

PURCHASE MANUAL

OF

COAL INDIA LIMITED

10, NETAJI SUBHAS ROAD, KOLKATA-700001

I N D E X

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P R E A M B L E

Code of Ethics

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 buy without prejudice seeking to obtain the optimum bargain in all transactions.

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.

To respect one's obligations and those of one's organization consistent with good business practice.

To promote a healthy and harmonious buyer – seller relationship.

APPLICABILITY OF PURCHASE MANUAL

This Manual is a guideline and all purchases are to be regulated as per procedure laid down therein. However, in some specific cases, it may become necessary to arrange materials by adopting methods not indicated in the manual. In such case, specific approval of CMD of Subsidiary/Chairman, CIL will have to be obtained before initiating such action, detailing the reasons as to why procurement becomes necessary not as per the guidelines of the Purchase Manual.

CHAPTER – I
O R G A N I S A T I O N

1.1 Coal India Ltd. which is a Holding Company, has a Board of Directors headed by 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 Company. The Subsidiary Companies are:-

- i) Eastern Coalfields Limited, with Head Office at Sanctoria.
- ii) Central Coalfields Limited, with Head Office at Ranchi.
- iii) Western Coalfields Limited, with Head Office at Nagpur.
- iv) Bharat Coking Coal Limited, with Head Office at Dhanbad.
- v) Central Mine Planning & Design Institute Ltd., with Head Office at Ranchi.
- vi) Northern Coalfields Limited, with Head Office at Singrauli.
- vii) South Eastern Coalfields Limited, with Head Office at Bilaspur.
- viii) Mahanadi Coalfields Limited, with Head Office at Sambalpur.

North Eastern Coalfields is presently functioning directly under the Holding Company with a Chief General Manager as the Head.

1.2 The purchase functions in Coal India Limited are carried out by Materials Management Division headed by the Chief General Manager(MM) reporting to Director(Technical). In respect of Subsidiary Companies, these functions are carried out by respective Materials Management Division headed by Chief General Manager/General Manager(MM) reporting to Director-in-Charge of MM Dept. Purchase functions are also carried out by User Deptt/Units as per powers delegated to them.

1.3 The Materials Management Division of Coal India Limited is presently responsible for procurement of explosives only. All other items are procured by the Materials Management Division of the subsidiary cos. In case of any change required for the above stated delegation of procurement the same be undertaken only in consultation with the subsidiary companies and after due approval of the Board of Directors of CIL. North Eastern Coalfields(an unit of CIL) shall purchase all types of items themselves except explosives.

CHAPTER-II

OBJECTIVE AND PURCHASE POLICIES

- 2.1 The primary objective is to procure plant and equipment, spares and other stores and materials required by indentors with a view to:
- a) Helping and maintaining continuity of production by correct supplies as per users requirement, in time.
 - b) Ensuring that items purchased are most economical, taking into account their quality, durability, efficiency etc.
 - c) Developing effective and on-going vendor relationships to ensure fair play and equity.
- 2.2 The materials obtained shall be :
- a) Of right quality:
 - b) In right quantity:
 - c) At the right time:
 - d) At right prices:
 - e) From right sources.
- 2.3 Purchases will be arranged in one of the following ways :
- a) Following are the recommended modes of tendering for placement of orders:
 - i) Domestic Open Tender(advertised)
 - ii) Global Tender (advertised)
 - iii) Limited Tender
 - iv) Single Enquiry for proprietary and non-proprietary items.
 - b) Apart from the above methods of tendering for placement of orders, the following methods for placement of direct orders may also be considered:
 - i) Operating DGS&D rate contracts.
 - ii) Operating rate/running contracts concluded by Coal India Limited or its Subsidiary Companies for revenue items of large demand and of recurring nature and if felt necessary for some of the low value capital items whose requirement are frequent and repetitive like capacitors, coal drill etc.
 - iii) Repeat Orders
 - iv) Orders for products with administered pricing.
 - v) Emergency Purchase/local purchase/Committee purchase as per delegation of power.
 - vi) Spot/Cash purchase for low value purchases.
 - vii) Purchase without tender(negotiated).

- 2.3.1 Every Subsidiary Company should have its own rate contract. If one Subsidiary Co. desires to adopt the rate contract concluded by other Subsidiary Cos., full justification is to be recorded as to why the same Subsidiary Cos. could not finalise their own rate contract. In case of such eventuality to adopt rate contract valid at other Subsidiary Cos., following aspects should be looked into :-
- a) Rate Contract to be adopted was concluded in normal tendering process.
 - b) The quantum of requirement is similar.
 - c) Rate contract holders agree to accept rate contract of other Subsidiary Cos.
 - d) Performance of the rate contract holders should be certified as satisfactory by the Subsidiary Cos. who has originally issued the rate contract.
 - e) The validity of the rate contract to be concluded should not be more than the validity of the original rate contract.
 - f) At the time of such adoption, the price trend should also be looked into.

2.4 ADVERTISED TENDER

- 2.4.1 a) Normally all demands where the Indent value is Rs.10 Lakhs or more may be advertised in leading Newspapers, as per policy of press publications of respective Subsidiary Companies. The concerned subsidiary/CIL must give its Web Site address in the advertisement/NIT published in the Newspapers.
- b) For Global Tenders, advertisement may be published in Indian Trade Journal and Indian Export Bulletin also. The concerned subsidiary/CIL must give its Web Site address in the advertisement/NIT published in the Newspapers.
- c) The tender notices should also be published in the Web site. The complete bid documents along with application form shall be published on the Web site of the subsidiary/CIL. The sale of tender paper thro' Website shall be guided by the following,
- i) It shall be ensured by the concerned subsidiary/CIL that the parties making use of this facility of web site are not asked to again obtain some other related documents from the department manually for purpose of participating in the tender process i.e. all documents up to date should remain available and shall be equally legally valid for participation in the tender process as manual documents obtained from the department through manual process.
 - ii) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process. The last date of downloading the tender paper from the website should coincide with the last date of manual sale of tender papers.
 - iii) The bid submitted against the application form downloaded from the web site shall be considered valid only when accompanied by a Bank draft drawn in favour of subsidiary/CIL towards the cost of the tender documents indicated on the NIT.

2.4.2 However, Advertised Tender may be dispensed with for any item of P&M, Spare Parts or Consumable Stores, irrespective of the value of the Indent, under any of the following conditions:

- a) The sources are limited and whose products are proven.
- b) The item(s) indented is/are proprietary to an Original Equipment Manufacturer. In this case, a Proprietary Certificate should be given by the Head of the concerned Technical Department
- c) The demand is very urgent as confirmed by the Head of concerned Technical Dept. In this case, list of known and established sources should be vetted by the HODs (tech. dept.).
- d) Items to be procured are required to have approval of DGMS or any other regulatory authority.

In any of the above cases mentioned from (a) to (d) above, procurement may be made through Limited Tender Enquiry, subject to the approval of concerned Director(T) of Subsidiary Company/CIL. However in case of purchase made by the areas, approval of GM/CGM of the area shall be sufficient to issue such Limited Tender Enquiry.

In all such cases, the list of vendors should be approved by the concerned Director (T) of the subsidiary/CIL and GM/CGM of the area(in case of area purchase).

2.5 LIMITED TENDERS

2.5.1 Limited Tenders shall be issued :

- a) If the Indent value of demand is less than Rs.10 Lakhs.
- b) In cases falling under para 2.4.2 above.

2.5.2 In case of 2.5.1(a), the enquiries may be issued to

- (i) the registered suppliers (if registered suppliers list is available) and/or
- (ii) to the firms who have been regularly participating in Tender and whose products have been found to be proven and/or
- (iii) to those whose names have been furnished by the Head of concerned Tech. Department. The list of vendors shall be approved by Head of Materials Management Department. In case sufficient number of vendors cannot be located with the above three options, assistance may be obtained from vendors directories published by reputed agencies like DGS&D, BIS, Chamber of Commerce, All India Manufacturers Associations, Trade Associations, Yellow Pages, etc. In cases, where Limited Tender Enquiries are issued to proven/registered tenderers who have been proven/registered against Advertised Tenders, enquiries should be sent to all proven/registered firms.

- 2.5.3 However, notwithstanding the above, in certain circumstances where it is considered in the opinion of the Head of the MM division that inclusion of a firm in the list of enquires will be in the best interest of the Company, even though the firm may not appearing on the list of registered suppliers the same may be included in the enquiries after recording the reasons of the same.

The number of tenderers to whom enquiries will be issued will depend on the value of the purchase. In no case the number of tenderers should be less than three. Issue of limited tender will be decided with approval of Head of MM department.

2.5.4 LIMITED TENDERS FOR SAFETY ITEMS

The safety items which are covered by DGMS approval, their procurement will be limited to registered/enlisted suppliers/ manufacturers possessing above approval and certifications. Open Global tendering will be resorted to on special occasions, when global manufacturers are known to possess DGMS approval. List of DGMS approved firms for the items under consideration of procurement should be obtained directly from DGMS along with the validity of such approvals.

- 2.5.5 Limited Tender should be issued by Registered Post well in advance or by hand duly received by the supplier.

2.6 ISSUE OF SINGLE TENDER

Single Tender may be issued for spare parts of any equipment based on a PROPRIETARY CERTIFICATE to be provided by the Head of the concerned Technical Department. Procurement of bought out items should be taken out from such procurement as far as possible, in consultation with Technical Head.

Single enquiry may also be issued on certain special technical consideration giving proper justification for such procurement and thereafter the procurement may be undertaken restricting to a specific brand/model/source. In all such cases, the indenter must obtain approval of D(T) of respective Subsidiary Company/CIL.

2.7 OPERATING OF RATE CONTRACTS

In respect of items required on repetitive basis, purchase may be made on the basis of Rate Contracts concluded by :

- a) The Company or Subsidiary by itself, through the Direct Demanding Officers named in the Contract.
- b) Any other Subsidiary Company of Coal India Limited after obtaining confirmation from the supplier that they are willing to supply on same rates, and terms & conditions.

- c) Rate Contracts entered into by DGS&D. In such case also confirmation of offer may be obtained from the supplier. In case it is also known that there are more than one DGS&D Rate Contract Holders, efforts should be made to obtain offers from all such Rate Contract Holders and the case may also be decided on merit. During the operation of DGS&D rate contract or before operating the same, the market feedback about the rate needs to be done.

In case of (b) and (c) above, the delegation of power to purchase executives will be the same as for open tender.

- d) The validity of such Rate Contracts should be for a minimum period of one year w.e.f. the date of issue of contract.

2.8 REPEAT ORDERS

- 2.8.1 Repeat Orders shall be avoided normally. These are to be placed more as an exception rather than as a rule; only in cases where it is commercially beneficial.
- 2.8.2 Repeat Orders may be placed against any previous own orders which was placed as a result of normal tendering process, if the demand is urgent and that tendering may not only delay purchase but may also invite higher prices as revealed from movements of National Indices like WPI/RBI INDEX/Nationally accepted PVC Formulae/Rise in Price base in raw materials and components like steel, copper, rubber etc. as revealed from lists published from time to time.
- 2.8.3 Repeat Order may be placed against an order released by any other subsidiary company provided –
- i) a certificate is obtained from the Subsidiary Company that their order was placed after process of normal tendering and as approved/concurred by the competent authority. The Sub. Cos. should further certify that the vendor has accepted the order for execution without any techno commercial pre-conditions. Performance of the firm should also be ascertained before considering placement of repeat order.
- 2.8.4 In all above cases, a specific confirmation must be obtained from the concerned supplier regarding acceptance of the same terms & conditions prior to release of the repeat order.
- 2.8.5 In addition to the above, the following conditions have to be fulfilled for processing a proposal for placement of repeat order:
- i) Repeat order should not be more than 25% of the original order quantity.
- ii) Not more than one year (12 months) should have elapsed since placement of the original order on the date of the proposal for repeat order

- iii) The prices of the items being purchased on Repeat Order basis have not come down in the interim, owing to drop in raw materials cost, increased competition, increased production and taxes, duties etc.
- iv) Purchase proposal for repeat order should be put up for approval of the competent authority so that the value of repeat order together with original order, does not exceed the limit laid down in the relevant delegation of powers.

2.8.6 No Repeat Order shall be placed, if the earlier order has been given on delivery preference basis.

2.9 COMMODITIES WITH ADMINISTERED PRICE

- a) 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 carefully studied and followed in this respect.
- b) Procurement of such commodities, shall be finalized by Materials Management Executives of rank E-4 upto a value of Rs.20 Lakhs; E-5 Rs.30 Lakhs; M-1 upto Rs.50 Lakhs and M-2 for any value at the prices fixed by Government Agencies from time to time. The purchase should be made within the approved Materials Budget.

2.10 COMMITTEE PURCHASE

2.10.1 EMERGENCY PURCHASE

In cases of extreme urgency involving risk of loss 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/operations resulting in considerable loss of revenue, emergency purchase without resorting to normal tendering procedures may be resorted to.

The following procedures will be adopted in such cases :

- i) An emergent indent with clear description of the materials will be raised by the concerned technical department with competent approval.
- ii) Authorization for adopting such mode of purchase would be obtained from HOD of Materials Management Department upto a value of Rs.10 Lakhs for all purchases taken together arising out of the emergency situation. For purchases of value more than Rs.10 Lakhs/and upto Rs.25 Lakhs, approval of Director-In-Charge of MM Department will be taken. For purchase of value more than Rs.25 Lakhs, approval of Chairman/Chairman-cum-MD will be obtained.
- iii) After approval is obtained, the HOD of MM Department may nominate a committee consisting of one Officer not below the rank of E-5, each from M.M., Finance and Engineering Departments to handle the purchase.

- iv) Quotations from known reputed sources of supply may be obtained by making verbal/telephonic or written enquiry. The number of firms from whom offers will be obtained should be decided by the purchase executive/Committee. Offers obtained, may be tabulated in a proforma comparative statement and negotiations may be carried out for getting quickest delivery and the lowest price. Recommendation of purchase may be made generally from the lowest techno-commercially acceptable tenderer. Approval of purchase may be obtained from competent authority, before issuing a formal supply order, as per his delegation of power under heading Power to make emergency purchase/without tender. Concurrence of finance should also be taken accordingly, but if a member from the finance department is included in the purchase Committee, no further concurrence will be required upto the purchase value of Rs.10 Lakh. For purchase value above Rs.10 Lakh, financial concurrence shall be needed.

The above procedure may be adopted only in exceptional cases. If extreme emergency arises due to any unanticipated stock out of a critical items vital for the production/operation of mines, emergency purchase may be resorted to as per the above procedure and clear recording should be made explaining the circumstances under which this procurement 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.

- v) While a brief letter of intent may be handed over to the successful tenderer on the spot or by express courier giving the price, delivery etc., a detailed supply order with terms and conditions has to be issued within 3 days thereafter.
- vi) 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.
- vii) A quarterly statement of emergency purchase made during the period should be sent to the Director-in-Charge of Purchase deptt. of the subsidiary/CIL.

2.10.2 SUNDRY ITEMS SUCH AS SPORTS ITEMS, ITEMS FOR GUEST HOUSE, UNIFORM & ITEMS LINKED WITH COMPANIES OFFICIAL FUNCTIONS ETC.

Procurement of the above items may be made by a Committee consisting of representatives from MM Department, Finance & Users Department. Constitution of the above committee and procurement will be approved by CGM/GM for the Area/Project and Director Incharge for CIL/Subsidiary Co. Hqrs. The value of procurement by the Committee will be limited to Rs.20.00 Lakhs in each case.

2.11 SPOT PURCHASE/CASH PURCHASE

Spot/Cash Purchase may be resorted to in the case when the following conditions exist :

- i) When the value of purchase is not more than Rs.5000/- (Rupees Five Thousand) and
- ii) When the item is not regularly purchased and/or not generally included in Annual Indent/Materials Budget and
- iii) When the item is available ex-stock from show rooms or specially shops dealing with the item of such nature.
- iv) When the item is urgently required by the user and
- v) When the item is branded/packaged in original packing or may be accepted based on standard warranty of the manufacturer.

Spot/Cash Purchase will be made on cash payment basis from dealers/show rooms after obtaining proper cash memo, money receipt and warranty certificate, if any, against any manufacturing defects.

For such spot/cash purchase of value upto Rs.25,000/- per annum, approval of M-1 grade officer will be taken. For items valuing more than Rs.25000/- to a maximum of Rs.50,000/- per annum, approval of minimum M-2 Grade Officer will have to be taken.

CHAPTER – III

DELEGATION OF POWERS

- 3.1 Officers of purchase department of Materials Management division 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.
- 3.2 Officers of Materials Management Division of Coal India (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) Wherever M-2 is the Head of the Materials Management Division, he will exercise power of M-3.
- ii) Value of purchase proposal both for indigenous and imported materials will mean total value of FOR Destination price inclusive of all taxes and duties and other incidental charges (if any). In case of Rate/Running Contract, it will mean value of estimated off-take during the contracted period.
- iii) All the above 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.
- iv) Whenever purchase of spare parts are made only from the Original Equipment Manufacturer on proprietary basis as detailed in Chapter-II, the delegation of power will be the same as applicable in case of purchase made by advertised tender, unless otherwise specified as per approved delegation of power.
- v) Whenever the vendors have been short-listed against an advertised tender and the list has been approved by competent authorities (Director Technical), purchase proposal in such cases will attract the delegated powers applicable to advertised tender, unless otherwise specified as per approved delegation of power.
- vi) The delegation of power for approving procurement cases is approved from time to time by CIL/Sub. Company Board. The same must be followed.
- vii) Once the purchase proposals are approved by the competent authority, the supply orders to be issued can be signed by the Purchase Executive as per delegation of power.

CHAPTER – IV

REGISTRATION OF SUPPLIERS

- 4.1 In order to have dependable sources of supply of stores, spares and equipments of right quality at the appropriate time, suppliers will be registered after ascertaining certain basic facilities available with them. Performance of such registered suppliers shall be reviewed from time to time.

The list of registered suppliers shall be kept upto date by each company by including any additions in the list or removing names of such firms whose performance are not found upto the mark. 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.

Each Subsidiary Company will circulate the upto date list of registered suppliers together with the list of items for which they are registered to all other Subsidiary Companies and Coal India Limited 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/deleted to/from lists should be circulated to all the Subsidiary Companies as and when they take place.

4.1.1 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. In such cases, CIL's Safety Division will act as the approving authority after considering all aspects of safety and field trial details. Approval may be provisional till the product 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. CMRI, 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, for example steel roof supports, steel props, roof bolts, etc., 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.

4.2 CONSTITUTION OF INSPECTION TEAM

An Inspection Team exclusively for the purpose of registration of vendors shall be constituted by each Subsidiary Company and also by CIL. The Team shall consist of the following members :

- a) Representative of Purchase Department of not below level of M-1.
- b) Representative of concerned Technical Department of note below level of M-1 and
- c) Representative of Finance Department of not below level of M-1.

The above Committee be formed with the approval of the Director-in-charge purchase department/D(T), CIL, as the case may be.

The terms of reference of the inspection team will be as follows:

The Team will visit the premises of the vendors, if necessary, and obtain and ascertain the following:

- i) Bank reference : If necessary, confidential report will be obtained from the Bankers concerned regarding the financial standing of the firm, as well as the limits upto which they can be entrusted with order. Balance Sheet and Income Statements may be verified also. The financial standing should be based on the average 50% turnover of the similar item on preceding three years.
- ii) 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/stockists, mentioning the details of Plant and 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 turn over. 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.

- iii) 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 Inspection Team before submission of the inspection report to the registration section to have their products tested at their own expenses and report furnished to the inspection section in original and certified true copies thereof duly attested by the testing authorities. Wherever such Test Certificates are not necessary, the Technical Member should justify the reason.

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 Chief Engineer, they may be considered for registration.

- iv) Tax Clearance Certificate :The firms will be asked to furnish Permanent Income Tax Account No. They should also submit Sales Tax Registration Certificate and SSI/NSIC Registration Certificate, If registered with them.
- iv) Documents : All documents as required in the application form such as proof of ownership certificate in the case of partnership concerns, memorandum and articles of association in the case of Limited Companies, as the case may be, will be obtained from the firms for record.
- v) 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.

4.3 PROCEDURE FOR REGISTRATION

- 4.3.1 (a) Indigenous manufacturers who own factory/workshop of their own and are, in the opinion of the inspecting officers, capable of producing materials of the required standard shall be registered. Inspecting team will be formed as per clause 4.2 above.
- (b) Sole Agent/Distributors in the case of imported stores and stockists in case of imported stores and stockists in case there are no agents/distributors in the country for any particular type or class of goods shall also be registered. Their premises shall be inspected by the team before registration.
- (c) For Indigenous Items, where the manufacturers do not directly market their products, Distributors, Authorized Dealers or Sole Agents can be considered for registration under special circumstances like for vehicle spares.

For (b) & (c), a certificate from the original manufacturer should be obtained to get satisfied about the bonafide of such Distributors/Agents etc.

- (d) (i) SSI units registered with the Director of Industries of State Government will also have to apply for registration and registration will be considered if they are found capable of producing materials of the required standard on inspection of their factory/works.
- (ii) Suppliers who are registered with the DGS&D/NSIC will also have to apply for registration. Inspection may be carried out before registration, wherever felt necessary by Head of the MM Department.
- (iii) No security money will be charged for registration of the suppliers who are registered with DGS&D and NSIC.
- (iv) SSI Units registered with the Directorate of Industries of State Government located in the State/States where there are Collieries/Projects/ Workshops/Coal Preparation Plants of the Subsidiary Company shall be exempted from depositing security money to that Subsidiary Company for the application for registration.
- (e) 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 ensure continued supply upto the requirements. In such cases the Inspection team will be constituted with at least a representative each from safety and technical department. The firm will be registered only after the report of the Inspection team is accepted by the Director-in-Charge of the MM Division.

- 4.3.2 Application from the supplier shall be received in the prescribed form (Annexure-I) to be obtained by them on payment of Rs.100/- per set from any of purchase offices of CIL/Subsidiary Company. The payment of Rs.100/- shall be made in the form of Crossed Demand Draft/Postal Order/Cash Payment and/or as may be decided by the Subsidiary Companies/CIL from time to time.

This application may be submitted by the suppliers against an advertisement issued by the Subsidiary Companies/CIL for development of new sources of supply. On receipt of the application in the Purchase Department the registration section will scrutinize all the particulars given therein. If the replies given to various questions indicate that the firm is not suitable for registration, there will be no necessity for undertaking inspection of its premises or works and the registration will be refused straightway with the approval of HOD of MM dept.. This registration exercise may be done once in every six months.

- 4.3.3 (i) On receipt of all reports, each case will be examined in the registration section and decided on its merits. Approval of the Materials Management Executive of the level not less than M-3 will be obtained for the registration or refusal of registration to the firm.

(ii) VERIFICATION OF DOCUMENTS

All documents like NSIC/DGS&D registration certificates, ISI Licence, DGMS approval etc. must be self-attested by the firm during submission. The concerned officer will verify them with the original before registration is granted. Name of the Officer who will verify such document should be indicated.

The registered firms will have to keep a standing deposit of Rs.25,000/- with the Subsidiary Company or Coal India Ltd. as the case may be in the form of Cash/Bank Draft. Keeping in view the quantum of annual procurement, the amount of standing deposit may be increased further.

4.3.4 PERIOD OF REGISTRATION

Initially, all firms shall be registered for a period of two years only and registration shall be renewed for another one year till reports are received on the techno-commercial performance. After that registration on expiry may be renewed for a period of THREE YEARS, if the reports are satisfactory.

- 4.3.5 In the case of Public Sector Undertakings/State Govt. Units/Government Departments, registration shall be granted based on the information received in their applications. The registration shall be given for a period of THREE YEARS and renewed thereafter for similar period.

- 4.4 Registered Firms must submit Income Tax Clearance Certificate every year, failing which their registration will stand invalid.

4.5.1 REMOVAL OF FIRM FROM THE LIST OF APPROVED SUPPLIERS:

Performance Monitoring

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 twice a year 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.

4.5.2 DEREGISTRATION OF FIRMS

- (i) Any firm may be deregistered and its name removed from the approved list if considered necessary by the competent authority, without communicating any reason to the concerned firm. The action may be taken for any of the following conditions.

(a) If the Techno-Commercial 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 as D category 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.

(b) If any firm fails to supply materials against a valid purchase order for any reason whatsoever.

(c) If any firm continuously resorts to submission of ambiguous and misleading offers and/or resorts to submission of post tender modifications to undermine the process of decision making.

(d) If any firm adopts any unethical commercial practices repugnant to normal business practices.

(ii) Deregistration/removal from the approved list shall be completed with the approval of the Head of Materials Management dept./Purchase dept. of Coal India Limited/ Sub. Company, as the case may be.

(iii) In the event of deregistration/removal from the approved list, other Sub. Company and Coal India Ltd. shall be informed.

(iv) No firm once deregistered/removed from approved list will be reinstated without the approval of Director-in-Charge, M.M. dept./Purchase dept.

4.6 VENDOR RATING

Selection of vendors/sources 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 objectives. 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 has to be collected in regard to performance with respect to various parameters, such as price, quality and delivery against each order placed on different Vendors. This should necessarily involve the active support of the user Department. The Vendor Rating System can be adopted only after Subsidiary Company has established such systems.

4.6.1 Quality Performance :

It can be measured by the ratio of quantity of materials supplied as per specifications against total quantity of supply. The quality performance index can be obtained by the following rule :

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

Where Q_a = Quantity accepted as per specifications

Q_r = Quantity accepted after replacement

Q_s = Quantity supplied

If any material/equipment has been accepted after rectification/repair/replacement weightage should be taken as 50%, instead of 100%.

4.6.2 Delivery Performance

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

In case of completed supply

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

Q_a = Quantity supplied in Time

Q_c = Quantity Ordered

Q_b = Quantity supplied beyond original delivery period

T_c = Original delivery period in days

T_a = No. of days taken to complete supply, including delayed supply.

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

Delivery Performance Index (DPI) =

$$\left(\frac{Q_a}{Q_c} + \frac{Q_b}{Q_c} \times \frac{T_c}{T_a} \right) \times 0.5 \times 100$$

T_a = No. of days taken upto the last delivery date

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

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

Price Performance Index (PPI) =

$$\left[\frac{Q_p}{O_p} \right] \times 100$$

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.

4.6.4 Composite Index

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

Quality Performance	40%
Price Performance	40%
Delivery Performance	20%

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

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

4.6.5 Classification of Vendors

From the above rules, it may be seen that a vendor may score a maximum of 1000 points as its Composite Performance Index (CPI). Based on the average CPI, calculated over a period of at least one year for all orders placed on the particular vendor, the vendors may be classified into four different groups :

	<u>GROUP</u>
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

4.6.6 Preference may be given to 'A' Group vendors, in distribution of order quantity, when orders are placed in terms of para 7.2.2.3. The actual quantum of preference will be decided by the Tender Committee.

4.6.7 A vendor who is classified in 'D' Group for two consecutive years should either be de-registered or removed from the approved list for sending limited tender enquiries. If they participate in an advertised tender in 2 cover system, their prices bids should not be opened. In all other cases, their offer should not be considered.

4.6.7(a) Vendor rating guidelines as approved by CIL Board should be followed for procurement of all types of explosives and their accessories.

4.6.8 Notification of performance to vendors

All registered/enlisted/regular 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.

4.6.9 Progressive Implementation

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. An extensive data-base preferably in a computerized environment has to be developed in a progressive way by the Purchase Department of the various subsidiary companies and CIL to effectively implement a vendor rating system detailed above. An Executive of the rank of not less than E-5 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 at the first instance. The system may be extended to other items of lesser criticality progressively thereafter.

For items, where performance can measure in number of hours of working e.g. for Engineering Ropes, Tyres, etc. a ranking system based on number of hours of working of the products supplied by various vendors in last one year may be developed. The performance details should be obtained from the HOD of the concerned technical departments.

4.6.10 Interaction with the suppliers

Materials Management Executives will have 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.

4.7 PENAL ACTION AGAINST SUPPLIERS

4.7.1 SUSPENSION OF BUSINESS

If the performance of any supplier is found to be unsatisfactory, or if the conduct of the supplier(firm) is under suspicion, or in the event of any breach of the conditions as stipulated in the general terms and conditions of the supply contract, committed by the supplier or a partner of the supplier, the competent authority (CMD of the Subsidiary Company/D(T), CIL 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 dealing 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 withdrawn earlier.

The competent authority of the Subsidiary Company/CIL may suspend the entire business dealings covered under the existing contract in whole or any part thereof any time by giving the supplier notice in writing of such effect and the anticipated duration of such suspension, as per the relevant clauses and sub-clauses of the general terms and conditions of supply of stores of contract.

The concerned deptt. of the Subsidiary Company/CIL should ensure that the final examination/investigation of the case is completed well within period of six months or within the anticipated duration of suspension order notified to the supplier firm whichever is earlier.

- 4.7.2 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 deptt. and Vigilance Deptt. of the concerned Subsidiary Companies and CIL for such action as may be necessary. The concerned deptt. of CIL on receipt of any such suspension order will ascertain the performance of the firm 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 imposed or extended to other Subsidiary Companies where the firm was supplying stores against any other contract placed by the Subsidiary Companies. If it is felt necessary to impose suspension of business dealing with the firm by those Subsidiary Companies too, CIL with the approval of Chairman, CIL will issue suspension order suspending business dealings at all the Subsidiary Companies.

- 4.7.3 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.
- 4.7.4 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 firm may be issued a show cause notice by the competent authority giving 21 days time to furnish a written statement of defence. If the reply is not satisfactory, the suspension period beyond six 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 one year should have the approval of D(T), CIL/CMD of the subsidiary company..
- 4.7.5 After full investigation of the matter is completed, the Subsidiary Company/CIL will take the following action :
- a) If the facts and evidences justify any penal action against the firm as detailed at para 4.7.7, such action should be taken.
 - b) Otherwise, the suspension order should be revoked forthwith, under intimation to all concerned.
- 4.7.6 For further actions the relevant stipulations contained in the relevant clauses of the General terms & conditions of the supply of stores of the supply order/contract will prevail upon.

4.7.7. BANNING OF BUSINESS

Banning of business should be considered in the following cases :

- i) If the Directors, Proprietors, Employees, Partners of 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 for offences in relation to its business dealing with any State Government/Central Government or any Public Sector Undertaking.
- iii) If there are strong reasons to believe that the Directors, Proprietors, Managers or any Representative of the firm has/have been guilty of malpractices such as bribery, corruption, fraud, substitution of tenders, interpolation, etc.

- iv) Willful suppression of facts or furnishing or wrong information or manipulated or forged documents by the firm or using any other illegal/unfair means.
- v) Drawing double payment or submitting invoice for double payment for the supply of same materials or carrying out the same job/work.
- vi) 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.
- vii) 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.
- viii) Commission of economic offence like evasion of Excise Duty, Sales Tax, Customs Duty, or any other legitimate taxes, levies, duties, etc. imposed by the Government or local authorities etc.
- ix) Continued and repeated failure to meet contractual obligations.
- x) Revision of price and terms of offers within the validity period of the tender on a habitual basis, in order to undermine the decision making process.
- xi) Canvassing and lobbying to get undue favour from the Company.
- xii) Formation of price cartels with other suppliers/contractors with a view to artificially hiking the prices.
- xiii) Any other misdeed which may cause financial loss or commercial disadvantage to the Company.

4.7.8 APPROVING AUTHORITY FOR BANNING

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.

4.7.9 PERIOD OF BANNING

The period should be a minimum of three years and should be decided based on the gravity of the offence and the quantum of loss suffered by CIL or the Subsidiary Company.

Copies of all orders of banning of business issued by Subsidiary Companies must be forwarded to CIL and all other Subsidiaries of CIL and CIL Hqrs. Vigilance for such action as may be considered necessary.

4.7.10 PROCEDURE FOR BANNING

Any proposal of banning of business should be put up by the concerned Executive of the Department to the Head of the Department along with all relevant documents. The HOD, in turn, will have the case investigated, if necessary with the assistance of the Vigilance Department and submit the case with his recommendation to the competent authority i.e. CMD of the Subsidiary Company/D(T), CIL.

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 and the firm should be asked to submit within 21 days a written statement of defence. All the correspondence with the firm may be made by registered post with A/D. The show cause notice should be sent by the HOD of the concerned Department.

On receipt of a reply of the show cause notice or where no reply is received, the HOD may put up a proposal for either –

- a) Exonerating the firm if the statement of defence of the firm is found to be satisfactory and the charges framed against the firm are not substantiated.
- b) Banning of business dealings with the firm for a specified period.

On receipt of the order of banning of business with any firm by any Subsidiary Company, CIL Hqrs. will consider whether the offence committed by the firm is serious enough to warrant banning of business with the firm across all Subsidiaries of CIL. For this purpose the contracts/supplies with other Subsidiary Companies will have to be examined by CIL Hqrs. 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 to reply to the notice. 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.

Any copy of the order of banning of business received from the Subsidiary Companies in the CIL Hqrs. must be put to D(T), CIL within period of 30 days indicating whether further action is to be taken on the same. This time limit is to be observed strictly.

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.

Copies of the order of the competent authority banning business dealing with any firm should be sent to all HODs of the Subsidiary Companies concerned and during the period of banning, no business dealing can be entered into with the firm. As far as possible, the existing on-going contracts may also be terminated after observing the formalities regarding termination as stipulated in the contracts.

If after an order is issued banning business with a firm, the firm comes up with any appeal or representation seeking withdrawal or any modification of the order, the matter should be decided under the order of Chairman, CIL.

CHAPTER - VINDENTING PROCEDURE – PLANT & MACHINERY

- 5.1 Purchase action shall be finalized only after receipt of any indent, in the prescribed format, duly approved and concurred by the competent authority. The indent shall be certified for expenditure in the approximate financial year and shall be accompanied with detailed specification and/or drawings etc. wherever considered necessary.

Indents for Plant and Machinery normally fall under two categories :

- a) New Requirement
- b) Replacement Requirement.

- 5.2.1 Indent for New Requirement of Plant & Machinery –

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 etc. Schemes.
- d) For research and development.
- e) For advance action for P&M for Projects likely to be approved.

Requirement of Plant and Machinery are assessed and provided for in the respective Project Reports/Feasibility Reports/Schemes etc. and purchase actions are to be initiated on the basis of provision as such in the sanctioned report/feasibility reports schemes etc. Sanctions are accorded by the different authorities, viz. Chairman-Cum-MD of Subsidiary Companies/Chairman of Coal India Limited/Board of Directors and Government of India, depending upon the nature of the Projects/Schemes and the cost involved.

Chairman, Coal India Limited and CMD and/or D(T) of its Subsidiary Companies have full power to approve indent of Plant and Machinery of approved Projects/Schemes. General Manager of the Areas are authorized to approve indents to the extent they have been delegated with specific powers.

- 5.2 Indent for replacement of Plant & Machinery items will need to be supported by approved survey off report.

5.3 Flow of Indents

Indents for Plant & Machinery will be initiated by the concerned Technical Heads. For replacement items, the Area/Departments will send the indents with copy of approved survey off report duly authenticated to the concerned Technical Heads. On receipt of indents, 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.

If the equipment indented is not available in the surplus list, the concerned Technical Head will draw out the detailed specification, obtain financial concurrence and approval of the competent authority and thereafter, the indent will be sent to Materials Management Division for taking procurement action. Drawings whenever needed will be sent along with the indent.

5.4 Normal Checks to be exercised in processing indents.

While obtaining concurrence and approval of the indent, the point mentioned in the check list given below shall be kept in view. Concurred in and approved indent will be sent to Materials Management Division for taking procurement action along with the check list duly filled in and signed by the concerned Technical Head.

5.4.1 Name of the Project (s) for which the equipment is required

- a) Whether the project is sanctioned and, if so, date and amount of sanction.
- b) Population of the equipment already available at the project and the number in working condition and use.
- c) The proposal for purchase under consideration (Number of machine and sizes)

5.4.2 If the equipment is required for a project yet to be sanctioned, what is the justification for the advance ordering of the equipment. What is the present stage, of obtaining sanction for the project?

5.4.3 When is the equipment indented, required at site ?

Whether the machine/equipment, if any, has already been procured. If not, what is the status in respect of the same ?

5.4.4 Whether the variations have been taken up with CMPDIL and other clearance obtained. If not, the reasons and justification for procurement action without clearance by CMPDIL.

5.4.5 If the equipment is requirement of replacement :

- a) The size and year of purchase of original equipment.
- b) The life of the equipment as per the prescribed norms in terms of number of hours of useful service.
- c) Actual life/hours of working achieved as against the norms.
- d) Whether the original equipment has been surveyed and condemned as unfit for further use by competent authority. If the equipment is to be replaced before serving the prescribed hour/life, the reasons for premature condemnation.
- e) The size of the equipment proposed to be purchased as replacement and reason for difference in size, if any, compared to the size of the equipment being replaced, the size of the proposed equipment match with the other machines available.

5.4.6. Availability of budget provision in the relevant year for purchase.

Whether the indent has been approved from the administrative as well as technical angle. Name and designation of the Officers who have approved the indent should be mentioned with approval number and date.

Whether concurrence of the Finance, has been taken. The name and designation of the officer who has concurred to the proposal to purchase of the equipment to be given along the number and date of the same, by way of reference.

5.4.7 Whether it has been verified that such an equipment is not available in any other project, that could be spared.

5.4.8 Performance report of the equipment, if used in the company indicating the name of the manufacturer and year of purchase/commissioning.

5.5 Advance action for procurement of equipment

The procedure for placement of actual order one year in advance for shot lead items and 2/3 years in advance for long lead items without budget provision at the time of indenting/ordering shall be as follows :

Subsidiary Companies should prepare in advance their requirement in case of long lead as well as short lead HEMM and underground equipment to be procured by Coal India Limited/Subsidiary Companies with reference to the approved projects which are not cost over run. The annual statement/programme of requirement under these categories should be got approved by the competent authority after financial concurrence and set to the concerned Materials Management division.

Subsidiary Companies/Coal India Limited will place orders for their full requirement before the commencement of the financial year for all short lead items.

For long lead item, Coal India Limited/Subsidiary Company will initiate procurement action so that orders are placed for full requirement one or two years depending on the lead time, prior to the financial year, in which the equipments are required.

- 5.6 Chapters on indenting for general consumable stores and spare parts provisioning are included in the Materials Management Manual, Part-II (Stores Manual).
- 5.7 No indent valued upto Rs.50,000/- for any item of indigenous Plant and Machinery will be sent to the Central Purchase Departments of the Subsidiary Company. Procurement against these indents will be done by the indenter with the approval of concerned General Manager/Head of the Department.
- 5.8 Whenever Subsidiary Companies have decentralized certain items or may decentralize items in future for purchases at Area/Unit level, delegation of power to the Purchase Executives in the Area/Unit Purchase Cell will be 50% of those mentioned in para 3.1.

The Controlling officer i.e. General Manager of the Area/Concerned Head of the Department will exercise financial as well as other powers as per delegation of powers to them given by CMD of the Subsidiary Company and the guidelines issued by the competent authority from time to time.

NB: Power given to Area/Unit Purchase Cell and to the Controlling Officer in para 5.8 above does not relate to local purchase.

- 5.9 Indents received in Materials Management Division of CIL/Sub. Cos. will be checked with reference to correct specifications for the purpose of tendering at the level of the CIL by Head of the concerned Engineering Department and only when the same is endorsed by him the indent will be registered in Materials Management Division for initiating purchase action. In case, the concerned Head of the Engineering Department in CIL feels that the specifications given in the indent needs modification, the comment of Chief of Engineering Department will be forwarded to the Subsidiary Company for necessary consideration and resubmission of the indent with modified specification. Only when the matter regarding specification of an equipment for the purpose of tendering is sorted out the indent will be registered in Materials Management Division and purchase lead time will start from the date of registration of indent in Materials Management Division. Any delay in producing, an acceptable Indent will be responsibility of Indenter.

Plant & Machinery Indent form is at Annexure-II.

CHAPTER - VITENDER ENQUIRY6.1 PREPARATION OF TENDER ENQUIRY

The following points are to be kept in view:

The invitation to tender and instructions to the tenderers is an important document as the firm's proposal/tender is based on them. The Tender Enquiry should, therefore, be carefully prepared setting out in clear terms the requirements of the purchaser as to quality, quantity, delivery required etc.

The tender enquiry form may be different in the case of limited tender or by advertisement. The Tender Enquiry usually comprises :

- a) Invitation to tender and schedule to tender accompanied by general terms and condition.
- b)(i) Places at which the stores are required to be delivered should be stated in the schedule to tender.
- (ii) For all indigenous supplies, the firm should normally be asked to quote their rates on FOR Destination basis with break up of prices e.g. (i) Ex-works Price and (ii) Freight, Insurance, Packing & Forwarding Charges on lump sum basis. Excise Duty, if applicable, will be payable extra on Ex-works price only. Sales Tax will be payable extra, as applicable. The safe arrival of stores at destination shall be the responsibility of the supplier. Coal India Limited/Subsidiary Companies should arrange for insurance policy only for contracts made on Ex-works/FOR Despatching station basis or where the firm has not accepted the responsibility of safe arrival of consignment at destination even though the tenderer has agreed to pay freight upto destination in the tender.

A domestic manufacturer shall be considered as an indigenous manufacturer, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This provision should be specifically mentioned in the tender document.

- (iii) In case of imported stores, where the supplier is to arrange importation and paying customs duties etc. the rates quoted will be on FOR Destination basis and the safe arrival of the consignment from the country of origin dispatched to the destination will be of supplier responsibility. In that case Sales Tax and Statutory Local Levies(if any) will be payable extra as applicable. No Excise duty will be payable.
 - (iv) In case of direct import by CIL/Subsidiary Companies the tenderers should quote price on FOB delivery port basis only. However, with prior permission from Ministry of Shipping, offers may also be invited on CIF port of destination basis.
 - (v) 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/damages/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 Director/CMD and Chairman of Coal India Limited as the case may be.
- c) (i) Tenders should normally be invited to standard specifications where these exist or to schedule of requirements drawn up by the Indentor. Tenders for standard items should not be called of maker's name or model/type etc. All invitations to tender for standardized items should contain full description without, as far as practicable, any reference to a particular make or trade name, model, type etc. A reference to current Indian Standard Specifications to which the items should comply, has to be mentioned. In the absence of BIS, a reference to other national standards like BSS/VDE/DIN may be made.
- (ii) In case of imported stores other than direct import by Coal India Limited/Subsidiary Companies the following clause should be incorporated.

The tenderer should indicate the actual rate of customs duty included in their quotation. They should also indicate in their tender where a concessional rate of customs duty is admissible and a lower duty is paid by them and the amount actually paid by them at the concessional rate of duty. A certificate from the Auditor of the firm, certifying the actual duty paid and that in case of any refund, the full refund of duty has been passed on to CIL/Subsidiary Company should be asked from the firm. Customs Duty will be reimbursed on submission of documentary evidence.

- (iii) In case of indigenous items where Coal India Limited/Subsidiary Company 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, fresh procurement action will be taken in the same manner as detailed in para 6.1(b)(v).
- d) (i) Technical Department should prepare standard/detailed generalized specifications for all items of P&M/Capital Stores/Revenue Items and attach them with the indent for inclusion in the Tender.
- (ii) Any change in the specification over the standard specification/or over the previous year must have the approval of the Head of the concerned Technical Department. The reasons for the change in specifications should be clearly brought out.
- e) The commercial conditions shall be prepared by the purchase executive as per the “General Terms and Conditions of Supply of Stores” at Annex-IV (as applicable).
- f) The tender enquiry shall be approved by HOD of MM dept./Head of area.

6.2 PRICE VARIATION CLAUSE

It should be mentioned in the NIT that the prices quoted must be FIRM till delivery. Otherwise, the offer will be rejected. In case, however, it is decided to allow price variations, under special circumstances, with the approval of Head of Materials Management Department, the following details should be indicated in the NIT :

- 6.2.1 a) The description of the items, i.e. raw material with complete specifications for which the price variation will be allowed.
- b) The date of taking the base price and the basis of price, i.e. the agreed agency or price indices such as WPI/RBI Index or the nationally acceptable Formula for PVC, the published rates pertaining to which will be taken as the basis of price for the concerned raw material or consumable or spare part.
- c) The date which will be taken as the basis for calculation of the final price payable.
- d) The formula for arriving at the final price.
- e) The ceiling on variation in price as a percentage of quoted price. This should normally be restricted to (plus minus) 10%.

6.3 **Normally 2-Part tendering should be practiced for all items of P&M/Capital/Consumable Stores/Spare Parts. In case of items of low value, proprietary, branded, single source : single part tendering may be adopted.**

6.3.1 TWO PART TENDERING

In case of 2-Part tendering, the first part of the tender will consist of 2 sections.

PART-I SECTION – A: Consisting of technical offer and a check list showing deviations from the technical specifications.

PART I SECTION – B : Containing (a) Commercial Terms & Conditions, (b) a Check List showing deviations, if any, from the NIT commercial terms & conditions against each clause, (c) Blank format of price bid, as quoted by the tenderers (WITHOUT PRICE) should also be included in the section B. The price format may be devised by the purchaser according to the nature of the items and may be enclosed with the NIT.

PART – II : The second part of the tender shall consist of details of prices ONLY. The price bids of only those tenderers whose offer in Part-I is found to be techno-commercially acceptable will be opened. For this purpose, the technical scrutiny of the techno-commercial bids will be done by the HOD of the concerned Technical Department only. In case the scrutiny is done by an Officer nominated by the HOD, the final scrutiny report will have to be approved by the HOD of the Technical Department. Similarly commercial scrutiny of the techno-commercial bid shall be done by the M.M. department and shall be approved by the HOD of M.M. department.

6.4 THREE PART TENDERING

- i) 3-Part tendering consisting of the following sections may also be resorted to in purchase of high technology and high value P&M 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 equipment. The basic aim of 3-Part tendering System is to eliminate participants who do not possess the techno-commercial and financial competency to manufacture and supply the equipment.

1st PART – PRE-QUALIFICATION BID consisting 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 supply experience for last three years and if felt necessary on inspection of the firms.

Financial standings of the firm, as reflected in Balance Sheet and Income Statement and Bank references giving financial soundness of the firm may also be called for at this stage. The financial standing should be based on the average 50% turnover of the similar item on preceding three years.

The parameter of the pre-qualification and techno-commercial bids will be drawn in consultation of HOD of Technical and Finance Departments.

2nd Part : Techno commercial details shall be called for.

3rd Part : Only price details to be indicated by the bidders.

2nd Part & 3rd Part shall be in line to those indicated in Part-I & Part-II of para no.6.3.1 detailed earlier.

If felt necessary, provision for holding pre-bid conference with the interesting tenderers may be kept.

This pre-qualification exercise may be made initially for shortlisting the competent vendors. Thereafter, after due approval from the competent authority (Director Incharge of Purchase of Subsidiary and CIL), tender be floated to the short-listed manufacturers. In the Limited Tender, 2-Part tendering system should be followed as detailed in para 6.3.

Before opening of techno-commercial bids, joint pre-bid conference may be held with the tenderers. Such pre-bid conference will be held only in cases when it is felt that in view of the complexity of the item, the Technical specifications of this item need to be finalized in great detail. If after the pre-bid conference the technical or commercial terms are revised, fresh techno-commercial and price bids will be called for as per the revised specifications.

In any case, the price bids of only those tenderers will be opened whose techno-commercial bids have been found acceptable after scrutiny of the techno-commercial bids submitted by them.

6.5 EARNEST MONEY/SECURITY MONEY :

- a) Earnest Money Clause should be stipulated in the tender. The value of Earnest Money to be deposited by the tenderer should be 2% of the value of the estimated cost tendered for or Rs.10,00,000/-, whichever is lower. EMD should be in the form of Demand Draft and must accompany the quotation i.e. Cover-I of the bid. For unsuccessful tenderer EMD shall be refunded immediately after finalisation of the tender with the approval of the HOD of MM deptt. or Head of Area. EMD shall be forfeited if any tenderer withdraw their offer before finalization of the tender or fails to submit order acceptance within 15 days from the date of order.
- b) Security Deposit clause should be stipulated in the tender. Two weeks time (15 days) shall be given in the order to the successful tenderer to furnish the security deposit. In case the firm fails to deposit the security money, the order shall be cancelled and the case shall be processed to order elsewhere and the firm's performance is to be kept recorded for future dealings with them.
The value of Security Money to be deposited by the successful tenderer in the form of Bank Draft shall be 10% of the value of the awarded contract without having any ceiling. For successful tenderer, EMD should be converted to Security Money which will be refunded to the firm within 30 days of satisfactory execution of the contract with the approval of the HOD of MM deptt./Head of the Area. For unsatisfactory performance and/or contractual failure, the security money shall be forfeited.
- c) For procurement value less than Rs.1,00,000/-, no earnest money/security deposit will be required.

- d) If any State/Central Govt. Organisation/PSU & valid DGS&D/NSIC registered (for the tendered items) firm can produce documentary evidence issued by Govt. authorities for according exemption towards submission of EMD/SD, they may be considered for exemption from submission of EMD/Security Deposit.

6.5.1 PERFORMANCE BANK GUARANTEE

The Performance Bank Guarantee Clause must be stipulated in all the contracts for procurement of Capital Equipment. 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. as far as possible. Performance Bank Guarantee at the rate of 10% of the order value should be taken from the supplier. This Bank Guarantee format must be vetted by Legal Department of CIL/Subsidiary Company. For procurement of certain specialized items and/or for certain firms, if felt necessary, performance bank guarantee of more than 10% of the order value may be obtained. This is at the discretion of the purchasing Subsidiary Company & to be clearly mentioned in the tender enquiry.

To arrive at the value of the Performance Bank Guarantee, the order value should be calculated as per the following guidelines :

A) For Indigenous Order -

For arriving at the value for Performance Bank Guarantee to be submitted for Indigenous Orders, the order value will be arrived at by adding all the Taxes & Duties applicable, such as Excise Duty, Sales Tax, etc. 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 for Performance Bank Guarantee to be submitted for Import Orders, the order value will be arrived at by adding estimated amount of Freight, Insurance, Port Charges and Customs Duty etc. as applicable on the date of opening of price bid, to the FOB Price of the materials on order.

C) The Performance Bank Guarantee for the above case (A) & (B), shall be released after expiry of validity period if no claim is pending, with the approval of the concerned Director(T) of the subsidiary/CIL. However, in case there is no dispute pending & 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 Director(T) of the concerned subsidiary/CIL.

D) In case of area purchase which has been approved by the GM/CGM of the area, the release of BG shall also be approved GM/CGM of the area(i.e Head of the area) as per the modalities detailed at (C) above.

6.5.2 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.

6.5.3 BANNED OR DELISTED SUPPLIERS

The bidders would give a declaration that they have not been banned or de-listed by any Government or quasi-Government agencies or PSUs. If a bidder has been banned 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 him. If this declaration is not given, the bid will be rejected as non-responsive.

6.5.4 DEVIATION

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

6.6 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 cases.

6.7 SUBMISSION OF TENDERS

- i) All envelopes containing the tenders shall be properly sealed ONLY by sealing wax embossed with the logo or monogram of the tenderers. Envelopes sealed by ONLY Gum Or Stapled shall not be accepted.
- ii) The envelope containing the tenders must be superscribed with the Tender No. and date and time of opening.
- iii) Tenders not submitted in the above manner will not be accepted.
- iv) Copies of tender enquiries for advertised tender, limited tenders and a copy of General Terms & Conditions are given in Annexure-III & IV.
- v) Special conditions, if any, may be included with the tender enquiry.

- vi) The last date of receipt of quotation should be suitably fixed by the Purchase Executive for each tender enquiry. However, the Purchase Executive will ensure that in case of advertised tender, at least 30 days are available for submission of the offer from the date of publication of the tender.

In case of Global Tender, the minimum period shall be 45 days from the date of publication of the Tender.

- vii) The tenderers will be requested for keeping their offers valid for a period of 180 days from the date of opening of the Cover-I.
- viii) After the preparation of tender enquiry in the manner indicated above i.e. Global/Domestic Open/Limited/Single Tender as the case may be shall be issued in terms of provisions of para 2.4, 2.5 and 2.6 respectively.

6.8 COST OF TENDER PAPERS AND THEIR SALES

Tender forms against advertised tenders shall be charged for and the tender fee shall be indicated in the advertisement itself. The rates of tender fees are given below for guidance only :

- a) When the estimated value of demand is upto Rs.10 Lakhs, Tender Fee will be Rs.1000/-.
- b) When this value is over Rs.10 Lakhs and less than Rs.50 Lakhs, Tender Fee will be Rs.2000/-.
- c) When the value is Rs.50 Lakhs and above, Tender Fee will be Rs.5000/-.
- d) In cases where special drawing or specifications are to be supplied with the tender forms, the charges including the cost of drawings/specifications for tender forms shall be fixed in each case in consultation with the Executive of Materials Management of M-1 rank. Tender forms purchased by one firm are not transferable to another firm. Tender fees shall be received in the manner indicated in the advertisement. A Cash Receipt will be issued for the fee. Tender forms shall be issued to the firm on the basis of such Cash Receipt. Sale of tender papers shall be closed 1(one) day prior to the last date of receipt of the tender.

6.9 FREE SUPPLY OF TENDER PAPERS

Tender papers shall be supplied free of cost in the following cases :

- a) Tender forms against the advertised tender may be supplied free of cost on demand to all Government/Undertaking/Ancillary Units for the same items.
- b) In case of Global Tenders, a specimen copy of the tender notice advertised in the Indian Trade Journal or other Newspapers shall be supplied free of charge to the Trade Commissioners/Counsellor/Representatives/High Commissions, if necessary. Copies of Global Tender Notices shall be sent to the India Embassies/High Commissions located in different countries of the World for wide publicity, wherever felt necessary.
- c) Copies of all tender notices advertised may also be sent to all the Materials Management Divisions of other Subsidiary Companies/Coal India Limited for display at the Notice Board.

6.10 EXTENSION OF DUE DATE OF TENDERS

Normally the last date of submission of tender shall not be extended. In case, however, where extension cannot be avoided the permission of Head of Materials Management Department shall be obtained. This decision shall be communicated not only to the individual tenderers who have purchased the tender forms but also Notices of extension of date of tenders shall be published in the Newspapers in case of Advertised Tender. In case of Limited Tender, the firms to whom enquiries were issued will be individually informed about the extension of due date of tenders. Proper justification & reasoning for such extension must be recorded in the file.

6.11 RECEIPT OF TENDER

The last date and hour for submission and receipt of tenders shall be stated in the schedule of tendering. Tenders delivered by hand not later than the specified date and time of receipt of tenders are also to be put in the tender box provided for the purpose. All the tenders received on a particular date shall be sorted out by the Receipt Section and handed over to the concerned Dealing Officer for safe custody.

6.12 DELAYED OR LATE TENDER

- i) The due date of submission and opening of the tenders will be the same as far as practicable.
- ii) A tender which has not been received on the due date and before the due time of opening of the tender, the same will not be considered. No relaxation in this respect will be entertained.
- iii) Tenders sent through Telegram, Telex, Fax or E-Mail will not be considered.

6.13 OPENING OF TENDERS

i) ONE COVER SYSTEM

a) In case the tendered value is less than Rs.10 Lakhs, such tenders shall be opened by the Dealing Officer in association with a representative of the associate finance. The presence of representatives of the tenderers is not mandatory.

b) In case, the tendered value exceeds Rs.10 Lakhs, such tenders shall be opened by dealing officer along with a representative of associate finance and shall be in the presence of the representatives of the participating tenderers who must be notified before opening of tender. This procedure must not be relaxed under any circumstances.

c) Only representatives authorized in writing by the respective tenderers shall be permitted to be present during the Tender Opening, along with the condition of only one person per participating/attending tenderers.

d) Representative of a firm who has NOT participated in the tender, shall not be permitted to be present at the time of opening of a tender.

e) The Officer opening the tender shall obtain a list of tenderers who purchased the tender papers or to whom tenders were issued and compare it with the tenders received. A list of representatives present at the opening of tender will be made and their signatures obtained on the list. The list shall be initialed and dated by the Officers conducting the opening of tenders. The following particulars shall be read out from each tender opened by him for information of the representatives of the tenderers present :-

- i) Tender Number
- ii) Name of the Tenderer
- iii) Description of article 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) Any other important particulars may also be read out.

All tenders shall be numbered serially, initialed and dated in front page. Each page of the schedule or the letter attached to the tender shall also be initialed. In addition, the schedule containing prices (that part of the main sheet of the tender) shall be initialed separately. The total number in figures and words of tenders received and opened shall be noted down by the Officers concerned in the note portion of the relevant file so that there may not be any possibility of suppression, substitution or addition of any tender. 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 in the tenders, if any, made by the firm shall be initialed by the Officers concerned opening the tender to make it perfectly clear that such alternations were present on the tender at the time of opening. No amendment to a tender shall on any account be permitted after the due date and time of receipt of tender, unless specifically required by the purchaser.

ii) TWO/THREE COVER SYSTEM : In the two/three cover system, the offers are received in two/three separate covers, viz. Cover-I and Cover-II/III as detailed at para 6.3 and 6.4. Each Cover in the above system, shall be opened as per the procedure laid down at para 6.13 above separately. The price covers of only the technically and commercially acceptable tenderers shall be opened as per recommendation of the Tender Committee.

6.14 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.

6.15 SIGNING OF ALL PAGES OF TENDER

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 indicating the name of the manufacturer. In case the signature with seal is missing on any page of the Price bid, the firms should be told to comply with the same at the time of opening of the tender. The officials opening the Tender must sign on all pages and record this deviation so that the same can be complied with by the firms by 3 / 4 days of tender opening

6.16 In case the Tenderers submit self attested copies of registration certificate of DGS&D/NSIC, Licence from BIS and approval certificate issued by DGS&D/other Independent Statutory Bodies of Govt. of India, along with the tender, they must be asked to show the original copies of such documents to the concerned dealing officer for verification to satisfy about their authenticity. The concerned verifying authority should indicate its name ,designation, date of verification and sign on the verified documents.

6.17 **Certain vital condition for NIT**

(i) Specification to be stipulated in the NIT

This is one of the most important features of the NIT and therefore it is imperative that the technical specifications is such that a large number of bidders can participate against tender. It shall be broad based as per as possible and shall be well defined leaving no scope for ambiguity and misinterpretation. While for equipment as a whole it is not desirable to indicate choice of any brand name, however if considered necessary, brand name of sub-assemblies to be fitted in the equipment may be indicated in the NIT on the basis of the past experience of a users. Specific choice of make for such supplied assemblies/accessories shall be for a minimum of two, taking into account the experience of the users.

(ii) Indigenous Manufacturers

A domestic manufacturers shall be considered as an indigenous manufacturers, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This provision should be specifically mentioned in the tender document.

(iii) Satisfactory performance

a) It is imperative to indicate the bench mark 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 satisfactorily. An equipment must give such satisfactory level of performance for a period of minimum one year and achieve the guaranteed availability detailed in the order.

In case of high capacity equipment namely Dumpers of 120T and above, Shovels of 10 Cum. And above and Dragline, satisfactory performance for a period of one year shall not be generally sufficient (as their life is 50 to 20 years). Therefore, the performance of these high capacity equipment shall be considered satisfactory on analysis of their consistent performance for a minimum period of 3-4 years from the date of commissioning. However, if the performance achieved during first two years of operation is more than the availability guaranteed for the first year, a relaxation may be considered with the approval of competent authority (CMD/Chairman,CIL) and that the performance may be considered satisfactory for those supplied high capacity equipment.

b) Satisfactory performance for the equipment under trial, NIT/Order may also provide, over and above, the above condition of satisfactory performance, a clause to consider the maintenance and operating cost involved during the trial period to be a factor in determining the satisfactory performance of the equipment under trial.

(iv) Proven equipment

The equipment to be offered by the tenderer shall be considered proven provided the type and model of the equipment offered must have supplied in the past to the Mining Industry and/or to the other Industries under PSU/Government (applicable for material handling equipment like Conveyors, Cranes etc. only) and performed satisfactorily for a period of not less than one year from the date of commissioning. High capacity equipment namely dumpers of 120T and above, shovels of 10 Cum. And above and Dragline shall be considered proven on consistent satisfactory performance for a period of minimum 3 /4 years from the date of commissioning. However, if the performance achieved during first two years is more than the availability guaranteed for the first year, a relaxation may be considered with the approval of the Competent Authority(CMD/Chairman, CIL) for declaring those high capacity equipment as proven. Before declaring the trial equipment proven for regular procurement, the performance of the equipment for the above said period (one year from the date of commissioning) will have to be examined along with the maintenance and operating cost involved for use of those trial equipment for a period of one year.

(v) Time period required, for declaring the items (other than equipment) as proven, may be decided suitably by the Subsidiary Companies keeping in view the nature and the criticality of the items procured. However, the time period should not be less than 6 months.

(vi) Procurement of HEMM

- a) As per decision of CIL Board, procurement of bulk requirement of HEMM(approx 90% of total requirement) shall be made only from the proven manufacturers.
- b) For approx 10% of the total requirement, Tenders are to be floated for development of new sources.
- c) In regard to issuance of tender (Global or domestic), Subsidiary Cos. shall have freedom to decide the mode of tendering (global or domestic) according to the nature of their requirement with due approval from their respective Boards.

CHAPTER – VII

ANALYSIS OF OFFERS, PLACEMENT OF ORDERS AND COMPLETION OF SUPPLY.

7.1 Tabulation of comparative statement for one Cover System.

All tenders excluding late tenders received in response to tender enquiry shall be tabulated and a comparative statement shall be made .

A comparative statement shall indicate the following :-

- i) Prices quoted by all the firms shall be shown. Where suppliers have offered stores to different or alternative specifications, models, types, their prices shall also be indicated
- ii) The prices quoted shall be compared on a total price basis including all taxes, duties, packing and forwarding charges, freight, insurance, octroi duty/Entry Tax etc. payable in each case.
- iii) Delivery terms of all the suppliers shall be given.
- iv) Deviations in specifications shall be pointed out (for one cover system).
- v) Deviation from standard terms and conditions and any special terms asked for has to be brought out (for one cover system).
- vi) Whether the duties and taxes are included in the prices quoted. In case duties and taxes are payable extra, the rates applicable shall be mentioned.
- vii) Where stores have to be imported, the amount of Foreign Exchange required (FOB Price) and any special conditions specified by the supplying firms shall be brought out.
- viii) Discount, if offered, shall be brought out.
- ix) The LAST PURCHASE PRICE (LPP) will be shown against each item. LPP is the basic price at which the last orders was placed for the same item. If the LPP included Tax and Duties, it should be properly discounted to the basic price level . The date of last order may be indicated. If date of last order is more than 36 months old or the item was not purchased earlier it will be mentioned that LPP is not available. In case the last order is more than 5 years old, LPP need not be searched for. However, for single offer received against tender, LPP of any date may be mentioned, if available.

- x) Taking all the factors into consideration, overall cost evaluation shall be made. The information regarding the number of tender forms issued and the number of receipts be indicated . The comparative statement shall also indicate whether the firms who have quoted are registered or not. The statement shall be signed by the dealing and assisting officers and vetted by Finance.

7.2 Method for arriving at the total composite evaluated price –

- i) Whenever the tenderers mention that taxes and duties are payable extra, the current rate of taxes and duties as applicable will be added.
- ii) Conditional discounts, including quantity 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 current 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.

- iv) In spite of mentioning that offers should be submitted by the tenderers on FOR destination basis as per clause 6.1 (b)(ii) above, in case a tenderer does not specify the basis of price or quotes on Ex-works or FOR despatching station basis, the price will be loaded on 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 despatching 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 freight up to destination .:

<u>Approximate Distance of Dispatching station from site</u>	<u>% of FOR dispatching Station price.</u>
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.

- v) In case of Imports, the tenderers will be required to quote on FOB delivery port basis as per clause 6.1(b) (iv) above. 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 as per the above methodology given below and the same be indicated clearly in the Tender document.

<u>Port of Delivery at :</u>	<u>Freight (%)</u>
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 Subsidiary/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

- b) The CIF price will be multiplied by the Exchange Rate between Indian Rs. And the quoted Foreign currency, prevailing on the date of opening of the price bid. The applicable rate will be “Selling BC Rate”, of State Bank of India. Otherwise the rate as available from National News Papers will be taken.
- c) Customs Duty and Countervailing Duty as applicable on assessable value (CIF plus landing charges etc.)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 forwarding charges and 3% of FOB as estimated average inland freight up to destination, to arrive at the total price (landed price).

- vi) For comparison of Import offer with the indigenous offer in a Global Tender, landed price of indigenous offer (i.e. FOR destination price plus Excise Duty plus Sales tax plus Octroi, if any) should be compared with the landed price of Import offer (i.e. CIF Price plus Customs Duty plus Port Clearance charges plus Inland Freight etc. as above). This evaluation criteria should be clearly mentioned in the NIT.
- vii) The above methodology of evaluation of tender should be clearly indicated in the tender document . The quantum/rate of loading for the various factors indicated above, are for the guidance. The 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.

7.3 Tabulation and Comparative Statement for two Cover System.

In this system, comparative statement for commercial terms and conditions i.e. Warranty, Performance, Bank Guarantee, LD Clause , Delivery etc. will be prepared after opening of Cover-I. The technical specifications and deviations thereof will be brought out and examined while carrying out technical scrutiny of the offers contained in Cover-I, which will be carried out by the HOD of the concerned Technical Department.

The comparative statement of prices will be prepared after opening of Cover-II . The general procedures in preparation of the comparative statement shall be the same as laid down in para 7.1 However, comparative statement of prices will be made for only those offers which are technically and commercially acceptable on evaluation of cover-I bids.

7.4 Purchase in excess of the estimated amount shown on indents.

In the absence of general or special instructions from the indenting officer, orders may be placed in excess of the value of the items shown on an indent without prior reference to the indenter if the excess expenditure over the indented amount is not more than 20%.

If this limit is exceeded, the order will be placed maximum up to the extent of 20% of the indent value in case of consumable stores and the indenter will be informed accordingly. In other cases where purchase value is in excess of 20% of the indent value, the indenter will be asked for extra budget certification with concurrence of the competent authority. However, the order shall be placed as per delegation of power.

Purchase executive may accept quantities in excess of the quantities within a limit of 5% where the packing unit or wagon consignment (as in case of steel) are the determining factors in placing orders. This 5% is covered by the normal latitude of 20% allowed in the case of budget certification. Such acceptance of excess quantity shall, however, attract approval of the HOD of Materials Management Deptt. who may, if he considers necessary consult the Indentors/Finance.

7.5 Increase of quantity to be ordered from tendered quantity.

The bidders are to be informed that CIL and/or its Subsidiaries are entitled to increase or decreased the quantities against any /all the items of the tender by not more than 20%(twenty percent) before opening of price bid.

Such situations may occur if during the period between floating of the tender and finalization of the purchase proposal, additional approved indents are received or , alternatively, indentors downscale their requirement. In the quantity to be ordered is larger than the tendered quantity, an attempt should be made to obtain suitable discounts with respect to prices from the techno-commercially acceptable tenderers.

7.6 Scraping of tender received and issue of fresh enquiry.

Under the ordinary circumstances, it is not desirable to scrap a tender and reinvoke quotations. Reinvitation of tender is normally justified only where there has been a material change in the basic specifications after receipt of the tenders or where the offers received do not conform to the specifications in important respect or where the prices quoted are unreasonable because of sudden slump in market prices or the situation arising out of change in procurement policy, if any. Prior approval of the Head of Materials Management Deptt. will be obtained before cancelling tenders. Finance shall also be consulted before cancelling tenders.

In case/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. Full & detailed justification must be recorded for scraping any tender.

7.7 Purchase of Stores from Government Department/Undertakings.

Where State or Central Govt. Undertakings/Departments participate in the tender and are in a position to meet the requirements, purchase may be made from them after taking into consideration the Govt. guidelines in respect of such purchases.

7.8 Finalisation of Purchase Proposals.

- i) The proposal for purchase shall be finalized in the following manner :
 - a) In the case of all purchases where the value is within Rs.15 lakhs, this will be finalized by the Purchase Executives within their delegated powers, after obtaining concurrence from Finance. Purchase value is to be calculated after adding all Taxes and Duties applicable with the FOR destination price.

- b) In case of purchase where the value is above Rs. 15 lakhs, the case shall 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 below :

A) LEVEL I TENDER COMMITTEE

Above Rs.15 lakhs – Rs.30 lakhs.

- i) Purchase Executive of not less than E-5 rank.
- ii) Associate Finance of not less than E-5 rank
- iii) Representative of concerned Technical Deptt. of not less than E-5 rank.

B) LEVEL II TENDER COMITTEE

Above Rs.30 lakhs - Rs.75lakhs

- i) Purchase Executive of not less than M-1 rank.
- ii) Finance Executive of not less than E-5 rank.
- ii) Representative of concerned Technical Dept. not less than M-1 rank.

C) LEVEL III TENDER COMMITTEE

Above Rs.75 Lakhs – Rs.150 Lakhs

- i) Purchase Executive of not less than M-2 rank.
- ii) Associate Finance /Representative of Finance of not less than M-2 rank.
- iii) Representative of concerned Technical Dept. of not less than M-1 rank.

D) LEVEL IV TENDER COMMITTEE

Above Rs.150 Lakhs – Rs.300 Lakhs .

- i) Head of MM Dept. of rank not less than M2
- ii) Head of concerned Technical Deptt. of rank not less than M2.
- iii) Head of Finance Dept. of rank not less than M2.

E) LEVEL V TENDER COMMITTEE

Above Rs.3 crore—Rs 100 crore.

- i) A Technical Director of a Sub. Co.
- ii) Head of MM Dept. of rank not less than M3
- iii) Head of Finance Dept. of rank not less than M3/Director(F) of a Sub.Co.
- iv) Head of concerned Technical Dept of rank not less than M3

F) LEVEL VI TENDER COMMITTEE

For procurement of material and equipment valuing more than Rs.100 crore, TC may comprise of the following members..

- i) CMD of a Sub. Co.
- ii) Director (Technical) of a Sub. Co.
- iii) Director(Finance) of a Sub. Co.
- iv) Head of Finance Dept. of rank not less than M3.
- v) Head of concerned Technical Dept. of rank not less than M3
- vi) Head of MM Dept. of rank not less than M3

NOTE

1. Wherever Materials Management Executive of M-2 Rank is the Head of Materials Management Division, the Tender Committee to be convened by him will be convened by M-1 Officer. In cases when the Tender Committee is to be convened by M-3 Officer(as a TC member), it will be convened by the Officer of M-1/ M-2 Rank, if M-3 Officer is also the Head of MM Division.
2. In the constitution of Tender Committee as above, the general member of Officers have been indicated and a Subsidiary Company can nominate additional members, or exclude a member (Excepting for Finance and Technical Members) if felt necessary, with competent approval of Chairman/CMD/Director-in-charge of MM Dept.
3. 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.
4. In case of Branch purchase Offices of the Sub.Cos. functioning at a place other than the HQs of the Company, the General Manager(MM) may take separate arrangements for constitutions of Tender Committee with approval of Director-in-charge (Materials Management).
5. The recommendations of Tender Committee in all cases shall be submitted to the competent authority, according to delegation of powers, for approval, but in any case it should be submitted for approval to an officer of the rank of at least one step above that of highest level of the Purchase Executive, who is the member of the Committee.
6. Whenever an Executive from Materials Management discipline of the specified level is not available, an Executive of the next higher level will be the member of the Tender Committee.

7.8.1 TECHNICAL EVALUATION OF BIDS

All the Technical Bids received against advertised, limited or single tender enquiries shall be scrutinized and evaluated by the technical department. The technical Scrutiny and evaluation should be restricted to the parameters provided in the NIT. The final Technical Scrutiny Report (TSR) shall be forwarded to the purchase department, duly vetted by the concerned HOD of technical department.

Past performance of the offered product(s) should also be taken into consideration whilst submitting the final TSR, along with original copies of the performance reports.

The responsibility of the correctness of the final TSR shall lie with the concerned Technical Department.

7.8.2 DUTIES & RESPONSIBILITIES OF TENDER COMMITTEE :-

- a) The Technical scrutiny report should be vetted by HOD of the concerned Engineering Division and the Dealing Officer of the MM Deptt. should put up the same before the Tender Committee. Incidents of non-conformance to the NIT specifications, if any, indicated in the Technical Scrutiny Report, should be brought to the notice of the Tender Committee by the Dealing Officer.

The Tender Committee will examine the Technical Scrutiny Report on the offers submitted by the Bidders in Cover-I Bids.

- b) To make out a list of technically acceptable Bidders on the basis of Technical Scrutiny Report. If the Tender Committee disagrees with the Technical Scrutiny Report, then the Tender Committee has to record the reason for disagreement. If any bid is technically rejected in the Technical Scrutiny Report, Tender Committee should also examine the same and record the reasons for rejection vis-à-vis NIT specifications and the terms & conditions specified in the NIT.
- c) To find out whether the technically acceptable Bidders have accepted/fulfilled all the general and commercial terms & conditions of the NIT. Dealing Officer should prepare and put up a statement of deviation/non-conformance of General and Commercial Terms & Conditions of the NIT (duly approved by HOD of MM dept.) before the Tender Committee members.
- d) To give recommendation regarding acceptance or otherwise of any deviation quoted by the Bidders from any of the general terms & conditions and specifications of the NIT.
- e) In case of 2-cover Bids, recommending the names of the Bidders whose price covers will be considered for opening and specific reason for not considering any bid for opening their price covers.

- f) Price comparison of the techno-commercially acceptable bids should be done on like to like basis. The Dealing Officer should prepare the CS based on the above principle and put up the same vetted by Finance before the Tender Committee.

Any deviation with regard to price comparison on like to like basis is to be indicated in the CS (Comparative Statement).

- g) Vendor rating where available will be put up by the Dealing Officer to the Tender Committee for consideration.
- h) Negotiation in conformity with the procedure and guideline prescribed in the approved Purchase Manual may be carried out, if required . The Dealing Officer who has been authorized to assist the Tender Committee, should place the relevant guidelines before the Tender Committee. If any departure from the approved procedure is noticed the Dealing Officer should inform the same to the Tender Committee Members during the Tender Committee meeting/deliberation to enable the TC to take appropriate view in this respect.
- i) The Tender Committee 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.
- j) If Tender Committee recommends distribution of orders to more than one Bidder , the distribution methodology should be mentioned in the Tender Committee deliberations. TC recommendation for distribution of order quantity, if any, must be in conformity to prevalent CVC guideline and as per other guidelines duly approved by CIL/Subsidiary Board of Directors/Govt. of India.
- k) Tender Committee should verify the offers (Both Part-I and Part-II) of the finally recommended bidders to guard against any irregularity.
- l) If the price of a particular item is found to be varying from area to area as well as from Subsidiary to Subsidiary Co., the bidder may be asked to indicate their last supplied prices for the same item supplied to the other Subsidiary Cos. of CIL, any other Public Sector Undertakings and if possible to get satisfied about their authenticity to guide the procurement. This should not be considered as a mandatory directive but these information is considered to be essential to exercise the negotiation technique and therefore if possible this may be explored.

7.8.2.1 EVALUATION REPORT

The evaluation report will be prepared by a Tender Committee comprising representatives from the Engineering, Purchase and Finance Departments as are handling this task. It will evaluate bids only on the basis of set criteria which will be clearly stated in the bid documents. It will not, nor will it be compelled to change the criteria, after the price bids have been opened.

No document presented by the bidder after the closing date and time of the bid will be taken into account by the Committee, unless otherwise called for during Technical Scrutiny and by the Tender Committee as clarifications. This should, however, be of purely minor technical points, without having any bearing with the price quoted in the price bid. If a bidder offers a rebate unilaterally after the closing date and time of the bid, it will not be taken into account for evaluating purposes by the Tender Committee, but, if that bidder emerges as the lowest evaluated, the rebate offered will be taken into account by the Head of the Department coordinating the contract, while forwarding the Tender Committee's recommendation to the approving authority and while awarding the contract. The Tender Committee's report will be self-contained, clear and unambiguous. If any cost compensation is carried out on account of technical deviations or on other factors, it will be clearly mentioned in the evaluation report, which can easily be understood by the non-technical officials also. There should not be any subjectivity in this respect.

7.8.3 Additional Role of Dealing Officer Assisting The Tender Committee.

The Dealing Officer will prepare the draft minutes based on the TC deliberation (Tender Committee proceedings and final recommendation) and put up the same before the Tender Committee for signature. Any departure from the accepted/prescribed procedure, if any noticed, may be mentioned in a covering note for perusal of Tender Committee. Copy of such covering note shall be kept in the file for record only but it should not form a part of Tender Committee deliberation/recommendation. Tender Committee will take note of the same while approving the draft minutes.

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.

7.9 TYPES OF CONTRACTS

- (a) 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 the limitation of their liabilities. The tenderers has to name 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 contracts 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 can insist that the purchaser shall take delivery of the full quantity ordered.

- (b) RATE CONTRACT: Rate Contract is a contract for supply of stores at specified rates during the period covered by the contract. No quantities are normally mentioned in the contract and the supplier is bound to accept any order which may be placed on him during the pendency of the contract at the rate specified therein. As a reciprocal consideration, the purchaser undertakes to order from the supplier all stores under the contract which are required to be purchased , subject to certain reservations for submitting the prices to competitions and for dividing the contract between one or more suppliers. It is also incumbent on the purchaser or the direct demanding officers to place order on the rate contract holder for a minimum total value which should normally be about 1% of the approximate estimated purchases against the rate contract subject to minimum of Rs.1000/- .
- (c) RUNNING CONTRACT ; Running contract is a contract for supply of any approximate quantity of stores at a specified price during specified period. The approximate requirements of a number of indentors for a period , in question, are pooled by Purchase Wing and the contract provides that any of these indentors may demand his requirement at any time or at specified period during the currency of the contract either direct from the firm or through the Purchase Wing. 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.
- (d) OPERATION OF THE RATE CONTRACTGeneral Manager/Area Stores Officer or authorized Officers of General Manager would normally be declared Direct Demand Officer only in respect of the Rate Contracts or parallel Rate Contracts as may have been concluded by the purchase organization of the Subsidiary cos. or Coal India Limited.

7.10.1 The formal supply order shall include all the conditions applicable in respect of a particular tender, in question . In general, it should include the following :

- (a) Item No
- (b) Full nomenclature/description of the Stores and the item code, if allotted.
- (c) Quantity
- (d) Particulars governing the supply against which the stores are to be inspected
- (e) Date of delivery
- (f) Supplier's name and address
- (g) Consignee's name and address
- (h) Designation of the Inspecting Officer.
- (i) Place of Inspection
- (j) Rate of the Accounting Unit
- (k) Total cost
- (l) Paying Accounts Officer
- (m) Liquidated Damage Clause for the late Delivery etc. where applicable.
- (n) Terms of Payment and Head of Accounts.

Formal supply order shall be issued per registered post with A/D to the supplier in duplicate.

7.10.2 Supply Order for Imported Items.

Following clauses should be included in the Supply Order placed on an overseas supplier for supply of Imported Items, in addition to standard clauses as above :

- i) Consignments should be booked directly in the name of CIL/Sub.Cos.
- 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.
- iv) Category of license against which the import is being made.
- v) In case of spare parts, the supplier should mention full technical details.
- vi) For warranty spares , the Contract No. against which the parent machine was imported should be mentioned.
- vii) The Supplier should inform the Clearing & Forwarding Department of CIL about the following information by fax on the day of shipment. A copy of non-negotiable documents must be directly sent to the Clearing & Forwarding department of CIL by 2-3 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 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.

viii) 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, itemwise value.
- c) Packing list (4 copies) indicating itemwise 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 contracts).
- g) Manufacturing Test Certificate.
- h) Shipping Specifications.
- i) Manufacturers Guarantee/Warranty.
- j) Beneficiary certificate

The above list of documents are generally required for customs/port clearance and payment thro' banking channel. However the purchaser may consider further addition / deletion in the above list to suit individual cases without creating hindrance to customs/port clearance and payment.

7.11 Normally copies of acceptance of tender, supply order etc. shall be forwarded to the following authorities as soon as they are placed :

- (a) Indentor
- (b) Inspecting Authority/Organization
- (c) Inspecting Officer (2 copies)
- (d) Consignee (one each where there are more than one consignee)
- (e) Accounts Officer responsible for payment/payments.
- (f) Progress Wing (2 copies)
- (g) Clearing & Forwarding Cell, Coal India Ltd., 6, Lyons Range, Kolkata – 700 001 in case of all imports by CIL/Sub.Cos. directly.
- (i) General Manager of the area concerned.
- (j) All concerned Heads of Departments at Headquarters.
- (k) EDP Section of MM Department.
- (l) 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).
- (m) Other Section as needed.

7.12 COMPLETION OF CONTRACT

Legally, both the supplier and the purchaser are entitled to insist that they will be given an opportunity to supply or accept the exact quantity of stores stipulated in the contract. It, however, occurs occasionally that on the completion of the contract deliveries are offered in excess or less than the contracted quantity, the following procedure shall, therefore, be followed in all such cases.

7.13 SHORT/EXCESS SUPPLY

- (i) Short supply : If the supply falls short of quantity ordered by 5% or less and the consignee considers that the balanced supply may be waived of, he may at his own discretion waive it 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.
- (ii) 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..

7.14 AMENDMENTS

Amendments to purchase orders involving changes in specifications, quantity , price, place of delivery etc. shall not be normally undertaken. Where amendments cannot be avoided, the same can be undertaken with full justification subject to compliance of the following conditions:

- i) 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 of the product, tender specification and the sanctity of the tender and without any price increase.
- ii) In regard to change in quantity, price etc., it shall be ensured that these changes do not result in acceptance of less favorable condition and that the financial implication should be clearly brought out in the proposal seeking the change. Such proposal must be financially concurred before approval.

Such amendment 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,Subsidiary/Chairman,CIL & Subsidiary/CIL Board, the amendment shall be approved by the CMD,Subsidiary/Chairman,CIL.

In case of area purchase which has been approved by the GM/CGM of the Area, the amendment shall also be approved by GM/CGM of the area (i.e. Head of the area).

7.15 PROCEDURE FOR CONSIDERING REQUESTS FROM THE SUPPLIERS FOR EXTENSION OF DELIVERY PERIOD:

Delivery extension may be granted with or without reserving purchaser's right to levy liquidated damages depending upon the merit of the case, provided the materials are required by the consignees even after expiry of the stipulated delivery period. Approving authority for delivery extension without imposition of LD shall be the same as indicated in the case of issue of amendment under clause 7.14 above.

Approving authority for delivery extension reserving purchaser's right to impose LD shall be the authority within whose power the procurement was finalised, but for the procurement cases approved by CMD/Chairman and Subsidiary/CIL Board, the approving authority for delivery extension with LD binding shall be the concerned Director(Tech) of the subsidiary/CIL.

All cases of refusal of requests for extension of delivery and cancellation of contracts shall be decided in consultation with the Finance.

The following procedures will be adopted for considering the requests for extension of delivery period :

- a) If the reasons of delay in supply falls within “Force Majeure” conditions, extension of delivery period without imposing liquidated damages (LD) may be granted after obtaining documentary evidence about existence of the “Force Majeure” conditions or being reasonably satisfied that such conditions existed.
- b) If the reasons for delay do not fall within “Force Majeure” conditions but were beyond the control of the supplier, provisional extension may be granted, reserving the right to impose LD. After completion of supply by the supplier, final extension may be granted on examining the merits of the case.
- c) If the delay in supply was due to any other reasons, which cannot be considered to be beyond the control of the supplier and the materials are still required by the Indentor, suitable extension of delivery period with clear imposition of LD clause may be granted . In case it is felt necessary, reference to the indentor may be made to ascertain if the materials are still required.
- d) If the supplier requests for a delivery period extension after completion of supply, extension of delivery period may be granted upto the date of completion of supply, if the materials are required by the indentor even after expiry of the delivery period. Imposition of LD clause will be decided as per clause 7.15 (a), (b), (c), (e) and (f) above.

In case materials are accepted by the consignee, due to urgency, though the delivery period of the supply order has expired, extension of delivery period will be granted with or without LD, as pr clause a), b) and c) above.

- e) Ex-gratia extension without LD for a grace period of 25% or 21 days whichever is earlier from expiry of the original date of delivery may be granted. Such cases can be decided without reference to the finance and the user and the approving authority shall be the Head of area/HOD of MM Dept.
- f) After completion of supply by the supplier, in order to consider final extension of Delivery period, in case where provisional extension of delivery period was given, it has to be ascertained if the indentor has suffered any loss due to delayed supply of materials. For the purpose, the indentor will be requested to send a report within 30 days, stating whether any loss has been suffered as a result of delay in delivery. The indentor will inform the Purchase Department whether any loss was suffered by him upto the expiry of the extended date of delivery within 30 days of the above request from purchase. If the report is likely to be delayed the indentor shall inform the Purchase Department accordingly. If no advice whatsoever is received, within the period specified, from the indentor, it will be assumed that no loss has been suffered by the indentor and the Purchase Department will proceed to finalise the case on its merits without any further reference to the indentor.

- g) In case the indenter informs that no loss has been suffered due to delayed supply, the delay in supply may be condoned and the LD clause may be waived.
- h) In any other case, where it is established that the supply is delayed In any other, solely due to any failures on the part of CIL/Sub.Co. to discharge any significant contractual liabilities as per the terms of the order, or as per statutory rules or regulations, which as a direct bearing on the timely execution of the order by the supplier, extension of the delivery period without imposing LD may be granted with approval as per para 7.15.
- i) In cases when a monthly or periodic rate of supply is specified in the order and there is slippage in quantity supplied over a period, imposition of LD clause will be endorsed, if the supplied quantity is less than 50% of the contracted quantity. Otherwise, LD will be imposed, if there is delay in supply beyond the stipulated date of completion of the order.
- j) In all cases, where imposition of LD is proposed to be waived, concurrence of finance should be taken.
- k) For the purpose of the calculation of the LD amount, the basic FOR Destination price should be considered. For direct imports, the FOB Port of delivery price will be considered. Taxes and duties should 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.

7.16 DELIVERY DATE FOR REPLACEMENT OF REJECTED STORES

In case of replacement supplies, the original date of delivery mentioned in the supply order may not hold for various reasons and it will not be possible to compel the supplier to make replacement supply within that particular date.

In such cases, delivery period will be extended normally reserving the rights to impose LD to enable the supplier to replace the materials. However, such extension of delivery period will be made following the provisions made in the para 7.15 above.

7.17 RECOVERY OF EXCESS AMOUNT OF DUTIES AND TAXES IN CASES WHEN RATE OF DUTY/TAXES INCREASES DURING EXTENDED DATE OF DELIVERY

- i) In case the delay in supply beyond the original date of delivery of the order is due to any fault of the suppliers, and there is increase in the rate of taxes and duties during the extended delivery period, CIL/Subsidiary Cos. shall not pay the increase in the taxes and duties. This should be specifically mentioned in the amendment issued for such delivery extension.

- ii) In case where the responsibilities for the delay in supplies lies both on the part of the purchaser and the supplier, the excess paid by way of statutory increase in duties, rates and taxes shall be treated as a potential loss and waiver of recovery of the excess amount paid may be considered only in consultation with Finance.
- iii) In cases where the suppliers cannot be held responsible for the delay in supplies, the extra paid amount on account of increase in statutory duties, rates and taxes shall not be treated as actual or potential loss and waiver of LD in such cases shall be considered in consultation with Finance.

In respect of stores on which the rates of existing duties and taxes have been decreased or abolished, steps shall be taken to ensure that the same is paid at the decreased rate of not paid at all, and if payment of such duties, rates and taxes have already been made, the excess amount so paid shall be recovered forthwith from suppliers.

7.18 EXTENSION OF DELIVERY DATE IN CONTRACTS CONTAINING 'PRICE VARIATION' CLAUSE - PURCHASER'S LIABILITY EXTENDED PERIOD

- i) Where under the terms of the supply order, the supplier has guaranteed delivery by stipulated date and he applies for extension, the case has to be examined on its merits and unless the circumstances indicated otherwise, a decision is taken at the appropriate level with the concurrence of Finance. Whenever such extension is granted, the Purchase Wing should reserve its right to recover LD and make it clear that notwithstanding any stipulation as to 'Price Variation' Clause in terms of the original supply order, no such increase will be granted if it takes place during the extended period of delivery. It shall, however, be stated clearly in the amendment letter that extension is granted subject to the right of the purchaser to claim any decrease in the price that may take place during the extended period of delivery. The same conditions are also applicable to supply orders for supply of stores on which customs/excise duty or any other taxes are leviable. 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.
- ii) In case of difficult item or items for which sufficient capacity does not exist, the officer concerned shall have to use his discretion in deciding whether or not the order is to be cancelled and such decision shall be taken in consultation with the Dy.CMM (M-1) for order approving authority upto E-5 and in other case with competent approval as per para 7.14. Any purchase case approved by the Board, the approval of Chairman-Cum-Managing Director/Chairman will be taken.
- iii) If the execution of contract/supply order is delayed beyond the period stipulated in the contract/supply order as a result of force majeure, declaration of an embargo or blockage on fire or flood due to act of God, then the management may allow such additional time by extending the delivery period as it considers to be justified by the circumstances of the contract/supply shall be read and understood as if it has contained from its inception, the delivery date as extended. As a result of the above, the price variation clause may be agreed to during the extended period also.

- iv) Force Majeure Clause - The bidding documents will clearly state that -
- a) The successful bidder will advise, in the event of his having to resort to this clause by a registered letter duly certified by the local Chamber of Commerce or Statutory authorities, the beginning and end of the causes of the delay, within fifteen days of the occurrence and cessation of such Force Majeure Conditions. In the event of delay lasting out of Force Majeure, CIL/Sub.Cos. will reserve the right to cancel the contract and provisions governing termination of contract, as stated in the bid documents will apply.
 - b) For delays arising out of Force Majeure, the bidder will not claim extension in completion date for a period exceeding the period of delay attributable to the causes of Force Majeure and neither CIL/Sub.Cos. nor the bidder shall be liable to pay extra costs provided it is mutually established that Force Majeure Conditions did actually exist.
 - c) If any of the force majeure conditions exists in the place of operation of the bidder even at the time of submission of bid, he will categorically specify them in his bid and state whether they have been taken into consideration in their quotations.

7.19 CANCELLATION OF SUPPLY ORDER

Where due to the reasons of late delivery or otherwise it is intended to cancel a supply order which has been kept alive by the conduct of the suppliers, it is necessary to issue a proper notice to the supplier before cancellation. This notice shall be sent to the supplier by registered post acknowledgement due, a copy being invariably endorsed to the Inspecting Officer/Agency and sent to him by registered post with Acknowledgement due. The Inspecting Officer/Agency shall be asked not to inspect any supplies after the stipulated target date on receipt of reply/expiry of prescribed time limited, if necessary.

Cancellation letters to the suppliers with copy to the Inspecting Officer shall also be sent without delay by registered post, acknowledgement due. Receipt of notice as well as of cancellation letter and their receipt shall be carefully watched as also the postal acknowledgement.

The Officer concerned shall see that supply orders which are intended to be cancelled are not kept alive by any action on his part. If it is intended to cancel a supply order after expiry of the delivery date where this has not been kept alive beyond the period by implication or conduct of the parties, the cancellation letter shall be issued on the expiry of the delivery date stating that quantities remaining undelivered on the due date are cancelled with copies endorsed to all concerned.

7.20 CASES WHERE THE PRICE INCREASE WILL BE ACCEPTED BY THE PURCHASE WING WITHOUT CONSULTING FINANCE

All cases of increase in price by the supplier due to statutory increase in customs and excise duty within the stipulation period of delivery shall be accepted by the Purchase Executive within whose powers the purchase case falls. Where the offer of a particular supplier has been accepted, who in his quotation, has indicated his offer is subject to change in price on account of variation due to statutory increase in customs and excise duty etc. Provision shall be clearly made in the supply order to cover such conditions in order to avoid future complication.

7.21 RISK PURCHASE

As per para 20 (b) of general terms and conditions of supply Annexure-IV, in the event of failure of the supplier to deliver or despatch 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, Coal India Ltd. or its Subsidiary Companies 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 mentioned clearly in the tender enquiry that in the event of failure of the supplier as detailed above, the cost as per risk purchase exercise may be recovered from the bills against any other supplies pending in the same Subsidiary Co. and also in any other Subsidiary Companies/CIL.

7.21.1 CONDITIONS FOR RISK PURCHASE

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 the delivery period is extended on several occasion, on request from the supplier.
- b) When the supplier fails to respond to purchaser's request for supply of the materials and fails to provide any reason which is considered to be genuine, for the delay in supply.
- c) When in the judgement of the purchaser the supplier is unable to execute the order due to various reasons.
- d) When the materials are urgently required and the supplier fails to deliver the materials within the extended/original delivery schedule.
- e) When the supplier breaches any of the terms and conditions of the supply order and as a result fails to execute the order satisfactorily.

7.21.2 PROCEDURES FOR RISK PURCHASE

The following procedures will be adopted when it is decided to initiate Risk Purchase action. Approval of HOD of Materials Management Department will be taken before initiating such action.

- a) A risk purchase notice will be served, under registered cover, on the supplier giving a time period of not less than 30 days to complete supply. It will be stated that unless execution of the order is completed by that date the materials will be purchased at their risk and cost.
- b) In case the supplier fails to resume and complete supply even after the above time period is which is considered genuine and acceptable by the purchaser, the following actions will be taken :
 - i) Cancel the order in terms of para 7.19 above and take action of forfeiture of the security deposit/Bank Guarantee, if any.
 - ii) Float enquiry (Advertised or Limited) as per normal tendering procedures for the outstanding quantity of the materials of identical specifications. In case of Limited Tenders, enquiries should be sent to at least all the firms to whom the original tender against which the original order was placed, were sent. A copy of the enquiry marked "Risk Purchase Tender" may be sent to the defaulting supplier under registered post and they should be specifically informed that the enquiry is sent for information only and not for submission of any offer.
 - iii) While evaluating the tenders, any offer submitted by the defaulting firm, in spite of the above instruction for not submitting any offer, will be ignored.
 - iv) Simultaneously, all pending claims of the supplier or any amount payable to the supplier will be withheld to enable the Company to recover the amount of difference, if any, between the original ordered price and price payable against the risk purchase to be made, as per para 20(f) of general terms and conditions of supply of stores, Annexure-IV Finance will be advised to take appropriate actions in this regard. In case no such amount is pending for payment, the matter may be referred to the Legal Department for filing an appropriate claim on the firm. After recovery of the excess amount for risk purchase, if any, the balance amount may be paid to the defaulting supplier.
 - v) In case the supplier fails to pay the above amount, necessary action in the court of law should be initiated by the Legal Department. Materials Management Department will inform Legal Department accordingly. Simultaneously, actions towards de-registration of the firm as per para 4.5.2 or suspension of business as per para 4.7.1 may also be considered with the approval of HOD of Materials Management department.

7.22 NEGOTIATION AND DISTRIBUTION OF ORDERS

Central Vigilance Commission (CVC) issued instructions on 18th November, 1998 banning post tender negotiation except with the lowest tenderer. These instructions are mandatory and are to be followed for all categories of contracts for procurement of materials and equipment. Negotiation, if necessary, shall be conducted with L-1 tenderer only to bring down the price to acceptable level. CVC has since issued an amendment to their original instructions dated 18th November, 1998 vide amendment dated 15th March, 1999 wherein it was indicated that wherever the quantity to be ordered is much more than L-1 alone can supply, in such case the quantity ordered may be distributed in such a manner that the purchase is done in a fair, transparent and equitable manner.

Keeping these instructions in view, the following procedure for procurement has been decided to be adopted for items in respect of which the lowest tenderer has capacity constraint.

i) Items other than Explosives

a) For non R/C items other than explosives.

L-1 Tenderer shall be booked upto their offered capacity to supply within the specified delivery period. For balance requirement, the L-1 price (landed) shall be counter offered to L-2 Tenderer and after their acceptance L-2 Tenderer shall be booked for their offered capacity. Similar process of counter offering L-1 rate to L-3 Tenderer, L-4 Tenderer and so on and placement of order for their offered quantity subject to their matching L-1 rate will continue till the full requirement is covered for supply within the specified delivery period.

b) For R/C items other than Explosives.

For the rate contract items where the quantum of purchase is substantial and that the rate contract holders are to supply the materials to multiple location on as and when required basis, rate contract other than L-1 tenderer may also be considered at L-1 price, in a pre-determined way to be defined in the NIT which should be fair, transparent and in equitable manner as per CVC guidelines provided the L-1 tenderer has the capacity constraint. In such eventuality, while considering award of rate contracts to more than one firm, the DDOs shall be intimated the price status of rate contract holders in the tender and shall be instructed that the drawal against rate contract should be in fair, transparent and equitable manner.

ii) Explosives

“Since the procurement of explosives is a very critical and specialized subject requiring due care for safety, reliability and ensuring quality supplies, the guideline for evaluation of tenders for distribution of orders etc. requires review from time to time depending upon the situation and the experience being gained at the time of implementation of guideline as approved by CIL Board. Annexure-V indicates the guideline recently approved by CIL Board and presently in practice.”

iii) The guidelines issued by Central Vigilance Commission, New Delhi from time to time for tendering and procurement of materials are enclosed at annexure-VI, VII, VIII, IX, & X.

7.22.1 QUALIFICATION CRITERIA (TO BE SPECIFIED IN THE NIT)

i) For items other than Explosives

- a) For Equipment – The bidder should be in a position to supply in specified delivery period at least 50% of the total quantity/number for which the bids have been issued.
- b) For Materials – The bidder should be in a position to supply in specific delivery period at least 25% of the total quantity for which the bid has been issued.

Offers from bidders who fail to comply with the above qualification criteria shall be considered unresponsive.

ii) Explosives

Since there are large number of suppliers and the capacity of most of the suppliers are low in comparison to the requirement, no minimum quantity shall be specified as qualification criteria.

7.22.2 PURCHASE PREFERENCE FOR PSUs

The policy of Government of India (issued from time to time) for purchase preference for Public Sector should, however be followed. This aspect has also been mentioned in the CVC circular dated 15.03.1999

The facilities/preferences for procurement of materials from the ancillary units as per the directive of Government of India/State Governments should also be followed.

7.22.3 TRIAL/DEVELOPMENT ORDER

For development of a new source of supply, separate tender should be floated. Tender should preferably be Open/Global tender to explore Indian as well as Overseas markets. Trial orders may be placed on the new source/sources whose offer/offers has/have been found to be techno-commercially acceptable and the prices lower than the price being paid for the proven product.

It is not necessary to place order for development of source for all items. Items required to be developed should be identified and listed by the respective Subsidiary Companies/CIL, 10% of the assessed requirement of the identified items may be kept aside for development order. The criteria for declaring any product as proven has been indicated at para No. 6.17(iv) (Page-44).

For payment terms in respect of trial orders, reference may be made to para No.9.4. In case of trial orders, security deposit clause as per para 6.5 will be included in the order in all cases. No exemption from depositing of security money will be granted in case of trial orders.

7.22.4 PROCUREMENT FROM ANCILLARY UNITS

As per the Government directives, Subsidiary Companies are procuring the materials from the Ancillary Units. The norms and the practices being followed at different Subsidiary Companies should continue and to be amended from time to time, if necessary, as per the directive of Government of India and or State Government concerned.

7.23 INSPECTION CRITERIA

The specifications will clearly indicate the acceptance norms against which supplies of equipment/materials are to be accepted. The specifications must indicate among other things the following :

- a) that inspection will be carried out to establish conformance to the acceptance criterion specified.
- b) that in case equipment and materials do not conform to the acceptance norms, they will be summarily 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.
- d) that the contractor will give a clear notice period offering the materials/equipment for inspection and they will not be despatched unless they are inspected and cleared for despatch by the representative of CIL/Subsidiary Companies. They may in exceptional cases waive this requirement for good and sufficient reasons with price adjustments, wherever required.

7.24 INSPECTION OF STORES

Normally, inspection of stores and equipment will be made after receipt of the materials at site. Inspection will be made by representative of the concerned Technical Department, who has been authorised to carry out the Inspection.

However, in case of items of complex technical nature, high value items or items for which there is no third party approval like DGMS, IS Licence 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-despatch inspection may be stipulated in the order. Such pre-despatch inspection may be carried out either by an Inspecting Officer nominated by the Company or by a recognised Government Inspection Agency.

Even after pre-despatch inspection is carried out, the materials will be subjected to final inspection at site after receipt of the same at site.

7.25 THIRD PARTY INSPECTION

Reputed Government agencies, who specialise in offering inspection Services may be engaged to carry out pre-despatch inspection, if it is decided to do so. Such Inspection services may include examination of raw materials, test certificates, verification, Inspection of materials and equipment as per specifications laid down in the order, stage inspection, review and approval of test procedures, witnessing the test procedures and signing of the test reports, marking of inspected materials and issue of Inspection notes. The contract with the agency should specify the scope of inspection by the third party.

7.26 INSPECTION OF SAFETY ITEMS

Inspection of safety items at different stages is very important. Therefore, qualified inspecting officers from safety department should be nominated for carrying out such inspection.

7.26.1 Pre dispatch inspection when so required will be carried out at the manufacturer's factory by a team of qualified Inspection Officers from Safety Department.

7.26.2 Production batch samples for testing may be drawn during such inspection in presence of the supplier's representative by method of random sampling and marked as per condition 17(1) of the general terms and conditions - Annex-V of the Purchase Manual.

7.26.3 A team will witness the testing of the batch samples drawn at the testing laboratories and also arrange for testing at different laboratories for cross checking.

7.26.4 In respect of safety items, post despatch final inspection will be made at the site by a team comprising of Area Safety Officer or an officer nominated by GM of the Area.

7.26.5 All Inspecting Officers will be given training in method of inspection, drawing of samples, collection of borings for chemical or Metallurgical tests and shall be made fully conversant of the BIS and other specifications and conditions stipulated by the DGMS in its approval.

CHAPTER-VIII

PROGRESS AND FOLLOW-UP

- 8.1 Each purchase department shall have computerised Management Information System. The system shall be implemented and operated with the assistance of an officer from the system department. All indents, as prescribed in Chapter-V shall be registered on Receipt and progressed thereafter through its different stages. Indents not complying with the pre-requisite of Chapter-V shall not be registered and shall be returned to the Indentor.
- 8.2 After Indent is registered, information shall be sent to the indentor/Head of concerned Technical Department/CGM/GM of area of its registration. All concerned shall be requested to quote the Indent Registration No. for all correspondence on the subject.
- 8.3 Each officer of the purchase department shall update the MIS for the items dealt by him and a weekly/fortnightly/ monthly feed back shall be made available, to CGM (MM)/GM (MM) regarding the status of each Indent and the delays, if any, during different stages of its process.
- 8.4 Reminder shall be sent on a regular basis to the Head of concerned Technical dept/ Finance Department of any particular case file is being inordinately delayed at their end.
- 8.5 The MIS Cell shall prepare a monthly report which shall embody complete details of all activities of Purchase Dept.
- 8.6 FOLLOW UP BY CONSIGNEE

In addition to the follow up actions taken by the 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 w.r.t. receipt of materials as per the contractual delivery schedule and whether any slippage has occurred in supply of materials.

CHAPTER – IX

PAYMENT TO THE SUPPLIERS

- 9.1.1 Payment against the supply orders placed either by the Subsidiary company or by CIL shall be arranged by the Subsidiary Companies, if not specified otherwise. Wherever order is placed by CIL on any foreign supplier involving requirement of more than one Subsidiary Company, payment shall be arranged by CIL normally through Letter of Credit.
- 9.1.2 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.
- 9.1.3 Payment from CIL may also be considered, if felt necessary, by the CIL Management, even though order is placed against the requirement of one Subsidiary Company by CIL (HQ).

9.2 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.

9.3 PAYMENT AGAINST SUPPLY OF EQUIPMENT

For supply of equipment, 80% payment may be released within 21 days after delivery of the equipment and receipt and acceptance of performance bank guarantee by the consignee. Balance 20% payment shall be released within 21 days after successful commissioning of the equipment. 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.

9.4 PAYMENT AGAINST TRIAL ORDERS

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 nine months 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 one year from the date of commissioning, 100% Bank Guarantee shall be released on receipt of Performance Bank Guarantee of suitable amount, may be 10% or 20%, as shall be decided by the Sub.Cos. according to the nature of the item. 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

9.5 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 after receipt and acceptance of the goods at site. This shall be arranged by 21 days of receipt of goods at site. This payment term is applicable for regular orders and for proven materials.

For overseas manufacturers, normally L.C. payment may be considered. 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. For the contracts concluded for importation of materials directly from abroad, L.C. payment against proof of dispatch and other import documents namely guarantee certificate, test certificate, country of origin etc. may be considered. If felt necessary by the Subsidiary Cos. they may also insist for performance bank guarantee at the time of procurement of critical items, namely PVC Belting, OTR Tyres etc. for which performance to be guaranteed, should be clearly indicated in the supply orders.

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 supply of imported materials shall have to be obtained from the supplying firm.

For Trial Orders for above category of materials, payment terms would be decided by the Subsidiary Companies suitably as per their nature of requirement.

9.6 PAYMENT THROUGH BANK

Payment through Bank shall have to be avoided as far as possible. 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 through Bank, the same may be considered with the approval of the competent authority explaining the circumstances for the same. In that situation, for payment through Bank, despatch documents must accompany bills to be presented through Bank. Despatch documents mean Railway Receipt and the Transporter's Roadway Bill and the Transporter must be Bank approved. Pre-despatch 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.

Pre-despatch Inspection may be arranged either by the representatives authorised by the Technical Department or Third Party Inspection can be arranged through an authorised outside agency viz. CMPDIL, RITES and DGS&D etc. as shall be decided by the Subsidiary Cos.

Pre-despatch 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.

CHAPTER –X

TENDER SYSTEM OF PURCHASE AND
THE LAWS ATTRACTED BY THE RESULTANT CONTRACTS

10.1 HOW A PURCHASE CONTRACT IS CONCLUDED

Normally, all purchases of stores and equipments by Govt. department except cash purchase of limited value, are required to be made on the basis of tenders, for this purpose, Invitation to Tender in prescribed forms detailing particulars of stores / equipments and quantities thereof required, period of delivery and other terms and conditions which will govern supply, is issued . In response thereto the prospective suppliers make offers quoting price etc., which are called ‘Tenders’ which must be supported by prescribed forms duly completed and signed by the tenderers and submitted in sealed covers, date and time for receipt and opening of these tenders are clearly specified. Sealed tenders are kept in a tender Box under lock & key and the ‘Tenders’ are opened and quotations declared by the authorized officer in the presence of the representative of the tendering firms, unless otherwise stipulated. The tenders received are tabulated in a standard form, calls ‘Comparative Statement of Tenders’. Sometimes it may be necessary of obtaining clarification from some or all the tenderers to arrive at complete agreement as regard supplies to be made and attendant condition. Thereafter, when the competent authority selects a tender, one tenders handbarrows placement of Order(s) on the selected firm(s), Acceptance(s) of tender (A/T) Supply Order(s) are issued. This gives rise to a purchase Contract and all the previous documents as may be quoted in the A/T or Supply Order would generally come within the gamut of Contractual documents.

In some cases, however, self-contained contracts are concluded in the form of Agreement , which are signed by both (All) the parties to the contract and are duly witnessed.

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 principal laws are :-

- i) Law of Contract
- ii) The Law relating of Sale of Good and
- iii) Where contracts provide for settlement of disputes by arbitration. The law relating to Arbitration.

10.2 LAW OF CONTRACT

The Indian Law of Contract is contained in the Indian Contract Act, 1872 (Act IX of 1872). While this Act lays down the general principles of the Law of Contract, it is by no means exhaustive, because there are other Acts relating to particular types of contracts e.g. The transfer of Property Act. The Sale of Goods Act etc. The Act also does not affect any usage or custom of trade incidents of any contract, which are not inconsistent with the provisions of the Act.

10.3 DEFINITION OF A CONTRACT

An Agreement enforceable by Law is a contract. It follows from this definition that every contract must be based on an agreement which is enforceable by law.

10.4 ESSENTIAL ELEMENTS OF A CONTRACT

(a) OFFER AND ACCEPTANCE – A lawful offer shall be made by one party and the same lawfully accepted by another.

A lawful offer is one which:

- i) Discloses an intention to create legal relations and is capable of creating such relations.
- ii) Is framed in definite and clear terms and is not vague.
- iii) May be general or specific, express or implied, positive or negative.
- iv) Is distinct and different from an answer to a question or an invitation to an offer or a statement of intention.
- v) Is made with a view to obtaining the consent of the other party to contract abstaining therefrom which the offerer is willing to do.
- vi) Is properly communicated including special conditions, if any attachment thereto.

10.5 CHARACTERISTICS OF LAWFUL ACCEPTANCE

- i) It can be given only by the person to whom the offer has been made
- ii) It can be expressed or implied
- iii) It must be absolute and unqualified in relation to the offer
- iv) It is in respect of an offer duly communicated to the offeree
- v) It has been properly communicated within the stipulated time or with a reasonable time where there is no such stipulation

10.6 LEGAL RELATIONSHIP

This follows from the essentials of a valid offer as above.

10.7 LAWFUL CONSIDERATION AND LEGAL OBJECTIVE

The parties to the agreement will be mutually benefited. One party will give something and other get something. For example, in a purchase contract the Seller supplies goods or services and is reciprocated by payment by payment. This is called consideration. The consideration may be 'doing something' or not doing 'something', at present in the past or in future. The consideration must be lawful i.e. must not violet of any the prevalent laws, civil or criminal, or must not be opposed to Public Policy or offend morality. The same applies to the purpose or objective of the agreement. Further, the parties concerned must agree upon the same thing in the same sense.

10.8 CAPACITY

The parties to an agreement must be legally capable of entering into an agreement. Normally, want of capacity arises from minority, lunacy etc. In case of agreement between Govt. Deptt. and other non Govt. parties, the president of India is the Govt. party and hence all contractual documents have to be signed for an on behalf of the president by officers who specifically authorized in pursuance of Article 299 of the Indian Constitution, to do so.

10.9 FREE CONSENT

Both parties must be free consent and not under influence of any coercion, undue influence or inducement etc.

10.10 CERTAINTY

This follows from a (ii) above.

10.11 POSSIBILITY OF PERFORMANCE

An agreement must not be based on something which is impossible of performance.

10.12 WRITING AND REGISTRATION

A contract must be in writing and/or must be duly registered wherever so required by some status. Contracts for Purchase/Sale should be writing, but need not be registered.

All the elements mentioned above must be present in an agreement, otherwise it will not lead to a contract.

10.13 COMMUNICATION OF AN OFFER AND ITS ACCEPTANCE

Communication of a proposal or offer is complete when it comes to the knowledge of the person/party to whom it is made. Conversely, communication of acceptance proposer or offer is complete when its acceptance comes to the knowledge of the proposer/offerer.

An offer may be made by post. An offer may also be accepted by post unless any other mode of communication is specifically prescribed by the offerer. When an offer is made through post, the Post Office becomes the agent of the offerer.

Therefore, a letter of acceptance duly addressed and posted is sufficient acceptance even though the letter does not actually reach the offer. The letter must, however, be correctly addressed. The letter must be actually posted.

Oral or telephone communication of an offer and its acceptance may be legally valid, but complication may arise in proving that communication was clear and complete.

10.14 REVOCATION OF AN OFFER

An offer may be revoked anytime before acceptance, but not afterwards. The acceptance of an offer leads to a binding contract as soon as the acceptance is put in course of communication to the offerer

When a validity period is specified by the offerer, the offer expires as soon as the validity period is over, unless the offerer, either on his own or at the request of the offeree, extends the period.

Where no validity period is laid down, the offer lapses after expiry of a reasonable period. What is a reasonable period will depend on the circumstances of each case.

10.15 VOID AND VOIDABLE AGREEMENT

An agreement is void when it fails to generate legal right and obligations between the parties due to any flaw in its content or the process through which it has been arrived.

An initially valid agreement may become void subsequently due to developments which renders its performance impossible or illegal.

A voidable contract is one which can be avoided by one party but not the other contracts brought about the coercion, undue influence, misrepresentation etc. come under this category.

Illegal contracts/agreements are those which offend some law and these are not only themselves voided, but also nullify other agreements which are incidental collateral to it.

10.16 PERFORMANCE, BREACH AND DAMAGES

Performance means the fulfillment of the respective obligations generated by the contract by the parties to the contract. Non-Performance or non-fulfillment of contractual obligations either in part or full will cause breach of contract and give rise to a right of the aggrieved party to claim damage or other remedies. If a firm fails to supply goods of stipulated quality against a supply order placed by a Govt. Deptt., the firm will be responsible for breach and incur the liability for paying damages.

Where time is of the essence of the contract as per laid down terms, as is generally the case with purchase orders placed by us if there is a failure to perform within the stipulated time, the contract or so much of it as is outstanding becomes voidable at the option of the Promise/purchaser. In such cases, the Purchaser/Promise may accept performance after the stipulated time, but if he does so, he cannot claim compensation unless he notifies his intention to claim compensation at the time of accepting delayed performance/supplies. Where time is not of the essence of contract failure in regard to time does not make the contract voidable, but the promise or purchaser is entitled to compensation for any loss caused to him by delay.

Apart from actual breach, there may be anticipatory breach of contracts. This occurs when a party repudiates his liability under the contract before the time of performance is due or when a party by his own act disables himself from performing contract such breaches also entitle the aggrieved party to remedies.

10.17 REMEDIES FOR BREACH OF CONTRACT

Following are the remedies available to the aggrieved party in the event of breach of contract.

10.17.1 RECESSION OF THE CONTRACT

The aggrieved party is freed from all his obligations under the contract.

10.17.2 SPECIFIC PERFORMANCE

Under certain circumstances, the aggrieved party may seek judicial order directing the defaulting party to perform when they promised to perform. Specific performance is not, however, allowed in cases where monetary compensation is an adequate relief.

10.17.3 INJUNCTION

Under certain circumstances, the aggrieved party may secure from Court a negative injunction, i.e. an order prohibiting the defaulting party from doing something.

This is appropriate for cases where financial compensation is not relevant or adequate, particularly for cases of anticipatory breach of contract.

10.17.4 QUANTUM MERUIT

When a contract has been partly performed the aggrieved party can, under certain circumstances, file a suit for the services performed before breach of contract.

10.17.5 DAMAGES

This is usual remedy against breach of contract, specially the contracts for sale/purchase.

The general principle for awarding damages is that aggrieved party is to be placed in the same financial position as he would have been but for the breach.

If the contract is broken, Law will endeavour so far as money can do it, to place the injured party in the same position as if the contract has been performed. Being in the nature of compensation for actual loss, vindicate or personal damages are out of question in case of commercial contracts. In fact, the aggrieved party is also expected to take reasonable steps within the mitigate the extent of damage caused by the breach. He has to conduct himself reasonable even after the breach.

Generally in sale/purchase contracts, damages are given on the basis of the difference between the contract price and the market price precooling at the time of breach.

10.18 TYPE OF DAMAGES

- a) The loss or damage should arise naturally in the usual courses of things, from the breach Compensation will not be awarded for any remote or indirect loss or damages-compensation thus is called "Ordinary or general Damages".
- b) The court may allow remote damages i.e. damages not arising naturally from the breach, if such damages may reasonably be supposed to have been in the contemplation of both parties at the time they made the contract – This called "Special Damages".
- c) In some contracts the quantum of compensation in the event of breach is pre-determined and stipulated. This quantum, though agreed upon between the parties, should be a genuine estimate of loss or damage arising from the breach and must not be of punitive proportion by way of penalty Sec.74 of the contract Act lays down that if the parties have fixed what the damages will be, the Court will never allow more. But the court may allow less. A decree is to be passed only for reasonable compensation, exceeding the amount laid down in the contract.

10.19 TERMINATION OF CONTRACT

A contract is terminated when the obligation created by it come to an end which may occur in the following manner :-

10.19.1 BY PERFORMANCE :

By performance when the parties to a contract fulfill the respective obligations, the contract is terminated by performance.

10.19.2 BY MUTUAL AGREEMENT:

This is contained in Section 62 of the Contract Act which read ‘if this parties to a contract agree to substitute a new contract for or rescind or alter it, the original contract need not be performed’.

10.19.3 BY LAPSE OF TIME:

This is the obligation mainly is a civil suit where obligation and liabilities in a contract may be barred by limitation, according to a vision in the Limitation Act.

10.19.4 BY OPERRATION OF LAW:

A contract is terminated by operation of law in case of death, insolvency and merger.

10.19.5 TERMINATION BY MATERIAL ALTERATION:

If the document containing the terms of a contract is materially altered by a party to a contract, with the consent of other party (parties) the contract is discharged and cannot be enforced any more.

10.19.6 TERMINATION BY BREACH OF CONTRACT:

When a contract is broken by one party, other party(s) are left from obligation under the contract, in addition to being entitled for damages or other remedies arising from breach.

10.19.7 TERMINATION BY SUBSEQUENT OR SUPERVENING IMPOSSIBILITY:

As per Section 56 of the Contract Act – “a contract to do an act are which, after the contract is made, becomes impossible, or by reason some event which the promisor cannot prevent, became unlawful becomes void when the act becomes impossible or unlawful.

10.19.8 DOCTRINE OF FRUSTRATION:

This may occur in many ways, some of which are destruction of the subject matter of the contract, death of the promisor, outbreak of war, change of law and failure of precondition etc. This doctrine does not, however, normally, cover (a) difficulty in performance, (b) impossibility caused by the behaviour of a third person and (c) partial impossibility. Strike, lockout and civil disturbances are also normally outside the scope of the concept of supervening impossibility.

In the purchase contract, however, some of the contingencies mentioned above which render performance of the contract impossible either totally or over a period, are generally provided for in the shape of a 'Force Majore Clause'.

10.20 THE LAW RELATING TO SALE OF GOODS:

The law relates to sale of movable goods as contained in Sale of Goods Act (Act-III of 1930). The term goods include every kind of movable property except (a) auctionable claim and (b) money. An auctionable claim means a bet or a claim for money which a person may have against another and which may be recorded by suit.

The goods may be classified under two categories :-

- i) Existing goods i.e. ready and unidentifiable goods, and
- ii) Future or contingent goods.

Future goods are those which may be manufactured or produced or acquired by the seller after making the contract. The contingent goods are those acquisition of which by the seller depends upon a contingency.

A contract for sale of existing goods involving immediate transfer of property in the goods of the buyer is called a Contract of Sale. The sale of future goods where transfer of ownership takes place at a future time or subject to some condition to be fulfilled later on gives rise to agreement to sale.

10.21 ESSENTIAL ELEMENTS OF A CONTRACT OF SALE OF GOODS:

10.21.1 (i) MOVABLE GOODS FOR MONEY

Movable Goods are supplied by Seller to the Buyer against Payment. An exchange of goods for goods is not a sale.

10.21.2 (ii) TWO PARTIES:

The contract is between the seller and the buyer. A sale is thus a bilateral contract.

10.21.3 (iii) FORMATION OF CONTRACT OF SALE:

A contract of sale is made by an offer to buy or sell goods for a price and acceptance of such offer. The contract may provide for immediate delivery of goods or immediate payment of the price or both, or for delivery and payment by instalments, or that delivery or payment by instalments, or that delivery or payment or both shall be postponed.

10.21.4 (iv) TERMS OF THE CONTRACT:

The parties may agree upon any terms concerning the time lapse and mode of delivery.

10.21.5 (v) OTHER ESSENTIAL ELEMENTS:

A contract for Sale of Goods must satisfy all the essential elements necessary for information of a valid contract as discussed in connection with the Contract Act.

10.22 CONDITION AND WARRANTY:

The terms in a contract of Sale may be divided into two categories, viz. Condition and Warranty. Condition is a term which is essential to the main purpose of contract. Warranty is only a collateral term. It is subsidiary to the main purpose of the contract. The breach of a condition gives the aggrieved party a right to repudiate a contract. It also creates a right to get damages. The breach of warranty entitles the aggrieved party to claim damages only.

A breach of condition may under certain circumstances be treated as warranty but a warranty cannot become a condition.

10.23 IMPLIED CONDITIONS:

10.23.1 (i) CONDITIONS AS TO TITLE :

There is an implied condition on the part of the seller that he has acquired a right to sell the goods involved in the transaction.

10.23.2 (ii) SALE BY DESCRIPTION:

Where there is a contract for sale of goods by description, there is an implied condition that the goods shall conform to the description.

10.23.3 (iii) SALE BY SAMPLE :

When goods are to be supplied according to a agreed sample, the following conditions are applied –

- a) The bulk shall conform to sample with regard to quality,
- b) The buyer shall have a reasonable opportunity to compare goods with the sample,
- c) The goods shall be free from any defect rendering them merchantable which would not be apparent on reasonable examination of the sample.

(N.B. The term ‘merchantable’ implies that the article is in such quality and in such condition that a reasonable man-eating reasonable, would after full examination accept it under circumstances of the case in performance of his offer to buy the article, whether he buys for his own use or to sell again.)

- d) Sale by sample as well as by description

When goods are sold by sample as well as by description the goods shall agree both with the sample and the description, and,

- e) Condition as to fitness or quality

There is no condition that the goods shall be fit for any particular purpose or regarding any particular quality of the goods,. But if the buyer make known to the seller the purpose and he also makes it known that he relies on the skill and judgement of the seller and if the goods are of description which it is in the course of seller’s business to supply the Law implies that the goods shall be reasonably fit for this purpose.

Where the goods are sold under their patent or trade names, there is no implied condition regarding its fitness for any particular performance. If there is no implied condition as regards the defects which such examination sought to have revealed. This approach is based on the principle of ‘caveat emptor’, which literally means ‘buyer beware’. It is for the buyer to ensure that at the time of purchase the goods shall conform to this requirement.

10.24 IMPLIED WARRANTY

1. The buyer must get quite possession. This is an extension of the principle mentioned earlier that the buyer must have a clear right to sell goods involved in the transaction.
2. The goods must be free from encumbrances. There is an implied warranty that the goods shall be free from any charge or encumbrances in favour of a third party not declared or known to the buyer or at the time when the contract is made.

3. Fitness of goods required for a purpose may be warranty by usage of trade. A warranty as to fitness for a particular purpose may be annexed to a contract of sale by a custom or usage of trade.

10.25 RULES REGARDING DELIVERY :

The terms of delivery covering the time, manner and place are generally spelt out in the contract. However, certain general principles are enunciated below:-

10.26 ACTUAL DELIVERY :

Actual delivery occurs when the goods themselves are delivered, i.e. when the goods are physically handed over to the seller or to his agent.

10.27 NATURE OF PART DELIVERY :

Delivery of a part of goods in lieu of delivery of the whole, but delivery of a part with an intention of serving from the whole does not amount to delivery of the remainder.

10.28 INSTALMENT DELIVERY:

The buyer is not bound to accept delivery by instalment unless specifically agrees upon. The agreement for instalment delivery involves the following terms of agreement :-

- i) The goods shall be delivered in specified number, if instalments.
- ii) The agreed quantity of each instalment may be equal or different.
- iii) Non-delivery or defective delivery of one or more instalments is a breach of contract by the seller.
- iv) Refusal to take delivery or failure to pay for one or more instalments is a breach of contract by the buyer.
There may be two kinds of agreements in this regard:-
 - a) The breach may be treated as a repudiation of contract,
 - b) The each breach will be treated as separate. Only compensation and not repudiation will arise from the breach.

10.29 DELIVERY TO THE CARRIER:

Delivery of goods to a carrier for transmission to a buyer is prima facie deemed to be delivered to the buyer.

10.30 EXAMINATION OF GOODS:

The buyer has the right to examine the goods for purpose of ascertaining whether they are in conformity with the contract.

10.31 ACCEPTANCE :

The buyer is deemed to have accepted the goods when he intimates to the seller that he has accepted them or when the goods are delivered to him and he behaves in the manner that indicates his acceptance.

10.32 RETURN OF REJECTED GOODS :

Unless otherwise agreed, when the goods delivered are rejected by the buyer he is not bound to return them to the seller. It is sufficient if the buyer intimates to seller that he refuses to accept them.

10.33 DUTIES OF THE BUYER

- a) The buyer must pay the price of goods according to terms of the contract.
- b) If the buyer wrongfully refused to accept delivery he must pay compensation to the seller.
- c) When the seller is ready and willing to deliver the goods and requests buyer to take delivery and the buyer does not do so within a reasonable time, he is liable to the seller for any loss occasioned by his neglect refusal to take delivery and also for reasonable charge for the care and custody of the goods.
- d) The seller or the buyer may recover interest or special damages in any case where by law interest or special damages may be recovered.

10.34 EFFECT OF TAX TENURE :

Where in a contract there is no stipulation for payment of taxes or other statutory levies or there were not such levies on the articles in question at the time of purchase/sale or where the contract is over sale of goods on which tax has been paid and subsequently may of the statutory levies on the sale or purchase of goods is imposed, increased, decreased or remitted, (a) the seller may add to the price the amount of levy made or increased and (b) the buyer may deduct the amount of levy decreased/remitted. The aforesaid provision will not apply if a contrary intention appears on terms of the contract.

10.35 REPUDIATION OF THE CONTRACT BEFORE DUE DATE :

Where one party to a contract of sale repudiates a contract before the date of delivery, the other party may either trade the contract as subsisting and wait till the date of delivery, or he may treat the contract as rescinded and sue for damages on account of breach.

10.36 CONTRACT CONCLUDED BY ACCEPTANCE OF TENDER/
SUPPLY ORDER PLACED BY US :-

Tender advertisement/Enquiries are in the nature of an invitation to suppliers to make an offer. Quotations submitted by the firm will amount to offers. If an A/T or Supply Order issued without any departure from the terms and conditions contained in the firm's quotation/tender, a formal contract would arise. Sometimes however, supply order deviates from the quotation in respect of terms and conditions. In such an event, supply order becomes a counter – offer and it is then necessary that the supply order is asserted by the concerned parties unconditionally before the contract comes into existence. However, even if the concerned firm does not formally communicate part can be interpreted but proceeds to act on the supply order, such action on his part can be interpreted as implied acceptance of supply order and the party will be bound by the terms and conditions in the supply order.

In the process of execution of the supply order if the supplier commits any breach, the purchaser has to proceed with necessary action to secure remedies against the breach, instead of going so, if the purchaser by his action or conduct gives the impression i.e. if the purchaser continues to accept supplies even after expiry of the stipulated delivery period or enter into correspondence giving the deemed to have been kept alive by the purchaser by his conduct. In other words, in such an event the conduct of the parties will have to be looked into apart from the terms and conditions of the contract, as at the time when a breach is committed.

10.37 OTHER LAWS AND STATUTORY PROVISIONS :

Although not directly invoked certain other laws statutory provisions come into operation in the process of purchase of sale of goods. These relate to Carriage, Insurance, Statutory Levies etc.

10.38 Laws relating to carriage are of the following categories :-

i) CARRIAGE BY LAND

- a) Railways Act, 1890 which deals with Carriage by Railways.
- b) The common Carriers Act 1865, which deals with common carriers of goods over land, inland, waterways.

ii) CARRIAGE BY SEA

- a) The Indian Bills of Lading Act, 1856.
- b) The Carriage of Goods by Sea Ct, 1925.
- c) The Merchant Shipping Act, 1958.
- d) The Marine Insurance Act, 1963.

iii) CARRIAGE BY AIR :

Carriage by Air Act, 1972.

CHAPTER - XI

AMENDMENT AND CHANGES IN THE MANUAL

- 11.1 Any procedural changes 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.
- 11.2 In some specific cases under exceptional circumstances, if the procurement become necessary be relaxing certain provision in the manual, the reason for such relaxation must be recorded clearly and thereafter specific approval shall have to be taken from CMD of the Subsidiary Cos./Chairman, CIL.
- 11.3 This manual supersedes all relevant company(CIL/Subsidiary) circulars w.r.t. procurement of materials issued till 31.03.2004.
- 11.4 Flow chart indicating the item-wise approving authority is listed below

Sl	ACTIVITY	MANUAL REF.	APPROVING AUTHORITY
01	Issue of Advertised tender > Rs 10 lac	2.4.1	HOD of MM/HOD of area
02	Limited Tender > Rs 10 lac	2.4.2	Dir(T)/HOD of area
03	Limited tender < Rs 10 lac	2.5.2	HOD of MM/HOD of area
04	Single Tender	2.6	HOD of MM/HOD of area
05	Adopting Emergency Purchase ≤ Rs 10 lac	2.10.1(ii)	HOD of MM/HOD of area
06	Adopting Emergency Purchase > Rs 10 lac ≤ Rs 25 lac	2.10.1(ii)	Dir(T)
07	Adopting Emergency Purchase > Rs 25 lac	2.10.1(ii)	Chairman /CMD
08	Adopting Sundry Purchase ≤ Rs 20 lac	2.10.2	Dir(T)/HOD of area
09	Spot Purchase ≤ Rs 25000/year	2.11	M1 officer
10	Spot Purchase > Rs 25000--≤ Rs 50000/year	2.11	M2 officer
11	Constitution of Inspection team	4.2	Dir(T)
12	Registration/Refusal of registration	4.3.2	HOD of MM (M3 level)
13	Reinstatement of deregistered firm	4.5.2(d)(iv)	Dir(T)
14	Suspension of Business	4.7.1	CMD/Dir(T) of CIL
15	Extension of Suspension > One year	4.7.4	D(T)-CIL/CMD
16	Banning of Business	4.7.8	Chairman/CMD
17	Reinstatement of Banned Firm	4.7.10	Chairman,CIL
18	Approval of Indents	5.2.1	As per delegation of Power
19	Finalization of tender enquiry	6.1.(f)	HOD of MM/HOD of area
20	Technical scrutiny report of offers	6.3.1	HOD of technical dept.
21	Commercial scrutiny report	6.3.1	HOD of MM dept
22	Refund of EMD/Security deposit	6.5(a),(b)	HOD of MM/HOD of area

11.4 Flow chart indicating the item-wise approving authority is listed below(contd..)

Sl	ACTIVITY	MANUAL REF.	APPROVING AUTHORITY
23	Approval of procurement	3.1 & 3.2	As per delegation of power
24	Release of Performance Bank Guarantee	6.5.1.C&D	Dir(T)/HOD of area
25	Extension of Due Date of Tender	6.10	HOD of MM/HOD of area
26	Acceptance of excess qty upto 5%	7.4	HOD of MM/HOD of area
27	Cancellation of tender	7.6	HOD of MM/HOD of area
28	Constitution of tender committee	7.8 Note-3	Officer competent to approve the purchase proposal
29	Amendments to the order other than delivery extension(purchase approved by an officer other than CMD/Chairman/Board)	7.14	One level higher than the authority who approved the purchase except HOD of area.
30	Amendments to the order approved by CMD/Chairman/Board .	7.14	CMD/Chairman
30	Amendment for extension of delivery period without imposition of LD to the order approved by an officer other than CMD/Chairman/Board	7.15	One level higher than the authority who approved the purchase except HOD of area.
31	Amendment for extension of delivery period without imposition of LD to the order approved by CMD/Chairman/Board	7.15	CMD/Chairman
32	Amendment for extension of delivery period with imposition of LD	7.15	The authority who approved the purchase limited to Dir(T)
33	Ex gratia extension of delivery period	7.15(e)	HOD of MM/HOD of area
34	Cancellation of purchase order	7.19	The authority who approved the purchase limited to Chairman/CMD
35	Risk purchase	7.21.2	The authority who approved the purchase limited to Chairman/CMD
36	Relaxation from the provisions of manual	11.2	Chairman/CMD
37	Adopting procedure outside of manual	Preamble	Chairman/CMD
38	Procedural change in the manual	11.1	Chairman
39	Addition/deletion in the general terms and conditions annexed to manual	Annexure-IV	Dir(T)

FORM OF APPLICATION FOR ENLISTMENT AS APPROVED SUPPLIER

Cashier's Receipt No.....

Book No.

Questionnaire form issued on.....

Initial of the Section Incharge.....

<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. Telegraphic Address	(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 "Small Scales Industry" 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 for which items? Give photo copy of ISI certificate of marking.	

6. (contd) (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 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 Stockists only, please give.
- (a) The items of stores stocked.
 - (b) The quantity and value of stock at present of which you are the owner.
9. 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.
10. Whether your commercial/business assets, factory godown etc. insured ? If 'Yes' which Company ? and for what amount?
11. Give particulars of Your ST Regn
- (a) Central Sales Tax Registration Number.....
.....Date.....
 - (b) State Sales Tax Registration Number.....
.....Date.....
(Please name the State/s).
- 12.
- (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.

13. Are you on the approved list of supplier for similar stores with.
- (i) DGS&D, New Delhi – If so, please submit
 - (a) copies of Registration certificate and
 - (b) Rate Contract.
 - (ii) Any other important customers in public or private sector with whom you have had dealings since last 5 years.
 - (iii) Give details of large contracts executed during the last 12 months with the above customers.
14. Please enclose a copy of your Income Tax Clearance Certificate (Including previous 4/5 years turn over and tax remittance) duly countersigned by the Income Tax Officer of the circle under the seal of his office.
15. 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.
 - B. Gross Profit.
 - C. Depreciation.
 - D. Pretax profit.
 - E. Taxation.
 - F. Net after tax.
 - G. Percentage of net profit on sales.
 - H. Dividend declared.
 - I. Nett 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.

16. 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.
17. Security Deposit (a) Whether you are willing to furnish a standing security deposit of Rs.25000/- and in what form :
18. 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.
19. Registration, if approved, will be for the period of 3 years from the date of registration. It will be the Contractor's responsibility to apply for renewal of registration at least 3 months in advance of the date of expiry of the period.

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 :

DETAILS OF MATERIALS SUPPLIED TO THE COAL INDIA LIMITED/SUBSIDIARY COMPANY 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. If you are registered with the DGS&D, you will be automatically considered as registered with the Coal India Limited/or its Subsidiary Companies. If not, immediately after enlistment, an approved supplier must furnish a standing security deposit of Rs.25000/- by demand draft as a safe-guard against any default in supply either in respect of quality or delivery period.

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. Approved suppliers shall not unless specifically mentioned in any Tender Notice be required to furnish any security against any individual order.

3. 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.

4. The approved supplier shall not transfer or at sign any supply order or any part thereof without the written permission of Coal India Limited/or its Subsidiary Companies.

PLANT & MACHINERY INDENT FORM

Subsidiary Company :

Area/Sub-Area:

Colliery/Unit/Project/Scheme :

CMPDIL Office :

No. :

Date :

P&M required for
Unit/Scheme/Project :

Last Purchase source, if any:

Price :

Sl. No.	Description	Technical specification	Quantity	Estimated price	Reasons for preferring this indent(give sign where applicable)
					Increasing production -----
					Expansion of Existing Unit -----
					Maintenance of Production -----
					Welfare, Safety etc. -----
					Research and Development -----
					Advance Action -----

Certified that :

(1) The indent is in respect of P&M providedproject report/scheme which has been approved by.....on.....(date).

(2) The indent is for replacement of existing P&M item(s) which has duly been declared unserviceable/going to be unserviceable shortly by a Competent Survey Committee(copy of Report enclosed).

Executive Engineer

Date.....

Signature of Indenting Authority

Designation.....

Budget provision exists for
Rs.....in BE/RE.....
Finance concurrence to the above
Proposal is hereby given.

1. Certificate that the approved project/schemeis now ready for execution/is expected to be ready at the project by.....(date) in accordance with the construction scheduleapproved by the Management and provided in the Annual Plan/5 years Plan.
2. Such items are not lying surplus in any other project/stores.

Dy. No.	Signature of Approved Finance Officer	Dy. No.	Signature of Competent Technical Authority/CMPDIL
Date:	Designation	Date:	Designation

The indent is approved under powers delegated in this regard for taking purchase actions.

Diary No. :	Signature of Sanctioning Authority
Date:	Designation :

The indent is forwarded (Purchase Dept)for necessary procurement action.....	In Purchase Department -----	
	Indent received vide receipt No.Date....	Indent materialized vide purchase order No.....Date.....

Dy. No.	Signature	Signature	Signature
Date	Designation Chief Engineer	Designation	Designation

SPECIMEN TENDER ENQUIRY FORM

Tender Enquiry No.

M/s.....

1. Quotation are invited for the supply of materials as indicated in the attached schedule.
2. The tender is due for submission uptoAM/PM on the.....
3. Tender will be opened at.....AM/PM on the20 /before the attending tenderers.
4. Tender must be submitted, in duplicate, in sealed covers. The envelopes must be superscribed with the Tender Number and the date of opening and put in the Tender Box provided for this purpose or may be handed over to the authorized company official against receipt of tender submitted. Tenders may also be sent by post wherein receipts will not be issued.
5. The rate shall normally be quoted on FOR-destination basis. The quotations should indicate rate per unit, discount, if any, total price and delivery terms. The rates of taxes and duties applicable should also be quoted.
6. For imported materials, the rate shall normally be quoted on FOB-port of shipment basis and approx. marine freight and insurance charges shall be indicated separately for each item. The country of origin must be indicated.
7. The prices quoted must be firm till delivery and the offers made must remain open for acceptance for six months from the due date of opening of the tender. The prices offered should be given preferably both in words and figures.
8. Printed terms and conditions of the vendor shall not be considered. Tenderers are requested to submit their offer complete in all respects maintaining serial number of items, terms and conditions as per tender documents along with all supporting documents failing which offer may not be considered & no further clarification on technical commercial aspects may be entertained.
9. Firm delivery period should be specified. The qty offered for supply within a specified delivery period should also be indicated.
10. Payment terms as per general conditions of contract.
11. Sample of items wherever necessary should be submitted free of cost along with the quotation for inspection by this office. Samples must be labeled with the tenderer's name, address and this office enquiry number and due date for opening of the tender.
12. Materials are subject to inspection by an authority to be deputed for the purpose before dispatch.

13. The packing of all the materials quoted shall conform to the requirements of the carriers.

14. Supply order, if placed, will be subject to the terms and conditions given separately.

15. If the order is placed on the assurance of earlier delivery offered in preference to the lowest acceptable offer then in case of failure, you will be liable to pay the difference between the lowest acceptable offer and your offer.

16. The tenderers shall quote to the specifications given. They are, however, at liberty to quote for any other alternatives, which, in their opinion, will serve the purpose. The materials shall conform to relevant ISS and in its absence to appropriate BSS/VDE/DIN.

17. Firms who are manufacturer must submit their complete and valid NSIC/DGS&D Registration certificate with the list of items attached covered with BIS licence/DGMS approval etc.

18. Normally no deviation is acceptable to our tender documents. Terms and offers which are in deviations are liable for rejection without making any back reference to the tenderers. Offers as asked for must be submitted complete in all respects.

19. Self attested copies of orders received from subsidiaries of CIL for the quoted items should be submitted alongwith the quotation in the first bid. List of past supplies with the details of order reference and the performance report if any should be furnished alongwith the offer.

General terms and conditions for submission of offers

a) The complete offer should be typed in the letter head of the tenderers. (Handwritten quotation will be summarily rejected). If firm's letter heads are not sufficient to accommodate technical and pricing details preferably bigger papers are used, such sheets alongwith other pages of the offer should be signed and stamped by company's authorized signatory.

b) All pages of tender documents should be signed and have company's seal. This is a must.

c) Quotations, erased and over written, will be summarily rejected unless corrections are authenticated with the tenderer's signature.

d) In case of two part tendering, Envelope No.1 containing techno commercial bid and the Envelope No.2 containing price bid should properly sealed and put inside the bigger envelope. Both the envelopes(1 & 2) should bear the tender no and date and should also indicate the heading i.e. 'Cover I- Techno-Commercial bid'/'Cover II-Price bid'. In case any one of the three envelopes submitted are without proper sealing, offer shall not be considered.

e) CIL/Subsidiary reserves the right to reject or accept or withdraw the tender in full or part as the case may be without assigning reason thereof. Tenderers are advised to carefully note that deviation in these terms will not be entertained.

NB: The above specimen Tender Enquiry Form is for guidance and the purchaser may design his own tender enquiry to suit a particular procurement case. Any other special terms may be indicated, if necessary. The draft tender enquiry should be approved by the HOD of MM dept/ HOD of the area.

GENERAL TERMS & CONDITIONS OF SUPPLY OF STORES

Definition

1. In the interpretation of the contract and the general and special conditions governing it, unless the context otherwise requires :

(i) “Contract” means the invitation to tender, instructions to tenderers, acceptance of tender, particulars and the general and special conditions specified in the acceptance of tender and includes a repeat order which has been accepted and acted upon by the contractor.

(ii) The term “Supplier” shall mean the person, firm or company with whom the contract is placed and shall be deemed to include the supplier in successors (approved by the purchaser), representatives, heirs, executors, administrators and permitted assignees as the case may be.

(iii) “Contract Price” shall mean the sum accepted or the sum calculated in accordance with the price and/or terms accepted by or on behalf of the purchaser.

(iv) The Chairman, means the Chairman of Coal India Limited. The 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 and Central Mine Planning & Design Institute Limited, South Eastern Coalfields Limited, Northern Coalfields Limited, Mahanadi Coalfields Limited and North Eastern Coalfields.

(v) The terms “Drawing” shall mean the drawing the plans specified in or annexed the schedule or specifications.

(vi) The terms “Purchase Executive” shall mean the purchaser or purchaser named in the schedule to Tender, his or their successors or assignees.

(vii) The term the “Inspector” shall mean any person nominated by or on behalf of the purchaser to inspect supplies, Stores or work under the contract or his duly authorized agent.

(viii) The term “Progress Officer” shall mean any person nominated by or on behalf of the purchaser to visit supplier’s works to ascertain the position of deliveries of stores purchased.

(ix) The term “Materials” shall mean anything used in the manufacture or fabrication of the stores.

(x) The term “Particulars” shall mean the following :

- (a) Specifications;
- (b) Drawing;
- (c) Sealed pattern denoting a pattern sealed and signed by the Inspector.

(x) Contd.

- (d) Certified or sealed sample denoting a copy of the sealed pattern or sample sealed by the purchaser for guidance of the Inspector.
- (e) Trade pattern denoting a standard of the ISI or other standardizing 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.
- (f) Proprietary make denoting the product of an individual manufacturers.
- (g) Any other details governing the construction, manufacturer and/or supply as existing in the contract.

(xi) “Stores” means the goods specified in the supply order or schedule which the contractor has agreed to supply under contract.

(xii) The term “Test” shall mean such test or tests as are prescribed by the specification or considered necessary by the Inspector or any agency acting under direction of the Inspector.

(xiii) The term “Site” shall 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.

(xiv) Works denoting the persons shall include any company or association or body of individuals whether incorporated or not.

(xv) “Writing” shall include any manuscript, typewritten or printed statement under or over signature or seal as the case may be.

(xvi) “Unit” and “Quality” means the unit and quantity specified in the schedule.

(xvii) “Supply Order” or “Purchase Order” means an order for supply of stores and includes an order for performance.

2. The delivery of stores shall be deemed to take place on delivery of the stores in accordance with the terms of the contract after approval of stores by the Inspector, to :

- (i)** the consignee at his premises, or
- (ii)** where-so provided the interim consignee at his premises, or
- (iii)** a carrier or other persons named in the contract an interim consignee for the purpose of transmission to the consignee.
- (iv)** The consignee at the destination station in case of contracts stipulated for delivery stores at destination station.

3. Words in the singular include the plural and vice-versa.

4. Words denoting the masculine gender shall be taken to include the feminine gender and work persons, shall include any company or association or body of individuals whether incorporated or not.

5. Terms and expressions not herein defined 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 and as amended in respect of all the Acts, as the case may be.

6.(a) Parties

The parties to the contract are the supplier and the purchaser named in the schedule or any other specifically mentioned in the contract.

(b) Address to which communication are to be sent

For all purposes of the contract, including arbitration thereunder, the address of the supplier mentioned in the tender shall be the address to which all communications addressed to the supplier shall be sent, unless the supplier has notified a change by a separate letter containing no other communication and sent by registered post acknowledgement due to the head of the office placing the supply order. The supplier shall be solely responsible for the consequence of an omission to notify a change of address in the manner aforesaid.

Any communication or notice on behalf of the purchaser in relation to the contract may be issued to the supplier by Purchase Executive and all such communications and notices may be served on the supplier either by registered post or under certificate of posting or by ordinary post or by hand delivery at the option of such executive.

7.(i) The price quoted shall be either FOR place or Railway Station of dispatch, FOR Destination, Delivery free to the consignee, FOB or CIF as specified in the invitation To tender. All offers from countries other than Purchaser's country shall quote on FOB and CIF basis.

(ii) In all cases the prices quoted must be net per unit shown in the enquiry and must include all packing and delivery where applicable. Refunds on account of returnable packages(if any) are to be separately specified. The price should show separately the Foreign Exchange Element and the Rupee Element for stores to be imported. Sales Tax shall be shown separately and whether it is State Sales Tax or Central Sales Tax. If no mention is made about Sales Tax, it will be assumed to be included in the price quoted.

The prices should be included of excise, or excise duty should be separately mentioned. In case where price is quoted inclusive of excise duty, the rate of quantum of the same should be separately indicated. In case of contracts providing for free delivery to the consignee octroi charges shall be included where leviable.

(iii) The price must be stated separately for each item on unit basis.

(iv) When quotations are made for units other than those specified in the enquiry, the relationships should be stated.

(v) The prices quoted must be firm and the offers made must remain open for at least four months from the date of submitting quotations unless otherwise specified.

- (vi) Tender must invariably be submitted alongwith illustrated literature giving complete and detailed specification, particulars etc. of the main unit and of the standard accessories to be supplied with the stores.
 - (vii) The tenderers must clearly specify their recommended spare parts that will be supplied alongwith the main unit and itemwise prices of the spare parts, also what are fast moving; medium moving; slow moving and insurance spares and the period upto which they are likely to last.
 - (viii) Printed terms and conditions of the tendering firms shall not be considered as forming part of their tender. In case the terms and conditions of contract applicable to this invitation to tender are not acceptable to the tendering firms, they should clearly specify deviations therefrom in their tender.
 - (ix) Typed quotations should be submitted. Those containing erasures and over-writings are liable to be rejected. Any corrections made in the tenders must be initiated by the tenderers, failing which their tenders will not be considered.
 - (x) Insurance arrangement will be made as per instructions being issued from time to time by the Materials Management Division of Coal India Limited and/or its subsidiary companies.
- 8.(i)** Samples of each item, if considered necessary, should be submitted simultaneously by the contractor for inspection by Inspector/Inspectors unless the articles under tender are of considerable bulk, in which case separate arrangement will be made for inspection of the articles offered while considering the quotations.
- (ii) All samples required for inspection or test shall be supplied by the successful Tenderers free of cost.
 - (iii) All samples must be clearly labeled with the tenderer's name, this offer enquiry Number and the last date of opening of tender.

9.(a) Subletting and Assignment

The supplier shall not save with the previous consent in writing of the purchaser, sublet, transfer or assign the contract or any part thereof or interest therein or benefit or advantage thereof in any manner whatsoever. Provided nevertheless that any such consent shall not relieve the supplier from any obligation, duty or responsibility under the contract.

(b) Change in a Firm

(i) Where the supplier is a partnership firm, a new partner shall not be introduced in the firm except with the previous consent in writing of the purchaser (which may be granted only as an exception) of a written undertaking by the new partner to perform the contract and accept all liabilities incurred by the firm under the contract prior to the date of such undertaking.

9.(b) contd

(ii) On the death or retirement of any partner of the supplier firm before complete performance of the contract the purchaser may at his option cancel the contract in such case the supplier shall have no claim whatsoever to compensation against the purchaser.

(iii) If the contract is not determined as provided in the sub-clause(ii) above notwithstanding the retirement of a partner from the firm, he shall continue to be liable under the contract for acts of the firm until a copy of the public notice given by him under Section 32 of the Partnership Act has been sent by him to the purchaser by registered post acknowledgement due.

10.(a) Consequence of Breach

Should the supplier or a partner in the supplier firm commit breach of either of the conditions (a) or (b)(i) of this sub-clause, it shall be lawful of the purchaser to cancel the contract and purchase or authorize the purchaser of the stores at the risk and cost of the supplier and in that event the provisions of clause 20 shall as far as applicable shall apply.

(b) The decision of Coal India Ltd. and/or its subsidiary companies as to any matter or thing concerning or arising out of this sub-clause or any question whether the supplier or any partner of the supplier firm has committed a breach of any of the conditions in this sub-clause contained shall be final and binding on the supplier.

11. Use of raw materials secured with Government assistance.

(a) Where any raw material for the execution of the contract is procured with the assistance of Coal India Limited and/or its subsidiary companies by purchase or under arrangement made or permit, licence, quota certificate or release order issued by or on behalf of or under authority or by any officer empowered in that behalf by law, or is issued from government stock and where advance payments are made to the supplier to enable him to purchase such raw materials for the execution of the contract, the supplier,

(i) shall hold such material as trustee of Coal India Limited and/or its subsidiary companies,

(ii) shall use such material economically and solely for the purpose of the contract.

(iii) shall not dispose of the same without the previous permission in writing of the purchaser; and

(iv) shall tender due account of such material and return to the purchaser at such place as the purchaser may direct all surplus or unserviceable material that may be left after the completion of the contract or its termination for any reason whatsoever. On returning such material, the supplier shall be entitled to such price thereof as the purchaser may fix having regard to the condition of such material.

11. Contd

- (b) Where the contract is terminated due to any default on the part of the supplier, the supplier shall pay all transport charges incurred for returning any material upto such destination as may be determined by Coal India Limited and/or its subsidiary companies whose decision shall be final.
 - (c) If the supplier commits breach of any of the conditions in this clause specified, he shall, without prejudice to any other liability, penal or otherwise, be liable to account to Coal India Limited and/or its subsidiary companies all moneys, advantages of profits accruing from or which in the usual course would have accrued to him by reasons of such breach.
 - (d) Where the stores manufactured or fabricated by the supplier out of the materials arranged or procured by or on behalf of Coal India Limited and/or its subsidiary companies are rejected the supplier shall, without prejudice to any other right or remedy of the Government, pay to the government on demand the cost price or market value of all such materials whichever is greater.
12. The tenderers in case of imported items, shall clearly mention in the quotation that in the event of the supply order being placed with them, they shall arrange for supply within a reasonable period of all necessary maintenance tools and spares parts that may be required from time to time during the normal life of the machines, on a continuous basis and at a price not in excess of the landed cost at their premises plus a stated percentage differential (such a differential should be indicated) and proper servicing of the main unit supplied by them as and when required. In case there is a Rate Contract with the DGS&D supply be made at the RC rates.
13. The tenderers shall give a warranty of satisfactory performance of the unit offered by them for a period of 12 months from the date of commissioning or 18 months from the date of receipt and acceptance by Coal India Limited and/or its Subsidiary Companies. The supplier shall be responsible for any defects that they develop under the conditions provided for by the contract and under proper use, arising from faulty materials, design or workmanship and shall remedy such defects at his own cost when called upon to do so. If it becomes necessary for the supplier to replace or renew any defective portion of the goods, such replacement or renewal should be made by the supplier without any extra cost to Coal India Limited and/or its subsidiary company.
14. For orders placed directly on overseas suppliers, the tenderers should separately indicated whether their prices quoted include any commission for the manufacturer's agents in India and the amount of remuneration for the agent included in the quoted price. Price shall include,
- a) the service that will be rendered by them as manufacturer's agent;
 - b) the name and address of agents, if any, in India; and
 - c) the agency commission or remuneration or freight in case FOR prices are accepted will be paid in Rupees in India.

15. On acceptance of the tender, a formal acceptance of tender or supply order will invariably be issued. Advance intimation in writing of acceptance of the tender will be given whenever considered necessary by the said authority. In case an advance intimation has been given, the formal acceptance of tender or supply order shall follow in due course, but immediate action towards execution of supply order shall be taken on receipt of the advance intimation.

16. EARNEST MONEY/SECURITY MONEY :

- a) Earnest Money Clause should be stipulated in the tender. The value of Earnest Money to be deposited by the tenderer should be 2% of the value of the estimated cost tendered for or Rs.10,00,000/-, whichever is lower. EMD. should be in the form of Demand Draft and must accompany the quotation i.e. Cover-I of the bid. For unsuccessful tenderer EMD shall be refunded immediately after finalisation of the tender with the approval of the HOD of MM deptt. or Head of Area. EMD shall be forfeited if any tenderer withdraw their offer before finalization of the tender or fails to submit order acceptance within 15 days from the date of order.
- b) Security Deposit clause should be stipulated in the tender. Two weeks time (15 days) shall be given in the order to the successful tenderer to furnish the security deposit. In case the firm fails to deposit the security money, the order shall be cancelled and the case shall be processed to order elsewhere and the firm's performance is to be kept recorded for future dealings with them.
The value of Security Money to be deposited by the successful tenderer in the form of Bank Draft shall be 10% of the value of the awarded contract without having any ceiling. For successful tenderer, EMD should be converted to Security Money which will be refunded to the firm within 30 days of satisfactory execution of the contract with the approval of the HOD of MM deptt./Head of the Area. For unsatisfactory performance and/or contractual failure, the security money shall be forfeited.
- c) For procurement value less than Rs.1,00,000/-, no earnest money/security deposit will be required.
- d) If any State/Central Govt. Organisation/PSU & valid DGS&D/NSIC registered (for the tendered items) firm can produce documentary evidence issued by Govt. Authorities for according exemption towards submission of EMD/SD, they may be considered for exemption from submission of EMD/Security Deposit.

17. Inspection and Rejection

Generally the stores shall be of the best quality and workmanship and comply with the contract or supply order in all respect. The stores supplied shall be in accordance with specification unless any deviation is authorized and specified in the contract or supply order or any amendment thereto.

17. Contd.**(a) Facilities for Test and Examination**

The supplier shall, at his own expenses, afford to the Inspector all reasonable facilities and such accommodation as may be necessary for satisfying itself, that the stores are being and/or have been manufactured in accordance with particulars. The Inspector shall have full and free access at any time during the execution of the contract to the suppliers work for the purpose aforesaid, and he may require the supplier to make arrangements for inspection of the stores or any part thereof or any material at his premises or at any other places specified by the Inspector and if the supplier has been permitted to employ the services of the sub-supplier, he shall in his contract with the sub-supplier reserve to the Inspector a similar right.

(b) Cost of Test

The supplier shall provide without any extra charge, all materials, tools, labour and assistance of every kind which the inspector may demand from him for any test, and examination, other than special or independent test, which he shall require to be made on the supplier's premises and the supplier shall bear and pay all costs attendant thereon. If the supplier fails to comply with the conditions aforesaid, the Inspector shall in consultation with the purchaser, be entitled to remove for test and examinations all or any of the stores manufactured by the supplier to any premises other than his(suppliers) and in all such cases the supplier bear the cost of transport and/or carrying out such tests elsewhere. A certificate in writing of the Inspector, that the supplier has failed to provide the facilities and the means, for test and examination shall be final.

(c) Delivery of Stores for Test

The supplier shall also provide and deliver the test free of charge, at such place other than his premises as the Inspector may specify, such materials or stores as he may require.

(d) Liability for Costs of Laboratory Test

In the event of rejection of stores or any part thereof by the Inspector in consequence of the sample thereof, which removed to the laboratory or other place of test, being found on test to be not in conformity with the contract or in the event of the failure of the supplier for any reason to deliver the stores passed on test within the stipulated period, the supplier shall, on demand pay to the purchaser all costs incurred in the Inspection and/or test cost of the test shall be assessed at the rate charged by the laboratory to provide persons for similar work.

(e) Method of Testing

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.

(f) Stores Expended in Test

Unless otherwise provided for in the contract, all stores/materials expended in test will be to supplier's account.

17. Contd**(g) Inspector Final Authority and to Certify Performance**

(i) The Inspector shall have the power :

Before any stores or part thereof are submitted for inspection to certify that they can not be in accordance with the contract owing to the adoption of any unsatisfactory method or manufacturer;

(ii) To reject any stores submitted as not being in accordance with the particulars.

(iii) To reject the whole of the installment tendered for inspection, if after inspections of such portion thereof as he may in his discretion think fit, he satisfied that the same is unsatisfactory ; and

(iv) To mark the rejected stores with a rejection mark so that they may be easily identified if re-submitted.

(h) Consequence of Rejection

If on the stores being rejected by the Inspector or consignee at the destination, the supplier fails to make satisfactory supplies within the stipulated period of delivery, the purchaser shall be at liberty to :

(i) Allow the supplier to re-submit the stores, in replacement of those rejected, within a specified time, the supplier bearing the cost of freight, if any, on such replacement without being entitled to any extra payment on that account ; or

(ii) Purchase or authorize the purchase of quantity of the stores rejected or so others of a similar description (when stores exactly complying with particulars opinion of the purchase executive which shall be final, readily available) without notice to the supplier's liability as regards the supply of any further installment due under the contract ; or

(iii) Cancel the contract and purchase or authorize the purchase of the stores or others of a similar description (when stores exactly complying with particulars are not in a opinion of the purchaser, which shall be final, readily available) at the risk and cost of the supplier. In the event of action being taken under sub-clause(ii) above or this sub-clause in the provisions of clause 20 shall apply as far as applicable.

(i) Inspectors' Decision as to Rejection Final

The Inspector's decision as regards the rejection shall be final and binding on the supplier.

(j) Where under a contract, the price payable is fixed on FOR station of dispatch basis, the supplier shall, if the stores are rejected at destination by the consignee, be liable in addition to other liabilities to reimburse to the purchaser the freight paid by the purchaser.

(k) Notification of Result of Inspection

Unless otherwise provided in the specification or schedule, the examination of the stores will be made as soon as practicable after the same have been submitted for inspection and the result of the examination will be notified to the supplier.

17. Contd**(l) Marking of Stores**

The supplier shall, if so required, at his own expense mark or permit the Inspector to mark all the approved stores with a recognized Government or purchaser's mark. The stores which cannot be so marked shall, if so required by the Inspector, be packed in suitable package or cases each of which shall be sealed and marked with such mark.

(m) Removal of Rejection

(i) Any stores submitted for inspection at a place other than the premises of the supplier and rejected shall be removed by the supplier subject as hereinafter provided within 14 days of the date of receipt of intimation of such rejection. If it is proved that letter containing such intimation is addressed and posted to him at the address mentioned in the schedule, it will be deemed to have been served on the supplier at the time when such letter would in the course of ordinary post reach the supplier. It shall be competent for the Inspector to call upon the supplier to remove what he considers to be dangerous, infected or perishable stores within 48 hours of the receipt of such intimation.

(ii) Such rejected stores shall under all circumstances lie at the risk of the supplier from the moment of such rejection and if such stores are not removed by the supplier within the period aforementioned, the Inspector/Purchaser may either return the same to the supplier at his 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.

(n) Inspection Notes

On the stores being found acceptable by the Inspector, he shall furnish the supplier with necessary copies of Inspection notes duly completed, for being attached to the supplier's bill in support thereof.

18. Packing and Transport

(a) It shall be the responsibility of the successful tenderers to arrange for the stores being sufficiently and properly packed for transport by Rail, Road or Sea as the case may be so as to their being free from loss or injury on arrival at destination. The packing of the stores shall be done at the expense of the successful tenderer.

(b) The successful tenderer is responsible for obtaining a clear receipt from the transport authorities specifying the goods dispatched. He will not book any consignment on a "said to contain" basis. If he does so, he does it on his own responsibility. Coal India Limited and/or its subsidiary company shall pay for only such stores as are actually received by them in accordance with the contract.

18. Contd

- (c) All packing cases, containers, packing and other similar materials shall be supplied free by the successful tenderer and shall not be returned unless otherwise specified in the contract/supply order.
- (d) Packages must be so marked that identification is made easy. 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 works like 'Fragile', 'Handle with care'. Weight of each packages will be marked on the package.
- (e) A complete list of contents in each package called the packing list will be prepared and one copy will be packed in the package itself and another copy will be forwarded to the consignee, in advance

19. Delivery :

The time for and the date of delivery of the stores stipulated in the 'Purchase Order' shall be deemed to be of the essence of the contract and delivery of the stores must be completed by the date specified.

20. In the event of failure to delivery or dispatch the stores within the stipulated date/period in accordance with the samples and/or specifications mentioned in the supply order and in the event of breach of any of the terms and conditions mentioned in the supply order, Coal India Ltd. and its Subsidiary Companies should have the right :

- (a) To recover from the successful tenderer as agreed liquidated damages, a sum not less than 0.5%(half percent) of the price of any 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%. Where felt necessary the limit of 10% can be increased to 15% at the discretion of Head of the Materials Management Division.
- (b) To purchase elsewhere, after due notice to the successful tenderer on the account and at the risk of the defaulting supplier the stores not supplied or others of a similar description without canceling 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 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 full or in part.

20. Contd

(f) Whenever under this contract a sum of money is recoverable from any payable by the supplier, Coal India Limited and its subsidiary companies shall be entitled to recover such sum by appropriating, in part or in whole by deducting any sum or any other contract should this sum be not sufficient to cover the full amount recoverable, the successful tenderer shall pay Coal India Limited and its subsidiary companies on demand the remaining balance. The supplier shall not be entitled to any gain on any such purchase.

- 21.** 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 and 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.
- 22.** The supplier shall allow reasonable facilities and free access to his works and records to the Inspector, Progress Officer or such other Officer nominated for the purpose. Inspector of stores, i.e. supplies made by the successful tenderer against the supply order mentioned at (15) above, shall be carried out by the Inspector/Consignee at the colliery site/stores or by the Inspecting Wing (inclusive of all its branch offices) of the DGS&D, New Delhi or any other agency as may be specified in the supply order. Where necessary, inspection may be carried out at the supplier's premises.
- 23.** Coal India Ltd. and/or its subsidiary companies do not bind itself to accept the lowest or any tender and reserves to itself the right of accepting the whole or any part of the tender or portion of the quantity offered and the tenderer shall supply the same at the rate quoted.
- 24.** The supplier shall at all times indemnify Coal India Limited and its subsidiary companies against all claims which may be made in respect of the supplies for infringement of any right protected by patent, Registration of Design or Trade Mark, provided that in the event of any claim in respect of alleged breach of Letter Patent, Registered Design or Trade Mark being made against Coal India Ltd. and/or its subsidiary companies, the said authority shall notify the supplier of the same and the supplier shall be at liberty at his own expense to settle any dispute or to conduct any litigation that may rise therefrom.

25. Carrying Vessels for Imported Items

In case of machinery imported from abroad, it is preferable that shipment should be affected in Indian Vessels, wherever possible. Supplies will however not be delayed on this account.

26. Freight

The stores shall be dispatched at public tariff rates in the case of FOR station of dispatch contract and the stores shall be booked at full wagon rates whenever available and by the most economical route or by the most economical tariff available at the time of dispatch as the case may be. Failure to do so will render the supplier liable for any avoidable expenditure caused to the purchaser.

Where alternative routes exist, Coal India Limited/and or its subsidiary companies shall, if called upon also to do indicate the most economical route available or name the authority whose advice in the matter should be taken and acted upon. If any advice of any such authority is sought, his decision or advice in the matter shall be final and binding on the supplier.

27. Passing of Property

Property in the stores shall not pass to the purchaser unless and until the stores have been delivered to the consignee or interim consignee as the case may be in terms of the contract.

28. Laws Governing the Contract

- a) This contract shall be governed by the Laws of India for the time being in force.
- b) 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 which the acceptance of tender or supply order has been issued.
- c) Jurisdiction of Courts
The courts of the place from the acceptance of tender has been issued shall alone have jurisdiction to decide any dispute arising out of or in respect of the contract.
- d) Marking of Stores
The marking of the stores must comply with the requirements of the law relating to Merchandise Marks for the time being in force in India.

29. Corrupt Practices

- a) The supplier shall not offer or give or agree to give to any person in the employment of the purchaser or working under the orders of Coal India Ltd. and/or its subsidiary companies any gift or consideration of any kind as an inducement or reward for going or forbearing to do or for having done or forborne to do any act relating to the obtaining or execution of the contract or any other contract with the purchaser or for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the purchaser. Any breach of the aforesaid condition by the supplier or any one employed by him or acting on his behalf (whether with or without the knowledge of the supplier) or the Commission of any offence by the supplier or by any one employed by him or acting on behalf under Chapter IX of the India Penal Code, 1860 or the Prevention of Corruption Act, 1947 and any amendments thereto or any other Act enacted for the prevention of corruption by Public Servants shall entitle Coal India Limited and or its subsidiary companies to cancel the contract and all or any other contract with the supplier and to recover from the supplier the amount of any loss arising from such cancellation in accordance with the provisions of Clause 20.

29. Contd.

- b) Any dispute or difference in respect of either the interpretation effect or application of the above condition or of the amount recoverable, the re-under by the purchaser from the supplier shall be decided by Coal India Limited and its subsidiary companies whose decision thereon shall be final and binding on the supplier.

30. Insolvency and Breach of Contract

- (a) Coal India Limited and/or its subsidiary companies may at any time by notice in writing, summarily determine the contract without compensation to the supplier in any of the following event, that is to say :

If the supplier being an individual or if a firm any partner thereof, shall at any time be adjusted insolvent or shall have a receiving order or order for administration of his estate made against him or shall take any proceeding for composition under any Insolvency Act for the time being in force or make any conveyance or assignment of his effects or enter into any arrangements or composition with his creditors or suspend payment or if the firm be dissolved under the Partnership Act.

- (b) If the supplier being a company is wound up voluntarily by the order of a court or a Receiver, Liquidator Manager on behalf of the Debenture-Holders is appointed or circumstances shall have arisen which entitles the court or Debenture-Holders to appoint a Receiver, Liquidator or Manager.
- (c) If the supplier commits any breach of the contract not herein specifically provided For,
Provided always that such determination shall not prejudice any right of action or remedy which shall have accrued or shall accrue thereafter to the purchaser and provided also the supplier shall be liable to pay to the purchaser for any extra expenditure he is thereby put to and the supplier shall under no circumstances be entitled to any gain on repurchase.

31. Terms of Payment

- (a) For all stores, 100% payment should be made on receipt of the consignment at site and acceptance by the consignee as per actual payment term stipulated in the contract. The number and date of Railway receipt, Bill of Lading, Air Way Bill or Consignment Note under which the goods charged for in the bill are dispatched by Railway, Ship, Air or Road respectively, and the number and date of the letter with which such Railway Receipt, Bill of Lading, Air Way Bill or Consignment Note is forwarded to the consignee should be quoted on the bill. In the case of stores dispatched by post, the postal receipt should be attached in original to the bill and its number and date quoted therein.
- (b) Payment against the supply orders placed either by the Subsidiary company or by CIL shall be arranged by the Subsidiary Companies, if not specified otherwise. Wherever order is placed by CIL on any foreign supplier involving requirement of more than one Subsidiary Co., payment shall be arranged by CIL normally through Letter of Credit.

31. Contd

(c) 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.

(d) Payment from CIL may also be considered, if felt necessary, by the CIL management, even though order is placed against the requirement of one subsidiary company by CIL .

(e) Specific payment term may be formulated in accordance with the provisions laid down (as applicable) at Chapter-IX of the Purchase Manual.

32. Progress Reports

(a) 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.

b) 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.

NB: The general terms and conditions listed above is the standard set. The purchaser after recording necessary justification may delete any of the terms and conditions or add any new terms and conditions to suit the individual case with the approval of concerned Director(T) of the subsidiary/CIL.

ANNEXURE-V

Guidelines for procurement of Explosives and their Accessories and for determination of quantities to be offered to various manufacturers/suppliers in case such manufacturers/suppliers match the L1 price.Types of Explosives :-

CIL procures Explosives of two different varieties for use in open cast as well as underground mines. Of these two varieties of Explosives, one is Cartridge Explosives(Permitted and Large Dia) and its Accessories and the other is Bulk Loading Explosives. Annual Running Contracts are concluded for procurement of these items.

Cartridge Explosives

There 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.

Bulk Loading Explosives

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.

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.

In view of the above, it may be seen that the process of manufacturing of Cartridge Explosives and Bulk Explosives is entirely different. Therefore, the Vendor Rating Formula has to be different for these two types of Explosives. However, while framing the Vendor Rating Formula for these two types of Explosives, the critical criteria like technical Parameter, After Sales Service, Infrastructure availability, quality Evaluation on Random Testing, Delivery Performance, etc. have been taken into account in both the cases. This obviously will take care of quality of Explosives to be supplied by different Manufacturers/Suppliers and sets in place well laid distribution methodology for different Manufacturers/Suppliers.

Cartridge Explosives

The following technical criteria shall be essential and mandatory for compliance by the tenderers. If a tenderer does not fulfill the same, the tender will be rejected outright.

Sl	Particulars
1	Facility for testing of quality parameters like Velocity of Detonation (VOD), Density, Cap Sensitivity & air Gap Sensitivity and Continuation of Detonation for Cartridge Explosives
2	Facility for testing of raw materials like Oxidizer and Fuels.

The details of equipment required for above are given below :-

1) Facility for Testing of Quality parameter

Sl.No.	Particulars
1	Safety Room for field testing of Explosives
2	Suitable Pit with Safety Zone for Testing
3	Suitable Equipment for Density Measurement
4	Aluminium Plate/Plastic Plate(As per BIS Norms for VOD Testing)
5	Exploder with Cable
6	Cap Sensitivity Testing Facility
7	Air Gap Sensitivity Testing Facility
8	High Pressure (Water Resistance Test) Vessel
9	Facility for Drop Test(for Detonators)

2) Raw Materials Testing for Quality Control

<u>Sl.No.</u>	<u>Particulars</u>
<u>1</u>	<u>Equipment for Titration</u>
<u>2</u>	<u>PH Meter</u>
<u>3</u>	<u>Digital Capacitance Meter</u>
<u>4</u>	<u>Viscometer</u>
<u>5</u>	<u>Dean & Stark Distillation Apparatus</u>
<u>6</u>	<u>Mantle Heater</u>
<u>7</u>	<u>Hygrometer</u>
<u>8</u>	<u>Hydrometer</u>
<u>9</u>	<u>Water Bath</u>
<u>10</u>	<u>Digital Thermometer</u>
<u>11</u>	<u>Water Distillation Unit</u>
<u>12</u>	<u>Sieves of various Meshes</u>
<u>13</u>	<u>Chemical Balance</u>
<u>14</u>	<u>Various Chemical Reagent</u>

The above equipment must be available all the time in the Explosive Factories.

A. Group-I - Test Results of Random Sampling (Full Marks – 100).

i) Explosives (Large Dia)

	Particulars	Limit of parameters as per IS 6609 (Latest Amendments)	Marks	
1	Velocity of Detonation(Mtr/Sec)	Emulsion a) Booster 4500+/-500 b) Column4000+/-500	Slurry a) Booster 4200+/-500 b) Column3800+/-500	40
2	Density(gm/cc)	1.15 +/-0.05	1.15+/-0.10	25
3	Cap/Booster Sensitivity	Cartridge should fire with No.6 strength Detonator		20
4	Air Gap Sensitivity	2 cm	2 cm	15
		The receiver Cartridge should get initiated in the specified gap.		
	Total			100

The Methodology for allotment of Marks for the above tests will be as follows:-

Particulars of the Test	Emulsion	Slurry	Marks
1) VOD	a) Booster i) <4000 ii) 4000-5000 iii) >5000	(a) Booster i) <3700 ii) 3700-4700 iii) >4700	'0' 40 (if the results are within this limit) 2 marks will be deducted for exceeding this limit for every 100 Mtr/Sec.
	b) Column i) <3500 ii) 3500-4500 iii) >4500	b) Column i) <3300 ii) 3300-4300 iii) >4300	'0' 40 (if the results are within this limit) 2 marks will be deducted for exceeding this limit for every 100 Mtr/Sec.
2) Density	i) 1.10-1.20	i) 1.05-1.25	25 (if the results are within this limit) If the results are outside these limits, for every 0.01 gm/cc outside this range, 5 marks will be deducted.
3) Cap/ Booster Sensitivity	If fires If fails	If fires If fails	20 '0'
4) Air Gap Sensitivity	If fires If fails	If fires If fails	15 '0'

ii) Explosives(Permitted)

Sl.	Particulars	Limit of parameters as per IS 6609 (Latest Amendments)			Marks
1	Valocity of Detonation (Mtr. per Second)	Emulsion a) P1/P3 3500+/-400 b) P5 3500+/-400	Slurry 3400+/-400	N.G. 2500+/-200 2300+/-200	30
2	Density (Grm.per CC)	1.15+/-0.05	1.10+/-0.05	1.50+/-0.05 (Geletenious) 1.05+/-0.05 (Powder)	25
3	Cap Sensitivity	Cartridge should fire with No.6 strength Detonator			20
4	Air Gap Sensitivity	2 Cm	2 Cm	2 Cm If the receiver Cartridge gets initiated in the specified gap	15
5	Continuation of Detonation	1 Mtr. length of Explosives column fired with No.6 strength Detonator, all Explosive column should fire			10
	Total				100

The Methodology for allotment of Marks for the above tests will be as follows:-

Particulars of the Test	Emulsion	Slurry	NG	Marks
1) VOD	a) P-1/P-3 i) <3100 ii) 3100-3900 iii) >3900	i) <3000 ii) 3000-3800 iii) >3800	<2300 2300-2700 >2700	'0' 30 (if the results are within this limit) 2 marks will be deducted for exceeding this limit for every 100 Mtr/Sec.
	b) P-5 i) <3100 ii) 3100-3900 iii) >3900	i) <2800 ii) 2800-3200 iii) >3200	<2100 2100-2500 >2500	'0' 30 (if the results are within this limit) 2 marks will be deducted for exceeding this limit for every 100 Mtr/Sec.
2) Density	i) 1.10-1.20	i) 1.05-1.15	1.45-1.55 (Geletenious) 1.00-1.10 (Powder)	25 (if the results are within this limit) If the results are outside these limits, for every 0.01 gm/cc outside this range, 5 marks will be deducted.
3) Cap/Booster Sensitivity	If fires If fails	If fires If fails	If fires If fails	20 '0'
4) Air Gap Sensitivity	If fires If fails	If fires If fails	If fires If fails	15 '0'
Continuation of Detonation	If fires If fails	If fires If fails	If fires If fails	10 '0'

iii) Accessories (Detonating Fuse)

Sl	Particulars	Limit of parameters as per IS 6609(Latest amendments)	Marks
01	Velocity of detonation (mtr/sec)	6500 +/-500	50
02	Diameter (mm)	4.5-5.5	25
03	Transmission of Detonation	The DF is laid down as a main line and branching is laid at different angles from the main line by making a loop. When fire, there shall be no failure in DF either in the main line or in the branch line.	25
	Total		100

The Methodology for allotment of marks for the above test will be as follows :

Particulars	Limit of parameters	Marks
VOD	<6000 6000-7000 >7000	'0' 50 (if the results are within this range) 2 marks will be deducted for exceeding the limit for every 100 Mtr/Sec.
Diameter(mm)	4.5-5.5	25 (if the results are within range) 0 (if the results are outside this limit)
Transmission of Detonation	If fires If fails	25 '0'

iv) Accessories (Detonators)

Sl	Particulars	Limits of parameters as per IS 6609 (Latest Amendments)	
1	Strength Test	The detonators when tested under lead plate method (30 cm length, 5 cm width and 1.5 cm thick), if blasts over the lead plate, it should produce dent on the lead plate corresponding to at least C-3 class as per BIS.	40
2	Series Firing Test	10 detonators are subjected to series firing test, all the detonators shall fire successfully within the same current and application of time.	40
3	Electric Resistance (ohm)	4.5-5.5	20
	Total		100

The Methodology for allotment of marks for the above test will be as follows :

Particulars	Test	Marks
Strength Test	If conforms to C-3 Class as per BIS If fails to conform	40 '0'
Series Firing Test	If fires If fails	40 '0'
Electric Resistance	4.5 - 5.5 (ohm)	20 (if the results are within this range) '0' (if the results are outside the range)

The Random Testing would be done drawing samples from the supply of explosives by a team consisting of a representative of the subsidiary company and a representative from the Regional Institute of CMPDIL or CMRI, Dhanbad. The test will be undertaken by CMPDIL or CMRI to check the above technical parameters.

The testing charges will be borne by the suppliers.

B. Group-II Commercial Criteria (Full Marks-100)

Sl.	Particulars	Marks
1	Magazine for Storage and Supply of Explosives – (a) Total Capacity of Magazine vis-à-vis Quantity offered = 30 (b) No. of Coalfields where Magazines are located = 30	60
2	Capacity of Explosive Vans for Transport to the Mines vis-à-vis Quantity offered	10
3	Possession of ISO Certificate	30
	Total	100

The details of Explosive Vans, number and location of Explosive Storage Magazine set up in the Coalfields and the capacity of the Magazines are to be furnished by the Manufacturers/Suppliers along with their offer against the tender. CIL shall verify the relevant valid licences for the same and their physical availability at the Coalfields duly certified by the respective Subsidiary Companies.

The Methodology for allotment of Marks for the above Commercial Criteria will be as follows :

a) Availability of Explosive Van for transport of Explosives to the mines vis-à-vis Quantity offered. 10 Marks

$$\text{Marks for Van} = \frac{\text{Total Capacity of Vans available}}{\text{Quantity Offered}} \times 10$$

Maximum marks assigned under this formula would be restricted to 10.

b) Availability of Service Magazine at Subsidiary Company level for storage and supply of Explosives and its Accessories to Colliery Units.

(A) Total Capacity of Magazine vis-à-vis Quantity Offered = 30 Marks

$$\text{Marks for Magazine} = \frac{\text{Total Capacity of Magazine available}}{\text{Quantity Offered}} \times 30$$

The max. marks assigned under this formula would be restricted to 30.

(B) No of Coalfields where Magazines are located – 30 Marks

$$\text{Marks for No. of Service Magazine} = \frac{\text{No. of Coalfields covered}}{\text{Total No. of Coalfields}} \times 30$$

Note : The Number of Coalfields will be as follows :

ECL : i. Raniganj Coalfield. ii. Rajmahal Coalfield

BCCL : i. Jharia Coalfield

CCL : i. North Karanpura Coalfield
ii. South Karanpura including Hazaribagh Coalfield

WCL : i. PENCH, Kanhan, Pathakhera Coalfields and
ii. Wardha Valley Coalfield including Umrer & Nagpur

NCL : i. Singrauli Coalfield

SECL : i. Korba Coalfield, ii. Korba-Rewa Coalfield iii. Sohagpur Coalfield

MCL : i. Ib-Valley Coalfield ii. Talcher Coalfield.

Total : 13 Nos.

(C) Group-III – Price Status (Full Marks – 100)

Sl. No.	Particulars	Marks
1	Price Status	100

The Methodology for allotment of marks for Price Status Criteria will be as follows:-

L-1 will get 100 Marks. The L2 and others will be granted marks as per the formula $L1/L2 \times 100$, $L1/L3 \times 100$ and so on.

(D) Group-IV – Delivery Performance (Full Marks – 100)

Sl. No.	Particulars	Marks
1	Delivery Performance against last contract	100

The Methodology for allotment of marks for Delivery Performance will be as under

Delivery Performance will be assessed as per the percentage of quantities supplied by each Manufacturer/Supplier out of the total quantities allocated by the Subsidiary Companies to them against last contract. If the supply performance is 75% of the total allocated quantities of the Subsidiary Companies, '0' Marks will be awarded. For each 1% increase over 75%, 4 Marks will be allotted. For example, if the delivery performance is 76%, the Manufacturer/Supplier will get 4 Marks, if 77%, the Manufacturer/Supplier will get 8 Marks, if 90%, the Manufacturer/Supplier will get 60 Marks and if 100%, it will get 100 Marks.

If the supply performance is below 60% of the average of the total quantities allocated during the last two years by the Sub. Cos., the said Manufacturer / Supplier will be disqualified.

Total Marks (for all 4 criteria)..... 400 Marks.

BULK LOADING EXPLOSIVES

The following technical criteria will be essential and will be incorporated in the NIT for compliance by the tenderers. If a tenderer does not fulfill the same, the tender will be rejected outright.

Sl.	Particulars
1	(a) Facility for Testing of Raw Materials i) Testing of Oxidizer Testing of Fuels ii)
	(b) Facility for Testing of finished products : i) Density ii) Viscosity iii) <u>Water Resistance</u>

The equipment required for above are detailed below :

Sl.No.	<u>Particulars</u>
1	PH Meter
2	Chemical Balance
3	Kitchen Balance
4	Viscometer
5	Water Bath
6	Heater
7	Dean & Stark Distillation Apparatus
8	Flash Point Apparatus
9	Thermometer
10	Mixer

The above equipment must be available all the time in the Explosives Plant.

ANNEXURE-VI.(1)
IMMEDIATE

No.8(1)(h)/98(1)
 CENTRAL VIGILANCE COMMISSION

Jaisalmer House, Man Singh Road,
 New Delhi-110011
 Dated the 18th November 1998

SUB: Improving vigilance administration

The Central Vigilance Commission Ordinance 1998 under Section 8(1)(h) directs that the power and function of the CVC will be the following :

“exercise superintendence over the vigilance administration of the various Ministries of the Central Government or corporations established by or under any Central Act, Government companies, societies and local authorities owned or controlled by that Government”.

Improving vigilance administration is possible only if system improvements are made to prevent the possibilities of corruption and also encourage a culture of honesty. In exercise of the powers conferred on the CVC by Section 8(1)(h), the following instructions are issued for compliance :

2.1 **Creating a culture of honesty**

Many organizations have a reputation for corruption. The junior employees and officers who join the organizations hopefully may not be so corruption minded as those who have already been part of the corrupt system. In order to ensure that a culture of honesty is encouraged and the junior officers do not have the excuse that because their seniors are corrupt, that they have to also adopt the corrupt practices, it is decided with immediate effect that junior employees who initiate any proposal relating to vigilance matters which is likely to result in a reference to the CVC can send a copy directly to the CVC by name. This copy will be kept in the office of the CVC and data fed into the computer. If within a reasonable time of say three to six months, the reference does not come to the CVC, the CVC then can verify with the concerned authorities in the department as to what happened to the vigilance case initiated by the junior employee. If there is an attempt to protect the corrupt or dilute the charges, this will also become visible. Above all the junior officers will not have the excuse that they have to fall in line with the corrupt seniors. Incidentally, the seniors also cannot treat the references made directly to the CVC as an act of indiscipline because the junior officers will be complying with the instructions issued under Section 8(1)(h) of the CVC Ordinance 1998. However, if a junior officer makes a false or frivolous complaint it will be viewed adversely.

2.2 **Greater transparency in administration**

- 2.2.1 One major source of corruption arises because of lack of transparency. There is a scope for patronage and corruption especially in matters relating to tenders, cases where exercise of discretion relating to out of turn conferment of facilities/privileges and so on. Each Organisation may identify such items which provide scope for corruption and where greater transparency would be useful. There is a necessity to maintain secrecy even in matters where discretion has to be exercised. But once the discretion has been exercised or as in matters of tenders, once the tender has been finalized, there is no need for the secrecy. A practice, therefore, must be adopted with immediate effect by all organizations within the purview of the CVC that they will publish on the notice board and in the organization's regular publication the details of all such cases regarding tenders or out of turn allotments or discretion exercised in favour of an employee/party. The very process of publication of this information will provide an automatic check for corruption induced decisions or undue favours which go against the principles of healthy vigilance administration.
- 2.2.2 The CVC will in course of time take up each organization and review to see whether any additions and alterations have to be made to the list of items which the organization identified in the first instance for the monthly communications for publicity in the interests of greater transparency. This may be implemented with immediate effect.

2.3 **Speedy departmental inquiries**

- 2.3.1 One major source of corruption is that the guilty are not punished adequately and more important they are not punished promptly. This is because of the prolonged delays in the departmental inquiry procedures. One of the reasons for the departmental inquiry being delayed is that the inquiry officers have already got their regular burden of work and this inquiry is to be done in addition to their normal work. The same is true for the Presenting Officers also.
- 2.3.2 Each organization, therefore, may immediately review all the pending cases and the Disciplinary Authorities may appoint Inquiry Officers from among retired honest employees for conducting the inquiries. The names of these officers may be got cleared by the CVC. The CVC will also separately issue an advertisement and start building a panel of names all over India who can supplement the inquiry officers work in the department. In fact, it will be a healthy practice to have all the inquiries to be done only through such retired employees because it can then be ensured that the departmental inquiries can be completed in time. If any service/departmental rules are in conflict with the above instructions they must be modified with immediate effect.

- 2.3.3 In order to ensure that the departmental inquiries are completed in time, the following time limits are prescribed:
- (i) In all cases which are presently pending for appointment of Inquiry Officer and Presenting Officer, such appointment should be made within one month. In all other cases, the Inquiry Officer and the Presenting Officer should be appointed, wherever necessary, immediately after the receipt of the public servant's written statement of defence denying the charges.
 - (ii) The Oral inquiry, including the submission of the Inquiry Officer's report, should be completed within a period of 6 months from the date of appointment of the Inquiry Officer. In the preliminary inquiry in the beginning requiring the first appearance of the charged officers and the Presenting Officer, the Inquiry Officer should lay down a definite time-bound programme for inspection of the listed documents, submission of the lists of defence documents and defence witnesses and inspection of defence documents before the regular hearing is taken up. The regular hearing, once started, should be conducted on day-today basis until completed and adjournment should not be granted on frivolous grounds.
- 2.3.4 One of the causes for delay is repeated adjournments. Not more than two adjournments should be given in any case so that the time limit of six months for departmental inquiry can be observed.
- 2.3.5 The IO/PO, DA and the CVO will be accountable for the strict compliance of the above instructions in every case.

2.4 **Tenders**

Tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with L1 (i.e. Lowest tenderer).

3. Hindi version will follow.

Sd/-

(N. VITTAL)

CENTRAL VIGILANCE COMMISSIONER

To

- (i) The Secretaries of All Ministries/Departments of Government of India.
- (ii) The Chief Secretaries to All Union Territories.
- (iii) The Comptroller & Auditor General of India.
- (iv) The Chairman, Union Public Service Commission.
- (v) All Chief Vigilance Officers in the Ministries/Departments/PSEs Public Sector Banks/Insurance Companies/Autonomous Organizations/Societies.
- (vi) President's Secretariat/Vice-President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO.

ANNEXURE-VI.(2)

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A
GPO Complex, INA,
New Delhi-110023
Dated the 15th March, 1999

To

- (i) The Secretaries of all Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor Central of India
- (iv) The Chairman, Union Public Service Commission
- (v) All Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organizations/Societies
- (vi) President's Secretariat/Vice-President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject :- Improving vigilance administration- Tenders

Sir,

Please refer to CVCs instructions issued under letter No.8(1)(h)/98(1) dated 18/11/98 banning post tender negotiations except with L-1 i.e., the lowest tenderer. Some of the organizations have sought clarifications from the Commission as they are facing problems in implementing these instructions. The following clarifications are, therefore, issued with the approval of Central Vigilance Commissioner.

- (i) The Government of India has a purchase preference policy so far as the public sector enterprises are concerned. It is clarified that the ban on the post tender negotiations does not mean that the policy of the Government of India for purchase preference for public sector should not be implemented.
- (ii) Incidentally, some organizations have been using the public sector as a shield or a conduit for getting costly inputs or for improper purchases. This also should be avoided.
- (iii) Another issue that has been raised is that many a time the quantity to be ordered is much more than L1 alone can supply. In such cases the quantity order may be distributed in such a manner that the purchase is done in a fair transparent and equitable manner.

Yours faithfully,

Sd/-
(P.S.Fatehullah)
Director

No.98/ORD/1
Government of India
Central Vigilance Commission

Satarkta Bhawan, Block-A
GPO Complex, INA,
New Delhi-110023
Dated the 24th August, 2000

To

- (i) The Secretaries of all Ministries/Departments of Government of India
- (ii) The Chief Secretaries to All Union Territories
- (iii) The Comptroller & Auditor Central of India
- (iv) The Chairman, Union Public Service Commission
- (v) The Chief Executive of All PSEs/Public Sector Banks/Insurance Companies/Autonomous Organizations/Societies
- (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/autonomous Organizations/Societies
- (vii) President's Secretariat/Vice-President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject :- Improving vigilance administration- Tenders

Sir,

Please refer to the instructions issued by Commission vide its communication No.8(1)(h)/98(1) dated 18.11.98, banning post tender negotiations except with L-1.

2. The Commission has been getting a number of queries on how to handle the matter if the quantity to be ordered is more than L-1 can supply or about placement of orders on Public Sector Undertakings. It is requested that such matters may be dealt with in accordance with the clarifications issued by the Commission vide its letter of even number dated 15.3.99 (copy enclosed).

3. Some of the organizations have sought clarification as to whether they can consider the L-2 offer or negotiate with that firm if L-1 withdraws his offer before the work order is placed, or before the supply or execution of work order takes place. In this regard, it is clarified that such a situation may be avoided if a two-bid system is followed(techno-commercial) so that proper assessment of the offers is made before the award of work order. Therefore, if L-1 party backs out, there should be retendering in a transparent and fair manner. The authority may in such a situation call for limited or short notice tender if so justified in the interest of work and take a decision on the basis of lowest tender.

4. The Commission has also been getting references for its advice on the procedures being followed in individual cases of tenders. The Commission would not involve itself in the decision making process of individual organizations. It, however, would expects the organizations to implement its instructions dated 18.11.98, in its spirit and to ensure that the decisions of administrative authorities are transparent.

Yours faithfully,

Sd/-
(K.L. Ahuja)
Officer on Special Duty

ANNEXURE-VI.(4)

No.98/ORD/1
 Government of India
 Central Vigilance Commission

Satarkta Bhawan, Block-A
 GPO Complex, INA,
 New Delhi-110023
 Dated the 28th March, 2002

- To
- (i) The Secretaries of all Ministries/Departments of Government of India
 - (ii) The Chief Secretaries to All Union Territories
 - (iii) The Comptroller & Auditor Central of India
 - (iv) The Chairman, Union Public Service Commission
 - (v) The Executive of All PSEs/Public Sector Banks/Insurance Companies/Autonomous Organizations/Societies
 - (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/autonomous Organizations/Societies
 - (vii) President's Secretariat/Vice-President's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO

Subject :- Applicability of CVC's Insutraction No.8(1)(h)/98(1) dated 18.11.98 on post tender negotiation.

During the review meeting of the CVOs in Mumbai on 18.01.2002 one of the issue raised the applicability of the CVC guidelines banning post tender negotiation except with L-1 to such projects as are funded by sources other than the consolidated Fund of Government of India.

2. It has been decided after due consideration that in so far as funding from sources other than consolidated Fund of Government of India, the Commission's instruction dated 18.11.1998 is not applicable.

All concerned may ensure strict compliance of this instruction.

Sd/-
 (C. J. Mathew)
 Deputy Secretary

ANNEXURE-VI.(5)

No.98/ORD/1
Government of India
Central Vigilance Commission
(CTE's Organization)

Satarkta Bhawan, Block-A
GPO Complex, INA,
New Delhi-110023
Dated the 9th July, 2003

Office Order No.33/7/03

To

All the Chief Vigilance Officers

Subject:- **Short-comings in bid documents.**

Sir/Madam,

The Commission has observed that in the award of contracts for goods and services, the detailed evaluation/exclusion criteria are not being stipulated in the bid document and at times is decided after the tender opening. This system is prone to criticism and complaints as it not only leads to a non-transparent and subjective system of evaluation of tenders but also vitiates the sanctity of the tender system.

2. The Commission would reiterate that whatever pre-qualification, evaluation/exclusion criteria etc. which the organization wants to adopt should be made explicit at the time of inviting tenders so that basic concept of transparency and interest of equity and fairness are satisfied. The acceptance/rejection of any bid should not be arbitrary but on justified grounds as per the laid down specifications, evaluation/exclusion criteria leaving no room for complaints as after all, the bidders spend a lot of time and energy besides financial cost initially in preparing the bids and, thereafter, in following up with the organizations for submitting various clarifications and presentations.

This is issued for strict compliance by all concerned.

Yours faithfully,

Sd/-
(Mange Lal)
Deputy Secretary
Telefax No.24651010

No.98/ORD/1
CENTRAL VIGILANCE COMMISSION

Satarkta Bhavan, Block-A
GPO Complex, INA,
New Delhi-110 023
Dated the 18th December 2003

Subject :-Improving Vigilance Administration: Increasing Transparency in Procurement/Sale etc.

The Commission is of the opinion that in order to bring about greater transparency in the procurement and tendering processes there is need for widest possible publicity. There are many instances in which allegations have been made regarding inadequate or no publicity and procurement officials not making available bid documents, application forms etc. in order to restrict competition.

2. Improving vigilance administration is possible only when system improvements are made to prevent the possibilities of corruption. In order to bring about greater transparency and curb the mal-practices mentioned above the Central Vigilance Commission in the exercise of the powers conferred on it under Section 8(1)(h) issues following instructions for compliance by all govt. departments, PSUs, Banks and other agencies over which the Commission has jurisdiction. These instructions are with regard to all cases where open tender system is resorted to for procurement of goods and services or for auction/sale etc. of goods and services.

- (i) In addition to the existing rules and practices regarding giving publicity of tenders through newspapers, trade journals and providing tender documents manually and through post etc. the complete bid documents alongwith application form shall be published on the web site of the organization. It shall be ensured by the concerned organization that the parties making use of this facility of web site are not asked to again obtain some other related documents from the department manually for purpose of participating in the tender process i.e. all documents upto date should remain available and shall be equally legally valid for participation in the tender process as manual documents obtained from the department through manual process.
- (ii) The complete application form should be available on the web site for purposes of downloading and application made on such a form shall be considered valid for participating in the tender process.

- (iii) The concerned organization must give its web site address in the advertisement/NIT published in the newspapers.
- (iv) If the concerned organization wishes to charge for the application form downloaded from the computer then they may ask the bidding party to pay the amount by draft/cheques etc. at the time of submission of the application form and bid documents.

3. While the above directions must be fully complied with, efforts should be made by organizations to eventually switch over to the process of e-procurement/e-sale wherever it is found to be feasible and practical.

4. The above directions are issued in supersession of all previous instructions issued by the CVC on the subject of use of web site for tendering purposes. These instructions shall take effect from 1st January 2004 for all such organizations whose web-sites are already functional. All other organizations must ensure that this facility is provided before 1st April 2004.

Sd/-
(P. Shankar)
Central Vigilance Commissioner

To

- (i) The Secretaries of All Ministries/Departments of Government of India.
- (ii) The Chief Secretaries to all Union Territories.
- (iii) The Comptroller & Auditor General of India.
- (iv) The Chairman, Union Public Service Commission.
- (v) The Chief Executives of all PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies.
- (vi) The Chief Vigilance Officers in the Ministries/Departments/PSEs/Public Sector Banks/Insurance Companies/Autonomous Organisations/Societies.
- (vii) President's Secretariat/Vice-Preseident's Secretariat/Lok Sabha Secretariat/Rajya Sabha Secretariat/PMO.