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement.

8.16.3 The procedure for two stage bidding shall include the following, namely:

- (a) in the first stage of the bidding process, the CIL/ Subsidiary Company shall invite EOI bids through advertised tender containing the broad objectives, technical and financial eligibility criteria, terms and conditions of the proposed procurement, etc. without a bid price;
- (b) all first stage bids, which are otherwise eligible, shall be evaluated through an appropriate committee constituted by the CIL/ Subsidiary Company;
- (c) the committee may hold discussions with the bidders and if any such discussion is held, equal opportunity shall be given to all bidders to participate in the discussions;
- (d) in revising the relevant terms and conditions of the procurement, the procuring entity shall not modify the fundamental nature of the procurement itself, but may add, amend or omit any specification of the subject matter of procurement or criterion for evaluation;
- (e) in the second stage of the bidding process, the procuring entity shall invite bids from all those bidders whose bids at the first stage were not rejected, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement;
- (f) any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalized in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification;
- (g) If the Procuring Entity is of the view that after EOI stage, there is likelihood of further participation by many more bidders and to avoid getting trapped into a legacy technology, the second stage bidding may not be restricted only to the shortlisted bidders of EOI stage and it may be so declared in the EOI document ab-initio. Thereafter in the second stage, normal Advertised/ Global Tender Enquiry may be issued. Such variant of EOI is called 'Non-committal' EOI.

8.17 Pre-qualification of Bidders

8.17.1 Pre-qualification is a procedure for identification and selection of competent, proven and qualified suppliers. In complex technical requirements where capability of source of supply is crucial for the



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successful performance of the contract, besides considering techno-commercial suitability, it is necessary to ensure that competition is only among bidders with requisite capabilities matching the challenges of the task. In such a situation, a separate stage of Pre-qualification Bid (PQB) may be considered for short listing competent qualified tenderers by using Pre-qualification Criteria. In the subsequent procurement tender, only the pre-qualified suppliers are allowed to participate and submit their bids.

- 8.17.2** Pre-qualification bid consists of facilities available with vendor and confirmation of minimal technical parameters required by the buyer and also past experience to supply such items to reputed buyers. The technical assessment should be based on technical literature and past supply experience and if felt necessary on inspection of the firms.
- 8.17.3** The CIL/Subsidiary Company may pre-qualify the potential vendors for purchase of new technology and high value items with detailed and complex specifications and where it is considered that the vendors shall need to have special expertise in the manufacturing and supply of the items, after inviting Pre-qualification Bids (PQB). Wide publicity for the same should be given on the websites of CIL/Subsidiary Company as well as CPP and Government Tenders Portals.
- 8.17.4** All the required proforma, documents, etc. indicating the pre-qualification criteria should be available on the above websites and it should be possible for the prospective vendors/ suppliers to download the same and apply to CIL/Subsidiary Company for pre-qualification. There should not be any entry barriers for participation of vendors/suppliers in the pre-qualification process.
- 8.17.5** Pre-qualification (PQ) Criteria are yardsticks to allow or disallow the vendors in the procurement process. The purpose of pre-qualification of vendors/suppliers is to attract the participation of reputed and capable firms with proper track record. As such, the pre-qualification criteria should be exhaustive, and yet specific. It is also of utmost importance that PQ Criteria meet the norms of transparency, fairness and competition. The Criteria should neither be very stringent nor very lax. The idea is that no capable supplier is left out and no incapable supplier is let in.
- 8.17.6** The Pre-qualification criteria, to be spelt out in the PQB document, should be precise, unambiguous, objective and measurable and shall include benchmarks to establish that the vendor / supplier has (i) established manufacturing facilities and technical expertise for the items proposed to be procured, (ii) financial capability / soundness to execute the order worth the estimated value of the proposed procurement, (iii) adequate experience in execution of similar order. The PQB Document should indicate complete schedule of items for which pre-qualification process is being done. The documents needed for verification of the credentials regarding capacity/capability, experience, past performance, financial standing, etc. should also be clearly specified. If some information is desired in a particular format, the same should also be specified. This is necessary to



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enable the prospective bidders to make an informed decision about participation in the PQ process.

8.17.7 The parameters of PQB will be drawn in consultation with HOD of Technical and Finance Departments. Financial standing of the firm should be based on the average annual financial turnover during the last 3 years, ending 31st March of the previous financial year, which should be minimum 30% of the estimated cost.

8.17.8 Evaluation of pre-qualification bids must be done strictly as per the criteria prescribed in the PQB documents on the basis of which the prospective vendors / suppliers have participated in the PQ process. No vendor should be denied prequalification for reasons unrelated to its capability and resources to successfully perform the contract. Approval of competent authority as per delegation of power must be taken for short listing of vendors during pre-qualification exercise.

8.17.9 The vendors/suppliers short-listed after pre-qualification exercise are only to be allowed to further participate in the procurement process and submit their bids. The pre-qualification of vendors/suppliers could be either linked to a particular purchase tender or it could be done for a certain period, say one to two years as specified in the pre-qualification document without linking the same to any purchase tender. In the first case, the pre-qualification shall be valid only for that particular purchase tender for which pre-qualification was done while in the latter case, the pre-qualification shall be valid for all purchase tenders (of that item /product for which pre-qualification was done) which are issued during the validity period of said pre-qualification.

8.18 Service & Maintenance Contracts

8.18.1 Some goods, especially equipment and machinery need proper maintenance for trouble free service. For servicing and maintaining such equipment and machinery after expiry of the warranty period, the CIL/Subsidiary Company may enter into maintenance contract, normally for a period of one year. It must however, be kept in mind that maintenance contract is to start after the expiry of the warranty period or such other extended periods as the contract terms may provide. During the period of warranty or such other extended periods, the defective goods are to be replaced free of cost by the supplier and as such maintenance contract on payment basis should commence only after warranty period.

8.18.2 CIL/Subsidiary Company may enter into a contract, normally for a period of one year, either with the manufacturer/ their authorized service agent or with a competent and eligible firm, not necessarily the manufacturer/agent of the goods in question. This aspect should be decided on case-to-case basis on merit. The contract may be concluded either on single tender basis or after inviting competitive bids depending upon the merit of each case.



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- 8.18.3** The contract may be either comprehensive (covering service, maintenance and replacement of defective parts) or non-comprehensive (covering only service & maintenance, wherein the actual cost of the parts replaced shall be paid by the CIL/Subsidiary Company). Some comprehensive maintenance contracts may also include repair of equipment, machinery, etc. These contracts are called Maintenance and Repair Contracts (MARC).
- 8.18.4** If the maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose are to be incorporated in the tender document itself and while evaluating the offers, the cost component towards maintenance of the goods are also to be added to the evaluated tender value on overall basis to decide *inter se* the ranking of the responsive tenderers.
- 8.18.5** However, if the maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of maintenance contract. Here, the supplier of the goods may also participate and its quotation, if received, is to be considered along with other quotations received.
- 8.18.6** While evaluating the tenderers for maintenance of goods covering a longer period (say, more than one year), the quoted prices pertaining to maintenance in future years are to be discounted to the net present value (NPV) as appropriate for comparing the tenders on equitable basis and deciding the lowest evaluated responsive tender. NPV may be worked out on the basis of prevailing Base Rate of SBI.
- 8.18.7** The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms & conditions including payment terms are to be incorporated in the tender document. The terms of payment for the maintenance service will depend on the nature of the goods to be maintained as well as the nature of the services desired. Generally, payment for maintenance are made on half-yearly or quarterly basis.

A Service Level Agreement (SLA) may be incorporated in complex and large maintenance contracts. SLA should indicate guaranteed levels of service parameters like - %age uptime to be ensured; Performance output levels to be ensured from the equipment; channel of registering service request; response time for resolving the request, Channel for escalation of service request in case of delay or unsatisfactory resolution of request, monitoring of Service Levels, etc. This would include provision of help lines, complaint registration and escalation procedures, response time, percentage of uptime and availability of equipment, non-degradation in performance levels after maintenance, maintenance of an inventory of common spares, use of genuine spares, and so on. The maintenance contract may also include penalties



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(Liquidated Damages) for unacceptable delays in responses and degradation in performance output of machines, including provisions for terminations.

- 8.18.8** A suitable provision should be incorporated in the tender document and in the resultant maintenance contract indicating that the prices charged by the maintenance contractor should not exceed the prevailing rates charged by it from others for similar services. While claiming payment, the contractor is also to give a certificate to this effect in its bill.
- 8.18.9** If the goods to be maintained are sophisticated and costly, the tender document should also have a provision for obtaining performance security. The amount of performance security will depend on the nature of the goods, period of maintenance etc. It generally varies from 2.5% to 5% of the value of the equipment to be maintained.
- 8.18.10** Sometimes, the maintenance contractor may have to take the goods or some components of the goods to its factory for repair etc. On such occasions, before handing over the goods or components, suitable bank guarantee for 50% of equivalent cost of goods is to be obtained from the firm to safeguard purchaser's interest. In case the maintenance contractor happens to be the OEM/OES or their authorized dealer, the requirement of submission of Bank Guarantee may be dispensed with depending on the merit of the case.
- 8.18.11** Sometimes, during the tenure of a maintenance contract, especially with a longer tenure, it may become necessary for the purchase organization to withdraw the maintenance contract due to some unforeseen reasons. To take care of the same, there should be a suitable provision in the tender document and in the resultant contract. A model clause to this effect is provided below:

"The purchaser reserves its right to terminate the maintenance contract at any time without assigning any reason. The contractor will not be entitled to claim any compensation against such termination. However, while terminating the contract, if any payment is due to the contractor for maintenance services already performed in terms of the contract, the same would be paid to it as per the contract terms".

Depending on the cost and nature of the goods to be maintained, suitable notice period for such cancellation to come into effect is to be provided in the documents.

- 8.18.12** In addition to the standard terms and conditions, the following aspects shall be included in the tender documents and the resultant service and maintenance contracts:
- (a) Whether the Contract is comprehensive or non-comprehensive or MARC.
 - (b) Period of the Contract



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- (c) The rate payable for service and maintenance of each system/subsystem for the period of the Contract.
- (d) Statutory Taxes as applicable.
- (e) Under the non-comprehensive maintenance contract, the service provider shall furnish the details of the parts/components, if any, along with the price for consideration and approval of the competent authority prior to actually replacing the parts/components. The parts/components so replaced after approval shall carry warranty for one year.
- (f) If maintenance charges would be inclusive of visiting charges, price of spares (many times, consumables such as rubber gasket, bulbs, and so on, are not included, even though major parts may be included), price of consumables (fuel, lubricants, cartridges, and so on).
- (g) Specify whether room/space, electricity, water connection, and so on, would be provided to the contractor or not, and if provided, whether it would be free of cost or on chargeable basis.
- (h) In case the maintenance contract provides for positioning the employee of the service provider in the CIL/Subsidiary Company, the service provider shall arrange for the verification of character and antecedents of the employee concerned by the local police authorities at his cost.
- (i) Penalty may be imposed for delay in response to attend break down/emergency calls.

8.19 Purchase with Buy-Back Option

- 8.19.1** When it is decided with the approval of the competent authority to replace an existing old item(s) with a new and better version/substitute, CIL/Subsidiary Company may trade the existing old item while purchasing the new one. For this purpose, a suitable clause is to be incorporated in the tender enquiry so that the prospective and interested tenderers formulate and submit their tenders accordingly. Provision should also be kept in the tender documents to permit the interested tenderers to inspect the old goods to be traded through this transaction.
- 8.19.2** The old goods to be traded are to be Surveyed Off before floating the tender for the same.
- 8.19.3** When decision has been taken to trade the old goods while purchasing the new ones, the NIT should be prepared keeping the provision that firm is required to offer minimum value of old goods greater than the written down value (calculated at the time of survey-off of the goods). The L-1 price will be evaluated on the basis of the value offered by the firm for new goods minus the value offered by firm for old goods under buyback.
- 8.19.4** Depending on the value and condition of the old goods to be traded, the time frame for, as well as the mode of handing them over to the



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successful tenderer should be decided and relevant details in this regard suitably incorporated in the tender document.

- 8.19.5** In cases of procurement of electronic equipment for the office like computers, laptops, fax machines, copiers, etc. and Medical Equipment involving buy-back of old goods, suitable provision should be kept in the NIT to ensure that the bidders possess the required statutory approvals for e-waste disposal.

8.20 Purchase through Depot Agreement

- 8.20.1** Depot Agreement will be concluded with the Original Equipment Manufacturer (OEM)/ Original Parts Manufacturer (OPM). In case OEM/ OPM is not selling their spares directly to any other purchaser as a matter of their corporate policy, but through their authorized distributor/dealer, in that eventuality, Depot Agreement will be concluded with their authorized distributor/dealer.

- 8.20.2** To conclude depot agreement, the list of items should be obtained from the OEM / OPM which are of proprietary nature. Bought out items are to be excluded from Depot Agreements as far as possible. The list should be scrutinized at Subsidiary level by a technical committee constituted by CMD which will be headed by the Director-in-charge of the concerned Technical Department. The Committee will scrutinize the list and decide the items for which the depot agreement needs to be concluded. In case Depot Agreements are to be concluded by CIL, the list of items will be scrutinized by HOD of Technical Department, CIL in consultation with HOD of Technical Department of subsidiary companies.

- 8.20.3** Conclusion of Model Depot Agreements (MDAs) on Lead Company Basis:

CIL Board in its 229th meeting held on 22.12.2006 [communicated vide letter no. CIL/C2D/Model Depot Agreement/67 dated 17.01.2007 of GM(MM), CIL] approved the concept of MDA on Lead Company Basis, as per which, one Subsidiary Company is nominated as a 'Lead Company' for finalization of Depot Agreement with a particular OEM / OPM or its Authorized Distributor / Dealer (Depot Holder), if any, for all other subsidiaries. The MDA concluded by the Lead Company is to be followed by all other Subsidiaries, without any further approval at their end. At present, ten MDAs are being operated on Lead Company Basis, as follows:

Sl. No.	Name of OEM / OPM	Name of Authorized Distributor / Dealer (if any)	Lead Sub. Co.
1.	M/s. BEML Ltd.	N/A	NCL
2.	M/s. Cummins India Ltd.	N/A	SECL



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	(earlier M/s. CDSS)		
3.	M/s. Caterpillar	M/s. GMMCO Limited	CCL
4.	M/s. Caterpillar	M/s. Gainwell Commosales Pvt. Ltd. (earlier M/s. TIL)	ECL
5.	M/s. Larsen & Toubro Ltd.	N/A	MCL
6.	M/s. AVTEC Limited	M/s. Bharat Power Corporation Pvt. Ltd.	WCL
7.	M/s. Revathi Equipment Ltd. (earlier M/s. RECP)	Depots operated at different subsidiaries by different authorized distributors / dealers	BCCL
8.	M/s. Epiroc Mining India Ltd. (earlier M/s. Atlas Copco)	Depots operated at different subsidiaries by different authorized distributors / dealers	BCCL
9.	M/s. Komatsu	M/s. Larsen & Toubro Ltd.	NCL
10.	M/s. Tata Hitachi Construction Machinery Company Pvt. Ltd.	N/A	SECL
11.	MTU Engines		CCL

8.20.4 For approval of extension of already concluded Depot Agreements, the Competent Authority will be the same as applicable for Single Tender procurement as per DoP.

8.20.5 In case of MDA, while processing for approval, the Lead Subsidiary Company shall obtain off-take of all other Subsidiary Companies related to that Depot Agreement.

The MDA extended by the Lead Company is to be adopted by all other Subsidiaries, without any further approval at their end.

8.20.6 Lead Company will also approve the Price List of MDA assigned to it. Once the Lead Company has approved the Price List, the other Subsidiary Companies shall accept it without processing for further approval at their end.

8.20.7 Whenever an MDA is concluded / extended or the Price List under MDA is issued / revised by the Lead Subsidiary Company, the respective HoD (MM) of the other Subsidiary Companies shall circulate the same



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to their Direct Demanding Officers / Projects/ Areas under intimation to their Director (Technical).

8.20.8 Draft Model Depot Agreements for Bipartite and Tripartite Agreements are given at **Annexure-17** and **Annexure-18**.

8.21 Procurement of Drugs/Medicines

The Purchase Preference to Pharma CPSEs as indicated in Clause-2.8.6 of this Manual shall be followed for the medicines identified by the Government/Department of Chemicals & Petrochemicals from time to time. If no Pharma CPSE or its subsidiary is forthcoming for supplying such ordered medicines, the CIL/Subsidiary Company may procure such medicines and other medicines from Pharma companies in the private sector as indicated below:

8.21.1 Medicines/Drugs costing upto Rs. 2 lakhs:

For procuring medicines / drugs upto Rs.2 lakhs (Rupees Two Lakh only), procurement may be made as per Clauses-8.2 and 8.3 above.

8.21.2 Medicines/Drugs costing above Rs. 2 lakhs:

Medicines/Drugs costing above Rs.2 lakhs (Rupees Two Lakh only), shall be procured in line with “The CIL Guidelines for Procurement of Medicine 2021” approved by CFDs of CIL vide Ref. No. CIL:XI(D):04135:2021:27717 dated 30.11.2021 and subsequent Policy Amendment Circulated by CIL Policy Cell vide CIL/C5A(PC)/Med/2022/921 dated 23.05.2022 (**Annexure-35**).

To facilitate smooth procurement of medicines, Rate Contract shall be concluded by the Nodal Subsidiary Company nominated by CIL for consolidated estimated requirement of fast moving essential drugs of all CIL Subsidiaries for a maximum period of two years. After conclusion of centralized RC by the nodal Subsidiary, all Subsidiary Companies shall operate the RCs for their respective requirements from time to time.

Clause-4.8 of the said policy stipulates that the medicines which are not listed in the Rate Contracts or Essential drug list can be procured as and when required, in line with provisions of Purchase Manual and relevant guidelines, by the respective Area Medical Officers or In-charge of Central Hospitals. Such medicines may be procured through open tender process to avoid Local purchase to the extent possible.

8.21.3 In case of procurement of medicines / drugs on Limited / Open tender basis the following conditions shall apply:

A. The following documents should be furnished by the tenderer while submitting the bid:



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- (a) Drug License for manufacture and sale of the item which should be valid on date of Tender opening and shall remain valid till the date of completion of supply.
- (b) The manufacturers participating in a tender should submit a non-conviction certificate issued by concerned Licensing Authority within a period of 12 (twelve) months prior to tender opening, stating that the Company has not been convicted under drugs and cosmetics Act. – 1940 & Rules 1945 or amended rules thereof, if any, with respect to Own Manufacture and/ or Loan Licensee (in case quoted products are manufactured on Loan License) during the last three years.
The tenderer shall also submit a self-declaration, stating that the Company is not convicted under drugs and cosmetics Act. – 1940 & Rules 1945 or amended rules thereof, if any, with respect to Own Manufacture and/ or Loan Licensee (in case quoted products are manufactured on Loan License) as on date of submission of bid and shall intimate the order placing authority in case of conviction during the currency of contractual obligation.
- (c) WHO-GMP certificate of Manufacturer having WHO-GMP certificate with list of product approved under WHO-GMP or Certificate of Pharmaceutical Product (COPP) for WHO-GMP practices.
- (d) Test Reports from Accredited laboratory of NABL authorized for conducting tests of tendered items/ medicines.

B. The following additional conditions shall also be incorporated in tender:

- (a) The Pharma Company shall certify that the medicines/ drugs supplied are as per the formulation specified/ approved under the Drug Control Act and Food & Drug Control Administration Regulations or any similar Regulations. The Pharma Company shall be held responsible for consequences, if any, of supplying spurious, adulterated or sub-standard medicines/ drugs not conforming to such Act/ Regulations.
- (b) The tenderers should ensure that the prices quoted by them should not contravene the provision of Drug Price Control Order, 2013 or any other control order enforced during the relevant period. While claiming payments, the successful tenderer will be required to submit a certificate to this effect from any of their Internal Auditors/ Chartered Accountant.
- (c) At the time of supply, the medicine should not have crossed more than 1/6th of the total useful life. Loss or premature deterioration due to biological and other activities during life span of stores shall have to be made good by the contractor free of cost.
- (d) The stores offered should strictly conform to the provision of the Drugs and Cosmetics Act, 1940 and Rule made thereunder as amended from time to time.
- (e) The Pharma Company shall furnish a copy of the analytical report for each batch of medicines/ drugs based on the formulation submitted by the Pharma Company and approved



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by the Drug Control Authority/ Food & Drug Control Administration (FDCA), failing which the medicines/ drugs supplied may be rejected.

- (f) CIL and its subsidiaries shall reserve the right to get the supplied medicines/ drugs tested by NABL accredited laboratories. CIL subsidiaries may carryout random testing at its own cost to have a check on quality.

Note: If it is decided by the Medical Office In-charge of the consignee hospital/ store to get the sample tested through NABL, the same shall be sent in such a way that name of manufacturer does not come to the knowledge of testing laboratory. The random sample shall be given a unique code for reference. The medicines of such consignment should not be used until satisfactory test report is received.

8.21.4 [Deleted]

8.22 Developmental/ Trial Order

8.22.1 Development order shall be placed where an item or product is to be developed by the supplier with the assistance of CIL/its subsidiaries.

8.22.2 Trial order shall be placed for development of new sources. The trial tenders may be floated for development of as many sources as possible.

8.22.3 If there are less than 5 proven sources for a particular item, development of new sources may be initiated. To promote indigenous manufacturer under “MAKE IN INDIA” mission of Govt. of India, developmental/ trial orders may be placed on prospective indigenous manufacturers irrespective of available number of proven sources. Developmental/ trial orders shall be for the quantity to be decided by CIL/ Subsidiary Company. Upto 90% of total requirement shall be procured only from the proven manufacturers and for at least 10% of the total requirement (subject to minimum one number), tenders are to be floated for development of new sources. Following procedure may be adopted for placing developmental/ trial order:

- (a) In Open/Advertised Tender Enquiries issued for developing new sources, the sources already established for the item will not be eligible to participate.
- (b) There may be attempts by cartels of established manufacturers/ suppliers/ sources for a particular item to prevent any new manufacturer/source of the said item emerging. Therefore, following precautions may be taken:
 - (i) The open tender for developing new sources will be in two bid system; however in the technical bid, only those companies will be short listed which have the capacity for making/ developing the said item- in terms of manufacturing facilities, capital etc.
 - (ii) Developmental/ Trial order may be placed on more than one source. However, they should not be placed on differential prices. Further, the prices at which trial orders are to be placed, should not, in any case, be more than the price being paid for



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the proven product. In case of developmental orders, where price of proven product is not available for comparison, reasonableness of quoted price may be ascertained taking into account the guidelines contained in Clause-13.15.6.1 of this Manual.

- (iii) If vendor is not able to develop the item in the given time frame, extension of time may be allowed. If the item is not developed even in the extended time, the order will be cancelled and retender issued.
- (iv) In the re-tender, the vendors that were given the development order earlier, but have failed will be allowed to participate. But no company may be allowed to participate if it failed twice in development attempt of a particular item.
- (c) Security deposit, liquidated damages/penalty for late delivery, risk purchase clauses will not be applicable for developmental/ trial orders.
- (d) Payment against developmental/trial orders shall be as per provisions stipulated in Chapter-22 of this manual.
- (e) Before declaring the trial product proven by the concerned technical department for regular procurement, the performance of the product as per the performance criteria stipulated in the developmental/ trial order shall be considered. In case of equipment, operating and maintenance cost besides satisfactory performance for the entire period of operation with minimum of two years for high capacity equipment and one year for the rest should be considered by the concerned technical department for declaring the equipment as proven.
- (f) Developmental/Trial orders for the equipment/items/goods will be placed by CIL (HQ)/ Subsidiary HQ for the respective equipment/ items/goods for which they are authorized to make procurement.

8.22.4 All attempts should be made to finalize the Trial tenders along with Regular tenders.

8.22.5 The progress of procurement through Trial Tenders should be apprised to the Board of CIL / Subsidiary Company on half-yearly basis.

8.23 Purchase of items through Government e-Marketplace Portal

8.23.1 Ministry of Commerce & Industry, Government of India has hosted an online Government e-Marketplace (GeM) for procurement of common use Goods & Services (extended to everything including Industrial Goods as per OM dated 03.10.2022 of Council of Ministers) required by various Government Departments/ Organizations/ PSUs. The procurement process on GeM is end to end from placement of supply order to payment to suppliers. The credentials of suppliers shall be certified by GeM. The procuring authorities will certify the reasonability of rates.



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8.23.2 The following broad guidelines are to be followed while placing orders on GeM portal for procurement of goods/services after obtaining the User ID/Password from the Portal, following the procedures laid down on its website:

1. Procurement from Government e Market (GeM) is mandatory. Procurement through other modes will be made only when the indented item(s) is not available on GeM for which the Head of technical/ indenting dept. will certify that indented item(s) is not available on GeM. It is mandatory for a buyer to generate a “GeM Availability Report and Past Transaction Summary” (GeMAR&PTS) with a unique ID on GeM portal using his login credentials on GeM for procurement outside GeM.
2. Effort should be made to cover the requirements on vendors available on GeM, however, in case the products available in GeM do not meet the requirement in respect of specifications, delivery and quality consideration, CIL/ Subsidiary Companies can go ahead with the usual mode of procurement after recording adequate justification for the same.
3. The proposal for procurement shall bring out all the factual position in detail for deliberation by the designated tender committee, constituted as per Purchase Manual. The tender committee shall submit their recommendation with due justification of rates to the competent authority for approval as per delegation of power.
4. The order on the successful bidder will be placed online through GeM portal which will be digitally/ e-signed by the buyer. These documents will be available online to the concerned consignee as well as paying authority.
5. The matter pertaining to failure on the part of vendors to adhere to delivery period commitment, supply of inferior goods etc. should be brought to the knowledge of GeM for corrective action. Such records shall also be maintained by CIL/ Subsidiary Companies. If the material supplied is not as per specification of the ordered product, the same should also be brought to the knowledge of GeM.
6. The details of instruction for operation of the GeM portal are available in the portal itself.

8.23.3 The guidelines issued by GeM / GoI from time to time through Notification / Circular / Office memorandum will be followed for purchase through GeM, if the same are not provided in the Purchase Manual / e-procurement guidelines of CIL; further, GeM / GoI guidelines, even if they are not in line with the provisions of CIL's Purchase Manual / e-procurement guidelines, are to be followed if the GeM portal does not provide any other option. However, if the GeM portal provides a set of options, then the option which is as per CIL's Purchase Manual / e-Procurement Guidelines is to be followed.



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8.24 Reporting of Nomination Orders

The Contracts / Purchase Orders arising out of the following procurement methods will be considered as orders on Nomination Basis:

- a. Single Tender Enquiry with Proprietary Article Certificate (PAC);
- b. Single Tender Enquiry without PAC; and
- c. Purchase of Goods valued above Rs. 25,000 without tender

All above orders / contracts should be brought to the notice of CIL / Subsidiary Board of Directors for information and should also be posted on the company website. Further, a report regarding all Nomination Orders should be brought to the notice of CIL / Subsidiary Board of Directors every quarter for information. The audit committee may check at least 10% of such cases.



CHAPTER -9

RATE AND RUNNING CONTRACTS

9.1 Rate Contract

A Rate Contract is a contract between the purchaser and supplier for supply of stores at specified rates during the period covered under the contract. Neither any quantity is mentioned in the rate contract nor any minimum drawl is guaranteed. The rate contract is in the nature of a standing offer from the supplier firm. A legal contract would come into existence with the placement of individual order (Supply Order) by the Direct Demanding Officers (DDOs) and each such supply order will constitute a separate contract.

9.2 Items to be considered for Rate Contract

The following items may be considered for bringing on rate contract:

- a). Items that are identified as common use items and are needed by several users on recurring/ repetitive basis.
- b). Fast moving items with short shelf life or storage constraints.
- c). Items for which prices are likely to be stable and not subject to considerable market fluctuations.
- d). Items for which Rate Contract is convenient to operate.

In view of Government e-Marketplace coming into operation common use items like computers, printers, photocopiers, paper and stationary, other office items like furniture, bottled water etc., which are available on GeM are to be procured through GeM only. Rate Contracts will now be applicable only for specialized and engineering items which are not available on GeM, and are identified as common use items and are needed on recurring basis by various Subsidiaries or Departments.

9.3 Validity of Rate Contract

A Rate Contract should normally be concluded for one year. However, in special cases longer period not exceeding two years, may be considered. However, if Rate Contracts are being concluded for a period of two years, the same should have Price Variation Clause wherever relevant Price Variation formula is available.

9.4 Distinctive Features of Rate Contract

- 9.4.1** For an item, rate contract can be placed on more than one firm and all such rate contracts are called parallel rate contracts. Parallel rate contracts are concluded when a single supplier does not have enough capacity to cater to the entire demand of an item or where it is desirable to have a wider vendor base due to criticality of the items. The supply orders can be placed on the parallel rate contract holding firm(s) by the Direct Demanding Officers as per the approval of the competent authority distributing quantity according to their respective position at the time of



bid evaluation which will be mentioned in the NIT and the resultant parallel rate contracts.

- 9.4.2** A Supply Order may be placed upto the last date of the currency of the rate contract but should not be placed after expiry of the rate contract. The rate contract holding firm is bound to execute all supply orders placed on him during the currency of the contract. No extension of validity period of the rate contract itself is required when deliveries against outstanding supply orders continue even after expiry of the validity period of the rate contract. The Rate Contract will remain alive for purpose of delivery for all the stores ordered during the currency of the Rate Contract until deliveries have been completed.

9.5 Running Contract

As against rate contract, a Running Contract is a contract for supply of an approximate quantity of stores at a specified price for a certain period. During this period, requisitions are placed on the supplier to supply specific quantities (out of the total allocated quantity) at different points of time as per the requirement. In terms of the conditions covering these contracts, the Purchaser has the right to take certain quantity (usually 20%) over or below the approx. quantity mentioned in the contract. Orders against these contracts have to be carefully watched and 75% of the contractual quantity shall normally be taken before the expiry of the contract. In CIL, Running Contracts are concluded for Explosives normally for a period of two years. Detailed procedure for purchase of Explosives has been discussed separately in Chapter-17.

9.6 Conclusion of Rate/Running Contract

- 9.6.1** Techniques for conclusion of rate/running contract are basically identical to that of normal purchase. Identical tender documents may be utilized for conclusion of rate/running contracts subject to inclusion therein the special terms & conditions as applicable for rate/running contracts.

- 9.6.2** Every Subsidiary Company should have its own rate/running contract. If one Subsidiary Company desires to adopt the rate/running contract concluded by other Subsidiary Company, full justification is to be recorded as to why the same Subsidiary Company could not finalize its own rate/running contract. In case of such eventuality to adopt rate/running contract valid at other Subsidiary Company, following aspects should be looked into :
- a) Rate/Running Contract to be adopted was concluded through normal tendering process.
 - b) The quantum of requirement is similar.
 - c) Rate/Running contract holders agree to accept rate / running contract of other Subsidiary Company.



- d) Performance of the rate/running contract holders should be certified as satisfactory by the Subsidiary Company which has originally issued the rate/running contract.
- e) The validity of the rate/running contract to be concluded by another subsidiary should not be more than the validity of the original rate/running contract.
- f) At the time of such adoption, the price trend should also be looked into to ensure that the same is not on downward side.
- g) Approval of competent authority may be taken considering it as contract on nomination basis.

9.6.3 Price Fall Clause

The following Price Fall Clause shall be incorporated in the NIT and the resultant Rate and Running Contracts:

If the contract holder reduces its price or sells or even offers to sell the contracted goods or services following conditions of sale similar to those of the contract, at a price lower than the contract price, to any person or organization during the currency of the contract, the contract price will be automatically reduced with effect from that date for all the subsequent supplies under the contract and the contract be amended accordingly.

In case of parallel Rate / Running Contracts, if the price of a product is reduced for any supplier due to invocation of 'Price Fall clause' or any other reason, the same lower price shall also be applicable for the other suppliers who are having parallel RCs against the same tender. If any parallel RC holder does not accept the lower price, CIL shall have the right to delete the item from the scope of RC of such firm and procure the same from other existing supplier / Reserve RC holders.

The provisions of price fall clause will however not apply to the following:

- i) Export/Deemed Export by the supplier;*
- ii) Sale of goods or services as original equipment prices lower than the price charged for normal replacement;*
- iii) Sale of goods such as drugs, which have expiry date;*
- iv) Sale of goods or services at lower price on or after the date of completion of sale/placement of order of goods or services by the authority concerned, under the existing or previous Rate Contracts as also under any previous contracts entered into with the Central or State Government Departments including new undertakings (excluding joint sector companies and or private parties) and bodies.*

Note:

- a. The currency of contract will mean the period till completion of supply.*
- b. The bidder will be asked to submit a copy of the last (latest) purchase order (bidder may opt to mask the price portion and shall submit an undertaking that priced copy will be submitted on being L1 after opening of Price Bid / Reverse Auction) for the tendered / similar item(s) received*



- by them from any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization, along with the offer.*
- c. It shall be responsibility of the supplier to inform the purchaser of offer to supply / supply of the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization during the currency of the contract.*
 - d. The supplier shall submit a certificate along with the bill(s) that it has not offered to supply / supplied the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization.*
 - e. The provisions of fall clause will however not apply for purchase value up to Rs. 2.00 lakh.*
 - f. Point (b) above is not applicable in the case of renewal of Depot Agreements.*

The undertaking by the bidder for acceptance of Price Fall Clause shall be made part of CPS. With respect to Lowest Price Certificate, the drop down menu option shall be provided in CPS with the option “Certified” against the cell which shall contain the Lowest Price Certificate drafted in line with Note(d) above.

9.7 Conclusion of parallel Rate/Running Contracts

In cases where it is decided to conclude parallel rate/running contracts, the number of firms and the ratio in which order quantity is to be distributed amongst them (in proportion to their original price ranking) shall be disclosed in the NIT and the resultant rate/running contracts. Following procedure may be adopted for conclusion of parallel rate/running contracts:

- (a) In cases where the L1 price is considered reasonable, the same will be counter offered to all other higher quoting firms. Out of the firms who have accepted the counter offered price, the rate/running contracts will be awarded to the firms in order of their price ranking restricted to the number of firms as disclosed in the NIT. The distribution ratio among these firms, as per NIT, shall also be indicated in these parallel rate/running contracts.
- (b) Where, however, the price of L1 is not reasonable, Purchaser may in the first instance negotiate with L1 only for arriving at a reasonable price. On successful conclusion of negotiations with L1, the negotiated price, as considered reasonable, will be counter offered to all other higher quoting firms and upon acceptance of counter offered price the rate/running contracts will be awarded to them in the same manner as indicated in Sub-Para (a) above.
- (c) If the negotiations with L1 is not successful, the price considered as reasonable may be counter offered to the higher quoting firms including L1 and upon acceptance of counter offered price the



rate/running contracts will be awarded to them in the same manner as indicated in Sub-Para (a) above.

9.8 Renewal of Rate/Running Contracts

9.8.1 It should be ensured that new Rate/Running Contracts are made operative after the expiry of the existing Rate/Running Contracts without any gap for all rate/running contracted items. In case, it is not possible to conclude new Rate/Running Contracts due to some special reasons, timely steps may be taken to extend the existing Rate/Running Contracts with the same terms and conditions for a suitable period with the consent of the vendors. Rate/Running Contracts of the vendors, who do not agree to such extensions, are to be left out. The period of such extensions shall generally not be more than three months. Such extensions should be subject to there being no downward movement in the prices of rate/running contract item(s). The Competent Authority for approval of such extension shall be the same as applicable for Single Tender procurement as per DoP.

9.8.2 Consideration of Reduction in Prices by Rate/Running Contract holding firms after Conclusion under the provision of Price Fall Clause:

In case the price of a product is reduced for any supplier due to invocation of 'price fall clause' or any other reason, the same lower price shall also be applicable for the other suppliers who are having parallel RCs against a tender. If any supplier does not accept the lower price, CIL shall have the right to delete the item from the scope of RC of such firm and procure the same from other existing supplier / Reserve RC holders. This would be in addition to any other action which can be taken in terms of NIT/ Rate/ Running Contract.

9.9 Operations of RCs concluded by other Subsidiary Companies

Purchase may be made by operating rate contracts concluded by any other subsidiary company of CIL after obtaining confirmation from the RC holders that they are willing to supply on the same rates, terms & conditions. While operating such rate contracts, it is to be ensured that the validity of the rate contract (which is to be operated upon) is for a minimum period of one year from the date of its issue. Operation of RC concluded by other Subsidiary Companies shall be treated as procurement on 'nomination-basis' and will attract the approval of Competent Authority accordingly.

9.10 Operation of the Rate/ Running Contracts

Area General Manager/Area MM Officer or Officers authorized in the RCs would be Direct Demand Officers in respect of the Rate/ Running Contracts/ parallel Rate/ Running Contracts.



CHAPTER -10 TENDER ENQUIRY

10.1 Preparation of Tender Enquiry

10.1.1 Tender Enquiry is an important document as the supplier's offer to be received in response thereto would be based on the information given and called for therein. The Tender Enquiry should, therefore, be prepared with utmost care, setting out in unambiguous terms, the requirements of the purchaser as to the quantity, quality, delivery, destination etc. and any information which may be helpful to the tenderer in the submission of his offer complete in all respects.

The tender document is the fundamental document in the public procurement process as after award of the contract it becomes part of the contract agreement.

10.1.2 The following important clauses may be incorporated in the tender document in order to safeguard the interests of the Purchaser and satisfy the principles of transparency:

- i. The time and date of receipt and opening including place of opening (in case of manual bidding) of tenders.
- ii. Scope of requirement with full and clear specifications.
- iii. Place(s) at which the stores are required to be delivered and the delivery period.
- iv. Terms of delivery.
- v. Requirement of Earnest Money Deposit and Security Deposit.
- vi. The criteria for eligibility and qualifications to be met by the bidders such as minimum level of experience, past performance, technical capability, manufacturing facilities and financial position, etc. or limitation for participation of the bidder, if any.
- vii. Eligibility criteria for goods indicating any legal restrictions or conditions about the origin of goods, etc. which may be required to be met by the successful bidder.
- viii. Evaluation criteria, both for techno-commercial bids and price bids, in clear and precise terms.
- ix. Payment terms, Warranty/Guarantee, Performance Bank Guarantee, Pre-dispatch inspection, Liquidated Damages for the delayed supplies & Risk Purchase clause etc., wherever applicable, are to be spelt out unambiguously.
- x. Force Majeure Clause.
- xi. If the intention is to order tender quantity on more than one bidder so as not to depend on single source for supplies, then specific provision for splitting the quantity should be mentioned in the tender enquiry. The number of bidders and the ratio in which the quantity is to be distributed among these bidders must also be declared upfront in the tender enquiry.



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- xii. The Government instructions on reservation of item(s) for purchase from specific sector and preferential purchase from MSEs and other specified category of suppliers shall be incorporated in the tender document.
- xiii. When dealing with indents, due attention should be paid to the combination and bulking of demands which will result in economy in purchase. Demands for materials received simultaneously from different indentors should be combined as far as practicable while inviting tenders. Due regard should, however, be paid to delivery instructions given by the indentors. Demands which cannot be suitably combined with others for this or any other reasons should be dealt with separately.
- xiv. Various regulatory and statutory provisions such as DGMS approval, PESO license, environmental clearance, pollution norms, RoHS (Restriction of Hazardous Substances) compliance, etc., should be incorporated in the tender enquiry as applicable.
- xv. Bidding documents should include a clause that “If a firm quotes NIL charges/ consideration, the bid shall be treated as unresponsive and will not be considered unless the charges for an item/ product is included elsewhere in the price bid and a specific mention in this regard is made in the bid”.
- xvi. Suitable provision should be kept in the bidding document to enable a bidder to question the bidding conditions, bidding process and/or rejection of its bid. The reasons for rejecting a tender or non-issuing a tender document to a prospective bidder must be disclosed where enquiries are made by the bidder.
- xvii. The bidding document should indicate clearly that the resultant contract will be interpreted under Indian Laws.

10.1.3 The Tender Enquiry will usually comprise:

Section I - Invitation for Bids (IFB)
Section II - Instructions to Bidders (ITB)
Section III - General Conditions of Contract (GCC)
Section IV - Special Conditions of Contract (SCC)
Section V - Schedule of Requirement (SOR)
Section VI - Technical Specifications
Section VII - Sample Forms (including Letter of Bid)

10.2 Invitation for Bids (IFB)

The Invitation For Bids (IFB) indicates in brief the description of stores, mode of tendering i.e. Manual or e-Bidding, type of bidding i.e. Single Bid or Two Bid System, requirement of tender fee, if any, Earnest Money Deposit (EMD) etc., pre-bid meeting details (if any), date and time for submission/opening of bids and other important requirements which are



sufficient for a prospective bidder to decide whether to participate in the tender or not.

10.3 Instructions to Bidders (ITB)

This Section contains instructions to bidders for preparation and submission of bids. These are discussed as under:

10.3.1 Requirements for participation in e-tenders

PC with internet for accessing e-procurement portal, requirement of digital signature certificate (DSC) for online enrollment/ registration and submission of bid and help desk details in case help is required for participating in e-tender. These are discussed in detail in chapter on e-procurement.

10.3.2 Eligibility of Bidders

a). Qualification Criteria (to be specified in NIT)

1. For Explosives

The bidder should have PESO license capacity and be in a position to offer and supply in specific delivery period at least 10% of the total quantity for which the bid has been invited.

2. For items other than Explosives

2.1 For Equipment: The bidder should be in a position to offer and supply in specified delivery period at least 50% of the total quantity/number for which the bids have been invited.

2.2 For other items: The bidder should be in a position to offer and supply in specific delivery period at least 25% of the total quantity for which the bid has been invited.

Offers from bidders who fail to comply with the qualification criteria at (1) & (2) above shall be considered unresponsive.

b). Manufacturers / Indian Agents

1. Indigenous (Local) Manufacturers/ Foreign Manufacturers

- a). Procurement should generally be made from manufacturers only. However, if the manufacturer does not quote directly to any organisation in India as a matter of its corporate policy (except in situations like supplies to OEM /OES/ OPM, supplies of spares and consumables bundled with supply of equipment, supplies to customers not covered by dealer network due to geographical/ logistics constraints), the procurement can be made from its authorised Indian Agent based on the tender specific authorisation issued by the manufacturer mentioning tender reference number and date and validity of such authorisation. The manufacturer is also required to submit a certificate that it is not quoting directly



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against the tenders of any organisation in India (excepting the situations mentioned above, if applicable) as a matter of its corporate policy and if, subsequently, at any stage, it is found that it has quoted directly to any organisation in India excepting the situations mentioned above, it shall be liable for penal action as per provision of this Manual, if the justification provided by the bidder has not been considered adequate and satisfactory by the procuring entity.

- b).** While importing directly from foreign manufacturer, the policy of CIL is not to look for, encourage or engage agents. However, in case the foreign manufacturer, as a matter of its corporate policy, does not quote directly in India (except in situations like supplies to OEM /OES/ OPM, supplies of spares and consumables bundled with supply of equipment, supplies to customers not covered by dealer network due to geographical/ logistics constraints), it can authorize its Indian Agent to quote on its behalf. In such case, the foreign manufacturer shall have to submit above mentioned certificates in favour of its Indian agent. If the manufacturer participates directly in any tender in India, then the procurement from the authorized agent shall not be allowed.

Notes:

1. In case of procurement of goods upto a value of Rs. 50.00 Lakhs, insistence on procurement from manufacturers may be relaxed and accordingly the above provisions under a). and b). may suitably be waived off.
 2. Further, in case of procurement of commercially off-the-shelf available products, general authorization / dealership / distributorship certificate may be considered in place of tender specific authorization.
 3. Indian office/ Indian Subsidiary of a Foreign Manufacturer can issue a tender specific authorization in favour of an agent in India, provided the Indian office / Subsidiary itself is authorized by the Foreign Manufacturer to issue such authorizations on their behalf.
- c).** One manufacturer can authorize only one agent. However, In case of procurement of commercially off-the-shelf available products, where general authorization / dealership / distributorship certificate is considered in place of tender specific authorization, tenders may be issued to all the known authorised dealers/ distributors.

Further, in case of tenders invited from system integrators for products / solutions involving hardware, software and their integration solutions of a number of manufacturers / vendors, insistence on 'one manufacture can authorise one agent' may be relaxed.



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- d). Indigenous manufacturer / Local Supplier can be Class-I & Class-II as follows:

Class-I Local Supplier means a supplier or service provider, whose goods or services offered for procurement, have local content equal to or more than 50%.

Class-II Local Supplier means a supplier or service provider, whose goods or services offered for procurement, have 20% or more local content but less than 50%.

Non-Local Supplier means a supplier or service provider, whose goods or services offered for procurement, have local content less than 20%.

Non-Local Suppliers will not be eligible to participate in Domestic Tenders meant only for Indigenous Manufacturers / Local Suppliers.

Local content means the amount of value added in India, which is the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all custom duties) as a proportion of the total value, in percent.

- e). Verification of Local Content:

- i. The Class-I / Class-II Local Supplier at the time of bidding shall be required to provide self-certification that the item offered meets the minimum local content requirement for 'Class-I Local Supplier' / 'Class-II Local Supplier', as the case may be. They shall give details of the location(s) at which the local value addition is made.

To incorporate this provision in CPS, the bidder should be able to select "Undertaken" from the drop-down against the certificate stating that the item offered meets the minimum local content requirement to be 'Class-I' / 'Class-II' Local Supplier, as the case may be. CPS should also seek the following details:

- Percentage of Local Content.
- Location at which Value Addition is made.

- ii. In cases of procurement for a value in excess of Rs. 10 crores, the Local Supplier shall be required to provide a certificate from the statutory 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.

- iii. CIL / Subsidiary Companies may constitute committees with internal and external experts for independent verification of self-certificates / auditor's / accountant's certificates on random basis and in the case of complaints.



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iv. False declarations will attract banning of business of the bidder or its successor(s) for a period of upto two years as per Clause-6.13.4, along with such other actions as may be permissible under the law.

2. Indian Agents

If an Indian Agent submits bid on behalf of a manufacturer, the same agent shall not submit a bid on behalf of another manufacturer in the same tender for the same item / product.

Further, in a tender, either manufacturer can quote or its authorised Indian Agent can quote but both are not allowed to participate/ quote in the same tender.

The business entity of the Indian Agent should be in existence for 3 years on the date of tender opening, irrespective of date of appointment as Indian Agent.

The term 'Agent' broadly includes Distributor, Dealer, Channel Partner etc.

3. Indian Office of a Foreign Manufacturer or Indian Subsidiary of a Foreign / Indian Manufacturer:

Indian Office of a Foreign Manufacturer or Indian Subsidiary of a Foreign/ Indian Manufacturer are also eligible to quote on behalf of the Manufacturer.

4. Indian Manufacturing entity of foreign manufacturer:

Indian manufacturing entity of the foreign manufacturer is eligible to bid as Indigenous Manufacturer if the Foreign Manufacturer manufactures equipment of the same or similar capacity as the tendered equipment; and the Indian Manufacturing entity has sufficient facility for manufacturing, supply and After Sales Service Support in India for equipment of same or similar capacity as the tendered equipment.

In such case the bidder shall be required to submit copy of valid Legal Agreement / Collaboration Agreement/ License Agreement / MOU with foreign (principal) manufacturer digitally signed (for documents submitted on e-procurement portal) / self-certified (for documents submitted in modes other than e-procurement portal) for the equipment being offered to prove their status as Indian Manufacturing entity of foreign manufacturer. Such bidders shall be required to submit tender specific declaration by the Principal Manufacturer. Both the Indian manufacturing entity and its principal manufacturer should confirm to ensure supply of spares, consumables and service support for smooth running of the equipment during its life time.



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If the documents are related to the OEM or principal, the self-certification of OEM or principal shall also be required.

Note: The above provision for submission of digitally signed documents does not overrule existing provisions of mode of document submission by bidders during the course of a tender.

5. In case of procurement of equipment, the bidder / manufacturer should have After Sales Service Support facilities in India like Depot / Warehouse for supply of spare parts, Workshop facilities for servicing and repair of assemblies, sub-assemblies and equipment, trained technical manpower and training facilities for providing training to CIL's personnel, etc. The minimum criteria for After Sales Service Support facilities should be clearly indicated in the NIT.

In case the bidder/ manufacturer does not have the After Sales Service Support facilities in India, the bidder will have to submit an undertaking along with its offer that in the event of placement of order on them, they will establish the above facilities in India within the completion period of warranty of the first equipment commissioned. In such case, the bidder shall have to provide additional PBG for 30% of the contract value, which will be released after establishment of After Sales Service Support facilities in India and against submission of normal PBG for 10% of the contract value.

Note: In case the manufacturer is the bidder, the After Sales Service Support Facilities of its Indian Agent may also be acceptable on meeting minimum criteria.

6. In case of equipment of foreign origin to be supplied by foreign manufacturer or Non-Local Supplier, the imported content and domestic content (if any) should be quoted separately in foreign currency and Indian Rupee (INR) respectively. The payment of foreign currency portion would be made directly to the foreign manufacturer and INR portion, if any, to the Non-Local Supplier.

In case there is involvement of an Indian Agent, the payment of the Indian Agency commission will be paid directly by CIL in equivalent INR limited to the percentage indicated in the Agency Agreement or 5% of FOB value (FOB value is inclusive of Agency Commission), whichever is lower.

However, in case of procurement of goods upto a value of Rs. 50.00 Lakhs, insistence on quotation in foreign currency may be relaxed and accordingly the above provisions may suitably be modified.

7. In case of offer from foreign manufacturers involving Indian agents, such bidder shall submit the following pre-existing documents, at the time of tender opening:



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- i). Foreign manufacturer's pro-forma invoice or any other authentic document indicating the commission payable to the Indian agent and the nature of after sales service to be rendered by the Indian Agent.
 - ii). Copy of the agency agreement with the foreign manufacturer stating the precise relationship between them and their mutual interest in the business.
8. The manufacturer / tenderer shall also be asked to submit a certificate that no agent / middleman / liasoning agent or any entity in any name other than the disclosed authorized Indian agent is involved in the process of procurement of goods and services and if, subsequently, at any stage, it is found that it has given a false certificate, it shall be liable for penal action as per provisions of this Manual.
9. The amount of Agency Commission payable to the Indian Agent in Indian currency will be limited to the percentage indicated in the Agency agreement or 5% of FOB value (FOB value is inclusive of Agency Commission), whichever is lower. The Indian Agent will be required to submit a certificate along with their Agency Commission bill, confirming that the amount claimed as Agency Commission in the bill has been spent/will be spent, strictly to render services to the foreign Principal, in terms of the Agency Agreement. The Purchaser or their authorized agencies shall have rights to examine the books of the Indian Agent and defects or misrepresentations in respect of the afore indicated confirmation coming to light during such examinations will make the foreign Principal (i.e. the Contractor) and their Indian Agent liable to be banned/ suspended from having business dealings with the Purchaser, by following laid down procedures for such banning/suspension of business dealings.
10. In the NIT for equipment, it should be incorporated that the OEM/ OES should mention the names of Original Part Manufacturers (OPMs) of bought-out assemblies / sub-assemblies / components / parts fitted in the quoted model of equipment.
11. In cases where value of service component is more than 10% of the total estimated value of the complete package of goods and services, the average Annual Financial Turnover of the bidder during the last 3 years, ending 31st March of the previous financial year, should be at least 30% of the total estimated value of the tender.

c). Collaboration Agreements

i. Collaboration Agreement: In case of Collaboration Agreement or Memorandum of Understanding (MoU) with the principal manufacturer, the collaboration agreement / MoU should be valid on date of tender opening and should also remain valid at least up to



supply and commissioning of the last equipment covered in the contract. However, the principal manufacturer has to confirm that supply of spares & consumables and service support will be ensured for smooth running of the equipment during its lifetime. The agreement / MoU evincing collaboration of the Indian Firm / Company with the Principal Manufacturer must be a document registered in India under the provision of Indian Registration Act, 1908, irrespective of likelihood that the same may not be compulsorily registered under the provision of Section-17 of the said Act.

In the event of termination of collaboration agreement / MoU, the principal manufacturer will be responsible for the fulfillment of contractual obligations either by itself or through alternate collaborations / arrangements.

ii. License Agreement: In case Indigenous manufacturer, who has manufactured, supplied and serviced the same or similar equipment (to the equipment being offered), is participating under License agreement with the company having valid Intellectual Property Rights (IPR) for the equipment being offered, the License agreement should be valid on date of tender opening and should also remain valid at least up to supply and commissioning of the last equipment covered in the contract.

The bidder and licensor having IPR for the equipment being offered should confirm to ensure supply of spares & consumables and service support for smooth running of the equipment during its lifetime. The agreements evincing License agreement of the bidder and licensor must be a document registered in India under the provisions of the Indian Registration Act, 1908, irrespective of the likelihood that the same may not be compulsorily registered under the provision of Section-17 of the said Act.

d). Satisfactory Performance

1. It is imperative to indicate the benchmark of satisfactory level of performance of the equipment. In case of major mining equipment, if an equipment fails to achieve the guaranteed availability as indicated during the first year of operation from the date of commissioning, performance of the equipment shall not be considered satisfactory. An equipment must give such satisfactory level of performance for a period of minimum one year from the date of commissioning and achieve the guaranteed availability detailed in the order.
2. In case of high capacity HEMM namely Dumpers of 120T and above, Dozers of 450 HP and above, Drills above 250 mm, Electric Rope and Hydraulic Shovels of 10 CuM and above and Draglines of all sizes, performance shall be considered satisfactory on analysis of their consistent performance for a minimum period of 3 years from



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the date of commissioning, as their life varies from 9 to 20 years or more.

3. For judging the satisfactory performance for the equipment under trial, NIT / Order may also provide an additional clause to consider the maintenance and operating cost involved during the trial period of the equipment to be a factor in determining the satisfactory performance.

e). Provenness Criteria

1. Procurement shall be made only for proven product. Provenness criteria for the product shall be decided by the concerned Technical Department and intimated to the MM Department for incorporating in the tender enquiry. This criteria should neither be made very stringent nor very lax to restrict / facilitate the entry of bidders. It should be clearly specified in unambiguous terms ensuring fair competition.
2. Provenness criteria for High Capacity HEMM:
 - 2.1 The equipment offered by the tenderer shall be considered proven provided the [..N..] nos. of quoted model or similar equipment, as defined below, or combination thereof, must have been supplied by the bidder (or Manufacturer in case bidder is not the manufacturer) in India to mining industry and/or to the other Industries (Private or Government/ Public Sector Undertaking) and all of them performed satisfactorily for a minimum period of three years from the date of commissioning. The performance of only those equipment would be considered for assessing provenness which have been commissioned 3 years prior to the date of opening of tender but not prior to [20 years in case of Draglines and 10 years in case of High Capacity Dumpers, Dozers, RBH Drills, Electric Rope and Hydraulic Shovels] from the date of opening of tender (window period).

Minimum quantities 'N' will be indicated in specific tenders. This quantity [N] would be equal to 5 numbers for Dumpers & 1 number each for Draglines, Electric Rope & Hydraulic Shovels, RBH Drills and Dozers.

If the bidder claims provenness of the quoted model based on similar equipment, acceptance criteria for similar equipment shall be as per sub clause-2.8 below.

Note: In case of Trial Orders placed by CIL and Subsidiaries, the Trial Order quantities will be considered for provenness. Trial period will be two years for High Capacity HEMM and one year for non-High Capacity HEMM.



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- 2.2 In case the quoted model or similar equipment has not been supplied by the bidder (or Manufacturer in case bidder is not the manufacturer) in India, or if supplied and commissioned in India, but the same has not completed required years of performance for provenness as mentioned above, the offered equipment will be considered proven if the minimum worldwide population is of [..N..] nos. of offered or similar equipment or combination thereof which have been commissioned 3 years prior to the date of opening of tender but not prior to [20 years in case of Draglines and 10 years in case of High Capacity Dumpers, RBH Drills, Dozers, Electric Rope and Hydraulic Shovels] from the date of opening of tender and all of them performed satisfactorily for a minimum period of three years from the date of commissioning. The worldwide population of the bidder will be considered for provenness only when the bidder gives an undertaking that it has not supplied the quoted model or similar equipment in India or if supplied and commissioned in India, the same has not completed required years of performance for provenness as mentioned above at sub clause-2.1.

Minimum quantities 'N' will be indicated in specific tenders. This quantity [N] would be equal to 10 numbers for Dumpers & 5 numbers each for Electric Rope & Hydraulic Shovels, RBH Drills and Dozers and 01 No. for Draglines.

If the bidder claims provenness of the quoted model based on similar equipment, acceptance criteria for similar equipment shall be as per sub clause-2.8 below.

- 2.3 In case the indigenous manufacturer is quoting the same / similar type & model of the equipment as supplied by their foreign collaborator / foreign principal, worldwide, in the past, and the quoted model of indigenous manufacturer has either not been supplied in India or if supplied and commissioned in India, but the same has not completed the required years of performance for provenness as mentioned above, the quoted model will be considered proven if the minimum worldwide population is of [..N..] nos. of quoted model or similar equipment or combination thereof which have been commissioned 3 years prior to the date of opening of tender but not prior to [20 years in case of Draglines and 10 years in case of High Capacity Dumpers, RBH Drills, Dozers, Electric Rope and Hydraulic Shovels] from the date of opening of tender and all of them performed satisfactorily for a minimum period of three years from the date of commissioning. However, for worldwide population, foreign collaborator's experience of supplying the offered or similar equipment worldwide shall be considered only if the indigenous manufacturer submits digitally signed copy (for documents submitted on e-procurement portal) / self-certified copy (for documents submitted in modes other than e-procurement portal) of their collaboration



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agreement with the foreign collaborator which should be valid as on the date of opening of the tender and should also remain valid at least upto supply and commissioning of the last equipment covered in the contract. However, the principal manufacturer will confirm to ensure supply of spares & consumables and service support for smooth running of the equipment throughout its life. Further, if any indigenous content is added by the indigenous manufacturer in the quoted model of the equipment, the foreign collaborator will give an undertaking for successful performance of the equipment with the indigenization carried out by the indigenous manufacturer during lifetime of the equipment.

Minimum quantities 'N' will be indicated in specific tenders. This quantity [N] would be equal to 10 numbers for Dumpers & 5 numbers each for Electric Rope & Hydraulic Shovels, RBH Drills and Dozers and 01 No. for Draglines.

To encourage the overseas manufacturers to start manufacturing their equipment in India, relaxation in the provenness criteria for same Model may be incorporated in NIT, subject to the condition that a confirmation by Foreign Principal manufacturer as well as their Indian counterpart shall be submitted that the offered Model is same having identical operation, equal capacity and same driveline/system to their proven foreign Model (whose documents have been submitted to establish the provenness) even if there is a change in the nomenclature.

If the bidder claims provenness of the quoted model based on similar equipment, acceptance criteria for similar equipment shall be as per sub clause-2.8 below.

If the documents are related to the OEM or principal, the self-certification of OEM or principal shall also be required.

Note: The above provision for submission of digitally signed documents does not overrule existing provisions of mode of document submission by bidders during the course of a tender.

- 2.4 In case the indigenous manufacturer is quoting the same / similar type & model of the equipment as supplied by their licensor having valid IPR, for the same type & model of equipment being offered worldwide in the past and the quoted model of indigenous manufacturer has either not been supplied in India or if supplied and commissioned in India, but the same has not completed the required years of performance for provenness as mentioned above, the quoted model will be considered proven if the minimum worldwide population is of [..N..] nos. of quoted model or similar equipment or combination thereof which have been commissioned 3 years prior to the date of opening of tender but not prior to [20 years in case of Draglines and 10 years in case of High Capacity



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Dumpers, RBH Drills, Dozers, Electric Rope and Hydraulic Shovels] from the date of opening of tender and all of them performed satisfactorily for a minimum period of three years from the date of commissioning. However, for worldwide population, the bidder's and licensor's experience of supplying the offered or similar equipment worldwide shall be considered only if the indigenous manufacturer submits digitally signed copy (for documents submitted on e-procurement portal) / self-certified copy (for documents submitted in modes other than e-procurement portal) of their License Agreement with the company having valid IPR for the equipment being offered, which should be valid as on the date of opening of the tender and should also remain valid at least upto supply and commissioning of the last equipment covered in the contract. The bidder and licensor for the equipment being offered will also confirm to ensure supply of spares & consumables and service support for smooth running of the equipment throughout its life. Further, if any indigenous content is added by the indigenous manufacturer in the quoted model of the equipment, the foreign collaborator will give an undertaking for successful performance of the equipment with the indigenization carried out by the indigenous manufacturer during lifetime of the equipment.

Minimum quantities 'N' will be indicated in specific tenders. This quantity [N] would be equal to 10 numbers for Dumpers & 5 numbers each for Electric Rope & Hydraulic Shovels, RBH Drills and Dozers and 01 No. for Draglines.

To encourage the overseas manufacturers to start manufacturing their equipment in India, relaxation in the provenness criteria for same Model may be incorporated in NIT, subject to the condition that a confirmation by Foreign Principal manufacturer as well as their Indian counterpart shall be submitted that the offered Model is same having identical operation, equal capacity and same driveline/system to their proven foreign Model (whose documents have been submitted to establish the provenness) even if there is a change in the nomenclature.

If the bidder claims provenness of the quoted model based on similar equipment, acceptance criteria for similar equipment shall be as per sub clause-2.8 below.

If the documents are related to the OEM or principal, the self-certification of OEM or principal shall also be required.

Note: The above provision for submission of digitally signed documents does not overrule existing provisions of mode of document submission by bidders during the course of a tender.



2.5 Indian Manufacturing entity of foreign manufacturer and bidding as Indigenous manufacturer:

In case the Indian manufacturing entity of foreign manufacturer who has sufficient facility for manufacturing, supply and after sales service of same or similar equipment as supplied by their foreign (principal) manufacturer worldwide in the past, and the quoted model of Indian manufacturing entity has either, not been supplied in India or if supplied and commissioned in India, the same has not completed the required years of performance for provenness as mentioned above, the quoted model will be considered proven if the minimum worldwide population is of [..N..] nos. of offered model or similar equipment thereof which have been commissioned 3 years prior to the date of opening of tender but not prior to [20 years in case of Draglines and 10 years in case of High Capacity Dumpers, RBH Drills, Dozers, Electric Rope and Hydraulic Shovels] from the date of opening of tender and all of them have performed satisfactorily for a minimum period of three years from the date of commissioning. However, for worldwide equipment population, the bidder's and principal manufacturer's experience of supplying the quoted or similar equipment worldwide shall be considered only if the Indian manufacturing entity submits digitally signed copy (for documents submitted on e-procurement portal) / self-certified copy (for documents submitted in modes other than e-procurement portal) of valid Legal Agreement / Collaboration Agreement / License Agreement / MOU with foreign (principal) manufacturer for the equipment being offered and a declaration from the Foreign Manufacturer that all related required Intellectual Property of quoted equipment are accessible by the Indian manufacturing entity. Further, the foreign manufacturer will give an undertaking for successful performance of the equipment to be manufactured by the Indian manufacturing entity during lifetime of the equipment. The bidder and foreign principal manufacturer for the equipment being offered will also confirm to ensure supply of spares & consumables and service support for smooth running of the equipment throughout its life.

Minimum quantities 'N' will be indicated in specific tenders. This quantity [N] would be equal to 10 numbers for Dumpers & 5 numbers each for Electric Rope & Hydraulic Shovels, RBH Drills and Dozers and 01 No. for Draglines.

To encourage the overseas manufacturers to start manufacturing their equipment in India, relaxation in the provenness criteria for same Model may be incorporated in NIT, subject to the condition that a confirmation by Foreign Principal manufacturer as well as their Indian counterpart shall be submitted that the offered Model is same having identical operation, equal capacity and same driveline/system to their proven foreign Model (whose documents



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have been submitted to establish the provenness) even if there is a change in the nomenclature.

If the bidder claims provenness of the quoted model based on similar equipment, acceptance criteria for similar equipment shall be as per sub clause-2.8 below.

If the documents are related to the OEM or principal, the self-certification of OEM or principal shall also be required.

Note: The above provision for submission of digitally signed documents does not overrule existing provisions of mode of document submission by bidders during the course of a tender.

2.6 “Satisfactory Performance” means the supplied equipment must have achieved the guaranteed annual availability, if any, as per the performance guarantee clause of the supply orders / contracts for a minimum period of three years / one year (as the case may be) from the date of commissioning. In case supply orders / contracts do not have provision for guaranteed annual availability, the bidder will submit satisfactory performance report issued by end users as per benchmark regarding performance of equipment, if any, incorporated in the supply orders / contracts against which these equipment were supplied. In case, the Performance Report(s) of the End-User(s) is not available, the bidder shall submit self-certification claiming satisfactory performance of the equipment supplied.

2.7 “Similar Equipment” shall be such equipment, which fulfills the following:

- a) Performs almost identical operations as the quoted model.
- b) Should be equal to or higher than the tendered capacity.
- c) Uses sub-components, sub-systems and major assemblies of substantially similar design & construction to the model quoted – only ratings/ specifications may differ (Lower or Higher).

2.8 Acceptance Criteria for Similar Equipment

- I. If the bidder claims provenness of the quoted model based on similar equipment as per sub clause-2.7 above, then the similar equipment should have performed satisfactorily for a minimum period of three (03) years from the date of commissioning along with satisfactory performance of quoted model for a minimum period of one (01) year from the date of commissioning within the window period as indicated above.
- II. If the bidder claims provenness of the quoted model based on similar equipment as per sub clause-2.7 above and the similar equipment has performed satisfactorily for a minimum period



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of three (03) years from the date of commissioning but quoted model has not worked for a minimum period of one (01) year from the date of commissioning within the window period as indicated above, then the offer may be accepted subject to following conditions:

- a. The quoted model should have been designed, manufactured and supplied to the end-user but has not been commissioned or if commissioned, has not completed one year of operation after the commissioning. Documentary evidence for past supply of the quoted model is to be provided along with the offer.

or

The quoted model is an upgraded version of the existing model with improved and the latest drive line / system etc. and has not been manufactured and/or supplied earlier. In such case, the basic model should remain the same. Documentary evidence of past supply of the existing model whose upgraded version has been offered, is to be provided along with the offer.

- b. (i) The successful bidder will be allowed to supply the quantity of first lot as indicated in Schedule of Requirement.
(ii) The firm shall be required to furnish additional Performance Bank Guarantee of 100% of the total landed value of equipment along with spares & consumables for warranty period for the quantity of first lot.
- c. On satisfactory performance of all the equipment of first lot for one year from the date of commissioning [to be certified by the General Manager (Excavation)/ HOD of the subsidiary company], clearance shall be obtained from the order issuing authority for supply of the remaining quantity, if any, as per Schedule of Requirement.
- d. The additional 100% Performance Bank Guarantee shall be returned only after satisfactory performance of all the equipment supplied in first lot for one year from the date of commissioning.
- e. The original 10% PBG for the total contract value will be retained for entire contract period as per PBG clause of NIT.

Note:

In case of unsuccessful performance of the first lot of equipment supplied by the firms who qualify as per above sub clause 2.8.II, the following shall be applicable:

- i) The 100% Additional Performance Bank Guarantee for the first lot of equipment shall be encashed by CIL. Consequent upon the encashment of the 100% Bank Guarantee due to non-achievement of stipulated minimum availability percentage, the Supplier shall take back the equipment at no



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cost to the Purchaser and the contract for the balance quantity shall be cancelled.

- ii) The original 10% performance bank guarantee shall be returned to the supplier after recovery of penalty for non-achievement of guaranteed availability in respect of first lot of equipment.
- iii) The performance of any individual equipment under this clause shall not be considered for provenness in future tenders of CIL & subsidiaries for any capacity of this type of equipment.
- iv) In case of equipment imported under Project Concessional Duty (PCD), the amount of Customs Duty Concession i.e. the differential amount of Normal Customs Duty (NCD) and PCD availed during import shall be recovered from the supplier with interest for refund to the Customs Authorities. The supplier shall deposit such amount to the purchaser on demand else the same shall be recovered from the Security Deposit Bank Guarantee / Performance Bank Guarantee of the supplier.

3. Provenness criteria for Non-High Capacity HEMM:

Provenness criteria, including [N] number for Non-High Capacity HEMM, i.e., Dumpers less than 120T, Dozers below 450HP, Drills upto 250MM, ER and Hyd. Shovels below 10 CuM shall be the same as per sub-clauses 2.1 to 2.8 above except:

- a. The minimum period of satisfactory performance for quoted model shall be one year from the date of commissioning.
- b. The window period shall be 5 years.
- c. In case, the bidder claims provenness of the quoted model based on similar equipment, the similar equipment should have performed satisfactorily for a minimum period of one year from the date of commissioning and the quoted model should have worked for a minimum period of six months from the date of commissioning within the window period of 5 years.
- d. In case the bidder claims provenness of the quoted model based on similar equipment and the similar equipment has performed satisfactorily for a minimum period of one year from the date of commissioning, but the quoted model has not worked for a minimum period of six months, the offer may be accepted subject to the conditions mentioned under sub-clause 2.8.II, a) to e) along with 'Note' except that the minimum period would be six months instead of one year.

In case of other Non-High Capacity HEMM like Cranes, Water Sprinklers, Motor Graders, Forklifts, etc., the provenness criteria will remain the same except that the [N] number will be One only.

4. Provenness criteria for Underground Mining Machinery (UGMM):

The provenness criteria for UGMM like Side Discharge Loader (SDL), Load Haul Dumper (LHD), Universal Drilling Machine (UDM), Roof / Coal Drilling Machines, Coal Cutting Machines, Man Riding



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Systems / Haulages, shall be fixed by the Technical Departments of Subsidiary Companies in line with provenness criteria for Non-High Capacity HEMM. The provenness criteria for High Capacity UGMM (as defined in Chapter-24) shall be fixed by the Technical Departments of Subsidiary Companies in line with provenness criteria for High Capacity HEMM.

5. Provenness criteria for other equipment:

The provenness criteria for other equipment – Medical, Survey, Safety, Laboratory, Office, IT Hardware, Telecom Equipment, Transformers, Switches, Panels, Pumps, Weigh Bridges, Diesel Bowser, Explosive Van, Rescue Van, School Bus, etc. shall be the same as in case of Non-High Capacity HEMM. However, if the equipment is of High Capacity, depending on its nature, life, capacity and complexity, the provenness criteria may suitably be decided by the Technical Departments of Subsidiary Companies in line with provenness criteria for High Capacity HEMM with the approval of respective Board. Also, the same should be intimated to CIL for uniform application across Subsidiaries.

6. Provenness criteria for new type / kind of equipment:

In case of procurement of new type / kind of equipment (not procured in CIL as a whole earlier), the provenness criteria may be decided by the Technical Departments of Subsidiary Companies suitably keeping in view the nature, life, capacity and complexity of the equipment with the approval of the respective Board. Also, the same should be intimated to CIL for uniform application across Subsidiaries.

7. Provenness criteria for Consumable Goods / Consumables:

The Consumable Goods / Consumables shall be considered proven provided the tendered / similar item(s) of same/ similar (definition of similar will be specified in individual NITs) / higher specifications / ratings / versions, etc. have been supplied during the last 5 years from the date of tender opening against orders of CIL and its subsidiaries, other PSUs, Government Departments and Private Organizations, and their performance has been found satisfactory.

8. Provenness criteria for Spare Parts:

In case of procurement of Spare Parts through Open tenders, the offered Spare Parts shall be considered proven provided that the tendered item(s) have been supplied during the last 5 years from the date of tender opening, against orders of CIL and its subsidiaries, other PSUs, Government Departments and Private Organizations, and their performance has been found satisfactory.

Note: The OEM / OES participating in Open / Limited tenders for procurement of Spare Parts for their equipment shall be exempted from Provenness Criteria.



9. Provenness criteria for Fabricated Items:

Provenness criteria for items like rest shelter, blasting shelter, mobile pit shelter, spacious rest shelter, watch tower, various types of fencing items, conveyors brackets of different names, steel cogs, steel props, steel sleepers, various fabrication items for belt conveyor with varying nomenclature (like discharge guard for conveyors, self-aligning, adjustable roller bracket, hangers for bottom roller, loop take up assembly, tail end assembly, walkway plates, dust collector, wiper assembly, etc.) should include tendered items as well as similar items. General fabrication work of same or higher Quantum of Work Done in terms of Weight shall be considered as similar items irrespective of nomenclature. Wherever, technical parameters and testing norms are to be complied as per DGMS circular (like steel cogs, steel props, etc.), the same may be made a part of Technical Specification¹².

10.3.3 Pre-NIT Meeting

- a) Pre-NIT meeting may be held in those cases where specifications of the desired goods are not clear and/or the sources are not known and it is considered desirable to resort to pre-NIT meeting with prospective bidders to firm up the specifications, terms and conditions etc. In such cases, a draft NIT document may be prepared and uploaded on websites inviting comments / suggestions from the prospective bidders on the same by a specified date and time. Date, time and venue of the pre-NIT meeting are also indicated in the pre-NIT Notice.
- b) During the pre-NIT meeting, all the queries / comments / suggestions on tender specifications and terms and conditions are discussed.
- c) After pre-NIT meeting, the tender specifications and other terms and conditions are finalized, final tender document is prepared and tender is issued in the normal manner.

10.3.4 Clarifications of Bid Documents

The bidder may seek clarification within the period specified in the bid document. The clarifications may be asked from the next day of e-publication of NIT. The last date for seeking clarification will be up to 15 (fifteen) days before the last date of submission of bid and the last date of giving clarification will be up to 7 (seven) days before the last date of submission of bid. In case of Limited Tender Enquiry, clarification can be sought within 3 (three) days from the day of e-Publication of the NIT, and the response has to be given within the next 3 (three) days. The Purchaser will respond to such requests for clarification of the Bid Documents, which are received within the period specified in the Tender Enquiry. Purchaser's response (including an explanation of the query but without identifying the source of inquiry) shall also be put on the website of CIL/Subsidiary Company, e-Procurement Portal and CPP Portal.

¹²As per OM No. CIL/VIG/2015/11011/04/698-717 dated 06/07.06.2017



As the clarifications shall be of explanatory nature only without altering the basic tenets of the tender documents, therefore, technical clarifications and commercial clarifications may be issued with the approval of Head of Technical Department / Head of MM Department respectively.

10.3.5 Pre-Bid Conference

In cases of contract of special nature for purchase of sophisticated and complex items/equipment, a suitable provision is to be kept in the tender document for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications of the items/equipment and other terms and conditions mentioned in the tender document. The date, time and place of pre-bid conference should be indicated in the tender document for information of the intending bidders. Failure to attend pre-bid conference does not restrict the intending bidders from submitting the bid.

In such cases, where provision has been made for pre-bid conference, a prospective bidder may seek clarification from the next day of Publication of the NIT. The Purchaser will respond to such requests for clarification of the Bid Documents, which are received within the period specified in the Tender Enquiry. Purchaser's response (including an explanation of the query but without identifying the source of inquiry) shall also be put on the website of CIL/Subsidiary Company, CPP Portal and e-Procurement Portal, after holding the Pre-Bid Conference but well before the deadline for submission of bids.

10.3.6 Procedure for Pre-Bid Conference

- i). In the Invitation to Bid and bidding document as well as during the pre-bid conference, bidders should be advised that CIL/Subsidiary Company expects the bidders to comply with the tender specifications/conditions which have been frozen after pre-bid conference, and hence non-conforming bids will be rejected straightaway.
- ii). It should be impressed upon the bidders to depute not more than two representatives for attending the pre-bid conference who can actively participate and contribute in the pre-bid conference.
- iii). The issues raised by the prospective bidders during the pre-bid conference will be examined in detail by a Committee. If due to the points / queries raised by the prospective bidders, tender specifications or any specific term(s), condition(s) excluding "General Conditions of the Contract", needs to be modified, then the same will be considered and the Committee shall submit its recommendations for approval of the competent authority by providing detailed justification for agreeing to such modification(s) bringing out departure from existing policy / procedure / instructions, if any. Even in cases where no modifications are required in the tender



specifications, terms and conditions etc., the Committee will obtain the approval of the competent authority.

- iv). After obtaining the approval of competent authority, the clarifications / modifications, if any, should be made and communicated to all the intending bidders and shall also be hosted on the websites of the CIL / Subsidiary Company, e-Procurement Portal and CPP Portal. In case there is a modification in the tender document, corrigendum to tender enquiry should be issued also extending due date and time for submission / opening of bids suitably.

10.3.7 Earnest Money Deposit

10.3.7.1 Earnest Money Deposit (EMD) is also known as Bid Security. Primary objective of Earnest Money Deposit (EMD) is to ensure the earnestness of the bidders in the participation of the procurement process. EMD will act as the deterrent against the bidders withdrawing or altering his bid during its validity. EMD shall be interest free. In cases of Open / Limited Tender Enquires, EMD is to be obtained from the bidders except those who are registered with CIL / Subsidiary Company, Ancillary units of Subsidiary Company, MSEs as defined in clause – 2.8.2.1, Start-ups and Central / State Government Organizations / PSUs, irrespective of the stores for which they are registered. In case of Single Tender Enquiry – both with PAC and without PAC, EMD will not be asked. EMD will not be asked in case of OEM / OES or their authorized Agents participating in Open / Limited tenders for procurement of spare parts for their equipment as well. The Bidders are required to furnish EMD along with their bids in the manner as provided in the bid document. Amount of EMD should ordinarily be 2% of the estimated value of the goods to be purchased (rounded off to the nearest 100) or Rs. 50.00 Lakhs (equivalent USD calculated based on exchange rate prevailing on the date of preparation of NIT and rounded off to whole number for foreign bidders in case of global tender), whichever is lower. Depending on the total value of purchase, the exact amount of EMD should be worked out and indicated in the tender document.

10.3.7.2 In case of Manual Tendering, EMD may be accepted in the form of Account Payee Demand Draft or Banker's Cheque. Offers of the firms submitted without EMD as demanded are summarily to be rejected.

10.3.7.3 In case of exemption of EMD, the self-attested copy of document in support of exemption will have to be submitted by the bidder during bid submission which will be verified along with bid documents.

10.3.7.4 In case of e-bidding, the bidder will be required to submit EMD/ exemption document through ONLINE mode only as per details given in clause-14.6.18 of this Manual.

10.3.7.5 Submission of EMD is exempted for a tender value upto Rs. 2 lakhs.

10.3.8 Refund of Earnest Money Deposit



10.3.8.1 EMD furnished by all unsuccessful tenderers should be returned to them without any interest whatsoever, at the earliest but not later than 30 days after finalization of tender. However, in case of two cover or two stage bidding, EMD of techno-commercially unsuccessful bidders should be returned within 30 days of declaration of result of first cover / stage. EMD of the successful tenderer should be returned, without any interest whatsoever, after receipt of security deposit from it, as called for in the contract.

10.3.8.2 The EMD of successful bidder and also foreign bidders will be refunded through e-payment for which the bidders will have to upload the Mandate Form with Bank details. In case of e- procurement, EMD of unsuccessful bidders will be refunded through e-procurement portal / system.

10.3.9 Forfeiture of Earnest Money Deposit

The EMD shall be forfeited if:

1. The tenderer withdraws or amends, impairs or derogates from the tender in any respect within the period of validity of his tender.
2. The tenderer having been notified of the acceptance of his tender by the Purchaser during the period of its validity:
 - a). Fails to sign the contract within 30 days from the date of notification of award;
or
Fails to submit order acceptance within 30 days from the date of order;
or
Refuses to accept/execute the contract
 - b). Fails to furnish the Security Deposit for the due performance of the contract within the specified period.

10.3.10 Security Deposit

10.3.10.1 To ensure due performance of the contract, Security Deposit is to be obtained from the successful bidder which has been awarded the contract. Security Deposit shall be for an amount of ten per cent (10%) of the total landed value of the contract including all taxes, duties and other costs and charges. In case of Rate / Running Contracts the Security Deposit shall be for an amount of 5% of average annual offtake contractual value; and in case RC period is longer than 1 year, SD amount shall be 5% of average annual offtake. In case of Contracts for procurement of Capital Goods along with Warranty Spares & Consumables (if applicable) and additional Spares & Consumables / AMC / CMC for more than one year, the Security Deposit shall be for 10% of equipment landed value along with maximum annual landed value of Spares & Consumables.

The Security Deposit shall be deposited through RTGS / NEFT / IMPS / other digital modes or in the form of a Bank Guarantee as per format enclosed as **Annexure-19** from a RBI Scheduled Bank in purchaser's country (on a non-judicial stamp paper) within 15 days from date of notification of award or placement of order.



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10.3.10.2 The Security Deposit shall be in the same currency(ies) in which contract is to be signed. In case of multi-currency contract, separate Security Deposit Bank Guarantee (SDBG) in respective currency for required value as above shall be submitted.

10.3.10.3 In case of equipment, SDBG shall not be individual equipment wise. However, multiple Bank Guarantees for Security Deposit shall be permissible provided value of all the SDBGs totals to 10% of the contract value, and all are submitted simultaneously within the specified time schedule and all of them are in the same prescribed format of SDBG without linking to any particular equipment.

In case of centralized procurement of OTR Tyres by CIL (HQ), SDBG can be submitted Subsidiary-wise.

10.3.10.4 The SDBG shall remain valid up to 3 months after completion of supplies and acceptance of materials by the consignee in case of supply contracts / rate/running contracts and in case of contracts for equipment involving installation and commissioning, 3 months after the supply and commissioning of all the equipment covered in the contract.

10.3.10.5 Security Deposit will be released with the approval of HOD of MM Department / Area GM within 30 days after completion of supplies and acceptance of material by the consignee in case of supply contract or after successful commissioning and on receipt of confirmation of Performance Bank Guarantee(s) for all the equipment covered in the contract in case of contracts for equipment and all those items/ goods involving installation and commissioning and PBG.

10.3.10.6 Security Deposit may be converted into Performance Bank Guarantee (PBG) wherever PBG is required at the option of the supplier. At the time of conversion of security money into PBG, it should be ensured that the amount of PBG should not be less than 10% of landed value of order. Wherever Security Deposit is converted into PBG, the operation of such SDBG/ Performance BG shall be guided by clause 10.3.11 below.

10.3.10.7 If the successful tenderer fails to deposit the security deposit within 15 (fifteen) days from date of Notification of Award / placement of Order, another opportunity may be given to them for submission of Security Deposit within next 15 days. If the successful tenderer still fails to deposit the security deposit within the extended period but executes the supplies within the extended security deposit submission period, the submission of Security Deposit may be waived, as the purpose of submission of SD is fulfilled.

10.3.10.8 In cases where the successful tenderer did not submit the security deposit even within the extended period for SD submission but has supplied the materials either in full or in part after the extended period for SD submission, a penalty equivalent to 0.5% (half percent) of SD amount for delay of each week or part thereof (period of delay is to be calculated from the 31st day from the date of Notification of Award / placement of Order to the date of receipt of full SD/deduction of full SD) shall be levied subject to a maximum of 10% of the contract value.



10.3.10.9 All Central/State Government Organization/PSUs shall be exempted from submission of Security Deposit. OEM/OES shall also be exempted from submission of Security Deposit in case of procurement of Spare Parts for equipment against Single / Open / Limited Tender Enquiries.

10.3.10.10 Submission of Security Deposit is exempted for the contracts having value upto Rs.2 lakhs.

10.3.11 Performance Bank Guarantee

10.3.11.1 The Performance Bank Guarantee (PBG) Clause must be stipulated in all the contracts for procurement of capital equipment and other items/ goods involving installation and commissioning. In case performance to be guaranteed can be defined, similar Performance Guarantee Clause should also be stipulated for supply of critical items viz. Wire Ropes, Belting, Tyres etc. The successful tenderer shall be required to furnish a Performance Guarantee equivalent to 10% value of the contract to cover the warranty/guarantee period. In case of Contracts for procurement of Capital Goods along with Warranty Spares & Consumables (if applicable) and additional Spares & Consumables / AMC / CMC for more than one year, the Performance Guarantee shall be for 10% of equipment landed value along with maximum annual landed value of Spares & Consumables.

10.3.11.2 To arrive at the value of the PBG, the order value should be calculated as per the following guidelines:

A) For Indigenous Order -

For arriving at the value of PBG to be submitted for Indigenous Orders, the order value will be arrived at by adding all the Taxes & Duties such as Excise Duty, Sales Tax/ VAT, or GST, as applicable to the FOR Destination Price of the materials on order as applicable on the date of opening of price bid.

B) For Import Order -

For arriving at the value of PBG to be submitted for Import Orders, the order value will be arrived at by adding estimated amount of Ocean Freight, Marine Insurance, Port Handling & Clearance Charges etc., Total Customs Duty and Inland Freight & Insurance including GST as applicable on the date of opening of price bid, to the FOB Price of the materials on order.

10.3.11.3 The Performance Bank Guarantee shall be issued by a RBI scheduled bank in India in the format attached as **Annexure-20** on a non-judicial stamp paper.

10.3.11.4 The PBG shall be in the same currency(ies) in which contract has been signed. In case of multi-currency contract, separate PBG in respective currency for required value shall be submitted.



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10.3.11.5 The PBG (s) shall remain valid till 3 months after the completion of warranty period of all the equipment/ items covered in the contract.

10.3.11.6 The release of the Performance Bank guarantee(s) after above indicated period, shall be subject to satisfactory performance of the equipment/ items during the warranty period and fulfillment of contractual obligations failing which, action for further extension or encashment of PBG, as deemed suitable shall be taken. The Performance Bank Guarantee shall be released with the approval of concerned HOD (MM) / Area GM after expiry of validity period after obtaining the following:

1. 'No Claim Certificate' from the concerned HOD (User Dept.) indicating that there is no claim pending.
2. 'No Claim Certificate' from the contractor indicating that there is no claim pending and that there is no dispute pending as per **Annexure-36**.

However, in case there is no dispute pending and contractor has issued 'No Claim Certificate' but 'No Claim Certificate' is not received in writing from the user within 6(six) months from the expiry of the validity period, the BG shall be released without further reference to the user, with the approval of the Director (T) of the concerned subsidiary/CIL.

10.3.11.7 In case of procurement of equipment, if the successful tenderer which does not have the After Sales Service Support facilities in India like Depot / Warehouse for supply of spare parts, Workshop facilities for servicing and repair of assemblies, sub-assemblies and equipment, availability of trained technical manpower etc., training facilities for providing training to CIL's personnel, wherever required, additional Performance Bank Guarantee for the 30% value of the total landed value of the contract including all taxes, duties and other costs and charges shall have to be submitted. This 30% PBG will be released after establishment of After Sales Service Support facilities in India, subject to confirmation of the same by concerned Head of Technical Department. However, the supplier shall have to submit PBG for 10% of the total contract value to be kept valid for the remaining period of the contract plus 3 months processing period before release of 30% PBG. This 10% PBG will be released after satisfactory performance of all equipment/ items and fulfillment of contractual obligations including warranty obligations.

10.3.11.8 In cases where the supplier does not submit the PBG in time or as per the prescribed format in line with the contract stipulations, the PBG amount may be deducted from the first bill or in case of insufficient amount, from subsequent bill(s) of the supplier till the full PBG amount is deducted. This amount shall be refunded to the supplier upon acceptance of PBG submitted by them.

10.4 Other Important Tender Terms

10.4.1 For indigenous supplies, the quotations should normally be invited on FOR Destination / Free Delivery to Consignee basis with breakup of prices e.g.



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(i) Ex-works Price and (ii) Freight, Insurance, Packing & Forwarding Charges on lump sum basis. Excise Duty / Sales Tax / VAT or GST will be payable extra, as applicable. The safe arrival of stores at destination shall be the responsibility of the supplier. In case of transportation of goods by road, it should be done through registered common carrier only¹³.

10.4.2 Coal India Limited/ Subsidiary Companies shall arrange for insurance policy only for contracts made on Ex-works / FOR Dispatching station basis.

10.4.3 In case of imported stores, where the supplier is to arrange importation and paying customs duties etc. the rates quoted will be in INR on FOR Destination basis and the safe arrival of the consignment from the country of origin to the destination will be of supplier's responsibility. In such case, Sales Tax/ VAT and Statutory Local Levies (if any) or GST will be payable extra as applicable. No Excise duty will be payable. In such cases, the following clause should also be incorporated in the tender enquiry:

"The firm should quote FOR destination price and the firm shall give a confirmation along with their offer that a certificate from their Auditor certifying that they have paid Customs Duty as per prevailing Customs Rates and refund, if any, shall be passed on to the buyer, shall be submitted along with supplies/ bills."

In case the supplier supplies the imported stores in INR after importing and paying the customs duty, the supplier will be required to submit the following import documents to the consignee along with each supply to ensure authenticity and genuineness of imported materials:

- (i) Self attested copy of Principal's Invoice / Packing List along with original.
- (ii) Self attested copy of Bill of Lading / Airway Bill.
- (iii) Self attested copy of Bill of Entry along with original.
- (iv) Certificate of county of origin.

(The supplier shall provide clear linkage of items as per order with documents furnished under clause (i), (ii) and (iii) for acceptance by consignee.)

The original documents under (i) and (iii) shall be returned after verification with self-attested photocopies and making endorsements on originals relating to transaction made.

10.4.4 In case of direct import by CIL/Subsidiary Companies, the offers may be invited on FOB / CFR / CIF port of destination / CIP named place of destination basis as per prevailing policy of Government of India. In such cases, Customs Duty shall be paid by the Purchaser directly to Customs Authorities.

¹³As per OM No. DPE/13(22)/13-Fin. dated 31.12.2013



10.4.5 Customs Duty on Imported Goods

In respect of imported goods, the tenderers shall also specify separately the total amount of customs duty included in the quoted price. The tenderers should also indicate correctly the rate of customs duty applicable for the goods in question and the corresponding Indian Customs Tariff Number/ HSN Code. Where customs duty is payable, the contract should clearly stipulate the quantum of duty payable etc. in unambiguous terms. The standard clauses to be utilized for this purpose are to be incorporated in the tender enquiry documents. The Government has allowed exemption from payment of customs duty in respect of certain types of goods for use by the certain organizations. However, to avail of such exemptions, the organizations are required to produce “Customs Duty Exemption” certificate and “Not Manufactured in India” certificate at the appropriate time.

The relevant contemporary instructions covering these aspects should be incorporated in the tender enquiry document and in the resultant contract.

- 10.4.6** Technical Department should prepare standard/detailed generalized specifications for all items of P&M/Capital Stores/Revenue Items keeping in view the guidelines as prescribed in Chapter-4 and attach them with the indent for inclusion in the Tender. Any change in the specification over the standard specification or over the previous tender must have the approval of the concerned Director (Technical). The reasons for the change in specifications should be clearly brought out.

10.5 Deemed Exports

If the bidder has quoted the items under the deemed exports, then it will be the responsibility of the bidder to get all the benefits under deemed exports from the Government. CIL/Subsidiary Companies responsibility shall only be limited to the issuance of required certificates. The quotation will be unconditional and phrases like “subject to availability of deemed exports benefit” etc. will not be accepted.

10.6 Banned or Delisted or Debarred or ‘Put on Holiday’ Suppliers

The bidder as well as the manufacturer (if bidder is not the manufacturer) will give a declaration that they have not been banned or de-listed or debarred or ‘Put on Holiday’ by any Government or quasi-Government agencies or PSUs. If a bidder and/or manufacturer has been banned or de-listed or debarred or ‘Put on Holiday’ by any Government or quasi-Government agencies or PSU, this fact must be clearly stated and it may not necessarily be a cause for disqualifying them. If this declaration is not given, the bid will be rejected as non-responsive.

A drop down menu shall be provided in CPS for indicating status with following options:

- i. “We have not been banned / de-listed / debarred / put on holiday by any Government or quasi-Government agency or PSU.”



- ii. "We have been banned."
- iii. "We have been de-listed."
- iv. "We have been debarred."
- v. "We have been Put on Holiday."

In case the bidder chooses any of the options from ii. to v. above, a separate cell shall also be provided in CPS with text entry option, for bidder to indicate details of banning / delisting / debarment / put on holiday, as applicable.

Note: In case there is involvement of two or more entities in the tender (e.g.: Indian Agent of a Foreign Manufacturer, Indian Subsidiary of an Indian Manufacturer, etc.), the CPS will have provision for seeking the above options for all the entities involved in the tender.

10.7 Deviation

Deviations sought by the bidders, whether these are commercial or technical deviations, must only be given in the prescribed schedules. Any attempt by the bidders to camouflage the deviations by giving them in the covering letter or other documents than the prescribed schedules may render the bid non-responsive.

10.8 Elements of Prices and their Variations

10.8.1 The evaluation of tenders is made on the basis of ultimate cost to the user and is the major factor in the decision for placement of contract. The elements of price included in the quotation of a tenderer depend on the nature of the goods to be supplied and the allied services to be performed, location of the supplier, terms of delivery, extant rules and regulations about taxes, duties, etc. of the seller's country and the buyer's country.

10.8.2 In case of indigenous goods, the main elements of price are raw material price, production cost, overhead, packing & forwarding charges, margin of profit, transit insurance, freight, excise duty and other taxes and duties or GST as applicable. In case of imported goods, in addition to similar elements of price as above (other than excise duty), there may be elements of ocean/air freight and insurance, customs duty, import duty, IGST, landing and clearing charges, inland freight and insurance, other duties/taxes and commission to Indian agents if any. Further, depending on the nature of the goods (whether domestic or imported), there may be cost elements towards installation & commissioning, operator's training etc.

10.8.3 It is, therefore, necessary that, to enable the tenderers to frame their quotations properly in a meaningful manner, the tender documents should clearly specify the desired terms of delivery and also the duties and responsibilities to be performed by the supplier in addition to supply of goods.



10.8.4 Where the price has several components like price of the goods, costs for installation & commission, operators' training etc. the tenderers should be asked to furnish the cost break-up indicating the applicable prices for each such component (as specified and desired in the tender enquiry document) along with the overall price.

10.8.5 Currency

The tender documents are to specify the currency (currencies) in which the tenders are to be priced. As a general rule, domestic tenderers are to quote and accept their payment in Indian currency; Indian agents of foreign suppliers are to receive their agency commission in Indian currency; costs of imported goods, which are directly imported against the contract, may be quoted in foreign currency (currencies) and paid accordingly in that currency; and the portion of the allied work and services, which are to be undertaken in India (like installation & commissioning of equipment) are to be quoted and paid in Indian currency.

10.8.6 Firm Price vis-à-vis Variable Price

10.8.6.1 As already mentioned vide Clause-3.21(v), for short term contracts where delivery period does not extend beyond 18 months, contract should be concluded with firm and fixed price by inviting tenders accordingly. It should be mentioned in the NIT that the prices quoted must be FIRM till delivery, otherwise, the offer will be rejected.

10.8.6.2 Where it is decided to conclude the contract with variable price, an appropriate clause incorporating, inter alia, suitable price variation formula should also be provided in the tender enquiry documents. In the price variation clause, the price agreed upon should specify the base level viz., the month and year to which the price is linked, to enable variations being calculated with reference to the price levels prevailing in that month and year. A formula for calculation of price variation that has taken place between the base level and the scheduled delivery date is to be included in the price variation clause. The variations are to be calculated by using indices published by Governments / Chamber of Commerce periodically. Suitable weights are to be assigned to the applicable elements viz. fixed overheads & profits, material and labor in the price variation formula. If the production of the goods needs more than one raw material, then the input cost of material may be further sub-divided for different categories of material, for which cost indices are published.

10.8.6.3 Guidelines mentioned in Clause-3.21 (v) may also be kept in view wherever it is intended to conclude contracts with price variation clause. An illustrative price variation clause has been provided at **Annexure-8**. In cases, where it is decided to conclude contracts with price variation clause, the price variation formula should be formulated by a Committee comprising Heads of MM, Finance and Technical Departments and approved by Director (Technical) of CIL/ Subsidiary Company before incorporating the same in the tender document.



10.8.6.4 Tender should be floated seeking quotations from the bidders either with firm price or with variable price. In no case, tender conditions should allow certain bidders to quote firm price and certain bidders to quote variable prices in the same tender. Whenever tenders are invited with price variation clause, suitable price variation formula and the relevant indices are to be mentioned in the tender documents.

10.8.7 Exchange Rate Variation (ERV)

10.8.7.1 In case of a contract involving substantial import content(s) and having a long delivery period (exceeding one year from the date of contract), an appropriate Foreign Exchange Variation clause may be formulated in consultation with the Finance Department, as needed, and incorporated in the Tender Enquiry Document. In that clause, the tenderers are to be asked to indicate import content(s) and the currency(ies) used for calculating the value of import content(s) in their total quoted price, which (i.e. the total quoted price) will be in Indian Rupees. The tenderers may be asked to indicate the Base Exchange Rate for each such foreign currency used for converting the FE content into Indian Rupees and the extent of foreign exchange rate variation risk they are willing to bear.

10.8.7.2 To work out the variation due to changes (if any) in the exchange rate(s), the base date for this purpose will be the due date of opening of tenders/seven days prior to the due date of opening of tenders (the purchaser is to decide and adopt a particular suitable date and disclose the same in tender documents). The variation may be allowed between the above base date and the date of remittance to the foreign principal/mid-point of manufacture of the foreign component (the purchaser is to choose the appropriate date and disclose the same in tender documents). The applicable exchange rates as above will be according to the Bill Selling Rates of Exchange as quoted by authorized Exchange Bankers approved by the Reserve Bank of India on the dates in question. No variation in price in this regard will be allowed if the variation in the rate of exchange remains within the limit of plus/minus percent. (The purchaser is to decide the figure and disclose the same in tender documents).

10.8.7.3 Any increase or decrease in the Customs Duty by reason of the variation in the rate of exchange in terms of the contract will be to the buyer's account. In case Delivery period is re-fixed/ extended, ERV will not be admissible, if this is due to default of the supplier. The purchase organization may formulate an appropriate ERV clause on similar lines as above in consultation with their Finance Wing. The following documents should be furnished by the supplier for claiming ERV:

- a). A bill of ERV claim enclosing working sheet
- b). Banker's Certificate/debit advice detailing F.E. paid, date of remittance and exchange rate
- c). Copies of import order placed on supplier
- d). Invoice of supplier for the relevant import order

10.8.8 Duties and Taxes on Domestic Goods



10.8.8.1 The duties and taxes including excise duty and CST/ VAT or GST levied by the Government on domestic goods vary from product to product. As a general policy, the statutory variations in such duties & taxes are to be allowed during the period from the date of tender to the date of acceptance of the tender (i.e. placement of contract) and during the original/ re-fixed delivery period of the contract so that both the supplier and purchaser are equally compensated for rise or fall in the prices of the goods on account of such statutory variations. However, in case of GST, the statutory variation in the rate of tax will be allowed till the delivery of the goods against the contract.

Note: Re-fixed delivery period means the fresh delivery period which is arrived at by recasting the original contractual delivery period after taking care of the lost period, for which the supplier was not responsible. Clause-19.7 maybe referred in this connection.

10.8.8.2 In the tender enquiry conditions, the tenderers, wherever applicable, should be asked to specifically state in their offer whether they intend to ask for the duties and taxes as extra over and above the prices being quoted. In the absence of any indication to this effect by the tenderers, it is to be assumed that the prices quoted include these elements and no claim for the same will be entertained after opening of tenders and during the currency of the resultant contract. However, where the tenderer in its quotation mentions that the prices are exclusive of statutory duties & taxes and the same will be payable extra, this condition should be incorporated in the resultant contract in clear terms.

10.8.8.3 Sometimes, the tenderer, in its tender mentions that its quotation includes current rates of taxes and duties as applicable and statutory variations, if any at the time of supply will be applicable. This condition may be acceptable. However, correctness of the taxes and duties quoted by a tenderer as applicable during that period is to be verified while considering its tender. Also, only statutory variations, and not any other type of variations are allowed.

10.8.9 Duties/Taxes on Raw Materials

The purchaser is not liable to any claim from the supplier on account of fresh imposition and/or increase (including statutory increase) of excise duty, custom duty, sales tax, etc. or GST on raw materials and/or components used directly in the manufacture of the contracted goods taking place during the pendency of the contract, unless such liability is specifically agreed to in terms of the contract.

10.8.10 Excise Duty (Wherever Applicable)

10.8.10.1 The tenderers must indicate the rate/quantum of Excise duty applicable and payable by them irrespective of the fact whether the quoted prices are inclusive or exclusive of Excise Duty.

10.8.10.2 In cases where the tenderer intends to ask for excise duty as extra, he is required to state it specifically. In the absence of any such stipulation, it



is to be assumed that the prices quoted include the element of excise duty and no claim for the same will be entertained after opening of tenders.

10.8.10.3 Any statutory variation in Excise Duty within contractual delivery period shall be admissible. Any increase in Excise Duty will be paid at actual based on documentary evidence. No upward revision in Excise duty beyond original delivery period shall be admissible. However, benefit of any statutory reduction in Excise Duty whether within or beyond original delivery period shall pass on to the Purchaser.

10.8.11 Central Sales Tax / State VAT (Wherever Applicable)

10.8.11.1 CST/VAT, if payable extra, will be paid as per prevailing legally applicable rate on Ex-works price plus Excise Duty.

10.8.11.2 Any statutory change in Central Sales Tax/ State VAT within contractual delivery period shall be admissible. Any increase in CST/VAT will be paid at actual based on documentary evidence. No upward revision in Central Sales Tax/ State VAT beyond original delivery period shall be admissible. However, benefit of any statutory reduction in CST/VAT whether within or beyond original delivery period shall pass on to the Purchaser.

10.8.12 Goods and Services Tax (GST)

Government of India has implemented Goods and Services Tax (GST) with effect from 01.07.2017. The salient features of GST are as under:

- (i) GST would be applicable on “supply” of goods or services as against the present concept of tax on the manufacture of goods or on sale of goods or on provision of services.
- (ii) GST would be based on the principle of destination based consumption taxation as against the present principle of origin based taxation.
- (iii) It would be a dual GST with the Centre and the States simultaneously levying it on a common base. The GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the States [including Union territories with legislature] would be called State GST(SGST). Union territories without legislature would levy Union territory GST (UTGST).
- (iv) An Integrated GST (IGST) would be levied on inter-State supply(including stock transfers) of goods or services. This would be collected by the Centre so that the credit chain is not disrupted.
- (v) Import of goods or services would be treated as inter-State supplies and would be subject to IGST in addition to the applicable customs duties.
- (vi) Import of services would be treated as inter-State supplies and would be subject to IGST
- (vii) CGST, SGST/UTGST& IGST would be levied at rates to be mutually agreed upon by the Centre and the States under the aegis of the GST Council(GSTC).
- (viii) GST would replace the following taxes currently levied and collected by the Centre:

- a) Central Excise duty



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- b) Duties of Excise (Medicinal and Toilet Preparations)
 - c) Additional Duties of Excise (Goods of Special Importance)
 - d) Additional Duties of Excise (Textiles and Textile Products)
 - e) Additional Duties of Customs (commonly known as CVD)
 - f) Special Additional Duty of Customs (SAD)
 - g) Service Tax
 - h) Cesses and surcharges insofar, as far as they relate to supply of goods or services
- (ix) State taxes that would be subsumed within the GST are:
- a) State VAT
 - b) Central Sales Tax
 - c) Purchase Tax
 - d) Luxury Tax
 - e) Entry Tax (All forms)
 - f) Entertainment Tax (except those levied by the local bodies)
 - g) Taxes on advertisements
 - h) Taxes on lotteries, betting and gambling
 - i) State cesses and surcharges insofar, as far as they relate to supply of goods or services
- (x) GST on five specified petroleum products (Crude, Petrol, Diesel, ATF & Natural gas) would be applicable from a date to be recommended by the GSTC.
- (xi) The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and the States as well as across States as far as possible.
- (xii) Exports would be zero-rated.
- (xiii) Credit of CGST paid on inputs may be used only for paying CGST on the output and the credit of SGST/UTGST paid on inputs may be used only for paying SGST/UTGST. In other words, the two streams of input tax credit (ITC) cannot be cross utilized, except in specified circumstances of inter-State supplies, for payment of IGST. The credit would be permitted to be utilized in the following manner:
- a) ITC of CGST allowed for payment of CGST & IGST in that order;
 - b) ITC of SGST allowed for payment of SGST & IGST in that order;
 - c) ITC of UTGST allowed for payment of UTGST & IGST in that order,
 - d) ITC of IGST allowed for payment of IGST, CGST & SGST/UTGST in that order.
- ITC of CGST cannot be used for payment of SGST/UTGST and vice versa.
- (xiv) Applicability of GST on Liquidated damages, EMD and/or Security Deposit forfeiture: GST shall not be applicable on liquidated damages, EMD and/or Security Deposit forfeiture.



10.8.13 Octroi/Entry Tax and other Local Taxes

In cases where octroi/entry tax and/or other local taxes are applicable and the bidder desires to claim the same as extra, it should be specifically mentioned by the tenderer in its offer along with rate(s) of such taxes/levies as applicable. A suitable clause in this regard has to be incorporated in the tender enquiry. Claims for such payments shall be made on reimbursement basis for which proper receipt(s) of such payments are to be obtained from the concerned Municipal / Local authorities and have to be submitted along with the bill.

10.8.14 Capitalization of Input Tax Credit

CIL Board in its 415th Meeting held on 24.12.2020 had decided to capitalize GST Input Tax Credit in case of Capital Goods. Accordingly, the financial evaluation of bids in case of goods falling under Capital Expenditure should be based on the total cost inclusive of GST. However, in case of goods falling under Revenue Expenditure, the financial evaluation of bids should be based on Landed Value of the item without adding GST. A suitable clause in this regard has to be incorporated in the tender enquiry.

10.9 Price Fall Clause

The following Price Fall Clause shall be incorporated in the NIT and the resultant Contracts:

If the contract holder reduces its price or sells or even offers to sell the contracted goods or services following conditions of sale similar to those of the contract, at a price lower than the contract price, to any person or organization during the currency of the contract, the contract price will be automatically reduced with effect from that date for all the subsequent supplies under the contract and the contract be amended accordingly.

In case of parallel Rate / Running Contracts, if the price of a product is reduced for any supplier due to invocation of 'Price Fall clause' or any other reason, the same lower price shall also be applicable for the other suppliers who are having parallel RCs against the same tender. If any parallel RC holder does not accept the lower price, CIL shall have the right to delete the item from the scope of RC of such firm and procure the same from other existing supplier / Reserve RC holders.

The provisions of price fall clause will however not apply to the following:

- i) Export/Deemed Export by the supplier;*
- ii) Sale of goods or services as original equipment prices lower than the price charged for normal replacement;*
- iii) Sale of goods such as drugs, which have expiry date;*
- iv) Sale of goods or services at lower price on or after the date of completion of sale/placement of order of goods or services by the authority concerned, under the existing or previous Rate Contracts as also under any previous contracts entered into with the Central or State*



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Government Departments including new undertakings (excluding joint sector companies and or private parties) and bodies.

Note:

- a. *The currency of contract will mean the period till completion of supply.*
- b. *The bidder will be asked to submit a copy of the last (latest) purchase order (bidder may opt to mask the price portion and shall submit an undertaking that priced copy will be submitted on being L1 after opening of Price Bid / Reverse Auction) for the tendered / similar item(s) received by them from any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization, along with the offer.*
- c. *It shall be responsibility of the supplier to inform the purchaser of offer to supply / supply of the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization during the currency of the contract.*
- d. *The supplier shall submit a certificate along with the bill(s) that it has not offered to supply / supplied the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization.*
- e. *The provisions of fall clause will however not apply for purchase value up to Rs. 2.00 lakh.*
- f. *Point (b) above is not applicable in the case of renewal of Depot Agreements.*

10.10 Period of Validity of Bids

10.10.1 It is essential that tenders are finalized and contracts are awarded in a time bound manner within original validity of the tender, without seeking further extension of validity. While a short validity period calls for prompt finalization by observing specific time-line for processing, a longer validity period has the disadvantage of vendors loading their offers in anticipation of likely increase in costs during the period. Hence, it is important to fix the period of validity with utmost care. A reasonable time preferably not exceeding 120 days from the date of opening of bid (Techno-Commercial Bid in case of two-bid system) should be fixed for the bids to remain valid while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking the approval of the Competent Authority, etc. Finalization of tender within the stipulated original validity should be ensured. After expiry of bid validity, if a bidder (on whom penalty is not to be imposed), does not extend validity and requests for refund of EMD, it should be refunded to them.

10.10.2 A bid valid for a period shorter than called for is liable to be rejected by the purchaser.



10.10.3 In addition, tender enquiry may include, wherever considered necessary, any other relevant terms & conditions as may be applicable from time to time depending upon the circumstances of the case.

10.11 General Conditions of Contract (GCC)

The General conditions of the contract (GCC) include the general clauses to be incorporated in all contracts covering all information on aspects after the announcement of the tender award till the closure of the contract and dispute resolution. These are placed at **Annexure-21**. These conditions shall form part of all the tender enquiries issued by CIL/ Subsidiary Company.

10.12 Special Conditions of Contract (SCC)

Special Conditions of Contract (SCC) consist of specific provisions related to each contract. These shall modify/ substitute/ supplement the General Conditions of Contract. These conditions may vary depending upon the item and/or nature of procurement. Whenever there is a conflict between the provision in the GCC and SCC, the provisions contained in the SCC shall prevail. A format for SCC is placed at **Annexure-22**.

10.13 Schedule of Requirements (SOR)

Description of items, quantity, consignees' details, delivery terms, delivery schedule, requirements of installation, commissioning, training and other services required including quantum/period of such services, etc. are mentioned in the Schedule of Requirements.

10.14 Cost of Tender Documents

Tender documents against tender enquiries issued by the CIL/ Subsidiary Companies shall not be charged for irrespective of the tender value. Tender documents are not transferable.

10.15 Approval of Tender Enquiry

The tender enquiry prepared on the basis of the provisions of Purchase Manual shall be approved by HOD of MM Dept./GM of Area. In case of any departure, the same will require approval of Competent Authority.

10.16 Amendment/ Modification to Tender Enquiry

10.16.1 Due care and diligence should be exercised while preparing the NIT, so that as far as possible, subsequently, there is no requirement for the issue of a corrigendum. However, sometimes, situations may arise necessitating modification of the tender enquiry already issued. Also, after receiving the documents, a tenderer may point out some genuine mistakes necessitating amendment in the tender documents. It is desirable to first check and ascertain whether the proposed amendment to the NIT is in the nature of minor change (in the specification and tender terms and conditions) or of a nature to substantially change the



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requirements. Changes that are of a nature to substantially change the specifications or the tender terms and conditions, should be avoided and a fresh tender floated by discharging the earlier tender. However, in case of any change (minor or substantial) arising out of Pre-Bid Conference, the same may be issued in the form of a corrigendum / amendment without issuing fresh tender.

- 10.16.2** It should be satisfied that there is likely to be no compromise either on transparency or providing a level playing field to the bidders in case corrigendum / amendment is allowed to be issued.
- 10.16.3** Adequate publicity of the corrigendum may be given in the same manner as the publication or communication of the initial bidding document was made for information of bidders and prospective bidders including publication on websites and e-procurement portal etc. so that all the stakeholders are fully aware of the amendments.
- 10.16.4** Copies of such amendment/ modification should be uploaded on the websites of CIL/ Subsidiary Companies, CPP portal, e-procurement portal. In case of LTE, copies of such amendment/ modification should be simultaneously sent to all known sources by e-mail.
- 10.16.5** In case of e-procurement, when any corrigendum is issued, the e-procurement online application should contain a column/ requirement to be filled up in which a confirmatory reply is to be furnished by the bidder as to the fact that he is aware of the amendment contained in the corrigendum (issued on a particular date, after the issue of the NIT) and the same has been taken into consideration, while making his quote.
- 10.16.6** It should be ensured that the bidders get sufficient time to submit their offer after issue of the corrigendum. It should be ensured that a minimum 15 days' time is available after issue of corrigendum depending upon the type and nature of amendment contained in the corrigendum. If need be, extension of time should be considered so as to ensure that bidders have sufficient time for submission of bid or revision of submitted bids.
- 10.16.7** Any bidder who has submitted his bid in response to the original invitation shall have the opportunity to modify or resubmit it, as the case may be, or withdraw such bid in case the modification to bidding document materially affect the essential terms of the procurement, within the period initially allotted or such extended time as may be allowed for submission of bids, after the modifications are made to the bidding document by the procuring entity, provided that the bid last submitted or the bid as modified by the bidder shall be considered for evaluation.

10.17 Extension of Due Date of Bid Submission



- 10.17.1** Normally the last date of submission of bid shall not be extended. However, when the amendment/ modification changes the requirement significantly and/or when there is not much time left for the tenderers to respond to such amendments, and prepare revised bid, the time and date of submission of bids are also to be extended suitably, along with suitable changes in the corresponding time-frames for receipt of bid, bid validity period etc. Such an amendment may also need fresh publication adopting the same procedure as for publication/ issuance of the original tender enquiry.

The last date of submission of bid may also be extended once if the request for extension is received from prospective bidder(s), based on merit of the facts of the case with the approval of HOD (MM)/ Area GM. However subsequent extension for due date of bid submission shall require approval of Dir(Technical) CIL / Dir(Technical) Subsidiary / Area GM.

- 10.17.2** Proper justification & reasoning for such amendment/modification to tender enquiry and/or extension of tender opening date must be recorded in the file.

10.18 Signing of all Pages of Tender

- 10.18.1** In case of manual bidding, the tenderers must be instructed in the NIT to sign with seal on all pages of their tender, including all enclosures submitted with the tenders except printed leaflets / catalogues. The offers received without signature and seal on all pages as above, shall be rejected.

- 10.18.2** In case the Tenderers submit self-attested copies of Udyam Registration Certificate, License from BIS and approval certificate issued by DGMS / PESO/ other Independent Statutory Bodies of Govt. of India, along with the tender, such documents should normally be accepted by the Dealing Officer as authentic documents without going for any further verification with the original document. However, if later on the documents submitted by the tenderer are found to be fake/forged, the entire responsibility shall be of the tenderer and for which the purchaser shall take such punitive and other administrative actions against the tenderer as are considered deemed fit.

10.19 Procedure for Submission of Tenders

- 10.19.1** In case of manual submission of bids, all envelopes containing the tenders shall be properly sealed by sealing wax embossed with the logo or monogram of the tenderers and submitted through Tender Box. Envelopes sealed by Gum or Stapled shall not be accepted. The envelope containing the tenders must be super-scribed with the Tender No. and date and time of opening.



10.19.2 Tenders not submitted in the above manner will not be accepted.

10.20 Amendments/ Modifications to bid

The tenderer, after submitting its bid, is permitted to submit alterations/modifications to its bid so long such alterations/modifications are received duly sealed and marked like original bid, upto the date & time of receipt of bid. Any amendment/ modification received after the prescribed date & time of receipt of bids are not to be considered except as provided in clause-13.7 'Post Tender Revision' of this Manual.

10.21 Conflict of Interest among Bidders/Agents

A bidder shall not have conflict of interest with other bidders. Such conflict of interest can lead to anti-competitive practices to the detriment of Procuring Entity's interests. The bidder found to have a conflict of interest shall be disqualified. A bidder may be considered to have a conflict of interest with one or more parties in this bidding process, if:

- (a) they have controlling partner (s) in common; or
- (b) they receive or have received any direct or indirect subsidy/financial stake from any of them; or
- (c) they have the same legal representative/agent for purposes of this bid; or
- (d) they have relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another bidder; or
- (e) bidder participates in more than one bid in the bidding process. Participation by a bidder in more than one Bid will result in the disqualification of all bids in which the parties are involved. However, this does not limit the inclusion of the components/sub-assembly/assemblies from one bidding manufacturer in more than one bid.
- (f) in cases of agents quoting in offshore procurements, on behalf of their principal manufacturers, one agent cannot represent two manufacturers or quote on their behalf in a particular tender enquiry. One manufacturer can also authorize only one agent/dealer. There can be only one bid from the following:
 - 1. The principal manufacturer directly or through one Indian agent on his behalf; and
 - 2. Indian/foreign agent on behalf of only one principal.
- (g) a Bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract that is the subject of the Bid;
- (h) in case of a holding company having more than one independently manufacturing units, or more than one unit having common business ownership/management, only one unit should quote. Similar restrictions would apply to closely related sister companies. Bidders must proactively declare such sister/common business/ management units in same/similar line of business.

10.22 Restriction on procurement from bidders from a country sharing Land Border with India

Provisions of Order no. F.7/10/2021-PPD(1) dated 23.02.2023 of Department of Expenditure (**Annexure-31**) are to be complied with. Model



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Clauses indicated in Annexure-III of the Order are to be suitably incorporated in the tenders. Certifications required as per the Order may be incorporated in the Commercial Parameter Sheet.



CHAPTER - 11 INTEGRITY PACT

11.1 Introduction

The Integrity Pact is a tool to help governments, businesses and civil society to fight corruption in public contracting. The pact essentially envisages an agreement between the prospective vendors/bidders and the buyer, committing the persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

- Promise on the part of the Procuring Entity not to seek or accept any benefit, which is not legally available;
- Principal to treat all bidders with equity and reason;
- Promise on the part of bidders not to offer any benefit to the employees of the Procuring Entity not available legally and also not to commit any offence under Prevention of Corruption Act, 1988 or Indian Penal Code 1860;
- Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.
- Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC/ IPC Act;
- Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;
- Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary, in connection with subject bid / contract.
- Bidders to disclose any transgressions with any other company in any country that may impinge on the anti-corruption principle.

The Integrity Pact (IP), in respect of a particular contract, shall be operative from the date IP is signed by both the parties till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

11.2 Implementation procedure:

11.2.1 In CIL and its Subsidiary Companies, IP shall cover all tenders / procurements of value of Rs. 2 crores and above.

11.2.2 The implementation of IP will be made as per instructions contained in Standard Operating Procedure (SOP) issued by CVC from time to time. The



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current SOP has been issued by CVC vide its Circular no. 015/VGL/091 dated 14.06.2023. As per the current SOP, the following main aspects are to be compiled with while finalizing tenders:

- 11.2.3** The provision for IP is to be included in all NITs issued in respect of procurements/ contracts that meet the criteria decided in clause-11.2.1 above.
- 11.2.4** In all such tenders, particulars of all IEMs should be mentioned instead of nominating a single IEM in the tender as far as possible.
- 11.2.5** It has to be ensured through an appropriate provision in the contract that IP is deemed as part of the contract so that the parties concerned are bound by its provisions.
- 11.2.6** IEM would have access to all Contract documents, whenever required. CIL/ Subsidiary Company will provide secretarial assistance to IEM for rendering his/ her job as IEM.
- 11.2.7** The IEMs would examine all complaints received by them and give their recommendations/ views to the Chairman, CIL/ CMDs of Subsidiary Companies, at the earliest as far as possible within 10 days.
- 11.2.8** For ensuring desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs, who would submit their joint recommendations to the Management.
- 11.2.9** The role of IEMs is advisory, would not be legally binding and is restricted to resolving issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or is biased towards some bidders. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.
- 11.2.10** The final responsibility for implementation of IP vests with the Chairman, CIL / CMDs of Subsidiary Companies, as the case may be.
- 11.2.11** The format for Integrity Pact is placed at **Annexure-23**. The guidelines circulated by GM (MM), CIL vide his letter no. CIL/C2D/Integrity Pact/1485 dated 30.03.2020 for referral of Complaint to IEMs and threshold limit of Integrity Pact are given at **Annexure-23A**.
- 11.2.12** The following clause shall be incorporated in the tender enquiry:

The bidders will have to upload along with their offer, digitally signed Pre-Contract Integrity Pact as per prescribed format, failing which their offer may not be considered. In terms of the Integrity Pact, the Independent External Monitor(s) (IEMs) nominated for this tender are as follows:



11 - Integrity Pact

Sl.	Name of IEM	Address	e-Mail ID	Mobile No.

In case of any grievance, bidders may approach Independent External Monitor(s) (IEMs).

- 11.2.13** As the tenure of an earlier IEM is over, the new IEM may be entrusted with the responsibility for the old tenders which have still not been finalized as well as running / finalized contracts from the date of joining of new IEM / date of entrustment, as the case may be. However, this may be brought to the notice of all concerned by way of publication in Company's website / corrigendum to the NITs / Contracts. A copy of the NIT / Contract order may be forwarded to the new IEMs for their perusal. If any complaint / reference has already been forwarded or made to the earlier IEMs, the same may be dealt with by them. However, if any earlier IEM refuses to examine such complaints / reference, the same may be referred to the new IEMs under intimation to all concerned.



CHAPTER - 12

TENDER SUBMISSION, RECEIPT AND OPENING

12.1 Introduction

While electronic mode of tendering is presently the norm, however, there could be exceptional circumstances where manual tendering process may have to be followed. In all such cases, the following procedure shall prevail.

12.2 Receipt and Custody of Tenders

12.2.1 Receipt and custody of tenders shall be done in a transparent manner. Offline tenders are to be received through tender box and in its absence, by hand delivery to the nominated officials of the purchase department.

12.2.2 The tender box should be located in an easily accessible place for the parties to drop their tenders. The tender box will be opened by concerned official of the Receipt Section on the prescribed date and time (as specified for receipt of tenders) and the relevant tenders will be taken out. In the tender box, there may be tenders for other cases also which are due for opening later; such tenders are to remain in the tender box under lock and key. The tenders so taken out are to be entered in a register duly signed with date and time by the concerned official of the Receipt Section and handed over to the concerned dealing officer for opening.

12.2.3 There may be cases where the tenders are too bulky to be put in the tender box and, therefore, the tenders are to be submitted by hand. In such cases, it should be ensured that names and designations of at least two officers, who will receive the tenders, are prominently mentioned in the tender documents. The information about these officers should also be displayed at the entrance/reception of the premises where tenders are to be deposited. The officer receiving a tender is to give the bearer of the tender a receipt duly signed by him with date and time of receipt of the tender. A separate register is to be maintained for keeping records of the bids, received by hand. Such bids will be kept in safe custody of the concerned dealing officer till the date & time of bid opening.

12.2.4 Sometimes, tenders are also received by post. Such tenders shall be received and documented in identical manner as applicable for tenders received through hand delivery. Tenders sent through fax or e-mail will not be considered except in case of single enquiry in which case post confirmation copy is to be obtained before competent approval.

12.3 Late Tender

A tender which is received after the specified date and time for receipt of tender is a late tender. Late tenders are not to be considered in case of open and limited tender enquiries. However, this will not apply in case of single tender enquiries/ proprietary purchases.



12 - Tender Submission, Receipt and Opening

12.4 Opening of Tenders

12.4.1 All the tenders received on time shall be opened in the presence of authorized representatives of the tenderers who have submitted tenders within the due date and time. The authorized representatives, who intend to attend the tender opening, are to bring with them authorization letters from the corresponding tenderers. Only one person per participating tenderer shall be allowed to attend the tender opening.

12.4.2 There should be minimum time gap in between due date and time of submission and opening of tenders.

12.4.3 At least two officials – one dealing officer from Purchase Department and one officer from Associated Finance should jointly open the tenders.

12.5 Responsibility of the Tender Opening Officials

12.5.1 The tender opening officers are to announce the following salient features of the tenders for information of the representatives of the tenderers present:

- i). Tender Number
- ii). Name of the Tenderer
- iii). Description and specification of goods in brief
- iv). Quantity quoted for
- v). Unit price including discount, if any, point of delivery and escalation clause, if any.
- vi). Delivery Schedule
- vii). whether EMD furnished or not
- viii). Any other important particulars may also be read out.

12.5.2 After opening, all tenders shall be numbered serially, initialed and dated in front page. Each page of the tender/ offer shall also be initialed. Prices shall be circled and initialed with date separately. Entries left blank, if any, by the tenderers shall be indicated by drawing a line in the space under the initials of the Officers concerned. Alterations, erasing or cuttings in the tenders, if any, made by the firm and substituted words shall be encircled and initialed with date by the Officers concerned opening the tender to make it perfectly clear that such alternations, erasing, cuttings, etc. were present on the tender at the time of opening. Blank tenders, if any, should be marked accordingly by the tender opening officials.

12.5.3 The tender opening officials will prepare a list of the representatives attending the tender opening and obtain their signatures on the same. The list will also contain the representatives' names and the corresponding tenderers' names & addresses. The authorization letters brought by the representatives will be attached with this list. This list will be signed by both the tender opening officials with date & time.

12.5.4 An on-the-spot note containing the names of the tenderers will be prepared by the tender opening officers duly signed by them with date & time.



12 - Tender Submission, Receipt and Opening

12.6 Single Stage Single Envelope System

In the single stage single envelope system, the entire bids comprising techno-commercial and price bids, submitted by various bidders shall be opened simultaneously on the scheduled date and time of tender opening as mentioned in NIT.

12.7 Two Bid System

In the two bid system, offers are received in two separate covers, viz. Cover-I and Cover-II. Cover-I containing techno-commercial bids shall be opened first on the scheduled date and time of tender opening as mentioned in NIT. Cover-II containing the price bids of only the technically and commercially acceptable tenderers evaluated as per laid down procedure, shall be opened later on a date and time to be notified separately.

12.8 Disclosure of Price

Tenders are to be treated as confidential documents and except at the time of public opening of tenders, prices quoted are not to be disclosed to anybody by any employee of the Company.



13 - Evaluation of Bids and Placement of Orders

CHAPTER - 13

EVALUATION OF BIDS AND PLACEMENT OF ORDERS

13.1 Introduction

13.1.1 Evaluation of tenders is one of the most significant areas of Purchase Management. The entire process of tender evaluation and placement of contract must be transparent. All the aspects including the methods to be adopted for evaluation of tenders and for determining the lowest evaluated responsive tender for placement of contract, are to be incorporated in the tender document in a comprehensive manner without any ambiguity, so that the intending tenderers can formulate their competitive offers in a meaningful manner and participate in the tendering process with confidence.

13.1.2 All the tenders are to be evaluated strictly on the basis of the terms & conditions incorporated in the tender document and the terms, conditions etc. offered by the tenderers in their offers. No new condition which was not incorporated in the bidding documents should be brought in for evaluation of bids. Similarly, no tender condition (specially the significant/essential ones) should be overlooked while evaluating the tenders.

13.1.3 Determination of a bid's responsiveness should be based on the contents of the bid itself without recourse to extrinsic evidence. Aim should be to ensure that no tenderer gets undue advantage at the cost of other tenderers and/or at the cost of the purchaser.

13.2 Scrutiny and Evaluation of Bids

13.2.0 Indicative Time Schedule for processing of the Tenders

Efforts should be made to process the tenders as per the time schedule indicated below. However, the bid validity in the tenders should be kept as per the provisions under Clause-10.10.

Sl. No.	Mode of Procurement	Domestic	Global
1	Single Stage Two Bid System (Two Cover)	105 days	120 days
2	Single Stage Single Bid System (Single Cover)	90 days	120 days
3	Limited Tender Enquiry	60 days	105 days
4	Single Tender Enquiry	45 days	60 days

13.2.1 All the offers will first be scrutinized to see whether they meet the basic requirements as incorporated in the tender document. The following are the important points for which an offer may be declared as unresponsive and may be ignored:



13 - Evaluation of Bids and Placement of Orders

- i) The tender is not in the prescribed format or is unsigned or is not signed as per the stipulations in the bid document;
- ii) The required EMD has not been provided or exemption from EMD is claimed without acceptable proof of exemption;
- iii) The bidder is not eligible to participate in the bid as per laid down eligibility criteria (Example: The tender enquiry condition says that the bidder has to be a registered MSE unit but the tenderer is a, say, a Large Scale Unit);
- iv) The tenderer has quoted for goods manufactured by a different firm without the required authority letter from the proposed manufacturer;
- v) The bid departs from the essential requirements specified in the bidding document (for example, the tenderer has not agreed to give the required performance security); or
- vi) Against a schedule in the List of Requirements in the tender enquiry, the tenderer has not quoted for the entire requirement as specified in that schedule (example: in a schedule, it has been stipulated that the tenderer will supply the equipment, install and commission it and also train the purchaser's operators for operating the equipment. The tenderer has, however, quoted only for supply of the equipment).

13.2.2 During the above scrutiny of offers, the purchaser may also find some minor infirmity and/or irregularity and/or non-conformity in some of the offers. These may be got clarified from the concerned bidder provided the same does not constitute any material deviation and financial impact and also, does not prejudice or affect the ranking order of the bidders. The purchaser may seek confirmation, clarification, etc. in such cases by e-mail, through e-procurement portal, etc. asking the tenderer to respond by a specified date also mentioning therein that, if the tenderer fails to respond or respond unsatisfactorily by that specified date, its tender will be liable to be ignored. Depending on the outcome, such tenders are to be ignored or considered further. Such minor infirmity and/or irregularity and/or non-conformity could be of the following type:

- i) A missing page/ attachment or illegibility in a submitted document.
- ii) Non-submission of requisite number of copies of a document.
- iii) The tenderer has quoted for goods manufactured by a different firm but authorization letter from the proposed manufacturer is not tender specific. (tender specific authorization to be obtained in such cases under confirmatory / shortfall documents should be pre-existing at the time of tender opening).

13.3 Tabulation of comparative statement for Single Cover System

13.3.1 System generated Comparative Price Statement will be downloaded from the e-procurement portal and signed by the officers opening the bids. It will be checked, corrected, if required and vetted by the Associated Finance.



13 - Evaluation of Bids and Placement of Orders

As per the Modified Single Stage Single Cover Bid System, the techno-commercial offer of the L-1 bidder is to be downloaded first and Statement of commercial terms and conditions of the L-1 bidder is to be prepared. Commercial Statement will be prepared as per clause-13.3.2 given below.

After establishment of techno-commercially acceptable L-1 bidder out of all the participating bidders, the Dealing Officer will download offers of all those bidders whose prices are upto 120% of the price of techno-commercially acceptable L-1 bidder to check whether any bidder has participated as MSE/ Make in India Class-I Local Supplier/ Ancillary bidder so that necessary purchase preference may be extended to them as per extant provisions. In such cases, the Dealing Officer will prepare a comparative statement of commercial terms and conditions of offers of all those bidders whose prices fall in the range of L-1 + 20%.

However, in the following situations, offers of all the bidders are to be downloaded and a comparative statement of commercial terms and conditions of all such bidders is to be prepared:

- i. In case the L-1 bidder has offered less quantity than the tendered quantity.
- ii. When the tender calls for distribution of quantity among two or more bidders.

All the above Commercial Comparative Statements are to be signed by the Dealing Officer and vetted by Associated Finance.

The Commercial Scrutiny Report based on the above Commercial Comparative Statements, will be approved by HOD (MM)/Area GM, as the case may be.

13.3.2 Depending on the terms and conditions of the Tender and the Commercial Parameter Sheet (CPS), the Commercial Statement shall be made indicating the following details:

- i. Quantity offered
- ii. Documentation submitted towards LOB, Power of Attorney/ Authorization etc.
- iii. Documentation submitted towards EMD or EMD exemption
- iv. Documentation submitted towards GST, PAN etc
- v. Other commercial aspects as per the NIT
- vi. Deviation from standard commercial terms and conditions and any special terms asked for has to be brought out.
- vii. Status of the bidders - Whether MSE, Ancillary Unit, Public Sector Undertaking/ Government organization, Indigenous/ Foreign Manufacturer/ Indian Agent, if Indigenous manufacturer – whether Class – I local supplier/ Class – II Local Supplier/ Non-Local Supplier

If separate Price Statement is not prepared, the commercial statement will also contain the details of the following:



13 - Evaluation of Bids and Placement of Orders

- i. Discount, if offered, shall be brought out. However, conditional discounts are not to be considered for evaluation purpose.
- ii. Where stores have to be imported directly by the purchaser, the FOB/ CFR/ CIF Price, as offered by the bidder in foreign currency, shall be indicated along with any special conditions specified by the bidder. Net landed price in INR shall be worked out after adding elements of ocean freight, insurance, port clearance and handling charges, customs duty, inland freight and insurance, GST, etc. as applicable and after setting off GST credit and additional customs duty as applicable.
- iii. Last Purchase Price (LPP) of each item. LPP is the price at which the latest order was placed for the same item including all taxes and duties and charges towards packing, forwarding, freight, insurance, etc. LPP may be updated taking current rates of taxes and duties. The date of LPP order may be indicated. To obtain LPP and rates of procurement of similar items, CIL and subsidiaries portals have to exchange data at regular intervals for which a data exchange protocol may be established.

13.3.3 Following method shall be adopted for arriving at the total landed price and net landed price:

- (i). Whenever the tenderers mention that taxes and duties are payable extra, the prevailing rate of taxes and duties as applicable will be added.
- (ii). Conditional discounts, will be indicated in the comparative statement but the discounted price will not be shown for comparison purpose. Cash discounts or prompt payment discounts will also be treated in the same manner. Only unconditional discounts will be taken into account for arriving at total price.

If a bidder offers a rebate unilaterally after closing date and time of bid, it will not be considered for evaluation purpose but the rebate offered shall be availed of while awarding the contract if the bidder emerges as a lowest evaluated bidder.

- (iii). In case the price is stated to be inclusive of Excise Duty, the prevailing rate included in the price must be obtained. If they are exempted from paying Excise Duty, the same must also be confirmed with valid documentary evidence.

In case the rate of Excise Duty varies with the turnover of the company, and the price is exclusive of Excise Duty, and the firm fails to specify the exact rate applicable, the maximum rate currently leviable will be loaded on the price for evaluation purpose.

In case of Goods where GST is applicable, there has to be a separate breakup for GST amount in the offer.

- (iv). Despite clear stipulation in the tender document that offers be submitted by the tenderers on FOR destination basis, in case a



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tenderer quotes on Ex-works or FOR dispatching station basis, the price will be loaded in the following manner:

- a). In case of Ex-works offer and if the firm does not specify the packing and forwarding charges, 2% of the Ex-works price will be loaded to arrive at the FOR dispatching station price. Insurance charge for loading purpose shall be considered as per the existing transit insurance contract concluded by the Subsidiary/CIL.
- b). In case of FOR dispatching station offer, the following percentage will be added to arrive at the FOR destination price, as element of estimated road freight up to destination:

Approximate Distance of Dispatching station from site	% of FOR dispatching Station price.
Above 2001 Km	5%
1501 to 2000 Km	4%
1001 to 1500 Km	3%
501 to 1000 Km	2%
500 Km and below	1%

In case the firm quotes the exact amount of freight or the packing and forwarding charges, the same will be added in place of the above percentage amount.

- c). Net landed price shall be the FOR destination price plus Excise Duty plus CST/VAT plus Octroi/Entry Tax or GST as the case may be after setting off CENVAT credit and input tax credit (ITC) for VAT or GST credit, as applicable. The above methodology shall be indicated clearly in the Tender document.
- (v). In case of Imports, where the tenderers are required to quote on FOB delivery port basis, the total price will be estimated in the following manner to arrive at the CIF price & the landed price of the import offers:
 - a). The loading for freight and insurance may be resorted to as per the methodology given below and the same may be indicated clearly in the Tender document.

Port of Delivery at :	Freight (%)
USA, Canada and Japan Sectors	12% of FOB value
All other Sectors	10% of FOB value

Insurance charge for loading purpose shall be considered as per the existing transit insurance contract concluded by the CIL. If any Subsidiary Companies have the data for actual freight paid by them for identical items in the past, the same percentage may be taken for loading for freight charges. This shall be clearly mentioned in the NIT



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- b). The CIF price will be multiplied by the Exchange Rate between INR and the quoted Foreign Currency, prevailing on the date of opening of the price bid. The applicable rate will be “Bill Selling Rate” of State Bank of India. Otherwise the reference rate as available from RBI website will be taken.
 - c). Customs Duty, GST, any other surcharge, etc. as applicable on assessable value will then be added on the CIF price, thus converted into Indian currency.
 - d). On this net price, 2% of FOB will be added as port clearance and handling charges and 3% of FOB as estimated average inland freight and insurance upto destination, to arrive at the total price (landed price).
 - e). Net landed price shall be the CIF Price plus total Customs Duty plus Port Clearance and handling charges plus Inland Freight & Insurance plus GST etc. after setting off GST credit against various heads under customs duty as applicable. This will also include agency commission wherever applicable. The above methodology shall be indicated clearly in the Tender document.
- (vi). For comparison of Imported offer with the indigenous offer in a Global Tender, net landed price of indigenous offer should be compared with the net landed price of Imported offer to be worked out in the manner brought out above. This evaluation criteria should be clearly mentioned in the NIT.
- (vii). The quantum/rate of loading for the various factors indicated above, are for the guidance. The CIL/ Subsidiary Companies as per nature of their requirement and other aspects may however, decide the quantum of loading factors suitably but the same must be mentioned in the NIT to facilitate the tenderers to know the evaluation methodology being followed for evaluating the tenders before submitting their offers.

13.4 Clarification of Bids/Shortfall/Confirmatory Documents

13.4.1 During evaluation and comparison of bids, the purchaser may ask the bidder for clarifications on the bid. The request for clarification shall be communicated to the bidder via the purchase portal, asking the bidder to respond by a specified date, and also mentioning therein that, if the tenderer does not comply or respond by the date, his tender will be liable to be rejected. Depending on the outcome, such tenders are to be ignored or considered further. No change in prices or substance of the bid shall be sought, offered or permitted. No post-bid clarification at the initiative of the bidder shall be entertained.

13.4.2 The shortfall information/documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then. These shall be called



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with the approval of concerned HOD of Technical/ MM departments. (Example: if the Permanent Account Number, registration with sales tax/ VAT/ GST has been asked to be submitted and the tenderer has not provided them, these documents may be asked for with a target date as above).

So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. For example, if the bidder has submitted a supply order without its completion / performance certificate, the certificate related to that supply order can be asked for and considered. However, no new supply order should be asked for so as to qualify the bidder.

13.4.3 In case of domestic tenders, the shortfall documents may be asked only once, and in case of global tenders, shortfall documents may be asked twice.

13.4.4 All correspondence with the bidder(s) during the pre-contract stage must be without any commitment and to clarify this, the following line may be added at the end of the letter:

“This is, however, without any commitment whatsoever at this stage.”

13.5 Tabulation of Comparative Statement for two Cover System

13.5.1 In this system, comparative statement for commercial terms and conditions will be prepared after opening of Cover-I containing techno-commercial bid, as per the general guidelines contained in Clause-13.3.2 above. The Commercial Comparative Statement is to be signed by the Dealing Officer and vetted by Associated Finance.

The Commercial Scrutiny Report based on the Commercial Comparative Statement, will be approved by HOD (MM)/Area GM, as the case may be.

The technical specifications and deviations thereof will be brought out and examined by the HOD of the concerned Technical Department while carrying out technical scrutiny of the offers contained in Cover-I.

13.5.2 After techno-commercial evaluation and short listing of techno-commercially qualified bidders, the Cover-II containing price bids of shortlisted bidders only will be opened and comparative statement of prices will be prepared. The general procedure in preparation of the comparative statement shall be the same as laid down in clause-13.3 above. The Comparative Price Statement is to be signed by the Dealing Officer and vetted by Associated Finance.

13.6 Non-conformities between the figures and words of the Quoted Prices



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Sometimes, non-conformities/errors are also observed between the quoted prices in figures and that in words. The same is to be taken care of while preparing the comparative statement in the following manner:

- (a) If there is discrepancy between the unit price and the total price (which is obtained by multiplying the unit price by the 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 subtotals, the subtotals shall prevail and the total shall be corrected; and
- (c) If there is a 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 Purchaser's observation, the tender is liable to be rejected.

13.7 Post Tender Revision

Any post tender revision which has the effect to influence the purchase decision should make the firm's tender unacceptable and be rejected. However, if the firm would have got the order without the revision and at the same time the revision gives some benefit to the purchaser, it may be accepted. The revision is to be first deliberated by the TC and then recommended for approval of competent authority within whose power the case falls.

13.8 Guidelines for Considering Tenders from Authorized Agents of Indigenous Manufacturers

The term 'Agent' broadly includes Distributor, Dealer, Channel Partner etc. The consideration of tenders from authorized agents of Indian manufacturers will be governed by the following guidelines:

- a). The Purchaser would see whether the Agent has furnished the following documents:
 - i). A tender specific authorization issued by the manufacturer mentioning tender reference number and date and validity of such authorization.
 - ii). An undertaking from both the manufacturer and the tendering firm as specified below:

Manufacturer

- (i) that, as a matter of its corporate policy, it does not directly quote/ market their products directly to any organization in India (except in situations like supplies to OEM /OES/ OPM, supplies of spares and consumables bundled with supply of equipment, supplies to customers not covered by dealer network due to geographical/ logistics constraints), and if, subsequently, at any stage, it is found that it has quoted directly to any organization (except in situations like supplies



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to OEM /OES/ OPM, supplies of spares and consumables bundled with supply of equipment, supplies to customers not covered by dealer network due to geographical/ logistics constraints), it shall be liable for penal action as per provisions of the NIT and the Purchase Manual. Further, if at any stage, it is found that agency commission has been paid by the manufacturer/ principal without declaring the agent, the commission will be recovered with interest.

- (ii) that it will accept the responsibility for the satisfactory execution of orders placed on the authorized agents including warranty/ guarantee obligations.
- (iii) that, wherever necessary, it will provide requisite inspection and testing facilities at its works in respect of orders placed on authorized agent.
- (iv) the authorized agent's price will not exceed that which the manufacturer would have quoted.
- (v) Letter submitted by the Agents for inspection of goods would be accompanied by a certificate from the manufacturer that the goods offered for inspection as indicated in the letter have been manufactured by them.

Authorized agents

- (i) that he will be responsible for all the contractual obligations including quality aspects, replacement of part/items and warranty/ guarantee obligations, and
 - (ii) that he will be responsible for providing the required after sale service.
- b). When considering the offers from authorized agents, care must be taken particularly with regard to:
- i). Whether the authorization is tender specific bearing tender no. and date, pre-dated (from the tender opening) and is properly signed.
 - ii). Whether the authorization is valid on the date of tender opening and its validity corresponds to the delivery period stipulated in the Tender Enquiry.
 - iii). Whether the agent has the authority to enter into agreements and to sign contracts for supply of goods on behalf of the manufacturer.
 - iv). Whether the business entity of the Indian Agent is in existence for 3 years on the date of tender opening, irrespective of date of appointment as Agent.
 - v). Whether the agent has submitted a bid on behalf of another manufacturer in the same tender for the same item/ product.
 - vi). Whether the agent has participated in the same tender along with its manufacturer.



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- c). In case where the manufacturing firm happens to have been banned/suspended, the offer of the authorized agent shall not be considered.

13.9 Offers involving Indian Agents of Foreign Manufacturers

In addition to the general guidelines given under clause-13.8 above for considering tenders from Authorized Agents of Indigenous Manufacturers, the following should also be taken into account while considering offers of Indian Agent of Foreign Manufacturer.

- 13.9.1** As a policy, agents for procurement of stores from abroad should not be looked for, encouraged or engaged. Wherever it is possible to secure supplies and after sales service etc. on reasonable terms directly without the involvement of Indian agents, there is no need for engaging any such agent. Therefore, in case of all foreign suppliers, Indian agents of foreign principals will be entertained, as may be found necessary, on a case to case basis.

- 13.9.2** Offers in such cases should be submitted on FOB, port of shipment / CFR/CIF, Indian port/CIP destination basis. The purchaser reserves the right to place order on any such basis. In case of Equipment and P&M items, import shall be made on CIP basis as far as possible. Where there is no other option but to procure on FOB basis, reasons for procurement on FOB basis shall be recorded while seeking approval for floating tender.

The provisions governing the Indian Agents, the documents to be obtained and the payment of agency commission to them shall be as under:

- a). Indian Agents submitting offer on behalf of the Principal/Manufacturer abroad on FOB/CFR/CIF/CIP basis should:
 - i). Certify that net prices to be paid to their Principals/Manufacturer, in foreign currency are exclusive of agency commission in Indian Rupees and indicate the amount/percentage of commission which Indian Agents are entitled to in terms of their Agreements with the foreign principals, which is included in the FOB price;
 - ii). Produce their Principal's/manufacture's proforma invoice or certificate indicating commission to be allowed in the particular transaction, to their Indian Agents and the nature of their after sales service to be tendered by Indian Agents;
 - iii). Produce a copy of the agency agreement with the foreign manufacturer stating the precise relationship between them and their mutual interest in the business. The agency agreement date with the foreign manufacturer should not be later than the date of the tender opening stipulated in the tender enquiry.
- b). Foreign firms quoting directly against the tender enquiry and who have Indian Agents and/or servicing facilities in India should indicate in their offer the name of their Indian Agents or the representative they have for servicing in India. They should quote FOB/ CFR/ CIF/ CIP Price, inclusive of the amount of commission provided for the Indian Agents. It should be understood that the purchaser will indemnify the supplier against payment of such commission and would undertake



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to pay such commission to the Indian Agents in Indian Rupees in India in respect of a contract arising out of invitation to tender, where the Indian Agents commission covers a part of the price against the offer. Foreign firms quoting directly should also furnish a copy of agency agreement.

13.9.3 Following further instructions are given for regulating such cases:

- a). Purchase of varied range of products has made it impossible for laying down a uniform rate of agency commission. The amount of agency commission agreed to between the principals and his agents will, therefore, be accepted on merits of each case. What is to be ensured is that the amount of agency commission agreed to between the foreign principal and the Indian Agent is specifically disclosed and the agency commission is paid in Indian rupees only in compliance with the provisions of the FEMA. However, the amount of Agency Commission payable should not exceed 5% of FOB value or what is specified in the agency agreement, whichever is lower.
- b). All particulars relating to agency commission shall be reported to the Enforcement Directorate to prevent leakage of foreign exchange and tax evasion on agency commission. It is the responsibility of the Purchaser to send a copy of the Purchase Order involving Indian Agent of a foreign Principal to Enforcement Directorate.

13.10 Conversion of Currencies

If offers have been received containing different currencies (as in the case of purchasing imported goods), all the quoted prices (with different currencies) are to be converted into a single currency for evaluation and comparison of offers on equitable basis. For this purpose, all such quoted prices are to be converted into Indian rupees, as per the “Bill Selling Rate” of State Bank of India or in case of non-availability of SBI rate, the reference rate as available from RBI website prevailing on the price bid opening date.

13.11 Techno-commercial Evaluation of Bids

13.11.1 In cases where Two Bid System is followed, the techno-commercial acceptability of the offers is first determined and thereafter the financial bids of only the techno-commercially acceptable offers are opened for further scrutiny and processing for placement of contract.

13.11.2 Techno-commercial evaluation of bids is to be carried out strictly in terms of the Evaluation Criteria/ Matrix/ Parameters as stipulated in the tender documents in explicit terms. While evaluating the bids, neither any new condition should be brought in nor any tender condition should be overlooked. The tenderers, which do not meet the required eligibility/ qualification criteria are to be declared ineligible and not to be considered further. Details of such ineligible tenderers are to be recorded in the purchase file along with the grounds for their becoming ineligible.



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- 13.11.3** Technical scrutiny of all the bids received against tenders shall be carried out by the technical department strictly as per the criteria specified in the tender document. The final Technical Scrutiny Report (TSR) shall be forwarded to the MM department, duly approved by the concerned HOD of technical department. Past performance of the offered product(s) in terms of guaranteed availability, warranty/ guarantee and other performance parameters as stipulated in the relevant purchase orders, should also be taken into consideration while submitting the final TSR, along with authenticated copies of the performance reports, if the offered product(s) has been used in the past in the same subsidiary company where procurement is being made.

Considering the practical difficulties in obtaining the performance reports in cases where provenness of the offered product is being ascertained on the basis of supply made in other subsidiaries of CIL or other PSUs / Govt. Departments / Private Organizations, the bidder will be asked to submit a Self-Certificate in the following format, along with Proof of Payment against the Purchase Order(s)/Rate Contract(s) and commissioning certificate(s) (in case of Equipment, P&M, etc. where installation & commissioning is required):

“The items covered in the Purchase Order(s)/ Rate Contract(s) copies enclosed with our offer have been fully executed and have performed satisfactorily as per the provisions of respective Purchase Order(s)/ Rate Contract(s) and all the complaints/ claim (s) lodged by the purchaser, if any, have been attended to and no complaints/ claims(s) are pending”.

In case, any specific Purchase Order(s) has/ have not been fully executed and any complaint/ claim is pending, then details of such cases to be categorically mentioned with the reasons thereof so that decision making is in clear perspective without any hidden facts in the subject matter.

The authenticity of the self-certificate as well as other documents submitted/uploaded by the bidder will solely be their responsibility and appropriate action will be taken by CIL/Subsidiary Company if it is subsequently found to be misleading/ false/ forged.

However, the Purchaser reserves the right to obtain the performance directly from the end user of the item/product.

The responsibility of the correctness of the final TSR shall lie with the concerned Technical Department.

- 13.11.4** In case of MSEs and Startups (MSEs or otherwise), where criteria of prior turnover and prior experience is to be relaxed as per Govt. instructions, the provisions of clause-2.8.3.7 are to be followed for determining the technical suitability of such entities.
- 13.11.5** Commercial scrutiny of all the bids received against tenders shall be carried out by MM department strictly as per the criteria specified in the tender document. The final Commercial Scrutiny Report (CSR) along with



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final commercial comparative statement shall be vetted by Associated Finance and approved by HOD (MM).

13.11.6 Consideration of Minor Deviations: Court has consistently taken a view that procuring entity is entitled to consider and allow minor deviations, which do not amount to material deviations. Material deviations, reservations, or omissions which should not be waived are those that:

- i). Affect, in any substantial way, the scope, quality or performance of the goods and related services specified in the tender document;
- ii). Substantially limit the procuring entity's rights and/or relax the tenderer's obligations under the resultant contract, inconsistent with those specified in the tender documents;
- iii). If rectified, would unfairly affect the competitive position of other responsive tenderers.

13.12 Tender Committee

13.12.1 All purchase cases upto the total landed value of Rs. 25 lakhs will be finalized by the Purchase Executives within their delegated powers, after obtaining concurrence from Finance. Total landed value of purchase is to be calculated in the manner indicated in clause-13.3.3 above.

13.12.2 All purchase cases above the total landed value of Rs. 25 lakhs shall be placed before a Tender Committee (TC) for deliberations. Based on the recommendations of TC, these cases will be finalized with the approval of competent authority after obtaining concurrence from Finance.

13.12.3 The TC will normally consist of the members from Purchase/MM, Technical and Finance Departments at different levels depending on the value of purchase. This is indicated separately in Chapter-23 'Recommending, Concurring and Approving Authorities'. Whenever an Executive of the specified level is not available, an Executive of the next higher level in the respective discipline will be the member of the TC.

13.12.4 The TC constitution shall be approved by an officer equal to the grade of the officer, competent to approve the purchase. However, for procurement cases requiring approval of 'Board' / 'Empowered Committee of Directors of Board' / 'Committee of Functional Directors' of CIL / Subsidiary, the TC constitution shall be approved by Chairman, CIL/ CMD of Subsidiary Company.

13.12.5 In the constitution of TC as above, the general number of Executives has been indicated. CIL/ Subsidiary Company can nominate/co-opt additional members, if felt necessary, with competent approval of Chairman, CIL/CMD of Subsidiary Company.



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- 13.12.6** In case of Branch Purchase Offices of the Subsidiary Companies functioning at a place other than the HQs of the Subsidiary Company, the General Manager (MM) may make separate arrangements for constitution of TC with approval of Director-in-charge (MM).
- 13.12.7** The approval of competent authority along with the concurrence of Finance for all the recommendations of TC will be taken at the time of the final recommendations for finalization of tender and award of contract or otherwise. However, where TC has recommended negotiations with bidders, the prior approval of competent authority is required to be taken along with concurrence of Finance.
- 13.12.8** In cases where the competent authority happens to be the member of the TC, such cases should be submitted for approval to an officer of the rank of one step above that of TC member.
- 13.13 Procedure for Conducting TC Meeting**
- 13.13.1** A self-explanatory brief will be placed before the TC for consideration and for making recommendations. Any non-conformance to the NIT specifications and/or deviation/non-conformance of General and Commercial Terms & Conditions of the NIT, as may be indicated in the TSR/CSR will be highlighted in the Brief. Necessary data, as may be available, for arriving at the reasonableness of price(s) may also be provided in the Brief. The Brief shall be prepared and signed by the Dealing Officer along with Associate Finance and all officers involved from other departments who are assisting the TC.
- 13.13.2** The briefs for the TCs having members above the rank of HOD (MM) will be signed by all the officers upto HOD (MM).
- 13.13.3** MM Department will prepare the minutes of the TC meeting (Tender Committee proceedings and final recommendation) with necessary inputs from the concerned Technical Department. Though concerned dealing officers of MM, Associated Finance and Technical departments may be asked to be present in the TC meeting for any assistance but they will not sign the TC minutes which will be signed by TC members only including any co-opted member(s).
- 13.13.4** If the Tender Committee meetings take place in number of dates/sittings, separate date/sitting-wise TC proceedings must be made and signed by the TC members, recording the decision taken in each sitting.
- 13.13.5** The self-explanatory briefs as also the decisions/ recommendations of the TC should be kept in the notes portion of the relevant purchase file. The decisions/ recommendations of the TC should be placed immediately after the briefs for TC.



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13.14 Role of Dealing Officer in Assisting the Tender Committee

- 13.14.1** The Dealing Officer should prepare the commercial and price comparative statements (CS) and get it vetted by Associated Finance before placing the same before the TC along with the Brief. Any deviation with regard to price comparison on like to like basis is to be indicated in the CS. Vendor ratings, wherever available, will also be highlighted in the Brief by the Dealing Officer.
- 13.14.2** The Dealing Officer will assist in preparation of the draft minutes of the TC deliberation (Tender Committee proceedings and final recommendation) and put up the same before the Tender Committee for signature.
- 13.14.3** Depending on the level of the TC, it may happen that a Dealing Officer is also a TC member. In such cases, the officer concerned will act in both the roles of a Dealing Officer and of a TC member.

13.15 Duties & Responsibilities of Tender Committee

- 13.15.1** Tender Committee duties are to be discharged personally by the nominated officers. They may take help of their subordinate officers by way of reports/evaluations, but they would still be answerable for such decisions. TC members cannot co-opt or nominate others to attend deliberations on their behalf. TC deliberations are best held across the table and not through circulation of notes.
- 13.15.2** The TC will examine the Technical Scrutiny Report (TSR) of the offers and shall make out a list of technically acceptable bidders on the basis of TSR. If the TC disagrees with the TSR, it has to record the reasons for disagreement. TC will also examine and give its recommendations regarding acceptance or otherwise on the incidents of non-conformance to the NIT specifications, if any, as may be indicated in the TSR and highlighted in the Brief. If any bid is technically rejected in the TSR, TC should also examine the same and record the reasons for rejection vis-à-vis NIT specifications and other terms & conditions.
- 13.15.3** The TC will examine the Commercial Scrutiny Report (CSR) of the offers and shall make out a list of commercially acceptable bidders on the basis of CSR. If the TC disagrees with the CSR, it has to record the reasons for disagreement. TC will also examine and give its recommendations regarding acceptance or otherwise on the incidents of deviation/non-conformance of General and Commercial Terms & Conditions of the NIT as may be indicated in the commercial comparative statement and highlighted in the Brief.
- 13.15.4** While examining TSR and CSR, TC should also verify the offers of the bidders to guard against any irregularity.
- 13.15.5** In case of two-bid system, TC will recommend the names of techno-commercially acceptable bidders whose price bids will be considered for



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opening and will also give specific reasons for not considering any offer for opening its price bid.

13.15.6 After opening of price bids of the techno-commercially acceptable bidders, TC will examine the price CS as prepared by the MM department on like to like basis and also deliberate on the reasonableness of the L1 price(s) proposed to be accepted. While recommending placement of contract on the lowest evaluated responsive tenderer (L1), TC is to ensure that the price(s) to be paid is reasonable. The broad guidelines for judging the reasonableness of price(s) are as under:

13.15.6.1 Prices may be compared with the last purchase price (LPP) of same (or, in its absence, similar) goods. Besides, current market price of same/ similar goods and prices/ indices of raw materials, which go into the production of the goods may also be considered, as may be available. Cost analysis (material cost, production cost, over-heads, profit margin) may also be carried out wherever feasible. Receipt of adequate number (three or more) of competitive offers from different sources could be one of the indicators of reasonable price(s). Other factors to be considered while establishing reasonableness of prices are:

- (i) Quantity involved
- (ii) Terms of delivery
- (iii) Period of delivery

Note:

- A. Price paid in an emergency purchase or purchase price of goods offered by a firm through 'distress sale' (i.e. when the firm clears its excess stock at throwaway prices to avoid further inventory carrying cost etc.) are not accurate guidelines for future use.
- B. Where the firm holding the LPP contract has defaulted, the fact should be highlighted and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be used;
- C. In case LPP is of an order whose supplier is not a proven source, then the price should not be considered as LPP unless at least 25% of the order quantity has been supplied.

13.15.6.2 If the reasonableness of price(s) cannot be established in the absence of details/ data as mentioned in the clause above, the estimated value given in the indent may be considered for guidance to assess the same. In such cases, if the prices received are found to be higher than the estimated value indicated by the indenter, a reference should be made to the indenter asking him to justify the estimated value with supporting documents.

13.15.6.3 If L1 price is considered not reasonable, then, in the first place, TC will ask the MM department to recheck its own data & details and if the same is found correct, the TC may, strictly as an exception, negotiate the price only with the lowest evaluated responsive tender (L1) in an attempt to bring down the same.



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- 13.15.6.4** If L1 bidder reduces the price to the desired level, contract may be placed on it but if it does not agree, then further action like re-tendering etc. may be recommended by TC depending on the merits of the case.
- 13.15.6.5** TC will also ensure that preferential policy for 'Make in India' bidders/ MSEs/ Ancillaries/ Pharma PSEs as detailed in Chapter-2 is followed while deciding coverage of tender quantity.
- 13.15.7** For items/ goods/ equipment where vendor rating system is being followed, TC will ensure that orders are placed in a pre-disclosed manner as per clause-6.12 of this Manual. In such cases, vendor ratings, wherever available, will be highlighted in the Brief by the Dealing Officer for consideration of the TC.
- 13.15.8** The TC will recommend the names of the bidder/bidders to whom orders shall be placed indicating the quantity to be ordered, unit price, total price and the total financial implication including taxes and duties etc. and other terms & conditions for supply of stores. Any distribution of orders to more than one bidder should be as per the methodology pre-disclosed in the Tender Documents.
- 13.15.9** If the price of a particular item is found to be varying from area to area as well as from Subsidiary to Subsidiary Company, the bidder may be asked to indicate their latest price for the same item supplied to the other CIL Subsidiary Companies. Government Departments, Public Sector Undertakings, Private Organizations etc. TC may, if possible, get itself satisfied about the authenticity of such prices for guidance in the procurement.
- 13.15.10** While putting up the proposal for procurement before the Competent Authority for approval, it must be recorded that the prices at which the contract is recommended to be awarded have been found reasonable. The proposal shall contain the following certificate / undertaking:
- "The proposal is being made in compliance with the provisions of Purchase Manual of CIL and the recommended prices have been found reasonable."*
- 13.15.11** The TC's recommendation will be self-contained, clear and unambiguous. It should also be ensured by the TC that any deviation/variation quoted by the supplier in his bid are not left un-discussed and ruled upon in the TC; otherwise there may be delay in acceptance of the contract by the supplier and/or legal complications.
- 13.15.12** All the members of the TC will have collective responsibility for recommendations made and/or decisions taken by them. All members of the TC should resolve their differences through personal discussions instead of making to and fro references in writing. In cases where it is not possible to come to a consensus and differences persist amongst TC members, the reasons for dissent of a member should be recorded in a



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balanced manner along with the majority's views on the dissent note. The final recommendations should be that of the majority view. However, such situations should be rare. Competent Authority can overrule such dissent note after recording reasons for doing so clearly and his decision would be final.

13.15.13 In cases where the Competent Authority to accept the tender, does not agree with the majority or unanimous recommendations of the TC, he should record his views and, if possible, firstly send it back to TC to reconsider along the lines of the competent authority's views. However, if the TC, after considering the views of the Competent Authority, sticks to its own earlier recommendations, the Competent Authority can finally decide as deemed fit, duly recording detailed reasons. He will be responsible for such decisions. However, such situations should be rare.

13.15.14 All technical, commercial and finance officials who have contributed to the techno-commercial or financial evaluation of bids, even though they may not be part of the TC should deal with the procurement in an independent, impartial manner and should have no conflict of interest with any of the bidder involved in the procurement. They should also maintain confidentiality of the information processed during the evaluation process and not allow it to reach any unauthorized person. They should sign a declaration at the end of their final technical/ commercial/ financial evaluation reports/ notings stating that,

"I declare that I have no conflict of interest with any of the bidder in this tender".

TC members may make such a declaration at the end of their report.

13.16 Lack of Competition

Sometimes, sufficient number of offers may not be received against a tender. A situation may also arise where, after analyzing the offers, the purchaser ends up with one responsive bid - a situation referred to as 'Single Offer'. Such situation is to be treated as Single Tender. Even when only one Bid is submitted, the process may be considered valid provided following conditions are satisfied:

- i. The procurement was satisfactorily advertised and sufficient time was given for submission of bids;
- ii. The qualification criteria were not unduly restrictive; and
- iii. Prices are reasonable in comparison to market values.

In such cases, DoP of resultant Single tender would apply. In case of price not being reasonable, negotiations (being L1) or retender may be considered as justifiable.

13.17 Distribution of the Quantity



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- 13.17.1** Except in cases, where it is pre-decided and pre-disclosed in the tender documents to award contract on more than one bidder in a pre-determined ratio, normally as per standard procedure, the tender quantity is to be covered on the lowest responsive tenderer (L1) without dividing the same.
- 13.17.2** However, there may be special occasions of purchase of very large quantities of goods which are beyond the capacity of a single bidder or the L1 bidder is unable to take the load of the entire quantity. In such cases, after coverage of quantity on L1 bidder as per its capacity/ offer, the remaining quantity may be ordered on the L2 bidder at the rates offered by the L1 bidder and for this purpose, L1 rates may be counter offered to L2 bidder. If L2 bidder does not accept the L1 rates or is also not able to meet the remaining requirement, then the balance quantity may be covered on L3 bidder and this process may be followed till the entire tender quantity is covered. All such orders are to be placed at the rates offered by the lowest responsive tenders (L1).

13.18 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 analysis 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 analysis, 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 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.

13.19 Cartel Formation/Pool Rates

It is possible that sometimes a group of bidders quote the same rate against a tender. Such pool/cartel formation is against the basic principle of competitive bidding and defeats the very purpose of an open and competitive tendering system. Such and similar tactics to avoid/ control true competition in a tender leading to “Appreciable Adverse Effect on Competition” (AAEC) have been declared as an offence under the Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007. Such practices should be severely discouraged with strong measures. In case of evidence of cartel formation, detailed cost analysis may be done by associating experts if necessary. Besides, suitable administrative actions can be resorted to, such as rejecting the offers, reporting the matter to trade associations, the Competition Commission or NSIC, etc., and requesting them, inter-alia, to take suitable strong actions against such firms. New firms may also be encouraged to get themselves



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registered for the subject goods to break the monopolistic attitude of the firms forming a cartel. Changes in the mode of procurement (Global Tender instead of Domestic Open Tender) and packaging/slicing of the tendered quantity and items may also be tried. A warning clause may also be included in the bid documents to discourage the bidders from indulging in such practices.

The latest version of GePNIC has made available the IP addresses used for submitting the bids against a tender in the MIS data of the e-Procurement Portal. Further, in cases of tenders with Reverse Auction, the IP addresses used for bidding during the e-Reverse Auction are reflected in the 'Auction Hall History' in MIS data. Bids of different bidders having same IP address can be considered as suspicion of Cartelization and the Tender Inviting Authority shall take appropriate action as discussed above.

13.20 Negotiations

13.20.1 Normally, there should be no negotiation. Negotiations should be a rare exception rather than the rule and may be resorted to only in exceptional circumstances. If it is decided to hold negotiations for reduction of prices, they should be held only with the lowest acceptable bidder (L1), who is techno-commercially responsive for the supply of a bulk quantity and on whom the contract would have been placed but for the decision to negotiate. In no case, including where a cartel/pool rates are suspected, should negotiations be extended to those who had either not tendered originally or whose tender was rejected because of unresponsiveness of bid, unsatisfactory credentials, inadequacy of capacity or unworkable rates. The circumstances where negotiations may be considered could be:

- a) Where the procurement is done on nomination basis;
- b) Procurement is from single or limited sources;
- c) Procurements where there is suspicion of cartel formation which should be recorded; and
- d) Where the requirements are urgent and the delay in re-tendering for the entire requirement due to the unreasonableness of the quoted rates would jeopardize essential operations, maintenance and safety, negotiations with L1 bidder(s) maybe done for bare minimum quantum of requirements. The balance bulk requirement should, however, be procured through a re-tender, following the normal tendering process.

13.20.2 The decision whether to invite fresh tenders or to negotiate and with whom, should be made by the tender accepting authority limited to Chairman, CIL / CMD, Sub. Co., based on the recommendations of the TC. Convincing reasons must be recorded by the authority recommending negotiations. The 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.

13.20.3 Normally all counter offers are considered negotiations by other means and the principles of negotiations should apply to such counter offers. For example, a counter offer to L1, in order to arrive at an acceptable rate, shall



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amount to a negotiation. However, any counter offer to L2, L3, and so on (at the rates accepted by L1) in case of splitting of quantities shall not be deemed to be a negotiation.

13.20.4 After the Competent Authority has decided to call a specific bidder for negotiation, the following procedure should be adopted:

- a) It must be understood that, if the period of validity of the original offer expires before the close of negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be extended, wherever necessary, before negotiations;
- b) The tenderer to be called in for negotiations should submit a declaration that in the event of failure of the contemplated negotiation, the rates originally quoted by him shall remain open for acceptance. Negotiations meeting should be started only after obtaining a signed declaration from the negotiating supplier as per **Annexure-33**; and
- c) Revised bids should be obtained in writing from the selected tenderers at the end of the negotiations in the format of letter laid down in **Annexure-34**. The revised bids so obtained should be read out to the tenderers or their representatives present, immediately after completing the negotiations. If necessary, the negotiating party may be given some time to submit its revised offer. In case, however, the selected bidder prefers to send a revised bid instead of being present at the negotiation, the offer should be taken into account. In case a bidder does not submit the revised bid, its original bid shall be considered.

13.21 Extension of Validity of Offers

13.21.1 The entire process of finalization of tenders and notification of award or placement of order should be done expeditiously and within the original tender validity period. Cases requiring extension of validity should be rare and in the exceptional situations where the validity period is sought to be extended, it should be imperative to bring on record in real time, valid and logical grounds, justifying extension of the said validity.

13.21.2 The tendency to request the tenderers to extend the period of validity of offers should be curbed. This is of considerable importance, for, apart from the delay which would invariably occur in covering the demand, and thereby cause delay in the receipt of stores by the consignee, there is also a risk of the firms refusing to accede to the request for extension or the firm's withdrawing the offers, or extending the offer with revised rates, all of which might lead to avoidable expenditure.

13.21.3 In cases where seeking extension of the offers becomes inescapable, the letter asking for extension should be issued to the firms at least one week in advance as in such cases, the offers of firms which do not agree to the extension will still be available for consideration for a few days more. In order to retain the right of the purchaser of accepting the offer till its original validity period, the letter seeking offer extension should be issued without any commitment and without prejudice to purchaser's right to accept firm's offer within its original validity.



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- 13.21.4** While asking for such extension, the tenderers are to be asked to extend their offers as it is, without any changes vis-à-vis original offer. A tenderer may not agree to such a request and this will not attract forfeiture of its EMD.
- 13.21.5** Where only part quantity/items of the tenders are accepted and for the remaining quantity/items, the tenderer(s) are required to keep their offer(s) valid upto a subsequent date, such quantity/items should be specifically mentioned in the communication addressed to the tendering firm(s).
- 13.21.6** While submitting the purchase proposals it is essential that the date upto which the offers are open/have been extended should be indicated clearly in the purchase proposals so that the final decision on the purchase proposal is taken at the appropriate level within the validity period.
- 13.21.7** Tenderers whose offers have already been rejected being unresponsive or during techno-commercial evaluation, should not be requested for extension of their offer validity.
- 13.21.8** Extension of bid validity should be sought only with the approval of HOD of purchasing department. The proposal for approval should contain the reasons for seeking extension of bid validity.
- 13.22 Scrapping of Tender and Issue of Fresh Enquiry**
- 13.22.1** Under the ordinary circumstances, it is not desirable to scrap a tender and re-invite quotations. Rejection of all bids is justified when:
- The quality and quantity requirements have changed substantially or there is an un-rectifiable infirmity in the bidding process;
 - Effective competition is lacking. However, lack of competition shall not be determined solely on the basis of the number of bidders (refer to clause-13.16 above).
 - All bids and proposals are not substantially responsive to the requirements of bidding documents.
 - The bids'/ proposals' prices are substantially higher than the updated cost estimate or available budget or where the prices quoted are considered unreasonable because of sudden slump in market prices.
 - None of the technical proposals meets the minimum technical qualifying score.
 - There has been a material change in the basic specifications after issuance of tender enquiry.
 - If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to sign the procurement contract as may be required, or fails to provide the security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the Procuring Entity shall cancel the procurement process.



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Approval of the competent authority will be obtained before cancelling tenders. Finance shall also be consulted before cancelling tenders. Proper justification must be recorded for scrapping any tender.

However, if the cancellation of tender is necessitated before opening of Techno-Commercial Bid due to errors in TPS / CPS / BoQ or other Techno-Commercial terms, the same may be done with the approval of HoD (MM).

- 13.22.2** In cases where enquiries against the same demand are sent in the second or subsequent rounds, the previous ones having been scrapped for some reasons, or the other, it shall be made clear to the parties who have quoted against the previous tender that the fresh invitation to tender is in supersession of the previous one.

13.23 Award of Contract

- 13.23.1** All dealing officers should make sure that the purchase decision as recorded by the competent authority is clear for purchase action. If there is any doubt, the file should be put up immediately to competent authority for clarification required.

- 13.23.2** After the decision to award the contract is taken with the approval of competent authority in concurrence with Finance, the purchaser shall issue the Purchase Order (PO) or 'Notification of Award' (NOA) within the validity of offer(s) notifying the successful tenderer in writing, by Registered/Speed Post, that its offer (briefly indicating therein relevant details like quantity, specification of the goods ordered, prices etc.) has been accepted. In the same communication, the successful tenderer is to be instructed to furnish the required Security Deposit, wherever applicable, within a specified period (15 days from the date of issue of PO/NOA).

- 13.23.3** In cases where NOA is issued, a formal contract is also required to be signed by the purchaser with the successful tenderer. In such cases, after issue of above notification, draft contract should be sent promptly to the successful tenderer asking them to check for inaccuracies etc. and send confirmation for signing the contract within next fifteen days. It should also be made known to the successful tenderer that in case, it does not sign the contract or does not furnish the required security deposit, if applicable, within the stipulated dates, such non-compliance will constitute sufficient ground for forfeiture of its EMD and processing the case for further action against it. In cases where PO is to be issued after NOA, it is to be ensured that the PO is issued after receipt of the required Security Deposit from the successful bidder.

- 13.23.4** After receipt of confirmation of draft contract and Security Deposit, if applicable, the contract will be signed between purchaser and supplier on non-judicial stamp paper in two original sets. One original set will be handed over to the supplier and other original set will be retained by the purchaser in relevant file. In case of tripartite agreements, three original sets will be prepared and signed.

- 13.23.5** Details of award of contract(s) must be published on the website of CIL/Subsidiary Company and also on CPP Portal. In cases, where PSUs



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compete with private firms in public tenders, publication of details of contracts awarded by the PSU concerned to various sub-vendors, suppliers, technology providers and other associates before firming up their offer, may hurt the interest of the PSU as the competitors may get to know the details of sub-vendors, suppliers, technology providers and other associates as well as the price at which the contracts are placed. Therefore, in such cases, publication of details of contracts awarded may be dispensed with. In other cases where publication of such information is sensitive from commercial or security aspects, dispensation may be sought from publishing of such results by obtaining sanction from the Secretary of the Ministry /Department with the concurrence of associated Finance.

13.24 Refund of EMD to Unsuccessful Tenderers

The EMDs of the unsuccessful tenders are to be refunded to them without any interest, whatsoever as indicated under clause-10.3.8.



CHAPTER - 14

E-PROCUREMENT AND E-REVERSE AUCTION

14.1 Preface

14.1.1 Electronic Procurement (e-Procurement) is the use of Information and Communication Technology (especially the Internet) by the purchaser in conducting its procurement processes with supplier for the acquisition of goods, works and services. Use of Information Technology promotes the objective of open, non-discriminatory and efficient government procurement through transparent procedures. Department of Expenditure, Ministry of Finance, has vide OM No.10/3/2012-PPC dated 09.01.2014 prescribed mandatory publishing of tenders through the e-procurement mode for tenders valued above Rs. 2 lakh. As per GFR 2017, it is mandatory to receive all bids through e-procurement portals in respect of all procurements.

14.1.2 The factors driving the adoption of e-Procurement are:

- Reduced purchasing cost and improved efficiency.
- Standardized purchasing processes across the organization.
- Reduced administrative costs with better effectiveness.
- Reduction in the procurement cycle.
- Reduced discretion.

14.2 Guidelines issued by Ministry of Electronics and Information Technology (MeitY) for e-procurement system covering security, transparency and functionality requirements have been explained under **Annexure-37**.

14.3 [Moved to Annexure-37]

14.4 [Moved to Annexure-37]

14.5 [Moved to Annexure-37]

14.6 The e-Procurement Process

14.6.1 E-procurement portal: The e-procurement portal shall be in compliance with all relevant Laws of India including the Information Technology Act 2000 and Information Technology (Amendment) Act 2008 and subsequent amendments, if any as also to the directives/ instructions issued by various authorities as mentioned in **Annexure-37**.

14.6.2 Tender Creation: The tenders shall be floated online on the dedicated e-procurement portal of CIL/Subsidiary Companies and also on the CPP Portal <https://eprocure.gov.in>. Complete tender document shall be available in the CIL's e-procurement portal <https://coalindiatenders.nic.in> for downloading and submission of offer. The complete tender document shall also be available on the website [www.coalindia.in or respective subsidiary company website] and Central Public Procurement portal (<http://eprocure.gov.in>) for downloading only.



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Tenders will be published in the e-procurement portals by authorized executives of CIL / Subsidiary Companies with Digital Signature Certificate (DSC) issued with the approval of the competent authority. The authorized executive for this purpose will normally be the HOD of the Material Management / Purchase Department or any executive authorized by the HOD of Materials Management / Purchase Department. The tender may be created by the executive as authorized by the HOD, publishing the tender.

After creation of tender, a unique “Tender Id” is automatically generated by the system.

There shall be no sale of hard copies of tender from issuing Offices. Tenders can be accessed by the prospective bidders on above websites and may be downloaded by them, if required.

In individual case where national security and strategic considerations demand confidentiality, such cases would be exempted from e-procurement after seeking approval of the Chairman, CIL / CMD of Subsidiary Company and the concurrence of Director (Finance), CIL / Subsidiary Company.

- 14.6.3 Bid Openers:** While creating/ publishing the tender, four officers (preferably two from MM Discipline and two from Associate Finance) will be identified as “Bid Openers”. In case of non-availability of required officers from MM & Finance disciplines, officers from other departments also may be identified as Bid Openers. Approval for proposed Bid Openers will be obtained at the time of seeking approval of Draft NIT from HOD (MM) of CIL HQ / Subsidiary HQ or Area GM, as the case may be. Tender may be opened by any two of the above four officers (preferably one from MM Discipline and one from Finance Discipline).
- 14.6.4 Digital Signature Certificate (DSC):** The Digital Signature Certificates (DSCs) have to be obtained for CIL/Subsidiary Companies users from certifying agency which is authorized by Controller of Certifying Authority (CCA) of Govt. of India. The bidders will have to obtain the Digital Signature Certificate from any Certifying Agency, which is authorized by CCA.
- 14.6.5 Start Date of Bid Submission:** The bid submission will start from the next day of e-publication of NIT, but if there is a pre-bid meeting, it will start on the next day of pre-bid meeting or as specified in the NIT.
- 14.6.6 Publication of Tender Notice:** Tender Notices will be published as per clause-8.9.1 of this Manual.
- 14.6.7 Single Tender:** In cases where tender is required to be issued to a single party, the enquiry will be sent to the concerned firm through the e-procurement portal by system generated e-mail along with SMS alert. Offer will also be required to be submitted by the bidder online through the e-procurement portal.



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14.6.8 Limited Tenders: In case of limited tenders, LTE will be issued to the known firms through the e-procurement portal by system generated e-mail along with SMS alert. Bidders other than known firms are also allowed to participate in LTE in the same manner as in case of advertised tender enquiry as elaborated in clause-8.10 of this Manual.

14.6.9 Downloading of Tender: The tender can be downloaded by any prospective bidder from the website free of cost. The downloading of tender may start immediately after e-Publication of NIT and shall continue till the last date and time of bid submission.

14.6.10 System Requirement: In order to submit the online offer on CIL's e-Procurement portal, the bidder should comply with the system requirement i.e. hardware, software and internet connectivity at bidder's premises to access the e-Procurement website. Under no circumstances, CIL/Subsidiary Company shall be liable to the bidders for any direct/indirect loss or damages incurred by them arising out of incorrect use of the e-Procurement system or internet connectivity failures.

14.6.11 Registration/Enrollment of Bidder on e-procurement Portal of CIL: In order to submit the Bid, the bidders will have to get themselves registered online on the e-Procurement portal of CIL with valid Digital Signature Certificate (DSC) issued from any agency authorized by Controller of Certifying Authority (CCA) and which can be traced up to the chain of trust to the Root Certificate of CCA. The online Registration of the bidders on the portal will be free of cost and one time activity only. The registration should be in the name of bidder, whereas DSC holder may be either bidder himself or his duly authorized person and the DSC has to be mapped in the name of the bidder.

The bidders who are eligible for purchase preference for being an MSE / 'Make in India' bidder / Ancillary should enroll their name in Coal India's e-Procurement Portal as "Preferential Bidder" either by modifying their profile or while making "Online Bidder Enrollment". The necessary documents in support of the eligibility for purchase preference should also be uploaded against the specified tender to avail the benefits.

14.6.12 Undertaking by the Bidder: The bidders will have to accept unconditionally the online user portal agreement which contains the acceptance of all the Terms and Conditions of NIT including Commercial and General Terms & Conditions and other conditions, if any, along with an online undertaking in support of the authenticity of the declarations regarding facts, figures, information and documents furnished in its offer on-line in order to become an eligible bidder and if the same is found to be wrong or misleading at any stage, they will be liable for punitive action.

14.6.13 Clarification of Bid Documents: The procedure for seeking clarification of bid documents has been elaborated in clause-10.3.4 of this Manual. In case of e-procurement, the bidder may seek clarification on-line which will



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be provided by the department and the same will be visible to all the prospective bidders.

14.6.14 Pre-bid Conference: Pre-bid conference may take place, if required, on the scheduled date & time, as specified in the NIT and in the manner as provided in clauses-10.3.5 and 10.3.6 of this Manual.

14.6.15 Amendments/ Modifications to Tender Enquiry: Amendments/ modifications to tender enquiry as elaborated in clause-10.16 of this Manual shall be uploaded on the websites of CIL/ Subsidiary Companies, e-procurement portal, CPP portal, etc.

14.6.16 Extension of Due Date of Bid Submission: Extension of due date of bid submission shall be as per clause-10.17 of this Manual.

14.6.17 Auto Extension of Due Date of Bid Submission: One Extension of bid submission date by four days in case of number of bids received is less than three, will be done automatically by the system. In case no offer is received, tender will be cancelled. The information of cancellation of the tender will be uploaded on the e-procurement portal through corrigendum.

14.6.18 Earnest Money Deposit: The EMD has to be deposited online only within the last date and time for submission of online offer. In the Online mode, the bidder can make payment of EMD through net banking from designated Bank or through NEFT/ RTGS from any scheduled Bank. In case of payment through net banking, the money will be transferred to CIL's Bank Account. In case of payment through NEFT/ RTGS, the bidder will have to make payment as per the Challan generated by system on e-Procurement portal before submission of bid. Bidder will be allowed to submit its bid only when the EMD is successfully received in CIL/Subsidiary Company's designated account and the information flows from Bank to e-procurement system.

In case of foreign bidders, they may remit the EMD in equivalent USD to purchaser's account and should upload Transaction reference number /Documentary evidence showing such remittance along with the offer. The remittances of EMD of USD to purchaser's account shall be the net remittance excluding all commissions, costs and charges levied by the intermediary banks.

In case of exemption of EMD, the self-attested scanned copy of document in support of exemption will have to be uploaded by the bidder during bid submission which will be verified along with bid documents. However, this option is to be enabled only in those cases where the exemption to EMD to some bidders is allowed as per NIT.

14.6.19 Bid Submission: The bidder shall upload its bids online in the e-procurement portal within the stipulated due date and time of tender submission. No offline bid shall be accepted.

The bidders will have to upload Technical Parameter Sheet (TPS) and scanned copies of various documents required for eligibility and all other



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documents as specified in NIT, in different folders under Cover-I. Only the Price-bid/ BOQ should be uploaded in Cover-II.

- 14.6.19.1 Technical Parameter Sheet:** A Technical Parameter Sheet (TPS) will be designed by Technical Department as per the tender requirement in Excel format or any other format as specified in NIT (password protected) containing the technical specification parameters for each item to be tendered. The TPS should be prepared and submitted along with Indent or preferably with Standard Specifications itself. The TPS will be uploaded by TIA during tender creation. This will be downloaded by the bidder and he will furnish all the required information on this file and upload the same file during bid submission. TPS which is incomplete and not submitted as per instructions will be rejected.
- 14.6.19.2 Commercial Parameter Sheet:** A Commercial Parameter Sheet (CPS), if required, will also be designed by TIA containing the commercial details and other parameters. The CPS will have to be uploaded by TIA either as a separate sheet or part of the TPS. The bidders will have to fill in the CPS also and upload the same along with supporting documents.
- 14.6.19.3 General Technical Evaluation:** If felt necessary, TIA will also design General Technical Evaluation (GTE) during bid creation. The bidder will have to fill-in GTE online while submitting its bids.
- 14.6.19.4 Price bid:** The Price bid containing the Bill of Quantity (BOQ) will be in Excel format or any other format as specified in NIT (password protected) and will be uploaded during tender creation. This will be downloaded by the bidder who will quote the rates, taxes & duties etc. for the offered items on this Excel file. Thereafter, the bidder will upload the same during bid submission in cover-II. The Price-bids of the tenderers will have no condition. The Price Bid which is incomplete and not submitted as per instructions will be rejected.
- 14.6.20 Modification/ Withdrawal of Bid:** Modification of the submitted bid shall be allowed online only before the deadline of submission of tender and the bidder may modify and resubmit the bid online as many times as he may wish. Bidders may withdraw their bids online within the end date and time of bid submission.
- 14.6.21 Bid Opening -Two Bid System:**
The Techno-Commercial bids in Cover-I will be opened on the pre-scheduled date and time of tender opening. The Techno Commercial bids will be decrypted on-line and will be opened by the “Bid Openers” with their DSCs. Price Bids (BOQ) of techno-commercially acceptable bidders will be opened subsequently on the scheduled date and time to be notified later.
- 14.6.22 Techno-Commercial Evaluation of Bids in Two Cover Bid System**
14.6.22.1 The e-Procurement System will evaluate the bids automatically based on details entered by the bidders in TPS and GTE, if applicable, and system evaluated technical scrutiny report will be available on the system itself.



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This will be downloaded by the concerned Technical Department who will further scrutinize the system accepted bids in light of documents uploaded by the bidders.

14.6.22.2 The copies of commercial parameter sheets (CPS), either separate sheet or part of TPS, along with supporting documents of system accepted bids will be downloaded by MM Department for carrying out commercial scrutiny.

14.6.22.3 Clarification of Bids/ Shortfall/ Confirmatory Documents:

The shortfall information/documents should be sought only in cases as brought out in clause-13.4 of this Manual. The Purchaser may ask for clarifications/ shortfall/ confirmatory documents during the evaluation of the bids.

For the purpose of uploading these clarifications / shortfall documents, bidders shall be given:

- in case of global tenders, only 2 chances – first of 7x24 hours duration and second of 5x24 hours duration; and
- in case of domestic tenders, only one chance – of 7x24 hours duration.

The above documents will be specified on-line under the link “Upload shortfall/ confirmatory document” indicating the start date and end date for on-line submission by bidder. The bidders will get this information on their personalized dashboard. Additionally, information shall also be sent by system generated e-mail and SMS, but it will be the bidder’s responsibility to check the updated status/ information on their personalized dash board at least once daily after opening of bid. No separate communication will be made in this regard. Non-receipt of e-mail and SMS will not be accepted as a reason of non-submission of documents within prescribed time. The bidder will upload the requested documents within the specified period and no additional time will be allowed in this regard for on-line submission of documents after only 2 chances in case of global tenders, first of 7x24 hours duration and second of 5x24 hours duration and only one chance in case of domestic tenders, of 7x24 hours duration.

All correspondence with the bidder(s) during the pre-contract stage must be without any commitment and for this following line may be added at the communication made to the bidder(s):

“This is however, without any commitment whatsoever at this stage.”

14.6.22.4 The final technical and commercial evaluation of bids shall be done by the concerned technical and commercial departments keeping in view



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the provisions of clause-13.11 of this Manual, which shall require approval of concerned HOD.

- 14.6.22.5** After the techno-commercial evaluation, as above, case may be put up to the appropriate level of tender committee for deliberations and recommendations in respect of short listing of techno-commercially acceptable bidders.
- 14.6.22.6** After the shortlisting of techno-commercially acceptable bidder as above, the date and time of opening of Price Bid and/or conducting reverse auction (as per clause-14.7 below), shall be uploaded in the Portal and shortlisted firms shall also be informed through system generated e-mail and SMS alert.
- 14.6.22.7** Where no reverse auction is to be conducted, the Price bid (Cover-II) of the shortlisted bidders (qualified in Techno Commercial bid) will be decrypted and opened on the notified date and time by the Bid Openers.
- 14.6.22.8** The Price bids and system generated Comparative Statement will be downloaded and will be signed by the officers opening the Price Bids.
- 14.6.22.9** Where reverse auction is to be conducted, it will be done in the manner specified in clause-14.7 below and system generated Comparative Statement will be downloaded and will be signed by the officers opening the Price Bids and conducting reverse auction.
- 14.6.22.10** The system generated comparative statement of net landed price after setting off CENVAT Credit and Input Tax Credit in case of GST, will be checked, corrected, if required and vetted by the Associate Finance, before the case is put up for further deliberation by the appropriate level of Tender Committee.
- 14.6.22.11 Recommendations, approval and placement of contract**
The procedure will be same as elaborated in clause-14.8 below.

14.6.23 Bid Opening - Modified Single Envelope System

In the modified single envelope system both Techno-Commercial Bids (Cover-I) and Price-Bid (Cover-II) are placed in a single envelope and on the scheduled date and time of tender opening, both these covers are opened simultaneously on-line. The participating bidders may view the opening of the bids on-line.

14.6.24 Evaluation of Bids in Single Bid System:

- 14.6.24.1** Upon opening of the bids, GTE, TPS, BOQ and all other documents uploaded by the eligible bidders will get opened and comparative statement of prices will get generated by the system.
- 14.6.24.2** Supportive documents of L-1 bidder only, shall be downloaded for evaluation by the TIA. However, in certain situations mentioned in



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clause-13.3.1, supportive documents of other bidders also shall be downloaded for evaluation.

14.6.24.3 After evaluation of the uploaded documents, shortfall / confirmatory documents / clarifications, if required, are sought from the L-1 bidder. Shortfall documents / clarifications are to be sought only in cases, indicated in clauses-13.2 and 13.4 of this Manual.

14.6.24.4 If the techno-commercial acceptability of the system generated L-1 bidder is established upon verification of uploaded documents and shortfall documents if any, the case shall be considered by the TC. If the L-1 bidder is found to be not techno-commercially acceptable upon verification, the documents of the next lowest bidder shall be downloaded for evaluation and shortfall documents obtained, if required. This process continues sequentially till techno-commercially acceptable L-1 is established.

14.6.24.5 In case of MSEs and startups, where criteria of prior turnover and prior experience is to be relaxed as per Govt. instructions, the provisions of clause-2.8.3.7 are to be followed for determining the technical suitability of such entities.

14.6.24.6 Recommendations, approval and placement of contract: The procedure will be same as elaborated in clause-14.8 below.

14.6.24.7 In cases where modified single envelope system is followed, the following penalties shall be imposed on the defaulting bidders:

- If L-1 bidder is a defaulter for part of/ all items for which he is L-1, 100% of EMD amount or Rs. 20.00 lakh, whichever is lower, + GST (at applicable rate), is to be forfeited and the bidder is to be disqualified in any tender for a period of 1 year for those specific item(s) for which he has defaulted.
- In case the defaulter is an EMD exempted bidder or if there remains some unrecovered amount from the bidder who has submitted EMD, on account of forfeiture of EMD, he will be asked to deposit the equivalent amount, within 7 days of notice, failing which, his disqualification will be extended for another 1 year.

Note:

- i. The zone of applicability of penal provisions shall be TIA specific.
- ii. 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 maintain smooth supply of such spares.
- iii. The submission of forged document, if any, by the bidder (s), shall be dealt with as per the provisions under clause-6.13.



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14.7 General Guidelines and Process Flow for Tender cum Reverse Auction:

- 14.7.1** Electronic Reverse Auction means an online real-time purchasing technique utilized by the purchaser to select the successful bid, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids.
- 14.7.2** The Purchaser may choose to procure a subject matter of procurement by the electronic reverse auction method, if:
- a). It is feasible for the procuring entity to formulate a detailed description of the subject matter of the procurement;
 - b). There is a competitive market of bidders anticipated to be qualified to participate in the electronic reverse auction, so that effective competition is ensured; and
 - c). The criteria to be used by the procuring entity in determining the successful bid are quantifiable and can be expressed in monetary terms;
- 14.7.3** The procedure for electronic reverse auction shall include the following, namely:
- a). The purchaser shall solicit bids through an invitation to the electronic reverse auction to be published or communicated in accordance with the provisions similar to e-procurement or it could follow e-procurement; and
 - b). The invitation shall, in addition to the information as specified in e-procurement, include details relating to access to and registration for the auction, opening and closing of the auction and norms for conduct of the auction.
- 14.7.4** In Electronic Reverse Auction, starting price, bid decrement and duration of auction are announced before start of online reverse auction. The interested bidders can thereupon start bidding in an iterative process wherein the lowest bidder at any given moment can be displaced by an even lower bid of a competing bidder, within a given time frame. The bidding is with reference to the current lowest bid in the reverse auction. All bidders will see only the item-wise current lowest quoted price.
- 14.7.5** Wherever it is decided to go for reverse auction, a clause in this regard has to be stipulated in the NIT.
- 14.7.6** Tenders to be issued by any procuring entity, having tender value of above Rs. 50 lakhs shall follow reverse auction process. However, no reverse auction will be conducted in case of single / proprietary purchase. The reverse auction process shall be as under:
- 14.7.7** 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 tender.



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14.7.8 On scheduled date & time of tender opening and upon opening of the tender by the bid opening team, e-procurement System automatically evaluates particulars as contained in GTE, TPS and other Commercial Parameters (to be combined in TPS) and shows only the item-wise L1 price.

14.7.9 Reverse Auction will be initiated only amongst system evaluated technically qualified bidders to whom communication shall be sent from the system, after opening of tender.

14.7.10 There will be no participation fees for e-Reverse auction.

14.7.11 After opening of the tender, a reverse auction platform is to be created by TIA within two hours of opening of bids. Therefore, bid opening time should be fixed as 11.00 AM in order to ensure that the reverse auction process starts well within the normal working hours on the same day. No indication will be available in the portal to anybody regarding number of bids and names of the bidders.

In case of tender involving Reverse Auction for large number of items, the Reverse Auction may be conducted either for each item or different groups of items separately, i.e. RA may be started at different times, in order to make it easier for the bidders to monitor the bids during Reverse Auction.

14.7.12 System displays L1 net landed price automatically in auction creation form and allows TIA to edit the value as 'start bid' price. The L1 Price will be the start bid price. The BOQ shall be designed taking into consideration CENVAT Credit, VAT set off etc., or ITC in case of GST as applicable, so that it is reflected in the net landed price.

14.7.13 The L1 price/ start bid price is net landed price/ cost to the company price on which the auction will be initiated.

14.7.14 Item-wise H-1 bid (the highest bid) will be eliminated during price bid opening, if more than four techno-commercially acceptable bids are available and H-1 bidder (the bidder who has quoted the highest net landed cost/price) will not be able to participate in the Reverse Auction for that item. If two bidders have quoted the same H-1 net landed cost/price, the bidder who had submitted/ frozen the bid later, shall be rejected and will not be able to participate in Reverse Auction. However H-1 elimination will not be applicable to the preferential category of bidder like MSEs, Make In India, Ancillaries and other preferential category of bidders notified by Government of India from time to time.

14.7.15 The L1 bidder after the reverse auction has to upload the breakup of net Landed Prices online through confirmatory link. The detailed breakup of offered net landed price, uploaded by the bidder shall be considered and order, if placed, shall be with the same breakup of prices. While giving the break up, the bidder will not be allowed to increase the initial quoted rate



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of any component. The composite price may be either equal to the price offered in reverse auction or less. The L1 bidder after reverse auction will be responsible to ensure that the net landed rate as per the breakup of prices provided by him after the reverse auction and the L1 net landed rate offered by him in the reverse auction is the same or less, otherwise it may be treated as withdrawal of offer and will attract penal action. The bidder will also have to consider same rate of taxes and duties as quoted while submitting the e-price bid.

14.7.16 To evaluate the net landed price for determining the L1 bidder in different kinds of tenders, the evaluation criteria would be as elaborated in clause-13.3.3 of this Manual.

14.7.17 The decrement value will be 0.5 % of the start bid price with minimum of Rs.1.00, as the present e-procurement system does not have a provision of taking amounts less than Rs.1.00 as decrement value. The reduction shall have to be made as per decrement value or in multiple thereof. The maximum seal percentage in one go will be fixed as 2% over and above the normal decrement of 0.5% i.e. 2.5% of the start bid price or the last quoted price during reverse auction, whichever is lower. This shall be worked out as under:

$$DV_1 = (DV + \frac{2}{100} \times L1)$$

where DV= Decrement Value (fixed) as indicated in NIT

DV₁= Maximum range of decrement (Bidders can offer reduction in multiples of DV within this range)

L1= Start Bid Price or Current Lowest Price as displayed during reverse auction

If the start bid price is Rs.21000 and decrement value is Rs.100, the maximum seal percentage will be 2% of 21000 i.e. Rs.420 and upper range of reduction shall be Rs.520 (100+420). However, as reduction has to be in multiples of decrement value, maximum reduction that can be offered by the bidder will be Rs.500 only and hence, first reduced bid in reverse auction cannot be below Rs.20500.

In the above scenario, the seal percentage for 2nd bid will be 2% of 20500 i.e. Rs.410 and the upper range of reduction shall be Rs.510 (100+410). Thus maximum reduction that can be offered will again be Rs.500 only in multiples of Rs.100 (decrement value).

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

- For decrement values up to Rs.10/-, rounding off may be made to nearest rupee.
- For decrement values from Rs.11/- to Rs.100/-, rounding off may be made to nearest 10.
- For decrement value from Rs.101/- to Rs.1,000/-, rounding off may be made to nearest 100.
- For decrement value from Rs.1,001/- to Rs.10,000/-, rounding off may be made to nearest 1000.

and so on



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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.1.00 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.

- 14.7.18** Reverse Auction will be initiated normally within two hours after opening of price bids. Initial period of reverse auction will be two hours. There will be auto extensions of time every time by thirty minutes in case of any reduction recorded in the last thirty minutes. The reverse auction will come to a close only when there is no further reduction recorded in the last thirty minutes slot.

In case of multiple-items, auto extension will take place only for the item(s) for which any reduction has been recorded in last thirty minutes. For rest of the items for which no reduction has been recorded in the last thirty minutes, the Reverse Auction will close.

- 14.7.19** System provides bidder details along with bid documents at the end of reverse auction process. The log details of the entire reverse auction process will be generated by the system once the process of reverse auction is completed.

- 14.7.20** If a bidder does not submit his bid in the Reverse Auction, the price quoted by him in the initial 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.

- 14.7.21** Since, reverse auction is a sequel to e-tender, the process of finalizing the tender upon completion of reverse auction will be the same as the tender process without reverse auction.

- 14.7.22** 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.

- 14.7.23** The bid history shall reflect only the net landed price. The net landed price shall also not be same for two bidders even if any bidder makes such an attempt. Net landed price can be the same for two bidders only in case where after e-procurement, none of the qualified bidders participated in the Reverse Auction.

- 14.7.24** Only the chronologically last bid submitted by the bidder till the end of the reverse auction shall be considered as the valid price bid of that bidder and acceptance of the same by CIL will form a binding contract between CIL and the bidder for entering into a contract. Any bid submitted earlier



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during reverse auction process by the bidder prior to submission of his last bid will not be considered as the valid price bid.

- 14.7.25** *Purchase Preference:* If any of the short listed bidders are eligible for purchase preference as per Government 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 and they are otherwise eligible. This will also be applicable to MSEs, Make In India, Ancillaries and other preferential category of bidders notified by Government of India from time to time.
- 14.7.26** *Conversion Rate:* The exchange rate prevailing on the price bid opening date, shall be fed to the system by the TIA during opening of the price bid. The data may be obtained from RBI / SBI website or directly from Banks.
- 14.7.27** 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.
- 14.7.28** On expiry of the closing of the reverse 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.
- 14.7.29** 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, LPP etc., the management reserves right to seek justification of the price from the lowest bidder. If the price is not considered reasonable, management may not accept such bid and go for another tender process.
- 14.7.30** 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.

14.8 Recommendations, approval and placement of contract:

- 14.8.1** The Tender Committee will recommend acceptance of offer(s) of successful bidder(s) for award of contract after establishing the reasonableness of rates. Reservations, purchase preference, etc. to MSEs, Make In India, Ancillary units and other preferential category of bidders notified by Government of India from time to time, as discussed in Chapter-2, will be kept in view while recommending coverage of tender quantity.



14 - E-Procurement and E-Reverse Auction

- 14.8.2** The approval for issue of Purchase Order to successful bidder(s) will be accorded by the competent authority as per delegation of power.
- 14.8.3** Only after competent approval and financial concurrence, the Purchase order/ Contract to the successful bidder(s) will be issued and the scanned copy of the same will be uploaded on the e-Procurement portal.
- 14.9** The EMD of unsuccessful bidders will be refunded through e-Procurement portal automatically after the bidder is declared unsuccessful. For successful bidders and also foreign bidders, the EMD will be refunded through e-Payment for which a provision should be kept in the NIT advising the bidders to submit MANDATE FORM / Cancelled Cheque for e-Payment along with the offer. This MANDATE FORM / Cancelled Cheque can also be used to remit EMD in case of failure of auto-refund through e-Procurement portal for unsuccessful bidders.
- 14.10** All the details of Techno-Commercial bid and Price bid will be kept preserved in the archives for auditing purposes and the same can be accessed with special authorization. The IP address of all the bidders who has participated in the bid along with timing and date will also be kept preserved in the system.



15 - Policy for Procurement of Spare Parts for HEMM

CHAPTER - 15

POLICY FOR PROCUREMENT OF SPARE PARTS FOR HEMM

15.1 Introduction

In respect of critical spare parts for HEMM, procurement shall be made from OEM¹⁴/OES¹⁵/OPM¹⁶ only. If Single Tender is issued for procurement from OEM/OES, the same can be issued with Proprietary Article Certificate (PAC) or without PAC, as the case may be, as per the provisions contained under clause related to issue of Single Tender Enquiry under Chapter-8 “Modes of Purchase and Tendering”. In case an identified OPM exists, then a Limited Tender Enquiry may be floated among OEM/OES and OPM as per Clause-8.10 of this Manual.

The list of critical spare parts to be procured from OEM/OES and OPM shall be approved by the CFDs of the subsidiary company and the same may be reviewed and shared among all the subsidiaries on annual basis under intimation to Technical Department of CIL, for ensuring uniformity.

In case of non-critical items, the procurement from proven sources may be considered.

15.2 Procurement of spare parts against Depot Agreements

In case of Depot Agreements for supply of spare parts for HEMM, such Depot Agreements may be concluded as per clause-8.20 of this Manual.

15.3 Procurement from OPM

15.3.1 Procurement of the following items may be made from the OPMs:

15.3.2 The list of Assemblies/Sub-assemblies/Components and their spares/items shall be circulated by Technical Department of CIL on annual basis.

15.3.3 The OPM is to be identified by each subsidiary company by constituting a committee headed by Director (Technical) of the subsidiary company. The Committee will determine status of a manufacturer as OPM on fulfilling **any one** of the following criteria:

1) On submission of the following documents by OPM:

¹⁴**OEM** – Means Original Equipment Manufacturer.

¹⁵**OES** – Means authorized supplier of Original Equipment Manufacturer. Only those firms who have the current authorization and/or technical collaboration of OEM for supply of their equipment and providing technical services would be treated as OES.

¹⁶**OPM** – Means Original Parts Manufacturer falling under the following categories:

The original manufacturers of assemblies, sub-assemblies or components of the original equipment.

The original manufacturers of spare parts/items of assemblies, sub-assemblies or components of the original equipment.



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- a) Self-certificate, of being manufacturer of the Assemblies/Sub-assemblies/Components, etc.
- b) Self-certified copies of Purchase Orders in support of proof of having supplied to OEM or copy of an Agreement of the OEM with OPM, for the above items.
- c) Self-certified copy of performance certificate from the end user to assess the provenness credibility of the OPM based on the following criteria:-

“Assemblies/ sub-assemblies/ components and their spares/ etc. offered by the OPM must have been supplied in the past to CIL/Subsidiary Companies or other PSUs/Government Departments/Private Organizations and these should have performed satisfactorily for a period of not less than one year from the date of fitment/ commissioning.”

If the above mentioned declaration/ information/ documents submitted by the OPM are subsequently found false or forged/tampered in any way, the total responsibility shall lie with the OPM and CIL/ Subsidiary Companies shall reserve the full right to take suitable penal action as may be deemed fit including banning of business, apart from forfeiture of EMD, Security Deposit, etc.

OR

- 2) The manufacturer whose supplied assemblies/ sub-assemblies/ components to the OEM, have been declared fitted on the equipment by the OEM. In such cases, documents mentioned under 1 (a), 1 (b) and 1 (c) above are not required for declaring them as OPM.

OR

- 3) The manufacturer whose supplied assemblies/ sub-assemblies/ components were found fitted on the equipment at the time of physical verification by the Committee. In such cases, documents mentioned under 1 (a), 1 (b) and 1 (c) above are not required for declaring them as OPM.

15.3.4 Once OPM has been identified, no documents related to the identification are required to be submitted by the OPM in each separate procurement case.

15.3.5 In case the performance of two consecutive supplies made by the OPM in a subsidiary company is not found satisfactory, its name will be deleted from the list and the said OPM after issue of a notice will not be considered for further issuance of enquiry.

15.3.6 The list of OPM shall be updated by each subsidiary every year and the Technical Department at CIL should be informed regarding each update.

15.3.7 If the OPM does not supply directly to CIL as a matter of its corporate policy, it may nominate distributor/ dealer/ agent for a particular



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Subsidiary company and on such authorization, procurement may be made from such authorized distributor/ dealer/ agent.

- 15.3.8** Procurement from OPM shall be on Limited Tender basis, wherein enquiry shall also be issued to OEM and OES (if any). The Limited Tender Enquiry shall be issued as per provisions of clause-8.10 of this manual. In case any new prospective bidder participates claiming to be OPM and meeting the criteria as stipulated in clause-15.3.3 above, may also be considered as valid bidder for award of contract.

15.4 Procurement from Proven Sources¹⁷

Procurement from proven sources may be made in the following cases only:

- 15.4.1** Procurement of bought-out items of OEM like Bearings, Oil Seals, Hoses, End fittings, Brake linings, 'O' Rings, Carbon Brushes and Nipples.
- 15.4.2** Procurement of items like Tooth Points, Adopter and its fittings. Track Pads, Roller Assemblies, Undercarriage Sets, Buckets, Radiators, Oil Coolers, Cutting Edges, End Bits, Gear, Pinion, Shaft, Pulley and Pulley assembly, Drill Rods and Drill Bits.
- 15.4.3** Procurement of Standard items of non-critical nature like Fasteners, Washers, Lamps, Electrical Switches and Batteries.
- 15.4.4** These are indicative lists only. Subsidiary companies may identify other items as per their fleet of equipment and communicate to CIL for inclusion in the above lists. Critical items, if any, in the above broad category of items, shall be purchased from OEM/ OES/ OPM only as per clause-15.1 above. The list of critical items to be procured from OEM/ OES/ OPM shall be approved by the Director (Technical) of the subsidiary company and the same may be reviewed and shared among all the subsidiaries on annual basis under intimation to Technical Department of CIL, for ensuring uniformity.
- 15.4.5** Procurement of such spares already ordered on OEM/OES/OPM which have not been supplied by them within the stipulated delivery period of the respective orders, may be made from proven sources with a specific approval of the CMD of the respective Subsidiary Company. This option is to be exercised by subsidiary Companies after taking decision on delivery extension as per urgency of work.
- 15.4.6** Procurement of spares of such old models of equipment which are still in operation but are either not in the current manufacturing range of OEM

¹⁷Proven Sources – Means sources who have manufactured and supplied spare parts, assemblies, subassemblies or components in the past to CIL/Subsidiary Companies or other PSUs/Government Departments/ Government Organizations/ Private Organizations; and these items have performed satisfactorily for a period of not less than one year from the date of fitment/commissioning or in case of goods whose life is less than one year, have performed satisfactorily as per the provisions of the supply orders submitted along with the offer.



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or presently the OEM is not in business AND the OEM/OES are not ready to supply the spares, may be made from proven sources after obtaining specific approval of the CMD of the respective Subsidiary Company.

- 15.4.7** Procurement from proven sources shall be made through appropriate mode of tendering depending on the value of tender. In case of limited tender, enquiry will also be issued to ancillary units, if any, for the tendered items. Further, in case of open tendering, if any offer is received from MSE or any other preferential category of bidders, it shall be dealt with as per the provisions contained in Chapter-2 of this Manual.
- 15.4.8** However, the spare parts to be supplied by the proven sources and MSEs/ Ancillary Units should be monitored on regular basis both in respect of quality and delivery of the spare parts. For this purpose, the Subsidiary Companies should constitute a Committee headed by Director (Technical) of the concerned Subsidiary Companies to evolve proper methodology for doing so and to implement the same.
- 15.4.9** In case no offer is received for bought out items against consecutive two open tenders, then attempts may be made for procurement of the items from OEM directly under Depot Agreement, if item exists under the DA, or by inviting single offer from the OEM as the case may be. However, the provisions under this clause should be exercised only in exigencies with the approval of CMD of respective Subsidiary/ Chairman, CIL.



CHAPTER - 16

DRAFTING OF CONTRACT(S)

16.1 Drafting of Contract(s)

16.1.1 The drafting of contract is the most important stage in the procurement process and the procuring entity should ensure that document is prepared very carefully. The practice of drafting on the basis of an old contract document should be desisted in order to eliminate the possibility of omission and commission. It has to be ensured that the contract is issued complete in all respects without leaving any room for ambiguity and/or different interpretations so as to avoid any legal complication and/or unnecessary correspondence at a subsequent stage.

16.1.2 The terms and conditions being incorporated in the contract are to be in conformity with the offer of the firm and any variation being incorporated must be mutually agreed to. Unilateral insertion of terms and conditions which are different from those of the NIT and/or firm's offer will not bind the contractor and must not be incorporated to avoid legal complications.

16.1.3 The contract should contain no more and no less than what is contained in the offer of the contractor. Any change desired to be made from the conditions of the firm's offer should be incorporated in the contract only with the prior concurrence of the tenderer.

16.1.4 In particular, the following aspects must be taken care of while drafting the contract:

16.2 Name and Address of the Contractor

16.2.1 The complete name and address of the contractor alongwith their Pin Code number, phone/ fax number/ E-Mail address should be indicated correctly as mentioned in their offer.

16.2.2 When the offer is submitted by a person representing as Sole Proprietor of the firm, the contract should be issued in the name of the Sole Proprietor working in the name and style of the firm i.e. when XYZ signs the tender docs as the sole proprietor of the firm, the contract can be issued as;
(i) XYZ, Sole Proprietor, working in the name and style of M/s ABC, or
(ii) M/s ABC through its sole proprietor XYZ

16.2.3 By addressing in the above manner, the contract will be binding on the proprietor of the firm and the contractual rights can be exercised properly.

16.2.4 In all other cases, the contract will be issued in the name and style of the firm.

16.3 Conditions Governing the Contract

All contracts concluded by CIL/ Subsidiary Company will be governed by terms and conditions mentioned in the tender documents including



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Special and General Terms and Conditions of the Contract as may be amended from time to time.

16.4 Security Deposit/ Performance Bank Guarantee

16.4.1 The contract should contain the standard clauses for Security Deposit (SD) and Performance Bank Guarantee (PBG) as given in the tender documents, indicating correctly the quantum of SD and PBG and the time for furnishing the same.

16.4.2 Normally a period of 15 days from the date of issue of contract should be allowed to the firm to furnish Security Deposit. Performance Bank Guarantee should be taken at the time of supplies including installation and commissioning, if applicable and should normally be valid upto three months beyond the warranty period.

16.5 Date of Delivery

16.5.1 The time for and the date of delivery of the stores stipulated in the contract shall be deemed to be the essence of the contract. It is, therefore, necessary that a definite date for supply of stores must be stipulated in the contract.

16.5.2 Expressions, such as “Immediate”, “Ex-stock”, “As early as possible”, should be avoided both in the tender enquiry as well as in the resultant contract.

16.5.3 The delivery date in the contracts should be stipulated in accordance with the provisions thereof in the accepted offer. Incorporation of the delivery period in the contract in variance with that of the firm’s offer and which is not agreed to by the tenderer will not constitute a legally binding contract.

16.5.4 When tenderers quote in terms of weeks or months, example “Supply to commence within 18-20 weeks at the rate of 100-125 Nos. per month” a specific date should be worked out on the basis of the firm’s offer reproducing the terms of the offer. The period will be counted from date of issue of contract. When delivery period is quoted as above, the date of completion should be fixed as:

“commencement in 20 weeks at the rate of 100 Nos. per month and supplies to be completed by----- (Insert here the specific date).”

16.6 Provisional Delivery Dates

Where the delivery of stores is linked with the approval of advance sample or opening of Letter of Credit or registration of projects with customs authorities in case of Project Concessional Duty (PCD) imports, initially delivery date will be shown as quoted by the firm. The delivery date will be subsequently re-fixed after receipt of communication regarding approval of the advance sample or opening of Letter of Credit or registration of projects with customs authorities in case of PCD imports in the following manner:

16.7 Delivery Linked with Approval of Advance Sample

16.7.1 Where advance sample is required, a target date for submission of acceptable advance sample in accordance with the contract specification



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and the authority to whom it is to be submitted; should be clearly indicated in the contract.

- 16.7.2** Considering the period required for approval of sample, tentative delivery date for completion of supply will be worked out in line with the delivery offered by supplier and will be indicated in the contract. As soon as the intimation is received from the concerned authority about the approval of the sample, the delivery date should be re-fixed in accordance with the offer of the firm as initially indicated in the delivery clause.

16.8 Delivery Linked with Opening of L/C

Where firms offer delivery in terms of weeks or months after opening of Letter of Credit, e.g. delivery 8-10 months after opening Letter of Credit, the delivery period in the contract may be stipulated initially as quoted by the firm. Immediate action should be taken to open the Letter of Credit and as soon as the intimation is received from the concerned Finance Department about opening of Letter of Credit, the delivery date should be re-fixed in accordance with the offer of the firm as initially indicated in the delivery clause.

16.9 Delivery Linked with Registration of Projects with Customs Authorities in case of PCD imports

Where the delivery quoted by the firm is linked with registration of projects with customs authorities in case of PCD imports, the delivery period in the contract may be stipulated initially as quoted by the firm. Immediate action should be taken to get the project registered with the customs authorities and as soon as the intimation is received from the concerned C&F Department about registration of project, the delivery date should be re-fixed in accordance with the offer of the firm as initially indicated in the delivery clause.

16.10 Delivery Date in CFR, CIF and CIP Contracts

In these contracts the date of delivery is stipulated as "Supplies to be completed by the particular date". In order to make the seller responsible for transit losses, it is to be clearly mentioned in the contract that the delivery will be deemed to have taken place only when the goods actually arrive at Indian Port (in case of CFR and CIF contracts) and at named place of destination in India (in case of CIP contract) by the specified date.

16.11 Dispatch Instructions for Imported Stores

- 16.11.1** In order to arrange clearance and also to finalize all customs and port trust formalities promptly, suppliers should be asked to ensure that the relevant shipping documents such as negotiable copy of bill of lading, copy of consignee's invoice, copies of packing accounts or slips etc. are, invariably, forwarded by them to the consignees indicated in the contracts well in advance of arrival of Cargo.



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16.11.2 As per OM No.SC-18013/1/2013-ASO-I dated 08.09.2015 of Ministry of Shipping, all importing Government Departments/PSUs will make their own shipping arrangements without needing to route their requirements through Chartering Wing of Ministry of Shipping subject to the following:

- i). The import of bulk cargoes, both dry and liquid, will continue to be made on FOB basis by importing Government Departments/PSUs and shall remain subject to extant Government policy notified vide Shipping Ministry's OM No. SC-11011/1/1994-ASO-II/Vo1.III dated 27th February, 1996 (Annexure-I of OM dated 08.09.2015) and OM No. SC-11021/1/1999-ASO-I/Vo1.III dated 15th November, 2001 (Annexure-II of OM dated 08.09.2015) and that in case of any departure therefrom, prior permission and No Objection Certificate will have to be obtained from the Ministry of Shipping on a case-to-case basis with the approval of the concerned administrative Ministry/ Department.
- ii). The import of general liner cargoes (project cargoes' heavy lift, container, break bulk cargoes etc.) can now be made by Government Departments/PSUs on FOB (Free on Board) or C&F (cost & Freight)/CIF (cost, Insurance & Freight) basis which shall otherwise remain subject to extant Government policy notified vide Shipping Ministry's OM No. SC-11011/1/1994-ASO-II/Vo1. III dated 27th February, 1996(Annexure-I of OM dated 08.09.2015) and OM No. SC-11021/1/1999-ASO-I/Vo1.III dated 15th November, 2001 (Annexure-II of OM dated 08.09.2015). In case of C&F/CIF import, there is no need of obtaining NOC from the Ministry of Shipping.

16.12 Description of Stores

In respect of this clause, the following points are to be carefully checked:

- i). Whether description is complete without any mistake. Full nomenclature/complete description of the Stores and the item code, if allotted, should be mentioned.
- ii). Whether relevant specifications/drawings references are correctly mentioned.
- iii). Whether unit of measurement and the quantity ordered, price per unit, extended value and total value in words and figures are correctly mentioned.
- iv). Whether prices are inclusive or exclusive of taxes and duties.

16.13 Specifications/ Particulars Governing Supply

Specifications/technical particulars along with Maker's name, Brand and country of origin should be clear and complete without any ambiguity. Terms such as "Foreign Make" should be avoided. Where the offer of the firm does use the terms "Foreign Make" or "Indian Make" without indicating the name of the makers, the name of the manufacturer and the country of origin in the case of imported stores should be obtained from the tenderer and incorporated in the Contract.



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16.14 Inspecting Authority

The name of the Inspecting Authority and place of inspection where the stores are to be tendered for inspection should be indicated correctly. Where initial pre-dispatch inspection at firm's premises as well as final inspection and tests at site are required, the same should also be clearly indicated.

16.15 Paying Authority

The paying authority and the Budget Certification indicating the financial year against which the funds have been earmarked for making the payments need to be correctly stipulated.

16.16 Elements of Prices

The following points should be specially checked:-

16.16.1 Basic Price

- a). Whether the prices are firm and final or variable; if variable, price variation clause agreed upon with the supplier should be incorporated.
- b). In respect of direct import by CIL/ Subsidiary Company, payment of Agency Commission, if any, is to be stipulated. In respect of imported stores to be supplied by an Indian firm in INR, exchange rate and custom duty variation clauses are to be stipulated, if agreed upon.

16.16.2 GST, Customs Duty, Excise Duty, Central Sales Tax/ VAT, Octroi / Entry Tax and other Local Taxes

Relevant provisions of Chapter-10 of this Manual and the stipulations made by the firm in its offer should be considered regarding applicability of taxes/ duties while drafting the contract.

16.17 Option Clause

- a. In cases where coverage of additional quantity upto 25% under option clause has been utilized at the time of placement of contract, the following clause may be stipulated in the contract:
"The (+) option as contained in the tender enquiry and agreed to by the firm has been utilized and an additional quantity upto 25% of quantity accepted has been ordered in this contract under the said option clause. This contract is, however, without any detriment or prejudice to the right of the purchaser to reduce the ordered quantity by (-)25% of the originally ordered quantity/balance unsupplied quantity, whichever is less, under the said option clause."
- b. In cases when part option is utilized at the time of placing the contract and remaining option is to be availed during the currency of the contract, the following clause may be stipulated in the contract:



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“The (+) option as contained in the tender enquiry and agreed to by the firm has been utilized upto _____. This contract is, however, without any detriment or prejudice to the right of the purchaser to place order/orders during the currency of the contract at the same rate(s), for the balance quantity upto 25% of the said option clause or reduce the ordered quantity by (-)25% of the originally ordered quantity/balance unsupplied quantity, whichever is less, under this clause.”

- c. In cases when full option of $\pm 25\%$ is to be exercised subsequent to placement of contract but during the currency of the contract, the following clause may be stipulated in the contract:

“This contract is, however, without any detriment or prejudice to the rights of the purchaser to place order at the same rate(s) for additional 25% quantities or reduce the ordered quantity by (-)25% of the originally ordered quantity/balance unsupplied quantity, whichever is less, under the option clause stipulated in the Tender Enquiry.”

16.18 Settlement of Disputes through Court of Law of Competent Jurisdiction

When a dispute/difference arises, both the purchaser and supplier should first try to resolve it amicably by mutual discussion, mediation, conciliation and arbitration as per provisions in Chapter-22A. If the parties fail to resolve the dispute within 21 (twenty-one) days, then, depending on the position of the case, either the purchaser or supplier should give notice to the other party of its intention to approach the court of law.

The disputes/claims arising out the contract entered into with the suppliers will be subject to the jurisdiction of the competent court of law as per the following provisions:

Irrespective of the place of delivery, the place of performance or place of payment under the contract, the contract shall be deemed to have been made at the place from where the tenders have been invited. All the dispute/claims arising out of the contract entered into with contractor will be subject to the jurisdiction of Courts of the place from where the contract has been issued. In the contract, the following should be inserted:

“The Courts in whose territorial jurisdiction the place from where contract is being issued is located i.e. _____ shall be competent to deal with any matter arising out of this Purchase Order/Contract.”

(The name of the place from where contract is being issued should be inserted in the blank space.)

16.19 Dispute Resolution

- 16.19.1** With a view to expedite the settlement of disputes relating to commercial contract(s) between Central Public Sector Enterprises (CPSEs) inter se, and



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also between CPSEs and Government Departments/ Organizations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments), the Government of India has created a Permanent Machinery of Arbitrators (PMA) in the Department of Public Enterprises in 1989. To make the mechanism more effective and binding on the disputing parties, a new mechanism namely Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) having two level (tier) structure has been evolved in consultation with various stakeholders to replace the existing PMA mechanism which stands wound up from 22.05.2018.

In case of contract with a Public Sector Enterprise or Govt. Departments, the following Arbitration Clause shall be incorporated in the NIT and the resultant contract:

“Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) in the Department of Public Enterprises:

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning 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. 05/0003/2019-FTS-10937 dated 14.12.2022 and the decision of AMRCD on the said dispute will be binding on both parties.”

- 16.19.2** In case of contract with parties other than above Agencies, the following ‘Arbitration & Conciliation Clause’ and ‘Sole Arbitration Clause’ shall be incorporated in the NIT and the resultant contract:

“Arbitration & Conciliation:

In the event of any dispute or difference relating to the interpretation and application of the provisions of the contract, such dispute or difference shall be taken up by either party for conciliation first. The party initiating conciliation shall send a written invitation to the other party to conciliate, and proceedings shall commence when the other party accepts the initiations to conciliation. There shall be only one conciliator who would be appointed by Chairman, CIL/ CMD of Subsidiary Company (as the case may be) as the conciliator. The conciliation shall assist the parties to reach an amicable settlement of their dispute. When the parties sign the settlement agreement, it shall be final and binding on the parties. The conciliator shall authenticate the settlement agreement and furnish a copy thereof to each party.

If differences still persist, the settlement of the dispute shall be resolved through arbitration.

The party initiating arbitration shall send a written notice to the other party of its intention to commence arbitration. The applicable arbitration procedure



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will be as per the Arbitration and Conciliation Act, 1996 as amended by Amendment Act of 2015.”

“Sole Arbitration Clause:

In the event of any question, dispute or difference arising under these terms & conditions or any condition contained in this contract or interpretation of the terms of, or in connection with this Contract (except as to any matter the decision of which is specially provided for by these conditions), the same shall be referred to the sole arbitration of a person, appointed to be the arbitrator by the Chairman, CIL/ CMD of Subsidiary Company (as the case may be). The award of the arbitrator shall be final and binding on the parties of this Contract.

Note:

- a) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his/her award being set aside by the court for any reason, it shall be lawful for the Chairman, CIL / CMD of Subsidiary Company (as the case may be) to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.*
- b) It is further a term of this contract that no person other than the person appointed by the Chairman, CIL / CMD of Subsidiary Company (as the case may be) as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not to be referred to Arbitration at all.*

The venue of arbitration shall be the place from which the contract is issued or such other place as the Chairman, CIL / CMD of Subsidiary Company (as the case may be) at his discretion may determine.”

16.20 Other conditions

Other conditions such as Terms of Payment, Head of Accounts, Guarantee/ Warranty, Liquidated Damages Clause, Force Majeure Clause, etc., should also be incorporated in the contract, as applicable.

16.21 Supply Order for Imported Items

Following additional clauses should be included in the contract placed on an overseas supplier for supply of Imported Items on FOB/ CFR/ CIF/ CIP basis:

- i) Consignments should be booked directly in the name of CIL/Subsidiary Companies.*
- ii) The supplier should provide for proper sea-worthy and safe packing for protection of the goods and accessories against wear, tear, rough handling and whenever necessary provisions for required fittings have to be made to ensure proper handling of the packages. Supplier will be responsible for any damages due to defective packing of the goods.*
- iii) Marking on the packing should be indicated in the supply order.*



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- iv) Category of license against which the import is being made.
- v) For warranty spares, the Contract No. against which the parent machine was imported should be mentioned.
- vi) Within 48 hours of shipment, the Supplier should inform the Clearing & Forwarding Department of CIL about the following information by fax/e-mail. A copy of non-negotiable documents must be directly sent to the Clearing & Forwarding department of CIL within 7 days of shipment:
 - a) Contract No. / Supply Order No.
 - b) L/C No.
 - c) B/L No. / AWB No. & Date.
 - d) Port of Shipment
 - e) In case of Air delivery already effected/known to be effected, the Cargo arrival notice No. issued by carrier, full name and address of carrier and cargo flight details.
 - f) Description and No. of Packages
 - g) FOB/CFR/ CIF value
 - h) Freight amount paid/to be paid
 - i) Insurance amount paid/to be paid
 - j) Ultimate Consignee name(if known to the overseas manufacturer).
 - k) Clearing Agency at Indian Port.
- vii) The Supplier should normally submit the following dispatch documents for negotiation:
 - a) Bill of Lading/AWB in 5 copies (1 original & 4 copies).
 - b) Signed Invoice in 4 copies (1 original & 3 copies) including quantity ordered, quantity dispatched, item-wise value.
 - c) Packing list (4 copies) indicating item-wise list of contents of each package size in cm., package weight in KGs.
 - d) Certificate of Origin – Original Copy and also self-attested photo copy.
 - e) Original freight bill/ certificate.
 - f) Insurance certificate (for CIF/CIP contracts).
 - g) Manufacturing Test Certificate.
 - h) Lowest Price Certificate
 - i) A certificate that no commission is payable by the principal supplier to any agent, broker or any other intermediary against this contract other than -----% of FOB value of the contract to be paid to M/s. -----(Indian Agent/ broker / any other intermediary) directly by the purchaser in Indian Rupees, if applicable. This certificate will form a part of letter of credit
 - j) Shipping Specifications.
 - k) Manufacturer's Guarantee/Warranty Certificate.

The above documents are generally required for customs/port clearance and payment through banking channel. However, the



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purchaser may add / delete any other document(s) in order to meet specific requirement of individual contract.

16.22 Signing of Contract and its dispatch

16.22.1 As many number of copies may be ink signed as required. However, two ink signed copies are must, one for the supplier/ contractor and one as office copy to be placed in the relevant purchase file. Formal contract/ supply order/ Purchase Order shall be issued through speed post/ registered post to the supplier.

16.22.2 Normally copies of contract, supply order etc. shall be forwarded to the following authorities as soon as they are placed :

- (a). Indentor
- (b). Inspecting Authority/Organization
- (c). Consignee (one each where there are more than one consignee)
- (d). Accounts Officer responsible for payment/payments.
- (e). Progress Wing (2 copies)
- (f). Clearing & Forwarding Department, Coal India Ltd., Kolkata in case of all imports by CIL/Sub. Cos. directly.
- (g). General Manager of the area concerned.
- (h). All concerned Heads of Departments at Headquarters.
- (i). EDP Section of MM Department.
- (j). Materials Management Divisions of Coal India Ltd. and other Sub. Cos. (copies of all rate/running contracts and supply orders valued at more than Rs.5 lakhs).
- (k). Enforcement Directorate, 6th Floor, Lok Nayak Bhawan, Khan Market, New Delhi - 110 003. (in case of import orders having involvement of Indian Agents)
- (l). Concerned IEMs wherever nominated in the tender/contract.
- (m). Other Section as needed.



17 – Procurement of Explosives and Their Accessories

CHAPTER - 17

PROCUREMENT OF EXPLOSIVES AND THEIR ACCESSORIES

17.1 Types of Explosives

CIL procures Explosives of two different varieties for use in opencast as well as underground mines. Of these two varieties of Explosives, one is Cartridge Explosives (Permitted and Large Dia) and the other is Bulk Loading Explosives. In addition, accessories such as detonators, detonating fuse, cast booster, etc. for these explosives are also procured. Running Contracts are concluded for procurement of these items.

17.1.1 Cartridge Explosives

These are manufactured at Suppliers' factories located in different places away from the mines and these Explosives are supplied in the form of packages to different collieries either directly from their factories or from their magazines through Explosive Vans for use in the mines.

17.1.2 Bulk Loading Explosives

17.1.2.1 These are manufactured in two stages. The first stage is the manufacturing of emulsion matrix which is a non-explosive material. This is manufactured in a support plant located in the mines area. The Emulsion/Slurry Matrix is prepared by mixing oxidizing solution and fuels in presence of emulsifier.

17.1.2.2 In the second stage, this matrix is transported by Pump Truck (BMD Vehicles) to the mine sites. After mixing the matrix with the additional ingredients available in the Pump Truck, the same is charged into the blast holes, then it changes into Explosives. This means the Explosives get produced only in the blast holes.

17.2 Running Contract

Number of bidders to be awarded Running Contract would depend upon the type of item, total requirement, PESO license capacity and the sources available for that item. Apart from conclusion of regular Running Contracts with these bidders at L-1 price, other higher quoting bidders, who are also eligible as per NIT terms and conditions and agree to counter offered L-1 price are empanelled as "Reserve RC holder" for each item of explosives and accessories during the contract period. They would be contractually bound to supply explosives and accessories at the same price and terms and conditions as awarded to successful tenderers at any point of time during the contract period. Both Regular as well as Reserve RCs may be finalized with appropriate number of vendors so as to have more competition and also to take care of supplies in case the regular RC holder fails to deliver.

17.3 Quantity variation

CIL/ subsidiaries reserve the right to increase/decrease the ordered/ allocated quantity to the extent of ($\pm$) 40% of the RC quantity keeping in



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view the actual need of the subsidiary companies. In exigencies, the quantity may be increased even beyond 40%, limited to the PESO License capacity, with the specific approval from CIL. RC holders shall be required to accept the order for such higher/lower quantity at the same terms, conditions and price during the validity of the running contracts.

17.4 Criteria for Award of Running Contract for Explosives and Accessories

17.4.1 Eligibility to offer

17.4.1.1 The bidder(s) whose offered items are already approved or have been successfully tested and tried at any of the CIL Subsidiary Cos., duly certified by CMPDIL and who are in possession of valid statutory licenses from the concerned licensing authorities shall only be eligible to participate in the tender. A list of approved items will be enclosed in the NIT. Bidders offering items, not in the aforesaid list of approved items will have to submit a self-certified copy (scanned PDF) of the relevant CMPDIL test and trial certificate for consideration of their offer.

17.4.1.2 Bidders offering approved items listed in the NIT shall have to confirm that offered items have not been delisted by CMPDIL or CIL or any subsidiary of CIL or PESO or DGMS.

17.4.2 Test Certificates/ Testing Facilities

17.4.2.1 As per requirement of PESO, the manufacturers are required to maintain certain testing equipments at their premises. Testing equipments are required for testing the quality of raw material as well as the finished products. The bidder shall confirm in its offer that essential equipments required (as per the NIT) for testing of explosives and accessories offered are possessed and maintained by them for the required purpose. If a bidder does not confirm the same, the offer shall not be accepted.

17.4.2.2 The explosives suppliers must submit the manufacturer's test certificate for different quality parameters as specified in NIT/RC of CIL along with supply. They may also be advised to keep a record of all tests of raw material and finished product being conducted by them at their end and allow representative of CIL/ Subsidiary Company to inspect the same as and when required.

17.4.3 Random test

17.4.3.1 The consignee subsidiary co. shall conduct random tests of the explosives & accessories supplied by a supplier through CMPDIL. Apart from quarterly random test by CMPDIL, CIL subsidiaries shall test explosives/ accessories, on monthly basis with an ultimate aim of achieving batch-wise testing of cartridge explosives/ accessories and BMD vehicle-wise in case of Bulk explosives.



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17.4.3.2 The random testing charges shall be borne by CIL/ Subsidiaries for carrying out the testing.

17.4.3.3 The random test, as prescribed, shall be conducted by the authorized representative from CMPDIL/ Subsidiary Company, who shall draw the required number of samples randomly from any magazine. The samples shall be drawn and tested on the same day at mine in presence of representatives of subsidiary and the supplier. Same batch will not be tested more than once.

17.4.3.4 Standard Operating Procedure for random testing is available on the CIL website www.coalindia.in which is uniformly applicable in all CIL subsidiaries and NEC. Any future updation in the SOP by CMPDIL/CIL will also be applicable to RC holders / Reserve RC holders during the RC period.

17.4.3.5 The procedure for random testing of sample(s) and its acceptance / rejection criteria, as may be modified from time to time and approved by Dir (Tech), CIL, shall be clearly prescribed in the NIT and the resultant RC. The methodology of evaluation such as the marking system or 'Fail/Pass' that shall be followed in any tender or RC, shall be clearly defined so as to have transparency in the system for evaluation of the performance of the vendors and levy of penalty in ensuing/ future RCs.

17.5 Powder Factor

17.5.1 The mine wise bench mark powder factors, separately for Coal and OB in OC as well as for Coal in UG (Development/Depillaring district) mines for departmental as well as outsourcing patches for following categories of operations should be indicated in NIT for acceptance by the bidder-

a) PF for OC mines (for Large Dia Cartridge and Bulk Loading Explosives)

- i) PF for coal
- ii) PF for OB in shovel-dumper bench
- iii) PF for OB in dragline bench

b) PF for UG mines (for Permitted Cartridge Explosives)

- i) PF for coal in development district
- ii) PF for coal in depillaring district

17.5.2 Benchmark powder factor for the first financial year effective from RC start date shall be annual average of the achieved powder factor for previous financial year. Bench mark Powder factor for the 2nd financial year shall be annual average of the achieved Powder factor for the first financial year. PF for 2nd year of proposed RC shall be circulated by subsidiary companies directly to the suppliers with the approval of CMD of subsidiary company.

17.5.3 The mine wise actual achieved powder factors shall be declared by the subsidiaries every month. The method of calculating the achieved powder factor shall be by the same method by which benchmark powder factors are calculated.



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17.5.4 Bidder shall confirm that explosives supplied by them shall achieve the mine-wise benchmark powder factors indicated in the RC during the period of the contract. Failure to achieve the benchmark powder factors shall attract penalty which should be detailed in 'Performance and Penalty' clause of NIT/RC.

17.5.5 In case of new underground mines, new seam of existing underground mine or change in method of work i.e. development/depillaring in the same mine, change in geo-mining conditions and in case of new opencast mines i.e. new projects/patches including outsourcing and hired HEMM patches, which may come up during the tenure of the contract and for which benchmark powder factor is not communicated with the RCs, the subsidiary shall formulate the benchmark powder factor as follows:

- a. Benchmark PF shall be fixed in notional manner through a committee consisting of representatives from Subsidiary Company and CMPDIL.
- b. For second year, the average PF achieved in the previous year shall be fixed as Benchmark PF.

All Bench mark Powder Factor determined above shall have approval of CMD of the subsidiary company.

Only one PF shall be applicable during a financial year of contract for any OC mine [separate for Coal & OB (Departmental / Outsourcing patches)] irrespective of different types of explosives.

17.5.6 Mine wise benchmark PFs may be reviewed by the CMD of the Subsidiary Companies in consultation with CMPDIL on yearly basis, during the tenure of the contract, if the deduction/bonus at such mines exceeds 20% of the price of explosives. The revised PF, if any, shall apply during the tenure of the contract.

The supplier has to lodge claim within one quarter of completion of the relevant year in case the deduction exceeds 20% of the price of the explosives. The claim of the supplier shall be settled by subsidiary company by the succeeding quarter of the claim. Claim made by the suppliers after the above period, shall not be entertained.

If bonus exceeds 20% of price of explosives, the Sub. Co. shall initiate review immediately after completion of the relevant year.

17.5.7 For new powder factors as well as review of existing powder factor cases explained above, CMD of the subsidiary company is empowered to issue necessary amendment to incorporate the new/revised powder factors without referring the matter to CIL.

17.5.8 Supply of accessories shall be exempted from powder factor clause.

17.5.9 For determination of powder factor in case of bulk loading explosives, the additional factors, as deemed necessary, shall also be taken into account.



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17.6 Price variation

17.6.1 The RC price for Bulk Loading, Large Dia and Permitted explosives shall be revised on quarterly basis based on the prescribed price variation formula. Presently, the price variation formula indicated below is being incorporated in the NITs. The possibility of covering variation of price of Guar Gum or any other factor significantly affecting the price may be explored and considered for inclusion in the PVC formula:

A. Large Dia and Permitted Explosives

$$P_r = P_0 \left(0.15 + 0.10 \times \frac{CPI_r}{CPI_0} + 0.65 \times \frac{AN_r}{AN_0} + 0.10 \times \frac{HSD_r}{HSD_0} \right)$$

B. Bulk Loading Explosives

$$P_r = P_0 \left(0.10 + 0.10 \times \frac{CPI_r}{CPI_0} + 0.60 \times \frac{AN_r}{AN_0} + 0.20 \times \frac{HSD_r}{HSD_0} \right)$$

where

P_r = Revised price as on the date of price revision

P_0 = Base price as on base date

CPI_r = All India Consumer Price Index (AICPI) for industrial workers [All India(2)] on a date three(3) months prior to the date of price revision.

CPI_0 = All India Consumer Price Index for industrial workers [All India(2)] on a date three(3) months prior to the base date, as available in website www.rbi.org.in

AN_r = Price of Ammonium Nitrate (AN) on the date 7 days prior to date of price revision.

AN_0 = Price of Ammonium Nitrate (AN) on base date

The price of AN shall be the ex-works AN (100% Melt) price of Rashtriya Chemicals and Fertilizers (Rs/MT) valid on the particular dates (base date & revision date).

HSD_r = Revised price of HSD of IOCL, Retail outlet price at Kolkata, as available in website www.iocl.com, as on date 7 days prior to date of price revision.

HSD_0 = Original price of HSD of IOCL, Retail outlet price at Kolkata as on base date, as available in website www.iocl.com.

17.6.2 The RC price of accessories i.e. items other than explosives shall be revised on yearly basis based on the price variation formula indicated below.

$$P_r = P_0 \left(0.15 + 0.85 \times \frac{CPI_r}{CPI_0} \right)$$

where P_r , P_0 , CPI_r & CPI_0 have same meanings as above.

17.6.3 The base price for any item shall be the RC price to be finalized against the tender and the base date shall be date of opening of price bid or date of the reverse auction, as the case may be.



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- 17.6.4** All indices shall be measured from the base date except the AICPI for industrial workers ($\frac{CPI_r}{CPI_o}$) which shall be measured from a date three(3) months prior to the base date.
- 17.6.5** The first price revision for explosives shall take place on the 1st day of a month following completion of 3 months from the date of opening of price bid or date of the reverse auction, as the case may be. Subsequent revision shall take place exactly after every 3 months.
- 17.6.6** The first price revision for accessories shall take place on the 1st day of a month following completion of 12 months from the date of opening of price bid or date of the reverse auction, as the case may be. Subsequent revision shall take place exactly after every 12 months.
- 17.6.7** The price revision for both explosives and accessories shall not have any ceiling.
- 17.6.8** The revised price/indices of each quarter shall be the base price/indices for next quarterly revision of explosives. For accessories, the revised price/indices of each year shall be the base price/indices for next yearly revision.
- 17.6.9** RC prices w.e.f. start date of RC till the first revision and also in between subsequent revisions shall remain firm.
- 17.7 Performance & penalty**
- 17.7.1** The mine-wise achievement of powder factor should not be less than the benchmark powder factors specified in the RC. The method of calculating the achieved powder factor shall be by the same method by which benchmark powder factors are calculated. For every percentage decrease in powder factor of Coal/OB compared to the benchmark powder factors as provided in the RC, same percentage deduction of the price (without GST) of explosives shall be made.
- 17.7.2** In case the achieved powder factor is above 105% of the benchmark powder factor, then Bonus may be paid @ 0.3% (zero point three percent) of the price of explosives (without GST) for every percentage increase in powder factor over 100% of the benchmark. Thus for achievement of powder factor between 100% to 105% of the benchmark, there will be no bonus.
- For e.g. when achieved PF is 106%, bonus to be paid will be equal to 0.3% x 6 x Price of the explosives.
- 17.7.3** In the event of failure of blast, the cost of explosives/accessories used in the blast and other incidental charges like drilling cost etc. will be recovered from the respective defaulting supplier(s). In case of blast failure, initially proportionate deduction (proportionate to value) will be made for both explosives and accessories. After investigating into the cause of failure



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as to which item (explosive or accessories) is responsible for the failure and issue of failure report, final deduction will be made accordingly.

- 17.7.4** The bench mark Powder Factors mentioned in the NIT shall also apply in case of explosives supplied to contractors in outsourcing patches (wherever separate Powder Factors for outsourcing patches are not indicated), if the explosives purchased by CIL is used in such patches with the condition that only the net cost of explosives and accessories (after deduction on account of powder factor) is recovered from the outsourcing contractor.
- 17.7.5** The payment shall continue to be made as per RC terms and provisional deduction if any, on account of non-achievement of PF shall be made only on quarterly basis. However, the final assessment of Powder factor and reconciliation thereof shall be made on financial yearly basis including extension/short closure, on average powder factor basis. Bonus shall be paid in the same manner as penalty.
- 17.7.6** Deduction due to non-achievement of powder factor shall be made from the price of explosives only and not from accessories prices.

Note:

The terms and conditions for procurement of explosives and their accessories are modified from time to time before issuance of tenders and hence the above is only for general information based on the prevailing provisions.



CHAPTER - 18

POST CONTRACT MANAGEMENT

18.1 Introduction

Post Contract Management involves monitoring the implementation of a contract after it is placed to ensure satisfactory execution of the contract as per the terms & conditions incorporated therein. This includes supply, receipt and acceptance of the goods, settlement of bills, release of security deposit, fulfillment of warranty/ guarantee commitments, release of performance bank guarantee, etc. The Purchaser shall ensure that all the contractual obligations are met by the contractor/supplier.

18.2 Coordination

All the authorities, who are entrusted with some responsibilities and also to perform some duties in terms of the contract are to work in unison in a coordinated manner to ensure completion of the contract without any time overrun, cost overrun and related legal complication. It is, therefore, necessary for the purchaser to keep a proper watch and coordinate all such activities to avoid any bottleneck or problem in the execution of the contract.

18.3 Security Deposit

The purchaser is to ensure that the supplier receiving the contract furnish the required Security Deposit by the specified date, failing which necessary action including forfeiture of the Earnest Money Deposit is to be taken against the supplier.

18.4 Verification of Bank Guarantees

Security Deposit Bank Guarantees/ Performance Bank Guarantees submitted by the suppliers need to be verified by the Finance Department from the issuing bank before acceptance. There may not be any need to get the Bank Guarantee vetted from legal/ finance authority if it is in the specified format. Guidelines for verification of BGs submitted by the bidders/ contractors for various purposes are as follows:

- (a) BG shall be as per the prescribed formats
- (b) The BG shall contain the name, designation and code number of the Bank officer(s) signing the guarantee(s);
- (c) The confirmation/ verification from the issuing branch of the bank shall be obtained in writing through registered/speed post. The bank should be advised to confirm the issuance of the BGs specifically quoting the reference no. of the Finance Department on the official letterhead of the bank indicating address and other details (including telephone nos.) of the bank and the name, designation and code number of the officer(s) confirming the issuance of the BG.



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- (d) In case of issue and verification of Bank Guarantee(s) through Structured Financial Messaging System, guidelines indicated at clause-18.18 shall be applicable.

18.5 Amendment to Contract

- 18.5.1** Many a times, due to various reasons, changes and modifications are needed even in a duly concluded contract. Requests for such changes and modifications mostly emanate from the supplier. Once a contract has been concluded, the terms and conditions thereof should not be varied. However, where it becomes necessary/inescapable, the required modification may be carried out with the prior approval of the competent authority and concurrence of Finance. Further, the amendments arising out of statutory variations in taxes and duties will require the approval of HOD (MM)/ Area GM only.
- 18.5.2** Any amendment to contract terms requested by the supplier may have, inter alia, financial, technical and/or legal impact. Therefore, before agreeing to the request of the supplier, the purchaser should scrutinize the issue on its merits to ensure that the requested amendment will not have any adverse effect on the purchaser's organization.
- 18.5.3** No amendment to the contract should be made that can lead to vitiation of the tender decision or bestows an undue advantage on the contractor.
- 18.5.4** Amendments involving changes in specifications, quantity, place of delivery etc. shall be undertaken with full justification subject to compliance of the following conditions:
- a). Change in specification, if any, shall be minor in nature, duly vetted by the concerned Technical Head. The change of specification shall not affect the performance and functional requirement of the product as per tender specification. It should be without any price increase and should not vitiate the sanctity of the tender.
 - b). In regard to change in quantity, place of delivery etc., it shall be ensured that this does not result in acceptance of less favorable condition and that the financial implication should be clearly brought out in the proposal seeking the change.
- 18.5.5** These amendments shall be approved by an authority one level higher than the authority who approved the original purchase proposal. In case of purchase proposal which has been approved either by CMD of Subsidiary Company/Chairman, CIL or Subsidiary/CIL Board, the amendment shall be approved by the CMD of Subsidiary Company/Chairman, CIL. In case of area purchase which has been approved by the GM of the Area, the amendment shall also be approved by GM of the area (i.e. Head of the area). The concurrence of Finance shall also be taken in all such cases.
- 18.5.6** In cases, where amendment to contract is necessitated due to some typographical/ clerical error on the part of the purchaser, competent approval as indicated above is not required. The officer who has drafted/



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signed the contract or present incumbent shall issue the required amendment rectifying such errors.

18.6 Payment to the Suppliers

18.6.1 There should not be any inordinate delay in payment to suppliers as any such delay lead to opportunities for corruption. Concerned departments shall ensure that all the payments due to the firm including release of Bank Guarantees, etc. are made as per the terms and conditions of the contract without avoidable delay and on first-in first out basis. A copy of the payment voucher (including advance payment) made by Paying Authority to the supplier shall invariably be forwarded to Purchase Department for record so that Purchase Department is aware of the payments made.

18.6.2 Opening of Letter of Credit (L/C)

- a). In cases where the mode of payment is by L/C, there should be a provision in the Purchase Order for making such a payment against irrevocable, unconfirmed and divisible L/C. All bank charges incidental to opening of letter of credit in purchaser's country shall be borne by the Purchaser and all charges in the seller's country shall be borne by the Supplier.
- b). The Letter of Credit (L/C) shall not be confirmed. In case the bidder insists for confirmation of the letter of credit, the cost of confirmation shall be borne by the bidder.
- c). L/C shall be opened only after receipt of unconditional acceptance of the Purchase Order, supplier's bank's details and receipt of Security Deposit, if applicable [In case contract has been signed, unconditional acceptance of the supplier is not required].
- d). Partial shipment/ transshipment may be allowed in the L/C if provided under the terms of the contract.
- e). Proper care shall be taken to fill up the L/C opening form in order to avoid issue of any amendment to the LC subsequently.
- f). Any amendment to the L/C shall be arranged as per mutually agreed terms and conditions.
- g). L/C shall be kept valid covering the delivery period of the contract plus time for negotiating the documents (normally 21 days). In case validity of L/C has to be extended due to extension of delivery period, action for extension of delivery period (with or without LD) shall first be taken and thereafter, L/C is to be extended accordingly. In the instructions to Bank for extension of L/C, it should be clearly mentioned that L/C extension charges and LD amount, if any, has to be borne by the firm and should be deducted from the L/C amount while releasing payment to the firm.

18.7 Pre-Dispatch Inspection

The pre-dispatch inspection should be carried out expeditiously wherever provided for in the Purchase Order/Contract so that the Purchase Order/Contract is executed within the due date/period.



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18.8 Shipping Clearance/Authorization in respect of imports

18.8.1 The C&F Department shall issue necessary shipping authorization immediately on receipt of intimation regarding the readiness of the ordered items for shipment and the probable date of shipment. C&F Department shall also take necessary steps to complete the documentation work for timely clearance and safe transportation of the ordered items to ultimate consignee.

18.8.2 Where pre-shipment inspection is specified in the Purchase Order, the same shall be carried out before issuing the shipping authorization.

18.9 Erection & Commissioning

18.9.1 The Indentor/User shall keep ready the site and other facilities as required under the contract and intimate the same to the supplier so that erection and commissioning work can be commenced immediately on receipt of the ordered machinery & equipment.

18.9.2 LD/ Penalty, if any, for delay in erection/ commissioning may be levied on the supplier as per contractual terms.

18.10 Submission & Acceptance of Performance Bank Guarantee

The guidelines contained in clause-10.3.11 of this Manual with regard to obtaining of Performance Bank Guarantees, their acceptance, etc., shall be followed.

18.11 Lodging of Insurance Claims etc.

18.11.1 In case of imported items, where Coal India Limited/Subsidiary Companies are to arrange Marine Insurance, the relevant claim will be lodged immediately with Insurance Company, Shipper or any other agency including the supplier as may be required for any shortage/damage/pilferage etc. Simultaneously, action for fresh importation of such items as per the relevant Import Policy will be taken so that for want of missing parts, machine does not remain idle. No fresh indent will be required for such purchase but budget provision/certification will be obtained as claim settlement may take time. Such purchases will be done with concurrence of and approval of competent authority who has approved the original purchase. However, in cases where original contracts were placed with the approval of Board of Directors of CIL/ Subsidiary Company, such purchases will be done with the approval of Chairman, CIL/ CMD of Subsidiary Company, as the case may be.

18.11.2 In case of indigenous items where Coal India Limited/Subsidiary Companies are to arrange insurance, the relevant claim will be lodged immediately with the Insurance Company, Carrier or any other Agency including the supplier as may be required for any shortage/damages/pilferage etc. Simultaneously, wherever felt necessary,



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fresh procurement action will be taken in the same manner as detailed in above Para.

18.12 Rectification & replacement of rejected items

18.12.1 If, during final inspection at consignee's end, the supplied goods are found to be defective or deficient or not in conformity with the Purchase Order, such goods shall stand rejected and the same will be communicated by the consignee to the supplier for rectification and replacement within a reasonable period say, 15 to 30 days depending on the nature of item.

18.12.2 In such cases, the contractor shall bear all costs of such rectification/ replacement, including freight, etc. but without being entitled to any extra payment on that or any other account.

18.13 Customs Duty on Replacement Supplies

18.13.1 Under the existing law, no exemption from duty on “No charge shipment” can be given, as duty has to be paid on each importation whether original or replacement. However, in terms of Section 74 read with Section 76 of the Customs Act, 1962 drawback is allowable on re-export of duty paid goods to the extent and subject to the fulfillment of the conditions stated therein.

18.13.2 Goods re-exported without use within a period of two years are eligible for drawback upto 98% and goods re-exported after use are eligible to drawback of import duty on slab rates according to the length of period between the date of clearance for home consumption and the date when the goods are placed under customs control for export. Relevant Sections of the Customs Duty Act, 1962 and latest amendments/ notifications thereto may be referred in this regard.

18.13.3 In such cases, the difference in customs duty after adjusting the drawback as above shall have to be paid by the supplier or recovered from their pending bills/ Security Deposit/ PBG etc.

18.14 Entitlement of the Purchaser to Recover Damages on Excess Customs Duty paid on Account of Replacement

Where the replacement supply is made under the contract, according to legal opinion, Section 64-A of Sale of Goods Act is attracted and the increased customs duty is payable by the buyer. However, as the delivery of the goods is delayed and the increased customs duty would not have been payable if the original supplies had not proved defective and been rejected or lost or damaged in transit and therefore, required to be replaced, the additional expenditure on account of the customs duty is a loss directly occasioned by the delay in supply. Consequently the purchaser is entitled to recover liquidated damages at the contract rate upto a sum equal to the amount of the extra expenditure on account of increased customs duty. Proper notice is to be given for this in accordance with the terms and conditions of the contract.



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18.15 Excise Duty on Replacement Supplies

Where the replacement supplies is made under a contract Section 64A of the Sale of Goods Act is attracted and increased duty is payable by the buyer. However, as delivery of the goods is delayed the increase in excise duty would not have been payable, if the original supplies had not proved defective and been rejected or lost or damaged in transit, therefore, required to be replaced, the additional expenditure on account of increased excise duty is a loss directly occasioned by the delay in supplies. Consequently, the purchaser is entitled to recover the liquidated damages at the contract rate upto a sum equal to the amount of extra expenditure incurred on account of the increased excise duty. In other words, if the rate of excise duty has increased when the stores are replaced the increased excise duty is to be reimbursement but the increased expenditure on enhanced rate of excise duty can be recovered by the purchaser from the supplier.

18.16 Change in name of a supplier

Requests received from a supplier regarding change in the name shall be processed as per the provisions of the relevant Acts. In case of foreign suppliers, they shall produce the necessary documents under their Country's Law. All cases of change of name shall be vetted by the Legal Department.

18.17 Monitoring of Securities and other Instruments

18.17.1 Finance Department in CIL/ Subsidiary Companies shall be responsible for safe custody and monitoring of Bank Guarantees and other instruments. Monitoring of Bank Guarantees etc. shall be done by the Finance Department regularly and the BGs which are expiring in next three months shall be intimated to the Purchase Department for taking necessary action for the extension/ encashment or release of such BGs after consultation with the User/ Technical Department.

18.17.2 Extension of bank guarantees and other instruments, where warranted, should be sought immediately and implemented within their validity period. Such a system of monitoring of securities and other instruments may be considered to be computerized with automatic alerts about lapse of validity etc.

18.18 Acceptance of Bank Guarantees through Structured Financial Messaging Systems (SFMS)

18.18.1 Structured Financial Messaging System (SFMS) is a secure electronic domestic financial messaging system that is the basic platform for secure communication within the bank and between banks. SFMS is used for applications like Electronic Funds Transfer (EFT), Real Time Gross Settlement System (RTGS), Delivery Versus Payments (DVP), Centralized Funds Management System (CFMS) etc. Use of SFMS to generate electronic BGs can prevent cases of frauds which is a great cause of concern in public



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procurement. This would also obviate the cumbersome process of verification of BGs from the Banks. Modalities for acceptance of BGs issued under paper mode as well as under SFMS shall be as under:

- 18.18.2** Henceforth all NITs issued by various departments/Areas of CIL and its Subsidiaries shall contain the following clause under the head “Bank guarantee”:

“The Bank guarantee issued by the Issuing Bank on behalf of contractor/supplier in favour of _____(Name of Coal Company) shall be in paper form as well as issued under "Structured Financial Messaging System". The details of beneficiary for issue of BG under SFMS platform is furnished below:

Name of Beneficiary & his details	Name	Name of Coal Company
	Area	*
	Bank Account No/ Cust-ID of Beneficiary	**
	Department	MM Dept.
Beneficiary Bank, Branch &Address		
IFSC Code		

Note:

* Name of the Area/ HQ, to which NIT is concerned, has to be mentioned

** The bank account no./Customer ID of the concerned Area/ HQ has to be mentioned.

The above particulars are to be incorporated by the issuing bank properly while issuing BG under SFMS mode to avoid any problem in future.

Original bank Guarantee issued by the Issuing Bank shall be sent by the Issuing Bank to concerned Department/Area by Registered/ Speed Post.

- 18.18.3** The beneficiary's bank/advising bank shall send a copy of advice received under SFMS mode to concerned Area/HQ through e-mail at their e-mail id and provide print out of the said message from advising bank with seal and signature, to the Finance Dept. of concerned Area/HQ. For this purpose, each Area/HQ shall provide their e-mail ID to the Advising/Beneficiary Bank.
- 18.18.4** On receipt of the original Bank Guarantee from the Issuing Bank, the concerned department of Area/HQ shall verify the validity/amount of BG and further approach their Associate Finance Department for an advice of BG confirmation received under SFMS mode.
- 18.18.5** Associate Finance department of the Area/HQ shall forward the advice received under SFMS mode from Advising bank to the concerned



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department of Area/HQ at their e-mail ID and also hand over the print out of the advice with sign and seal of the Advising Bank. The BG advice received under SFMS mode may be forwarded by Associate Finance department to concerned department suo-moto along with print out of the advice with sign and seal of the Advising Bank, if the details of concerned Area/ department is known.

- 18.18.6** For this purpose, the concerned department may provide their e-mail ID to their Finance department/AFM.
- 18.18.7** On receipt of Original BG in paper form, the concerned department shall verify the same and if found in order, forward the same along with the confirmation message to their AFM/HOD(Fin)/Associate Finance for safe custody.
- 18.18.8** Concerned AFM/HOD(Fin)/Associate Finance of the HQs/Area/Units shall pass on the BG along with the confirmation message so forwarded by the concerned department (after acceptance) to their Associate Finance section for safe custody.
- 18.18.9** Under SFMS, extension/subsequent amendments to the BG can be done following the same procedure as stated above.
- 18.18.10** For encashment, the BG is to be placed directly before the issuing bank as per present practice.
- 18.18.11** Official e-mail Ids are to be used for receiving as well as sending emails.

18.19 Short/Excess Supply

- 18.19.1 Short supply:** If the supply falls short of quantity ordered by 5% or less and if the consignee considers that the balance supply may be waived off, he may at his own discretion waive it off and intimate the Accounts Department and order placing authority that the supply order may be treated as completed and authorize refund of security deposit, if any. In such cases, the imposition of any penalty clause for such short supply will not arise.
- 18.19.2 Excess Supply:** If desired by the supplier, as for example in case of supply of Cables, Beltings etc. in rational lengths, these may be accepted in excess of the ordered quantity upto a limit of 2% of the total value of the contract.

18.20 Safeguards for Handing over Purchaser's Materials/Equipment to Contractors

For performance of certain contracts, Purchaser may have to loan stores, drawings, documents, equipment and assets (such as accommodation, identity cards and gate passes, and so on) to the contractor. In certain situations, the contractor may also be supplied electricity, water, cranes, and weighing facilities on payment/hire basis. As a measure of transparency, the possibility of provision of such resources by Purchaser



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should be announced in the tender document or requested by the contractor in the tender and written in the contract. Whenever stores or prototypes or sub-assemblies are required to be issued to the firm/contractor for guidance in fabrication, these should be issued against an appropriate bank guarantee. In addition to the bank guarantee, appropriate insurance may be asked for if it is considered necessary. Before the final payment or release of PBG/SD, a certificate may be taken from the concerned Department that the contractor has returned all documents, drawings, protective gear, material, equipment, facilities and assets loaned, including all ID cards and gate passes, and so on, in good condition. Further, it should be certified that payment from the contractor has been received for usage of electricity, water, crane, accommodation, weighing facility, and so on. For low value items of less than Rs. 1,00,000 (Rupees One lakh), or for sending spares for repairs to the OEMs, this stipulation of the bank guarantee may be waived and, if feasible, an indemnity bond may be taken.

18.21 Closure of Purchase File

On completion of all activities against a contract, the purchase file should be preserved in the record room. After expiry of the mandatory retention period, the file may be destroyed with the approval of the competent authority.



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CHAPTER - 19 DELIVERY PERIOD, TERMS OF DELIVERY, TRANSPORTATION, TRANSIT INSURANCE, DELAY IN SUPPLY, TERMINATION OF CONTRACT, RISK PURCHASE

19.1 Delivery Period (DP)

19.1.1 The period for delivery of the ordered goods and completion of any allied service(s) thereof (like installation and commissioning of the equipment, operators' training, etc.) are to be properly specified in the contract with definite dates and the same shall be deemed to be the essence of the contract.

19.1.2 It is required that delivery must be completed by the agreed date. The contract comes to an end, by way of a breach, on the failure of the seller to deliver the goods by the agreed date; and the purchaser may refuse to take delivery of goods, if offered after the agreed delivery date.

19.2 Terms of Delivery

The terms of delivery is decided depending on the nature of goods to be purchased, transportation facility available, location of the user, location of the prospective suppliers etc. Terms of delivery inter alia determine the delivery point of the ordered goods from where the purchaser is to receive/collect the goods. Terms of delivery have direct bearing on the quoted prices.

19.3 Linkage between Terms of Delivery & Date of Delivery

Delivery dates in respect of contracts incorporating standard and commonly used terms of delivery shall be deemed to be as follows:

Terms of Delivery	Date of Delivery
For Domestic Orders	
Ex-Works	The date the supplier delivers the goods to the purchaser at its (supplier's) factory/premises.
FOR, Station of Dispatch (FOR stands for Free on Rail)	The date on which the goods are placed by the supplier on rail with clear RR (Rail Receipt).
FOR, Destination	The date on which the ordered goods reach the destination railway station specified in the contract.



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Terms of Delivery	Date of Delivery
Free Delivery at Site	The date on which the ordered goods are delivered at consignee's premises. Unloading of goods at consignee's premises shall be arranged by the consignee at purchaser's cost unless specified otherwise in the contract.
For Import Orders	
FCA (FCA stands for Free Carrier)	The date on which the supplier delivers the goods to buyer's carrier. This date is reflected in the Bill of Lading/ Air Way Bill. This term though can be used for any mode of transport but is normally used for Air Consignments.
FOB, Port of Shipment (FOB stands for Free on Board)	The date on which the supplier delivers the goods on vessel's board at the specified port of shipment. This date is reflected in the Bill of Lading.
CFR, Port of Destination (CFR stands for Cost and Freight)	The date on which the goods arrive at the destination port.
CIF, Port of Destination (CIF stands for Cost, Insurance and Freight)	The date on which the goods arrive at the destination port.
CIP, Named place of Destination (CIP stands for Carriage and Insurance paid to)	The date on which the delivery is effected at the Named place of destination mentioned in the contract.

19.4 INCOTERMS

The FOB, CFR, CIF & CIP are called International Commercial Terms (INCOTERMS) and are applicable for goods which are directly imported by the purchaser from foreign countries and not imported already by the supplier under its own arrangement. Unless otherwise specifically agreed to by the purchaser and the supplier and incorporated in the contract, the applicable rules & regulations for delivery of goods from foreign countries



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will be as per the contemporary version of INCOTERMS evolved by International Chamber of Commerce, Paris. INCOTERMS are used worldwide for interpretation about the duties, obligations, risk and cost etc. of the buyer and the seller for delivery of the goods from seller's country to buyer's country. These terms are recognized by the United Nations Commission on International Trade Law(UNCITRAL) as the global standard for such interpretation.

19.5 Insurance

19.5.1 Wherever necessary, the goods supplied under the contract, shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, delivery, storage and erection and commissioning at site (wherever applicable) in the manner specified in the contract. The insurance is to be done for coverage on "all risks" basis including war risks and strike clauses. The amount to be covered under insurance should be 110% of the invoice value to take care of the overall expenditure to be incurred by the purchaser for receiving the goods at the destination.

19.5.2 Where delivery of imported goods is required by the purchaser on CIF/CIP basis, the supplier shall arrange and pay for marine/air insurance, making the purchaser as the beneficiary. Where delivery is on FCA/ FOB/ CFR basis, marine/air insurance shall be the responsibility of the purchaser.

19.5.3 In case of domestic supplies on Free Delivery at site/FOR Destination basis, the supplier has to arrange insurance at its cost. For Ex-works and FOR station of dispatch contracts, it is the responsibility of the purchaser to arrange for insurance.

19.6 [Deleted]

19.7 Delay in Supplies for which Supplier is not responsible

Normally, in the following circumstances, the contractual delivery period needs to be re-fixed to take care of the lost period, without imposing any penalty on the supplier:

- a) Cases where the manufacture of stores is dependent on the approval of the drawings, advance sample etc. and delay occurs in approval of the same though submitted by the supplier in time.
- b) Where extension in delivery period is granted on account of some omission on the part of the purchaser which affects the due performance of the contract by the supplier.
- c) Cases where there is delay on the part of the purchaser in providing raw materials, technical assistance etc. to the supplier, wherever provided in the contract affecting the production of the goods.

19.8 Force Majeure Clause



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- 19.8.1** Force Majeure means an event beyond the control of the supplier and not involving the supplier's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes and act of God.
- 19.8.2** If there is delay in performance or other failures by the supplier to perform its obligation under the contract due to an event of a Force Majeure and the contract is governed by Force Majeure Clause, the supplier shall not be held responsible for such delays/failures.
- 19.8.3** In such a situation, the supplier shall promptly notify the purchaser in writing of such conditions and the cause thereof, duly certified by the local Chamber of Commerce or Statutory authorities, the beginning and end of the causes of the delay, within twenty one days of occurrence and cessation of such Force Majeure Conditions. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.
- 19.8.4** If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side.
- 19.8.5** For delays arising out of Force Majeure, the supplier will not claim extension in completion date for a period exceeding the period of delay attributable to the causes of Force Majeure.
- 19.8.6** There may be a Force Majeure situation affecting the purchaser also. In such a situation, the purchaser is to take up with the supplier on similar lines as above for further necessary action.
- 19.8.7** The force majeure clause in the following form should be included in the General Conditions of Contract of NIT and resultant contracts:
- "If at any time, during the continuance of this contract, the performance in whole or in part by either party of any obligation under this contract shall be prevented or delayed by reason of any wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes or act of God (hereinafter referred to "events") provided, notice of the happening of any such event is given by either party to the other within 21 days from the date of occurrence thereof, neither party shall by reason of such event, be entitled to terminate this contract nor shall either party have any claim for damages against the other in respect of such non- performance or delay in*



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performance, and deliveries under the contract shall be resumed as soon as practicable after such event has come to an end or ceased to exist, PROVIDED FURTHER that if the performance in whole or part or any obligation under this contract is prevented or delayed by reason of any such event for a period exceeding 60 days, either party may at its option terminate the contract provided also that if the contract is terminated under this clause, the purchaser shall be at liberty to take over from the contractor at a price to be fixed by the CIL/Subsidiary Company, which shall be final, all unused, undamaged and acceptable materials, bought out components and stores in course of manufacture in the possession of the contractor at the time of such termination or such portion thereof as the purchaser may deem fit excepting such materials, bought out components and stores as the contractor may with the concurrence of the purchaser elect to retain.”

19.9 Remedies to Purchaser for delay in Supply/ Non-Supply for which Supplier is responsible

The purchaser has the following options depending upon the circumstances of the case:

- a) To extend the delivery period with imposition of liquidated damages, right of reservation and denial clauses
- b) To forfeit the security deposit in full or in part depending on the merit of the case
- c) To cancel the contract
- d) To impose other available sanctions/penalties as per contractual provisions

19.10 Liquidated Damages

19.10.1 Compensation of loss on account of late delivery (actually incurred as well as notional) where loss is pre-estimated and mutually agreed to is termed as the Liquidated Damages (LD). Law allows recovery of pre-estimated loss provided such a term is included in the contract and there is no need to establish actual loss due to late supply [Maula Bux Vs. UOI (1970 AIR 1955)]. The legal position with regard to claim for liquidated damages is as follows:

- (i) Whatever the quantum of loss sustained, the claim cannot exceed the sum stipulated in the contract.
- (ii) Only reasonable sum can be calculated as damages, which in a given situation may be less than the sum stipulated.
- (iii) What is reasonable sum depends on fact.
- (iv) Court may proceed on the assumption that the sum stipulated reflects the genuine pre-estimates of the parties as to the probable loss and such clause is intended to dispense with proof thereof.
- (v) The distinction between penalty and LD has been abolished by the Indian Contract Act and in every case, the Court is not bound to award more than “reasonable compensation” not exceeding the amount so named.



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19.10.2 There should be a suitable provision in the terms & conditions of the contract for claiming LD from the supplier to take care of delays in supplies and performance, for which the supplier is responsible. Such recovery through LD should be without prejudice to the other remedies available to the purchaser under the terms of the contract.

19.10.3 LD shall be levied at 0.5% (half percent) of the price(excluding taxes and duties) of the goods/ services which the contractor has failed to deliver within the period fixed for delivery for each week or part thereof subject to a maximum of 10% of the total contract value. In contracts governed by price variation clause, the liquidated damages will be applicable on the prices as varied by the operation of the price variation clause.

19.10.4 In case of educational, development or trial contracts, liquidated damages are not leviable. However, the nature of such contracts should be declared at the time of placing them.

19.11 Denial Clause (DC)

Since delay in delivery is a default by the seller, buyer may protect itself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of liquidated damages) in the letter conveying extension of delivery period. In denial clause, any upward rise in prices due to price variation clause and/or exchange rate variation clause, is to be borne by the seller during the extended delivery period, while purchaser reserves its right to get any benefit of downward revisions in PVC and exchange rate variation clause.

Regarding increase in statutory taxes and duties during the extended period, the same may be admissible provided the buyer gets 100% input credit for those taxes and duties; otherwise increase in statutory taxes and duties are not to be paid to the seller. However, decrease in statutory taxes and duties is to be availed by the buyer.

19.12 Extension of Delivery Period

19.12.1 If the supplier is unable to complete the supply within the stipulated delivery period for which the supplier is responsible, it (supplier) is required to request for extension of delivery period. Delivery extension may be granted with or without reserving purchaser's right to levy LD depending upon the merit of the case, provided the materials are still required by the consignee(s) even after expiry of the stipulated delivery period.

19.12.2 Approving authority for delivery extension without imposition of LD shall be the same as indicated in the case of issue of amendment under clause-18.5.5 of this Manual.

19.12.3 Approving authority for delivery extension reserving purchaser's right to impose LD shall be the authority within whose power the procurement was finalized, but for the procurement cases approved by CMD/Chairman and



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Subsidiary/CIL Board, the approving authority shall be the concerned Director(Tech) of the subsidiary/CIL.

- 19.12.4** All cases of refusal of requests for extension of delivery and cancellation of contracts shall be decided in consultation with the Finance.
- 19.12.5** The following procedure will be adopted for considering the requests for extension of delivery period:
- 19.12.5.1** If the reasons of delay in supply fall within “Force Majeure” conditions, extension of delivery period without imposing LD may be granted after obtaining documentary evidence about existence of the “Force Majeure” conditions or being reasonably satisfied that such conditions existed.
- 19.12.5.2** If the reasons for delay do not fall within “Force Majeure” conditions but were beyond the control of the supplier, extension in delivery period may be granted reserving the right to impose LD and with denial clause.
- 19.12.5.3** If the delay in supply was due to any other reasons, which cannot be considered to be beyond the control of the supplier, suitable extension of delivery period with imposition of LD and denial clause may be granted.
- 19.12.5.4** In any other case, where it is established that the supply is delayed solely due to failure on the part of CIL/Subsidiary Company to discharge any significant contractual liabilities as per the terms of the order, or as per statutory rules or regulations, which has a direct bearing on the timely execution of the order by the supplier, extension of the delivery period without imposition of LD may be granted.
- 19.12.6** If the supplier makes delivery of supplies by road after the expiry of the delivery period, the supplies should not be accepted by the consignee unless the supplier has obtained extension in delivery period with or without any LD clause.
- 19.12.7** In case of dispatch by Rail, if the supplier dispatches the stores after the expiry of the delivery period (in case of FOR station of dispatch contracts) or the goods are likely to be received at destination railway station after the expiry of delivery period (in case of FOR Destination contracts), the consignee should, on receipt of dispatch documents, send an intimation to the supplier stating that the action taken by him in dispatching the stores after the expiry of delivery period is at his own risk and responsibility and that the consignee is not liable for any demurrage, wharfage and other deterioration of stores at the destination station and in its own interest the supplier should get extension in delivery period from the purchaser. A copy of this communication should also be sent to Purchaser.
- 19.12.8** In case of imports, the supplier must not dispatch the consignment after expiry of delivery period without taking prior extension of delivery period. In any case, the terms of letter of credit should be such that if there are dispatches beyond the delivery period, payment should be denied without



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levy of full LD and without formal extension of delivery period by the Purchaser.

- 19.12.9** In case materials are accepted by the consignee, due to urgency, though the delivery period of the supply order has expired, such acceptance would lead to deemed extension in delivery schedule and in such cases as per legal advice, the purchaser will not be legally entitled to claim the liquidated damages.
- 19.12.10** In cases where supplier has requested for extension in delivery period, it should only be granted in the prescribed proforma as per **Annexure-24**. If there is no response within the stipulated period, a notice may be issued to the firm in the manner as provided for in the **Annexure-26** and if the supplier still does not acknowledge/ communicate acceptance of the delivery period extension or make any supply, the Purchaser would then be in a position to cancel the contract after the notice period, in which case the date of breach will be the originally agreed delivery date or the last unconditionally accepted delivery date.
- 19.12.11** No extension in delivery period is to be granted as a matter of routine unless it is specifically asked for by the supplier. However, in a few cases it may be necessary to grant extension in delivery period suo-moto in the interest of the organization because of sources of supplies being limited or items for which sufficient capacity does not exist or as otherwise inescapable or in cases where it is intended to cancel the contract and go for risk purchase due to default of the supplier in making supplies and/or breach of any contractual terms and conditions. In such cases, 'Notice-cum-Extension Letter' (performance notice) as per **Annexure-25** may be issued to the firm. If there is no response within the stipulated period, a notice may be issued to the firm in the manner as provided for in the **Annexure-27** and if the supplier still does not acknowledge/ communicate acceptance of the extension-cum-performance notice or make any supply, the Purchaser would then be in a position to cancel the contract after the notice period, in which case the date of breach will still remain the originally agreed delivery date or the last unconditionally accepted delivery date.
- 19.12.12** No correspondence should be entered into with the supplier after expiry of the contract delivery period which has the effect of keeping the contract alive. When it is necessary to obtain certain information regarding past supplies etc., it should be made clear in the letter seeking such information that calling for such information is not intended to keep the contract alive and does not waive the breach and that it is without prejudice to the rights and remedies available to the purchaser under the terms of the contract.
- 19.12.13** While considering extension of delivery period, it must be ensured that:
- a) The rate in the contract was not accepted against other lower offers in consideration of the date of delivery.



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- b) There is no downward trend in prices for the item(s) for which DP extension is being considered, as evidenced from the fact that in the intervening period neither orders have been placed at rates lower than the subject contract neither any tender has been opened where such lower rates have been received even though tender is not yet finalized.

19.12.14 An extension is binding on the supplier if it is granted on the same terms as asked for by the supplier. While granting extension of time on application from the supplier, the letter and spirit of the application should be kept in view in fixing the extended time for delivery.

Illustration: A contractor asks on 15th January for the extension of delivery period upto 31st May. There was delay in deciding firm's application and the extension upto 31st May asked for was granted on 1st April. Though grant of the extension may seem to be in accordance with the request for extension, the extension granted does not comply with the spirit of the application wherein four months extension was requested.

Therefore, the extended delivery time should be fixed in such a way so as to give the supplier effective time required by him for the performance of the contract.

19.12.15 After completion of supply by the supplier, in order to consider final fixation of delivery period, it has to be ascertained if the indenter has suffered any monetary loss or inconvenience due to delayed supply of materials. For this purpose, the indenter will be requested to send a report within 21 days, stating whether any monetary loss and/or inconvenience has been suffered by him as a result of delay in delivery. The indenter has to inform the Purchaser about the loss/inconvenience within 21 days of the above request from Purchaser. If the report is likely to be delayed the indenter shall inform the Purchase Department accordingly. If no reply is received from the indenter within the specified period, it will be assumed that no loss has been suffered by the indenter and the Purchaser will proceed to finalize the case on its merits without any further reference to the indenter.

19.12.16 In case the indenter informs that no loss or inconvenience has been suffered due to delayed supply, the delay in supply may be condoned and the LD clause may be waived.

19.12.17 In case indenter informs monetary loss and/or quantifies the inconvenience in terms of money, the actual loss/inconvenience in monetary terms or LD amount whichever is lower, may be levied.

19.13 Delivery Date for Replacement of Rejected Goods

In case of goods rejected during inspection at consignee's end, extension of time for replacing the rejected stores, if required, may be considered with usual LD and denial clauses.



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19.14 Extension of Delivery Period not necessary for Replacement in Pursuance of the Warranty/Guarantee Clause

19.14.1 In certain cases, claim may be made for replacement of goods after its receipt in good condition under warranty clause contained in the contract. There are two types of warranties, namely –

- i) Contracts containing general warranty clause in which a time limit has been fixed within which the supplier may be called upon to rectify the goods within a reasonable period; failing which the purchaser may proceed to take such remedial action as may be necessary, at the supplier's risk and expense and without prejudice to any other right which the purchaser may have against the supplier under the contract.
- ii) Contracts containing special warranty/guarantee clause dependent upon the nature of the product incorporated either at the instance of indentors or otherwise. In such cases, claiming of replacement/rectification and or damages is governed by such warranty/guarantee clause.

19.14.2 There is no necessity of extension of delivery date for replacement/rectification of stores in pursuance of the warranty/guarantee clause.

19.14.3 For plant and machinery requiring installation and commissioning, the guarantee/warranty period starts from the date of taking over the equipment. In these cases also, extension of delivery date is not necessary in so far as replacement are concerned.

19.15 Extension of Delivery Date in Contracts Containing Price Variation Clause/ Exchange Rate Variation Clause

Even in cases where price variation clause/ exchange rate variation clause is stipulated in the contract, the denial clause as mentioned in clause-19.11 will protect Purchaser's interests in the event of any upward or downward revision in input prices/ exchange rate during extended delivery period. If the supplier does not agree to the extension letter, the alternative course is to cancel the order and repurchase the outstanding quantity at the risk and cost of the supplier.

19.16 Termination of Contract for Default

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

- i) If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted by the Purchaser; or
- ii) If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted by the purchaser.



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19.16.2 In the event the purchaser terminates the contract in whole or in part; the purchaser may take recourse to any one or more of the following action.

- a) the Security Deposit is to be forfeited;
- b) the purchaser may procure, upon such terms and in such manner as it deems appropriate, stores similar to those undelivered, and the supplier shall be liable to the purchaser for any excess cost for such similar goods or services and for all other available actions against it in terms of the contract.
- c) however, the supplier shall continue to perform the contract to the extent not terminated.

19.16.3 Before cancelling the contract and taking further action, it may be desirable to obtain legal advice in the matter.

19.17 Termination of Contract for insolvency

If the supplier becomes bankrupt or otherwise insolvent, the purchaser may, at any time, terminate the contract, by giving written notice to the supplier, without compensation to the supplier provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser.

19.18 Termination of Contract for Convenience

19.18.1 After placement of contract, there may be some unforeseen situation compelling the purchaser to cancel the contract. In such a case, the purchaser is to send a suitable notice to the supplier for cancellation of the contract, in whole or in part, for its (purchaser's) convenience, inter alia, indicating the date with effect from which the termination is to become effective.

19.18.2 Following provisions to this effect should be incorporated in the tender document as well as in the resultant contract:

- a). The Purchaser, by written notice sent to the Supplier, may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for the Purchaser's convenience, the extent to which performance of the Supplier under the Contract is terminated, and the date upon which such termination becomes effective.
- b). The Goods that are complete and ready for shipment within thirty (30) days of receipt of termination notice by the supplier, shall be accepted by the Purchaser at the Contract terms and prices. For the remaining Goods, the Purchaser may elect:
 - i). to have any portion completed and delivered at the Contract terms and prices; and/or



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- ii). to cancel the remainder and pay to the Supplier an agreed amount for partially completed Goods and Services and for materials and parts previously procured by the Supplier.

19.19 Risk Purchase

19.19.1 In the event of failure of the supplier to deliver or dispatch the stores within the stipulated date/period of the supply order or in the event of breach of any of the terms and conditions mentioned in the supply order/ contract, Coal India Ltd. or its Subsidiary Companies shall have the right to purchase the stores from elsewhere after due notice to the defaulting supplier at the risk and cost of the defaulting supplier. It may be clearly mentioned in the tender enquiry and the resultant contract that in the event of failure of the supplier as detailed above, the cost as per risk purchase exercise may be recovered from the Earnest Money Deposit/ Security Deposit/ Performance Security of the supplier and/or bills submitted by the supplier against the same contract or any other contract pending in the same Subsidiary Co. and/or in any other Subsidiary Companies/CIL.

19.19.2 While initiating risk purchase, the purchaser must satisfy itself that the supplier has failed to deliver despite having been given adequate and proper notice to discharge its obligations. Risk purchase action may be initiated as a last resort, under any of the following conditions:

- a) When the supplier fails to deliver the materials even after extending the delivery period.
- b) When the supplier fails to respond to purchaser's request for supply of the materials and fails to provide any genuine and bonafide reason for the delay in supply.
- c) When the supplier breaches any of the terms and conditions of the supply order/ contract and as a result fails to execute the order satisfactorily.

19.19.3 The Risk Purchase action will be initiated with the approval of HOD of Materials Management Department/ Area GM. Before cancelling the contract, a 'Notice' as per **Annexure-26 or 27** (as the case may be) will be served, under speed post/ registered cover, on the supplier as per clauses 19.12.10 & 19.12.11 of this Manual. If the supplier fails to complete supply even after the above notice, the following actions will be taken by the purchaser:

- i). Cancel the order at the risk and expense of the supplier and take action of withholding of the EMD/security deposit/Bank Guarantee, if any, which is to be adjusted against risk purchase loss as may be determined later.
- ii). Ask the Indentor if his demand for the cancelled item(s)/ quantity still exists or is there any change in requirement. If indentor says his demand no longer exists, no risk purchase action is required. If



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indenter reduces his requirement, action for risk purchase is to be taken for the reduced quantity only.

- iii). Float tender enquiry as per normal tendering procedures for the outstanding/ reduced quantity of the materials of identical specifications. Mode of tender enquiry should be the same as in case of original contract.
- iv). In case of advertised tender enquiry, the defaulting supplier should also be informed of risk purchase tender and may be advised that if they wish to participate in the risk purchase tender enquiry, they may do so but with advance security deposit at 20% of estimated tender value (besides EMD, if any) to be submitted along with the bid.
- v). In case of limited tender enquiry also, a copy should be sent to the defaulting supplier for participation, if they wish, along with 20% advance security deposit.
- vi). While evaluating the tenders, if any offer is submitted by the defaulting firm along with requisite EMD and advance security deposit, it must be considered as he is entitled to an opportunity to minimize his loss.

19.19.4 Further, the risk purchase contract should be on identical terms of the original contract such as mode of tender, specification, terms of payment, inspection authority, conditions regarding liquidated damages etc. The intention is that the terms of new contract should not be more onerous or more liberal than those of the original contract except to the extent of the time of supply.

19.19.5 Also, the risk purchase contract should be concluded within a reasonable period of date of breach by the supplier. Date of breach is the date on which breach of contract has occurred. It is usually the last date of mutually agreed delivery period for supplies.

19.19.6 If the risk purchase contract is placed on the defaulting supplier with 20% advance security deposit and he again defaults in the risk purchase contract, second risk purchase has to be arranged in the same manner as indicated above including intimation to the defaulting supplier but he will not be asked to submit his offer and the offer of the defaulting supplier, even if received against the second risk purchase tender, is not to be considered. In such cases, the 20% advance security deposit submitted by the defaulting supplier, shall also be withheld and to be adjusted against risk purchase loss as may be determined later.

19.19.7 Though according to legal requirements, the recovery of risk purchase loss could be effected only after materialization of supplies against the risk purchase contract, a demand notice should be served on the defaulting contractor asking him to deposit the extra expenditure involved as soon as the risk purchase agreement is entered into. Simultaneously action should also be taken to withhold payment if any, due to the contractor against the defaulted or other contracts. Payment may be withheld to the extent of risk purchase loss. In cases where we are able to withhold payments and



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defaulting contractor challenges the recovery, we may leave it to him to take legal recourse in the matter. In cases where we are unable to recover the amounts due by withholding payments or otherwise, legal proceedings should be initiated irrespective of the fact whether the supplies against the risk purchase contract have materialized or not. Since the legal proceedings are protracted, it may be that in most of the cases, by the time we have to produce evidence, supplies against risk purchase contract might materialize and we would be able to comply with the legal requirements.



CHAPTER -20 PROGRESS AND FOLLOW-UP

- 20.1** Placement of the contract on a particular supplier does not essentially ensure the completion of supplies to the indenter's satisfaction. A constant watch after the placement of the contract thus becomes essential. It is, therefore, necessary that effective watch is kept in respect of contracts placed by the organization so that timely action can be taken in case supplies are not materializing.
- 20.2** Each Purchase Department shall have computerized Management Information System. The system shall be implemented and operated with the assistance of an officer from the System Department. All indents / PRs, as prescribed in Chapter-7 shall be registered on receipt and progressed thereafter through its different stages. Indents / PRs not complying with the pre-requisite of Chapter-7 shall not be registered and shall be returned to the Indenter.
- 20.3** After Indent / PR is registered, information of its registration shall be sent to the indenter/Head of concerned Technical Department/GM of Area of its registration. All concerned shall be requested to quote the Indent Registration No. for all correspondence on the subject.
- 20.4** Each Dealing Officer of the Purchase Department shall update the MIS for the items dealt by him and a weekly/fortnightly/ monthly feedback shall be made available to HOD (MM) regarding the status of each indent and the delays, if any, during different stages of its processing.
- 20.5** Reminder shall be sent on a regular basis to the Head of concerned Technical Dept./ Finance Department regarding any particular case file if it is being inordinately delayed at their end.
- 20.6** The MIS Cell shall prepare a monthly report which shall contain complete details of all activities of Purchase Dept.
- 20.7** **Follow-up by Consignee**
- In addition to the follow up actions taken by the MIS or Progress Cell attached to the Purchase Wing/Division, the consignee shall also take follow up actions after supply orders are placed and shall keep the ordering authority posted regularly with respect to receipt of materials as per the contractual delivery schedule and whether any slippage has occurred in supply of materials.



CHAPTER -21

INSPECTION OF STORES

21.1 Introduction

21.1.1 Before accepting the ordered goods, it must be ensured that the goods have been manufactured as per the required specifications and are capable of performing the functions as specified in the contract. To achieve the same, the tender document and the subsequent contract should specify the Inspection Authority and details of inspection and tests to be carried and stages and manner for carrying out the same.

21.1.2 The required inspections and tests should be carried out by the Technical Wing of CIL/ Subsidiary Company or by a third party inspection agency. This shall be specified in the tender enquiry and the resultant contract.

21.2 Stages and Types of Inspection

The stages and types of inspection will depend on the nature of the goods, value of the contract, location of the supplier, location of the user, etc. Usually, following types of inspection are adopted:

i) **Pre-dispatch Inspection:** This type of inspection is conducted during the manufacturing process (which is known as Stage Inspection) and/or on the finished products before dispatch of the goods from supplier's premises. In case of items of complex technical nature, high value items or items for which there is no third party approval like DGMS, BIS License etc. or where any kind of advance payment is being made or in any other case where it is felt necessary to do so, pre-dispatch inspection may be stipulated in the order. Such pre-dispatch inspection may be carried out at the purchaser's cost, either by an Inspecting Officer nominated by the CIL/ Subsidiary Company or by a Government/third party inspection agency.

Even after pre-dispatch inspection is carried out, the materials will be subjected to final inspection after receipt of the same at consignee's end.

ii) **Inspection of goods after receipt at consignee's end/user's site:** Such inspection is done on receipt of goods at site before accepting the same which is the usual practice in CIL/ Subsidiary Companies.

iii) **Inspection after Installation & Commissioning of the equipment at site:** This is done to check the performance and output of the equipment / machinery after the same is commissioned and operational at site.

21.3 Inspection Criteria

The specifications should clearly indicate the acceptance norms against which supplies of goods are to be accepted. The specifications must indicate among other things the following :



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- a) that inspection will be carried out to establish conformance to the acceptance criteria specified.
- b) that in case goods do not conform to the acceptance norms, they will be rejected unless the deviations in this regard have, for good and sufficient reasons to be recorded in writing, been accepted by CIL/Subsidiary Companies.
- c) the cost implications as a result of deviations in such cases will invariably be taken into account.

21.4 Inspection Procedure - Pre-dispatch Inspection

21.4.1 The inspection procedure will be as per the provisions contained in the contract. The supplier will give a clear notice period offering the materials/equipment for inspection as per contract and they will not be dispatched unless they are inspected and cleared for dispatch by the inspector.

21.4.2 After satisfactory inspection and tests, the acceptable goods shall be stamped, labeled, marked or sealed, according to the circumstances in such a way as to make subsequent identification of accepted lots easy for the consignee/user and inspection note and related documents, if any, shall be issued within a reasonable time. For goods, not meeting the contract requirements, the rejection Notes shall be issued immediately.

21.5 Inspection Document

21.5.1 Inspection Notes in the form prescribed (**Annexure-28**) shall be issued in significance of the acceptance of the goods. Inspection Note should have provision for entering consignee's receipt certificate (confirming receipt of goods) on it. Consignee's receipt certificate portion of the Inspection Notes shall be filled by the consignee after receipt of the goods, verification of quantity and inspection marks on the accepted goods and taking the supplies in its stocks, signifying its (i.e. consignee's) acceptance.

21.5.2 Inspection Note shall also indicate the validity period, by which period the supplier must dispatch/deliver the accepted goods to the consignee in terms of the contract. The normal validity period of an inspection note shall be thirty (30) days. Inspection Note issued shall invariably bear the name, stamp with designation and employee code No. of the officer authorized to sign and issue Inspection Documents.

21.6 Inspection of goods tendered at the Fag End or on the Last Date of the Contract Delivery period

21.6.1 As far as possible, the inspection should be commenced and finished and Inspection Notes issued during the validity period of the contract so that the contract is not kept alive after expiry of delivery period.

21.6.2 In cases where the supplier offers stores for inspection during the last few days of the contract delivery period or even on the last day of the contract delivery period, efforts should be made by the Inspecting Officer to



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commence the inspection before the expiry of the delivery period as far as feasible.

21.6.3 In cases where it is not possible to commence/conclude the inspection before the expiry of the delivery period, the Inspecting Officer should immediately on receipt of the intimation or request for inspection of the stores, bring to the notice of the supplier orally as well as in writing that the stores have been submitted for inspection at the very late stage and that it is not possible to commence/conclude the inspection before the expiry of the delivery period. The supplier should also be informed that the goods offered for inspection will, however, be inspected till the completion of the inspection which can be after the expiry of the delivery period and such an inspection continuing after the expiry of the delivery period is neither intended nor is to be construed as keeping the contract alive.

21.6.4 The Inspecting Officer should invariably issue such notice to avoid the contract being kept alive after the expiry of the delivery period. In a case, where the inspection is commenced before the expiry of the delivery period and the Inspection Note is issued after the expiry of the delivery period, the Inspection Note, whether accepting or rejecting the goods, shall be duly franked as per the standard franking clause as given below as an abundant precaution against keeping the contract alive:

(a). **Franking Clause in the case of Acceptance of Goods** *“The fact that the goods have been inspected after the delivery period and passed by the Inspecting Officer will not have the effect of keeping the contract alive. The goods are being passed without prejudice to the rights of the purchaser under the terms and conditions of the contract”.*

(b). **Franking Clause in the case of Rejection of Goods** *“The fact that the goods have been inspected after the delivery period and rejected by the Inspecting Officer will not bind the purchase in any manner. The goods are being rejected without prejudice to the rights of the purchaser under the terms and conditions of the contract.”*

21.7 Inspection at Consignee's Site

After receipt of goods at consignee's end/ user site, inspection will be carried out by the authorized representative of technical department/ user. After satisfactory inspection and tests, the acceptable goods shall be stamped, labeled, marked or sealed, according to the circumstances in such a way as to make subsequent identification of accepted lots easy for the consignee/user and inspection note and related documents, if any, shall be issued within a reasonable time. For goods, not meeting the contract requirements, the rejection Inspection Notes shall be issued immediately

21.8 Outside Testing Laboratories

21.8.1 Sometimes it becomes necessary to conduct type test, acceptance test or special test at outside laboratories, when facilities for these tests are not



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available in-house with the supplier or carrying out of confirmatory tests is considered desirable before accepting the goods. The samples drawn from the lots offered by the supplier should be sent for tests to NABL approved laboratory.

- 21.8.2** In cases where the samples are to be tested at supplier's cost on account of non-availability of their own testing arrangements, the responsibility of depositing the testing fee etc. would rest with the supplier.

21.9 Size of Samples to be Taken for Inspection and Tests

- 21.9.1** The quantum/number of samples to be drawn from a particular lot or batch of stores for inspection and tests shall be as laid down in the governing specifications, departmental instructions or inspection protocol decided as the case may be. Where these are silent on this aspect, the size of sample to be drawn may be ascertained from the testing authority.

- 21.9.2** If the defects or deviations observed are of rectifiable nature, such rectification may be permitted to be completed within a reasonable time frame and stores resubmitted for inspection within the stipulated delivery period for making further sampling examination, or making re-test of the samples, as may be permissible under the governing specifications/departmental orders before making a complete rejection of the stores.

21.10 Representative Samples

- 21.10.1** Where inspection is to be carried out as per specification along with an approved sample, the requirements of the specification must be carefully followed. The scope of the sample shall generally be in respect of aspects like feel, finish, shade, workmanship, pattern etc. which are not quantifiable in the governing specifications and as given in the contract.

- 21.10.2** When a contract is concluded on the basis of approved sample, the same shall bear seals and signatures of the approving authority(ies) as appropriate. Various types of samples like Standard Sample, Tender Sample, Advance Sample, Bulk Supply Sample, Complaint Sample, Quality, Audit Sample, Reference Sample etc. may be encountered during the procurement process. All such samples shall be kept in a sample room and a Register of Samples shall be maintained. An officer shall be made the in-charge of the Sample Room and will be responsible for all activities in the Sample Room.

- 21.10.3** There shall be a system of physical verification of samples, which shall be done at prescribed intervals and certificates to this effect shall be recorded in the Sample Register. Samples, which have completed the retention period and no longer required, shall be set aside for disposal periodically.



21.11 Acceptance of Goods against Supplier's In-house Inspection Report and Warranty

In case of goods to be imported from abroad, pre-dispatch inspection of goods at supplier's premises involves considerable expenditure to the purchaser. In such a situation, the purchaser may substitute pre-dispatch inspection by its own inspector with manufacturer's in-house inspection report and warranty. However, before adopting this procedure, the nature and cost of the goods ordered, the reputation of the supplier etc. should also be kept in view and appropriate decision taken.

21.12 Purchaser's Right of Rejection

Purchaser has the right to reject the goods on receipt at site during final inspection though the goods have already been inspected and cleared at pre-dispatch stage by the purchaser's inspector. However, such rejection should be strictly within the contractual terms & conditions and no new condition should be adopted while rejecting the goods during final inspection.

21.13 Acceptance of Goods vis-à-vis Warranty Provisions

Goods accepted by the purchaser at initial inspection and in final inspection in terms of the contract shall in no way dilute purchaser's right to reject the same later, if found deficient in terms of the warranty clause of the contract.

21.14 Joint Investigation against Complaints relating to Quality of Goods

21.14.1 In case a written complaint is received from the supplier disputing rejection of goods at consignee's end, the same should be jointly investigated by a team consisting of authorized representatives of the purchase organization consignee, inspecting agency and the supplier.

21.14.2 Following procedure has been laid down for investigation into complaints received from indentors/consignees or otherwise pertaining to the quality of stores supplied by the contractors. Investigations may also be taken up suo-motu as part of the quality audit programme.

- (a). When a complaint pertaining to quality is received, it should be entered in the complaint register and its progress reviewed regularly till its final disposal.
- (b). If it is decided to conduct the investigation, the Inspecting Officer shall carry out the investigation associating representatives of the supplier and consignee.
- (c). Before undertaking investigation, concerned officers should satisfy themselves that the subject stores have the seal/stamp mark of the Inspecting Officer as mentioned in the Inspection Notes. Cases where stores rejected at consignees' end are found not bearing the Inspecting Officer's stamp mark should be reported to Purchase Wing for taking necessary action.



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- (d). While intimating the firms regarding intention of undertaking joint investigation, time, date and place of investigation will be mentioned with a note that no request for change in the date of investigation will be entertained. (It may also be mentioned that the non-participation of firm's representative will not give them any reason for representation against administrative action, if taken against them).
- (e). While conducting joint investigation, the testing facilities of consignee (if found proper) should be utilized fully and all the tests which can be conducted at consignee's place should be carried out in the presence of the investigation team. Investigation finding should not be ambiguous and the concluding remarks should be spelt out clearly. In cases of minor deviation/defects, it should be stated whether the stores are serviceable and can be accepted with the deviations, with or without price reduction. The price reduction to be imposed, if any, will be recommended by the Investigating team, wherever possible.
- (f). In cases where the complaint can be decided only by confirmatory tests on samples, adequate quantity needed for a fair evaluation of quality shall be drawn. The size of sample to be drawn shall be as per clause-21.9.1 above. Counter sample must also be drawn and retained at consignee's place.
- (g). Samples drawn during investigation should be sent to NABL approved laboratories. The samples could also be tested in consignee's laboratories in the presence of Inspecting Officer, supplier and consignee, if proper testing facilities are available.
- (h). When sample is sent to NABL approved laboratories for test, the investigating officer should monitor the progress of testing. Wherever necessary, on receipt of Test Report, the Investigating Team should re-assemble to complete the concluding remarks of Investigation Report.
- (i). The investigation report will be prepared in prescribed proforma given in **Annexure-29** and should be signed by all concerned who participate in the investigation.
- (j). Investigation report shall be communicated to Purchaser to enable him to proceed further in the contract.



CHAPTER -22 PAYMENT TO SUPPLIERS

22.1 General Instructions

22.1.1 Payment against the supply orders placed either by the Subsidiary companies or by CIL for the requirement of Subsidiaries shall be arranged by the respective Subsidiary Companies, if not specified otherwise.

22.1.2 Payment for Agency Commission, if any, involved, may be considered in case of necessity, subject to compliance of the Government of India Guidelines issued from time to time. The name of the Indian Agent with their full address and the quantum of Agency Commission, if any, payable, shall have to be mentioned in the supply order itself. The agency commission to Indian agent is to be paid in equivalent Indian currency only.

22.1.3 Payment against orders placed by CIL for the requirement of Subsidiary Companies may be made by CIL (HQ), if felt necessary by CIL Management.

22.2 Payment Authorities

The paying authority shall have to be mentioned clearly in the supply order and the supplier shall have to be suitably advised to submit their bills with requisite documents specified in the supply order to the specified paying authority. Paying authority shall ensure prompt payment to the supplier's bills, if the same is submitted as per the terms of the supply order.

22.3 Payment against Supply of Plant & Machinery and Equipment

For supply of P&M and equipment, for which the responsibility for installation and commissioning lies with the supplier, 80% payment along with full taxes and duties, may be released within 21 days after delivery and acceptance of the same by the consignee and receipt and acceptance of performance bank guarantee. Balance 20% payment shall be released within 21 days after successful commissioning of the plant & machinery/equipment. In case of those P&M and equipment, where installation and commissioning is to be done departmentally, 100% payment along with full taxes and duties, may be released within 21 days after delivery and acceptance of the same by the consignee and receipt and acceptance of performance bank guarantee. These payment terms are applicable for the suppliers whose equipment are considered proven for supplies to CIL and its Subsidiary Companies and to be accepted only for regular supply orders to be placed for the proven equipment.

22.4 Payment for Spare Parts & Other Consumable Items

For supply of spare parts and all other consumable items etc. (other than capital equipment), 100% payment shall be released within 21 days after receipt and acceptance of the goods at the consignee's end or submission of bills by the supplier along with all requisite documents as per provisions



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of Purchase order/ contract, whichever is later. This payment terms is applicable for regular orders and for proven materials.

22.5 Payment against Developmental/ Trial Orders

22.5.1 For Plant & Machinery and Equipment

For Trial Orders to be placed for supply of equipment, 100% payment shall be made after six months of satisfactory performance against submission of Bank Guarantee of equivalent amount, valid for a period of thirty-three months for high capacity equipment and nine months for rest thereafter (beyond initial six months). The equipment found to perform satisfactorily and fulfilling the contractual obligations as per the supply order for a period of thirty-six months for high capacity equipment and one year for rest from the date of commissioning, 100% Bank Guarantee shall be released. Six months satisfactory performance shall not, however, give entitlement to claim that their equipment shall have to be considered proven. For provenness of any equipment, the concerned paragraph of the Manual may be referred to. This shall be mentioned specifically in the tender enquiry.

22.5.2 For Spare Parts & Other Consumable Items

For Trial Orders to be placed for supply of spare parts and all other consumable items etc. (other than Capital Equipment), 100% payment shall be released within 21 days after receipt and acceptance of the goods at the consignee's end against submission of Bank Guarantee of equivalent amount, valid for a suitable period depending on the performance period of the tendered items (to be decided by the procuring entity depending on the nature of items under trial). The Bank Guarantee will be released only after satisfactory performance during the Trial period.

22.6 Payment for Imported Goods

22.6.1 For the contracts concluded for importation of materials directly from abroad, payment to overseas manufacturers shall normally be made through Letter of Credit. However, under special circumstances and for low value items, other mode of payment i.e. direct remittance etc. may also be considered keeping in view the RBI norms. Payment against LC/ direct remittance is to be allowed against proof of dispatch and other import documents as mentioned in clause-16.21 of this Manual.

22.6.2 For procurement of imported materials in rupee payment from any Indian suppliers, payment terms applicable for procurement of indigenous materials shall be stipulated. However, necessary documents for authenticity and genuineness of supply of imported materials shall have to be obtained from the supplying firm as mentioned in clause-10.4.3 of this Manual.

22.7 Payment against Dispatch Documents

22.7.1 In case of unavoidable circumstances where source of supply is one or two and that they would not accept order without the condition of payment



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against dispatch documents through Bank, the same may be considered with the approval of the competent authority explaining the circumstances for the same. In that situation, dispatch documents must accompany bills to be presented through Bank. Dispatch documents mean Railway Receipt and the Transporter's Roadway Bill and the Transporter must be Bank approved. Pre-dispatch Inspection Clause shall have to be stipulated for such payment. The supplier shall have to submit Proforma Invoice or the advance copy of the Bill to the paying authority to facilitate them to take advance action for retiring of documents from the Bank expeditiously. It shall be clearly mentioned in the supply order that no payment shall be made through Bank when supplies are delayed beyond the delivery order stipulated in the supply order without obtaining amendment to the order, prior to presentation of documents through Bank.

22.7.2 Pre-dispatch Inspection may be arranged either by the representatives authorized by the Technical Department or Third Party Inspection can be arranged through an authorized outside agency viz. CMPDIL and RITES etc. as shall be decided by the Subsidiary Companies. Such Inspection shall be carried out at the purchaser's cost.

22.7.3 Pre-dispatch Inspection Clause may be stipulated for all types of orders/payment terms as stated above, as will be decided by the Subsidiary Companies suitably as per their requirement.

22.8 e-Payment

e-Banking and e-payments are now used by various banks by adopting Electronic Clearing System(ECS) and Electronic Fund Transfer (NEFT/RTGS) procedure. Payments to suppliers may be made through such mechanism where such facilities are available. As per RBI guidelines, ECS mandate in RBI's format may be obtained at the time of registration of suppliers and in the bid document. The Format is available with all Banks.

An alert is required to be sent to vendors on their e-mail id and mobile no., giving details of invoice against which the payment has been made.



22A – Settlement of Disputes with Contractor

CHAPTER - 22A SETTLEMENT OF DISPUTES WITH CONTRACTOR

22A.1 It is incumbent upon the contractor to avoid litigation and disputes during the course of execution. However, if such disputes take place between the contractor and CIL or its Subsidiaries, effort shall be made to first settle the disputes mutually.

22A.2 Mutual Discussion

The contractor should make a request in writing to the Contract Issuing Authority, for settlement of such disputes/ claims within 30 (thirty) days of arising of the cause of dispute/ claim, failing which no disputes/ claims of the contractor shall be entertained.

Effort shall be made to resolve the dispute in two stages:

Stage 1: Contract Issuing Authority shall refer the dispute to the affected Area GM or HoD (MM) of Subsidiary / CIL (as the case may be).

Stage 2: If difference still persists, Area GM or HoD (MM) of Subsidiary / CIL (as the case may be) shall get a committee constituted by CMD of Subsidiary / Chairman, CIL (as the case may be) for resolving the dispute. The committee shall have one member of the rank of Director of Subsidiary / CIL (as the case may be), who shall be chairman of the committee.

If differences still persist, then the following methods should be adopted.

22A.3 Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD)

Disputes or differences relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprise (CPSEs) / Port Trusts inter se and also between CPSEs and Government Departments/ Organizations (excluding disputes relating to Railways, Income Tax, Customs & Excise Department), shall be taken up by either party for its resolution through Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) as mentioned in DPE OM No. 05/003/2019-FTS-10937 dated 14.12.2022 and the decision of AMRCD on the said dispute will be binding on both the parties.

In case of parties other than above Agencies, the redressal of the dispute may be sought through Conciliation.

22A.4 Conciliation

The party initiating conciliation shall send a written invitation to the other party to conciliate, and proceedings shall commence when the other party accepts the initiations to conciliation. There shall be only one conciliator who would be appointed by Chairman, CIL/ CMD of Subsidiary Company (as the case may be) as the conciliator. The conciliation shall assist the parties to reach an amicable settlement of their dispute. When the parties sign the settlement agreement, it shall be final and binding on the parties.



22A – Settlement of Disputes with Contractor

The conciliator shall authenticate the settlement agreement and furnish a copy thereof to each party.

If differences still persist, the settlement of the dispute shall be resolved through arbitration.

22A.5 Arbitration

The party initiating arbitration shall send a written notice to the other party of its intention to commence arbitration. The applicable arbitration procedure will be as per the Arbitration and Conciliation Act, 1996 as amended by Amendment Act of 2015.

While processing a case for arbitration, the purchase organization is to take legal advice at appropriate stages from their Legal Department.

22A.5.1 Sole Arbitration:

In the event of any question, dispute or difference arising under these terms & conditions or any condition contained in this contract or interpretation of the terms of, or in connection with this Contract (except as to any matter the decision of which is specially provided for by these conditions), the same shall be referred to the sole arbitration of a person, appointed to be the arbitrator by the Chairman, CIL/ CMD of Subsidiary Company (as the case may be). The award of the arbitrator shall be final and binding on the parties of this Contract.

Note:

- a) In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his/her award being set aside by the court for any reason, it shall be lawful for the Chairman, CIL / CMD of Subsidiary Company (as the case may be) to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.
- b) It is further a term of this contract that no person other than the person appointed by the Chairman, CIL / CMD of Subsidiary Company (as the case may be) as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not to be referred to Arbitration at all.

The venue of arbitration shall be the place from which the contract is issued or such other place as the Chairman, CIL / CMD of Subsidiary Company (as the case may be) at his discretion may determine.

22A.5.2 Contracts with Partnership firm/ Joint Venture:

A partner is the implied authority to bind the firm in a contract coming in the purview of the usual business of the firm. The implied authority of a partner, however, does not extend to enter into arbitration agreement on behalf of the firm. Therefore, while entering into a contract with partnership firm / Joint Venture, care should be taken to obtain consent of all the partners to the arbitration agreement.

22A.5.3 Acceptance of Arbitral Award:

Arbitration /court awards should be critically reviewed. In cases where there is a decision against CIL/Subsidiary, the decision to appeal should



22A – Settlement of Disputes with Contractor

not be taken in a routine manner, but only when the case genuinely merits going for the appeal and there are high chances of winning in the court / higher court. There is a perception that such appeals etc. are sometimes resorted to postpone the problem and defer personal accountability. Casual appealing in arbitration / court cases has resulted in payment of heavy damages / compensation / additional interest cost.

Legal department of CIL/Subsidiary should monitor the success rate of appealing against arbitration awards. There should be a clear delegation to empower officials to accept arbitration / court orders. A special committee may be set up by legal department of CIL/ Subsidiary to review the case before an appeal is filed against an order. Arbitration /court awards should not be routinely appealed without due application of mind on all facts and circumstances including realistic probability of success. The committee or other authority deciding on the matter shall clarify that it has considered both legal merits and the practical chances of success and after considering the cost of, and rising through litigation / appeal / further litigation as the case may be, it is satisfied that such litigation / appeal / further litigation cost is likely to be financially beneficial compared to accepting the arbitration / court award.

22A.5.3 Payment of Arbitral Award in case of challenge:

In cases where CIL/ Subsidiary has challenged an arbitral award and as a result, the amount of the arbitral award has not been paid, 75% of the arbitral award (which may include interest up to date of the award) shall be paid by CIL/ Subsidiary to the contractor against a Bank Guarantee (BG). The BG shall only be for the said 75% of the arbitral award as above and not for the interest which may become payable to CIL/ Subsidiary should the subsequent court order require refund of the said amount.

The payment may be made into a designated Escrow Account with the stipulation that the proceeds will be used first, for payment of lenders' dues, second, for fulfilling the contract and then for fulfilling other contracts of CIL/ Subsidiary as mutually agreed/ decided. Any balance remaining in the escrow account subsequent to settlement of lenders' dues and fulfillment of contracts of CIL/ Subsidiary may be allowed to be used by the contractor, with the prior approval of the lead banker and CIL/ Subsidiary. If otherwise eligible and subject to contractual provisions, retention money and other amounts withheld may also be released against BG.

The only circumstances in which such payment need not be made is where the contractor declines, or is unable, to provide the requisite bank guarantee and/or fails to open an escrow account as required.



23 - Recommending, Concurring and Approving Authorities

CHAPTER - 23

RECOMMENDING, CONCURRING AND APPROVING AUTHORITIES

23.1 Officers of Materials Management Department of subsidiary companies are empowered to make purchases against requirements approved by the Competent Authority to the extent as delegated, by CMD of each Subsidiary Company for their respective Companies from time to time.

23.2 Officers of Materials Management Division of Coal India Limited (HQ) are empowered to make purchases against requirements approved by the Competent Authority to the extent as delegated, by Chairman, CIL from time to time.

Note:

- i). Value of purchase proposal - both for indigenous and imported materials, will mean total landed value inclusive of all taxes and duties and other incidental charges, if any. In case of Rate/Running Contracts, it will mean value of estimated off-take during the contracted period.
- ii). All the powers are to be exercised with financial concurrence. In cases where it is indicated that no financial concurrence to the purchase proposal is needed, the powers may be exercised accordingly.
- iii). The delegation of power related to procurement cases is approved by CIL/Subsidiary Company Board from time to time and the same must be followed.
- iv). Once the purchase proposal is approved by the competent authority, the Purchase/Supply orders/Contracts/Rate/Running Contracts, to be issued, can be signed by the Purchase Executive(s).

23.3 The procurement proposals shall be finalized in the following manner:

- a) All purchase cases having the landed value upto Rs. 25 lakhs will be finalized by the Purchase Executives within their delegated powers, after obtaining concurrence from Finance.
- b) All purchase cases having the landed value above Rs. 25 lakhs will be decided by a Tender Committee. The Tender Committee will normally consist of the following members in case of Subsidiary Companies/CIL, depending on the value of purchase as mentioned below:

A) LEVEL I TENDER COMMITTEE

Above Rs. 25 lakhs – Rs. 75 lakhs

- (i) Purchase Executive of not less than E-3 rank.
- (ii) Associate Finance/Finance Executive of not less than E-3 rank.



23 - Recommending, Concurring and Approving Authorities

- (iii) Executive of concerned Technical Dept. of not less than E-3 rank.

B) LEVEL II TENDER COMMITTEE

Above Rs. 75 lakhs – Rs. 150 lakhs

- (i) Purchase Executive of not less than E-4 rank.
- (ii) Associate Finance/Finance Executive of not less than E-4 rank.
- (iii) Executive of concerned Technical Dept. of not less than E-4 rank.

C) LEVEL III TENDER COMMITTEE

Above Rs. 1.5 crore – Rs. 5 crore

- (i) Purchase Executive of not less than E-5 rank.
- (ii) Associate Finance/Finance Executive of not less than E-5 rank.
- (iii) Executive of concerned Technical Dept. of not less than E-5 rank.

D) LEVEL IV TENDER COMMITTEE

Above Rs. 5 crore – Rs. 10 crore

- (i) Purchase Executive of not less than E-6 rank.
- (ii) Associate Finance/Finance Executive of not less than E-6 rank.
- (iii) Executive of concerned Technical Dept. of not less than E-6 rank.

E) LEVEL V TENDER COMMITTEE

Above Rs. 10 crore – Rs. 20 crore

- (i) Purchase Executive of not less than E-7 rank.
- (ii) Associate Finance/Finance Executive of not less than E-7 rank.
- (iii) Executive of concerned Technical Dept. of not less than E-7 rank.

F) LEVEL VI TENDER COMMITTEE

Above Rs. 20 crore – Rs. 50 crore

- (i) Purchase Executive of not less than E-8 rank.
- (ii) Associate Finance/Finance Executive of not less than E-8 rank.
- (iii) Executive of concerned Technical Dept. of not less than E-8 rank.

G) LEVEL VII TENDER COMMITTEE

Above Rs. 50 crore – Rs. 200 crore

- (i) Director (Technical) of a Sub. Co.
- (ii) Head of MM Dept. of rank not less than E-8 rank.
- (iii) Head of Finance Dept. of rank not less than E-8 rank.
- (iv) Head of concerned Technical Dept. of rank not less than E-8 rank.



23 - Recommending, Concurring and Approving Authorities

H) LEVEL VIII TENDER COMMITTEE

For procurement of goods valuing more than Rs. 200 crore, TC may comprise the following members:

1. For subsidiaries:
 - (i) Director (Technical) of a Sub. Co.
 - (ii) Head of MM Department of rank not less than E8
 - (iii) Head of Finance Department of rank not less than E8
 - (iv) Head of concerned Technical Department of rank not less than E8
2. For CIL:
 - (i) CMD of a Sub. Co.
 - (ii) Director (Technical) of a Sub. Co.
 - (iii) Director(Finance) of a Sub. Co.
 - (iv) Head of MM Dept. of rank not less than E8
 - (v) Head of Finance Dept. of rank not less than E8
 - (vi) Head of concerned Technical Dept. of rank not less than E8

NOTE:

1. The TC constitution shall be approved by an officer equal to the grade of the officer, competent to approve the purchase. However, for procurement cases requiring approval of subsidiary/CIL Board, the Tender Committee constitution shall be approved by CMD/Chairman, CIL.
2. In the constitution of TC as above, the general number of Executives has been indicated. Additional members can be nominated/ co-opted, if felt necessary, with competent approval of Chairman, CIL/CMD of Subsidiary Company, as the case may be.
3. In case of Branch Purchase Offices of the Subsidiary Companies functioning at a place other than the HQs of the Subsidiary Company, the General Manager (MM) may make separate arrangements for constitution of TC with approval of Director-in-charge (MM) of Subsidiary Company.
4. Whenever an Executive of the specified level is not available, an Executive of the next higher level in the respective discipline will be the member of the TC.
5. If after opening of Price-Bids, the total landed value of the procurement case requires decision by a higher level TC, the same should be finalized accordingly by a higher level TC.



23 - Recommending, Concurring and Approving Authorities

- 23.4** Any procedural change in the Manual in future so as to maintain its effectiveness could be made by Chairman, CIL whenever deemed necessary and such changes will be intimated to all concerned.
- 23.5** In some specific cases under exceptional circumstances, if the procurement become necessary by relaxing certain provision of the manual, the reason(s) for such relaxation must be recorded clearly and thereafter specific approval shall have to be taken from CMD of the Subsidiary Cos./Chairman, CIL. Similarly, in some specific cases, if it becomes necessary for arranging goods by adopting methods not mentioned in the manual, specific approval of CMD of Subsidiary Cos./Chairman, CIL shall have to be obtained before initiating such action, detailing the reasons as to why procurement becomes necessary not as per the guidelines of the Manual.
- 23.6** This manual supersedes all circulars, letters, office memoranda, office orders, guidelines and directives related to procurement of goods issued by CIL and Subsidiary companies till 25.01.2020, except those which have been either incorporated or referred to in this manual.



23 - Recommending, Concurring and Approving Authorities

23.7 Flow chart indicating the approving authority for various activities is listed below:

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
1	2	3	4	5
1.	4.1.2	Approval for amendment in technical specifications due to technological advancement / regulatory changes	Director (Tech), CIL / Sub Co / Area GM	No
2.	4.1.5	Approval for deviations/ modifications from Indian Standards	Director (Tech), CIL / Sub Co / Area GM	No
3.	5.8	Estimation of Cost	Indentor	Yes
4.	6.6.5.1	Constitution of Committee for Registration	Director (Tech) of CIL / Director (Tech) I/C MM of Sub. Co.	No
5.	6.7	Competent Authority for grant of Registration	Director (Tech) of CIL / Director (Tech) I/C MM of Sub. Co.	Yes
6.	6.8	Renewal of Registration	Director (Tech) of CIL / Director (Tech) I/C MM of Sub. Co.	Yes
7.	6.10	Change in name, address, constitution of firm	Director (Tech) of CIL / Director (Tech) I/C MM of Sub. Co.	No
8.	6.11.3	Removal from Registration	Director (Tech) of CIL / Director (Tech) I/C MM of Sub. Co.	Yes
9.	6.11.4	Re-instatement of Registration Status	Chairman, CIL / CMD of Sub. Co.	Yes
10.	6.13.1.1	Suspension of business	Chairman, CIL / CMD of Sub. Co.	Yes
11.	6.13.1.4	Extension of suspension order issued by one subsidiary to other subsidiaries and CIL (HQ)	Chairman, CIL	Yes
12.	6.13.1.5	Revoking order of suspension	Competent Authority who has approved the Suspension Order	Yes
13.	6.13.1.6	Extension of period of Suspension	Competent Authority who has approved the Suspension Order	Yes
14.	6.13.3 6.13.5.1 6.13.5.4	Banning of business	Chairman, CIL / CMD of Sub. Co.	Yes
15.	6.13.5.7 6.13.5.8 6.13.5.9	Extension of banning order issued by one subsidiary to other subsidiaries and CIL HQr	Chairman/ CIL	Yes
16.	6.13.5.11	Appeal/ Representation for withdrawal/ modification of banning order.	Competent Authority who has approved the Banning Order	Yes



23 - Recommending, Concurring and Approving Authorities

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
17.	7.4.1.4	Competent authority for approval of Indent / PR for new capital items	Dir. (Tech), CIL / Sub. Co. / Area GM as per his delegated power	Yes
18.	7.4.2.3	Competent authority for approval of Indent / PR for replacement capital items	Dir. (Tech), CIL / Sub. Co. / Area GM as per his delegated power	Yes
19.	7.5.4	Competent authority for approval of MB	For Centralised Items – Dir. (Tech.) of Sub. Co./ CIL For Decentralised Items – Area GM	Yes
20.	7.5.4	Approval of Indent / PR for items covered under approved MB	Area GM / HOD, Tech Dept. of Sub. Co./ CIL	Yes
21.	7.5.4	Approval of Indent / PR for items not covered under approved MB	For Centralised Items – Dir. (Tech.) of Sub. Co./ CIL For Decentralised Items – Area GM	Yes
22.	7.6.2	Competent authority for approval of Emergent Indent	Dir. (Tech.) of Sub. Co./ CIL / Area GM, as the case may be	Yes
23.	7.7.2	Competent authority for issue of PAC	HOD (Tech.) of Sub. Co./ CIL / Area Staff Officer (Tech.)	No
24.	8.2.3	Approval for Purchases upto Rs.25000/- without quotation	Unit in-charge/ Area GM/ HOD of concerned department of subsidiary company/ CIL	Yes
25.	8.3.1	Constitution of Local Purchase Committee for Purchases above Rs.25000/- and upto Rs.2 lakhs	Unit in-charge/ Area GM/ HOD of concerned department of subsidiary company/ CIL	No
26.	8.3.2	Approval of Purchases above Rs.25000/- and upto Rs.2 lakhs through Local Purchase Committee	Unit in-charge/ Area GM/ HOD of concerned department of subsidiary company/ CIL	Yes
26 A.	8.3A.1	Constitution of Special Purchase Committee	Area GM / Dir-I/C of Sub. Co. / CIL	No
26 B.	8.3A.1	Approval of Purchase through Special Purchase Committee	As per applicable DoP	Yes
27.	8.4.2	Constitution of Committee for Emergency Purchases	Upto Rs.10 lakhs - Area GM/HOD MM of Sub. Co./CIL Above Rs. 10 lakhs - D(Tech.) of Sub. Co./ CIL	No
28.	8.4.4	Approval for Emergency Purchases	Approving authority of Negotiated Purchase / Without-Tender as per DoP	Yes



23 - Recommending, Concurring and Approving Authorities

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
29.	8.5.5	Purchase under option clause	Competent authority within whose powers the total purchase falls (contract value + option value)	Yes
30.	8.5.6(5)	Non utilization of option due to poor performance	Competent authority within whose powers the fresh purchase falls	Yes
31.	8.6.2	Purchase of items with administered price	As per relevant Para	Yes
32.	8.9.1	Issue of Advertised Tender	Area GM/ HOD (MM) of Sub. Co./ CIL	Yes
33.	8.9.5	Issue of Global Tender	Area GM/ HOD (MM) of Sub. Co./ CIL	Yes
34.	8.10.1	Issue of Limited Tender / Open Tender Enquiry for cases below Rs. 25.00 lakhs	Area GM / HOD (MM) of Sub. Co. / CIL	Yes
35.	8.11	Issue of Single Tender Enquiry A.) with PAC B.) without PAC	A.) Area GM/ HOD (MM) of Sub. Co./ CIL with PAC from the concerned Technical Head of HQ/ Area B.) D(T) of Sub. Co./ CIL	Yes
36.	DELETED			
37.	8.17.8	Pre-qualification of bidders	Competent authority within whose powers the purchase falls	Yes
38.	8.18	Competent authority for approval of Service and Maintenance Contract	As per delegation of power for procurement	Yes
39.	8.18.12 (e)	Acceptance of price of parts/ components in non-comprehensive maintenance contracts	Competent authority within whose powers the value of maintenance contract falls	Yes
40.	8.19.1	Competent authority for approval of purchase with buy back option	The authority to approve the indent is also competent to approve the buy-back option	Yes
41.	8.20.1	Depot Agreement	As per delegation of power for single tender procurement as per DoP	Yes
42.	8.20.3	Extension of Depot Agreement	Same as applicable for Single Tender procurement as per DoP	Yes
43.	8.22	Development/ Trial Orders	As per delegation of power for normal procurement	Yes
44.	8.23	Purchase through Government e-Market Place (GEM) portal	As per delegation of power for normal procurement	Yes



23 - Recommending, Concurring and Approving Authorities

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
45.	9.6 9.7	Conclusion of Rate / Running Contracts and Parallel Rate / Running Contracts	Same as in case of normal tendering	Yes
46.	9.6.2 (g)	Adoption of Rate / Running Contract of other Subsidiary Companies	Same as Competent Authority for procurement on 'nomination-basis'	Yes
47.	9.8	Renewal of Rate / Running contract	Same as applicable for Single Tender procurement as per DoP	Yes
48.	9.9	Operation of RC concluded by other Subsidiary Companies	Same as Competent Authority for procurement on 'nomination-basis'	Yes
49.	10.3.2(d)	Benchmarks for satisfactory performance	HOD of Technical Dept., Subsidiary/CIL	No
50.	10.3.2(e)	Provenness criteria	HOD of Technical Dept., Subsidiary/CIL	No
50 A.	10.3.6 (iii)	Approval of Committee recommendations	One level higher than the highest-ranking member of the Committee, limited to Chairman, CIL / CMD, Sub. Co.	Yes
51.	10.3.8 13.24	Refund of EMD	HOD (MM) of Sub. Co./ Area GM	Yes
52.	10.3.9	Forfeiture of EMD	HOD (MM) of Sub. Co./ Area GM	Yes
53.	10.3.10.5	Refund of SD	HOD (MM) of Sub. Co./ Area GM	Yes
54.	10.3.10.7	Extension of date of submission of SD / Waiver of submission of SD	HOD (MM) of Sub. Co./ Area GM	Yes
55.	10.3.11.6	Release of PBG	HOD (MM) of Sub. Co./ Area GM	Yes
56.	10.3.11.6	Release of PBG if no dispute pending and 'No Claim Certificate' not received from user	Dir. (Tech) Sub. Co./CIL	Yes
57.	10.3.11.7	Release of additional PBG after setting up of after sales services facilities in India	HOD (MM) of Sub. Co./ Area GM	Yes
58.	10.4.6	Change in specification	Director (Tech), CIL / Sub Co / Area GM	No
59.	10.8.6.3	Formulation of price variation clause	Dir. (Tech) Sub. Co./ CIL	Yes
60.	10.15	Approval of tender enquiry prepared on the basis of provisions of CIL's Purchase Manual	HOD (MM) of Sub. Co./ Area GM	Yes
61.	10.15	Approval of tender enquiry deviating from the provisions of CIL's Purchase Manual	Chairman, CIL / CMD of Sub. Co.	Yes



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Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
62.	10.16	Amendments/ modifications to tender enquiry	HOD (MM) of Sub. Co./ Area GM	Yes
63.	10.17	Extension of due date of bid submission	HOD (MM) of Sub. Co./ Area GM for first extension Dir(Technical) CIL / Dir(Technical) Subsidiary / Area GM for subsequent extension	No
64.	13.2.1	Rejection of unresponsive tenders	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes
65.	13.2.2	Waiver of minor infirmity/ irregularity/ non-conformity	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes
66.	13.3.1 13.5.1	Approval of Commercial Scrutiny Report	HOD (MM) of CIL / Sub. Co./ Area GM	Yes
67.	13.4 14.6.22.3	Clarification of bids/ shortfall documents	HOD of MM and Head of Technical Dept.	Yes
68.	13.7	Acceptance of post tender revision which is beneficial to purchaser in cases where firm would have got the order without such revision	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes
69.	13.11.3	Approval of TSR	HOD of Technical Department	No
70.	13.11.5	Approval of CSR	HOD (MM) of Sub. Co./ Area GM	Yes
71.	13.11.6	Consideration of minor deviations	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes
71 A.	13.12.4	Approval of Constitution of Tender Committee	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes
72.	13.16	Lack of competition	Same as Competent Authority as applicable to Single Tender	Yes
73.	13.20.2	Decision to invite fresh tender or to negotiate and with whom	Tender Accepting Authority limited to Chairman, CIL / CMD, Sub. Co.	Yes
73 A.	13.21	Extension of validity of offers	HOD (MM) of CIL or Sub. Co. / Area GM	No
74.	13.22.1	Scrapping of tender after Techno-Commercial bids are opened	Competent purchase officer within whose power the case falls limited to Chairman, CIL / CMD, Sub. Co.	Yes



23 - Recommending, Concurring and Approving Authorities

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
74 A.	13.22.1	Scrapping of tender before Techno-Commercial bids are opened	HOD (MM) of CIL / Sub. Co. / Area GM	Yes
74 B.	13.21.8	Extension of Bid Validity	HOD of Purchasing Department	No
74 C.	14.6.3	Approval of Bid Openers	HOD (MM) of CIL or Sub. Co. / Area GM	No
74 D.	15.1	List of Critical Spare Parts to be procured from OEM/OES and OPM	CFDs of Sub. Co.	Yes
75.	15.3.2	Amending list of items to be procured from OPM	Chairman, CIL	Yes
76.	15.3.3	Identification of OPM	Dir (Tech) of CIL/ Sub. Co.	No
77.	15.3.5	Deletion of OPM from approved list	Dir (Tech) of CIL/ Sub. Co.	No
78.	15.4.4	Amending list of items to be procured from proven sources	Dir (Tech) of Sub. Co.	No
79.	15.4.5	Procurement from proven sources for items not supplied by OEM/OES/OPM within delivery period/ extended delivery period	CMD of Sub. Co.	Yes
80.	15.4.6	Procurement from proven sources for items of old equipment no longer manufactured by OEM	CMD of Sub. Co.	Yes
81.	15.4.9	Procurement from OEM directly / under Depot Agreement in case of failure of procurement through open tender	Respective Subsidiary Board / CIL Board	Yes
82.	17.3	Increase in RC quantity beyond 40% but limited to PESO license capacity	Competent Authority within whose power the combined value falls limited to Chairman, CIL.	Yes
83.	17.5.5 17.5.6 17.5.7	Determining/ Revising Benchmark Powder Factor	CMD of Sub. Co.	Yes
84.	18.5.4 18.5.5	Amendments to contract other than delivery extension (purchase approved by an officer other than CMD/Chairman/ Board)	One level higher than the authority who approved the purchase. In case of Area, Area GM.	Yes
85.	18.5.4 18.5.5	Amendments to contract other than delivery extension (purchase approved by CMD/Chairman / Board of Sub. Co./CIL)	CMD, Subsidiary/Chairman, CIL	Yes



23 - Recommending, Concurring and Approving Authorities

Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
86.	18.5.6	Amendments to contract necessitated due to typographical/ clerical error	Officer who has drafted/ signed the contract/ present incumbent	No
87.	18.9.2	LD/ Penalty for delay in erection/ commissioning	Competent purchase officer within whose power the case falls limited to Director (Tech)	Yes
88.	18.11	Fresh purchase due to shortage/ damage/ pilferage in transit	Competent authority who has approved the original purchase. CMD/ Chairman in cases where original purchase was approved by the Board of Sub. Co./ CIL	Yes
89.	19.7	Re-fixation of Delivery Period	Competent purchase officer within whose power the case falls limited to HOD (MM) of Sub. Co./ GM of Area.	Yes
90.	19.12.2	Extension of delivery period without imposition of LD, if ordered material(s) still required. (purchase approved by an officer other than CMD/Chairman/ Board)	One level higher than the authority who approved the purchase. In case of Area, Area GM.	Yes
91.	19.12.2	Extension of delivery period without imposition of LD (purchase approved by CMD/Chairman/ Board)	CMD, Subsidiary/Chairman, CIL	Yes
92.	19.12.3	Extension of delivery period with imposition of LD	Competent purchase officer within whose power the case falls limited to Director (Tech)	No
93.	19.13	Extension of delivery period with imposition of LD for replacement of rejected stores	Competent purchase officer within whose power the case falls limited to HOD (MM) of Sub. Co./ GM of Area	No
94.	19.15	Extension of delivery period in contracts with price variation clause / exchange rate variation clause	Competent purchase officer within whose power the case falls limited to HOD (MM) of Sub. Co./ GM of Area	Yes
95.	19.16	Termination of contract for default	Competent purchase officer within whose power the case falls limited to Chairman, CIL/CMD, Sub. Co.	Yes
96.	19.17	Termination of contract for insolvency	Competent purchase officer within whose power the case falls limited to Chairman, CIL/CMD, Sub. Co.	Yes
97.	19.18	Termination of contract for convenience	Competent purchase officer within whose power the case falls limited to Chairman, CIL/CMD, Sub. Co.	Yes
98.	19.19.3	Risk Purchase	Area GM/ HOD (MM) of Sub. Co.	Yes



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Sl. No.	Ref. to Manual Clause	Activity	Competent Authority	Whether Finance is to be consulted
99.	23.4	Procedural changes in the Manual	Chairman, CIL	Yes
100.	23.5	Relaxing provisions of Manual / Adopting methods not indicated in manual	CMD, Subsidiaries/ Chairman, CIL	Yes



24 - Definitions and Abbreviations

CHAPTER - 24 DEFINITIONS AND ABBREVIATIONS

List of Abbreviations used in this Manual

ACASH	Associations of Corporations and Apex Societies of Handlooms
AMC	Annual Maintenance Contract
AMRCD	Administrative Mechanism for Resolution of CPSEs Disputes
A/T	Acceptance of Tender
ATE	Advertised Tender Enquiry
AWB	Airway Bill
BCCL	Bharat Coking Coal Limited, Dhanbad
BEC	Bid Evaluation Criteria
BG	Bank Guarantee
BIS	Bureau of Indian Standards
B/L	Bill of Lading
BMD Vehicle	Bulk Mix Delivery Vehicle
BOQ	Bill of Quantity
BPPI	Bureau of Pharma PSUs of India
C&AG	Comptroller and Auditor General
C&F	Clearing and Forwarding
CB	Cast Booster
CBI	Central Bureau of Investigation
CCA	Controller of Certifying Authority
CCL	Central Coalfields Limited, Ranchi
CENVAT	Central Value Added Tax
CFMS	Centralized Funds Management System
CFR	Cost and Freight
CGM	Chief General Manager
CIF	Cost, Insurance and Freight
CIMFR	Central Institute of Mining and Fuel Research



24 - Definitions and Abbreviations

CIP	Carriage and Insurance Paid
CIL	Coal India Limited, Kolkata
CMC	Comprehensive Maintenance Contract
CMD	Chairman and Managing Director
CMPDIL	Central Mine Planning and Design Institute Limited, Ranchi
CMR 1957	Coal Mines Regulation, 1957
CPI	Consumer Price Index
CPPP	Central Public Procurement Portal
CPS	Commercial Parameter Sheet
CPSEs	Central Public Sector Enterprises
CPSUs	Central Public Sector Undertakings
CRAC	Consignee's Receipt and Acceptance Certificate
CS	Comparative Statement
CSR	Commercial Scrutiny Report
CST	Central Sales Tax
CuM	Cubic Meter
CVC	Central Vigilance Commission
CVO	Chief Vigilance Officer
DC	Denial Clause
DDO	Direct Demanding Officer
MeitY	Ministry of Electronics and Information Technology
DGMS	Director General of Mines Safety
DGQA	Director General of Quality Assurance, Ministry of Defence
DGS&D	Directorate General of Supplies & Disposals
DIC	District Industries Centre
DIN	Deutsches Institut für Normung. V. (German Institute for Standardization)
DIPP / DPIIT	Department of Industrial Policy and Promotion / Department for Promotion of Industry and Internal Trade
DOP	Delegation of Powers
DOPT	Department of Personnel and Training



24 - Definitions and Abbreviations

DoT	Department of Telecommunications
DSC	Digital Signature Certificate
ECL	Eastern Coalfield Limited, Sanctoria
EMD	Earnest Money Deposit – Also called Bid Security
EOI	Expression of Interest
EPF	Employees' Provident Fund
ERV	Exchange Rate Variation
ESI	Employees' State Insurance
FAS	Free alongside Ship
FOB	Free on Board
FOR	Free on Rail
GCC	General Conditions of Contract
GeM	Government e-Marketplace
GFR	General Financial Rules
GM	General Manager
GMP	Good Manufacturing Practices
GoI	Government of India
GTE	General Technical Evaluation
HAL	Hindustan Aeronautics Limited
HEMM	Heavy Earth Moving Machinery
HOD	Head of Department
HP	Horse Power
HQ	Head Quarter
HSD	High Speed Diesel
HZL	Hindustan Zinc Limited
IEM	Independent External Monitor
ICB	International Competitive Bidding
IP	Integrity Pact
IS	Indian Standard
KB	Kendriya Bhandar



24 - Definitions and Abbreviations

KVIC	Khadi and Village Industries Commission
LC	Letter of Credit
LCB	Local Competitive Bidding
LD	Liquidated Damages
LED	Light Emitting Diode
LME	London Metal Exchange
LPC	Local Purchase Committee
LPP	Last Purchase Price
LHD	Load Haul Dumper
LTE	Limited Tender Enquiry
MARC	Maintenance and Repair Contract
MB	Materials Budget
MCL	Mahanadi Coalfields Limited, Sambalpur
MM	Materials Management
MoC	Ministry of Coal
MoC&I	Ministry of Commerce & Industry
MoF	Ministry of Finance
MoMSME	Ministry of Micro, Small and Medium Enterprises
MSEs	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
MTs	Million Tons
NABL	National Accreditation Board for Testing and Calibration Laboratories
NCCF	National Cooperative Consumers' Federation
NCL	Northern Coalfields Limited, Singrauli
NEC	North Eastern Coalfields, Margherita, Assam
NIC	National Informatics Centre
NIT	Notice Inviting Tender
NMDC	National Mineral Development Corporation
NPPA	National Pharmaceuticals Pricing Authority



24 - Definitions and Abbreviations

NPV	Net Present Value
NSIC	National Small Industries Corporation
OB	Overburden
OC	Open Cast
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
OPM	Original Parts Manufacturer
OTR Tyres	Off-the-Road Tyres
PAC	Proprietary Article Certificate
PAN	Permanent Account Number (issued by Income Tax Department)
PAO	Pay and Accounts Officer
PBG	Performance Bank Guarantee
PCs	Personal Computers
PCD	Project Concessional Duty
PESO	Petroleum and Explosives safety Organization
PF	Powder Factor
PFMS	Public Financial Management System
PLAC	Plant Level Advisory Committee (for ancillary items)
P&M	Plant and Machinery
PM	Purchase Manual
PMA	Preferential Market Access
PMA	Permanent Machinery of Arbitration
PO	Purchase Order
PQB	Pre-qualification Bid
PSLW	Powered Support Long Wall
PVC	Price Variation Clause
RAP	Reverse Auction Process
RBI	Reserve Bank of India
RC	Rate/Running Contract
R&D	Research and Development



24 - Definitions and Abbreviations

RTI	Right to Information, Act
SAIL	Steel authority of India Limited
SBD	Standard Bidding Document
SBI	State Bank of India
SCC	Special Conditions of Contract
SCCL	Singareni Collieries Company Limited
SD	Security Deposit
SDBG	Security Deposit Bank Guarantee
SDL	Site Discharge Loader
SECL	South Eastern Coalfields Limited, Bilaspur
SEZs	Special Economic Zones
SFMS	Structural Financial Management System
SO	Supply Order
SOR	Schedule of Requirements
SPC	Special Purchase Committee
STE	Single Tender Enquiry
TIA	Tender Inviting Authority
TC	Tender Committee
TCR	Tender Committee Recommendations
TPS	Technical Parameter Sheet
TSR	Technical Scrutiny Report
UG	Underground
UGMM	Underground Mining Machinery
VAT	Value Added Tax
VDE	Verband der Elektrotechnik, Elektronik und Informationstechnike. V.
WCL	Western Coalfields Limited, Nagpur
WPI	Wholesale Price Index

Definitions

- (1) “Area/Unit” means an Area or Unit or Office of the Subsidiary Company;



24 - Definitions and Abbreviations

- (2) "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;
- (3) "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;
- (4) "(Standard) Bid(ding) Documents" (including the term 'Tender (Enquiry) Documents' or 'Request for Proposal Documents' – RFP documents in certain contexts) means a document issued by the procuring entity, including any amendment thereto, that sets out the terms and conditions of the given procurement and includes the invitation to bid. A Standard (Model) Bidding Document is the standardized template to be used for preparing Bidding Documents after making suitable changes for specific procurement;
- (5) "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.;
- (6) "Central Public Sector Enterprise" means a body incorporated under the Companies Act or established under any other Act and in which the Central Government or a Central Enterprise owns more than 50 per cent of the issued share capital;
- (7) "Central Purchase Organization" means a procuring entity which is authorized by the Government of India by an order, made in this behalf, to make procurement for one or more procuring entities or to enter into rate contracts or framework agreements for procurement by other procuring entities;
- (8) "Company" in the context of Coal India means CIL and/or its Subsidiaries and may include its Areas and units unless repugnant to the context;
- (9) "Competent Authority" means an authority which is competent to incur expenditure and may sanction the purchase of goods required for use in public service in accordance with provisions in the Delegation of Financial Powers Rules, following the general procedure contained in this Manual. Powers beyond these delegated powers will rest with the Board of Directors of CIL/ Subsidiary Companies;
- (10) "e-Procurement" means the use of information and communication technology(specially the internet) by the procuring entity in conducting its



24 - Definitions and Abbreviations

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;

- (11) "Goods" includes all articles, material, commodity, livestock, medicine, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plant, vehicles, aircrafts, ships, railway rolling stock, assemblies, sub-assemblies, accessories, a group of machines comprising an integrated production process or such other categories of goods or intangible, products like software, technology transfer, licenses, patents or other intellectual properties purchased or otherwise acquired by a procuring entity but excludes books, publications, periodicals, etc., for a library. The term "goods" also includes works and services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance;
- (12) "High Capacity HEMM" currently includes Dumpers of 120T and above, Dozers 450 HP and above, Drills above 250 mm, Electric Rope and Hydraulic Shovels of 10 CuM and above and Draglines of all sizes;
- (13) "High Capacity UGMM" normally refers to UGMM other than Side Discharge Loader (SDL), Load Haul Dumper (LHD), Universal Drilling Machine (UDM), Roof/ Coal Drilling Machines, Coal Cutting Machines and Man Riding Systems/ Haulages, which are of complex nature, higher capacity and have longer life than the above;
- (14) "Indent" means a requisition for initiating action for procurement of the required stores items, goods, services, etc.;
- (15) "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;
- (16) "Inventory" means any material, component or product that is held for use at a later time;
- (17) "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;
- (18) "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;
- (19) "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;



24 - Definitions and Abbreviations

- (20) "Procurement" or "public procurement" or "Purchase" in certain contexts) 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;
- (21) "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 and also includes 'Letter of Acceptance'/ 'Notification of Award'), 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";
- (22) "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 for any 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);
- (23) "Procurement process" means the process of procurement extending from the assessment of need; issue of invitation to pre-qualify or to register or to bid, as the case may be; the award of the procurement contract; execution of contract till closure of the contract;
- (24) "Procuring Authority" means the officer who finally approves as well as those officials and committee members who submit the notes/reports for the approval for any decision;
- (25) "Procuring Entity" (including the term Purchaser and including Material Management, Technical, Associated/Integrated Finance Departments besides any other) means all the entities involved in one way or another, in various stages of the process, starting from need assessment to the closure of contract;
- (26) "Prospective Bidder" means anyone likely or desirous to be a bidder;
- (27) "Rate Contract " (or the term 'framework agreement' in certain contexts) means an agreement between a Central Purchase Organization or procuring entity with one or more bidders, valid for a specified period of time, which sets out



24 - Definitions and Abbreviations

terms and conditions under which specific procurements can be made during the term of the agreement and may include an agreement on prices which may be either predetermined or be determined at the stage of actual procurement through competition or a predefined process allowing their revision without further competition;

- (28) "Registering Authority" means an authority which registers bidders for different categories of procurement;
- (29) "Registered Supplier" means any supplier who is on a list of registered suppliers of the procuring entity or a Central Purchase Organization;
- (30) "Reserve RC Holders" are the empanelled RC holders beyond the pre-disclosed number of parallel RCs. They would be contractually bound to supply the products and/or services at the same price and terms & conditions as awarded to regular RC holders at any point of time during the contract period in case the regular RC holder fails to deliver;
- (31) "Reverse Auction" (or the term 'Electronic reverse auction' in certain contexts) means an online real-time purchasing technique utilized by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids;
- (32) "Service" means any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and includes physical, maintenance, professional, intellectual, training, consultancy and advisory services or any other service classified or declared as such by a procuring entity but does not include appointment of an individual made under any law, rules, regulations or order issued in this behalf;
- (33) "Subject matter of procurement" means any item of procurement whether in the form of goods, services or works or a combination thereof.

* * *



Annexure-1

DELETED



List of 358 Items Reserved for Purchase from Micro and Small Enterprises

Sl. No. Item Description

1. AAC/& ACSR Conductor upto 19 strands
2. Agricultural Implements
 - a. Hand Operated tools & implements
 - b. Animal driven implements
3. Air/Room Coolers
4. Aluminum builder's hardware
5. Ambulance stretcher
6. Ammeters/ohm meter/Volt meter (Electromagnetic upto Class I accuracy)
7. Anklets Web Khaki
8. Augur (Carpenters)
9. Automobile Head lights Assembly
10. Badges cloth embroidered and metals
11. Bags of all types i.e. made of leather, cotton, canvas & jute etc. including kit bags, mail bags, sleeping bags & water-proof bag
12. Bandage cloth
13. Barbed Wire
14. Basket cane (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
15. Bath tubs
16. Battery Charger
17. Battery Eliminator
18. Beam Scales (upto 1.5 tons)
19. Belt leather & straps
20. Bench Vices
21. Bituminous Paints
22. Blotting Paper
23. Bolts & Nuts
24. Bolts Sliding
25. Bone Meal
26. Boot Polish
27. Boots & Shoes of all types including canvas shoes
28. Bowls
29. Boxes Leather
30. Boxes made of metal
31. Braces
32. Brackets other than those used in Railways
33. Brass Wire
34. Brief Cases (other than moulded luggage)
35. Brooms
36. Brushes of all types
37. Buckets of all types
38. Button of all types
39. Candle Wax Carriage
40. Cane Valves/stock valves (for water fittings only)
41. Cans metallic (for milk & measuring)
42. Canvas Products :
 - a. Water Proof Deliver, Bags to spec. No. IS - 1422/70



- b. Bonnet Covers & Radiators Muff. to spec. Drg. Lv7/NSN/IA/130295
43. Capes Cotton & Woollen
 44. Capes Waterproof
 45. Castor Oil
 46. Ceiling roses upto 15 amps
 47. Centrifugal steel plate blowers
 48. Centrifugal Pumps suction & delivery 150 mm. x 150 mm
 49. Chaff Cutter Blade
 50. Chains lashing
 51. Chappals and sandals
 52. Chamois Leather
 53. Chokes for light fitting
 54. Chrome Tanned leather (Semi-finished Buffalo & Cow)
 55. Circlips
 56. Claw Bars and Wires
 57. Cleaning Powder
 58. Clinical Thermometers
 59. Cloth Covers
 60. Cloth Jaconet
 61. Cloth Sponge
 62. Coir fibre and Coir yarn
 63. Coir mattress cushions and matting
 64. Coir Rope hawserlaid
 65. Community Radio Receivers
 66. Conduit pipes
 67. Copper nail
 68. Copper Napthenate
 69. Copper sulphate
 70. Cord Twine Maker
 71. Cordage Others
 72. Corrugated Paper Board & Boxes
 73. Cotton Absorbent
 74. Cotton Belts
 75. Cotton Carriers
 76. Cotton Cases
 77. Cotton Cord Twine
 78. Cotton Hosiery
 79. Cotton Packs
 80. Cotton Pouches
 81. Cotton Ropes
 82. Cotton Singlets
 83. Cotton Sling
 84. Cotton Straps
 85. Cotton tapes and laces
 86. Cotton Wool (Non absorbent)
 87. Crates Wooden & plastic
 88. (a) Crucibles upto No. 200
(b) Crucibles Graphite upto No. 500
(c) Other Crucibles upto 30 kgs.
 89. Cumblies & blankets
 90. Curtains mosquito
 91. Cutters
 92. Dibutyl phthalate
 93. Diesel engines upto 15 H.P



Annexure-2

94. Dimethyl Phthalate
95. Disinfectant Fluids
96. Distribution Board upto 15 amps
97. Domestic Electric appliances as per BIS Specifications :-
-Toaster Electric, Elect. Iron, Hot Plates, Elect. Mixer, Grinders Room heaters & convectors and ovens
98. Domestic (House Wiring) P.V.C. Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and upto 10.00 mm sq. nominal cross section
99. Drawing & Mathematical Instruments
100. Drums & Barrels
101. Dust Bins
102. Dust Shield leather
103. Dusters Cotton all types except the items required in Khadi
104. Dyes :
 - a. Azo Dyes (Direct & Acid)
 - b. Basic Dyes
105. Electric Call bells/buzzers/door bells
106. Electric Soldering Iron
107. Electric Transmission Line Hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc.
108. Electronic door bell
109. Emergency Light (Rechargeable type)
110. Enamel Wares & Enamel Utensils
111. Equipment camouflage Bamboo support
112. Exhaust Muffler
113. Expanded Metal
114. Eyelets
115. Film Polythene - including wide width film
116. Film spools & cans
117. Fire Extinguishers (wall type)
118. Foot Powder
119. French polish
120. Funnels
121. Fuse Cut outs
122. Fuse Unit
123. Garments (excluding supply from Indian Ordnance Factories)
124. Gas mantels
125. Gauze cloth
126. Gauze surgical all types
127. Ghamellas (Tasillas)
128. Glass Ampules
129. Glass & Pressed Wares
130. Glue
131. Grease Nipples & Grease guns
132. Gun cases
133. Gun Metal Bushes
134. Gum tape
135. Hand drawn carts of all types
136. Hand gloves of all types
137. Hand Lamps Railways
138. Hand numbering machine
139. Hand pounded Rice (polished and unpolished)
140. Hand presses
141. Hand Pump
142. Hand Tools of all types



Annexure-2

143. Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
144. Harness Leather
145. Hasps & Staples
146. Haver Sacks
147. Helmet Non-Metallic
148. Hide and country leather of all types
149. Hinges
150. Hob nails
151. Holdall
152. Honey
153. Horse and Mule Shoes
154. Hydraulic Jacks below 30 ton capacity
155. Insecticides Dust and Sprayers (Manual only)
156. Invalid wheeled chairs.
157. Inverter domestic type upto 5 kVA
158. Iron (dhobi)
159. Key board wooden
160. Kit Boxes
161. Kodali
162. Lace leather
163. Lamp holders
164. Lamp signal
165. Lanterns Posts & bodies
166. Lanyard
167. Latex foam sponge
168. Lathies
169. Letter Boxes
170. Lighting Arresters - upto 22 kv
171. Link Clip
172. Linseed Oil
173. Lint Plain
174. Lockers
175. Lubricators
176. L.T. Porcelain KITKAT & Fuse Grips
177. Machine Screws
178. Magnesium Sulphate
179. Mallet Wooden
180. Manhole covers
181. Measuring Tapes and Sticks
182. Metal clad switches (upto 30 Amps)
183. Metal Polish
184. Metallic containers and drums other than N.E.C. (Not elsewhere classified)
185. Metric weights
186. Microscope for normal medical use
187. Miniature bulbs (for torches only)
188. M.S. Tie Bars
189. Nail Cutters
190. Naphthalene Balls
191. Newar
192. Nickel Sulphate
193. Nylon Stocking
194. Nylon Tapes and Laces
195. Oil Bound Distemper



196. Oil Stoves (Wick stoves only)
197. Pad locks of all types
198. Paint remover
199. Palma Rosa Oil
200. Palmgur
201. Pans Lavatory Flush
202. ¹⁷Paper conversion products, paper bag, envelopes, Ice-cream cup, paper cup and saucers & paper Plates
203. Paper Tapes (Gummed)
204. Pappads
205. Pickles & Chutney
206. Piles fabric
207. Pillows
208. Plaster of Paris
209. Plastic Blow Moulded Containers upto 20 litre excluding Poly Ethylene Terephthalate (PET) Containers
210. Plastic cane
211. Playing Cards
212. Plugs & Sockets electric upto 15 Amp
213. Polythene bags
214. Polythene Pipes
215. Post Picket (Wooden)
216. Postal Lead seals
217. Potassium Nitrate
218. Pouches
219. Pressure Die Casting upto 0.75 kg
220. Privy Pans
221. Pulley Wire
222. PVC footwears
223. PVC pipes upto 110 mm
224. PVC Insulated Aluminum Cables (upto 120 sq. mm) (ISS:694)
225. Quilts, Razais
226. Rags
227. Railway Carriage light fittings
228. Rakes Ballast
229. Razors
230. RCC Pipes upto 1200 mm. dia
231. RCC Poles Pre-stressed
232. Rivets of all types
233. Rolling Shutters
234. Roof light Fittings
235. Rubber Balloons
236. Rubber Cord
237. Rubber Hoses (Unbranded)
238. Rubber Tubing (Excluding braided tubing)
239. Rubberized Garments Cap and Caps etc.
240. Rust/Scale Removing composition
241. Safe meat & milk
242. Safety matches
243. Safety Pins (and other similar products like paper pins, staples pins etc.)
244. Sanitary Plumbing fittings
245. Sanitary Towels
246. Scientific Laboratory glasswares (Barring sophisticated items)
247. Scissors cutting (ordinary)

¹⁷Ministry of MSME has clarified that the laminated paper Gr.I, II and III are not covered under the paper conversion product.



Annexure-2

248. Screws of all types including High Tensile
249. Sheep skin all types
250. Shellac
251. Shoe laces
252. Shovels
253. Sign Boards painted
254. Silk ribbon
255. Silk Webbing
256. Skiboots & shoes
257. Sluice Valves
258. Snapfastener (Excluding 4 pcs. ones)
259. Soap Carboric
260. Soap Curd
261. Soap Liquid
262. Soap Soft
263. Soap washing or laundry soap
264. Soap Yellow
265. Socket/pipes
266. Sodium Nitrate
267. Sodium Silicate
268. Sole leather
269. Spectacle frames
270. Spiked boot
271. Sports shoes made out of leather (for all Sports games)
272. Squirrel Cage Induction Motors upto and including 100 KW 440 volts 3 phase
273. Stapling machine
274. Steel Almirah
275. Steel bedsstead
276. Steel Chair
277. Steel desks
278. Steel racks/shelf
279. Steel stools
280. Steel trunks
281. Steel wool
282. Steel & aluminum windows and ventilators
283. Stockinet
284. Stone and stone quarry rollers
285. Stoneware jars
286. Stranded Wire
287. Street light fittings
288. Student Microscope
289. Studs (excluding high tensile)
290. Surgical Gloves (Except Plastic)
291. Table knives (Excluding Cutlery)
292. Tack Metallic
293. Taps
294. Tarpaulins
295. Teak fabricated round blocks
296. Tent Poles
297. Tentage Civil/Military & Salitah Jute for Tentage
298. Textiles manufacturers other than N.E.C. (not elsewhere classified)
299. Tiles
300. Tin Boxes for postage stamp
301. Tin can unprinted upto 4 gallons capacity (other than can O.T.S.)



Annexure-2

302. Tin Mess
303. Tip Boots
304. Toggle Switches
305. Toilet Rolls
306. Transformer type welding sets conforming to IS:1291/75 (upto 600 amps)
307. Transistor Radio upto 3 band
308. Transistorized Insulation - Testers
309. Trays
310. Trays for postal use
311. Trolley
312. Trollies - drinking water
313. Tubular Poles
314. Tyres & Tubes (Cycles)
315. Umbrellas
316. Utensils all types
317. Valves Metallic
318. Varnish Black Japan
319. Voltage Stabilizers including C.V.T's
320. Washers all types
321. Water Proof Covers
322. Water Proof paper
323. Water tanks upto 15,000 litres capacity
324. Wax sealing
325. Waxed paper
326. Weighing Scale
327. Welded Wire mesh
328. Wheel barrows
329. Whistle
330. Wicks cotton
331. Wing Shield Wipers (Arms & Blades only)
332. Wire brushes and Fibre Brushes
333. Wire Fencing & Fittings
334. Wire nails and Horse shoe nails
335. Wire nettings of gauze thicker than 100 mesh size
336. Wood Wool
337. Wooden ammunition boxes
338. Wooden Boards
339. Wooden Box for Stamps
340. Wooden Boxes and Cases N.E.C. (Not elsewhere classified)
341. Wooden Chairs
342. Wooden Flush Door Shutters
343. Wooden packing cases all sizes
344. Wooden pins
345. Wooden plugs
346. Wooden shelves
347. Wooden veneers
348. Woollen hosiery
349. Zinc Sulphate
350. Zip Fasteners

HANDICRAFT ITEMS

351. Cane furniture
352. Bamboo file tray, Baskets, Pencil stand, side racks etc.
353. Artistic Wooden Furniture
354. Wooden paper weight, racks etc.
355. Glass covers made of wood and grass jute.
356. Jute furniture
357. Jute bags, file cover
358. Woollen & silk carpets.



Annexure-3

CHAPTER-2
ANNEXURE-3
(Clause 2.8.3.7)

PROFORMA FOR EQUIPMENT AND QUALITY CONTROL

Reference: CIL/Subsidiary Co._____ Tender No._____

Date _____ for supply of _____

1. Name and Address of the Firm
2. (a) Telephone No. office/factory/works
(b) Fax No. / E-mail ID
3. Location of manufacturing works/factories owned by the firm (documentary evidence of ownership must be produced).
4. Brief description of the factory (i.e. area covered accommodation, Department into which it is divided, laboratory etc.)
5. Details of plant and machinery erected and functioning in each department (monographs and description pamphlets) be supplied if available.
6. Whether the process of manufacture in the factory is carried out with the aid of power or without it.
7. Process Flow Chart for the whole manufacturing process of the tendered item.
8. Details and stocks of raw materials held.
9. Production capacity of items quoted for with the existing plants and machinery
 - (a) Normal
 - (b) Maximum
10. Details of Quality Assurance Plan and Quality Control infrastructure such as laboratories etc.
11. (a) Details of technical supervisory staff in-charge of production and quality control.
 - (b) Skilled labour employed.
 - (c) Unskilled labour employed
 - (d) Maximum number of workers (skilled and unskilled) employed on any day during 18 months preceding the date of application.
12. Whether stores were tested to any standard specification, if so, copies of original test certificate should be submitted in duplicate.

.....

(Signature of Tenderer)

NB: Details against Sl. no. 5 to 12 need be restricted to the extent they pertain to the items under reference.



Annexure-4

CHAPTER-2
ANNEXURE-4
(Clause 2.8.6)

LIST OF 104 MEDICINES

	CAPSULES
1	AMOXYCILLIN IP
2	AMOXYCILLIN IP + CLOXACILLIN IP
3	AMPICILIN IP
4	B-COMPLEX +VIT.-C & ZINC
5	CEPHALEXIN IP
6	DOXYCYCLINE IP
7	FLUCONAZOLE
8	OMEPRazole IP
9	OMEPRazole+DOMPERIDONE
10	CEFADROXIL
11	TETRACYCLINE
	TABLETS
12	ACECLOFENAC+PARACETAMOL
13	ACECLOFENAC 100 MG
14	ALBENDAZOLE
15	AMLODEPIN
16	AMOXYCILLIN+CLAVULANIC ACID
17	ASCORBIC ACID IP
18	ATENOLOL
19	ATORVASTATIN
20	AZITHROMYCIN
21	CALCIUM + VITAMIN D3
22	CEFIXIME TABS./CAPS
23	CEFPODOXIME PROXETIL
24	CEFUROXIME AXETIL
25	CETRIZINE HCL BP
26	CETRIZINE+PARACETAMOL+PHENYL EPHERIN
27	CHLOROQUINE PHOSPHATE IP
28	CIPROFLOXACIN+TINIDAZOLE
29	CIPROLOXACIN IP
30	CO-TRIMOXAZOLE IP
31	DICLOFENAC SODIUM
32	DICYCLOMINE+PARACETAMOL
33	DOMPERIDONE
34	ERYTHROMYCIN STERATE IP
35	IBUPROFEN IP
36	LEVOCETRIZINE
37	LEVOFLOXACIN
38	LOSARTAN
39	METRONIDAZOLE IP
40	NIMESULIDE
41	NORFLOXACIN+TINIDAZOLE
42	NORFLOXACIN IP
43	OFLOXACIN
44	OFLOXACIN + ORNIDAZOLE
45	ORAL CONTRACEPTIVE PILLS



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46	PANTOPRAZOLE
47	PARACETAMOL
48	PARACETAMOL IP + DICLOFENAC SODIUM
49	PARACETAMOL + IBUPROFEN
50	PENICILLIN V
51	POLYVITAMIN PROPHYLACTIC (NFI)
52	RANITIDINE HCL IP
53	ROXITHROMYCIN
54	METFORMIN
55	SPARFLOXACIN
56	TINIDAZOLE
57	VITAMIN B.COMPLEX (PROPHYLACTIC (NFI) SUSPENSION / SYRUP
58	ALBENDAZOLE SUSP.
59	AMOXYCILLIN DRY SYP.
60	CETRIZINE SYRUP
61	COTRIMOXAZOLE SUSP.
62	COUGH SYP. EACH 5 ML CONTAINS – CPM IP : 3 MG + AMMONIUM CHLORIDE IP:110 MG + SODIUM CITRATE IP:46 MG+MENTHOL IP:9MG
63	COUGH SYP. EACH 5 ML CONTAINS-DYPHENHYDRAMINE HCL:14 MG + AMMONIUM CHLORIDE IP:135 MG+SODIUM CITRATE IP : 57 MG+MENTHOL IP:9MG
64	DOMPERIDONE SUSP.
65	PARACETAMOL SYP.
66	VITAMIN A SOLUTION IP
	ORAL POWDER
67	ORAL REHYDRATION SALT (WHO FORMULA) EXTERNAL LOTION / SOLUTION
68	GLUTARALDEHYDE
69	CHLORHEXIDINE GLUCONATE SOLUTION
	OINTMENT
70	CLOTRIMAZOLE OINTMENT
71	DICLOFENAC GEL.
72	POVIDONE IODINE SOLUTION / OINTMENT
73	SILVER SULPHADIAZINE
	I.V.FLUID (INFUSION)
74	CIPROFLOXACIN
75	LEVOFLOXACIN IV
76	MANNITOL
77	METRONIDAZOLE
78	PLAZMA VOLUME EXPENDER
79	RINGER LACTATE I.V. DRY POWDER / LIQUID INJECTABLES
80	AMIKACIN
81	AMOXICILLIN SODIUM + CLAVULANATE POTASSIUM
82	AMPICILLIN IP
83	AVS LIQUID (LYFOLYSED)
84	BENZATHENE PENICILLIN
85	BENZYLE PENICILLIN IP
86	CEFEPIME
87	CEFOPERAZONE
88	CEFOPERAZONE + SULBACTAM
89	CEFOTAXIME SODIUM USP
90	CEFOTAXIME SODIUM+SULBACTAM



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91	CEFTAZADIME
92	CEFTRIAZONE
93	CEFTRIAZONE+SULBACTAM
94	DICLOFENAC SODIUM
95	ETO-THEOPHYLLINE
96	ATROPIN INJ.
97	FRUSEMIDE
98	GENTAMYCIN IP
99	MEROPENEM INJ.
100	PENTAZOCIN
101	PIPERACILLIN+TAZOBACTAM
102	RANITIDINE IP
	TABLETS
103	GLIMEPIRIDE (1mg/2mg)
	MISCELLANEOUS
104	Alcoholic Hand Disinfectant (AHD)



Annexure-5

DELETED



Annexure-6

DELETED



Annexure-7

DELETED



ILLUSTRATIVE FORMULA FOR PRICE VARIATION CLAUSE

The formula for Price Variation should ordinarily include a fixed element, a material element and a labour element. The figures representing the material element and the labour element should reflect the corresponding proportion of input costs, while the fixed element may range from 10 to 25%. That portion of the price represented by the fixed element, will not be subject to variation. The portions of the price represented by the material element and labour element alone will attract price variation. The formula for price variation will thus be:

$$P_1 = P_0 \left\{ F + a \frac{M_1}{M_0} + b \frac{L_1}{L_0} \right\} - P_0$$

- Where P_1 is the adjustment amount payable to the supplier (a minus figure will indicate a reduction in the Contract Price)
- P_0 is the Contract Price at the base date (which is taken as the date on which tender is due to open).
- F is the Fixed element (as the percentage of the total price) not subject to Price variation.
- a is the assigned percentage to the material element in the Contract price.
- b is the assigned percentage to the labour element in the Contract price.
- L_0 and L_1 are the wage indices for the quarter before the quarter in which base month falls and for the quarter before the quarter in which date of supply falls; respectively. For example for a tender opening on June 23, 2017 (base date), L_0 would be average wage index for the quarter of Jan-Mar 2017.
- M_0 and M_1 are the material prices/indices as average of the month, two month prior to the month in which base month falls and average of the month, two month prior to the month in which date of supply falls, respectively. For example, for a tender opening on June 23, 2017 (base date), M_0 would be prices/index as average of the month of April 2017. All material prices/indices will be basic prices without excise duty and without any other central, state, local taxes and duties and Octroi.

If more than one major item of material is involved, the material element can be broken up into two or three components such as M_x , M_y & M_z .

Following conditions would be generally applicable to Price Adjustment:-

- (a) Base dates shall be due dates of opening of bids (technical bids in two or three envelope /cover system).
- (b) Date of supply shall be the date of calculation/ determination of the price variation.
- (c) No price increase is allowed beyond original DP.
- (d) Total adjustment will be subject to maximum ceiling prescribed in the NIT/ contract.
- (e) No price adjustment shall be payable if this is less than or equal to 2% (two percent) of P_0



Annexure-8

- (f) No price adjustment shall be payable on the portion of contract price paid to the contractor as an advance/ interim payment after the date of such payment.
- (g) Payments for each supply would initially be made as per the base price mentioned in the contract. Price adjustment bill should be submitted only quarterly for the supplies made during the quarter
- (h) In Global tenders extra care should be taken in selecting the price indices. Preferably the price indices should be from the same country and of same currency as the country and currency of the bidder. In case price is in a currency of a country where inflation is low and the indices are from country with much higher inflation rates, (M_1/M_0) and (L_1/L_0) should be multiplied by a correction factor of exchange rates, where E_0 is the exchange rate (E_0/E_1) of country of M and L indices with reference to currency of price P. For example, if M&L are from India and P is in \$, then E_0 is Number of Rs. in a \$ on base date and E_1 is the exchange rate on determination date.
- (i) Even if there is no price adjustment claim, supplier must submit all relevant data to prove that there is no downward variation. In any case he must submit a declaration as follows;

“It is certified that there has been no decrease in the price of price variation indices and in the event of any decrease of such indices during the currency of this contract we shall promptly notify the same to the purchaser and offer requisite reduction in the contract rate.”



Annexure-9

CHAPTER-6
ANNEXURE-9
(Clause 6.6.1)

FORM OF APPLICATION FOR REGISTRATION AS APPROVED SUPPLIER

Cashier's Receipt No.....

Book No.

Questionnaire form issued on.....

Initial of the Section In-charge.....

<u>Sl.No.</u>	<u>Question</u>	<u>Answer</u>
1.	Name	(a) Name of the firm: (b) Year of Establishment:
2.	Address	(a) Head Office: (b) Branches:
3.	Fax No.	(a) Head Office: (b) Branches:
4.	Is your firm registered	(a) The Indian Companies Act, 1919 ? If so, please give the name of : (b) Active Director : (c) The Indian Partnership Act, 1932 ? If so, please give the names of the partners. (d) If not registered under any of the Acts, please furnish particulars of your constitution and proprietorship. (e) The Indian Factories Act (f) If you are registered as a "Micro and Small Enterprise" or with "National Small Industries Corporation", give particulars and with photo copy of registration certificate. (g) Name and designation with telephone nos. of person having executive authority in the firm.
5.	If you have any collaboration with overseas firms either technical or financial, please furnish brief particulars of the same.	
6.	Are you manufacturer?	(a) Various type of product/stores manufactured by you specifying each item separately. (b) Give full address of the factory or workshop owned by you (with true copies of documentary proof of ownership). (c) Are you authorized to use ISI marks? If so, for which items? Give photo copy of ISI certificate of marking. (d) Give the following details of your factory. (i) Plant & machinery, machine tools and equipment erected and functioning: Please give sketch of plant. (ii) Production capacity, capacity utilized plan for expansion. (iii) Particulars of quality control, inspection and



Annexure-9

- laboratory facilities which you have. Have you adopted statistical quality control and acceptance same line method?
- (iv) Number of skilled labourers, Technicians employed :
Total number of employees.
- (v) Particulars of materials handling equipments and transportation facilities (e.g. sidings, approach yard) available.
7. Are you manufacturer's Agent ?
(a) Name and address of each manufacturer and stores manufactured by them.
(b) attested photo copies of Letter of Authority appointing you as agents to be enclosed.
8. If you are an Importer, Please state
(a) The class of goods imported by you and the annual value of such imports.
(b) State your present stocks and give the address of the Godown where they are stocked.
9. Whether your commercial/business assets, factory godown etc. insured ? If 'Yes' which Company ? and for what amount?
10. Give particulars of your CST/VAT/GST Regn.
(a) Central Sales Tax Registration Number.....Date.....
(b) State VAT Registration Number.....Date.....
(Please name the State/s).
(c) GST Registration Number..... Date.....
(Please name the State in which registered)
11.
(a) Name and address of your Banker.
(b) Please state the name in which the account stands.
(c) Please state the year in which the account was opened.
12. Are you on the approved list of supplier for similar stores with.
(i) Any important customers in public or private sector with whom you have had dealings since last 5 years.
(ii) Give details of large contracts executed during the last 12 months with the above customers.
13. Please enclose a copy of PAN Certificate
14. Annual Report/Balance Sheet/Profit and Loss Statements. One copy each of the following should be furnished.
(a) The last annual Report.
(b) Profit & Loss Account and Balance Sheet for and at the end of the last year.
(c) A statement showing the results of operation and financial position of the firm during the preceding 3 years in the form given below :
A. Sales.



Annexure-9

- B. Gross Profit.
- C. Depreciation.
- D. Pre-tax profit.
- E. Taxation.
- F. Net after tax.
- G. Percentage of net profit on sales.
- H. Dividend declared.
- I. Net block.
- J. Capital employed.
- K. Reserves.
- L. Percentage profit on capital employed.

For each subsequent year also one copy each of the Annual Report, the Balance Sheet and the Profit and Loss Account of that year should be furnished regularly as soon as they are prepared/published together with the comparative statement of the results of operation and financial position in the same form.

15. Potentiality for supplying State classes of stores out of the list enclosed herewith which the firm is in a position to supply to the subsidiaries. The value and quantity of stock held at present may please be indicated. State for what items or classes of stores, the firm is in a particularly strong position to supply this company and thus to warrant in the firm's opinion its name being registered as a supplier.
16. Existing supply to Coal India Limited or its subsidiary companies.
State the main items for which you have received orders from the Coal India Limited and its subsidiary companies during the past 12 months as per the format enclosed.
(all small orders below Rs.10,000/- in value should be excluded in this reply). A photo copy of each orders shall be attached.

I/We do hereby declare that the entries made in the application form are true to the best of my/our knowledge.

Place:

Signature:

Date:

Designation :



Annexure-9

DETAILS OF MATERIALS SUPPLIED TO THE COAL INDIA LIMITED/SUBSIDIARY COMPANIES DURING PAST 12 MONTHS

Sl. No.	Order No.	Description	Quantity	Value	Name of consignee	Due date of delivery	Date of materials delivered	Despatch particulars	Remarks
1	2	3	4	5	6	7	8	9	10

TERMS AND CONDITIONS FOR APPROVED SUPPLIERS

1. The Coal India Limited/Subsidiary Companies shall have the full right to penalize any defaulting supplier and realize such amount from the security deposit as may be warranted under the terms and conditions of supply order. Should any deduction from the security deposit be made it shall be immediately made good by the supplier, failing which, his name will be liable for removal from the approved list.
2. The list of approved suppliers will be reviewed every year and the names of those firms whose performance has been unsatisfactory will be liable for removal from the list.
3. The approved supplier shall not transfer or assign any supply order or any part thereof without the written permission of Coal India Limited/or its Subsidiary Companies.



Annexure-9

VERIFICATION BY INDIAN AGENT

1. I.....son of..... , Proprietor/ Partner/ Director/ Managing Director/ Authorized person of M/s.....(Name of Indian Agent) do hereby certify that the agency agreement with M/s(name of foreign manufacturer/principal) dated is current and that the applicant firm has no other agreement with any of the Manufacturer/principal for payment of commission other than what is stated herein, either abroad, or in India in foreign currency or in Indian Currency.

2. I also certify that I am duly authorized to submit this application on behalf of and bind the firm .

3. I also confirm that in the event of any change in agency agreement, termination of the agreement and/or change in the management of the applicant firm, the same will be duly intimated to the CIL/Subsidiary Company (*indicate name*) within 15 days of such change.

Authorised Signatory
with Seal

Witness by (Name & Address)

(1)

(2)

Place:.....

Date:.....



Annexure-10

CHAPTER-6
ANNEXURE-10
[Clauses 6.6.2 (g) & 6.6.3(c)]

(To be executed on non-judicial stamp paper of Rs.10/- and attested by a notary public or 1st class magistrate)

AFFIDAVIT

I/We*.....son of.....the Proprietor/ Partner(s)/ Director(s)* of M/s.....with their registered office at..... who are Indian Agents/authorized agent/distributors /supplier of M/s solemnly affirm and state on oath that:

1. a) The premises of the firm situated at are owned exclusively/rented by me/us* upto(indicate date).

b) That the applicant firm possess adequate after sales service facilities which are available at[given address(es)].

2. None of the Proprietor/Partners/Directors* of the firm was or is Proprietor or Partner or Director of any firm with whom the Government/PSU including CIL/Subsidiary Company, have banned/suspended business dealings.

3. We undertake to report to the CIL/Subsidiary Company (*indicate name*) immediately after we are informed but in any case not later than 15 days if any firm having common Proprietor/Partners/ Directors* is banned/suspended in future either before the Registration is granted or thereafter.

The information given above is true to the best of my/our knowledge.

Place:

Signature(s)

of Deponent(s) Date:

(Seal of the firm/Company) -----

Verification

I/We* above named deponent/deponents hereby verify that the contents of my/our* above deposition are true to the best of my/ our* knowledge and nothing has been concealed therefrom.

Verified at this the.....day of

Signature(s) of Deponent(s)

(Seal of the firm/Company) ---

Notes:

1. *Strike out whichever is not applicable.
2. The applicants may submit the Affidavit separately or together as is convenient.
3. In case of rented premises attested copy of lease agreement and rent receipt are to be enclosed.



Annexure-11

CHAPTER-6
ANNEXURE-11
[Clause 6.6.5.2(i)]

PROFORMA FOR BANKER'S REPORT

(To be submitted on the Bankers' letterhead)

Chief Manager (MM)
Registration Section
CIL / Subsidiary Company (address of office)

Sub: Financial credibility report in respect of M/s(name of the firm with address) for the purpose of registration with CIL / Subsidiary Company (address of office)

Sir,

This is to certify that M/s (name of the firm with address) are maintaining Current/Saving Account No..... with this bank branch for the last.....years. The firm has been provided with a credit limit of Rs.....This is further certified that their account with this bank has been operated in a satisfactory manner.

Yours faithfully
()
Chief Manager Bank/Branch with seal



CHAPTER-7
ANNEXURE-12
(Clause 7.4.2.1)

SURVEY OFF REPORT

Stock holding unit:
Date of survey:

[illegible]

Area General Manager	Area Finance Manager	Staff Officer (Technical Wing)	Staff Officer (Mining)	Depot Officer	Project/Mine Manager	Project/Mine (Head of Technical Wing)

Note: Technical Wing refers to Excavation/E&M/ Safety/E&T/System/Civil etc.



Annexure-13

CHAPTER-7 ANNEXURE-13 (Clause 7.4.3)

CERTIFICATE (S) FOR CAPITAL ITEMS

Reasons for preferring this indent (Select whichever is applicable)

- ☐ Increasing production
- ☐ Expansion of existing unit
- ☐ Maintenance of production
- ☐ Welfare, safety, etc.
- ☐ Research and Development
- ☐ Advance action
- ☐ Required for office premises and other establishments like Conference /Training Halls, Guest House, Official Residences and Bungalow
- ☐ Required for day to day official work

Certified that: (Select whichever option is applicable)

- ☐ The indent is in respect of Equipment / P&M provided for in approved project report.

Project Name	Date of Approval	Name of Approving Authority
Population of same Equipment / P&M already available at the project		
Number of same Equipment / P&M in working condition at the project		
Number of same Equipment / P&M in use at the project		

Select whichever is applicable:

- ☐ Clearances (if applicable) for variations from approved project report have been obtained from CMPDIL.

☐ Reason for not obtaining clearance:

- ☐ The indent is in respect of Equipment / P&M for a project yet to be sanctioned.

Justification for Advance Action	Project Approval Status

- ☐ The indent is in respect of Equipment / P&M provided for in approved Scheme.

Scheme Name	Date of Approval	Name of Approving Authority

- ☐ The indent is for replacement of existing Equipment / P&M item(s) which has duly been declared unserviceable / going to be unserviceable shortly by a Competent Survey Committee (copy of Report to be attached)

Capacity of the original Equipment / P&M item	
Year of purchase of the original item	
Life of the original item as per prescribed norms	
Actual life achieved as against the norms	
Reasons for premature condemnation, if applicable	
Reasons for difference in capacity of indented item with original item, if applicable	
Purchase Order No. and date, name of the manufacturer and date of supply and	

- ☐ Performance Report of the original Equipment / P&M item has been attached

Select whichever is applicable:

- ☐ SOR No

- ☐ Survey Off is under approval and it is certified that the approved survey off report will be provided in due course before finalization of contract.

Certified that:

- ☐ The approved project/scheme is now ready for execution/is expected to be ready at the project in accordance with the construction schedule approved by the Management and provided in the Annual Plan/5 years Plan
- ☐ Such items are not lying surplus in any other project/stores



Annexure-14

CHAPTER-7
ANNEXURE-14
(Clauses 7.4.3 & 7.11)

CHECK POINTS FOR INDENTS

1.	Whether clear and detailed specifications, drawings, etc., wherever necessary, are indicated so that there is no ambiguity left for the tenderers to quote for correct materials?	Yes/No
2.	Whether certificate that 'the specifications and the allied technical details are complete and correct to meet the user's requirements fully' has been furnished by the concerned Technical Head?	Yes/No
3.	Whether all necessary information has been filled in the PR?	Yes/No
4.	Whether the requirement was critically examined before raising indent so as to avoid redundant procurement /over stocking and also to ensure proper utilization, economy in the operations?	Yes/No
5.	If the indent is for proprietary material, whether it is unavoidable?	Yes/No
6.	Whether specifications drawn would result in proprietary / single vendor procurement?	Yes/No
7.	Whether the time by which the material is required has been clearly specified in Indent indicating definite delivery schedule and the place at which the materials are to be delivered and/or dispatched?	Yes/No
8.	Whether a realistic approach was adopted while specifying the delivery period by taking into account the experience gained during the past in same/similar type of tenders?	Yes/No
9.	Whether budget provision is available in the relevant year for purchase?	Yes/No
10.	Whether concurrence of the Finance, has been taken?	Yes/No
11.	Whether the indent has the approval of competent authority?	Yes/No
12.	Whether separate indents are raised for each category of material?	Yes/No
13.	Whether it is ensured that there is no splitting of demand into small quantities for the sole purpose of avoiding the necessity of taking approval of the higher authority required for sanctioning the purchase of the original demand?	Yes/No

Additional checks for Capital Items

1.	Name of the Project(s) for which the machinery / equipment is required to be filled in the PR form under "Plant"	
(a)	Whether the project is sanctioned, and if so, date and amount of sanction	
(b)	Population of the machinery/equipment already available at the project and the number in working condition and use	
(c)	The proposal for purchase under consideration (Number of machines/equipment and sizes)	
2.	If the machinery/equipment is required for a project yet to be sanctioned, what is the justification for the advance ordering of the same? What is the present stage of obtaining sanction for the project?	
3.	When is the indented machinery/equipment required at site?	
4.	Whether the variations in equipment size / capacity / specifications with respect to approved Project Report	



Annexure-14

	provisions, have been taken up with CMPDIL and other clearances obtained. If not, the reasons and justification for procurement action without clearance by CMPDIL	
5.	If the machinery/equipment is required against replacement:	
(a)	The size and year of purchase of original machinery / equipment	
(b)	The life of the machinery / equipment as per the prescribed norms	
(c)	Actual life achieved as against the norms	
(d)	Whether the original machinery/equipment has been surveyed off and condemned as unfit for further use by competent authority. If the same is to be replaced before serving the prescribed life, the reasons for premature condemnation.	
(e)	Whether approved Survey Off report is submitted? In case survey off is under approval, whether a certification has been submitted that the approved survey off report will be provided in due course but before finalization of contract?	
(f)	The size of the machinery/equipment proposed to be purchased as replacement and reason for difference in size, if any, compared to the size of the original machinery/equipment. In case of difference in size, confirmation that the size of the proposed machinery/equipment matches with the other available machines, is to be provided.	
(g)	Whether it has been verified that such machinery/equipment is not available in any other project, that could be spared.	
(h)	Performance report of the machinery/equipment indicating the Purchase Order No. and date, name of the manufacturer and date of supply and commissioning.	
(i)	Whether the remaining life of the project in comparison to rated life of the proposed equipment is considered and necessary clearance of CMPDIL is obtained.	



Annexure-15

DELETED



Annexure-16

DELETED



DRAFT MODEL DEPOT AGREEMENT
(FOR BIPARTITE AGREEMENT)

This Agreement is made this day of 20__, between Having its registered office at (hereinafter called the Purchaser which expression shall include unless repugnant to the context at, Successor and Assign) of the one part AND having its office at(hereinafter called the Seller which expression shall include unless repugnant to the context at, Successor and Assigns) or the Original Equipment Manufacturer hereinafter called the OEM, having its office at(which expression shall include unless repugnant to the context at, Successor and Assigns) of the other part.

WHEREAS the OEM while supplying to the purchaser assured hereinafter referred to as OEM supply of spare regularly even after the expiry of the contract for supply of the said Equipment with the objective of functioning the said Equipment efficiently and continuously.

WHEREAS the OEM has agreed to supply requisite spare parts to the purchaser from Depot to be established nearest to the coal mine of the purchaser.

WHEREAS the Purchaser has agreed to purchase requisite spare parts for the said equipment from the said depot of the seller/OEM on the terms and conditions hereinafter set-forth.

NOW THIS AGREEMENT THEREFORE WITNESETH as follows :

The Seller shall establish, maintain and operate a depot at close to the Coal Mining project(s) of the purchaser for storage and delivery of the requisite spare parts of the Equipment as mentioned in the list of spare parts annexed herewith as Annexure-‘A’.

The OEM shall be responsible for storing sufficient quantity of spare parts to ensure timely delivery/supply the spare parts to the purchaser to ensure uninterrupted functioning of the said Equipment supplied by OEM.

The Seller shall deliver the spare parts from the above depot as and when will be required by the purchaser from time to time on payment of the price and on the terms and conditions contained herein during the tenure of this agreement.

The seller hereby guarantees that it shall extend all assistance and guidance to the purchaser to ensure satisfactory performance of this agreement.

1. VALIDITY OF THE AGREEMENT

The agreement shall remain in force for a period of 4(four) years from the date hereof and may be extended on mutual agreement between the Seller and the Purchaser.

Note: In case of extension of existing MDA, if it is observed that the remaining life of equipment / assemblies / sub-assemblies covered under a particular MDA is going to be less than four years, extension should accordingly be made for lesser period.

In the event of unsatisfactory performance by the seller, the contract may be terminated with due show cause notice to the Depot Holder directing him to send his reply within 10 days from the date of issue of the show cause notice and after obtaining the reply of the Depot Holder the agreement may be terminated on and from the 31st day of the issue of show cause notice.



The price list applicable for this agreement shall be kept valid for **not less than** one year from the date hereof.

2. RESPONSIBILITIES OF DEPOT HOLDER

-GENUINENESS OF SPARES –

- a) The Seller shall be fully responsible for supply of genuine spares and to the extent possible proprietary markings of the OEM should be available on each spares of both imported and indigenous origin supplied by the seller.
- b) In case of imported spares, OEMs shall furnish a certificate that the items are imported and they stand guarantee for the same. This certificate may be a general certificate and not order specific but the OEM will submit order specific certificate any time on demand. However, against each supply order for all categories of spares, the seller shall submit a copy of the above general certificate duly endorsed and signed by him, mentioning the order reference number and date.
- c) For indigenous spares also similar certificate will be submitted by the depot holder with endorsement and the original will be produced on demand by the purchase for verification.
- d) In order to ensure supply of genuine spare parts imported directly from OEM and stock in the depots set up by the seller, original copies of the following documents must be available for verification, with the seller to be produced on demand :-
 - i. Original Packing List.
 - ii. Original Bill of Lading.
 - iii. Original Bill of Entry.
 - iv. The certificate from the concerned OEM for the genuineness of the supplied spare parts.
 - v. Guarantee for supply of genuine imported spare parts of original overseas OEM covered by the above stated import documents. This certificate should be called as general certificate and not order specific. On specific demand of the purchaser the attested copies of the original documents may be produced to verify the same with the original.
- e) In order to ensure supply of genuine spare parts obtained directly from the indigenous OEM and stock in the depots set up by the seller, original copies of the following documents must be available for verification, with the seller to be produced on demand :-
 - i) Invoice of the OEM.
 - ii) RR/LR and delivery challan.
 - iii) Certificate from the concerned OEM for the genuineness of the supplied spare parts.

3. SPECIFICATIONS AND DRAWINGS –

Specifications and drawings, if any, will be detailed in spare parts catalogue of the manufacturers. Copies of such literatures shall be supplied to the DDOs of all the subsidiaries, inspecting authorities or the consignees and this office as and when required.

4. CHANGE OF PART NUMBER/INTERCHANGEABILITY OF PARTS –

- a) Whenever the OEM makes any modification of part numbers of spares, he will immediately inform the same to the Purchaser the reasons thereof. Further, before affecting any supply against a pending order specifying old part numbers, the Seller will inform the same to the Purchaser and get the order amended in accordance with modified part numbers. He will also inform the consignee regarding change in the part numbers. In such events, the seller will give a certificate to the effect that the spare parts with the superseded part number are same as given in the order and will not affect the interchangeability of the same. Also, the price given in the order will not be affected by the change in part number.
- b) If against any item, for any other reason whatsoever, it becomes necessary to supply parts bearing a part number other than specified in the supply order / written demand, seller will be required to give following certificate to the Direct Demanding Officers (DDOs) of all the subsidiary companies before arranging supply of spare parts bearing different part number.



“The changed part numbers are an exact replacement of part ordered and are suitable and will fit in machine in the existing fittings for which they are intended”.

If, however, there is any obvious typographical and clerical error in the part number and / or description of any item, the supplier shall inform the correct part no. & description of any item, as the case may be and accordingly change in price, if any to the ordering authority who shall arrange to issue necessary amendments.

c) If, however, the substituted part number is not a mere replacement of spare parts originally ordered and involves purchase of other items in addition, as would be the case when a kit is offered instead of small item forming part of a kit, the supply of the kit, would be subject to the following conditions :

i) The Seller will inform the DDOs of all the subsidiary companies whether the supply of kit involves any change in the price and if so the revised price would be stated for scrutiny and incorporation of the same in the supply order, if found acceptable and

ii) The OEM will certify that the manufacturer has definitely stopped supply of the spare parts but are supplying only as a kit.

d) The seller shall furnish original part no and superseded part no on their invoice. The seller shall also incorporate all the old as well as new and superseded part no in their next price list.

5. CONDITION AS TO QUALITY –

The Seller hereby covenants that it is a condition of the contract that all the goods/stores/articles furnished to the purchaser under this contract shall be of genuine make and brand as contracted and of the highest grade, free of defects and faults and of the best materials, quality manufacture and workmanship throughout and consistent with the established and generally accepted standards for materials of the type ordered and are in full conformity with the contract specifications, drawings and samples, if any and shall, if operate, operate freely.

The Seller also guarantees that the said goods/stores/articles would continue to conform to the description and quality as aforesaid for a period of 12 months after their arrival at ultimate destination i.e. to consignee, and this warranty shall survive notwithstanding the fact that the goods/stores/articles may have been inspected, accepted and payment thereof made by the purchaser.

If during the aforesaid period the goods/stores/articles be discovered not to conform to the description and quality aforesaid or have deteriorated, otherwise than by fair wear and tear (the decision of the purchaser on that behalf being final and conclusive) then the purchaser will be entitled to reject the said goods/stores/articles or such portion thereof rejections of the goods/stores/articles will be at the seller's risk. If the Seller so desired, the rejected goods may be taken over by him or his authorized agents for disposal in such a manner as he may feel fit within a period of 3 months from the date of rejection. At the expiry of above period, no claim whatsoever shall lie against the purchaser in respect of the said goods/stores/articles which may be disposed of by the purchaser in such a manner as he thinks fit and the purchaser will be entitled to recover from the seller the value of the goods rejected but not taken over along with other expenditures and damages, if any.

The seller shall if required, replaced the goods of such portion thereof as have been rejected by the purchaser free of cost at the ultimate destination or at the opinion of the purchaser the Value thereof at the contract price and such other expenditures and damages as may arise by reasons of the break of conditions of the contract. Nothing contained herein shall prejudice any other right of the purchaser in this regard under this contract tor otherwise. Manufacturer's test/guarantee certificate will be submitted as and when required.

6. ADDITIONAL SERVICES –

The seller _____ at their own cost, will develop necessary infrastructure, facilities and will man it properly to provide technical services/other services including running and maintenance of the depot to be held by the seller _____. They will also be responsible for the following activities :



- a) To attend breakdown call in emergency.
- b) To assist the preventive maintenance activities, where required.
- c) To give guidelines for condition monitoring.
- d) To provide training to purchasers technicians where required from time to time, so that maintenance/repair/overhaul is done smoothly.

The purchaser shall not be liable for payment of any amount whatsoever towards rendering the above mentioned services by the seller.

7. MONTHLY STATEMENT –

The seller will submit a monthly statement by the 10th of each month to the office of the purchaser and the concerned DDOs of the subsidiary companies, a detailed statement giving details of orders received to date under this contract giving order numbers and dates. Name of the DDOs of the subsidiary companies, value of the orders received, delivery schedule, value of order executed and remarks, if any.

8. IDENTIFICATION MARK –

The make / symbol/identification mark of manufacturer and part number should be clearly embossed/engraved/punched/or otherwise legibly indicated, wherever possible, on each and every item at a visible place with is not subject to normal wear and tear.

9. PRICE CERTIFICATE –

The Seller will have to certify on the body of each bill that the prices charged by them for the ordered items are the lowest prices applicable to any other person/organization, private Co., Government department, undertaking of Central/State Government.

10. PRICE FALL CLAUSE –

If the contract holder reduces its price or sells or even offers to sell the contracted goods or services following conditions of sale similar to those of the contract, at a price lower than the contract price, to any person or organization during the currency of the contract, the contract price will be automatically reduced with effect from that date for all the subsequent supplies under the contract and the contract be amended accordingly.

In case of parallel Rate / Running Contracts, if the price of a product is reduced for any supplier due to invocation of 'Price Fall clause' or any other reason, the same lower price shall also be applicable for the other suppliers who are having parallel RCs against the same tender. If any parallel RC holder does not accept the lower price, CIL shall have the right to delete the item from the scope of RC of such firm and procure the same from other existing supplier / Reserve RC holders.

The provisions of price fall clause will however not apply to the following:

- i) Export/Deemed Export by the supplier;
- ii) Sale of goods or services as original equipment prices lower than the price charged for normal replacement;
- iii) Sale of goods such as drugs, which have expiry date;
- iv) Sale of goods or services at lower price on or after the date of completion of sale/placement of order of goods or services by the authority concerned, under the existing or previous Rate Contracts as also under any previous contracts entered into with the Central or State Government Departments including new undertakings (excluding joint sector companies and or private parties) and bodies.

Note:

- a. The currency of contract will mean the period till completion of supply.
- b. The bidder will be asked to submit a copy of the last (latest) purchase order (bidder may opt to mask the price portion and shall submit an undertaking that priced copy will be submitted on being L1 after



opening of Price Bid / Reverse Auction) for the tendered / similar item(s) received by them from any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization, along with the offer.

- c. It shall be responsibility of the supplier to inform the purchaser of offer to supply / supply of the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization during the currency of the contract.
- d. The supplier shall submit a certificate along with the bill(s) that it has not offered to supply / supplied the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization.
- e. The provisions of fall clause will however not apply for purchase value up to Rs. 2.00 lakh.
- f. Point (b) above is not applicable in the case of renewal of Depot Agreements.

11. CATEGORISATION OF SPARES AND DELIVERY

The requirements of spare parts will be categorized as under and projection of requirement will be as per the category, as mentioned :

- a) Fast Moving Spares (FMS)** – These spares are required for day-to-day running maintenance of machine.

Identification of fast moving items will be made as detailed below :

- i) For Dumpers – Items which have been procured at least 6 times in a year during the recent past.
- ii) For other equipment – Items which have been procured at least 4 times in a year during the recent past.

However, depending upon the actual consumption vis-à-vis availability of spares, the above criteria may have to be reviewed in future.

The fast moving items shall be identified by the purchaser in consultation with the seller before entering into an agreement.

- b) Projected Items** - For scheduled maintenance annual / quarterly projection for spares will be prepared jointly and the depot holders to be notified for stocking the spares. The depot holder will be responsible for supply of the projected spares as and when required on the basis of the firm orders limited to the projected items. For these spares required for scheduled maintenance a time period of delivery for indigenous items 60 days respectively and imported items will be 90 days.

- c) Major (Capital) Overhaul / Rehabilitation Spares**

These are the spares which are required for planned rehabilitation of individual equipment comprising mainly capital spares / modules / sub-assemblies excluding those identified as fast moving spares.

- d) Breakdown / Emergency spares**

Apart from fast moving spares, other spares necessary to attend to machine breakdowns, which may comprise modules and kits and other parts of machine which are not required to be replaced during running/ scheduled maintenance. The list shall be prepared after a diagnostic study of the breakdown this carried out jointly by the purchaser and the seller. The list so prepared will separately show the fast moving spares required for rectification of breakdown.

12. DELIVERY SCHEDULE

- a) Fast Moving spares (For all Depot holders)**

- i) Off the shelf – 7 days from the date of supply order.



- ii) – 21 days from the date of supply order by DDOs for modular spares / Kits with matching items if any.
- b) **Projected Items** – For scheduled maintenance annual / quarterly projection for spares will be prepared jointly and the depot holder to be notified for stocking the spares. The depot holder will be responsible for supply of the projected spares as and when required on the basis of the firm orders limited to the projected items.

For these spares required for scheduled maintenance a time period of delivery for indigenous items 60 days respectively and imported items will be 90 days.

- c) **Major (Capital) Overhaul / Rehabilitation Spares (Separate for each Depot Agreement).**
- i) In case of BEML – 5 months (Imported or indigenous).
 - ii) In case of Caterpillar / HM/GMMCO – 3 months (Imported or indigenous).
 - iii) In case of Caterpillar / HM / TIL – 3 months (Imported or indigenous).
 - iv) In case of CDSS – 3 months (Imported or indigenous).
 - v) In case of Allison transmission / Delco Remy/HM/BPCL – 3 months (Imported or indigenous).
 - vi) In case of L&T – 3 months (Imported or indigenous).
 - vii) In case of Atlas Copco – Indigenous – 3 months & Imported – 5 months.
 - viii) In case of RECP – Indigenous – 3 months & Imported – 5 months.

- d) **Breakdown / Emergency spares**
60 days for indigenous spares and 90 days for imported spares (For all Depot holders).

13. **DEPOT SURCHARGE** –deleted

14. **PLACEMENT OF ORDERS**

a) **Fast Moving spares (FMS)**

The items will be made available to the Direct Demanding Officers (DDOs) of the subsidiary companies, by the seller off-the-shelf, from its depot against formal supply order. However, for other items, sub-assemblies for normal maintenance (Stock Items), authorized DDOs of the subsidiary companies will give annual orders of such requirements which will be divided for supply on quarterly basis. However, the purchaser will have the right to modify the quantity, if so required, to the extent of +/- 10 %. The modification, if any, will be done before the commencement of the quarter. Purchaser will place firm projection / supply order four months in advance for the spares.

- b) **Projected Items** – For other spares required for breakdown / emergency a time period of delivery for indigenous items will be 90 days and 60 days respectively.
The Depot Holder will be responsible for supply of the projected spares “as and when required basis” of firm orders limited to the projected items.
Normal maintenance annual / normal projection for spares have to be prepared and the depot holder to be notified accordingly.
The DDOs of the subsidiary companies will place order accordingly.

c) **Major (Capital) Overhaul / Rehabilitation Spares :**

The purchaser will place separate order for such spares of individual equipment, indicating equipment details for rehabilitation of the same as per their requirement for such item on seller.

d) **Breakdown / Emergency Spares**

These spares will be required on emergent basis for attending to critical commissioning and breakdown of machines. Separate purchase order will be placed for such class of items indicating the Sl. No. of machine and date of breakdown to arrange priority supply. In case of emergency air lifting shall be made.

15. **INSPECTION** – The purchaser will arrange inspection of the materials/ spares before lifting from the depot. However, final inspection will be carried out by the consignee at site which will be binding to the seller.



16. PRICE PAYABLE : The price of the spare parts mentioned in the Annexure- “A” is exclusive of sales tax/ VAT and other taxes as legally leviable.

17. Price List : The price list shall be kept valid for not less than one year from the date of its effectiveness. Revised price list if any shall be submitted at least two months in advance before the revised price list becomes effective for acceptance by the purchaser in full or part. Authenticated price list is to be submitted by the seller duly certified by the MM Division and this authenticated price list will be a part of model depot agreement as Annexure-A.

General terms and conditions of the depot agreement will be a part of model depot agreement as Annexure-B.

18. TERMS OF PAYMENT –

The Seller will send a proforma Invoice (PT) for the items for which orders have been placed by DDO's of the subsidiary companies and ready for delivery in advance enabling the Purchase to arrange preparation of payment (cheque) and collection of the parts. The Purchaser will make 100% payment of the price of spares including taxes and other levies as legally applicable to the Seller at the depot by account payee cheque at the time of delivery / collection of items against first demand. The purchaser will inspect the parts; ensure correctness of the quantity and quality of the parts along with relevant challans / bills, offered before taking delivery. The cheque for payment will be handed over only after receipt of material.

The validity of any PI shall be a maximum for three months. In case the spares are not drawn within this period, the PI will automatically get cancelled and fresh PI has to be obtained by Purchaser.

19. SUBMISSION OF BILLS –

The duly stamped and pre-receipted bills in quadruplicate, as terms of the agreement must be submitted to the consignee / Paying Authority along with the following documents :-

- a) Pre-despatch inspection note, if applicable.
- b) Challan in triplicate.
- c) Test and guarantee / Warranty Certificates.
- d) Price Certificate.

Covering 100% value of the spares plus 100% Excise Duty and Concessional CST (VAT) as applicable.

20. PAYING AUTHORITY –

The Paying authority will be indicated in the supply order placed by the DDOs of the subsidiary companies.

21. NAMES OF DDOs of all the subsidiary Companies –

The following officers of the purchase shall be Direct Demanding Officers (DDO) of the subsidiary companies or his nominee to draw spare parts from the said depot against the firm orders :

- i) Chief General Manger (MM)/General Manager (MM) of all the subsidiary companies.
- ii) Chief General Manger (Excvn.)/General Manager (Excvn.) of the Purchaser of all the subsidiary companies.
- iii) Any Officer duly authorized by the purchaser to place order against this agreement by the Purchaser.

22. WARRANTY

- i) The seller shall be fully responsible for the manufacturer's warranty in respect of per design, qualify and workmanship of the parts, the correctness of the parts and their proper fitment on the machines for which same are ordered.



This warranty shall be for a period of twelve months from the date of receipt and acceptance. The seller shall replace such of those parts which may require replacement under the above warranty free of cost to the purchaser Ex-Seller's Depot within the period mentioned below. The replaced parts shall also have a warranty for 12 months from its delivery date.

- ii) **The delivery schedule for replacement spares against the defective ones should be 3 working days for "Off the Shelf" items, 10 working days for module spares with matching kits, for replacement items it should be 45 days for imported items and 30 days for indigenous items. Liquidated damage will be applicable for delay beyond the above schedule delivery and no depot surcharge will be paid for such replacement against the defective spares. These replacement spares should be supplied upto the destination site by OEMs totally free of any charges / cost to subsidiary companies.**

23. PENALTY FOR FAILURE TO SUPPLY IN TIME

The time and date of delivery of stores stipulated in Purchase order shall be deemed to be the essence of the contract and delivery must be completed by the specified date. No materials should be supplied beyond the specified delivery period, unless specific approval has been obtained from the purchaser.

In the event of failure to deliver or dispatch the stores within the stipulated date/period in accordance with the samples and/or specification mentioned in the supply order, the Purchaser shall have the right :-

- (a) To recover from the Seller, as agreed liquidated damages, a sum not less than 0.5% of the price of the store which seller has not been able to supply (for this purpose part of a unit supplied will not be considered) as aforesaid for each week or part of a week during which the delivery of such stores may be in arrears limited to 10 %.
- (b) to purchase from elsewhere, after due notice to the seller, on the account and at the risk and cost of the Seller the stores not supplied or others of a similar description without cancelling the supply order in respect of consignment not yet due for supply or
- (c) to cancel the supply order or a portion thereof, and if so desired, to purchase the stores at the risk and cost of the supplier and also or
- (d) to extend the delivery period with or without imposition of liquidated damages as may be considered fit and proper. The penalty if imposed shall not be more than the agreed liquidated damages referred to clause No. sub clause (a) above.
- (e) Whenever under the contract a sum of money is recoverable from and payable by the supplier, the Purchaser shall be entitled to recover such sum by appropriating in part of whole by deducting any sum or which at any time thereafter, may be due to the seller in this or any other contract, with any of the subsidiary companies of Coal India Ltd. Should this sum be not sufficient to cover the full amount recoverable, the seller shall pay to the Purchaser, on demand the remaining amount.

However, no depot surcharge will be paid on the items delivered beyond last date of original delivery schedule.

This clause shall apply to all categories of spares, mentioned in Clause-11.

24. FORCE MAJEURE CONDITION

If the execution of the contract/supply order is delayed beyond the period stipulated in the contract/supply order as a result of outbreak of hostilities, declaration of an embargo or blockade, or fire, flood, acts of nature or any other contingency beyond the supplier's control due to act of God then Coal India Limited or its subsidiary companies may allow such additional time by extending the delivery period, as it considers to be justified by the circumstances of the case and its decision shall be final. If any when additional time is granted



Annexure-17

by the Coal India Limited and its subsidiary companies, the contract/ supply order shall be read and understood as if it had contained from its inception the delivery date as extended.

25. Other terms and conditions –

The other terms and conditions will be governed by general terms and conditions of Depot Agreement as suggested by Legal Department which is annexed as Annexure-B.

IN WITNESS WHEREOF THE parties hereto have set their hands the day, months and year first above written.

PURCHASER

OEM

SELLER

WITNESS

WITNESS

WITNESS

**DRAFT MODEL DEPOT AGREEMENT**
(FOR TRIPARTITE AGREEMENT)

This Agreement is made this day of 2006, between Having its registered office at(hereinafter called the Purchaser which expression shall include unless repugnant to the context at, Successor and Assign) of the one part AND having its office at(hereinafter called the Seller which expression shall include unless repugnant to the context at, Successor and Assigns) and the Original Equipment Manufacturers (herein after called the OEM, having it office at which expression shall include unless repugnant to the context at, Successor and Assigns) of the other part.

WHEREAS the OEM while supplying to the purchaser assured hereinafter referred to as OEM supply of spare parts regularly even after the expiry of the contract for supply of the said Equipment through its authorized distributors with the objective of functioning the said Equipment efficiently and continuously.

WHEREAS the seller has been authorized by the OEM to cater to the needs of the Purchaser to procure requisite spare parts of all types for smooth and efficient functioning of the said Equipment from Depot to be opened nearest to the coal mine of the purchaser. (In case of tripartite agreement).

WHEREAS the Purchaser has agreed to purchase requisite spare parts for the said equipment from the said depot of the seller/OEM on the terms and conditions hereinafter set-forth.

NOW THIS AGREEMENT THEREFORE WITNESETH as follows:

The Seller shall establish, maintain and operate a depot at close to the Coal Mining project(s) of the purchaser for storage and delivery of the requisite spare parts of the Equipment as mentioned in the list of spare parts annexed herewith as Annexure-‘A’.

The Seller (Authorized Distributor) and OEM shall jointly and severally be responsible to store sufficient quantity of spare parts to ensure timely delivery/supply the spare parts to the purchaser to ensure uninterrupted functioning of the said Equipment supplied by OEM / Authorized Distributor (Seller).

The Seller shall deliver the spare parts from the above depot as and when will be required by the purchaser from time to time on payment of the price and on the terms and conditions contained herein during the tenure of this agreement.

The seller hereby guarantees that it shall extend all assistance and guidance to the purchaser to ensure satisfactory performance of this agreement.

1. VALIDITY OF THE AGREEMENT

The agreement shall remain in force for a period of 4(four) years from the date hereof and may be extended on mutual agreement between the Seller and the Purchaser.

Note: In case of extension of existing MDA, if it is observed that the remaining life of equipment / assemblies / sub-assemblies covered under a particular MDA is going to be less than four years, extension should accordingly be made for lesser period.



In the event of unsatisfactory performance by the seller, the contract may be terminated with due show cause notice to the Depot Holder directing him to send his reply within 10 days from the date of issue of the show cause notice and after obtaining the reply of the Depot Holder the agreement may be terminated on and from the 31st day of the issue of show cause notice.

The price list applicable for this agreement shall be kept valid for not less than one year from the date hereof.

2. RESPONSIBILITIES OF DEPOT HOLDER

- GENUINENESS OF SPARES-

- a) The Seller shall be fully responsible for supply of genuine spares and to the extent possible proprietary markings of the OEM should be available on each spares of both imported and indigenous origin supplied by the seller.
- b) In case of imported spares, OEMs shall furnish a certificate that the items are imported and they stand guarantee for the same. This certificate may be a general certificate and not order specific but the OEM will submit order specific certificate any time on demand. However, against each supply order for all categories of spares, the seller shall submit a copy of the above general certificate duly endorsed and signed by him, mentioning the order reference number and date.
- c) For indigenous spares also similar certificate will be submitted by the depot holder with endorsement and the original will be produced on demand by the purchaser for verification.
- d) In order to ensure supply of genuine spare parts imported directly from OEM and stock in the depots set up by the seller, original copies of the following documents must be available for verification, with the seller to be produced on demand:-
 - i. Original Packing List.
 - ii. Original Bill of Lading.
 - iii. Original Bill of Entry.
 - iv. The certificate from the concerned OEM for the genuineness of the supplied spare parts.
 - v. Guarantee for supply of genuine imported spare parts of original overseas OEM covered by the above stated import documents. This certificate should be called as general certificate and not order specific. On specific demand of the purchaser the attested copies of the original documents may be produced to verify the same with the original.
- e) In order to ensure supply of genuine spare parts obtained directly from the indigenous OEM and stock in the depots set up by the seller, original copies of the following documents must be available for verification, with the seller to be produced on demand:-
 - i) Invoice of the OEM.
 - ii) RR/LR and delivery challan.
 - iii) Certificate from the concerned OEM for the genuineness of the supplied spare parts.

3. SPECIFICATIONS AND DRAWINGS-

Specifications and drawings, if any, will be detailed in spare parts catalogue of the manufacturers. Copies of such literatures shall be supplied to the DDOs of all the subsidiaries, inspecting authorities or the consignees and this office as and when required.

4. CHANGE OF PART NUMBER/INTERCHANGEABILITY OF PARTS-

- a) Whenever the OEM makes any modification of part numbers of spares, he will immediately inform the same to the Purchaser the reasons thereof. Further, before affecting any supply against a pending



order specifying old part numbers, the Seller will inform the same to the Purchaser and get the order amended in accordance with modified part numbers. He will also inform the consignee regarding change in the part numbers. In such events, the seller will give a certificate to the effect that the spare parts with the superseded part number are same as given in the order and will not affect the interchangeability of the same. Also, the price given in the order will not be affected by the change in part number.

- b) If against any item, for any other reason whatsoever, it becomes necessary to supply parts bearing a part number other than specified in the supply order / written demand, seller will be required to give following certificate to the Direct Demanding Officers (DDOs) of all the subsidiary companies before arranging supply of spare parts bearing different part number.

“The changed part numbers are an exact replacement of part ordered and are suitable and will fit in machine in the existing fittings for which they are intended”.

If, however, there is any obvious typographical and clerical error in the part number and / or description of any item, the supplier shall inform the correct part no. & description of any item, as the case may be and accordingly change in price, if any to the ordering authority who shall arrange to issue necessary amendment.

- c) If, however, the substituted part number is not a mere replacement of spare parts originally ordered and involves purchase of other items in addition, as would be the case when a kit is offered instead of small item forming part of a kit, the supply of the kit, would be subject to the following conditions:
- i) The Seller will inform the DDOs of all the subsidiary companies whether the supply of kit involves any change in the price and if so the revised price would be stated for scrutiny and incorporation of the same in the supply order, if found acceptable and
 - ii) The OEM will certify that the manufacturer has definitely stopped supply of the spare parts but are supplying only as a kit.
- d) The seller shall furnish original part no and superseded part no on their invoice. The seller shall also incorporate all the old as well as new and superseded part no in their next price list.

5. CONDITION AS TO QUALITY-

The Seller hereby covenants that it is a condition of the contract that all the goods/stores/articles furnished to the purchaser under this contract shall be of genuine make and brand as contracted and of the highest grade, free of defects and faults and of the best materials, quality manufacture and workmanship throughout and consistent with the established and generally accepted standards for materials of the type ordered and are in full conformity with the contract specification, drawings and samples, if any and shall, if operate, operate freely.

The Seller also guarantees that the said goods/stores/articles would continue to conform to the description and quality as aforesaid for a period of 12 months after their arrival at ultimate destination i.e. to consignee, and this warranty shall survive notwithstanding the fact that the goods/stores/articles may have been inspected, accepted and payment thereof made by the purchaser.

If during the aforesaid period the goods/stores/articles be discovered not to conform to the description and quality aforesaid or have deteriorated, otherwise than by fair wear and tear (the decision of the purchaser on that behalf being final and conclusive) then the purchaser will be entitled to reject the said goods/stores/articles or such portion thereof rejections of the goods/stores/articles will be at the seller's risk. If the Seller so desired, the rejected goods may be taken over by him or his authorized agents for disposal in such a manner as he may feel fit within a period of 3 months from the date of rejection. At the expiry of above period, no claim whatsoever shall lie against the purchaser in respect of the said



goods/stores/articles which may be disposed of by the purchaser in such a manner as he thinks fit and the purchaser will be entitled to recover from the seller the value of the goods rejected but not taken over along with other expenditures and damages, if any.

The seller shall if required, replace the goods of such portion thereof as have been rejected by the purchaser free of cost at the ultimate destination or at the opinion of the purchaser the Value thereof at the contract price and such other expenditures and damages as may arise by reasons of the break of conditions of the contract. Nothing contained herein shall prejudice any other right of the purchaser in this regard under this contract or otherwise. Manufacturer's test/guarantee certificates will be submitted as and when required.

6. ADDITIONAL SERVICES-

The seller _____ at their own cost, will develop necessary infrastructure, facilities and will manage it properly to provide technical services/other services including running and maintenance of the depot to be held by the seller _____. They will also be responsible for the following activities.

- a) To attend breakdown call in emergency.
- b) To assist the preventive maintenance activities, where required,
- c) To give guidelines for condition monitoring.
- d) To provide training to purchaser's technicians where required from time to time, so that maintenance/repair/overhaul is done smoothly.

The purchaser shall not be liable for payment of any amount whatsoever towards rendering the above mentioned services by the seller.

7. MONTHLY STATEMENT-

The seller will submit a monthly statement by the 10th of each month to the office of the purchaser and the concerned DDOs of the subsidiary companies, a detailed statement giving details of orders received to date under this contract giving order numbers and dates. Name of the DDOs of the subsidiary companies, value of the orders received, delivery schedule, value of order executed and remarks, if any.

8. IDENTIFICATION MARK-

The make / symbol/identification mark of manufacturer and part number should be clearly embossed / engraved/purchased/or otherwise legibly indicated, wherever possible, on each and every item at a visible place which is not subject to normal wear and tear.

9. PRICE CERTIFICATE-

The Seller will have to certify on the body of each bill that the prices charged by them for the ordered items are the lowest prices applicable to any other person/organization, private Co., Government department, undertaking of Central/State Government.

10. PRICE FALL CLAUSE-

If the contract holder reduces its price or sells or even offers to sell the contracted goods or services following conditions of sale similar to those of the contract, at a price lower than the contract price, to any person or organization during the currency of the contract, the contract price will be automatically reduced with effect from that date for all the subsequent supplies under the contract and the contract be amended accordingly.

In case of parallel Rate / Running Contracts, if the price of a product is reduced for any supplier due to invocation of 'Price Fall clause' or any other reason, the same lower price shall also be applicable for the



other suppliers who are having parallel RCs against the same tender. If any parallel RC holder does not accept the lower price, CIL shall have the right to delete the item from the scope of RC of such firm and procure the same from other existing supplier / Reserve RC holders.

The provisions of price fall clause will however not apply to the following:

- i) Export/Deemed Export by the supplier;
- ii) Sale of goods or services as original equipment prices lower than the price charged for normal replacement;
- iii) Sale of goods such as drugs, which have expiry date;
- iv) Sale of goods or services at lower price on or after the date of completion of sale/placement of order of goods or services by the authority concerned, under the existing or previous Rate Contracts as also under any previous contracts entered into with the Central or State Government Departments including new undertakings (excluding joint sector companies and or private parties) and bodies.

Note:

- a. The currency of contract will mean the period till completion of supply.
- b. The bidder will be asked to submit a copy of the last (latest) purchase order (bidder may opt to mask the price portion and shall submit an undertaking that priced copy will be submitted on being L1 after opening of Price Bid / Reverse Auction) for the tendered / similar item(s) received by them from any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization, along with the offer.
- c. It shall be responsibility of the supplier to inform the purchaser of offer to supply / supply of the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization during the currency of the contract.
- d. The supplier shall submit a certificate along with the bill(s) that it has not offered to supply / supplied the ordered / similar item(s) at a lower rate to any Organization / Ministry / Department of the Govt. of India or Coal India Ltd. and/or its Subsidiaries or other PSU or any other private organization.
- e. The provisions of fall clause will however not apply for purchase value up to Rs. 2.00 lakh.
- f. Point (b) above is not applicable in the case of renewal of Depot Agreements.

11. CATEGORISATION OF SPARES AND DELIVERY

The requirement of spare parts will be categorized as under and projection of requirement will be as per the category, as mentioned:

- a) Fast Moving Spares (FMS) – These spares are required for day-to-day running maintenance of machine.
Identification of fast moving items will be made as detailed below :
 - i) For Dumpers – Items which have been procured at least 6 times in a year during the recent past.
 - ii) For other equipment – Items which have been procured at least 4 times in a year during the recent past.

However, depending upon the actual consumption vis-à-vis availability of spares, the above criteria may have to be reviewed in future.

The fast moving items shall be identified by the purchaser in consultation with the seller before entering into an agreement.

- b) **Projected items** – For scheduled maintenance annual/ quarterly projection for spares will be prepared jointly and the depot holder to be notified for stocking the spares. The depot holder will be



responsible for supply of the projected spares as and when required on the basis of the firm orders limited to the projected items.

For these spares required for scheduled maintenance a time period of delivery for indigenous items 60 days respectively and imported items will be 90 days.

c) Major (Capital) Overhaul / Rehabilitation Spares

These are the spares which are required for planned rehabilitation of individual equipment comprising mainly capital spares / modules / sub-assemblies excluding those identified as fast moving spares.

d) Breakdown / Emergency spares

Apart from fast moving spares, other spares necessary to attend to machine breakdowns, which may comprise modules and kits and other parts of machine which are not required to be replaced during running / scheduled maintenance. The list shall be prepared after a diagnostic study of the breakdown this carried out jointly by the purchaser and the seller. The list so prepared will separately show the fast moving spares required for rectification of breakdown.

12. DELIVERY SCHEDULE

a) Fast Moving spares (For all Depot holders)

- i) Off the shelf – 7 days from the date of supply order.
- ii) – 21 days from the date of supply order by DDOs for modules spares / Kits with matching items if any.

b) Projected Items – For scheduled maintenance annual / quarterly projection for spares will be prepared jointly and the depot holder to be notified for stocking the spares. The depot holder will be responsible for supply of the projected spares as and when required on the basis of the firm orders limited to the projected items.

For these spares required for scheduled maintenance a time period of delivery for indigenous Items 60 days respectively and imported items will be 90 days.

c) Major (Capital) Overhaul/ Rehabilitation Spares (Separate for each Depot Agreement)

- i) In case of BEML – 5 months (Imported or indigenous).
- ii) In case of Caterpillar / HM / GMMCO – 3 months (Imported or indigenous).
- iii) In case of Caterpillar / HM / TIL – 3 months (Imported or indigenous).
- iv) In case of CDSS – 3 months (Imported or indigenous).
- v) In case of Allison Transmission / Delco Remy / HM / BPCL – 3 months (Imported or indigenous).
- vi) In case of L&T – 3 months (Imported or indigenous).
- vii) In case of Atlas Copco – Indigenous – 3 months & Imported – 5 months.
- viii) In case of RECP – Indigenous – 3 months & Imported – 5 months.

d) Breakdown/ Emergency spares
60 days for indigenous spares and 90 days for imported spares (For all Depot holders).

13. DEPOT SURCHARE-deleted

**14. PLACEMENT OF ORDERS****a) Fast Moving Spares (FMS)**

The items will be made available to the Direct Demanding Officers (DDOs) of the subsidiary companies, by the seller off-the-shelf, from its depot against formal supply order. However, for other item, sub-assemblies for normal maintenance (Stok Items), authorized DDOs of the subsidiary companies will give annual orders of such requirements which will be divided for supply on quarterly basis. However, the purchaser will have the right to modify the quantity, if so required, to the extent of +/- 10%. The modification, if any, will be done before the commencement of the quarter. Purchaser will place firm projection/ supply order four months in advance for the spares.

b) Projected Items – For other spares require for breakdown/ emergency a time period of delivery for indigenous items will be 90 days and 60 days respectively.

The Depot Holder will be responsible for supply of the projected spares “as and when required basis” of firm orders limited to the projected items.

Normal maintenance annual/ normal projection for spares have to be prepared and the depot holder to be notified accordingly.

The DDOs of the subsidiary companies will place order accordingly.

c) Major (Capital) Overhaul/ Rehabilitation Spares:

The purchaser will place separate order for such spares of individual equipment, including equipment details for rehabilitation of the same as per their requirement for such item on seller.

d) Breakdown/Emergency Spares

These spares will be required on emergent basis for attending to critical commissioning and breakdown of machines. Separate purchase order will be placed for such class of items indicating the Sl. No. of machine and date of breakdown to arrange priority supply. In case of emergency air lifting shall be made.

15. INSPECTION – The purchaser will arrange inspection of the materials/ spares before lifting from the depot. However, final inspection will be carried out by the consignee at site which will be binding to the seller.**16. PRICE PAYABLE :- The price of the spare parts mentioned in the Annexure-“A” is exclusive of sales tax / VAT and other taxes as legally leviable.****17. Price List : The price list shall be kept valid for not less than one year from the date of its effectiveness. Revised price list if any shall be submitted at least two months in advance before the revised price list becomes effective for acceptance by the purchaser in full or part. Authenticated price list is to be submitted by the seller duly certified by the MM Division and this authenticated price list will be a part of model depot agreement as Annexure – A.**

General terms and condition of the depot agreement will be a part of model depot agreement as Annexure-B.

18. TERMS OF PAYMENT –

The Seller will send a proforma invoice (PI) for the items for which orders have been placed by DDO's of the subsidiary companies and ready for delivery in advance enabling the Purchaser to arrange preparation of payment (cheque) and collection of the parts. The Purchaser will make 100% payment of



the price of spares including taxes and other levies as legally applicable to the Seller at the depot by account payee cheque at the time of delivery / collection of items against first demand. The purchaser will inspect the parts; ensure correctness of the quantity and quality of the parts along with relevant challans / bills, offered before taking delivery. The cheque for payment will be handed over only after receipt of material.

The validity of any PI shall be a maximum for three months. In case the spares are not drawn within this period, the PI will automatically get cancelled and fresh PI has to be obtained by Purchaser.

19. SUBMISSION OF BILLS-

The duly stamped and pre-receipted bills quadruplicate, as terms of the agreement must be submitted to the consignee / Paying Authority along with the following documents :-

- a) Pre-dispatch inspection note, if applicable.
- b) Challan in triplicate.
- c) Test and guarantee / Warranty Certificate.
- d) Price Certificate.

Covering 100% value of the spares plus 100% Excise Duty and Concessional CST (VAT) as applicable.

20. PAYING AUTHORITY-

The Paying authority will be indicated in the supply order placed by the DDOs of the subsidiary companies.

21. NAMES OF DDOs of all the subsidiary Companies-

The following officers of the purchaser shall be Direct Demanding Officers (DDO) of the subsidiary companies or his nominee to draw spare parts from the said depot against the firm orders:

- i) Chief General Manager (MM)/General Manager (MM) of all the subsidiary companies.
- ii) Chief General Manager (Excvn.)/General Manager (Excvn.) of the Purchaser of all the subsidiary companies.
- iii) Any Officer duly authorized by the purchaser to place order against this agreement by the Purchaser.

22. WARRANTY

- i) The seller shall be fully responsible for the manufacturer's warranty in respect of per design, quality and workmanship of the parts, the correctness of the parts and their proper fitment on the machines for which same are ordered.

This warranty shall be for a period of twelve months from the date of receipt and acceptance. The seller shall replace such of those parts which may require replacement under the above warranty free of cost to the purchaser Ex-Seller's Depot within the period mentioned below. The replaced parts shall also have a warranty for 12 months from its delivery date.

- ii) **The delivery schedule for replacement spares against the defective ones should be 3 working days for "Off the Shelf" items, 10 working days for module spares with matching kits, for replacement items it should be 45 days for imported items and 30 days for indigenous items. Liquidated damage will be applicable for delay beyond the above schedule delivery and no depot surcharge will be paid for such replacement against the defective spares. These replacement spares should be supplied upto the destination site by OEMs totally free of any charges / costs to subsidiary companies.**

23. PENALTY FOR FAILURE TO SUPPLY IN TIME



Annexure-18

The time and date of delivery of stores stipulated in Purchase order shall be deemed to be the essence of the contract and delivery must be completed by the specified date. No materials should be supplied beyond the specified delivery period, unless specific approval has been obtained from the purchaser.

In the event of failure to deliver or dispatch the stores within the stipulated date/period in accordance with the samples and/or specification mentioned in the supply order, the Purchaser shall have the right:

- (a) To recover from the Seller, as agreed liquidated damages, a sum not less than 0.5% of the price of the store which seller has not been able to supply (for this purpose part of a unit supplied will not be considered) as aforesaid for each week or part of a week during which the delivery of such stores may be in arrears limited to 10%.
- (b) To purchase from elsewhere, after due notice to the seller, on the second and at the risk and cost of the Seller the stores not supplied or others of a similar description without canceling the supply order in respect of consignment not yet due for supply or
- (c) to cancel the supply order or a portion thereof, and if so desired, to purchase the stores at the risk and cost of the supplier and also or
- (d) to extend the delivery period with or without imposition of liquidated damages as may be considered fit and proper. The penalty if imposed shall not be more than the agreed liquidated damages referred to clause No. sub clause (a) above.
- (e) Whenever under the contract a sum of money is recoverable from and payable by the supplier, the Purchase shall be entitled to recover such sum by appropriating in part or whole by deducting any sum or which at any time thereafter, may be due to the seller in this or any other contract, with any of the subsidiary companies of Coal India Ltd. Should this sum be not sufficient to cover the full amount recoverable, the seller shall pay to the Purchaser, on demand the remaining amount.

However, no depot surcharge will be paid on the items delivered beyond last date of original delivery schedule.

This clause shall apply to all categories of spares, mentioned in Clause-11.

24. FORCE MAJEURE CONDITION

If the execution of the contract/supply order is delayed beyond the period stipulated in the contract/supply order as a result of outbreak of hostilities, declaration of an embargo or blockade, or fire, flood, acts of nature or any other contingency beyond the supplier's control due to act of God then Coal India Limited or its subsidiary companies any allow such additional time by extending the delivery period, as it considers to be justified by the circumstances of the case and its decision shall be final. If an when additional time is granted by the Coal India Limited and its subsidiary companies, the contract/ supply order shall be read and understood as if it had contained from its inception the delivery date as extended.

25. Other terms and conditions-

The other terms and conditions will be governed by general terms and conditions of Depot Agreement as suggested by Legal Department which is annexed as Annexure-B.

IN WITNESS WHEREOF THE parties hereto have set their hands the day, months and year first above written.

PURCHASER

OEM

SELLER

WITNESS

WITNESS

WITNESS



Annexure-19

CHAPTER-10
ANNEXURE-19
(Clause 10.3.10.1)

Security Deposit Bank Guarantee Format

..... (Name & address of the Purchaser
Company)

**Re : Bank Guarantee in respect of Notification of Award / Purchase Order vide no. dated
..... between (Name of Purchaser Company) and (Name of Supplier Company)**

Messers a Company / Firm having its office at No.
..... (hereinafter called 'the Contractor') has received the
Notification of Award / Purchase Order vide no. dated..... (hereinafter called 'the said
Agreement') with(Name of the Purchaser Company) (hereinafter called 'the
Company') to supply..... stores/ materials amounting to Rs. on the terms
and conditions contained in the said Notification of Award / Purchase Order.

The..... (Name of the Bank) (hereinafter called 'the Bank') having its office
at..... has at the request of the Contractor agreed to give the guarantee as hereinafter
contained.

We.....(Name of the Bank) do hereby unconditionally agree with the Company
that if the Contractor shall in any way fail to observe or perform the terms and conditions of the said
Agreement or shall commit any breach of its obligations thereunder, the Bank shall on demand and
without any objection or demur pay to the Company, the said sum of Rs..... or any portion
thereof without requiring the Company to have recourse to any legal remedy that may be available to it
to compel the Bank to pay the same or calling on the Company to compel such payment by the
Contractor.

Any such demand shall be conclusive as regards the liability of the Contractor to the Company and as
regards the amount payable by the Bank under this guarantee. The Bank shall not be entitled to withhold
payment on the ground that the Contractor has disputed its liability to pay or has disputed the quantum
of the amount or that any arbitration proceeding or legal proceeding is pending between the Company
and the Contractor regarding the claim.

We, the Bank, further agree that the guarantee shall come into force from the date hereof and shall
remain in full force and effect till the period that will be taken for the performance of the said Agreement
which is likely to be the day of..... but if the period of Agreement is extended either
pursuant to the provisions in the said Agreement or by mutual agreement between the Contractor and
the Company, the Bank shall renew the period of the guarantee failing which it shall pay to the Company
the said sum of Rs....., or such lesser amount out of the said sum of Rs.....as maybe
due to the Company and as the Company may demand. This guarantee shall remain in force until the
dues of the Company in respect of the said sum of Rs..... are fully satisfied and the Company
certifies that the Agreement has been fully carried out by the contractor and discharges the guarantee.

The Bank further agrees with the Company that the Company shall have the fullest liberty without the
consent of the Bank and without affecting in any way the obligations hereunder to vary any of the terms
and conditions of the said Agreement or to extend the time for performance of the said Agreement from
time to time or to postpone for any time or from time to time any of the powers exercisable by the



Annexure-19

Company against the contractor and to forbear to enforce any of the terms and conditions relating to the said Agreement and the Bank shall not be relieved from its liability by reason of such failure or extension being granted to the contractor or through any forbearance, act or omission on the part of the Company or any indulgence by the Company to the contractor or any other matter or thing whatsoever which under the law relating to sureties would but for this provisions have the effect of relieving or discharging the Guarantor.

The Bank further agrees that in case this guarantee is required for a longer period and it is not extended by the Bank beyond the period specified above, the Bank shall pay to the Company the said sum of Rs..... or such lesser sum as may then be due to the Company and as the Company may require.

Notwithstanding anything herein contained the liability of the Bank under this guarantee is restricted to Rs..... only. The guarantee shall remain in force till the..... day of 20... and unless the guarantee is renewed or a claim is preferred against the Bank within the validity period and/or the claim period from the said date, all rights of the Company under this guarantee shall cease and the Bank shall be released and discharged from all liability hereunder except as provided in the preceding clause.

The Bank has under its constitution power to give this guarantee and..... [(Name of the person(s)) who have signed it on behalf of the Bank has authority to do so.

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

Place.....

Signature of the authorized person(s)
For and on behalf of the Bank.



Annexure-20

CHAPTER-10
ANNEXURE-20
(Clause 10.3.11.3)

Performance Bank Guarantee Format

..... (Name & address of the concerned subsidiary
..... Company / Purchaser Company)

Re: Bank Guarantee in respect of Agreement / Contract vide no. dated between Coal India Ltd. on behalf of (Name of concerned subsidiary Company) and (Name of Supplier Company) {applicable for CIL Contracts}

Or

Re: Bank Guarantee in respect of Agreement / Contract / Purchase Order vide no. dated between..... (Name of Purchaser Company) and (Name of Supplier Company) {applicable for subsidiary contracts/Purchase Orders}

Messers a Company / Firm having its office at No. (hereinafter called 'the Contractor') has entered into the Agreement / Contract / Purchase Order vide no. dated (hereinafter called 'the said Agreement') with Coal India Limited, Kolkata on behalf of / Purchaser Company (Name of the concerned subsidiary Company) (hereinafter called 'the Company') to supply stores/ materials amounting to Rs. on the terms and conditions contained in the said Agreement.

The..... (Name of the Bank) (hereinafter called 'the Bank') having its office at..... has at the request of the Contractor agreed to give the guarantee as hereinafter contained.

We.....(Name of the Bank) do hereby unconditionally agree with the Company that if the Contractor shall in any way fail to observe or perform the terms and conditions of the said Agreement or shall commit any breach of its obligations thereunder, the Bank shall on demand and without any objection or demur pay to the Company, the said sum of Rs..... or any portion thereof without requiring the Company to have recourse to any legal remedy that may be available to it to compel the Bank to pay the same or calling on the Company to compel such payment by the Contractor.

Any such demand shall be conclusive as regards the liability of the Contractor to the Company and as regards the amount payable by the Bank under this guarantee. The Bank shall not be entitled to withhold payment on the ground that the Contractor has disputed its liability to pay or has disputed the quantum of the amount or that any arbitration proceeding or legal proceeding is pending between the Company and the Contractor regarding the claim.

We, the Bank, further agree that the guarantee shall come into force from the date hereof and shall remain in full force and effect till the period that will be taken for the performance of the said Agreement which is likely to be the day of..... but if the period of Agreement is extended either pursuant to the provisions in the said Agreement or by mutual agreement between the Contractor and the Company, the Bank shall renew the period of the guarantee failing which it shall pay to the Company the said sum of Rs....., or such lesser amount out of the said sum of Rs.....as maybe due to the Company and as the Company may demand. This guarantee shall remain in force until the dues of the Company in respect of the said sum of Rs..... are fully satisfied and the Company certifies that the Agreement has been fully carried out by the contractor and discharges the guarantee.



Annexure-20

The Bank further agrees with the Company that the Company shall have the fullest liberty without the consent of the Bank and without affecting in any way the obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend the time for performance of the said Agreement from time to time or to postpone for any time or from time to time any of the powers exercisable by the Company against the contractor and to forbear to enforce any of the terms and conditions relating to the said Agreement and the Bank shall not be relieved from its liability by reason of such failure or extension being granted to the contractor or through any forbearance, act or omission on the part of the Company or any indulgence by the Company to the contractor or any other matter or thing whatsoever which under the law relating to sureties would but for this provisions have the effect of relieving or discharging the Guarantor.

The Bank further agrees that in case this guarantee is required for a longer period and it is not extended by the Bank beyond the period specified above, the Bank shall pay to the Company the said sum of Rs..... or such lesser sum as may then be due to the Company and as the Company may require.

Notwithstanding anything herein contained the liability of the Bank under this guarantee is restricted to Rs.....only. The guarantee shall remain in force till the.....day of 20... and unless the guarantee is renewed or a claim is preferred against the Bank within the validity period and/or the claim period from the said date, all rights of the Company under this guarantee shall cease and the Bank shall be released and discharged from all liability hereunder except as provided in the preceding clause.

The Bank has under its constitution power to give this guarantee and..... [(Name of the person(s)] who have signed it on behalf of the Bank has authority to do so.

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

Place.....

Signature of the authorized person(s)
For and on behalf of the Bank.

**General Conditions of Contract (GCC)****1. Definitions**

In the interpretation of the contract and the general and special conditions governing it, unless the context otherwise requires, the following terms shall be interpreted as indicated below:

- a) “The Contract” means the agreement entered into between the Purchaser and the Supplier including all attachments and appendices thereto and all documents incorporated by reference therein including Invitation to tender, Instructions to tenderers, Acceptance of tender, Particulars and the General and Special Conditions specified in the acceptance of tender;
- b) “Contract Price” means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations;
- c) “Goods” means all of the equipment, plant, machinery, and/or other materials which the Supplier is required to supply to the Purchaser under the Contract;
- d) “Services” means those Services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental Services, such as installation, commissioning, provision of technical assistance, training and other such obligations of the Supplier covered under the Contract;
- e) “GCC” means the Conditions of Contract contained in this section;
- f) “SCC” means the Special Conditions of Contract;
- g) “Purchaser” means the organisation purchasing goods and services, i.e., Coal India Limited or its subsidiaries or areas falling under various subsidiaries of Coal India Limited;
- h) “Purchaser’s country” is India;
- i) “Supplier/Contractor” means the individual, firm or company with whom the contract has been concluded for supplying the Goods and Services under the Contract. The Supplier/Contractor shall be deemed to include its successors (approved by the purchaser), representatives, heirs, executors, administrators and permitted;
- j) “CIL” means Coal India Limited or the Subsidiary Company of CIL or areas falling under various subsidiaries of CIL where Goods are deployed/ used;
- k) “Year” means the Calendar Year.
- l) “Chairman” means the Chairman of Coal India Limited.
- m) “Chairman-cum-Managing Director” means Chairman-cum-Managing Director of any of the Subsidiary Companies of Coal India Limited, presently Central Coalfields Limited, Eastern Coalfields Limited, Western Coalfields Limited, Bharat Coking Coal Limited, Central Mine Planning & Design Institute Limited, South Eastern Coalfields Limited, Northern Coalfields Limited and Mahanadi Coalfields Limited.
- n) “Drawing” means the drawing and plans specified in or annexed to the schedule or specifications.
- o) “Inspector” means any person nominated by or on behalf of the purchaser to inspect supplies, stores or work under the contract or his duly authorized agent.
- p) “Progress Officer” means any person nominated by or on behalf of the Purchaser to visit supplier’s works to ascertain position of deliveries of Goods ordered.



- q) “Materials” shall mean anything used in the manufacture or fabrication of the stores.
- r) “Stores” means the goods specified in the Supply Order or schedule which the supplier/contractor has agreed to supply under contract.
- s) “Test” means such test or tests as are prescribed by the specifications or considered necessary by the Inspector or any agency acting under direction of the Inspector.
- t) “Site” mean the place or places named in the “Supply Order” or such other place or places at which any work has to be carried out as may be approved by the purchaser.
- u) Words denoting the persons shall include any company or association or body of individuals whether incorporated or not.
- v) Words in singular include the plural and vice-versa.
- w) Words denoting the masculine gender shall be taken to include the feminine gender.
- x) “Writing” shall include any manuscript, typewritten or printed statement under or over signature or seal as the case may be.
- y) “Unit” and “Quantity” means the unit and quantity specified in the schedule.
- z) “Purchase Order” or “Supply Order” or “Order” or “Contract” means an order for supply of stores and includes an order for performance. The terms “Supply Order”, “Purchase Order”, “Order” and “Contract” are interchangeable.
- aa) “Particulars” shall mean the following:
 - i) Specifications;
 - ii) Drawing;
 - iii) Sealed pattern denoting a pattern sealed and signed by the Inspector;
 - iv) Certified or sealed sample denoting a copy of the sealed pattern or sample sealed by the purchaser for guidance of the Inspector;
 - v) Trade pattern denoting a standard of the ISI or other standardising authority or Coal India Ltd. and/ or any of its subsidiary companies or a general standard of the industry and obtainable in the open market;
 - vi) Proprietary make denoting the product of an individual manufacturer;
 - vii) Any other details governing the construction, manufacture and/or supply as existing in the contract.
- bb) Terms and expressions not defined herein shall have the meanings assigned to them in the Indian Sale of Goods Act, 1930 or the Indian Contract, 1872 or the General Clauses Act, 1897, as amended, as the case may be.

2. Application

These Conditions shall apply to the extent that they are not superseded by provisions in other parts of the Contract.

3. Standards

The Goods supplied under this Contract shall conform to the standards mentioned in the Technical Specifications. Such standards shall be the latest issued by the concerned institution.

4. Use of Contract Documents and Information

- 4.1. The Supplier shall not, without the Purchaser's prior written consent, disclose the Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample or information furnished by or on behalf of the Purchaser in connection therewith, to any person other than a person employed by the Supplier in the performance of the Contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance.



- 4.2. The Supplier shall not, without the Purchaser's prior written consent, make use of any document or information enumerated in sub-clause 4.1 above, except for purposes of performing the Contract.
- 4.3. Any document, other than the Contract itself, enumerated in sub-clause 4.1 above shall remain the property of the Purchaser and shall be returned (in all copies) to the Purchaser on completion of the Supplier's performance under the Contract if so required by the Purchaser.

5. Patent Rights

The Supplier shall indemnify the Purchaser against all third-party claims of infringement of patent, trademark or industrial design rights arising from use of the Goods or any part thereof in the Purchaser's country.

6. Security Deposit

- 6.1. The successful tenderers will have to submit Security Deposit for the 10% value of the total landed value of the contract including all taxes, duties and other costs and charges. In case of Rate / Running Contracts the Security Deposit shall be for an amount of 5% of average annual offtake contractual value; and in case RC period is longer than 1 year, SD amount shall be 5% of average annual offtake. In case of Contracts for procurement of Capital Goods along with Warranty Spares & Consumables (if applicable) and additional Spares & Consumables / AMC / CMC for more than one year, the Security Deposit shall be for 10% of equipment landed value along with maximum annual landed value of Spares & Consumables.
- 6.2. The Security Deposit shall be deposited through RTGS / NEFT / IMPS / other digital modes or in the form of a Bank Guarantee in the prescribed format from a RBI Scheduled Bank in purchaser's country (on a non-judicial stamp paper) within 15 days from date of notification of award or placement of order.
- 6.3. The Security Deposit shall be in the same currency(ies) in which contract is to be signed/ issued. In case of multi-currency contract, separate Security Deposit Bank Guarantee (SDBG) in respective currency for required value as above shall be submitted.
- 6.4. In case of equipment, SDBG shall not be individual equipment wise. However, multiple Bank Guarantees for Security Deposit shall be permissible provided value of all the SDBGs totals to 10% of the contract value, and all are submitted simultaneously within the specified time schedule and all of them are in the same prescribed format of SDBG without linking to any particular equipment.
- 6.5. The SDBG shall remain valid up to 3 months after completion of supplies and acceptance of materials by the consignee in case of supply contracts and in case of contracts for equipment involving installation and commissioning, 3 months after the supply and commissioning of all the equipment covered in the contract.
- 6.6. If the successful tenderer fails to deposit the security deposit within 15 (fifteen) days from date of notification of award/ placement of order, another opportunity may be given to them for submission of Security Deposit within next 15 days. If the successful tenderer still fails to deposit the security deposit within the extended period but executes the supplies within scheduled delivery period, the submission of Security Deposit may be waived, as the purpose of submission of SD is fulfilled.
- If the Supplier fails to deposit the SD within the extended period and no supplies are made, the order shall be cancelled and the case shall be processed to order elsewhere at firm's risk and cost. Moreover, the firm's performance is to be kept recorded for future dealings with them. Further, if during execution of the contract, the firm fails to extend the Bank Guarantee for Security Deposit, suitably as required, the same shall be recorded as unsatisfactory performance for future dealings apart from taking any other penal action as may be deemed fit by CIL.
- 6.7. In cases where the successful tenderer did not submit the security deposit even within the extended period for SD submission but has supplied the materials either in full or in part after the extended period for SD submission, a penalty equivalent to 0.5% (half percent) of SD amount for delay of each week or part thereof (period of delay is to be calculated from the 31st day from the date of notification of



award/placement of order to the date of receipt of full SD) shall be levied subject to a maximum of 10% of the contract value.

- 6.8. Security Deposit will be released with the approval of HOD of MM Department/ Area GM within 30 days after completion of supplies and acceptance of material by the consignee in case of supply contractor after successful commissioning and on receipt of confirmation of Performance Bank Guarantee(s) for all the equipment covered in the contract in case of contracts for equipment and all those items/ goods involving installation and commissioning and PBG.
- 6.9. Security Deposit may be converted into Performance Bank Guarantee (PBG) wherever PBG is required at the option of the supplier. At the time of conversion of security money into PBG, it should be ensured that the amount of PBG should not be less than 10% of landed value of order. Wherever Security Deposit is converted into PBG, the operation of such SDBG/ Performance BG shall be guided by Performance Bank Guarantee Clause.
- 6.10. All Central/State Government Organization/PSUs shall be exempted from submission of Security Deposit. OEM/OES shall also be exempted from submission of Security Deposit in case of procurement of Spare Parts for equipment against Single Tender Enquiry/Open/Limited Tenders.
- 6.11. Submission of Security Deposit is exempted for the contracts having value upto Rs.2 lakhs.
- 6.12. The SDBG will be submitted Through Structured Financial Management System (SFMS).

7. Performance Bank Guarantee

- 7.1. Wherever applicable, the successful bidder shall be required to furnish a Performance Guarantee equivalent to 10% value of the contract to cover the warranty/guarantee period. In case of Contracts for procurement of Capital Goods along with Warranty Spares & Consumables (if applicable) and additional Spares & Consumables / AMC / CMC for more than one year, the Performance Guarantee shall be for 10% of equipment landed value along with maximum annual landed value of Spares & Consumables.
- 7.2. The Performance Guarantee shall be in the form of a Bank Guarantee issued by a RBI scheduled bank in India in the prescribed format on a non-judicial stamp paper.
- 7.3. The Performance Bank Guarantee (PBG) shall be in the same currency (ies) in which contract has been signed. In case of multi-currency contract, separate PBG in respective currency for required value shall be submitted.
- 7.4. If the contract is for procurement of equipment, the PBG (s) may be submitted equipment wise also. For this purpose, the value of each equipment will be worked out by dividing the total value of contract for a particular item of NIT, worked out as per provisions contained in clause-7 above, by the number of equipment ordered for that particular item of the NIT.
- 7.5. The PBG (s) shall remain valid till 3 months after the completion of warranty period.
- 7.6. The PBG shall be submitted sufficiently in advance (say 3-4 weeks) to enable its verification from the issuing bank, before submission of the invoice for 80% payment of the particular goods/ equipment(s).
- 7.7. The release of the Performance Bank guarantee(s) after above indicated period, shall be subject to satisfactory performance of the equipment/ items during the warranty period and fulfillment of contractual obligations failing which, action for further extension or encashment of PBG, as deemed suitable shall be taken. The Performance Bank Guarantee shall be released after expiry of validity period if no claim is pending, with the approval of the concerned HOD (MM)/ Area GM.
- 7.8. In case of procurement of equipment, if the successful tenderer which does not have the After Sales Service Support facilities in India like Depot/ Warehouse for supply of spare parts, Workshop facilities for servicing and repair of assemblies, sub-assemblies and equipment, availability of trained technical manpower etc., training facilities for providing training to CIL's personnel, wherever required, additional Performance Bank Guarantee for the 30% value of the total landed value of the contract including all taxes, duties and other costs and charges shall have to be submitted. This 30% PBG will be released after establishment of After Sales Service Support facilities in India subject to confirmation of the same by



concerned Head of Technical Department. However, the supplier shall have to submit PBG for 10% of the total contract value to be kept valid for the remaining period of the contract plus 3 months processing period before release of 30% PBG. This 10% PBG will be released after satisfactory performance of all equipment/ items and fulfillment of contractual obligations including warranty obligations.

- 7.9. The PBG will be submitted through Structured Financial Management System (SFMS).

8. Inspections and Tests

- 8.1. The Purchaser or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract Specifications at no extra cost to the Purchaser. Generally, the Goods shall be of the best quality and workmanship and comply with the contract or supply order in all respect. The Technical Specifications shall specify what inspections and tests the Purchaser requires and where they are to be conducted. The Purchaser shall notify the Supplier in writing, of the identity of the inspector(s). The Purchaser reserves the right, at the Purchaser's cost, to depute its own inspector(s) and/or to engage any other third party inspecting agency, to conduct inspections and tests pursuant to the Contract. Sufficient time, atleast 30 days in advance will be given for inspection.
- 8.2. The inspections and tests may be conducted on the premises of the Supplier, at point of delivery and/or at the Goods' final destination. If conducted on the premises of the Supplier, all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Purchaser. However, any drawing and proprietary information provided for this purpose shall remain in control of the supplier. The inspector shall have full and free access at the supplier's works for the purpose of carrying out inspection. The Inspector shall have the right to put all the stores or materials forming part of the same or any part thereof to such tests as he may think fit and proper. The supplier shall not be entitled to object, on any ground whatsoever, to the method of testing adopted by the Inspector. Unless otherwise provided for in the contract, all stores/materials expended in test will be to supplier's account. In the event of Goods found acceptable by the Inspector during inspection, he shall furnish the supplier with necessary copies of Inspection notes for attaching to the supplier's bill.
- 8.3. Should any inspected or tested Goods fail to conform to the Specifications, including acceptance tests and periodic tests to verify guaranteed performance, the Purchaser may reject the Goods, and the Supplier shall either replace the rejected Goods or make alterations necessary to meet Specification requirements free of cost to the Purchaser within thirty days of such rejection. Replaced or altered goods shall be subjected to repeated inspection or tests to demonstrate conformity with the Specifications. In the event that replacement or alteration is not done within thirty day period as aforesaid, or, replaced or altered goods fail to demonstrate conformity with the Specifications in repeated inspections or tests as aforesaid, the Purchaser reserves the right to terminate the Contract in part or in whole and the Supplier shall repay forthwith to the Purchaser all monies paid including all costs incurred in the inspection and tests, in respect of Goods and Services associated therewith, for which the termination is applicable and, subsequently remove the same from the Purchaser's Site at the Supplier's cost.
- 8.4. Any Goods rejected at a place other than the premises of the supplier, shall be removed by the supplier within 14 days of the date of receipt of intimation of such rejection. The Inspector may call upon the supplier to remove what he considers to be dangerous, infected or perishable Goods, within 48 hours of the receipt of such intimation. The rejected stores shall under all circumstances lie at the risk of the supplier from the moment of rejection and if such stores are not removed by the supplier within the above mentioned period, the Inspector/Purchaser may either return the same to the supplier at the supplier's risk and cost (a public tariff rate) by such mode of transport as the Purchaser or Inspector may select or dispose of such stores at the supplier's risk on his account and retain in such portion of the proceeds as may be necessary to cover any expense incurred in connection with such disposal. The purchaser shall also be entitled to recover handling and storage charges for the period during which the rejected stores are not removed.



8.5. The Purchaser's right to inspect, test and where necessary, reject the Goods after the Goods' arrival in the Purchaser's country shall in no way be limited or waived by reason of the Goods having previously been inspected, tested and passed by the Purchaser or its representative prior to the Goods' shipment from the Supplier's premises.

8.6. Nothing in this clause shall in any way relieve the Supplier of any warranty or other obligations under this Contract.

9. Packing and Marking

9.1. The Supplier shall provide such packing of the Goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the Contract. The packing shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit and open storage. Packing case size and weights shall take into consideration, where appropriate, the remoteness of the Goods' final destination and the absence of heavy handling facilities at all points in transit.

9.2. All packing cases, containers, packing and other similar materials shall be supplied free by the Supplier and these shall not be returned unless otherwise specified in the Contract/Purchase order.

9.3. The packing, marking and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract, including additional requirements, if any, specified in the contract and in any subsequent instructions ordered by the Purchaser. Packages will be stamped with identification marks both outside the packages as well as on the contents inside. Packages containing articles liable to be broken by rough handling like glass or machinery made of cast iron will be marked with cautionary words like 'Fragile' 'Handle with care'.

9.4. The marking of the Goods must comply with the requirements of the law relating to Merchandise Mark, in force in India.

9.5. Packing instructions: The Supplier will be required to make separate packages for each consignee. Each package will be marked on three sides with proper paint with the following:

- i. Project;
- ii. Contract No;
- iii. Country of origin of Goods;
- iv. Supplier's name;
- v. Packing list Reference Number;
- vi. The gross weight, net weight and cubic measurement;
- vii. Consignee Name and Address;

9.6. A complete list of contents in each package called the packing list will be prepared and one copy of the packing list shall be inserted inside the package.

10. Delivery and Documents

10.1. The delivery period stipulated in the Contract/Purchase Order shall be deemed to be the essence of the contract and delivery of the Goods must be completed within the specified period.

10.2. Delivery of the Goods shall be made by the Supplier in accordance with the terms specified in the Schedule of Requirements. The delivery of Goods shall be deemed to take place on delivery of the Goods in accordance with the terms of the contract after approval of Goods by the Inspector.

10.3. For purposes of the Contract, "EXW", "FOB", "FCA", "CFR", "CIF", "CIP" and other trade terms used to describe the obligations of the Parties shall have the meanings assigned to them by the prevailing edition of *Incoterms* on the date of tender opening, published by the International Chamber of Commerce, Paris.

10.4. The details of shipping documents to be furnished by the Supplier are specified below:

**(a) For Imported Goods:**

Within forty eight (48) hours of shipment, the Supplier shall notify the Purchaser, Port Consignee and Ultimate Consignee by fax and email, full details of the shipment including Contract number, description of Goods, quantity, the vessel, the bill of lading number and date, port of loading, date of shipment, port of discharge, etc. The Supplier shall deliver by express courier service the following documents to the Purchaser, with a copy to the Port Consignee and Ultimate Consignee:

- i. Supplier's shipping invoice showing Contract Number, Goods description, quantity, unit price, total amount and GST number of ultimate consignee;
- ii. Clean on-board bill of lading indicating the Importer-Exporter Code (IEC) of the concerned Subsidiary Company of CIL and non-negotiable bill of lading;
- iii. Packing list identifying contents of each package;
- iv. Manufacturer's/Supplier's warranty /guarantee certificate;
- v. Manufacturer's Test & Inspection certificate;
- vi. Certificate of Country of Origin issued by the Chamber of Commerce of Manufacturer's Country;
- vii. Documentary evidence of marine freight & marine insurance

The above documents shall be sent by supplier well in advance, so that the same are received by the Purchaser at least one (1) week before arrival of the Goods at the port or place of arrival and, if not received, the Supplier will be responsible for any consequent expenses.

(b) For Domestic Goods from within India:

Upon dispatch of the Goods to the consignee, the Supplier shall notify the Purchaser and Ultimate Consignee and deliver by express courier service the following documents to the Purchaser with a copy to the Ultimate Consignee:

- i. Supplier's invoice showing Contract Number, Goods description, quantity, unit price, total amount;
- ii. Railway receipt/ Transporter's consignment note /acknowledgement of receipt of Goods from the consignee(s);
- iii. Manufacturer's/Supplier's warranty / guarantee certificate;
- iv. Manufacturer's Test & Inspection certificate;

The above documents shall be provided by the supplier at the time of arrival of the Goods at the consignee's end. In case of delay, the Supplier will be responsible for any consequent expenses.

11. Insurance

- 11.1. Wherever necessary, the goods supplied under the contract, shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, delivery, storage and erection and commissioning at site (wherever applicable) in the manner specified in the contract. The insurance is to be done for coverage on "all risks" basis including war risks and strike clauses. The amount to be covered under insurance should be 110% of the invoice value to take care of the overall expenditure to be incurred by the purchaser for receiving the goods at the destination.
- 11.2. Where delivery of imported goods is required by the purchaser on CIF/CIP basis, the supplier shall arrange and pay for marine/air insurance, making the purchaser as the beneficiary. Where delivery is on FCA/ FOB/ CFR basis, marine/air insurance shall be the responsibility of the purchaser.
- 11.3. In case of domestic supplies on Free Delivery at site/FOR Destination basis, the supplier has to arrange insurance at its cost. For Ex-works and FOR station of dispatch contracts, it is the responsibility of the purchaser to arrange for insurance.



- 11.4. Where the delivery of the Goods is on CIP Basis, the supplier shall deliver the goods at the named place of destination at its own risks and costs. CIL has no obligation to the supplier for arranging insurance. However, CIL will provide the supplier upon request, with necessary information for obtaining insurance.
- 11.5. Where the delivery of the Goods is on FOR destination Basis, the supplier shall deliver the goods at the FOR destination site at its own risks and costs. CIL has no obligation to the supplier for arranging insurance. However, CIL will provide the supplier upon request, with necessary information for obtaining insurance”.

12. Transportation

- 12.1. In case of FOB (Port of Shipment) contracts, the purchaser has to arrange transportation its own cost and risk.
- 12.2. In case of CIF (Port of Destination) contracts, transport of the goods to the port of destination in the Purchaser’s country, as shall be specified in the contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price. In case of inland transportation of goods, the same is to be done through registered common carriers only.
- 12.3. In case of CIP (Final Place of Destination) contracts, transport of the goods to the port of destination and further to the named place of Final Destination in the Purchaser’s country, as shall be specified in the contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price. In case of inland transportation of goods, the same is to be done through registered common carriers only.
- 12.4. In case of FOR Destination contracts, transport of goods to the Destination site shall be arranged and paid for by the supplier and the cost thereof shall be included in the contract price. Transportation of goods is to be done through registered common carriers only.

13. Warranty

- 13.1. The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models and that they incorporate all recent improvements in design and materials unless provided otherwise in the Contract. The Supplier further warrants that all Goods supplied under this Contract shall have no defect arising from design, materials or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions prevailing in the purchaser’s country.
- 13.2. This warranty shall remain valid for twelve (12) months from the date of Commissioning of the equipment. However, in case of other Goods, warranty shall remain valid for eighteen (18) months from the date of receipt and acceptance of material at consignee’s end or twelve (12) months from the date of its use/fitment/commissioning, whichever is earlier.
- 13.3. The Purchaser shall promptly notify the Supplier in writing of any claims arising under this warranty. The Supplier shall, within thirty days, repair or replace the defective Goods or parts thereof, free of cost at the ultimate destination. The Supplier shall take over the replaced parts/Goods at the time of their replacement. No claim whatsoever shall lie on the Purchaser for the replaced parts/Goods thereafter.
- 13.4. If the Supplier, having been notified, fails to remedy the defect(s) within thirty days, the Purchaser may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Purchaser may have against the Supplier under the Contract.
- 13.5. For the goods whose life is less than twelve (12) months, the warranty period will depend on the nature of the item under procurement and shall accordingly be specified in SCC.

14. Payment

- 14.1. Specific payment terms may be stipulated in the NIT and the resultant contracts depending on the nature of goods to be procured, as per provisions contained in Chapter-22.
- 14.2. **Payment for Indian Agency Commission**



The payment of Indian Agency Commission, if any, involved, may be considered in case of necessity, subject to compliance of the Government of India guidelines issued from time to time. Agency commission, if any, shall be paid in equivalent Indian Rupees, after erection and commissioning of the equipment, wherever applicable, within twenty-one days of submission of bills along with following documents:

- (A) Copy of foreign principal's invoice.
- (B) Copy of bill of lading.
- (C) Certificate from State Bank of India regarding Bill selling exchange rate ruling on the date of bill of lading (in case of bank holiday on date of bill of lading, Bill Selling exchange rate on next working day shall be considered).
- (D) In case of procurement of equipment, commissioning certificate signed by the concerned officials of the Project and counter-signed by the Area General Manager and HOD of Technical Dept. of the subsidiary company, where the equipment has been deployed.

- 14.3. In order to enable the purchaser to avail Input Tax Credit as per applicable Indian laws, the supplier shall furnish all the necessary documents to the consignee / paying authority as required, failing which the equivalent deduction will be made from the supplier's bills. In case of successful bidder(s), if at the time of supply, it is found that Input Tax Credit as per Invoice (Credit available to CIL / Subsidiary on this account) is less than the "Input Tax Credit Amount" declared in the Price Bid, the differential amount between the two shall be deducted from the Supplier's bills while making payment to them. If the evaluation of the supplier has been made considering the concessional rate of customs duty applicable for import from certain countries under trade agreements / treaties with Govt. of India, all the required documentation for availing concessional customs duty and subsequent customs clearance etc. will be provided by the supplier failing which the equivalent deduction will be made from their bills.

15. Changes in Order

The Purchaser may at any time, by a written order given to the Supplier, make changes within the general scope of the Contract in any one or more of the following:

- a) drawings, designs or specifications, where Goods to be furnished under the Contract are to be specifically manufactured for the Purchaser;
- b) the method of shipment or packing;
- c) the place of delivery; and/or
- d) the place of Services to be provided by the Supplier.

16. Contract Amendments

Subject to relevant clause of GCC, no variation in or modification of the terms of the Contract/ Purchase Order shall be made except by written amendment issued against the Contract/ Purchase Order.

17. Assignment

The Supplier shall not assign, in whole or in part, its obligations to perform under this Contract, except with the Purchaser's prior written consent. However, the consent of the Purchaser shall not relieve the supplier from any obligation, duty or responsibility under the contract.

18. Subcontracts

The Supplier shall notify the Purchaser in writing of all subcontracts awarded by it to discharge the works under this Contract. Such notification, in the original bid or later, shall not relieve the Supplier of any liability or obligation under the Contract and the supplier will be solely responsible for all obligations under the contract.

19. Delays in the Supplier's Performance

- 19.1. Delivery of the Goods and performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by the Purchaser in the Schedule of Requirements.



19.2. If at any time during performance of the Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and performance of Services, the Supplier shall promptly notify the Purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, the Purchaser shall evaluate the situation and may at its discretion extend the Supplier's time for performance, with or without liquidated damages, by way of an by amendment to the Contract/ Purchase Order.

19.3. Except as provided under Force Majeure clause, a delay by the Supplier in the performance of its delivery obligations shall render the Supplier liable to the imposition of liquidated damages, unless an extension of time is agreed upon pursuant to relevant clause without the application of liquidated damages.

20. Liquidated Damages

20.1. In the event of failure to deliver or dispatch the equipment/stores within the stipulated date/period in accordance with the terms and conditions and the specifications mentioned in the supply order and in the event of breach of any of the terms and conditions mentioned in the supply order, the Purchaser shall have the right:

- (a) To recover from the successful bidder as agreed liquidated damages, a sum not less than 0.5% (Half Percent) of the price of any equipment/ stores which the successful tenderer has not been able to supply as aforesaid for each week or part of a week during which the delivery of such stores may be in arrears limited to 10% (Ten Percent) of the total contract value, or
- (b) To purchase elsewhere after due notice to the successful tenderer on the account and at the risk of the defaulting supplier, the equipment/stores not supplied or others of similar description without cancelling the supply order in respect of the consignment not yet due for supply, or
- (c) To cancel the supply order or a portion thereof, and if so desired to purchase the equipment/stores at the risk and cost of the defaulting supplier and also,
- (d) To extend the period of delivery with or without penalty as may be considered fit and proper. The penalty, if imposed, shall not be more than the agreed liquidated damages referred to in clause (a) above.
- (e) To forfeit the security deposit fully or in part.
- (f) Whenever under this contract any sum of money is recoverable from and payable by the supplier, the Purchaser shall be entitled to recover such sum by appropriating in part or in whole by deducting any sum or which at any time thereafter may become due to the successful tenderer in this or any other contract. Should this sum be not sufficient to recover the full amount recoverable, the successful tenderer shall pay the Purchaser on demand the remaining balance. The supplier shall not be entitled to any gain on any such purchase.

20.2. For the purpose of the calculation of the liquidated damages amount, the basic FOR Destination price shall be considered. For direct imports, the CIP price at Final Place of destination will be considered. Taxes and duties shall not be taken into account for calculation of LD. However, when prices indicated in the order are inclusive of taxes and duties, such prices will be taken for calculation of LD.

21. Termination for Default and breach of contract

21.1. The Purchaser, without prejudice to any other remedy for breach of Contract, by written notice of default sent to the Supplier, may terminate the Contract in whole or in part:

- a. If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted by the Purchaser; or
- b. If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted by the purchaser; or
- c. If the Supplier, in the judgement of the Purchaser, has violated Code of Integrity for Public Procurement in competing for or in executing the Contract.

21.2. Code of Integrity for Public Procurement (CIPP):

The supplier shall observe the highest standard of ethics while competing for and during execution of contracts.



The following practices would amount to violation of CIPP:

- i. "Corrupt Practice" means making offers, solicitation or acceptance of bribe, rewards or gifts or any material benefit, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process or contract execution;
 - ii. "Fraudulent Practice" means any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an obligation avoided. This includes making false declaration or providing false information for participation in a tender process or to secure a contract or in the execution of a contract;
 - iii. "Anti-competitive Practice" means any collusion, bid rigging or anti-competitive arrangement, or any other practice coming under the purview of The Competition Act 2002, between two or more bidders, with or without the knowledge of the Purchaser, that may impair the transparency, fairness and the progress of the procurement process or to establish bid prices at artificial, non-competitive levels;
 - iv. "Coercive Practice" means harming or threatening to harm, directly or indirectly, at any stage, persons or their property to influence their participation in the procurement process or affect the execution of a contract;
 - v. "Conflict of interest" means participation by a bidding firm or any of its affiliates that are either involved in the consultancy contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or if the bidding firm or their personnel have relationships or financial or business transactions with any official of Procuring Entity who are directly or indirectly related to tender or execution process of contract; or improper use of information obtained by the (prospective) bidder from the Procuring Entity with an intent to gain unfair advantage in the procurement process or for personal gain; and
 - vi. "Obstructive practice" means materially impede the Procuring Entity's investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and/or by threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or by impeding the Procuring Entity's rights of audit or access to information.
- 21.3. In the event the Purchaser terminates the Contract in whole or in part, pursuant to relevant clause, the Purchaser may procure on such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to the Purchaser for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of the Contract to the extent not terminated.
- 22. Force Majeure**
- 22.1 Force Majeure means an event beyond the control of the supplier and not involving the supplier's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes and act of God.
- 22.2 If there is delay in performance or other failures by the supplier to perform its obligation under the contract due to an event of a Force Majeure and the contract is governed by Force Majeure Clause, the supplier shall not be held responsible for such delays/failures.
- 22.3 In such a situation, the supplier shall promptly notify the purchaser in writing of such conditions and the cause thereof, duly certified by the local Chamber of Commerce or Statutory authorities, the beginning



and end of the causes of the delay, within twenty one days of occurrence and cessation of such Force Majeure Conditions. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

- 22.4 If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side.
- 22.5 For delays arising out of Force Majeure, the supplier will not claim extension in completion date for a period exceeding the period of delay attributable to the causes of Force Majeure.
- 22.6 There may be a Force Majeure situation affecting the purchaser also. In such a situation, the purchaser is to take up with the supplier on similar lines as above for further necessary action.
- 22.7 The contract shall be governed by the following Force Majeure Clause:

"If at any time, during the continuance of this contract, the performance in whole or in part by either party of any obligation under this contract shall be prevented or delayed by reason of any wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, freight embargoes or act of God (hereinafter referred to "events") provided, notice of the happening of any such event is given by either party to the other within 21 days from the date of occurrence thereof, neither party shall by reason of such event, be entitled to terminate this contract nor shall either party have any claim for damages 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 such event has come to an end or ceased to exist, PROVIDED FURTHER that if the performance in whole or part or any obligation under this contract is prevented or delayed by reason of any such event for a period exceeding 60 days, either party may at its option terminate the contract provided also that if the contract is terminated under this clause, the purchaser shall be at liberty to take over from the contractor at a price to be fixed by the CIL/Subsidiary Company, which shall be final, all unused, undamaged and acceptable materials, bought out components and stores in course of manufacture in the possession of the contractor at the time of such termination or such portion thereof as the purchaser may deem fit excepting such materials, bought out components and stores as the contractor may with the concurrence of the purchaser elect to retain."

23. Termination for Insolvency

The Purchaser may at any time terminate the Contract by giving written notice to the Supplier if the Supplier becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Purchaser.

24. Termination for Convenience

- 24.1 The Purchaser, by written notice sent to the Supplier, may terminate the Contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that termination is for the Purchaser's convenience, the extent to which performance of the Supplier under the Contract is terminated, and the date upon which such termination becomes effective.
- 24.2 The Goods that are complete and ready for shipment within thirty (30) days after the Supplier's receipt of notice of termination shall be accepted by the Purchaser at the Contract terms and prices. For the remaining Goods, the Purchaser may elect:
- a) to have any portion completed and delivered at the Contract terms and prices; and/or



- b) to cancel the remainder and pay to the Supplier an agreed amount for partially completed Goods and Services and for materials and parts previously procured by the Supplier.

25. Governing Language

The Contract shall be written in English language. All correspondence and other documents pertaining to the Contract which are exchanged by the Parties shall be written in the same language.

26. Taxes and Duties

- 26.1 A foreign Supplier shall be entirely responsible for all taxes, duties, license fees and other such levies imposed outside the Purchaser's country. The foreign supplier shall also be responsible for all taxes & duties in Purchaser's country legally applicable during execution of the contract other than those which are to be paid by purchaser, as specified in as per relevant clause of NIT.
- 26.2 A Domestic Supplier shall be entirely responsible for all taxes, duties, licence fees etc., incurred until the execution of the contract, other than those which are to be paid by purchaser, as specified in as per relevant clause of NIT.

27. Limitation of Liabilities

Except in cases of criminal negligence or willful misconduct;

- 27.1 Notwithstanding anything herein to the contrary, no party shall be liable for any indirect, special, punitive, consequential or exemplary damages, whether foreseeable or not, arising out of or in relation to this contract, loss of goodwill or profits, lost business however characterized, and/or from any other remote cause whatsoever.
- 27.2 The supplier shall not be liable to the purchaser for any losses, claims, damages, costs or expenses whatsoever arising out of or in connection with this contract in excess of the contract value of the Goods & Services hereunder which caused such losses, claims, damages, costs or expenses.
- 27.3 However, the limitation of liability of the supplier indicated above shall not apply to Liquidated damages.

28. Dispute Resolution

- 28.1 In case of contract with a Public Sector Enterprise or Govt. Dept., the following Arbitration Clause shall be incorporated in the contract:

“Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) in the Department of Public Enterprises:

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs)/Port Trusts inter se and also between CPSEs and Government Departments/Organizations (excluding disputes concerning 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. 05/0003/2019-FTS-10937 dated 14.12.2022 and the decision of AMRCD on the said dispute will be binding on both parties.”

- 28.2 In case of contract with parties other than above Agencies, the following Arbitration & Conciliation Clause and Sole Arbitration Clause shall be incorporated in the contract:

“Arbitration & Conciliation:

In the event of any dispute or difference relating to the interpretation and application of the provisions of the contract, such dispute or difference shall be taken up by either party for conciliation first. The party initiating conciliation shall send a written invitation to the other party to conciliate, and proceedings shall commence when the other party accepts the initiations to conciliation. There shall be only one conciliator who would be appointed by Chairman, CIL/ CMD of Subsidiary Company (as the case may be) as the conciliator. The conciliation shall assist the parties to reach an amicable settlement of their dispute. When the parties sign the settlement agreement, it shall be final and binding on the parties. The conciliator shall authenticate the settlement agreement and furnish a copy thereof to each party.



If differences still persist, the settlement of the dispute shall be resolved through arbitration.

The party initiating arbitration shall send a written notice to the other party of its intention to commence arbitration. The applicable arbitration procedure will be as per the Arbitration and Conciliation Act, 1996 as amended by Amendment Act of 2015."

"Sole Arbitration Clause:

In the event of any question, dispute or difference arising under these terms & conditions or any condition contained in this contract or interpretation of the terms of, or in connection with this Contract (except as to any matter the decision of which is specially provided for by these conditions), the same shall be referred to the sole arbitration of a person, appointed to be the arbitrator by the Chairman, CIL/ CMD of Subsidiary Company (as the case may be). The award of the arbitrator shall be final and binding on the parties of this Contract.

Note:

- a. *In the event of the Arbitrator dying, neglecting or refusing to act or resigning or being unable to act for any reason, or his/her award being set aside by the court for any reason, it shall be lawful for the Chairman, CIL / CMD of Subsidiary Company (as the case may be) to appoint another arbitrator in place of the outgoing arbitrator in the manner aforesaid.*
- b. *It is further a term of this contract that no person other than the person appointed by the Chairman, CIL / CMD of Subsidiary Company (as the case may be) as aforesaid should act as arbitrator and that, if for any reason that is not possible, the matter is not to be referred to Arbitration at all.*

The venue of arbitration shall be the place from which the contract is issued or such other place as the Chairman, CIL / CMD of Subsidiary Company (as the case may be) at his discretion may determine."

29. Progress Reports

29.1 The Supplier shall from time to time render such reports concerning the progress of the contract and/or supply of the stores in such form as may be required by the Purchaser.

29.2 The submission, receipt and acceptance of such reports shall not prejudice the right of the Purchaser under the contract nor shall operate as an estoppel against the Purchaser merely by reason of the fact that he has not taken notice of or objected to any information contained in such report.

30. Provisions of CIL's Purchase Manual

The provisions of CIL's Purchase Manual and its subsequent amendments (Available on CIL's website, www.coalindia.in) shall also be applicable, if not specified otherwise in this Bid document.

31. Applicable Law

The Contract shall be governed by the laws of the Republic of India, unless otherwise specified in the bid document.

32. Jurisdiction of Courts

32.1 Irrespective of the place of delivery, the place of performance or place of payment under the contract, the contract shall be deemed to have been made at the place from where the acceptance of tender or supply order has been issued.

32.2 The courts of the place from where the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.

33. Notices

33.1 Any notice given by one Party to the other pursuant to this Contract shall be sent to the other Party in writing or facsimile to be confirmed in writing, to the other Party's address. For the purpose of all notices, the following shall be the addresses of the Purchaser and the Supplier:

Purchaser:

General Manager (MM),



Annexure-21

Coal India Limited or Subsidiary company,

[-----address-----

-----India]

Fax No.:+91 -----

Phone: +91 -----

Supplier:

[-----

Fax No.:+91 -----

Phone: +91 -----]

33.2 A notice shall be effective when delivered or on the notice's effective date, whichever is later.

33.3 In case of change in address, the Supplier shall immediately notify the same to the Purchaser in writing. The supplier shall be solely responsible for the consequences of omission to notify the change of address to the Purchaser.



Annexure-22

CHAPTER-10
ANNEXURE-22
(Clause 10.12)

Special Conditions of Contract (SCC)

The following Special Conditions of Contract shall supplement the General Conditions of Contract. Whenever there is a conflict, the provisions contained herein shall prevail over those in the General Conditions of Contract. The corresponding Clause number of the General Conditions is indicated in parentheses.

Clauses of GCC listed below include a possibility for variations in their provisions through SCC. There could be other clauses in SCC as deemed fit.

S. No.	GCC Clauses	Topic	SCC Provision
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			



Pre-Contract Integrity Pact

General

This pre-bid pre-contract Agreement (hereinafter called the Integrity Pact) is made **on day of bid submission**, between on one hand, Coal India Limited / Subsidiary Cos. (hereinafter called the “BUYER / Principal”, which expression shall mean and include, unless the context otherwise requires, his successors in office and assigns) of the First Part **and Undersigned who is authorized to sign the bid** (hereinafter called the “BIDDER/Seller/Contractor” which expression shall mean and include, unless the context otherwise requires, his successors and permitted assigns) of the Second Part.

WHEREAS the BUYER proposes to procure the tendered Stores/Equipment/Items/Goods and the BIDDER/Seller is willing to offer/has offered the stores and

WHEREAS the BIDDER is a private company/public company/Government undertaking/partnership/registered export agency, constituted in accordance with the relevant law in the matter and the BUYER is a Central Public Sector Unit.

NOW, THEREFORE,

To avoid all forms of corruption by following a system that is fair, transparent and free from any influence/prejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to :-

Enabling the BUYER to obtain the desired said stores/equipment at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and

Enabling BIDDERS to abstain from bribing or indulging in any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also abstain from bribing and other corrupt practices and the BUYER will commit to prevent corruption, in any form, by its officials by following transparent procedures.

The parties hereto hereby agree to enter into this Integrity Pact and agree as follows:

Section 1 – Commitments of the Principal

(1) The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:-

- a. No employee of the Principal, personally or through family members, will in connection with the tender for , or the execution of a contract, demand ; take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
- b. The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential / additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.



c. Principal will exclude from the process all known prejudiced persons.

(2) If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/ PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

Section 2 - Commitments of the Bidder(s)/ Contractor(s)

(1) The Bidder(s) / Contractor(s) commit themselves to take all measures necessary to prevent corruption. The Bidder(s) / Contractor(s) commit themselves to observe the following principles during participation in the tender process and during the contract execution.

a. The Bidder(s) / Contractor(s) will not, directly or through any other person or firm, offer, promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/ she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.

b. The Bidder(s) / Contractor(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non- submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process.

c. The Bidder(s) / Contractor(s) will not commit any offence under the relevant IPC/ PC Act; further the Bidder(s) / Contractor(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

d. The Bidder(s) / Contractor(s) of foreign origin shall disclose the name and address of the Agents/ representatives in India, if any. Similarly the Bidder(s)

/Contractor(s) of Indian Nationality shall furnish the name and address of the foreign principals, if any. Further details as mentioned in the "Guidelines on Indian Agents of Foreign Suppliers" shall be disclosed by the Bidder(s) / Contractor(s). Further, as mentioned in the Guidelines all the payments made to the Indian agent/ representative have to be in Indian Rupees only. The guidelines and terms and conditions for India agents of foreign supplier shall be as per the provisions mentioned in the NIT.

e. The Bidder(s) / Contractor(s) will, when presenting their bid, disclose any and all payments made, is committed to or intends to make to agents, brokers or any other intermediaries in connection with the award of the contract.

f. Bidder(s) / Contractor(s) who have signed the Integrity Pact shall not approach the Courts while representing the matter to IEMs and shall wait for their decision in the matter.

(2) The Bidder(s) / Contractor(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

Section 3 - Disqualification from tender process and exclusion from future contracts



If the Bidder, before contract award, has committed a transgression through a violation of Section 2 or in any other form such as to put his reliability or credibility as Bidder into question, the Principal is entitled to disqualify the Bidder from the tender process or to terminate the contract, if already signed, for such reason.

- (1) If the Bidder / Contractor / Supplier has committed a transgression through a violation of Section 2 such as to put his reliability or credibility into question, the Principal is also entitled to exclude the

Bidder / Contractor / Supplier from future contract award processes. The imposition and duration of the exclusion will be determined by the severity of the transgression. The severity will be determined by the circumstances of the case. In particular the number of transgressions, the position of the transgressors within the company hierarchy of the Bidder and the amount of the damage. The exclusion will be imposed for a minimum of 6 months and maximum of 3 years.

- (2) A transgression is considered to have occurred if the Principal, after due consideration of available facts and evidences within his / her knowledge concludes that there is a reasonable ground to suspect violation of any commitment listed under Section 2 i.e “ Commitments of Bidder(s) / Contractor(s).
- (3) The Bidder accepts and undertakes to respect and uphold the Principal’s absolute right to resort to and impose such exclusion and further accepts and undertakes not to challenge or question such exclusion on any ground, including the lack of any hearing before the decision to resort to such exclusion is taken. This undertaking is given freely and after obtaining independent legal advice.
- (4) If the Bidder / Contractor / Supplier can prove that he has restored / recouped the damage caused by him and has installed a suitable corruption prevention system, the Principal may revoke the exclusion prematurely.

Section 4 - Compensation for Damages

- (1) If the Principal has disqualified the Bidder(s) from the tender process prior to the award according to Section 3, the Principal is entitled to demand and recover the damages equivalent to Earnest Money Deposit/ Bid Security.
- (2) If the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Principal shall be entitled to demand and recover from the Contractor liquidated damages of the Contract value of the amount equivalent to Performance Bank Guarantee.

Section 5 - Previous transgression

- (1) The Bidder declares that no previous transgressions occurred in the last three years with any other Company in any country conforming to the anti-corruption approach or with any Public Sector Enterprise in India that could justify his exclusion from the tender process.
- (2) If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process or action can be taken as per the procedure mentioned in "Guidelines on Banning of business dealings".

Section 6 - Equal treatment of all Bidders / Contractors / Subcontractors

- (1) In case of Sub-contracting, the Principal Contractor shall take the responsibility of the adoption of Integrity Pact by the Sub-contractor.
- (2) The Principal will enter into agreements with identical conditions as this one with all Bidders and



Contractors.

(3) The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

Section 7 - Criminal charges against violating Bidder(s) / Contractor(s) / Subcontractor(s)

If the Principal obtains knowledge of conduct of a Bidder, Contractor or Subcontractor, or of an employee or a representative or an associate of a Bidder, Contractor or Subcontractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

Section 8 - Independent External Monitor

(1) The Principal appoints competent and credible Independent External Monitor for this Pact after approval by Central Vigilance Commission. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.

(2) The Monitor is not subject to instructions by the representatives of the parties and performs his/ her functions neutrally and independently. The Monitor would have access to all Contract documents, whenever required. It will be obligatory for him / her to treat the information and documents of the Bidders/Contractors as confidential. He/ she reports to the Chairman, Coal India Limited / CMD, Subsidiary Companies

(3) The Bidder(s) / Contractor(s) accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his/ her request and demonstration of a valid interest, unrestricted and unconditional access to their project documentation. The same is applicable to Sub-contractors.

(4) The Monitor is under contractual obligation to treat the information and documents of the Bidder(s) / Contractor(s) / Sub-contractor(s) with confidentiality. The Monitor has also signed declarations on 'Non-Disclosure of Confidential Information' and of 'Absence of Conflict of Interest'. In case of any conflict of interest arising at a later date, the IEM shall inform Chairman, Coal India Limited / CMD, Subsidiary Companies and recuse himself / herself from that case.

(5) The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.

(6) As soon as the Monitor notices, or believes to notice, a violation of this agreement, he/ she will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.

(7) The Monitor will submit a written report to the Chairman, Coal India Limited / CMD, Subsidiary Companies within 8 to 10 weeks from the date of reference or intimation to him by the Principal and, should the occasion arise, submit proposals for correcting problematic situations.

(8) If the Monitor has reported to the Chairman, Coal India Limited / CMD, Subsidiary Companies, a substantiated suspicion of an offence under relevant IPC/ PC Act, and the Chairman, Coal India Limited / CMD, Subsidiary Companies has not, within the reasonable time taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, the Monitor may also transmit this information directly to the Central Vigilance Commissioner.



(9) The word 'Monitor' would include both singular and plural.

Section 9 - Pact Duration

This Pact begins when both parties have legally signed it. It expires after the completion of contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Chairman Coal India Limited / CMD, Subsidiary Companies.

Section 10 - Other provisions

- (1) Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
- (2) If the Contractor is a partnership or a consortium, this agreement must be signed by all partners or consortium members.
- (3) Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
- (4) Issues like Warranty / Guarantee etc. shall be outside the purview of IEMs.
- (5) In the event of any contradiction between the Integrity Pact and its Annexure, the Clause in the Integrity Pact will prevail.

Section 11- Facilitation of Investigation

In case of any allegation of violation of any provisions of this Pact or payment of commission, the BUYER or its agencies shall be entitled to examine all the documents including the Books of Accounts of the BIDDER and the BIDDER shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

Section 12- Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the BUYER.

Section 13 - Other Legal Actions.

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

(For & On behalf of Bidder/ Contractor)
This document is digitally signed

**Annexure – I****Guidelines for Indian Agents for Foreign supplier**

1. Authorised Indian Agent of a foreign manufacturer or indigenous manufacturer is also eligible to quote on behalf of its principal against the tender, in case manufacturer as a matter of corporate policy does not quote directly. However, in such case, authorised Indian Agent shall have to upload scanned copy of tender specific Manufacturer's Authorization, signed and stamped by the manufacturer to quote against the CIL Tender, indicating the Tender Reference No. and date along with the offer. The authorised Indian Agent is to upload scanned copies of details in respect of its organization along with the copies of document like certificate of incorporation / registration etc. alongwith the offer. The firm (Indian Agent) should be in existence for 3 years on the date of tender opening, irrespective of date of appointment as Indian Agent.

In case an Indian Agent is participating in a tender on behalf of one manufacturer, it is not allowed to participate / quote on behalf of another manufacturer in this tender or in a parallel tender for the same item. Further, in a tender, either manufacturer can quote or its authorised Indian Agent can quote but both are not allowed to participate/ quote in the same tender. Also one manufacturer can authorise only one agent to quote in the same tender. All the bids, not quoted as per the above guidelines, will be rejected.

2. The Foreign manufacturer must indicate the name & address of its agent in India. It should also indicate the commission payable to them and the specific services rendered by them. The Indian Agency commission will be payable only on FOB prices of goods and it should be quoted as a percentage of the FOB price. In case, the foreign manufacturer does not have any Indian Agent, it should be clearly mentioned in the bid. In terms of Integrity Pact, the bidder has also to disclose all payments to agents, brokers or any other intermediaries.

The amount of agency commission payable to Indian Agent should not exceed 5% or what is specified in agency agreement, whichever is lower.

3. In addition to above A certificate that no commission is payable by the principal supplier to any agent, broker or any other intermediary against this contract other than percentage as indicated in BOQ (not exceeding 5% of FOB) of FOB value of the contract to Indian Agent. This certificate forms a part of letter of credit.
4. The payment of Indian Agency Commission, if any, involved, may be considered in case of necessity, subject to compliance of the Government of India guidelines issued from time to time. The name of the Indian Agent with their full address and the quantum of Agency commission if any, payable shall have to be mentioned in the offer by the foreign manufacturer.

The following documents shall be submitted by the bidder in case of contract with foreign principals involving Indian agents:

- i. Foreign principal's pro-forma invoice or any other authentic document indicating the commission payable to the Indian agent, nature of after sales service to be rendered by the Indian Agent and the precise relationship between the Principal and the Agent and their mutual interest
- ii. Copy of the agency agreement if any with the foreign principal stating the precise relationship between them and their mutual interest in the business.

However, if all the details given in Para – (i) are complied with, the requirement of submission of document mentioned at Para – (ii) may be waived.

5. Agency commission, if any, shall be paid in equivalent Indian Rupees.



GUIDELINES FOR REFERRAL OF COMPLAINT TO IEMs

(1) Threshold limit of Integrity Pact:

1.1 CVC circular No. 10/5/09 dated 18.5.2009, in Clause no. 3.02, had stated the following on the subject of threshold limit of Integrity Pact :

"The threshold value for the contracts to be covered through IP should be decided after conducting proper ABC analysis and should be fixed so as to cover 90-95% of the total procurements of the organization in monetary terms."

Accordingly, the earlier letter issued by CIL Vigilance in 2014 had advised the same. However, latest Circular issued by CVC in 2017 mentions the following in this regard :

*"As stated in Department of Expenditure's O.M. dated 20.7.2011, **Ministries / Departments may, in consultation with the respective Financial Adviser and with the approval of the Minister-in-charge, decide on and lay down the nature of procurements/contracts and the threshold value above which the Integrity Pact would be used in respect of procurement transactions / contracts concluded by them or their attached/ sub-ordinate offices.**" [Ref CVC OM No. 02/01/2017 dated 13.01.2017, Clause 3.1]*

1.2 Thus going by latest available instruction from CVC on this issue & the Vigilance Manual, it is clear that responsibility of stipulating threshold limit for IP rests on the executives in due consultation with their finance officer and approval of the competent Authority. **Therefore, the Management may follow the above instruction while setting threshold limit for IP.** It is however seen that CIL, in their latest Purchase Manual, has stipulated this limit at the level of Rs. 2 crores and above.

(2) Complaints received by Management pertaining to on-going tenders :

2.1 The latest CVC Circular No. 02/01/2017 dated 13.01.2017, in Clause 4.3, states that **"IEMs should examine all complaints received by them and give their recommendations/ views to the CEO of the organization at the earliest"**. It can be seen that the above instruction does not mandate automatic referral of complaints **received by management** during tendering process to the panel of IEMs.

The relevant clause in the latest CVC Manual of 2017 mentions that "-----, The IEMs would have access to all contract documents and would examine all complaints **received by them** and give their recommendations / views to the CEO of the organization -----". It can again be seen that the reference to complain is for those "received by the IEMs" only.

2.2 It is thus evident that the latest circular of CVC or the Vigilance manual nowhere instruct mandatory referral of "complaints received Management" during an ongoing tender process to a panel of IEMs. These instructions, of course, do not preclude the right of management to refer any such complaint received during an ongoing tendering process should they feel the need for such referral on the basis of gravity of the complaints, if any (the only caveat being that such referral must not be to any individual IEM but to the IEM-panel).

2.3 While on the subject, it needs to be clarified that sometimes Vigilance Department also receives complaints regarding an on ongoing tendering process. The **normal** vigilance practice in such cases is to refer the complaints to the management for necessary action for disposal. The reason being the fact that investigation on an ongoing executive process that is yet to attain finality can be construed as unwarranted interference. In fact, the CVC Manual of 2017, in it's Clause 3.4.2 (vi). Makes a particular reference to this issue by stating " *As regards complaints in the matter of tenders, it is clarified that while the Commission may get the matter investigated, it would not generally interfere in the tendering process. Commission may, in appropriate cases, tender suitable advice to the authorities concerned.*" However, it is pertinent to note that whenever complaints pertaining to ongoing tenders are forwarded by Vigilance, it is customary for the procurement decision making authority /authorities to record the disposal of such forwarded complaint(s) in the Minutes of the decision making document.



Annexure-24

CHAPTER-19
ANNEXURE-24
(Clause 19.12.10)

COAL INDIA LIMITED
COAL BHAWAN, PREMISE NO-04 MAR,
PLOT NO-AF-III, ACTION AREA-1A,
NEWTOWN, RAJARHAT, KOLKATA-700156

REGISTERED / SPEED POST
AMENDMENT NO.

To

.....
.....
.....

SUB: Contract No.....dated..... for supply of

Ref: Your letter No.....dated.....

Dear Sir,

1. You have failed to deliver the {(fill qty.) of stores/ the entire quantity of stores} within the contract delivery period (delivery period as last extended upto). In your letter under reply you have asked for extension/ (further extension) of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from.....to.....

2. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to % (..... per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as& if applicable), viz., (fill in date) will be recovered from you as liquidated damages. You may now tender the stores (balance of the stores) for inspection in terms of this letter. Stores, if any, already tendered by you for inspection but not inspected will be now inspected accordingly.

3. You are also required to extend the validity period of the Security Deposit Bank Guarantee/ Performance Bank Guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within 15 (fifteen) days of issue of this amendment letter.

4. The above extension of delivery date will also be subject to the following further conditions:-

(a) That no increase in price on account of any statutory increase in or fresh imposition of customs duty, excise duty, sales tax, CST, VAT, GST or on account of any other tax or duty leviable in respect of the stores specified in the said contract which takes place after (Insert here the original delivery date) Shall be admissible on such of the said stores as are delivered after the said date and

(b) That notwithstanding any stipulation in the contract for increase in price on any other ground (including foreign exchange rate variation) no such increase which takes place after (Insert here the original delivery date) shall be admissible in such of the said stores as are delivered after the said date.

(c) But, nevertheless, the purchase shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, excise duty, sales tax, GST or on account of any other tax or duty or on any other ground, stipulated in the price variation clause which takes place after the expiry of the above mentioned date namely..... (Insert here the original delivery date)



Annexure-24

5. You are requested to note that notwithstanding the extension in Delivery Period (if accepted by you) the time hereby extended for supply of stores be deemed to be of essence of contract and failure on your part to supply the stores by the extended time shall entitle the purchaser to cancel the contract at your risk and cost without further notice or opportunity.

6. All other terms and conditions of the contract remain unaltered. This is without any prejudice to purchasers' rights under the terms and conditions of the subject contract.

7. Please intimate your unconditional acceptance to reach this office within 10(ten) days of the issue of this letter failing which contract will be cancelled at your risk and expense without any further reference to you.

Yours faithfully,

Asst./ Deputy./ Sr. Manager (MM)
For and on behalf of

Copy to:-

1. Indenting Officer
2. Consignee:
3. Inspecting Officer

Note: The above letter may be modified suitability to exclude pre-despatch inspection provision, if the same is not applicable.



Annexure-25

CHAPTER-19
ANNEXURE-25
(Clause 19.12.11)

COAL INDIA LIMITED
COAL BHAWAN, PREMISE NO-04 MAR,
PLOT NO-AF-III, ACTION AREA-1A,
NEWTOWN, RAJARHAT, KOLKATA-700156

REGISTERED / SPEED POST
AMENDMENT NO.

To

.....
.....
.....

SUB: Contract No..... for supply of

Ref: Your letter No.....dated.....

Dear Sirs,

1. Your attention is invited to the contract cited above, according to which supplies ought to have been completed by you on or before _____. In spite of the fact that the time of delivery of the stores stipulated in the contract is deemed to be of the essence of the contract it appears that the _____ supplies * are still outstanding even though the date of delivery has expired.

2. Although not bound to do so, I hereby extend the delivery date to _____ and you are requested to note that in the event of your failure to deliver the stores within the delivery period as hereby extended, the contract shall be cancelled and the outstanding quantity of the stores shall be purchased at your risk and cost.

3. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to % (..... per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable), viz., (fill in date) will be recovered from you as liquidated damages. You may now tender the stores (balance of the stores) for inspection in terms of this letter. Stores, if any, already tendered by you for inspection but not inspected will be now inspected accordingly.

4. You are also required to extend the validity period of the Security Deposit Bank Guarantee/ Performance Bank Guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within 15 (fifteen) days of issue of this amendment letter.

5. The above extension of delivery date will also be subject to the following further conditions:-

(a) That no increase in price on account of any statutory increase in or fresh imposition of customs duty, excise duty, sales tax, CST, VAT, GST or on account of any other tax or duty leviable in respect of the stores specified in the said contract which takes place after (Insert here the original delivery date) Shall be admissible on such of the said stores as are delivered after the said date and

(b) That notwithstanding any stipulation in the contract for increase in price on any other ground (including foreign exchange rate variation) no such increase which takes place after (Insert here the original delivery date) shall be admissible in such of the said stores as are delivered after the said date.



Annexure-25

(c) But, nevertheless, the purchase shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, excise duty, sales tax, GST or on account of any other tax or duty or on any other ground, stipulated in the price variation clause which takes place after the expiry of the above mentioned date namely.....(Insert here the original delivery date)

6. You are requested to note that notwithstanding the extension in Delivery Period (if accepted by you) the time hereby extended for supply of stores be deemed to be of essence of contract and failure on your part to supply the stores by the extended time shall entitle the purchaser to cancel the contract at your risk and cost without further notice or opportunity.

7. All other terms and conditions of the contract remain unaltered. This is without any prejudice to purchasers' rights under the terms and conditions of the subject contract.

8. Please intimate your unconditional acceptance to reach this office within 10(ten) days of the issue of this letter failing which contract will be cancelled at your risk and expense without any further reference to you.

Yours faithfully,

Asst./ Deputy./ Sr. Manager (MM)
For and on behalf of

Copy to:
1. Indenting Officer
2. Consignee:
3. Inspecting Officer

Note: The above letter may be modified suitably to exclude pre-despatch inspection provision, if the same is not applicable.



Annexure-26

CHAPTER-19
ANNEXURE-26
(Clause 19.12.10)

COAL INDIA LIMITED
COAL BHAWAN, PREMISE NO-04 MAR,
PLOT NO-AF-III, ACTION AREA-1A,
NEWTOWN, RAJARHAT, KOLKATA-700156

REGISTERED / SPEED POST
AMENDMENT NO.

To

.....
.....
.....

SUB: Contract No..... for supply of

Dear Sirs,

1. This is with reference to your letter No.-----dated-----requesting the grant of extension of delivery period under the above mentioned contract and this office amendment letter No.-----dated-----

2. You have neither conveyed your acceptance of the extension letter as desired in Para 6 of the letter nor have you cared to effect any supplies within the last extended delivery period.

3. Without prejudice to the rights of the purchaser under the contract and under the law, you are requested to state by -----(Here give date by adding 15 days to the date of issue of this notice) whether the aforesaid amendment letter regarding extension of delivery period is acceptable to you. In event of your failure to acknowledge acceptance of the extension letter by the above mentioned date, the contract will be cancelled and outstanding quantity of the stores shall be purchased at your risk and cost under the terms of the contract.

Yours faithfully,

Asst./ Deputy./ Sr. Manager (MM)
For and on behalf of

Copy to (Not to appear on firm's copy)

1. Inspecting Officer-----

2. Consignee - He should inform immediately whether any supplies have been made by the supplier after the last agreed delivery period and after the issue of the extension letter mentioned in this notice. This reply should be sent so as to reach the undersigned before the -----(Here give the date which has been indicated in the notice for the supplier to send his acceptance.



Annexure-27

CHAPTER-19
ANNEXURE-27
(Clause 19.12.11)

COAL INDIA LIMITED
COAL BHAWAN, PREMISE NO-04 MAR,
PLOT NO-AF-III, ACTION AREA-1A,
NEWTOWN, RAJARHAT, KOLKATA-700156

REGISTERED / SPEED POST
AMENDMENT NO.

To

.....
.....
.....

SUB: Contract No..... for supply of
Against indent No..... dated(Value Rs.....)

Dear Sirs,

1. This is with reference to this office amendment letter No.-----dated----- granting extension of delivery period upto-----

2. You have neither conveyed your acceptance of the extension letter as desired in Para 6 of the letter nor have you cared to effect any supplies within the last extended delivery period.

3. Without prejudice to the rights of the purchaser under the contract and under the law, you are requested to state by -----(Here give date by adding 15 days to the date of issue of this notice) whether the aforesaid amendment letter regarding extension of delivery period is acceptable to you. In event of your failure to acknowledge acceptance of the extension letter by the above mentioned date, the contract will be cancelled and outstanding quantity of the stores shall be purchased at your risk and cost under the terms of the contract.

Yours faithfully,

Asst./ Deputy./ Sr. Manager (MM)
For and on behalf of

Copy to(Not to appear on firm's copy)

1. Inspecting Officer-----

2. Consignee - He should inform immediately whether any supplies have been made by the supplier after the last agreed delivery period and after the issue of the extension letter mentioned in this notice. This reply should be sent so as to reach the undersigned before the -----(Here give the date which has been indicated in the notice for the supplier to send his acceptance.



Annexure-28

CHAPTER-21
ANNEXURE-28
(Clause 21.5.1)

Inspection Note

Stores Reference : _____ Date _____

Please inspect the following Materials early :

Purchase Order Reference and Date : _____

Name of Supplier : _____

Description of Item _____ Unit _____

Item Code _____ Category _____ Urgency Level _____

Total Qty on Order _____ Qty Supplied before this lot : _____

GRN Number & Date _____ Qty Supplied this lot _____

Balance Qty now outstanding _____

Due Delivery Date : _____ Actually Supplied this lot on _____

Store Keeper

Inspection Note No. : _____ Date : _____

Following Materials have been accepted / rejected as follows :

S. No.	Description of Stores	Qty offered for inspection/ delivered	Qty Accepted	Qty Rejected	Reasons for Rejection

Inspecting Officer

Supplier

Consignee

Copies :

- A/Cs with concerned papers
- CPSO
- Store Officer
- User Section



Annexure-29

CHAPTER-21
ANNEXURE-29
[Clause 21.14.2(i)]

Joint Inspection Report

File Ref. No. _____

Date _____

1	Name of office / Area to which Complaint Pertains	
2	Name of the consignee	
3	Name of the firm and address	
4	P/O S/O No. and date.	
5	Description of store with specification, etc. or approved samples any	
6	Relevant I/Note No and date with quantity	
7	Facsimile stamp/stencil/seal etc. as shown in inspection document	
8	Facsimile stamp / stencil / seal etc. on the supplies under dispute.	
9	Date of receipt of materials by consignee	
10	Consignee's rejection letter No. & date.	
11	Reasons of rejection as per rejection advice.	
12	Condition under which rejected supply are stored.	
13	Details of investigations carried out (w.r.t. Sl. No. 12 above)	
14	Identification Mark of firm if any available on disputed supplies.	
15	Observation during joint inspection.	
16	Conclusion (whether store are to be accepted / rejected subject to approval of concerned authority)	

Supplier

Consignee/ Stores Officer

Inspecting Officer



CHAPTER-2
ANNEXURE-30
(Clauses 2.10.1)

Public Procurement (Preference to 'Make in India') Order 2017 dated 16th Sept'2020

No. P-45021/2/2017-PP (BE-II)
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
(Public Procurement Section)

Udyog Bhawan, New Delhi
Dated: 16th September, 2020

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017– Revision; regarding.

Department for Promotion of Industry and Internal Trade, in partial modification [Paras 2, 3, 5, 10 & 13] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, Order No.P-45021/2/2017-B.E.-II dated 29.05.2019 and Order No.P-45021/2/2017-B.E.-II dated 04.06.2020, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017' dated 16.09.2020 effective with immediate effect.

Whereas it is the policy of the Government of 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; and

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective; and

Whereas local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them;

Now therefore the following Order is issued:

1. This Order is issued pursuant to Rule 153 (iii) of the General Financial Rules 2017.
2. **Definitions:** For the purposes of this Order:

'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.

'Class-I 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-I local supplier' under this Order.

.....Contd. p/2



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'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 this Order.

'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 this Order.

'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.

'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.

'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.

'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.

'Works' means all works as per Rule 130 of GFR- 2017, and will also include 'turnkey works'.

3. 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', as defined under the Order, shall be eligible to bid irrespective of purchase value.

(b) Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, 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 3(a) above, and with estimated value of purchases less than Rs. 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.

.....Contd. p/3



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3A. Purchase Preference

(a) Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this 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 3(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:

- i. 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.
- ii. If L1 bid is not a 'Class-I local supplier', 50% 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% 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 3(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:

- i. 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.
- ii. 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.
- iii. 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.

.....Contd. p/4



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- (d) "Class-II local supplier" will not get purchase preference in any procurement undertaken by procuring entities.

3B. 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 this Order.
 - c) If 'Class I Local suppliers' qualify for award of contract for at least 50% 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% 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% 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% 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% 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% 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.
4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
5. **Minimum local content:** The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier', the 'local content' requirement is minimum 20%. Nodal Ministry/ Department may prescribe only a higher

.....Contd. p/5



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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% and 20% for 'Class-I local supplier'/'Class-II local supplier' respectively.

6. **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.
7. **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.
8. **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.
9. **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 Rs. 10 crores, the 'Class-I local supplier'/'Class-II local supplier' shall be required to provide a certificate from the statutory 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.

....Contd. p/6



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- g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this 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 9h below.
- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - i. The fact and duration of debarment for violation of this 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;
 - ii. 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);
 - iii. 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.

10. 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, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.

d. Reciprocity Clause

- i. 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.

.....Contd. p/7



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- ii. 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.
 - iii. The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry/ Department.
 - iv. State Governments should be encouraged to incorporate similar provisions in their respective tenders.
 - v. 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 Rs. 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."

10A. 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.

11. 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.

12. 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.

.....Contd. p/8



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- 13. Manufacture under license/ technology collaboration agreements with phased indigenization:** 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.

- 13A.** 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.

- 14. 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,

- a. reduce the minimum local content below the prescribed level; or
- b. reduce the margin of purchase preference below 20%, or
- c. 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.

- 15. 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.

- 16. 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

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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.

17. Functions of the Standing Committee: The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee

- a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
- b. shall annually assess and periodically monitor compliance with this Order
- c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
- d. may require furnishing of details or returns regarding compliance with this Order and related matters
- e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
- f. may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
- g. may consider any other issue relating to this Order which may arise.

18. 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 this Order.

19. 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 this 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.

20. Transitional provision: This 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.

(Rajesh Gupta)
Director

Tel: 23063211
rajesh.gupta66@gov.in



Annexure 31

CHAPTER-2 ANNEXURE-31 (Clauses 2.10A)

No.F.7/10/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi.
23.02.2023.

Office Memorandum

Subject: Amendment to Rule 144(xi) of the General Financial Rules (GFRs), 2017.

Rule 144 of the GFRs, 2017 titled 'Fundamental principles of public buying,' had been amended by inserting sub-rule (xi) vide Department of Expenditure (DoE) OM No. F.6/18/2019-PPD dated 23.07.2020. It has now been decided to amend the Rule 144(xi) as under:

Notwithstanding anything contained in these Rules, Department of Expenditure may, by order in writing, impose restrictions, including prior registration and/ or screening, on procurement from bidders from, or bidders having commercial arrangements with an entity from, a country or countries, or a class of countries, on grounds of defence of India, or matters directly or indirectly related thereto including national security; no procurement shall be made in violation of such restrictions.

(Kanwalpreet)
Director(PPD)

Tel.No. 2309 3811; email: kanwal.irss@gov.in

To

1. Secretaries of all Ministries/ Departments of Government of India.
2. Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi.



No.F.7/10/2021-PPD (1)
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division
264-C, North Block, New Delhi.
23.02.2023.

Order (Public Procurement No. 4)

Subject: Restrictions under Rule 144(xi) of the General Financial Rules (GFRs), 2017.

Attention is invited to Order (Public Procurement No. 1) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No. 2) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No. 3) issued vide F.6/18/2019-PPD dated 24.07.2020, Office Memorandum (OM) No. F.18/37/2020-PPD dated 08.02.2021, OM No. F.12/1/2021-PPD(Pt.) dated 02.03.2021 and OM No. F.7/10/2021-PPD dated 08.06.2021. In this regard, the following is hereby ordered under Rule 144(xi) (as amended vide OM No. F.7/10/2021-PPD dated 23.02.2023) on the grounds stated therein, in supersession to all of the above mentioned Orders/ clarifications:

Requirement of registration:

2. 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, specified in **Annexure I**.
3. Any bidder (including an Indian bidder) who has a Specified Transfer of Technology (ToT) arrangement with an entity 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, specified in **Annexure I**.
4. The requirement of registration for cases covered by paragraph 2 above has been applicable since 23.07.2020. The requirement of registration for bidders covered by paragraph 3 above will be applicable for all procurements where tenders are issued/ published after 01.04.2023.
5. In tenders issued after 23.07.2020 or 01.04.2023, as the case may be, the provisions of requirement of registration of bidders and of other relevant provisions of this Order shall be incorporated in the tender conditions.

Applicability:

6. Apart from Ministries/ Departments, attached and subordinate bodies, notwithstanding anything contained in Rule 1 of the GFRs 2017, the Order shall also be applicable



- a) to all Autonomous Bodies;
- b) to all public sector banks and public sector financial institutions;
- c) to all Central Public Sector Enterprises;
- d) to all procurement in Public Private Partnership projects receiving financial support from the Government or public sector enterprises/ undertakings; and
- e) Union Territories, National Capital Territory of Delhi and all agencies/ undertakings thereof.

7. This order will not be applicable for cases falling under **Annexure II**.

Definitions:

8. *"Bidder"* for the purpose of the Order (including the term 'tenderer', 'consultant' 'vendor' 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.

9. *"Tender"* for the purpose of the Order will include other forms of procurement, except where the context requires otherwise.

10. *"Transfer of Technology"* means dissemination and transfer of all forms of commercially usable knowledge such as transfer of know-how, skills, technical expertise, designs, processes and procedures, trade secrets, which enables the acquirer of such technology to perform activities using the transferred technology independently. (Matters of interpretation of this term shall be referred to the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade, and the interpretation of the Committee shall be final.)

11. *"Specified Transfer of Technology"* means a transfer of technology in the sectors and/ or technologies, specified in paragraph 15, occurring on or after 23.07.2020.

12. *"Bidder (or entity) from a country which shares a land border with India"* for the purpose of the 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

13. *Beneficial owner* for the purposes of Para 12 (d) will be as under:

(i) 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(s), 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 the 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;

(ii) 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;

(iii) 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;

(iv) Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

(v) 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.

14. "Agent" for the purpose of the Order is a person employed to do any act for another, or to represent another in dealings with third persons.

[Note:

i. A person who procures and supplies finished goods from an entity from a country which shares a land border with India will, regardless of the nature of his legal or commercial relationship with the producer of the goods, be deemed to be an Agent for the purpose of this Order.

ii. However, a bidder who only procures raw material, components etc. from an entity from a country which shares a land border with India and then manufactures or converts them into other goods will not be treated as an Agent.]



Sensitive Sectors/ Technologies (relevant only for the provisions on ToT arrangements):

15. (i) Certain sectors and technologies have been identified as sensitive from the national security point of view. The sectors listed in Schedule I to this Order are considered Category-I sensitive sectors. The sectors listed in Schedule II to this Order are considered Category-II sensitive sectors. The technologies listed in Schedule III are considered sensitive technologies.

(ii) For Category-I sensitive sectors, bidders with ToT arrangement in any technology with an entity from a country which shares a land border with India shall require registration.

(iii) For Category-II sensitive sectors, bidders with ToT arrangement in the sensitive technologies listed in Schedule III, with an entity from a country which shares a land border with India shall require registration.

(iv) In Category-II sensitive sectors, the Secretary (or an officer not below the rank of Joint Secretary to Government of India, so authorized by the Secretary) of the Ministry/ Department of the Government of India is empowered, after due consideration, to waive the requirement of registration for a particular item/ application or a class of items/ applications from the requirement of registration, even if included in Schedule III. The Ministry/ Department concerned shall intimate the Department for Promotion of Industry and Internal Trade (DPIIT) and National Security Council Secretariat (NSCS) of their decision to waive the requirement of registration. Ministries/ Departments of the Government of India are not required to consult the DPIIT/ NSCS before deciding and are only required to intimate the decision to DPIIT/ NSCS. If any point is raised by DPIIT/ NSCS, it should be considered in future procurements; ongoing procurement for which the waiver was granted need not be interrupted or altered.

16. Based on security considerations, a Ministry/ Department in a Category II sensitive sector or other Ministries/ Departments may recommend to DPIIT inclusion of any other technology in the list of sensitive technologies, either generally or for their Ministry/ Department.

Sub-contracting in works contracts

17. In works contracts, including turnkey contracts, contractors 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. The definition of "contractor from a country which shares a land border with India" shall be as in paragraph 12 above. This shall not apply to sub-contracts already awarded on or before 23.07.2020.

[Note: Procurement of raw material, components, etc. does not constitute sub-contracting.]



Certificate regarding compliance

18. An undertaking shall be taken from bidders in the tender documents (Annexure III) that the extant guidelines for participation in the tenders (which should include conditions for implementation of this Order) have been complied with. If such certificate given by a bidder whose bid is accepted is found to be false, this would be a ground for debarment and further legal action in accordance with law.

Validity of registration

19. In respect of tenders, registration should be valid at the time of submission of bids and at the time of acceptance of bids. In respect of supply otherwise than by tender, registration should be valid at the time of placement of order. If the bidder was validly registered at the time of acceptance / placement of order, registration shall not be a relevant consideration during contract execution.

Government e-Marketplace (GeM)

20. GeM shall remove non-compliant entities from GeM unless/ until they are registered in accordance with this Order.

Model Clauses/ Certificates

21. Model Clauses and Model Certificates which may be inserted in tenders/ obtained from Bidders are given at Annexure-III. While adhering to the substance of the Order, procuring entities are free to appropriately modify the wording of these clauses based on their past experience, local needs etc.

(Kanwalpreet)
Director(PPD)

Tel.No. 2309 3811; email: kanwal.irss@gov.in

To

1. Secretaries of all Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.
2. Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect to public enterprises.
3. Secretary, Department of Financial Services with a request to immediately reiterate these orders in respect to public sector and public sector financial institutions.
4. Secretary DPIIT with a request to take action as provided under Annexure I.
5. Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi.
6. CEO/ GeM with a request to ensure implementation of this order on GeM.

**Schedule I****List of Category-I Sensitive sectors:**

Sr.No.	Sector
(i)	Atomic Energy
(ii)	Broadcasting/ Print and Digital Media
(iii)	Defence
(iv)	Space
(v)	Telecommunications

**List of Category-II Sensitive sectors:****Schedule II**

Sr.No.	Sector
(i)	Power and Energy (including exploration/ generation/ transmission/ distribution/ pipeline)
(ii)	Banking and Finance including Insurance
(iii)	Civil Aviation
(iv)	Construction of ports and dams & river valley projects
(v)	Electronics and Microelectronics
(vi)	Meteorology and Ocean Observation
(vii)	Mining and extraction (including deep sea projects)
(viii)	Railways
(ix)	Pharmaceuticals & Medical Devices
(x)	Agriculture
(xi)	Health
(xii)	Urban Transportation

**Schedule-III****List of Sensitive Technologies:**

Sr.No.	Sensitive Technologies
(i)	Additive Manufacturing (e.g. 3D Printing)
(ii)	Any equipment having electronic programmable components or autonomous systems (e.g. SCADA systems)
(iii)	Any technology used for uploading and streaming of data including broadcasting, satellite communication etc.
(iv)	Chemical Technologies
(v)	Biotechnologies including Genetic Engineering and Biological Technologies
(vi)	Information and Communication Technologies
(vii)	Software



ANNEXURE I

Competent Authority and Procedure for Registration

- A. The Competent Authority for the purpose of registration under this order shall be/ continue to be the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT)*. [This Committee was already constituted under Order (Public Procurement) No.1].
- B. The Registration Committee shall have the following members*:
- An officer, not below the rank of Joint Secretary, designated for this purpose by DPIIT, who shall be the Chairman;
 - Officers (ordinarily not below the rank of Joint Secretary) representing the Ministry of Home Affairs, Ministry of External Affairs, and of those Departments whose sectors are covered by applications under consideration;
 - Any other officer whose presence is deemed necessary by the Chairman of the Committee.
 - With effect from 01.04.2023, an officer (ordinarily not below the rank of Joint Secretary) representing the National Security Council Secretariat.
- C. DPIIT shall lay down the method of application, format etc. for such bidders as covered by the Order.
- D. On receipt of an application seeking registration from a bidder covered by Para 2 and 3 of this order, the Competent Authority shall first seek political and security clearances from the Ministry of External Affairs and Ministry of Home Affairs, as per guidelines issued from time to time. Registration shall not be given unless political and security clearance have both been received.
- E. The Ministry of External Affairs and Ministry of Home Affairs may issue guidelines for internal use regarding the procedure for scrutiny of such applications by them.
- F. The decision of the Competent Authority, to register such bidder may be for all kinds of tenders or for a specified type(s) of goods or services, and may be for a specified or unspecified duration of time, as deemed fit. The decision of the Competent Authority shall be final.
- G. Registration granted by the Competent Authority of the Government of India shall be valid not only for procurement by the Central Government and its bodies specified in para 6 of this order, but also for procurement by State Governments and their agencies/ public enterprises etc. No fresh registration at the State level shall be required.
- H. The Competent Authority is empowered to cancel the registration already granted if it determines that there is sufficient cause. Such cancellation by itself, however, will



not affect the execution of contracts already awarded. Pending cancellation, it may also suspend the registration of a bidder, and the bidder shall not be eligible to bid in any further tenders during the period of suspension.

- I. For national security reasons, the Competent Authority shall not be required to give reasons for rejection/cancellation of registration of a bidder.

[*Note:

(i) In respect of application of the Order to procurement by/ under State Governments, all functions assigned to DPIIT shall be carried out by the State Government concerned through a specific department or authority designated by it. The composition of the Registration Committee shall be as decided by the State Government. However, the requirement of political and security clearance as per para D shall remain and no registration shall be granted without such clearance.

(ii) Registration granted by State Governments shall be valid only for procurement by the State Government and its agencies/ public enterprises etc. and shall not be valid for procurement in other states or by the Government of India and their agencies/ public enterprises etc.]

**ANNEXURE II****Special Cases**

- A. In projects which receive international funding with the approval of the Department of Economic Affairs (DEA), Ministry of Finance, the procurement guidelines applicable to the project shall normally be followed, notwithstanding anything contained in this order and without reference to the Competent Authority. Exceptions to this shall be decided in consultation with DEA.
- B. This order shall not apply to procurement by Indian missions and by offices of government agencies/ undertakings located outside India.
- C. This order will not apply to bidders (or entities) from those countries (even if sharing a land border with India) to which the Government of India has extended lines of credit or in which the Government of India is engaged in development projects. Updated lists of countries to which lines of credit have been extended or in which development projects are undertaken are given on the website of the Ministry of External Affairs.
- D. Procurement of spare parts and other essential service support like Annual Maintenance Contract (AMC)/ Comprehensive Maintenance Contract (CMC), including consumables for closed systems, from Original Equipment Manufacturers (OEMs) or their authorized agents, shall be exempted from the requirement of registration.

**ANNEXURE III****Model Clause/ Certificate/ Undertaking to be inserted in tenders etc.**

[While adhering to the substance of the Order, procuring entities and GeM are free to appropriately modify the wording of the clause/ certificate based on their past experience, local needs etc.

The conditions relating to specified ToT (as shown in italics) should be incorporated only in the tenders which attract the restrictions due to specified ToT.]

A. Model Clauses for Tenders (including tenders issued manually or any electronic portal including GeM):

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 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 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."

B. 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.]"



Annexure 32

CHAPTER-8
ANNEXURE-32
(Clauses 8.9.5)

GTE Orders

Ref.	CIL's O/O Date	CIL's O/O No.	GoI's OM Date	GoI's OM No.
1	02.07.2021	240	30.06.2021	DoE OM No. F.4/1/2021-PPD
2	20.07.2021	294	07.07.2021	MoC Letter No. 28011/1/2021-IFD
3	14.09.2021	472	01.09.2021	DoE OM No. F.4/1/2021-PPD
4	02.11.2021	625	08.10.2021	DoE OM No. F.4/1/2021-PPD
5	07.03.2022	1111	14.02.2022	DoE OM No. F.4/1/2022-PPD
6	07.09.2022	490	23.08.2022	DoE OM No. F.4/1/2022-PPD
7	17.11.2022	670	01.11.2022	DPIIT OM No. P-45021/31/2021-PP(BE-II)- Part-I (E-53204)
8	10.07.2023	210	03.04.2023	DoE OM No. F.4/1/2023-PPD
9	08.08.2023	307	27.06.2023	Cabinet Secretariat ID No. 213/2/1/2020-CA.IV-(Vol.XXX)



No. F.4/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block,
New Delhi Dated the 30th June, 2021

OFFICE MEMORANDUM

Subject: Consolidated Instructions regarding Global Tender Enquiry (GTE) under Rule 161(iv) of General Financial Rules (GFRs) 2017 upto Rs 200 crore.

Attention is invited to this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 regarding amendment in Rule 161(iv) of General Financial Rules (GFRs) 2017 stipulating that no Global Tender Enquiry (GTE) shall be invited for tenders upto Rs.200 crore or such limit as may be prescribed by this Department from time to time. It further stipulates that in exceptional cases, where the Ministry or the Department feels that there are special reasons for GTE, it may record its detailed justification and seek prior approval for relaxation to the above Rule from the competent authority i.e. Secretary (Coordination), Cabinet Secretariat.

2. Applicability: Restriction on Global tenders as specified in the revised Rule 161(iv) of GFRs, 2017 will be applicable on all procurements including Goods, Non-consulting services, Consultancy Services and Works including turnkey projects. The instructions are applicable for all the tenders published in newspapers or website after 15.05.2020.

3. It is noted that 40-45 % of the proposals being sent by Ministries/ Departments are either not complete or not in accordance with the instructions issued by this Department and Cabinet Secretariat for submission of the proposals. Due to this, such proposals are returned to proposing Ministry/ Department for rectification. In order to avoid shuttling of the proposals and to save time, all instructions for submission of proposals have been consolidated as under for convenience of proposing Ministries/Departments:

3.1 The proposal for approval shall be submitted by Administrative Ministry with the **concurrence of Financial Advisor and approval of Secretary** concerned. The proposals submitted by individual offices/ organisations (e.g. autonomous bodies, Central Public Sector Undertakings and subordinate offices of Central Government etc.) will not be entertained.

3.2 The proposals shall be submitted along-with **duly filled format** (issued by Cabinet Secretariat vide ID No. 213/2/1/2020-C.A.IV dated 06.10.2020, Annexure-I). **Every page should be attested by Administrative Ministry.**

Wp
30.06.2021



3.3 Apart from Department of Expenditure, the proposals must be submitted simultaneously to (i) Cabinet Secretariat, Email: ca4-cabsec@gov.in and (ii) Department for Promotion of Industry & Internal Trade (DPIIT) Emails: manmeet.nanda@ias.nic.in & rajesh.gupta66@gov.in

3.4 Before sending proposals for approval of the Global Tenders, following is to be ensured:-

- (i) Domestic tender must be floated to identify the domestic manufacturers/ service providers for the items/ services for which approval is being sought for issuance of Global Tenders. In case, if the Ministry/ Department has not floated a domestic tender after 15.05.2020 for the items to be procured through GTE, such proposals will not be entertained. **The proposal must contain the details of domestic tenders, issued after 15.05.2020** (Tender Number, date of opening, number of offers received, details of offers received, reasons why domestic suppliers were not considered etc.)
- (ii) The proposal must contain the details of deliberations with DPIIT/ relevant industrial bodies for identification of domestic manufacturers/ service providers.
- (iii) The **3/5-year procurement plan** as mandated by Public Procurement (Preference to Make in India) (PPP-MII) Order issued by DPIIT must be published on website, before forwarding proposals for the purpose of procurement through GTE. Web-link of published procurement plan should be provided in proposal.

4. Exemptions/Clarifications

4.1 For procurement of specialised equipments required for research purposes, and spares and consumables, for such equipments upto Rs. 200 crore for the use of Educational and Research Institutes, Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of Global Tender Enquiries for such requirements subject to fulfilment of conditions as laid down in Annexure-II. The equipment should be of specialized nature required for research purposes and not the routine equipment used in offices. (OM No. 20/45/2020-PPD dated 08.01.2021)

4.2 **Special relaxation for procurement of Covid-19 related items/ equipments/ services etc. through GTEs till 31.10.2021:** Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of such Global Tender Enquiries (OM No. 4/1/2021-PPD dated 11.06.2021).

4.3 Further, instructions issued vide this department OM No. 12/17/2019-PPD dated 15.05.2020 will not be applicable in following cases:

Handwritten signature and date:
30.06.2021



Annexure 32

- (i) On procurement of spare parts of the equipments/ Plants & Machinery etc. on nomination basis from Original Equipments Manufactures (OEMs) or Original Equipment Suppliers (OES) or Original Part Manufacturers (OPMs) as no competitive tenders are invited in such cases (OM No. 12/17/2019-PPD dated 29.10.2020).
- (ii) Where procuring entities need to issue GTEs to fulfil contractual commitments/ obligations entered by them before 15.05.2020 i.e. bid has been submitted by them to their clients before 15.05.2020. Similarly, where procuring entities need to issue GTEs in view of existing collaboration agreements entered by them with foreign suppliers before 15.05.2020. (OM No. 4/1/2021-PPD dated 12.03.2021).

30.06.2021

(Kanwalpreet)
Director (PPD)

Tel.No. 2309 3811

Email: kanwal.irss@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to:

Secretary (Coordination), Cabinet Secretariat, Rashtrapati Bhawan, New Delhi,



Annexure 32

Annexure - I

Format for seeking the approval of the Competent Authority as per DoE order on rule 161(iv) of GFR dated 15.05.2020 and 28.05.2020

S.No.	Particulars	Remarks
1	Name of the Ministry:	
2	Name of the Department:	
3	Name of the sub-ordinate office (If applicable):	
4	Detailed Description of the Item	
5	Use of the Item	
6	Life time of the item proposed (In years)	
7	Whether item is procured regularly? (If so, Details of procurement of the said item over the past three years (Three completed financial years or last three tenders and the current financial year) inclusive of supply details as per format at Annexure-A.	
8	Quantity required to be procured with justification for the quantity (State/UT/Region wise projection)	
9	Estimated procurement price along with basic of such estimation (International Price comparison chart)	

Stamp and Signature of the
Authorized officer of the proposing Department
Name and Designation



Annexure 32

10	Justification to be submitted as under		
	a	Detailed justification for Global Tender and essentiality of import (Item wise)	
	b	Who are the (possible) vendors of the item under procurement, in the global (including India) market?	
11	1	Whether the Department has tried and floated the tender to identify the domestic suppliers in the past financial year (If not, the reason thereof)	
	2	Capacity of all domestic local suppliers as per the domestic tender floated, if any	
12	What are technical alternatives available within country and whether they can be used (substituted) for the proposed item under GTE?		
13	Whether the Department had in the past attempted at development of local suppliers/phased indigenization/promotion of alternative technology having sufficient local suppliers. (If so, details thereof)		

Stamp and Signature of the
Authorized officer of the proposing Department
Name and Designation



Annexure 32

14	Consequences of non-procurement of the item through GTE.	
15	Whether BIS standards are available for the items proposed under procurement. If not, the efforts made to operationalize such standards.	
16	Whether the department had published procurement plan for next 5 years, for the item under discussion?	

The above proposal is submitted, with the approval of the Secretary of the Administrative Department/Ministry, for the consideration of the Competent Authority, as mandated by D/o Expenditure order dated 15th May, 2020 regarding Amendment in GFRs-2017, regarding Global Tender Enquiry.

Also, it is informed that the above proposal had been sent to Cabinet Secretariat (Via Email ID: ca4-cabsec@gov.in), D/o Expenditure (via Email ID: GTEnquiry-200@gov.in) and to DPIIT, for their consideration.

Stamp and Signature of the
Authorized officer of the proposing Department

Name

Designation

Contact Number

Email ID



Annexure 32

ANNEXURE-A

FORMAT FOR GTE

Details of procurement of the said item over the past three years (Three completed financial years and the current financial year) inclusive of supply details.

Year of contract	Item	Contract No. & date	Supplier	Quantity of supply with unit	Rate per unit	Completion date of contract	Country of Origin of goods	Local content in %

Stamp and Signature of the
Authorized officer of the proposing Department.
Name and Designation

**Annexure-II****Efforts to locate domestic suppliers**

Educational, Research institutions and other units will make full efforts towards reducing of imports in following manner. This will result in substantial effects both within the institutions and also through impact on the eco-system:

- (i) Identification of equipment being procured time and again from abroad, and help developing them in India by identifying potential manufacturers and providing them technical help and expertise for developing the equipment. This programme will be coordinated by the Empowered Technology Group (constituted by Cabinet and chaired by the PSA)
- (ii) Efforts to promote technology transfer through agreements or to encourage technological collaboration with foreign manufacturing in India at the Start-ups set up in Research Parks.
- (iii) Sharing and updating of information about the availability of research equipment across various Indian Institutes on a single portal (their I-STEM portal has been developed for this purpose) so that those can be utilized by the needy institutes.
- (iv) Without compromising quality, Institutes should indicate alternative/ equivalent technical specifications that could suit their requirement, so that there are more chances of local manufacturers participate in the tendering process.
- (v) Regular Interaction between academia and Indian industry organizations at the level of the institution about the requirement of equipment of foreign origin and for encouraging the domestic manufacturing.
- (vi) Regular requirement of proprietary/ non-proprietary research consumables may be assessed and domestic alternatives are explored for use.
- (vii) A national level programme for indigenous development of scientific equipment be initiated by the Office of PSA.
- (viii) Without compromising quality, Institutes should be flexible with specifications so that domestic manufacturers are encouraged to meet requirements.

2. Guidelines for resorting to GTE :

- (i) Market assessment should be done by the concerned institution, as certified by the Head of the Institution. Only after no Indian manufacturer is found, a GTE should be issued.
- (ii) In case no Indian manufacturer/ suppliers are found, procurement may be done, through GTE, subject to compliance of provisions of GFR and requirement of procurement through GeM.



- (iii) DEAN (R&D) or an appropriate authority within the institute will issue certificates as per para 3 below, before inviting GTE. As a reporting matter in the Board of Governors, such certificates should be tabled, and also shared with Office of the PSA, DPIIT and concerned Administrative Ministry.
- (iv) The information about the procurement of equipment should be shared across various Educational and Research Institutes, through the I-STEM portal, already established for this purpose by the PSA's office. This will allow the equipment to be used by other institutions too, for research purposes.
- (v) Analyze the equipment being procured time and again from abroad, and help developing them in India by identifying potential manufacturers and providing them technical assistance and expertise for developing the equipment. Half-Yearly reports on this action to be shared by the Institutes with the Office of the PSA, DPIIT and concerned Administrative Ministry. A national level scheme will also be initiated by the Office of PSA for indigenous development of scientific equipment.
- (vi) Preference to local suppliers over foreign supplier as per the existing GoI guidelines, should be observed as applicable.

3. Certificates to be issued

- (i) Confirmation of non-availability in India of particular equipment/ consumables of foreign origin through Government e-Marketplace (GeM) and other sources;
- (ii) Certification that locally available alternatives with equivalent specifications are not suitable for research purposes;
- (iii) The non-availability of such equipment for research purposes with nearby research institutes or within the institute.
- (vi) Certification of the requirement of proprietary items of foreign origin for research purposes (where applicable).



Annexure 32

Format for seeking relaxation / approval of Secretary, Ministry of Coal for issuance of Global Tender Enquiry (GTE) for procurement of specialized equipments for Research Purpose/R&D Project of Coal PSUs/Organization, in terms of Para 4.1 of DoE OM No.4/1/2021-PPD dated 30.06.2021

S No	Particulars	Remarks
1	Name of the Ministry	
2	Name of the Department	
3	Name of the sub – ordinate office	
4	Detailed Description of the Item	
5	Use of the Item	
6	Life time of the item proposed (in years)	
7	Whether item is procured regularly? (If so, Details of procurement of the said item over the past three years (Three completed financial years or the last tenders and current financial year) inclusive of supply details as per format at Annexure-A	
8	Quantity required to be procured with justification for the quantity (State/UT/Region wise projection)	
9	Estimated procurement price along basis for such estimation (International Price comparison chart)	
10	Justification to be submitted as under	
	a Detailed justification for Global Tender and essentiality of import (Item wise)	
	b Who are the (possible) vendors of the item under procurement in the global (including India) market?	
11	1 (Whether the Department has tried and floated the tender to identify the domestic suppliers in the past financial year)? (If not the reason thereof)	
	2 Capacity of all domestic local suppliers as per the domestic tender floated, if any	
12	What are technical alternatives available within country and whether they can be used(substituted) for the proposed item under GTE?	
13	Whether the Department had in the past attempted at development of local suppliers/phased indigenization/promotion of alternative technology having sufficient local suppliers (If so, details thereof)	
14	Consequences of non-procurement of the item through GTE	
15	Whether BIS standards are available for the items proposed under procurement. If not the efforts made to operationalized such standards	
16	Whether the department had published procurement plan for next 5 years, for the item	



Annexure 32

under discussion?

The above proposal is submitted with the approval of Chairman/CMD of the concerned Coal PSU for consideration of the Competent Authority as mandated by Department of Expenditure vide OM dated 30-06-2021 regarding Amendment in GFRs-2017, regarding Global Tender Enquiry.

Also, it is informed that certificate(s) to be issued by DEAN or an appropriate authority has been tabled before Board of Governors and shared with office of the PSA, DPIIT and concerned Administrative Ministry.

Stamp and Signature of the Authorized officer of the proposing Department/Company

Name:

Designation:

Contact Number:

E-Mail ID:



Annexure 32

ANNEXURE – A

FORMAT FOR GTE

Details of procurement of the said item over the past three years (Three completed financial years and the current financial year) inclusive of supply details.

Year of contract	Item	Contract No & date	Supplier	Quantity of Supply with unit	Rate Per unit	Completion date of contract	Country of Origin of goods	Local Content In %

Stamp and Signature of the Authorized officer of the proposing Department

Name:

Designation:



Annexure 32

ANNEXURE – B

Compliance of Guidelines stipulated for issuance of GTE for procurement specialized equipments for Research Purpose (R&D) in terms of Annexure-II of DoE OM No F.4/1/2021-PPD dated 30.06.2021

S.No	Description of Compliance	Remarks
1	Efforts to locate domestic suppliers (As per Para-1 in Annexure-II of DoE OM dated 30-06-2021)	
2	Guidelines for resorting to GTE (As per Para-2 in Annexure-II of DoE OM dated 30-06-2021)	
3	Certificates to be issued (As per Para-3 in Annexure-II of DoE OM dated 30-06-2021)	

Stamp and Signature of the Authorized officer of the proposing Department

Name:

Designation:



No.F.4/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

Room No.264C, North Block, New Delhi.
Dated the 1st September, 2021.

OFFICE MEMORANDUM

Subject: Global Tender Enquiry (GTE) under Rule 161(iv) of the General Financial Rules (GFRs), 2017.

Attention is also invited to this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 and 28.05.2020, vide which Rule 161 (iv) of the GFRs, 2017 was amended to stipulate prior approval from competent authority for invitation of Global Tender Enquiry (GTE) for tender upto Rs. 200 crore, or such limit as may be prescribed by this Department from time to time.

2. It was further clarified by this Department, vide OM No. F.12/17/2019-PPD dated 29.10.2020, that the restrictions on issue of GTE, issued vide OM No. F.12/17/2019-PPD dated 15.05.2020, shall not be applicable on procurement of spares parts of the equipments/ Plant & Machinery etc. on nomination basis from Original Equipment Manufacturer (OEM)/ Original Equipment Supplier (OES) or Original Part Manufacturer (OPM), as no competitive tenders are invited in such cases.

3. In this context, NITI in consultation with Scientific Ministries/ Departments has recommended that services like Annual Maintenance Contract (AMC) and auxiliary/ add-on components for existing equipments, which are procured from OEM/ OES/ OPM on nomination basis should also be exempted from seeking approval of GTE from competent authority.

4. The matter has been perused and it is clarified that this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 will also not be applicable to procurement of services like AMC and auxiliary/ add-on components for existing equipments/ Plant & Machinery, etc. on nomination basis from OEM/ OES/ OPM as no competitive tenders are invited in such cases.

5. This issues with the approval of Finance Secretary.

ly
01/09/2021
Kanwalpreet
Director (PPD)

Tel.: 23093811, email: kanwal.irss@gov.in

To

Secretaries, All Ministries/ Departments of Government of India.



No.F.4/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

Room No.264C, North Block, New Delhi
Dated the 08th October, 2021.

OFFICE MEMORANDUM

Subject: Prior approval for Global Tender Enquiry under Rule 161(iv) of General Financial Rules (GFRs).

Rule 161 (iv) of the General Financial Rules (GFRs), 2017 mandate that no Global Tender Enquiry (GTE) shall be invited for tenders upto Rs. 200 crore or such limit as may be prescribed by Department of Expenditure (DoE) from time to time. Currently the limit is Rs. 200 crore. The rule further provides that for tender below such limit, in exceptional cases, Ministry/Department may seek prior approval for relaxation from the competent authority, specified by the DoE.

2. Department of Expenditure (DoE), vide OM No. F.20/43/2020-PPD dated 21.12.2020 (copy enclosed) had specified Secretary, Ministry of Petroleum and Natural Gas (MoPNG) as the competent authority approving issuance of GTEs for certain items (listed in Annexure of DoE OM dated 21.12.2020) for safe operations of plant and machinery and planned capacity building in Oil and Gas Public Sector Undertakings (PSUs).

3. Now, a reference has been received in this Department from BHEL on applicability of the said instructions for procurement by entities other than under administrative control of MoPNG for such items. BHEL has stated that it also has presence in oil and gas sector and they are getting orders from PSUs like ONGC, Indian Oil etc. for supplying many items, which are listed in DoE OM dated 21.12.2020. BHEL has asked if they can take approval from Secretary, MoPNG for issuance of GTEs for such items.

4. In this regard, it is hereby clarified that in case items listed in Annexure of the DoE OM dated 21.12.2020 are to be procured by any Ministry/Department/Organization through GTEs, issuance of GTEs in such cases can be approved by the Secretaries of the Ministries/Departments/Organization concerned.

5. This issues with the approval of Finance Secretary.

(Kanwalpreet)

Director

Tel.No. 2309 3811

Email: kanwal.irss@gov.in

To,

All the Secretaries and Financial Advisors to Government of India.

Copy to: Secretary, Department of Public Enterprises with a request to issue the same information/instruction to Central Public Sector Undertakings (CPSUs).



No.F.4/1/2022-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi
Dated the 14th February, 2022.

OFFICE MEMORANDUM

Subject: Relaxation on Global Tender Enquiry (GTE) under Rule 161(iv) of General Financial Rules (GFRs) 2017 for procurement of raw materials.

The undersigned is directed to refer to Department for Promotion of Industry & Internal Trade (DPIIT) OM No. P-45021/196/2020-PP (BE) (E-46734) dated 23.03.2021 enclosing Approach paper of Bharat Heavy Electricals limited (BHEL) dated 16.02.2021. BHEL has requested that raw materials like Nickel, Chromite sand, Low carbon ferro Chrome, Metallic Manganese flakes etc, which are not available in the country may be exempted from restrictions of GTEs. DPIIT has also recommended that such raw materials, which are not available in country (or not available of appropriate quality/ grade), may be allowed to be procured through GTEs. DPIIT has further stated that similar proposal has been also received by them from SAIL, Ministry of Steel as well.

2. The matter was referred to Ministry of Micro, Small & Medium Enterprises (MoMSME), who have now stated vide their OM No. 21(3)/2020-MA(Pt.-1)(e-20336) dated 10.01.2022 that MoMSME does not have any objection to call GTEs for such items subject to condition that "No MSE in country is engaged in manufacturing of the such items".

3. In view of all above, it has been now decided that procurement of raw materials, like above, which are not available in country (or not available of requisite quality/ grade) may be done through GTEs with the approval of Secretary of Ministry/ Department concerned.

4. This issues with the approval of Finance Secretary.

Ky
14.02.2022

Kanwalpreet
Director (Procurement Policy)
Tel.: 23093811
Email: kanwal.irss@gov.in

To,

All the Secretaries and Financial Advisors to Government of India.

Copy to: Secretary (Coordination), Cabinet Secretariat, Rashtrapati Bhawan,
New Delhi. Email :secypg@nic.in



No.F.4/1/2022-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi.
29th August, 2022.

OFFICE MEMORANDUM

Subject: Relaxation for procurement of certain hardware and software items through Global Tender Enquiry (GTE).

Department of Expenditure, vide OM No. F.12/17/2019-PPD dated 15.05.2020 amended Rule 161(iv) of General Financial Rules (GFRs) 2017, stipulating that no Global Tender Enquiry (GTE) shall be invited for tenders upto Rs. 200 crore, except in exceptional circumstances with prior approval of the competent authority i.e. Secretary (Coordination), Cabinet Secretariat.

2. In this context, as proposed by Department for Promotion of Industry & Internal Trade (DPIIT) and recommended by Ministry of Micro, Small & Medium Enterprises (MoMSME), GTEs for procurement of ICT items, software and hardware such as Blade Servers, SAN storage, LAN switches, Mobile testing devices, Cloud Orchestration & system software, Network & web APTs, mobile testing tools, Integrated Backup System (IBS) etc. can be issued with the approval of Secretary concerned, instead of Secretary (Coordination), until further orders.

3. This issues with the approval of Finance Secretary.

ly
29/08/2022
Kanwalpreet
Director (Procurement Policy)
Tel.: 23093811
Email: kanwal.irss@gov.in

To,

All the Secretaries and Financial Advisors to Government of India.

Copy to: Secretary (Coordination), Cabinet Secretariat, Rashtrapati Bhawan,
New Delhi. Email: secypg@nic.in



Annexure 32

No. P-45021/31/2021-PP(BE-II)- Part- I (E-53204)
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
(Public Procurement Section)

Udyog Bhawan, New Delhi
Dated: 01 November, 2022

OFFICE MEMORANDUM

Subject: General Observation on Global Tender Enquiry (GTE) Proposals- reg

The undersigned is directed to refer to the meeting dated 20.10.2022 held under the chairmanship of Secretary Coordination, Cabinet Secretariat and Cabinet Secretariat's ID Note No. 213/2/1/2020-CA.IV (Vol.XVII) issued on 21.10.2022.

2. In this relation, kind attention may be drawn to the direction given during the meeting held on 20.10.2022 that the proposal should categorically show following information:

- I. Total Lead time (in months) for the tendering process and supply respectively once the approval is accorded for procurement.
- II. The financial year for which the proposed item is procured.

3. In purview of directions of the Cabinet Secretariat dated 21.10.2022 as reiterated above, all ministries and departments are requested to ensure the compliance of above directions before submitting the proposal in future.

Encl: as above


(Akhilesh Kumar) 01/11/22

Deputy Director General
E-mail: akhilesh.kumar1965@gov.in
Tel: 23062343

To:

Ministries/Departments as per the list attached.

Copy to:



No.F.4/1/2023-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

513, Lok Nayak Bhavan,
Khan Market, New Delhi,
03.04.2023

OFFICE MEMORANDUM

Subject: - Relaxation for procurement of certain items through Global Tender Enquiry (GTE) -reg.

The undersigned is directed to refer this Department OM No. 4/1/2022-PPD(pt) dated 21.06.2022 and OM No. 4/1/2022-PPD(pt) dated 25.11.2022 vide which certain medical equipments and drugs were exempted from the instructions related to GTEs issued by this department on 15.02.2020.

2. On the request(s) of Ministry of Health and Family Welfare (MoH&FW) on 22.03.2023, these exemptions are being extended for one year i.e. till 31.03.2024 or further orders, whichever is earlier. As requested by MoH&FW, exemptions will now be available only for 364 Medical Devices (Annexure A) and 70 Drugs (Annexure B).

3. This issues with the approval of Finance Secretary.

Encis: As above.

Usha Rani
03/04/2023
(Usha Rani)

Under Secretary(Procurement Policy)
Tel.24621304
email: usha.rani64@gov.in

To,
All the Secretaries and Financial Advisors to Government of India.

Copy to:
Secretary (Coordination), Cabinet Secretariat, Rashtrapati Bhawan, New Delhi.



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Annexure-A

Consolidated List of 364 Medical Devices/Equipment where no local manufacturer is available.

S.No	Name of Medical Device/Equipment
1.	Intra-aortic balloon Pump (IABP)
2.	Video Assisted Thoracic Surgery (VATS) and Minimally Invasive Cardiac Surgery instrument set
3.	Flow Track Cardiac Output Monitoring
4.	Sander's Jet Ventilator for Emergency Airway
5.	Automated Identification and antibiotic susceptibility system
6.	Histopathology fully automated H&E slide Stainer
7.	Fully Automated IHC Stainer
8.	Auto PAP cervical cancer screening system with HPV
9.	Cystoscope paediatric cystoscope
10.	Flow Cytometer/Advanced FlowCytometer/Benchtop Flow Cytometer
11.	Flexible cysto- nephoscopy
12.	T Piece Resuscitator
13.	CO2 Fraction Laser
14.	Cavitational /Cavitron - Ultrasonic Surgical Aspirator (CUSA) / Ultrasonic Aspirator
15.	Rotary Microtome
16.	Endoscopic Saphenous Vein Harvesting (EVH) System
17.	Intra operative Imaging and TTFM for CT Surgery
18.	DEXA Scan
19.	Near Infrared Spectroscopy



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20.	Fluid therapy
21.	Near Infrared Spectrometer (NIRS)
22.	Electro Physiology (EP) System
23.	TOF Monitor/Watch for Neuro Muscular block
24.	Transcranial Doppler
25.	Mannequins for training of CPR for COVID Preparedness
	a) Intubation
	b) Cardio Pulmonary Resuscitation (CPR)
	c) Peripheral, Central and Arterial Cannulation
	d) Front of neck Access (Cricothyroidotomy and tracheostomy)
26.	Image Analysis Tools/ Trinocular Compound Phase Contrast Microscope for Andrology Lab
27.	Gas Analysis Apparatus Halden's Student Type
28.	Gas Analyzer Automatic for CO ₂ , O ₂ and N ₂
29.	High end Operating Microscope
30.	Stroboscope
31.	Automated Microbial Identification and Sensitivity System
32.	Cryostat
33.	Automated Microbiology Susceptibility Testing Analyser
34.	FFR Machine (Fractional Flow Reserve)
35.	Automated immunoassay system based on the Enzyme Linked Fluorescent Assay (ELFA)
36.	Haemostasis System
37.	Cytoprep Centrifuge with Vortex Mixer
38.	Trans Oesophageal Echo Cardiograph
39.	IVUS



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40.	Minimally Invasive Cardiac Instruments
41.	Impella
42.	Floppy wire with extra support 0 Coronary Angioplasty
43.	Fully Automated Non-Contact Tonometer
44.	Optical Biometer
45.	Activated Clotting Time Machine
46.	Thromboelastogram (TEG)/ Thromboelastometer/ ROTEM
47.	Bone Anchored Hearing Aid (BAHA) Sound Processor with Soft Band
48.	CI Speech Processor for Cochlear Implant
49.	Bi-Ventricular Pacemaker with Quadripolar LV Lead
50.	MRI Conditional Automatic Implantable Cardioverter Defibrillator (AICD)
51.	MRI Conditional Cardiac Resynchronisation Therapy - Pacing (CRT- P)
52.	Expandable Corpectomy device
53.	Riomimetic Synthetic Absorbable Dural substitute of sizes
54.	AO TRS Modular Drive for Drill/Reamer
55.	AO TRS Modular Sagittal saw system
56.	Battery Oscillator
57.	Arthroscopy Systems
58.	Time Lapse Embryo Imaging System
59.	Portable Mobile Endoscopy Unit
60.	Cryoprobe



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61.	Isothermal Calorimeter (ITC)
62.	Electrical Impedance Tomography
63.	FNIRS (Functional Near Infra-Red Spectroscopy) System
64.	Automated Hand- Held Analyzer
65.	Automated High Throughput Liquid Based Cytology (LBC) System
66.	Automated Slide Stainer for Histopathology
67.	3T Digital PET/MR
68.	CyclotromDual Particle Cyclotron
69.	Sweat Collection and Chloride Estimation
70.	Automated Bronchoscope Cleaning Equipment
71.	Electronics and console for the existing 700 MHz NMR Spectrometer
72.	Video bronchoscope with mobility of tip in four directions
73.	Freeze Fracture System
74.	Cryo Plunge Freezing Unit
75.	Biological High- Resolution Atomic Force Microscopy
76.	Carbon Coater (Evaporator) for grids
77.	Haemostasis Analyzer System
78.	Auricular Reconstruction Set
79.	Thin Layer Chromatography Liner Analyser for lipid analysis
80.	Full Endoscopic lumbar IT & ED set
81.	Rapid Blood/Fluid Flow warmer
82.	Fully Automated Computerized Archival System for Histopathology & Cytology Slides
83.	Vacuum Assist Drainage Controller Device
84.	VAP Care System
85.	Cryoablation Unit



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86.	3D Printer Hardware with SLA (LFS) TM Technology and Machine interface software
87.	Transcutaneous Oxygen Monitor
88.	Non-Invasive Jugular Oximetry Monitor
89.	Dedicated Solid- state cardiac SPECT Camera
90.	Hemodynamic Recorded for Cardio Vascular Lab
91.	Gel Documentation System
92.	Automatic Colony Counter
93.	Droplet Digital Polymerase Chain Reaction System (PCR)
94.	Multi-block PCR Machine
95.	Integrated Automated Charting System upgradable for ICU Monitoring Systems
96.	Viscoelastic Global coagulation Testing Device
97.	3 feet IVF workstation with stereo microscope & camera
98.	384 well block, 96- well block and open array real-time PCR system
99.	Advanced High Energy Linear Accelerator (LA) System
100.	Agarose Gel Electrophoresis System
101.	Air Particle Counter
102.	Ambulatory blood pressure Monitor Continuous Glucose Monitoring System
103.	Anaerobic work station with gas cylinder complete
104.	Animal Stimulator Software for Pharmacology
105.	Antibiotic Zone Reader
106.	Apheresis Machine
107.	A TLS Practising Manikin
108.	Autoanalyzer immunoassay (chemiluminescence based) - fully automated with UPS back up
109.	Automated bacterial identification system
110.	Automated Capillary DNA Sequencer



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111.	Automated Cell Viability Analyser with computer, printer and UPS
112.	Automated Clinical Electrophoresis
113.	Automated continuous monitoring standalone blood culture system
114.	Automated Coverslipper
115.	Automated liquid handling system for Serial Dilutions
116.	Automated Microbial Identification and Antimicrobial Susceptibility Testing System
117.	Automated Nucleic Acid Purification system (96 well)
118.	Automated Protein Purification System (FPLC)-
119.	Automated rapid T.B culture and drug sensitivity detection system for 960 samples
120.	Automated Slide Stainer
121.	Automated Tissue Microarrayer & TMA Software
122.	Automated Urine Analyser
123.	Basic Transcranial Magnetic Stimulator
124.	Bench Top Fourier Transform NMR System (Lower version)
125.	Bio-Fermenter 25- 50L
126.	Biplane DSA
127.	RLS Practising Manikin
128.	Body Plethysmograph with Diffusion Study
129.	Cardiopulmonary Bypass Machine
130.	Cardiotocography Machine
131.	Cartridge base nucleic acid amplification system (CBNAAT)- 16 cartridge module
132.	Cell Counter (6 parts)
133.	Cell Morphology Biosensor
134.	Cell Saver



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135.	Chemiluminescence & Gel imaging & analysis system
136.	Chemiluminescence enzyme immunoassay processing system (CLEIA)
137.	Chemiluminescence and fluorescence doc imaging system
138.	CHNS Analyzer
139.	Close Sterility Test System
140.	CO2 Laser
141.	Coaxial Ophthalmoscope Rechargeable
142.	Combined Ultrasonic Cutting, Coagulation Vessel sealing System
143.	Complete Chromatographic Unit for paper & TLC
144.	Cone Beam Computed Tomography
145.	Continuous Glucose Monitoring System
146.	CR System
147.	CRRT Machine
148.	Cryo -Microtome (1 in class B)
149.	Cryotherapy
150.	CT 128 Slice
151.	CT 256 Slice
152.	CT Simulator System
153.	Densitometer with computer
154.	Derma scope
155.	DEXA Scanner (BMD)
156.	Difficult Airway management simulator
157.	Digital Non- Mydriatic Fundus Camera
158.	Digital Polarimeter Multi wavelength with printer
159.	Digital Refractor Meter



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160.	Digital Slide Scanning System with Research Grade Microscope and Image Analysis Software
161.	Disintegration Test Equipment (1 basket for 6 tablets)
162.	Dissolution Apparatus
163.	Dissolution Apparatus with Auto Sampler
164.	Dissolution media preparation and delivery system
165.	DNA Sequencer (24 Capillary) +Computer
166.	DNA Sequencer (96 Capillary) +Computer
167.	Drug Discovery Suite
168.	Dual action Ultrasonic plus Pneumatic lithotripter
169.	ECHO and USG Machine
170.	Elbow & Ankle Arthroscopy
171.	Electron Microscope
172.	Electronic Blood Cell Counter with six-part differential
173.	Elevated grossing station
174.	ELISA (Demonstration)
175.	Elispot Reader
176.	Embryonic/Foetal development model
177.	Endomotor - Endodontic Electric Motor
178.	Endoscopic sinus surgery set Xenon head light and camera system
179.	ENT Workstation
180.	ESWL
181.	Excimer Coronary laser Atherectomy System and Catheter (50)
182.	Fenestrated adapter
183.	Fibreoptic bronchoscope with monitor and recording facility for adult and paediatric



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184.	Fibre-optic Video Bronchoscope
185.	Fibro Scan
186.	Flow cytometry with Cell Sorter
187.	Fourier-Transform Infrared Spectroscopy
188.	Fragment Analyser/On Chip Electrophoresis Devices
189.	FT-Infrared Spectrophotometer with ATR and Pellet Press
190.	FT-Infrared Spectrophotometer with Pellet Press
191.	FTIR with ATR Arrangement
192.	Full body pregnancy simulator
193.	Full size Inhalation Exposure System
194.	Fully Automated Coagulometer
195.	Fully automated Gel Documentation system with UPS back up
196.	Fully Automated Haemoglobin HPLC System
197.	Fully Automated Multiplex Film Array Syndromic System
198.	Fully Automated Rotary Microtome with accessories
199.	Gamma Camera
200.	GAS Chromatography - Mass Spectrometer with flame Ionization detector (GC-MS with FID)
201.	GC- Electron capture detector (ECD)
202.	GC- Flame Ionization detector (FID&NPD)
203.	GC/MS
204.	GC-HS
205.	GC-HS with FID detector
206.	GCMS-MS (QQQ) with HS
207.	Gel electrophoresis horizontal with compatible power pack and accessories
208.	GLCwith Head Space



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209.	Gluteal IM Injection model
210.	Gradient PCR Machine
211.	Gradient Thermal Cycler with standalone UPS
212.	Grossing Station
213.	Hand foot UV phototherapy device
214.	Handheld ICG Fluorescence Imaging System (Burns and Plastic Surgery Block)
215.	Harmonic scalpel
216.	HDR Brachytherapy
217.	High Content Screening System
218.	High Dimensional Flow Cytometry Analyser
219.	High End Virtual Simulator for Intraocular Surgery Training
220.	High Performance Liquid Chromatography - Analytical with Auto Injector
221.	High performance Thin Layer chromatography (HPTLC)
222.	High Resolution GCMS /MS
223.	High Resolution Manometry
224.	High Resolution Orbitrap Mass Spectrometer
225.	High Through put Real Time PCR
226.	High throughput single cell analysis system
227.	High-Performance Liquid Chromatograph with A/DAD/RI/FLD
228.	High-Performance Liquid Chromatograph with PDA/RI/FLD
229.	High-Performance Liquid Chromatograph with Ultraviolet Detector/High- Performance Liquid Chromatograph with UV Detector
230.	High-Performance Liquid Chromatography- Analytical with auto injector
231.	High-Performance Thin-Layer Chromatography
232.	High-Performance Thin-Layer Chromatography (HP TLC)-MS



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233.	Holmium Laser 100W
234.	Holmium LASER System with MOSES Technology
235.	HPLC based automated analyser for HbA1c hemoglobinopathy Testing
236.	HPLC based automated analyser for HbA1C testing
237.	HPLC Preparative (Lower Version)
238.	HPLC system
239.	HPLC system for haemoglobin analysis
240.	HPLC with fraction collector
241.	HPLC-ICP/MS
242.	HPTLC with MS
243.	Hydrogen Peroxide Decontamination System
244.	Hyperthermic Intra Vesicular Therapy
245.	ICP Monitor
246.	ICP MS
247.	Ilizarov Instrumentation Set Complete with Accessories as
248.	Image analyser cum viral foci counter
249.	Immunoanalyser (Chemiluminescence based) fully automated with UPS back u
250.	In vivo Animal imaging System
251.	Incinerator
252.	Individually ventilated cages/housing system for small animals
253.	Intense Pulse Light Device
254.	Intra Operative Nerve Monitoring
255.	Inverted Fluorescent Microscope with Live Cell Imaging Capability
256.	Inverted Trinocular Epifluorescence Microscope with Imaging system



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257.	Ion Chromatograph
258.	IPL (Intense Pulse Light System)
259.	IUD insertion trainer uterus
260.	Karl Fischer Titrator (Semi- Micro Determination of Water)
261.	Laparoscopic Surgery set with High-Definition camera
262.	Laparoscopic Surgery Set with Hysteroscope & resectoscope with High-Definition Camera & Monitor
263.	Laser for existing Confocal Microscope
264.	Lasik Machine
265.	LCMS
266.	LCMS MS
267.	LC-MS/MS (QQQ)
268.	Kidney Transporter With 05 Sets of Expendables with Each Equipment
269.	Liquid Based Cytology System
270.	Liquid Particle Counter
271.	Lymphovascular Microscope
272.	Magnetic Bead based Multiplex Immunoassay system
273.	Measurement of Lung clearance index (LCI)
274.	Melting- Point Apparatus
275.	Mercury analyser
276.	Metaphase Finder System with Fluorescence
277.	Micro Needling Radio Frequency Equipment
278.	Microinjection system (Microinjector, Micromanipulator, Pipette puller)
279.	Micro method bilirubin analyser
280.	Microplate multimode reader



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281.	Microscope (with Phase Contrast and Camera attachment)
282.	Microwave digestion System
283.	Motor (electric) Dermabrader
284.	MRI
285.	MRI 1.5 T
286.	MRI 3T T
287.	MSK-USG with linear transducer
288.	Multimode Microplate Reader and Fluorometer
289.	Multimode Reader
290.	Multiplex Protein Array System
291.	Multiplex Suspension Array System based II xMAP Technology
292.	Nanobio Spectrophotometer
293.	NdYag Laser with IPL
294.	Nerve stimulator (intra operative)
295.	Neuro Surgical Drill with all attachments.
296.	New-born Resuscitation Manikin
297.	Next Generation Sequencer - Higher Version
298.	Next Generation Sequencer - Lower Version
299.	Next generation sequencing machine
300.	Nursing baby with SimPad/Nursing kid with SimPad system
301.	OAE (screening)
302.	Orbitrap Proprietary Mass Spectrometer
303.	Orthopantomogram (OPG) unit
304.	Osmometer



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305.	Patient Care Simulator
306.	Patient Care Simulator with Sim Pad
307.	PCNL set
308.	Paediatric Bronchoscope set
309.	Paediatric cystoscope and resectoscope set/Cystoscope & Resectoscope — Paediatric
310.	Paediatric High Resolution Fibre Flexible Bronchoscope with recorder and Screen Display
311.	Paediatric laparoscopy set
312.	Paediatric rigid Esophagoscope
313.	PET CT
314.	Physical assessment simulator
315.	Platform pedography system
316.	Point of Care Device for estimation of Cardiac Biomarkers (CKMB, Troponin, BNP, Myoglobin) and PT-INR
317.	Point of Care Machine (Trop I, BNP, CPK-MB, CRP)
318.	Polarimeter with Multi Wavelength
319.	Portable Fluorescence Microscope
320.	Potentiometric Titrator with necessary electrode
321.	Potentiometric Titrimeter
322.	Power Assisted Liposuction System
323.	Power Tools for Craniomaxillofacial and hand surgery (Electric micro drill)
324.	Powered Liposuction Set
325.	Preparative floor model refrigerated ultracentrifuge
326.	Protein purification system
327.	Pulsed Field Electrophoresis System



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328.	QTOF Mass Spectrometer
329.	Quaternary FHPLC (Fast High Pressure Liquid Chromatography) with Fluorescence + visible and PDA detectors with columns and autosampler (Inclusive Software programme + computer + printer+ Online UPS with at least 1 hr backup)
330.	Radiofrequency Generator with integrated vessel sealing and cutting system
331.	Raman Spectroscope
332.	Rigid Bronchoscope
333.	Rigid Thoracoscope (VATS)
334.	Shaver System cum micro drill
335.	Small animal behavioural monitoring, tracking and analysis system with accessories (For safety pharmacology)
336.	Spectrofluorometer
337.	Super Microsurgery System
338.	Texture Analyzer
339.	Thalassaemia And Hemoglobinopathy Testing/Screening System
340.	Thermal Cycler
341.	TOC analyser
342.	Transcranial Magnetic Stimulator
343.	Transcutaneous bilirubin analyser
344.	Transillumination Caries Detector
345.	Triple Quadrupole Mass Spectrometer
346.	Tube feeding simulator (NG, OG and PEG)
347.	Tympanometer



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348.	Ultra-High Performance Liquid Chromatography
349.	Ultracentrifuge with HEPA filter and necessary Rotors
350.	Ultra-Fast Liquid Chromatography
351.	Ultrasonic cutting and Coagulation device
352.	Ultraviolet/ Visible Spectrophotometer
353.	Uretero-roscope- Adult
354.	Uretero-roscope- Paediatric
355.	Vacuum assisted wound closer system
356.	Vacuum Assisted Tissue Processor
357.	Venepuncture and injection arm
358.	Venous Coupler System
359.	Vertical Gel Electrophoresis Apparatus with Western Blotting Apparatus
360.	Western Blot Apparatus with Compatible power Pack
361.	Workstation for Multi-PTM analysis (Proteomics)
362.	XRD
363.	Biological indicator auto reader (Incubator)
364.	Vacuum Assisted Breast Biopsy Machine



Annexure - B

LIST of 70 DRUGS

S.no	Name of the Medicine and Strength
1.	Abemaciclib 150mg Tablet.
2.	AFLIBERCEPT 40 MG
3.	Apidra Solostar
4.	ATEZOLIZUMAB 840 MG/ 1.2MG
5.	Avelumab injection: 200 mg/10 mL (20 mg/mL) solution in single-dose vial
6.	BASILIXIMAB 20 MG
7.	Biphasic Insuliin Aspart Inj-
8.	Brolucizumab solution for injection 120 mg/mL(vial + filter needle)
9.	CETUXIMAB 100 MG
10.	CETUXIMAB 500 MG
11.	Creon 10000
12.	DARATUMUMAB 100 MG 400mg
13.	DEGLUDEC 100 I.U./ML INSULIN, PREFILLED PEN 3 ML.
14.	Desflurane Anaesthetic Liquid (SUPRANE)
15.	Detemir Insulin 100iu/ml 3ml Pen
16.	DULAGLUTIDE 0.75 MG (BRAND-TRULICITY 0.75MG) 1.5
17.	Dulaglutide Inj- Each 0.5 ml to contain: 1.5 mg of Dulaglutide, Citric Acid Anhydrous [0.07mg], Mannitol [23.2 mg], Polysorbate 80 [0.10 mg], Trisodium Citrate Dehydrate [1.37 mg] Water for injection
18.	DURVALUMAB 120 MG/ 500MG
19.	Each Tab/Cap contain: Olaparib 150mg



20	Emicizumab Inj- Each Vial Contains : Emicizumab 30mg For Sub Cut Injection (R-DNA Origin), Each Vial Contains : Emicizumab 60mg For Sub Cut Injection (R-DNA Origin)
21	FACTOR EIGHT BYPASSING ACTIVITY - Containing : Factor Eight Bypassing activity, Anti- Inhibitor-Coagulant Complex. 500 IU.
22	Golimumab (r-DNA Origin)- Each Single Use Pre-Filled Syringe to contain: Golimumab 50mg/0.5ml Component [Amount Per Dose (Mg)]: Golimumab (CNTO 148) -50mg, Sorbitol -20.5mg, L-Histidine - 0.44mg, Polysorbate 80 - 0.075mg, Water For Injection - 0.5mg
23	HUMAN COAGULATION FACTOR VII INJ - Each vial to contain: Human Recombinant Coagulation Factor VII activated (r-DNA origin) 1mg, Each vial to contain: Human Recombinant Coagulation Factor VII activated (r-DNA origin) 2mg
24	Human Papillomavirus- Each 0.5ml to contain: Human Papillomavirus Quadrivalent (6, 11, 16 , 18) Vaccine, Recombinant & 0.5ml
25	Idursulfase injection : 6 mg/3 mL (2 mg/mL) in single-use vial
26	Imiglucerase injection: 400 units of imiglucerase as a lyophilized powder in a single-dose vial.



27	INJ AVELUMAB 200 MG
28	INJ PANITUMUMAB 100 MG (BRAND:INJ. VECTIBIX)
29	INJ PEMBROLIZUMAB 100 MG, 420
30	INJ PERTUZUMAB 420 MG (BRAND:PERJETA)
31	Inj. Insulin Degludec 70% + Insulin Aspart 30% 100 IU/ml., 3 ml. Cartridge (RYZODEG PENFILL.)
32	Inj. Liraglutide 18 mg per pen, 1 needle free per pen
33	INJ. MEPOLIZUMAB POWDER FOR SOLUTION 100 MG
34	Inj. Secukinumab 150 mg(Scapho)
35	Inj. Thyrotropin alfa.1 mg (THYROGEN)
36	Insulin Analogue of 50% Insulin Aspart + 50% longer acting analogue 100 iu/ml.
37	INSULIN GLULISINE INJECTION(MONOCOMPO NENT INSULIN GLULISINE) 100I.U./ML,3ML CARTRIDGE WITH ONE NEEDLE FREE OF COST PER CARTRIDGE AND ONE COMPATIBLE DEVICE FREE OF COST PER TWENTY CARTRIDGES.
38	Insulin Inj-Each Cartridge to contain: 25% Lispro And 75% LisproProtamine Suspension (100 IU/ml) [Monocomponent Insulin, Recombinant DNA Origin] & 3ml Cartridge Each Cartridge to contain: 50% Lispro And 50% LisproProtamine Suspension (100 IU/ml) [Monocomponent Insulin, Recombinant DNA Origin] & 3ml Cartridge



39	Intravitreal Dexamethasone Implant- Each inj to contain: Intravitreal Dexamethasone 0.7mg
40	Laronidase injection: 2.9 mg/5 mL (0.58 mg/mL) of laronidase in a single-dose vial
41	LYNPARZA
42	Mepolizumab Inj- Each Vial to contain: Mepolizumab 100mg
43	Methoxy Polyethylene Glycol Epoetin-Beta- Each PFS to contain: Methoxy Polyethylene Glycol Epoetin-Beta 100mcg, Methoxy Polyethylene Glycol Epoetin- Beta- Each PFS to contain: Methoxy Polyethylene Glycol Epoetin-Beta 50mcg, Methoxy Polyethylene Glycol Epoetin- Beta- Each PFS to contain: Methoxy Polyethylene Glycol Epoetin-Beta 75mcg
44	Midostaurin Tab/Cap- Each Tab/CapContains:Midostaurin 25mg
45	NIVOLUMAB 100 MG INJ (BRAND:OPDYTA), Each 4 ml Vial to contain: Nivolumab 40mg
46	Obinutuzumab Inj- Each Vial to contains: Obinutuzumab 1000 mg
47	Pertuzumab Inj- Each 14ml Vial to contain: Pertuzumab 420mg (30mg/ml)
48	RAMUCIRUMAB 100 mg&500 MG(BRAND- CYRAMZA)
49	Ryzodeg penfil



50	Secukinumab Inj- Each 1 ml to contain: Secukinumab 150mg, Sucrose 92.43mg, L- Histidine / L- Histidine Hcl Monohydrate 4.656 mg, Polysorbate 80 - 0.60mg.
51	Tab./ Cap. (Netupitant 300 mg. + Palonosetron 0.5 mg.) (AKYNZEO CAPS.)
52	TUOJEO SOLOSTAR 1.5ML PEN(INSULIN GLARGINE INJECTION 300IU/ML)THREE NEEDLES FREE WITH ONE PEN
53	TUROCTOCOG ALFA 500 I.U. INJECTION
54	VERTEPORFIN 15 MG
55	Ceftazidim 2gm + Avibactam 500mg Inj.
56	Crizotinib Tab/Capsule (250 Mg)
57	Tab. Dacomitinib Monohydrate 30 mg.(Tab Dacoplice 30 Mg.)
58	Isavuconazole 100 mg caps.
59	Liraglutide 18 mg
60	ALECENSA 150 MG
61	ELTROMBOPAG TABLETS 25 MG, ELTROMBOPAG TABLETS 50 MG (REVOLADE 25/50 MG)
62	EMPAGLIFLOZIN 10 MG+LINAGLIPTIN 5 MG TAB/CAP
63	EMPAGLIFLOZIN 10 MG+ TAB (BRAND:JARDIANCE)25,
64	LINAGLIPTIN 2.5 MG + METFORMIN 500 MG TAB/CAP
65	NILOTINIB 150 MG TAB (BRAND:TASIGNA)200MG
66	OSIMERTINIB 80 MG
67	RECOMBINANT ANTI HEMOPHILIC FACTOR-VIII



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68	RIBOCICLIB TABLET/CAPSULE 200 MG (BRAND KRYXANA)
69	RUXOLITINIB 15 MG, 5 MG, 20 MG TABLET (BRAND JAKAVI)
70	TAGRISSO 80 MG (OSIMERTINIB 80 MG)



भारत सरकार / Government of India
मंत्रिमण्डल सचिवालय / Cabinet Secretariat
राष्ट्रपति भवन / Rashtrapati Bhawan

Subject:- General recommendations of the Competent Authority regarding Global Tender Enquiry (GTE) proposals regarding.

Kind reference is invited to the Global Tender Enquiry (GTE) meetings held on 15th June, 2023 at 03:30 PM under the Chairmanship of Secretary (C) with D/o Expenditure and D/o for Promotion of Industry and Internal Trade to discuss the GTE proposals of various Administrative Ministries / Departments.

2. In this regard, the undersigned is directed to convey the following general recommendations made by the Competent Authority in the above-mentioned meeting:

(i) In case a similar item was previously approved by the Competent Authority, Administrative Ministries/Departments (AMDs) should submit procurement details/status of such items along with new GTE proposal.

(ii) Domestic tender should have been issued before every new GTE proposal is submitted to Competent Authority. Same domestic tenders may not be used for clearing multiple GTE proposals.

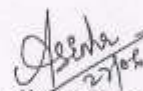
(iii) It was observed that Administrative Ministries/Departments (AMDs) are bringing GTE proposals for same items frequently, which needs to be avoided. For this, AMDs should do proper analysis and consolidate the required quantity for procurement taking into account stock in hand, future requirement and procurements currently underway. The details of such procurement plan need to be submitted alongwith GTE proposal.

(iv) It was observed that development purchase orders (POs) are not getting fulfilled on time. AMDs and DPIIT should proactively engage with such domestic vendors and assist them in fulfilling the development POs on time and such efforts should be demonstrated while submitting GTE proposals for any item for consideration.

(v) All Ministries/Departments should ensure that restrictive conditions for local players/manufacturers are not included in their domestic tenders.

3. The undersigned is also directed to request D/o Expenditure to issue necessary directions to all the concerned stakeholders in respect of general recommendations.

4. This issues with the approval of Competent Authority.


(Ajay Kumar Sinha)
Under Secretary to the Govt. of India
Tel. No. 2301 8342

Secretary, D/o Expenditure
Secretary, Department for Promotion of Industry and Internal Trade
Cabinet Secretariat's I.D. No. 213/2/1/2020-CA.IV-(Vol.XXX) dt. 27th June, 2023



Annexure 33

CHAPTER-13
ANNEXURE-33
(Clause 13.20.4)

Invitation and Declaration for Negotiations

Invitation for Negotiations

(On letterhead of the procuring entity)

No: _____ Dt: _____

To M/s _____ Registered A/D

Sub: **Tender No** ----- **opened on** ----- **for the supply of** -----

Dear Sir,

The rates quoted in your tender are considered high. You are therefore, requested to come for negotiations of rates, on..... (date) at..... (time) at..... (venue).

You should, however, come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.

A copy of the form in which you may submit your revised offer after negotiations is enclosed.

Yours faithfully,

Enclosure:

(Authorized Officer)

- i) Form of Declaration
- ii) Form of Revised Offer

FORM OF DECLARATION

(To be signed and submitted before start of negotiations)
(On company letterhead)

No: _____ Dt: _____

To _____

Sub: **Tender No** ----- **Opened on** ----- **for the supply of** -----

Ref: Your invitation for negotiations No: dated:

Dear Sir,

I _____ duly authorized on behalf of M/s. _____ do declare that in the event of failure of the contemplated negotiations relating to Tender No. _____ opened on _____ my original tender shall remain open for acceptance on its original terms and conditions.

Yours faithfully,

Place: _____
Date: _____

Signatures of bidder, or officer authorized
to sign the bid documents
on behalf of the bidder



Annexure 34

CHAPTER-13
ANNEXURE-34
(Clause 13.20.4)

Format of Revised Offer in Negotiations

Revised Offer in Negotiations

(On company letterhead)

From.....

Full address.....

To

Sir,

Sub: **Tender No ----- opened on -----for the supply of -----**

Ref: Your invitation for negotiations no: dated:

1. On further discussions with your representatives on in response to your letter no dated

We are not prepared to reduce the rates already quoted in the original tender, which will remain valid up to.....

Or

1. I / we reduce my/our rates as shown in the enclosed schedule of items.

2. I / we am/are aware that the provisions of the original bidding document remain valid and binding on me.

3. I/we undertake to execute the contract as per following Schedule.....

4. I/we agree to abide by this tender on the revised rate quoted by me/us, it is open for acceptance for a period of 120/180 (one hundred twenty to one hundred eighty) days from this date, i. e., up to and in default of my/our doing so, I/we will forfeit the earnest money deposited with the original tender/ attached herewith. Eligibility as valid tenderers shall be deemed to be the consideration for the said forfeiture.

Yours faithfully,

Signatures of bidder or
officer authorized to sign the bid
documents on behalf of the bidder

**CIL Guidelines for Procurement of Medicines****CIL Guidelines for procurement of Medicines 2021****1.0 Title and commencement**

This guidelines will be called as “CIL Guidelines for procurement of Medicines 2021”. It will come into force with immediate effect.

2.0 Scope and applicability

These guidelines cover methodology for procurement of medicines, inventory management and other best practices that shall be uniformly applicable across CIL and its Subsidiaries.

CIL and its Subsidiaries make attempts from time to time to facilitate availability of drugs in an uninterrupted manner at all health centres situated in the Subsidiaries. These guidelines are being formulated with focus on following areas:

- Mitigate the shortcomings in the conventional purchase of medicines, existing in the Company & formulate the methodology for uniformity and simplification in procurement of medicines for the Company.
- Ensure timely and uninterrupted supply of medicines and continuity of optimised medicine inventory to meet the need of the beneficiaries.
- Ensure availability of quality controlled generic medicines at best prices to all the health centres of the Company and optimum utilisation of medicines before expiry.

3.0 Definitions

In these guidelines, unless there is anything repugnant to the context, the following words would have the meaning as assigned to hereunder:

BMW - Bio-Medical Waste
BPPI - Bureau of Pharma PSUs
CMS - Chief of Medical Services
COPP - Certificate of Pharmaceutical Product
CPSE – Central Public Sector Enterprises
DDOs - Direct Demanding officers
ERP - Enterprise Resource Planning
FDCA - Food & Drug Control Administration
FEFO - First Expiry First Out
FIFO - First in First Out
GMP – Good Manufacturing Practices
GOI – Government of India
HMIS – Hospital Management Information System
NABL - National Accreditation Board for Testing and Calibration Laboratories
RC - Rate contract
VOIP – Voice over internet protocol
WHO - World Health Organisation



4.0 Guidelines for Forecasting/ Inventory Management/ Quality assurance/ Data Maintenance/ Prescription conduct

- 4.1. Essential Drug List shall be prepared through a technical Committee consisting of CMS I/C of CIL/Subsidiary in consultation with medical specialists of various departments. Such list may be reviewed every two years and updated.

This standard list of Essential Drugs (Including drugs reserved for Pharma CPSEs and fast moving drugs) in generic form, shall be circulated to all Subsidiaries. These drugs would be stored at the drug stores at Central Hospitals and Area Hospitals of Subsidiary at all times and accordingly required stock shall be ensured.

Out of the above standard list of essential drugs, Category wise Fast Moving Drugs shall be identified by the above Committee for the purpose of conclusion of rate contract by the nominated nodal Subsidiary.

- 4.2. Annual Drug Plan: Area Medical Officer or In-charge of Central Hospitals will submit their annual requirement of essential drugs to the order placing authorities for the following financial year by 30th September of every year taking into account CSR activities also.

It has to be ensured that Supply orders for a particular quarter requirements are placed 3 (three) months in advance also considering seasonal demand and CSR activities.

Provisions shall be incorporated in HMIS for recording Medical profile data base of employees and dependants for facilitating accurate forecast of regional requirement.

- 4.3. At drug stores of Central Hospitals and Area Hospitals who are authorised to receive medicines directly against regular supply orders should store the essential drugs required for 3 months and at dispensary level who draw drugs from Area Hospitals/ Central Hospitals, drugs/ goods would be stored to meet 30 days requirement. Where there is a practice of Area Hospital drawing their regular requirement from Central Hospital Store, such Area Hospital may maintain stock required for 30 days.

Monitoring and maintaining stocks at Central Hospitals/ Regional Hospital/ Area Hospitals/ Dispensaries would be the responsibility of the respective Medical officer In-charge.

- 4.4. The drugs would be issued based on Fast Moving and Slow Moving items and distributed as the FEFO (First Expiry First Out) & FIFO (First in First Out) method and accordingly stores management procedure would be adopted.

- 4.5. Medical department at Subsidiary HQ would review extensively the drugs/ goods purchased by Area level, their availability, quality, stock position, lifesaving drugs and drug disposal & expiry of drugs. The above points shall be monitored through an online portal.

The expired medicines, bio medical waste of expired medicines shall be packed in appropriate coloured bag and disposed by following prescribed procedure as per BMW (Bio-Medical waste management) protocol after obtaining competent approval.

- 4.6. The CMS In-charge of the Subsidiary may instruct the Doctors under their control to prescribe only generic drugs available in the hospital medical stores of CIL as far as possible. In case of non-availability of any prescribed drug, suitable therapeutic alternative medicine available



in store, may be verified and prescribed. To enable the above, the Doctor shall be provided access to the current stock of medicines on a real time basis through HMIS/ ERP.

In case prescribed drugs are not available in stores and patients are allowed to be procure from outside sources, a record of such medicines should be maintained in a detailed hospital management information system for considering in future forecasting.

4.7. Guidelines to be followed while purchasing medicines through Rate Contract (RC)

i. Procedure for RC conclusion

- a) To facilitate smooth procurement of medicines, Rate Contract shall be concluded for a period of one year by the Nodal Subsidiary Company nominated by CIL for consolidated estimated requirement of fast moving essential drugs of all CIL Subsidiaries, based on the standard list of Category wise Fast Moving Drugs identified by the Committee indicated at para SI No. 4.1 above. After conclusion of centralised RC by the nodal Subsidiary, all Subsidiary Companies shall operate the RCs for their respective requirements from time to time in line with proposed policy.
- b) The details of Subsidiary/ Area wise DDOs, Consignees, Distribution points across all Subsidiaries shall be identified by the Committee indicated at SI No. 4.1 and shall be mentioned in NIT/ RC.
- c) The number of Consignees should be kept as minimum as possible and should be restricted to Central Hospitals or Area hospital working in the capacity of central hospital only with a view to avoid difficulty in managing supply chain by RC holders.
- d) The DDOs shall be the Medical Officer I/c of the respective Central Hospital /Area Hospital or his/ her authorised representative. The DDOs shall place orders based on the collective requirement of all areas of the cluster to which they cater.
- e) Payment to the suppliers shall be made by the concerned paying authority of the Consignee.
- f) If for a particular item, RC for medicine of any CIL Subsidiary is valid during the currency of centralised RC concluded by Nominated Nodal Subsidiary, then concerned Subsidiary shall operate RC of lower prices for that particular item.
- g) For the purpose of monitoring performance against RC centrally, all central hospitals/ Consignees shall be on-boarded to a single portal/ HMIS at the earliest.

- ii. Medicines covered in the Pharmaceutical purchase policy for products of Pharma CPSEs and subsidiaries shall be ordered on Pharma CPSEs and their subsidiaries as per guidelines/ directives issued by Department of Chemicals & Petrochemicals or any other Department/ Ministry of Government of India.

As per Pharmaceuticals purchase policy of Government of India, in case the pharma CPSEs and their Subsidiaries fail to supply these medicines, the procuring entity would be at liberty to make the purchases from other manufactures.

In order to have an alternative source for products of Pharma CPSEs the requirement of fast moving drugs of these medicines should also be covered in the RC. DDOs shall be instructed in RC to operate the RC for products of Pharma CPSEs only in the instance of non-supply of medicines by Pharma CPSEs.

- iii. WHO-GMP certified Manufacturers who are having WHO-GMP certificate with list of product approved under WHO-GMP or Certificate of Pharmaceutical Product (COPP) confirming to WHO-GMP shall only be eligible to participate in the tenders.



- iv. The following documents should be furnished by the tenderer while submitting the bid:
- a) Drug License for manufacture and sale of the item which should be valid on date of Tender opening and shall remain valid till the date of completion of supply.
 - b) The manufacturers participating in a tender should submit a non-conviction certificate issued by concerned Licensing Authority within a period of 12 (twelve) months prior to tender opening, stating that the Company has not been convicted under drugs and cosmetics Act. – 1940 & Rules 1945 or amended rules thereof, if any, with respect to Own Manufacture and/ or Loan Licensee (in case quoted products are manufactured on Loan License) during the last three years.

The tenderer shall also submit a self-declaration, stating that the Company is not convicted under drugs and cosmetics Act. – 1940 & Rules 1945 or amended rules thereof, if any, with respect to Own Manufacture and/ or Loan Licensee (in case quoted products are manufactured on Loan License) as on date of submission of bid and shall intimate the order placing authority in case of conviction during the currency of contractual obligation.
 - c) WHO-GMP certificate of Manufacturer having WHO-GMP certificate with list of product approved under WHO-GMP or Certificate of Pharmaceutical Product (COPP) for WHO-GMP practices.
 - d) Test Reports from Accredited laboratory of NABL authorized for conducting tests of tendered items/ medicines.
- v. To ascertain reasonability of prices, MRP & institutional price list of medicines quoted may be obtained from tenderers.
- vi. In cases of tenders for concluding Rate Contracts for supply of medicines, parallel RC may be concluded with L1, L2 & L3 bidders in pre-determined ratio of 45:30:25 (which is to be pre-disclosed in NIT for Medicines) by counter offering L1 price as per provisions of CIL Purchase Manual clause No. 9.7 in order to ensure supplies in case of failure of L1 bidder to supply ordered medicines in time, subject to availability of bidders. In case of non-acceptance of L1 price by L2 or L3 bidders, next available bidder as per ranking shall be considered for counter offer of L1 price.

In case less than three bidders are available for that particular item, distribution among L1 & L2 may be done in the ratio of 60:40.

In case L1 is non-MSE and there are MSE firms who are within the price band of L1+15% and hence are eligible of purchase preference as per MSE policy, then 25% quantity shall be distributed among all eligible MSEs by counter offering L1 Price. Balance quantity shall be distributed among L1 & L2 only in the ratio of 60:40. In case L1 & L2 are also MSE they may not be considered for distribution of MSE purchase preference as they have secured the minimum 25% guaranteed to MSE as per policy. 25% quantity reserved for MSEs (including SC/ST & Women entrepreneurs) may be distributed among other MSEs as per MSE purchase preference policy.



In case L2 or L3 are Class-II Local bidders they shall not be considered for Counter offer if there are Class-I Local bidders who are within L1+20%. In such case Class-I Local bidders may be considered for counter offer of L1 price as per their price status. In case there are no Class-I bidders who are within L1+20%, then Class-II bidders may be considered for counter offer of L1 price as per above distribution.

After concluding 3 parallel Rate Contracts if any bidder/ RC party fails to supply ordered quantity in time, the quantity which is not supplied may be diverted to other RC Parties in ratio of 60:40 as per their price status. In case of failure of two bidders/ RC parties to supply ordered quantity, the full quantity that has not been supplied may be diverted to other remaining RC holder. In case RCs are concluded with more than 3 bidders as per MSE policy, unexecuted quantity may be distributed among other RC firms in fair and equitable manner.

Example:

Situation – I: RC concluded with L1, L2 & L3

If L1 do not execute complete order quantity, unexecuted quantity will be distributed in following manner: L2 - 60 % and L3-40%.

If L2 do not execute complete order quantity, unexecuted quantity will be distributed in following manner: L1 - 60 % and L3-40%.

If L3 do not execute complete order quantity, unexecuted quantity will be distributed in following manner: L1 - 60 % and L2-40%

Situation-II: If RCs are concluded with L1, L2 and multiple MSEs

If L1 do not execute complete order quantity, unexecuted quantity will be diverted to L2 and if L2 do not execute complete order quantity, unexecuted quantity will be diverted to L1. In case both L1 & L2 fail to execute the RC, the unexecuted quantity will be distributed among MSE RC firms equally.

If any MSE do not execute complete order quantity, unexecuted quantity will be distributed among other MSEs equally. If none of the MSE execute complete order quantity, unexecuted quantity will be distributed among L1 & L2).

In case only two parallel Rate Contracts are concluded for an item, if any bidder/ RC party fails to supply ordered quantity in time, the full quantity which is not supplied may be diverted to other RC party.

The price status and % share of RC holders shall be indicated in the respective RCs. Also item wise distribution of order quantity (in percentage) shall be circulated to all DDOs (Direct Demanding Officers.)

In case of diversion of quantity due to failure of RC holder to supply, the same shall be informed to the Nodal subsidiary/ RC issuing authority.

Action may be taken against defaulting RC Parties by blacklisting/ banning them for two years as per procedure indicated in Purchase Manual.



- vii. In case price of any RC holder is reduced for a particular item on account of price fall clause, the other parallel RC holders will be requested to match the reduced price. If they do not agree the RC for the particular item for that RC holder shall be short closed and quantity may be redistributed among the RC holders who agree to match the reduced price.
- viii. Security Deposit against RC for medicines shall be applicable as per prevalent guidelines.
- ix. Centralised RC shall indicate subsidiary wise offtake allocation. In-turn Subsidiaries may initially allocate 80% offtake value assigned to that Subsidiary against RC, to individual areas/ DDOs. Subsequently balance 20% of offtake value may be re-allocated as per requirement during the validity period of Rate Contract by CMS I/c.
- x. The following additional conditions shall also be incorporated for procurement of medicines/ drugs made on the basis of rate contract:
 - a) DDOs will place order on Drug manufacturer and supply and billing will also be done by Drug manufacturer.
 - b) The Pharma Company shall certify that the medicines/ drugs supplied are as per the formulation specified/ approved under the Drug Control Act and Food & Drug Control Administration Regulations or any similar Regulations. The Pharma Company shall be held responsible for consequences, if any, of supplying spurious, adulterated or sub-standard medicines/ drugs not conforming to such Act/ Regulations.
 - c) The tenderers should ensure that the prices quoted by them should not contravene the provision of Drug Price Control Order, 2013 or any other control order enforced during the relevant period. While claiming payments, the successful tenderer will be required to submit a certificate to this effect from any of their Internal Auditors/ Chartered Accountant.
 - d) At the time of supply, the medicine should not have crossed more than 1/6th of the total useful life. Loss or premature deterioration due to biological and other activities during life span of stores shall have to be made good by the contractor free of cost.
 - e) The stores offered should strictly conform to the provision of the Drugs and Cosmetics Act, 1940 and Rule made thereunder as amended from time to time.
 - f) The Pharma Company shall furnish a copy of the analytical report for each batch of medicines/ drugs based on the formulation submitted by the Pharma Company and approved by the Drug Control Authority/ Food & Drug Control Administration (FDCA), failing which the medicines/ drugs supplied may be rejected.
 - g) CIL and its subsidiaries shall reserve the right to get the supplied medicines/ drugs tested by NABL accredited laboratories. CIL subsidiaries may carryout random testing at its own cost to have a check on quality.

Note: If it is decided by the Medical Office In-charge of the consignee hospital/ store to get the sample tested through NABL, the same shall be sent in such a way that name of manufacturer does not come to the knowledge of testing laboratory. The random sample shall be given a unique code for reference. The medicines of such consignment should not be used until satisfactory test report is received.

- xi. All medicines to be supplied shall have a marking "Manufactured for CIL and Subsidiaries" at appropriate place on the packing.



xii. The Delivery period against RC may be indicated as 45 days. However Tendering authority may also indicate as per their requirement and situation.

4.8. The medicines which are not listed in the Rate Contracts or Essential drug list can be procured as and when required, in line with provisions of purchase manual and relevant guidelines, by the respective Area Medical Officers or In-charge of Central Hospitals. Such medicines may be procured through open tender process to avoid Local purchase to the extent possible.

4.9. EMD for tenders of medicines: EMD shall be applicable as per prevalent guidelines subject to a maximum ceiling of ₹5 lakhs.

4.10. CIL subsidiaries shall take up with Bureau of Pharma PSUs (BPPI) to conclude MoU for setup of Pradhan Mantri Bhartiya Janaushadi Kendra for availability of alternate source of generic medicines at affordable rates for self-consumption by beneficiaries of the respective subsidiary.

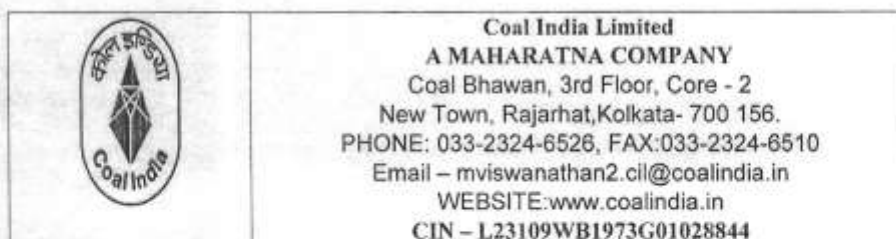
4.11. South Eastern Coalfields Ltd (SECL) shall be the nominated Nodal Subsidiary for preparation of Essential drug list, identifying category wise fast moving drugs through the technical Committee (as indicated in clause No. 4.1) and conclusion of centralised RC.

5.0 Savings

5.1. Unless specified in these guidelines, all provisions of CIL Purchase Manual 2020 and subsequent amendments and circulars shall be applicable.

5.2. Interpretation of the provisions of these guidelines will be reserved exclusively with the Director (T), CIL and his/ her interpretation will be final.

5.3. The Director (T), CIL can relax/ modify/ alter/ amend these guidelines with the approval of the Chairman, CIL.



Ref. No.CIL:XI(D):04135:2021: 27717

Dated 30th Nov.'2021

To
ED (MS),
Coal India Limited,
5th Floor, New Town,
Rajarhat, Kolkata-700156

Sub: Minutes of 270th CFD Meeting held on 25th November'2021.

Reproduced below is the relevant extracts from the minutes of 270th Committee of Functional Directors Meeting of Coal India Limited held on 25th November'2021 at CIL (H/Q), Kolkata with regard to the following item:-

ITEM NO.270.02

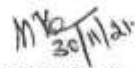
Sub: CIL Guidelines for procurement of Medicines 2021.

270.02 ED(MS) apprised CFDs the salient features of guidelines for procurement of Medicines as recommended by the committee constituted for this purpose. After detailed deliberations, CFDs approved the Guidelines for procurement of Medicines 2021 as brought out in the agenda note subject to the following: -

"Rate contract shall be concluded for a period of one year by the Nodal Subsidiary Company nominated by CIL for a consolidated estimated requirement of fast-moving essential drugs of all CIL Subsidiaries based on the standard list of category wise fast-moving drugs identified by the Committee".

This is for your information and taking necessary action please.

Yours faithfully,


(M. Viswanathan)
Company Secretary



कोल इण्डिया लिमिटेड
(भारत सरकार का उपक्रम)
COAL INDIA LIMITED
(A Govt. of India Enterprise)
कोल भवन "COAL BHAWAN"
Premise No. 04, MAR, Plot No. AF-III
Action Area-1A, Newtown, Rajarhat
KOLKATA-700156 (WB)



एक महारत्न कंपनी
A Maharatna Company

PERSONNEL DIVISION
POLICY CELL

CIN: L23109WB1973GOI028844
E-Mail: policycell.cil@coalindia.in
Tel: 033-7110 4271
Website: www.coalindia.in

(An ISO 9001:2015, ISO 14001:2015 & ISO 50001:2011 Certified Company)

संदर्भ सं: CIL/C5A (PC)/Med/2022/ 921

दिनांक: 23.05.2022

कार्यालय ज्ञापन

विषय: Validity of Rate Contract for Procurement of Medicines.

Vide Note no. CIL/C-5(B)/Med/2022/601 dated 10.05.2022 initiated by the Medical Department CIL, approval was sought to increase the validity of the rate contract for procurement of medicines from one to three years. In view of the provisions of CIL Purchase Manual and Deliberations of the committee that had been formed to deliberate and submit recommendations for constitution of guidelines for rate contract for procurement of medicines, the Competent Authority has approved:

"As a special case, validity of a rate Contract for procurement of medicines can be considered for a maximum of TWO years only, with inclusion of price variation clause wherever relevant price variation formula is available."

Circulated for information and further needful.


नायक 23.05.2022

(राजेश वी नायर)

उप महाप्रबंधक (का./ नीति)

ई-मेल के माध्यम से वितरण:

1. D(T)/ D (P&IR)/ D (F)/ D(M), CIL
2. CMD BCCL/CCL/CMPDIL/ECL/MCL/NCL/SECL/WCL
3. CVO, CIL
4. D(P) BCCL/CCL/CMPDIL/ECL/MCL/NCL/SECL/WCL
5. D(T/CRD), CMPDIL
6. ED(Coordination)/ TS to Chairman, ED(Medical), ED(MM), CIL



Annexure 36

CHAPTER-10
ANNEXURE-36
(Clause 10.3.11.6)

No Claim Certificate (On company letterhead)

To,

(Contract Executing Officer)

Procuring Entity _____

NO CLAIM CERTIFICATE

Sub: **Contract Agreement no. ----- dated -----for the supply of -----**

We have received the sum of Rs. (Rupees _____ only) in full and final settlement of all the payments due to us for the supply of _____ under the above mentioned contract agreement, between us and _____ (CIL or Subsidiary). We hereby unconditionally and without any reservation whatsoever, certify that we have no claim whatsoever, of any description, on any account, against Procuring Entity, against aforesaid contract agreement executed by us. We further declare unequivocally, that we have received all the amounts payable to us, and have no dispute of any description whatsoever, regarding the amounts worked out as payable to us and received by us, and that we shall continue to be bound by the terms and conditions of the contract agreement, as regards performance of the contract.

Yours faithfully,

Signatures of contractor or
officer authorized to sign the contract documents
on behalf of the contractor
(company stamp)

Date: _____

Place: _____



e-Procurement and e-Reverse Auction

1. Specific requirements of e-Procurement System

The service provider in consultation with the Purchaser shall establish the following process:

- The service Provider / Purchaser should not be able to reduce the essential security and transparency aspects of the system on the pretext of re-engineering and customization.
- Bids before transmission from the bidder's computer should be protected with SSL Encryption.
- e-Procurement System must have templates to offer flexibility in bidding methodology as prevailing and followed currently in the manner of processing. Further, the system should have templates to adopt bidding methodology as may be prescribed by the purchaser.
- e-Procurement System should deploy PKI based technologies for authenticating the bids and opening electronic tender box. Secure methodology for decrypting bids should be deployed corresponding to the encryption methodology deployed (viz. symmetric, or PKI-based asymmetric). The entire IT hardware infrastructure of e-Procurement System which includes application software, hardware, and system software be hardened as relevant. The system must deploy anti-spyware and anti-spam with a provision to update regularly. The updation of these software on the e-Procurement System be done using the offline updation mode. The e-Procurement System must have software tools to protect the operating system from injection of spyware. The entire infrastructure should be protected and secured at the perimeter level by installing firewalls and Intrusion Prevention System. The system should be configured properly so as to detect any kind of intrusion into IT system.
- e-Procurement System can be further secured by installing suitable security incident and event management mechanisms SIEM (Security Incident Event Management).
- The PKI Key Management System for authenticating the bids or other purposes must specify the holder of private key and public key. The procedure in this case may be prescribed.

2. Requirements of Conformity

- i. e-Procurement systems must address:



- E-procurement application should have provisions of ensuring validation of PKI signature through Certificate revocation list (CRL) and validity of certificate.
- Shall have mechanism for time synchronization by using time synchronization service (TSS) at hosting level, or synchronization with master-server at the data center where the e-procurement system is hosted.
- Time Stamping facility should be there in the e-procurement application for time-stamping of all important events like – creation of tender notice, approval of tender notice/ tender documents, submission of bids and supplementary bids (like modification, substitution, alternatives), etc. Time Stamping is critical for establishing date and time of document submission and its acknowledgement. Time Stamping feature should be built within the application and synchronization of e-tendering/ e-procurement server should be done with master server at the data-center where the e-procurement system is hosted. Alternatively, the e-procurement service provider can take Time Stamping services being provided by licensed Certifying Agencies (CAs).
- The system must be in line with GFR rules and Information Technology Act (including amendments) and other laws of the land as applicable.

ii. Other Requirements for Quality and Security Evaluation:

- The e-procurement application should have facility for generating audit-logs, which should be accessible (in downloadable form) to a specially designated officer of the Purchase organization or e-procurement service provider shall submit all the logs of transaction created by the e-procurement solution including forensic image on quarterly basis or as prescribed by the user organization regularly and as and when demanded by the purchasers. The logs will be duly signed by the administrator of the service provider by his electronic signature.
- The audit for certification of the entire e-procurement solution shall be undertaken after its deployment and prior to its usage.
- The e-procurement solution including the computer server shall be installed in India. No data as captured/stored in the e-procurement solution will be taken out of India. However, bidder outside India should be able to quote and download permitted data/information.
- The e-procurement solution shall need to be tested and audited again after it has been significantly modified (addition/ deletion of functions/ modules) or customized for a new organization whether stand alone or shared mode.
- The traffic emanating to and from e-Procurement systems will be scanned if required by the authorized body. The traffic (net flow)



emanating to and from e-Procurement System may be provided to CERT-IN¹⁸.

3. Guidance and recommended practices- e-Procurement System

- a). The underlying principle of e-tendering and manual tendering process should be same in respect of guidelines of GFR, Legal and transparency related requirements.
- b). Depending upon the requirements of a tender, any one of the multiple bidding methodologies as outlined below shall be provisioned in the application:
 - Single-stage, single- envelope
 - Single-stage, two- envelope
 - Two stage (with facility for 'technical conformance', and if required, 'revised tender documents')
 - Two-stage, two- envelope and requirement of Pre-qualification stage when required submission of one or more Alternative bids as applicable.
- c). Each bid part (e.g. technical, financial) may be required to be submitted in a 'summary format' along with a 'detailed bid'. The latter could be a large file. There should be provision of appropriate file size (at least 10 MB) in the application with data encryption.
- d). After having submitted the 'original' bid for each bid-part and before the due date and time for submission of bids, a bidder has a right to submit:
 - 'Substitution' bid; or
 - 'Withdrawal' bid for all its bid-submissions.
- e). The e-tendering system must effectively cater to all these possibilities without compromising security and transparency in any manner at any stage, for any bid part (such as Pre-qualification, Technical, and Financial).
- f). The controls should be placed to guard against the possibility of injecting spyware for making clandestine copies of a submitted bid and then sending this clandestine copy to a secret destination.
- g). Even if a clandestine copy is made and stolen as above, the bid encryption methodology should be such that it should not be possible to decrypt the bids in connivance with any officer of the Buyer organization or the Service Provider organization.
- h). The e-procurement system should have audit trail facilities. These audit trails are complex but dependable. The audit trails reports provide useful information about the instructions which take place in the

¹⁸Indian Computer Emergency Response Team



system both at operating system and application software. This information is necessary to analyze nature of intrusion, vulnerabilities exploited and to track the perpetrators. It also helps in taking steps in preventing future intrusion.

- i). Secure submission of bid from bidder's computer to the server should be done after the bid file is encrypted (with symmetric or asymmetric encryption) at the bidder's computer and further submitted to the e-procurement server through SSL encryption. Only the encrypted file submitted by the bidder should be stored and should be decrypted at the Tender Opening Event (TOE).
- j). Under the IT Act, 2000 any holder of a Digital Signature, whose Digital Signature Certificate (DSC) has been issued by a licensed Certifying Authority (CA), is responsible for protecting the corresponding private key. Unless the certificate validity has expired or the certificate has been revoked by the issuing CA, any digital signature will be legally valid and will be attributed to the person listed in the DSC. Similar mechanism measures should be evolved for encryption key pair as well.
- k). Handing over of private (decryption) key by one officer to another officer both in case of digital signature as well as in case of encryption should not be allowed.
- l). In case of digital signature, private key should be one of the two factor authentication method which must be implemented. The other could be Personal Identification Number (PIN) or biometric etc., so that nobody else can use the private key for signing the document.
- m). Tender documents posted on an e-tendering/ e-procurement website should be digitally signed by an officer of the tendering organization and for the assurance of the bidder who is viewing or downloading the tender documents, the e-procurement system should have functionality to verify the digital signature to ensure the authenticity and integrity of the tender documents.
- n). It should not be possible to open the 'e-tender boxes' till the specified time has occurred or elapsed, and till all the authorized Tender-Opening Officers have formally instructed the system to do so with PKI-based Digital Signatures.
- o). Till the Public Tender Opening Event, security related features should be such that the contents of the bids which are being stored cannot be 'accessed and decrypted' by even the authorized officers of the Purchaser/ Buyer or the Administrators of the Service Provider.
- p). e-procurement System should have functionality for 'Not Accepting Late Bids' i.e. bids received after the specified date and time for receipt of bids.
- q). The GFR requires that tenders be opened in public in the presence of the authorized representatives of the bidders. The Finance Ministry Manual on procurement procedures outlines in detail the requirements



of a transparently conducted Public Tender Opening Event. A comprehensive and transparent Public Tender Opening Event is the 'backbone of transparency and fairness' of the Public Procurement process, manual or electronic. This has an impact on technical as well as procedural aspects.

r). It must be ensured that e-tendering/e-procurement has comprehensive functionality for a transparent Public Online Tender Opening Event (TOE). Well established practices of manual tender opening should have corresponding electronic equivalents for transparent e-tendering/ e-procurement. Some relevant processes of a fair and transparent online public TOE should include:

- i. Opening of the bids in the online presence of the bidders who choose to be present. Merely opening bids 'online', and then separately making them available for display to the bidders subsequently, and/ or from a different location/ screen (i.e. user interface) without the online presence of bidders, does not fulfill the requirements of a proper and transparent online Public TOE.
- ii. Security Checks to assure bidders of non-tampering of their bids during the online TOE itself.
- iii. One-by-one opening of the sealed bids.
- iv. Online verification of the digital signatures of bidders affixed to their respective bids.
- v. Reading out, i.e. allowing bidders to download the electronic version of the salient points of each opened bid (opened in the online presence of the bidders).
- vi. Digital counter-signing (by all the tender opening officers) of each opened bid.
- vii. Preparation of the 'Minutes of the Tender Opening Event', its signing by the concerned officers and uploading.

While bidders should be welcome to be present online during the TOE, it should not be mandatory for them to do so. There should be proper online attendance record of the bidders, who choose to be present.

However, the above stipulations are not followed in case of e-Reverse Auction as per CIL's approved guidelines.

- s). The Administrators of the e-tendering application/portal should not have any access to the passwords of the various users. Neither the software should allow the Administrator to generate password for the users. E-Procurement System further should not have "forgot password" feature which provides administrator-generated or system-generated temporary password. Once the password is forgotten, a new password may be allotted following a set of processes needed for allotment of password. The forget password request shall be digitally signed.
- t). Generally any system is designed in such a manner that it gets locked/denied permission after repeated login attempts based on wrong passwords and/or user IDs. Such a scenario, if it exists, in e-



procurement system may be exploited by the competitors to prevent the genuine bidders. To avoid such a situation the e-procurement system should not have features for locking the system on account of repetitive login attempts based on wrong passwords and/or user IDs and digital signatures. Login to the e-procurement system should be based on digital signatures.

- u). The e-tendering system should have facility for displaying 'Award of Contracts'. Furthermore, this information should be digitally signed by the concerned user of the Buyer organization with facility for verification by the viewer.
- v). In case of 'Buy Back Offers', the e-procurement System should have functionality where 'Buy Back Price' should also be captured in the Financial-Bid and provision should be there for 'Net Procurement Price' after taking into account the 'Buy Back Price'.

4. Service Provider

A Service Provider will be engaged by CIL for CIL and its subsidiary companies. The e-procurement system and processes used by the Service Provider shall have to be compliant to all the applicable Laws of India, GFR, as also to the directives / instructions issued by Ministry of Electronics and Information Technology (MeitY), Ministry of Finance and Ministry of Coal of GOI.

5. Scope

The e-procurement system will cover the following:

- Various steps involved like hosting of NIT, downloading and submission of bids, online opening of bids, on-line TPS based evaluation of bids, opening of price bids and reverse auction on a dedicated e-procurement portal of the company.
- Archiving of information and generation of reports for MIS/ Decision Support System of CIL/ Subsidiary Companies.
- A helpdesk for online and offline support to different stakeholders.

6. The Organizational Setup

An e-Procurement Cell shall be at CIL(HQ) and each Subsidiary Company HQ with following responsibilities:

- a). To co-ordinate and correspond with Service Provider, Bidders, User Departments and other concerned authorities such as Banks, Auditors etc. for the effective and efficient implementation of e-Procurement.
- b). Arrangement of Training to Bidders and Departmental Officers for working on e-Procurement mode.
- c). To coordinate for the infrastructure development for the proper implementation of the e-Procurement system.



Annexure 37

- d). To create a helpdesk for online and offline support to different stakeholders of the system.
- e). To arrange and update the Digital Signature Certificate for departmental users.
- f). To finalize the different documents, formats, etc. for the e-Procurement system.
- g). To Administer the e-Procurement Application and Online User Management

**Minutes of Review Committee Meeting**

Minutes of the 6th Review Committee Meeting held under the Chairmanship of Additional Secretary & Development Commissioner (MSME) to examine the proposal of Coal India Ltd. seeking exemption under Public Procurement Policy for MSEs Order, 2012

A meeting was held under the chairmanship of Additional Secretary & Development Commissioner (MSME) on 04th May, 2022 at 12:00 Noon through Video Conference (VC) to consider the proposal of Coal India Ltd. for exemption from mandatory 25% procurement from MSEs including 4% from MSEs owned by SC/ST and 3% from MSEs owned by women.

List of participants is **annexed**.

The Committee members are as follows:-

AS&DC (MSME)	Chairman
JS, SME or Representation	Member
JS, DPE or Representation	Member
ADC (PPP)	Member
Joint Director/ Deputy Director (PPP)	Member

2. The Minutes of the last Review Committee Meeting held on 22nd June, 2021 were confirmed. As per data available, out of 10 CPSEs who were granted exemption from PPP mandated targets during the last meeting, 4 CPSEs were able to meet the target of minimum 40 % procurement of non-exempted items from MSEs, 3 procured more than 30 % but less than 40 % and 3 CPSEs procured even less than 30 % from MSEs.

3. A presentation was made by Ms. Nitisha Mann on the Procurement Trend by Coal India Limited and the items which they are unable to procure from MSEs. An exemption has been sought for the following items:

- Draglines, Shovels, Dumpers, Dozers, Loaders and Auxiliary maintenance equipment like Motor Graders, Cranes, High capacity Heavy Earth Moving Machinery (HEMMs), etc.
- Side Discharge Loader (SDL) Load Haul Dumper (LHD).
- Off the Road (OTR) Tyres used in various HEMM.
- POL (Petroleum, Oil & Lubricants).
- Iron & Steel sections used in CIL and its subsidiaries are also not manufactured by MSEs.
- In Explosives, there are only few manufacturers in MSEs with limited license capacity which participate in the tenders and they are booked for their licensed capacity.



4. CIL reported the consolidated procurement by it and its subsidiaries as follows :-

S.No.	FY	Total Procurement in Rs.	Procurement From MSEs	Procurement of HEMMs and Under Ground Machinery And Items Not Manufactured by MSEs	Total Value of Remaining Items Procured	Percentage Procurement from MSEs
1.	2021-22	9,400.00 Cr.	1,508.00 Cr.	4,614 Cr.	4,786 Cr.	32

The procurement from SC/ST and women MSEs was reported as 0.17% and 0.74%, respectively.

5. Justification given by the CIL

These items are beyond the scope/capacity of manufacturing of MSEs. In case of a few products like explosives and lubricants for high capacity equipment, MSEs are unable to meet the requirements. They also need to procure heavy machinery such as 250 Tonne dumpers, etc. which cost more than Rs. 50 crores and have to be procured globally since they are beyond the scope of production by Micro and Small Enterprises. CIL requested for inclusion of items in list of 358 items that may be procured from MSEs.

6. ADC (IGT) informed the Committee about the revision of the list of 358 items ongoing and suggested that CIL may provide their inputs in this regard soon. CIL agreed to provide comments/suggestions with respect to the up-gradation of list of 358 items reserved under Public Procurement Policy for MSEs Order, 2012 before 20th May 2022.

7. CIL informed that they held 14 VDPs during last year for supporting and hand-holding MSEs to supply the items that they procure. Committee advised CIL to use these Vendor Development Programmes in coordination with MSME-Development Institutes and also avail the benefits of Procurement and Marketing Scheme of this Office to develop more MSE vendors.

8. The Committee suggested that CIL may upload consolidated data of procurement (i.e., including that of its subsidiaries) along with standalone CIL data on the SAMBANDH Portal other than that reported individually by all subsidiaries of CIL for more clarity. The same was requested by CIL, as to come in the form of an order from Office of DC (MSME).

9. While considering the proposal of Coal India Ltd. for exemption from mandatory 25% procurement from MSEs including 4% from MSEs owned by SC/ST-and 3% from MSEs owned by women, the Committee decided that the exemption for the items, those are beyond the scope / capacity of MSEs may be considered. However, they will achieve a target of minimum 35% procurement from MSEs for all non-exempted items from FY 2022-2023 onward. They were also asked to make more directed efforts for increasing procurement from Women and SC/ST entrepreneurs.



ANNEXURE

List of Participants

S. No.	Name	Designation	Office/Department/ Organization.
1.	Shri Shailesh Kumar Singh	Additional Secretary and Development Commissioner (MSME)	O/o Development Commissioner (MSME)
2.	Dr. Ishita Ganguli Tripathy	Additional Development Commissioner (PPP)	O/o Development Commissioner (MSME)
3.	Ms. Swati Shahi	Joint Development Commissioner (PPP)	O/o Development Commissioner (MSME)
4.	Ms. Nitisha Maan	Dy. Director (PPP)	O/o Development Commissioner (MSME)
5.	Shri A. K. Mohanty	Executive Director	Coal India Ltd.
6.	Shri Kailash Bhandari	Dy. Director	Department of Public Enterprise



Annexure 39

CHAPTER-2 ANNEXURE-39 (Clause 2.10B)

Concurrent Application of PPP-MII and PPP-MSE Orders

No.F.1/4/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Public Procurement Division

264-C, North Block, New Delhi.
18.05.2023.

OFFICE MEMORANDUM

Subject: Concurrent application of Public Procurement Policy for Micro and Small Enterprises Order, 2012 and Public Procurement (Preference to Make in India) Order, 2017.

The undersigned is directed to refer two Preferential Procurement Orders mandated for the Public Procurement in India, namely:

- i. Public Procurement Policy for Micro and Small Enterprises (MSEs) Order dated 23.03.2012 (PPP-MSE Order) issued by Ministry of Micro, Small and Medium Enterprises (MoMSME) in exercise of the powers conferred in Section 11 of the MSME Development Act, 2006. (Last revised on 09.11.2018)
- ii. Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII order), under Rule 153(iii) of the General Financial Rules (GFRs) 2017, approved by the Cabinet. Implementation of this PPP-MII order is monitored by Department for Promotion of Industry and Internal Trade (DPIIT). (Last revised on 16.09.2020.)

2. It has been brought to the notice of this Department that concurrent application of these two orders are creating confusion to the procuring entities and different procuring entities interpret them differently. In order to bring predictability both to the procuring entities as well as bidders, following guidelines are being issued.

Guidelines

3. The Class-I local suppliers, under PPP-MII Order, participating in any government tender, may or may not be MSEs, as defined under the MSME Act. Similarly, MSEs participating in any government tender, may or may not be Class-I local suppliers. Suppliers may be categorised in following four broad categories for consideration or applicability of purchase preference:

Category	Terminology
Supplier is both MSE & Class-I local supplier.	"MSE Class-I local supplier"
Supplier is MSE but not Class-I local supplier.	"MSE but non-Class-I local supplier"
Supplier is not MSE but is Class-I local supplier.	"Non-MSE but Class-I local supplier"
Supplier is neither MSE nor Class-I local.	"Non-MSE non-Class-I local supplier"

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4. The applicability of PPP-MSE Order and PPP-MII Order in various scenarios, involving simultaneous purchase preference to MSEs and Class-I local suppliers under PPP-MSE Order and PPP-MII Order respectively, shall be as under:
- a) *Items covered under Para 3(a) of PPP- MII Order, 2017 for which Nodal Ministry has notified sufficient local capacity and competition:* For these items, only Class-I local suppliers are eligible to bid irrespective of purchase value. Hence, Class-II local suppliers or Non-local suppliers, including MSEs which are Class-II local suppliers/ Non-local suppliers, are not eligible to bid. Possible scenarios can be as under:
- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is given to MSEs as per PPP-MSE Order. Balance quantity is to be awarded to the L-1 bidder.
- b) *Items reserved exclusively for procurement from MSEs as per PPP-MSE Order:* These items are reserved exclusively for purchase from MSEs. Hence, non-MSEs are not eligible to bid for these items. Possible scenarios can be as under:
- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "MSE non-Class-I local supplier" - Purchase preference is to be given to Class-I local supplier as per PPP-MII Order. Balance quantity, is to be awarded to L-1 bidder.
- c) *If items are neither notified for sufficient local capacity nor reserved for MSEs, then the process will be as follows:*
- c (a) *Items covered under Para 3A(b) of PPP-MII Order are divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:*
- (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is to be given to MSEs, if eligible, as per PPP-MSE Order. Balance quantity is to be awarded to L-1 bidder.
 - (iii) L-1 is "MSE but non-Class-I local supplier" - Purchase preference is to be given to Class-I local suppliers, if eligible, as per PPP-MII Order. Balance quantity is to be awarded to L-1 bidder.
 - (iv) L-1 is "Non-MSE non-Class-I local supplier" - Purchase preference is to be given to MSEs as per PPP-MSE Order. Thereafter, purchase preference is to be given to Class-I local suppliers for "50% of the tendered quantity minus quantity allotted to MSEs



above" as per PPP- MII Order. For the balance quantity, contract is to be awarded to L-1 bidder. (Kindly refer to the illustrative example in the annexure).

c (b) Items covered under Para 3A(c) of PPP-MII Order, 2017 are non-divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:

- (i) L-1 is "MSE Class-I local supplier" - Contract is awarded to L-1.
- (ii) L-1 is not "MSE Class-I local supplier" but the "MSE Class-I local supplier" falls within 15% margin of purchase preference - Purchase preference is to be given to lowest quoting "MSE Class-I local supplier". If lowest quoting "MSE Class-I local supplier" does not accept the L-1 rates, the next higher "MSE Class-I local supplier" falling within 15% margin of purchase preference is to be given purchase preference and so on.
- (iii) If conditions mentioned in sub paras (i) and (ii) above are not met i.e. L-1 is neither "MSE Class-I local supplier" nor "MSE Class-I local supplier" is eligible to take benefit of purchase preference, the contract is to be awarded/ purchase preference to be given in different possible scenarios as under:

A. L1 is "MSE but non-Class-I local supplier" or "Non-MSE but Class-I local supplier" – Contract is awarded to L1.

B. L1 is "Non-MSE non-Class-I local supplier" - First purchase preference to be given to MSE as per PPP-MSE Order. If MSE not eligible/ does not accept - purchase preference to be given to Class- I Local supplier as per PPP-MII Order. If Class-I Local supplier also not eligible/ does not accept – contract to be awarded to L-1.

d) *Items reserved for both MSEs and Class-I local suppliers:* These items are reserved exclusively for purchase from MSEs as well as Class-I local suppliers. Hence, only "MSE Class-I local supplier" are eligible to bid for these items. Non-MSEs/Class-II local suppliers/ Non-local suppliers cannot bid for these items. Hence the question of purchase preference does not arise.

e) Non-local suppliers, including MSEs falling in the category of Non-local suppliers, shall be eligible to bid only against Global Tender Enquiry.

(Kanwalpreet)
Director

Tel.: -223093811; email: - kanwal.irss@gov.in

To

1. Secretaries of all Central Government Ministries/ Departments.
2. Secretary Department of Public Enterprises with a request for issuing suitable instructions to all Central Public Sector Enterprises in this regard.



Annexure

Example explaining applicability in scenario explained in para 4 c (a)(iv)

(Scenario: Divisible items, both MSEs as well as Class-I local suppliers eligible for purchase preference and L-1 is "Non-MSE non-Class-I local supplier")

Item – Desktop computer

Qty – 50 Nos.

Details of bids received

Sr. No.	Name of bidder	Rates quoted	Price Ranking	Status of bidder
1.	A	100	L1	"Non-MSE non- Class-I local supplier"
2.	B	110	L2	"Non-MSE but Class-I local supplier"
3.	C	112	L3	"MSE but non- Class-I local supplier"
4.	D	115	L4	"Non-MSE but Class-I local supplier"
5.	E	118	L5	"MSE but non- Class-I local supplier"
6.	F	120	L6	"MSE Class-I local supplier"

1. In this case, first purchase preference is to be given to MSEs as per PPP-MSE Order for 25% of tendered quantity of 50 Nos. i.e. 12.5 Nos. (rounded off to the next whole number say 13 Nos). Accordingly, invite L3 (bidder C), whose quoted rates falls within 15% margin of purchase preference to match L1 price i.e. Rs. 100/- for quantity of 13 Nos. Bidder "E" and "F", although MSEs, will not get purchase preference since their quoted rates don't fall within 15% margin of purchase preference. Bidder C will be considered for order of 13 Nos. on confirmation of reduction of price.
2. For 50% of balance quantity of 37 number (tendered quantity of 50 – 13 awarded to bidder C; assuming bidder C has confirmed to accept L1 rates), purchase preference will be given to lowest Class-I local supplier as per PPP-MII Order. Accordingly, bidder B will be invited to match L-1 price for 50% of 37 Nos i.e. 18.5 (say 19 Nos of computers). If bidder "B" does not accept the L1 price i.e. price of Rs. 100/- per unit, next higher Class-I local supplier falling within 20% margin of purchase preference, i.e. bidder "D", may be invited to match L-1 price for 19 Nos. of computers and so on.
3. For remaining quantity i.e. 18 Nos (50-13-19), the contract will be awarded to lowest quoting bidder i.e. Bidder "A", who is L-1 in the example.



Other Guidelines

14017/64/2020-InsII

1/48703/2022

F.No - EG- 14017/64/2020-InsII
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, 2nd floor
Sansad Marg, New Delhi-110001
Date: 02 July,
2022

Office Memorandum

Sub: Request for removal of Solvency Ratio as a criterion for participation in Government Tenders

The undersigned is directed to refer to the captioned subject and to state that in general insurance related tenders, some Central Public Sector Enterprise and Government Departments include requirement of minimum solvency ratio of 1.5 of the liabilities as one of the eligibility criterion for insurers' participation. This makes three of the four Public Sector General Insurance Companies (PSGICs) namely, National Insurance Company Ltd, Oriental Insurance Company Limited and United India Insurance Company Limited, ineligible to participate in the tender process in spite of their vast experience and risk management skills.

2. While it is agreed that solvency margin is good measure to assess the financial health and stability and the ability of insurers to meet the liability, it is important to note that the insurance sector is duly regulated by Insurance Regulatory and Development Authority of India (IRDAI). IRDAI has allowed forbearance (from maintaining required solvency ratio) to these companies considering all aspects and allowed them to continue underwriting business as usual.

3. It is pertinent to note that the reinsured liability is not factored into calculation of Solvency Ratio, specified by IRDAI, as a result of which solvency ratio of 1.5 is very high from a risk perspective.

4. Further, Public Sector General Insurance Companies have not defaulted ever on their liabilities. Government of India has recently infused capital in the above-mentioned companies and stands committed to provide more capital, as may be required.

5. In view of the above, it is requested not to include solvency ratio as a criterion for participation of Public Sector General Insurance Companies in general insurance tenders. This would enhance competition in the bidding process without compromising on the quality of services. It is also requested to bring this to the attention of all the procuring entities and organisations under the administrative jurisdiction of your Ministry/Department.

Signed by Mandakini
(Mandakini Baidooji)
Director to the Government of India
Date: 02-07-2022 10:11
Baidooji Annamurti



कोल इंडिया लिमिटेड
(महारात्ना कंपनी), कोयला भवन
परिसर संख्या ४, एक्शन एरिया १ए
न्यू टाउन, राजरहाट, कोलकाता-७००१५६
फोन : ०३३-२३२४ ४०२४, फैक्स : ०३३-२३२४ ४०१
ई मेल: dt.cil@coalindia.in



COAL INDIA LIMITED
(A MAHARATNA COMPANY)
Coal Bhavan,
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PHONE: 033-2324 4024, FAX: 23244082
E mail: dt.cil@coalindia.in

क्र० सं०/ Ref. No.: CIL/TS-DT/2020/ 1844

दिनांक/ Date: 10.12.2020

कार्यालय आदेश/ OFFICE ORDER

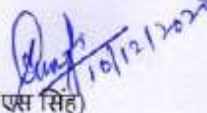
विषय/Sub: Systemic Improvement Measures in procurement, installation and commissioning of Weighbridges

The following Systemic Improvement Measures in respect of procurement, installation and commissioning of Weighbridges have been approved by the CMDs in their 137th Meeting held on 18th November, 2020:

1. During the finalization of the tender, technical scrutiny of the offers may be jointly done by a committee of officials of E&M and Civil Departments to avoid elongation of scrutiny time.
2. In order to ensure timely installation and commissioning of weighbridges, leading to its availability, the following are suggested:
 - a) The concerned authorities should be advised to take necessary steps to identify the site well in advance for seamless deployment of weighbridges.
 - b) The indenting authority shall sensitize and intimate the concerned mine officials for site /weigh house readiness (if the same is in the scope of in-house works) at the time of submission of indent for procurement action itself.
 - c) As soon as the orders are placed, the concerned authorities should be notified through separate letters clearly indicating the tentative time for installation and commissioning.

The above System Improvement Measures are circulated for information and implementation.

This issues with the approval of competent authority.


(सी एस सिंह)

विभागाध्यक्ष/निदेशक (तकनीकी) के
तकनीकी सचिव

प्रतिलिपि/Copy to:

1. Director (Tech.), CIL/ Director (Pers.), CIL/ Director (Fin.), CIL/ Director (Mktg.), CIL
2. CMD - ECL/ BCCL/ CCL/ CMPDIL/ MCL/ NCL/ SECL/ WCL
3. Director (Tech.) - ECL/ BCCL/ CCL/ CMPDIL/ MCL/ NCL/ SECL/ WCL
4. CVO, CIL