

Chairman's Message



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Chairman



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FOREWARD

The "Works and Procurement Policy" empowers to operate within a specified frame work and maintain transparency while handling Public Funds.

Contract Management is considered as the most important area of an Organisation. This requires a systematic approach within the purview of set rules, norms and procedure. The Bokaro Power Supply Company Pvt. Ltd. so far had no laid down policies on the Works and Procurement and the Company followed the Works and Procurement Policies of SAIL.

In the Manual efforts have been made to ensure transparency, economy and efficiency in processing and implementing various purchase/works contracts within a set time frame at a competitive price. Attempt has also been made to bring out clarity, simplification of tendering, payment procedure as well as to provide an in depth guideline.

It is hoped that the provisions lay down in this Policy document will go a long way in streamlining the functioning in the areas pertaining to Works and Procurement and these ideas can be utilised in achieving corporate objectives and targets. The provisions containing in the Manual shall be followed in the best interest of the Company by all concerned. Suggestions, if any, for improvement of this Manual are welcome.


(Subrata Biswas)

**Bokaro Power Supply Co. (P) Ltd.
Bokaro Steel City**

Procurement and Works Policy - 2006

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Bokaro Power Supply Co (p) Ltd.
Bokaro Steel City

Procurement and works policy-2006

1. **Introduction** – This policy document lays down the broad guide lines to be followed in the procurement of equipments, materials and services for the company. The main intent of this document is to permit centralised policy making and decentralized execution and administration with a view to achieve the company's goals in most efficient and effective manner.
2. **Objective** – The main objective of this policy is to ensure procurement of the required equipments, materials, works and services in right quality at the right time and at the right and reasonable price after giving fair and equal opportunities to Tenderers subject to the policy guide lines laid down herein so as to obtain the optimum value for each unit of expenditure. It is utmost important to keep in mind that transparency is maintained while buying materials / engaging contractors.
3. This policy of procurement of materials etc, mutatis mutandis, will apply to award of contract also.

A. Procurement policy:

1.0 Materials management services

- 1.1 The responsibility of procurement of materials etc as per introduction and objective shall be that of materials management services. Procurement action will be initiated on the basis of approved indents / requisitions indicating budget and estimate provisions.
- 1.2 **Raising of indents:** The indents for purchase of materials/job contracts shall be raised by the department (s) concerned or any authorized section. These indents shall be prepared in the prescribed format. The indent shall be signed as a taken of approval by the H.O.D (Head of the Department). The indent should be serially numbered to facilitate cross reference and suitable index registers shall be maintained by each HOD for control purposes at different stages of procurement/storage.
- 1.3 Proper indent is must for proper procurements. The indenter should give full and complete information regarding the description and specification etc, of the material to be procured of quality make or other standard specifications confirming to ISS etc should be specifically mentioned, wherever feasible.
- 1.4 Relevant drawings wherever required must be enclosed with the indent.
- 1.5 A brief note justifying the indented quantity should be enclosed along with the indent.

- 1.6 In respect of proprietary / OEM items a certificate on the prescribed proforma signed by the Head of the Department should be enclosed along with the indent. The purchase of items on proprietary basis should be kept at the minimum possible level and should be resorted to when other technically acceptable substitutes are not available.
- 1.7 In case of urgent / emergent cases an urgency certificate in prescribed Performa should be signed by HOD and should be enclosed to indent.
- 1.8 The indenter in the indent itself will ensure, if necessary, to indicate special requirement of quality check, pre-dispatch inspection, other check list etc to enable the suppliers to submit their offer keeping in view of all the instructions mentioned in the enquiry.

2.0 Estimated cost and Reasonability of Prices

2.1 Estimated cost in the indent:

It will be the prime responsibility of the indenter to prepare realistic and judicious estimate using scientific / technical methods. It may be based on market cost / last purchase price etc. The following guidelines may be adopted for the preparation of estimates :-

- 2.1.1 The estimate may be based on last purchase price obtained through normal tendering and competitive bids with adjustments of cost of current price of raw materials, wages and other factors of current market conditions.
- 2.1.2 Budgetary Quotations may be obtained for new items or new technology only by the indenter for the purpose of knowing the cost for estimation purpose only
- 2.1.3 For the procurement of proprietary items supplier's price list/rates along with the applicable discounts shall be obtained for preparing the estimate, Such list, however, should be obtained directly from manufacturers only and the list supplied by dealers/authorized agent should not be considered unless directed by the manufactures.
- 2.1.4 In case of job contracts fresh estimates shall be prepared for each indent and only the last order value shall not be sufficient to be considered as the basis for the cost estimate. To work out cost estimate for job contract, the following elements may be considered :-
 - 2.1.4.1 job elements.
 - 2.1.4.2 supplies to be made.
 - 2.1.4.3 Equipments, tools and tackles to be provided.
 - 2.1.4.4 Any other services fee against statutory obligations, overheads etc.
 - 2.1.4.5 Labors cost, service tax, excise duty / ESI etc.
 - 2.1.4.6 Hiring /operations cost etc.

- 2.1.5 The name of the suggested registered manufactures, suppliers, traders, contactors may be indicated by the indenter in the indent on the basis of past experience of parties along with order references if any. However final list of parties / vendors with inclusion / exclusion will be decided by HOD MM / contract and approving authority giving reasons for the same.
- 2.1.6 In case it is desired to split the order in more than one parties, the indenter shall specify so in the indent justifying the reasons for the same and the same should be incorporated in the NIT.
- 2.1.7 In case the tenderers are required to submit samples along with the Quotations the same should be clearly mentioned in the indent itself. However no sample should be called for the items for which standard specifications are available.
- 2.1.8 Required mode of tendering shall also be suggested by the indenter giving reasons there of. However final mode of tendering will be recommended by HOD of materials and contract department giving reasons for the same for approval of competent authority.
- 2.1.9 A copy of all such indents duly filled in and completed in all respect shall be sent to the M.M. Department / contract department after obtaining approval of the competent authority for procurement process / contract award process as the case may be.
- 2.1.10 All the indents for purchase of materials shall be sent first to nominated executive of technical service department/ field engineering or planning cell for proper scrutiny and keeping a track record of indents in indent register / computer for control purpose. A suitable system may be separately evolved in this connection with the approval CEO / BPSCL

2.2 **Reasonability of Prices**

- 2.2.1 The estimated cost given in the proposal will also guide to assess the reasonability of the quoted price. When it is seen that the prices received are substantially higher than the estimated cost indicated by the indenter, a reference should be made to the indenter asking to explain the basis of his estimation with supporting documents if any. Indenter should also be given a chance to rework and to update estimate if necessary to arrive at reasonability of rates. Revision of estimate should not be allowed after opening price bids.
- 2.2.2 Evaluation of tenders is made on the basis of the ultimate cost to the company and is the major factor in the decision for placement of contract / order. The price quoted comprises of various elements of cost, some of which are variable in course of time. A bidder can quote on firm price basis or variable price basis (but not on both) and each such offer will be considered accordingly. As far as possible, contract should be entered on "*firm price basis*" while contract on variable prices can be considered on the merits of each case. As a general principle, no offer involving any uncertain or indefinite liability or any condition of unusual character should be considered.

2.2.3 The reasonability of the price offered has to be established by taking into account the competition observed from the response of the bidders to the enquiry, last purchase price/last work order rate (not older than 3 years), estimated cost, market price, cost of raw materials, labour, electricity, general consumer price index, rate analysis, updated CPWD schedule of rates or by inviting budgetary quotations. Vendor / contractor may also be requested to submit latest copies of PO/WO etc in support of price justification. Tender committee will satisfy themselves on the reasonableness of the offer before recommending for approval of competent Authority. There can not be cut off line to establish reasonability of rates. However in general 10 % (+) or (-) from the estimated cost can be considered reasonable. If this percentage substantially varies (lower side) a Bank Guarantee as security from Nationalised Bank / Schedule Bank (except co-operative Bank) can be demanded from the vendor / contractor to protect the interest of the company so that if the party fails to complete the work loss if any can be adjusted against the encashment of the said BG. The authority that has powers to approve the contract will, however, have powers to relax this condition of BG on merits on case to case basis.

3.0 The contract services / materials management services will keep themselves informed concerning sources of supply, prices (fixed or variable type of pricing) / rates, freights, taxes, lead time etc. and plan and organize procurement action, maintain a keen follow up and organize quality control with the help of field quality department / concern agency (external or internal) till the order is executed.

3.1 Contract service department will be oriented and guided by the utmost factor that proper project schedule is to be strictly adhered to. Accordingly each contract will incorporate a detailed network for design manufacturing and erection / construction cycle etc. duly mutually agreed with respective agency during pre-award discussion.

The continuous monitoring of the agreed schedule will rest on central contract service deptt. and for efficient rendering of the service to the project the contract service department will develop a reporting system to keep CEO / GMS of the project informed of the progress. It is essential because timely execution of the project will be overall responsibility of C.E.O/G.M. For monitoring of schedules of construction / erection the project management /planning/technical cell would develop their own system and procedure for setting and reviewing short interval weekly or monthly physical targets jointly with construction /erection agency. A monthly project review meeting should also be arranged and held for creating an atmosphere for speedy progress of work and for removing bottlenecks if any in the progress of work. A sincere and positive (+ve) approach will be essential to achieve the targets.

4.0 Quality assurance services

4.1 There will be a quality assurance group (Q.A) either under contract department, planning or field engineering/technical services as the case may be to ensure that a

proper quality is built into the materials, machinery and services made available to the projects. The Q.A. group will be constantly working on the development of systematic steps to be followed during all phase of the procurement activities under the project management. A detailed system and procedure for Q.A. activities under the G.M./C.E.O. will be evolved separately, if necessary.

- 4.2 It will be the responsibility of contract cell to keep a suitable provision /clause in contract for inspection at manufacturer's works and or inspection at site without which no quality standard can be enforced. This inspection work can be carried out by any outside expert agency duly approved by CEO/GM of the project or by an engineer of the company specifically nominated by GM/CEO for the purpose.
- 4.3 In respect of the contracts where installation and erection is vital for the total completion of the job and problems of coordination arise, it shall be the general policy to award supply cum erection contacts so that single source responsibility is defined clearly and project schedule is adhered to.
- 4.4 Similarly where supply of plant equipments and spare are involved it would be prudent to place order for equipment and spare both to one single source to synchronize the activities.

5.0 Procurements through Tenders – Mode of Tendering

The following modes of tendering are recommended and approval of competent authority for different modes of tendering will be obtained as per delegation of powers:-

5.1 Open Tender / Global Tender

Open tendering means that Enquiry / NIT have been given wide publicity through press advertisement in most possible open manner. This can also supplement by company's web site displays and also promoter's web site displays. NIT with total bid documents need to be hoisted in Web site with downloading facilities. Display of NIT only in the notice boards does not mean open Tendering.

- 5.2 Attention of all known, reliable and proven sources of supply of a particular equipments / material / services will be drawn to the requirements of BPSCL and allowed to quote for the above purpose advertisements in two or more leading newspapers of all India repute in addition to one or two local news papers of the area where the work is to be executed or supplies to be made may be issued.
- 5.3 Qualifying requirements should also be specified in the tender advertisement where ever considered necessary, so that only reliable parties are invited to quote. In such cases the tender evaluation will take into consideration that the qualifying requirements specified in the advertisement have been fulfilled by the tenderers. Please see para 10 on qualifying requirements.
- 5.4 In case where adequate resources (minimum 6 numbers) for a particular requirement are known or parties are registered by carrying out detailed vendor registration

(Through Press Advertisement) addressing to these parties in lieu of the Publication in Newspapers will serve the purpose of open tendering.

- 5.5 The open tendering through press advertisement in general, is to be resorted to for high value purchases having estimated value in excess of Rs. 25 lakhs. However it may also be resorted to for critical items/ works having estimated cost less than Rs. 25 lakhs for which no source for procurement / contractor basis is available or depending upon other circumstances / considerations with the consent of approving authority. Efforts are to be made to club up more than one case in each press advertisement where the case value is low. However The open tendering through press advertisement in general, is to be resorted to for high value in contract cases having estimated value in excess of Rs. 10 lakhs
- 5.6 In view of high cost of advertisement over all economy in press advertisement should also be taken care and generally it should be restricted to 5% of estimated cost. Prior approval of tenders inviting authority in this regard is to be obtained.
- 5.7 The cases of acceptance of single offer against open tender will be treated as open tender for all practical purposes and also for Delegation of powers.
- 5.8 There should be minimum three numbers of quotations for processing the case of open and limited tender enquiries.

6.0 Vendor Registration

In following cases tender enquires sent to some selected parties shall be considered and treated like an open tender: –

- 6.1 In case of equipments / material / services which are on major value (rupees 1 lac. and above per item) are important on account of critical nature, engineering expertise and require long delivery time etc a pre-qualification procedure, in order to avoid frivolous tenders, can be adopted for selecting the reliable parties to whom the tender inquiries may be floated. This will be done once in about three years by advertisement in two or more leading newspapers of all India repute in addition to local news papers of the area where the work is to be executed or supplies are to be made. The criteria for pre-qualification will interalia consist of past performance, financial soundness, technical competence, organizational capability etc and should commensurate with the requirements. A screening committee specially constituted for the purpose will analyze and evaluate the response to these advertisements and prepare a category wise list of the qualified contractors / suppliers based on the qualification criteria which shall be valid for about 3 years from the date of preparation. When tender enquires are sent to all such qualified parties, it should be treated like an open tender.
- 6.2 For other items with value less than one lakh per item, each list of approved vendors shall be prepared / maintained on the basis of data available in trade journals, manufactures directories or approved vendors list of state govt/central govt./DGSD and other public sector organizations and vendors to whom enquires were floated in

the past. These lists will be reviewed and necessary changes there in will be made on the basis of vendor's performance and location of new sources etc. A general advertisement may also be issued, if considered, necessary in papers of all India repute, including local papers for obtaining the requisite vendors data. These lists will be subject to approval of CEO of BPSCL. When tender enquires is sent to all such parties, mentioned in vendor list, it shall be treated like open tender.

7.0 Limited Tender Enquires (LTE)

- 7.1 Limited tender may be invited only for items / works with estimated values less than Rs. 25 lakhs from minimum six numbers of tenderers out of which minimum three numbers of response is necessary to process the case in general how ever depending upon criticality of items response from less than three numbers can also be considered with approval of CEO, if extensions (one or two times) do not yield fruitful results.
- 7.2 If for the reasons of urgency or any other valid reasons, limited tender is to be resorted to in preference to the open tender system for package value exceeding the Rs. 25 lakhs the reason will be recorded in writing and approval of the competent authority obtained.
- 7.3 The officer in whose powers the procurement lies will however obtain the approval of the next higher authority about the number and names of supplier in all cases of limited tenders.
- 7.4 A) LTE should be floated only when reliable manufacturers / suppliers / traders / contractors are known. For this purpose the MM deptt. / Contract cell shall maintain a list of registered parties after inviting credential through press advertisement. The list of parties is registered in other govt organization / DGSD / NTPC / SAIL / DVC etc. can also serve the purpose provided it is approved by competent authority, i.e. CEO. However when registered manufacturers are available LTE should be limited to such manufacturers only. While issuing LTE to manufacturers it should be clearly stipulated that in case any of their dealer(s) is authorized to quote on their behalf a copy of such authority letter be enclosed to BPSCL only after receipt of such authority letter the quotation received from the dealer shall be entertained after confirming the validity of their dealership.
- 7.4 B) The process of vendor registrations in BPSCL will be completed by 31/12/07 and till such time the present system will continue and there after as a Policy LTE should be issued only to registered Parties / Vendors.
- 7.5 Original LTE papers should be despatched through registered post / under certificate of postings / e-mail / Fax / Courier on the address of the firm as available in the records of the company. Original LTE papers should not be given to the representative of any firm.

- 7.6 LTE should be issued after obtaining approval of the competent authority as per delegation of powers.
- 7.7 When the decision is to adopt LTE as a mode of tendering the whole indent should be treated as one and no split up there of should be made to reduce the value of tender enquiries.
- 7.8 Unsolicited offers and technically unacceptable offers are not to be entertained. They should not find place in the comparative statements even if their prices are lower.
- 7.9 All the parties to whom LTE are floated should categorily send their regret in case of non- participation in the tender with reasons otherwise they may not be considered in future for similar job / item and same is to be clearly mentioned in the enquiry where ever necessary provision for indicating manpower, skilled / semiskilled should be there in the NIT / work order.
- 7.10 The cases of acceptance of single response to the limited tenders will be treated as single tender on the grounds of urgency for the purpose of delegation of financial powers.

8.0 Single Tender

- 8.1 Single tender may be resorted to in exceptional circumstances where adequate response at economical rates within the time available is not expected by taking recourse of open / limited tendering.
- 8.2 Single tender may be resorted to:
- 8.2.1 On grounds that item to be procured is of proprietary nature / OEM.
 - 8.2.2 On account of standardization.
 - 8.2.3 On grounds of urgency of requirements.
- 8.3 Source standardization will be done on recommendations of a committee consisting of representatives of technical, contract services and of material management services, user department and finance department of atleast E-6 level and approval by CEO of the company. Source standardization will normally for limited periods for 3 years but in any case not exceeding 5 years. In case of proprietary items a proprietary certificate and for urgent requirements urgency certificate will be issued under approval of head of user department on separate proforma /sheets to be attached with the indent.
- 8.4 Proprietary items are to be purchased from manufacturer and or their authorized dealers only.
- 8.5 In case of proprietary /STE, the enquiries will be issued to the original manufacturer (OEM) / original equipment supplier (OES). However the offer can be accepted from their authorized Dealers / Business Partners / Business associate etc. and purchase order / work order can be placed on the request of OEM / OES.

- 8.6 Orders on the basis of single tender will be issued with the approval of CEO / competent authority of the company as per delegation of powers.
- 8.7 A. Purchase of centralised items made from Public Sector Enterprises as per Govt. directives will not be treated as single tender.
- B. The common High Value Critical Spares are to be considered as ‘Centralised Spares / Item’ which are to be kept in a common pool for meeting any emergency in Power Station (S).
- 8.8 For proprietary and single tender enquiries reasons for adopting such mode of tendering shall be recorded in writing while obtaining approval of the complete authority.

9.0 Short Tender Notice

When there is no time to adopt other mode of tendering or due to other valid reasons to be recorded a short tender notice can be resorted to up to maximum value of Rs.02 lakhs by circulating of Tender notice amongst local contractors / notice boards etc and work may be awarded on the basis of bids received through this process with the approval of competent authority as applicable to LTE cases as per Delegation of Powers.

10.0 Qualifying requirements

The purpose of QR is to identify the qualified bidders who are capable of delivering goods / services as per the Specifications/ Requirements. QR shall generally be drawn in such a manner so as to enable adequate / participation of bidders to the extent possible. The QR shall normally include Technical Requirements (both specific to the package and general) and the financial Requirements. Qualifying requirements for technical and financial parameters should be clearly spelt out.

The qualifying requirement is to be prepared on case to case basis depending on various factors like cost of the package, Technical importance, Time frame for implementation, quality plan etc. The primary purpose of QR is to assess the financial & Technical capability of the bidders who can deliver the goods / services as per the requirements. It may please be noted that QR is required for those contracts which are to be finalized through OTE / LTE through website. QR is not required for LTE amongst known vendors and for single Tender Enquiry.

Tender inviting authority is empowered to fix up OR for procurement packages / contracts cases. However the following point may be considered for assessing the financial capacity of a bidder:-

- 10.1 Annual Accounts Reports (Balance sheet) of preceding 3 years to determine working capital position, overall profitability, Debt equity ratio, average annual turnover to be quantified in the Tender Enquiry as decided by Tender Inviting Authority.
- 10.2 Other physical parameters such as testing facilities etc. to be considered.
- 10.3 Manufacturing capacity (installed and utilised) Technical capability as set by Tender Inviting Authority based on orders executed in past and performance there of.
- 10.4 In order to finalise the QR of prospective bidders a standing QR committee has to be formed with representatives of Finance & Accounts, user's section and indenting / planning / contracts deptt. The QR should be got approved by GM / Power Plant.

For any contract for works related to civil / mechanical, electrical - the quantifying requirement of bidders may be framed-up as detailed below:

- 10.4.1 For works up to estimated cost of Rs.5 lakhs : To be decided by Tender Inviting Authority.
- 10.4.2 For works with estimated cost above Rs.5 lakhs up to Rs.50 lakhs : Experience of having successfully completed similar works during last 3 years ending last day of month previous to the one in which offers are invited shall be either of the following –
 - One similar completed works costing not less than the amount equal to 60% of the estimated cost
 - OR
 - Two or more similar completed works costing not less than the amount equal to 30% of the estimated cost.
- 10.4.3 For works with estimated cost above Rs.50 lakhs : Experience of having successfully completed similar works during last 3 years ending last day of month previous to the one in which offers are invited shall be either of the following:
 - One similar completed work costing not less than the amount equal to 80% of the estimated cost.
 - OR
 - Two or more similar completed works costing not less than the amount equal to 40% of the estimated cost.
- 10.5 However, QR as mentioned above is an illustrative one and may not be suitable for all AMC / Works / Services etc. GM (Power Plant) / Tender Enquiry Authority is authorised to formulate QR through QR Committee to meet the requirement for case to case basis so that adequate bidding response is achieved, QR on financial eligibility for tenders of Turnkey Projects having estimated value of Rs.5 Crores and above to be decided by tender Inviting Authority.
- 10.6 The QR should be decided before the NIT is issued for advertisement. Once the QR is fixed and advertised it cannot be altered / relaxed. However, in case of poor response against stipulated QR, the same may be reviewed and revised by QR committee for the purpose of re-tendering with the objective of getting better response and to maintain transparency. The QR committee will only recommend and

QR as recommended by the committee has to be approved by the Tender Inviting Authority before floating enquiry.

- 10.7 While preparing the QR it is to be ensured that the same does not become too stringent leading to poor or no response.

11.0 Period allowed for quotation:

Adequate notice will be given to the possible tenderers which will not be less than fifteen days excluding transit period. The notice period will be reduced in suitable cases on grounds of urgency For limited tender confined to local areas / local suppliers or simple tender the period could be reduced but so fixed as to be consistent with the supplier's ability to quote from the point of view of the time. However a general guidelines as under can be adopted

- (i) Open tender through press advertisement 4 to 6 weeks.
- (ii) Open tender amongst Registered vendors 2 weeks
(Registration of tenderers through press advertisement)
- (iii) Limited Tender 3 to 4 weeks
- (iv) Single Tender on grounds Minimum 2 weeks/Immediate
Other than emergency
- (v) Single Tender on the ground Time as decided by competent
of urgency authority / Immediate

Competent Authority here means the authority that has powers to approve the award of works / supplies.

12.0 Cost of Tender Documents

In case of open Tendering by press advertisement the tender documents fee shall be decided on the basis of estimated value. No cost of Tender document is required for LTE and STE. Accordingly the cost of documents for different categories will be regulated as below:-

- 12.1 *For Purchase / Misc. works / Civil works / Service contract / AMC or any contract.*

Sl.no.	<u>Estimated value of indent/work</u>	<u>Cost of Documents</u> (Rs.)
1.	Up to Rs.01 lakh	200.00
2.	From Rs.01 lakh and above up to Rs.05 lakhs	300.00
3.	From Rs.05 lakhs above up to Rs.10 lakhs	500.00
4.	From Rs.10 lakhs and above up to Rs.25 lakhs	1000.00
5.	From Rs.25 lakhs and above up to Rs.50 lakhs	1500.00
6.	From Rs.50 lakhs and above up to Rs.02 crores	3000.00
7.	From Rs.02 crores and above up to Rs.05 crores	4000.00
8.	From Rs.05 crores and above up to Rs.10 crores	6000.00
9.	Above Rs.10 crores	10000.00

- 12.2 *For new project / R & M Works / RLA Studies*

1.	Up to Rs.01crore	1100.00
2.	Above Rs.01 crore and up to Rs.05 crores	2200.00
3.	Above Rs.05 crores and up to Rs.10 crores	5000.00
4.	Above Rs.10 crores and up to Rs.20 crores	7000.00
5.	Above Rs.20 crores and up to Rs.50 crores	15,000.00
6.	Above Rs.50 crores	20,000.00

However small scale industries registered with NSIC shall be issued the tender documents free of cost subject to production of the documentary evidence like valid Registration certificate of the same item or group of item from appropriate Govt. authority.

12.3 There should be a provision for extension of AMC / RC. It should be resorted once Only.

13.0 Earnest money and security deposit

It has been experienced that in procurement cases except open tender suppliers are not inclined to give any EMD / SD. Therefore based on market practices no EMD / SD should be insisted upon in all procurement cases. However EMD/SD will be applicable in contract & open tender for procurement cases.

14.0 Running / Rate contract

Where it is advantageous to have the supply of goods at a speedy pace / at a fixed rate over a period of time a time bound running /rate contract may be entered into after following the procedure of invitation of tenders either on open or limited basis. The rate contract entered into by DGS&D also if advantageous may be made use of for placing orders at the rates fixed there under.

14.1 There is no bar for placing of orders outside the rate / running contracts on the basis of open / limited tender, if that is regarded as advantageous.

14.2 While issuing LTE for rate contract it should be ensured that only reliable and reputed manufacturers / suppliers / contractors of proven ability are entertained.

14.3 All rate contract / long term contract enquiries must be issued only with the approval of CEO after recommendation of GM (Power Plant) irrespective of the value.

14.4 For purchase cases rate contract may also be entertained into for items which are identified as regular and repetitive consumption with the consent of the indenters. In such cases complete and up to date drawings / specifications of the items should be obtained before calling for tenders. Requirements of item from all users should be consolidated so that bulk order may be placed after obtaining suitable discounts whenever possible.

15.0 Procurement of sundry Requirements

In case of necessity when procurement action has to be made for small items urgently procurement may be made by the respective department themselves for estimated value up to a ceiling limit of Rs 10000/-. Nominated executive of user department shall take an adjustable cash advance from F&A and submit the bill within a week time for adjustment of advance. If, however cash purchase could not be materialized within a week time, the advance should immediately be deposited in F&A department otherwise the advance will be deducted from the salary of the concerned employee without any notice.

Urgent purchases for items exceeding Rs 10000/- up to ceiling limit of Rs 50000/- may be made by a team consisting of indenting, materials and finance department by market survey and after ascertaining the reasonableness of the prices and after obtaining quotations at least from four parties and orders can be placed on the spot by a letter against cheque payment. However a suitable system can be formulated in this regards in consultations with finance.

16.0 Emergency purchase / job contract

Provisions for emergency purchase / job contract have to be kept to meet the emergency needs of the plant and it is essential to delegate powers to meet such situations particularly in maintenance, commissioning and break down jobs so as to keep the flow of production uninterrupted. In case of purchase such emergency normally occurs when there is no stock in the stores and chances of getting supplies against pending orders within the stipulated time schedule are remote. Similarly in case of job contracts, such emergency occurs when breakdown of equipment occurs and internal resources are not adequate to take timely action. Cases which may directly or indirectly lead to generation loss, if not attended to, within 72 hours can be called emergent cases.

- 16.1 Due to the very nature of the requirements which has to be met in the shortest possible time the normal process of tendering stipulated in this procedure cannot be followed. For emergency indents, the mode of tendering and method of placement of order may, therefore, be adopted as per the specific requirements of the case and the time available for the placement of order and getting materials / execution of jobs. Approval of the competent authority shall be obtained for the specific mode of purchase / award of contract and order finalized. The Spot quotations and placement of order on single tender basis may be adapted in such situation.
- 16.2 Emergency indents should be accompanied by non availability & criticality certificates issued by the concerned Head of the Department on prescribed format (to be designed).
- 16.3 The materials may be procured from best possible source and jobs be awarded to the reliable contractor for such emergency procurement / job contract respectively. Formal purchase orders should be issued / contracts entered into, in due course for regularising the emergent action taken.
- 16.4 **Important aspects of emergency Procurement**
In a planned procurement system there is normally no occasion to take recourse to emergency purchases except the urgency and unforeseen circumstances. Since such

procurement is normally made on single Tender basis it will be done only with approval of the competent Authority. If however such purchases exceed a value of Rs.5,00,000/= (Rupees 05 lakhs) only in each case, Board of Directors will be appraised of the same.

17.0 Repeat orders

Repeat orders are normally to be avoided. However repeat orders may be placed on same rates, terms, conditions and specifications against previous orders placed on open or limited tender basis, without further going through the normal procedures subject to the following :-

- a) Not more than one year has elapsed since placement of the original order.
- b) No price escalation for firm price orders shall be given.
- c) No repeat order shall be placed, if there is downward trend in prices.
- d) Not more than two repeat orders should be placed.
- e) The quantity considered for ordering is not more than 100% of the original ordered quantities for each repeat order.
- f) No repeat order ordinarily will be placed against previous order placed on single tender basis.
- g) Sanction of competent authority for repeat order shall be obtained. Competent authority will be that authority which has approved the original order or higher authority, but in no case the lower authority.

18.0 Invitation to Tender

- 18.1 For purchases, in case the technical / commercial terms are firm / frozen, single part quotation may be invited only against limited tenders by suitably selecting the vendors. However, for open tender, even for the firm technical / commercial terms, 2 or 3 part quotations should be invited. In cases where technical / commercial terms are to be negotiated, 2 or 3 part quotations should be invited even against Limited Tenders.
- 18.2 In cases of job contract, generally the technical / commercial terms need to be negotiated. Therefore, for all such job contracts, 2 or 3 part quotations, should be invited against both Limited Tenders and Open Tenders.
- 18.3 Before issue of NIT, MM Department / Contract Cell should ensure that desired information, particularly specifications / commercial terms are available in the case file.
- 18.4 Before inviting open tenders, MM Department / Contract Cell shall determine / record the criteria for eligibility of the tenderers, which may include :
 - a) required experience and past performance in similar type of supply / contracts.
 - b) Required manpower (skill-wise) and type / capacities of equipment and construction / manufacturing facilities,
 - c) Proof of ownership / licensee of required equipment and construction / manufacturing facilities,

- d) Financial position,
- e) Service support, if any,
- f) Earnest money / security deposit in the form of Bank Draft / Bank Guarantee (along with validity period), and
- g) Any other criteria, considered necessary.

The above criteria shall be specified in the Tender Document under special terms & conditions.

- 18.5 The MM department / contract cell shall also determine / record the relevant Factors in addition to the price to be considered in tender evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated tender. These factors, other than the price, to be used for determining the determinable tender shall, to the extent practicable, be expressed in monetary terms or given relative weightage in the evaluation provisions in the Tender Document shall be used in the evaluation of offers at the time of preparing the comparative statement. This shall also form part of the Tender Document under special terms & conditions.
- 18.6 MM Department / Contract Cell should also determine and record whether the quotations are to be invited on firm prices or are subject to escalation/de-escalation with respect to major cost component of the items / jobs. In case the quotations are to be invited with prices subject to escalation / de-escalation, the method to be used to be determining the escalation / de-escalation and base date for calculating the escalation / de-escalation shall be clearly defined and referred in the Tender Document under special terms & conditions.
- 18.7 For purchase, clause for the submission of sample along with quotation be incorporated in, the tender papers, if submission of sample was specifically asked for in the indent.
- 18.8 In case of medicines, chemicals and other items having limited shelf-life, the left over shelf-life of each item at the time of delivery should be at least 80% . In emergency, the left over shelf-life equal to 120% of the consumption period of such items may be accepted with the approval of the Competent Authority.
- 18.9 For import cases, the Tender Document should specify that the selling exchange rates ascertained from Reserve Bank of India or any authorized agency as applicable on the date of price bid opening shall be adopted for evaluation. However, where the purchase proposal is likely to be made after 60 days from the price bid opening date, the rate prevailing on the 61st day shall form the basis for preparation of the Comparative Statement and so on and so forth.
- 18.10 In case the ordered quantity of the purchase indent or jobs of the Job Contract are required to be split into more than one party at the time of placement of order, the same will be specified under special terms & conditions of the Tender Document. It should be clearly mentioned in the Tender Document that the distribution of order will be in the descending order as per the quoted price ranking of the tenderer within which the total order is to be distributed, will get the smallest share. However, before opening of the price bids, specific number of parties among whom order would be split would be decided and approval of Competent Authority would be obtained. Order shall not be placed on more than these numbers of parties.

18.11 In the tender document under general terms & conditions, it should be clearly specified that order on one or more than one parties will be placed on the basis of L-1 quotation and, if required, negotiations will be held with L-1 tenderer only. However, all the tenderers may be required to explain / justify the basis of their quoted price as and when asked for. In case, any tenderer fails to justify his quoted price or refuse to co-operate in this regard, they will not be considered for participating in the re-tendering if order / contract is not finalized from the present tender.

18.12 For job contract cases, there should be a stipulation in the tender Documents under general terms & conditions that if a tenderer quotes unworkable rates i.e. if the quoted price is less than the lower limit of the estimated price and is considered for placement of order, the party will be asked to justify the rate quoted and will have to give Performance Guarantee Bond (in addition to the Security Deposit) in the form of Bank Draft/Bank Guarantee. The amount of Performance Guarantee Bond will be generally equivalent to difference of his quoted price and estimated cost vide Para 2.2.3. Earnest Money of the tenderers who refuse to give Performance Guarantee Bond will be forfeited and they will not be considered in re-tendering if order / contract is not finalized from the present tender.

18.13 Consideration of Indian agents

Wherever, foreign company participates in the tender, purchases should preferably be made directly from the suppliers / manufacturers. However, either the Indian agents on behalf of foreign principal or the foreign principal directly be permitted to bid in a tender, but not both. One agent cannot represent two suppliers / manufacturers or quote on their behalf in a particular tender.

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

18.15 Tender Documents

18.15.1 Format for quoting prices, wherever applicable, shall be provided with NIT.

18.15.2 Invitation to the tender, including instructions to tenderers, should be issued in prescribed proforma. The invitation to tender should include general terms & conditions of contract, as applicable to the case, i.e., (1) for purchases only, or for job contracts only, contracts governing supply and supervision of Plant, Machinery and Equipment (for non-Turnkey contracts) and contracts for supply and erection (for Turnkey contracts). The Tender Documents should include detailed specifications and wherever applicable the standards for specifications and drawings, etc.

18.15.3 The special terms & conditions applicable to supplies / contracts along with conditions for inspection, testing, acceptance and performance guarantee should be clearly defined and made part of the Tender Documents.

18.16 Methods for calling tenders

18.16.1 The following methods for calling of tenders shall be adopted:

- I) Single Part Tendering,
- II) Two Part / Three Part Tendering,
- III) Pre-qualification bid followed by single / Two part / Three Part Tendering.

The tenderers shall be instructed to enclose each part in a separate sealed cover, clearly superscribing on the top of each envelope the relevant part number and description along with tender reference number and date of opening and submit all the parts simultaneously in a bigger sealed cover clearly superscribing on the top of that the tender reference no. and the date of opening.

18.16.2 Single part tendering should be adopted only when all technical & commercial terms are well defined / stipulated in the Tender Document and are not negotiable. The conditional bids, i.e., bids not adhering to the tendered technical & commercial terms, will be rejected. The price bids of those tenderers, who quote as per the technical / commercial terms of the tender, will be considered for evaluation.

18.16.3 In case the technical specifications and / or commercial terms are not firm / deterministic / frozen, the Indentor / MM Department / Contract Cell will specify in the indent for inviting 2 or 3 part quotations.

- a) Two part tendering involves calling for tenders in two parts:
 - I). Part (I) tender comprising Techno Commercial offer, which shall be covering all terms except the price.
 - II). Part (II) tender comprising the Price Bid only.
- b) Three part tendering involves calling for tenders in three parts:
 - I). Part (I) tender comprising technical offer, which shall be covering all terms except commercial terms and prices.
 - II). Part (II) tender comprising commercial offer, which shall be covering all terms except technical terms and prices.
 - III). Part (III) tender comprising the Price Bid only.

18.16.4 Pre-qualification bid should be invited in the following cases:

- I). When new technology is involved and details of technology are not fully known.
- II) When tender specifications are required to be finalized in consultation with the prospective bidders by calling bidder's conference after receipt of pre-qualification bid.
- III) When prospective bidders are to be identified before issuance of tender Document in order to save time in processing the tender.

18.16.5 The price bids shall be opened only after the Techno – commercial terms are settled and samples, wherever applicable, are approved.

19.0 Receipt and opening of offers

19.1 The following shall be the recognized methods for receipt of tender:-

- 1) Tenders received by post;

- 2) Tenders received by Courier service;
 - 3) Tenders received through Tender Box.
- 19.1 Tenders received by post shall be sorted out according to the date of tender opening and be given to the concerned MM department/Contract Cell Executive.
 - 19.2 Telegraphic / FAX / verified e-mail quotations may also be considered as valid quotations if received till the last date / time of submission of tender and indicate item-wise prices, specifications and delivery schedule. However, EMD, wherever applicable, is to be submitted prior to the opening of tender.
 - 19.3 Tenders shall be opened centrally and joined by an officer each from MM Department/Contract Cell and Finance Department. This provision shall not apply to single tender Enquiries The plant / Unit shall fix the days in a week and time for tender opening of different categories / values.
 - 19.4.1 The single part quotations of the tenderers on whom it has been decided to place Trial orders only, shall not be opened at this stage. Such quotations shall be Opened only after placement of orders on regular offers. However in case the Techno-commercial parts of such tenderers will be opened for evaluation / Negotiations but the price bids will not be opened.
 - 19.5 The tender box shall be opened immediately after specified closing time on the last day of submission of tender in the presence of an executive of MM Department / Contract Cell, in-charge of tender opening for the day.
 - 19.6 All tenders received by post / e-mail / courier or through tender box, shall be sorted out by the Administration Section/Tender opening Cell in the presence of the tender opening officials, assigned for the purpose and put up for opening after listing in the prescribed register.
 - 19.7 For opening the tenders, a minimum of $\times+2$ offers should have been received (' \times ' is the number of supplier / contractor on whom order is to be placed). The dealing executive will inform the tender opening cell, the minimum number of offers required in each case. In case of 2 or 3 part quotation, for opening the price bids, there should be minimum $\times+2$ techno-commercially acceptable offers in all cases provided that:
 - (a) In case of open / global tenders, if less than the specified ($\times+2$) numbers of offers are received ; same can be processed without going for re-tender / TOD Extension with the approval of the authority competent to approve the enquiry proposal or Chief Executive Officer.
 - (b) In case of LTE, if less than specified $\times+2$ number of offers are received in the first attempt, a second attempt may be made by inclusion of new vendors or extension of due date if there is no scope of adding new vendors. In case adequate number $\times+2$ of offers are not obtained even in response to the second attempt, the offers received shall be processed with the approval of the competent authority. Where the approving authority of enquiry proposal is the Chief Executive Officer, CEO shall have full powers for such proposals.
 - 19.8 Offers received against single Tender cases can be opened before or after the tender opening date by the dealing MM Department / Contract Cell Executive.

Where the offer is received after the tender opening date such offer will not be considered as late / delayed offer in respect of STEs.

20 Return of unopened price bids

The unopened price bids of the parties whose offers are not techno-commercially accepted and it has been decided that price bids of such parties will not be

opened, such unopened price bids should be returned to the parties within 10 days from the date of price bid opening.

21. Comparative Statement of price bids

21.1 After completion of the techno- commercial scrutiny the price bids shall be opened and evaluated. At this stage if price bids are less than $\times+2$, prior approval of Competent Authority be obtained for opening the price bids.

21.2 The comparative statement should indicate landed cost and shall, inter alia, indicate the item wise prices, rebates (if any) taxes, duties, packing & forwarding charges, freight & insurance etc. as applicable for all the accepted tenderers. The factors and the method of their application if prescribed in a tender document will be used while working the overall price in the comparative statement. If any additional factor has emerged during techno-commercial clarifications meetings, to be adopted for evaluation of the tenders, then in that case an opportunity should be given to all tenderers to confirm such an additional factor to be considered for evaluation of tenders.

21.3 The comparative statement should indicate ranking of vendors / contractors as L1, L2, L3 and so on. The comparative should be checked and concurred in finance before processing the case further for placement of purchase order / award of contract.

21.4 Purchase / Contract Proposal

After deciding the status of the parties such as L1, L2, L3 and so on the purchase / contract proposal should be processed and finalized with due vetting by finance Department and there after will be issued with the approval of competent authority.

21.5 Terms of Payment

The payment will be made by BPSCL to the vendor / contractor in accordance with the terms and conditions specified in the purchase order / work order / agreement. In all procurement cases the term of payment shall be 100% payment on receipt of materials at our stores and in reserving cases 90% payment against despatch documents through bank and 10% after receipt and acceptance materials at site, within 30m days from the date of receipt of materials of site stores

22.0 Tender committee –

In order to avoid delays in inter-departmental notings and cross references a tender committee of officers representing indenting, contract services / materials management services and finance department will be constituted of a level appropriate to the value of each procurement / contract as may be determined for the purpose. The constitution of tender committee has been given separately in this policy document at Annexure A. Tender committee should be constituted at least 10 days before opening the tender so that the offer after its opening or case file can be forwarded quickly to the concerned agency / members for scrutiny.

- 22.1 Due to inadequate manpower a standing tender committee with due approval of CEO may suffice the purpose during initial stage of formation of the company but this system should be dispensed with as soon as sufficient manpower is positioned in every department but not later than 5 years from the formation of the company.
- 22.2 Separate tender committee for purchase and contract cases will be formed for each case. However members of such committee may sometimes remain the same.
- 22.3 Approving Authority should not associate himself in negotiations or in pre-award discussions with parties.
- 22.4 The committee will record in writing its recommendations in the matter. Concrete recommendations with reasons for rejection or acceptance of offer may be recorded. Reasonability of rates must be certified by TC in its recommendations.
- 22.5 If the recommendations of the tender committee are not acceptable to the competent authority, the reasons for non acceptance shall be fully recorded.
- 22.6 Negotiations as far as possible should be avoided. However if negotiations are necessary it may be recommended giving full justifications by the tender committee and conducted with L I only with approval of the competent authority, If L 1 rate is more than (+) awardable range as mention in Para 2.2.3 and also if substantial reduction is possible / is expected from the vendor / contractor.
- 22.7 CVC guidelines in general issued from time to time may be followed in negotiations.

23.0 Functions and responsibility of Tender committee.

The functions and responsibility of the Tender committee broadly would be as under:-

- (i) To examine the recommendations of technical and commercial evaluation committee's and consultants.
- (ii) To take decision to open the price bids after freezing the technical and commercial conditions.
- (iii) To evaluate the price bids and give recommendations to the competent authority for approval for-
 - (a) Conducting the negotiations with L-1 tenderer if, required.
 - (b) Conducting discussions on price justifications with L-1 tenderers.
 - (c) Recommendation for issue of the purchase order or awarding the contract.
 - (d) Must certify that the rates are reasonable / workable in their recommendations.
 - (e) To submit a date wise summary sheet of all important happening of the case, from estimation to present stage, for consideration of approving authority with critical review of every stages.

All the Members of TC should be jointly accountable and responsible for complete scrutiny of case as a whole and for giving the recommendation to the competent authority within the validity of the offer.

24.0 Negotiation policy

Negotiations as far as possible should be avoided. However, if required negotiations may be conducted with L-I party **only** and that too when substantial reduction is possible / foreseen. If L-I party in any way backs out or does not come within the ambit of reasonableness of rates it would be prudent to retender the case rather than going for negotiation with L-II or L-III parties.

25.0 Rejection of tender

The Following Tenders may be rejected out rightly:-

- A) Tenders received after the due date and time of tender opening (late tenders).
- B) Un solicited offer, i.e. offers from Tenderer other than those asked to quote against LTE/STE, or offers received subsequently after original offer through open tendering / LTE/STE.
- C) It is in the form of Fax/Telex/Telegram/e-mail, if it is not received till the last date / time of submission of tender. However EMD wherever applicable is to be submitted / obtained prior to the opening of tender.
- D) It is from stockiest (s) or agent (s) without indicating details of the manufacturer. However Tender enquiry to his authorized distributor / dealer may be given cognigence provided necessary supporting documents (like up to date pricelist published by the manufacturer, manufacturer's guarantee for quality, delivery time etc.) is enclosed with the offer.
- E) It is from agents without proper authorization from the manufacturer in LTE cases
- F) It is from agents: unauthentic quoting for imported stores, and they are not enlisted with DGS& D.
- G) It is not accompanied with Earnest Money in case the firm responding is not registered with NSIC. (Except in purchase cases other than open tender)
- H) The offers received from dealers in case of proprietary / STE / open tender cases without proper authorization.
- I) It is ambiguous with regard to any of the essentials, i.e., the items being offered, prices quoted and the period of delivery.
- J) Tender samples as required in the enquiry conditions have not been submitted by the due date.

26.0 Retendering

- (i) If there has not been adequate response to an open tender or if the prices quoted are substantially higher than the estimated prices and negotiation with the L-I tenderer has not met with any positive result, a decision may be taken by tender inviting authority either to accept the tender or to re-tender.
- (ii) If LI bidder backs out in any way it would be prudent to retender the case rather than going in favour of L-II or L-III
- (iii) In case of a single response against limited tender, or in case a ring is suspected, retendering with increased vendor base will normally be resorted to. In exceptional circumstances, the tender may be accepted / negotiated, but the

reasons therefore will be recorded in writing and submitted to the competent authority.

27.0 Tender opening

Tender will be opened at the time indicated in the Notice of invitation to tender, in the presence of the representative of the tenderer, if they present themselves and a representative of Finance. When the tenders are opened, the names of all present tenderers would be read out for the benefit of the tenderers present and where every feasible, the rates tendered will also be read out. Any omission or irregularity such as absence of signature of a tenderer, absence of earnest money deposit, references etc. may be pointed out on the spot for the information of representatives of the tenderers. Alterations and erasures, if any, are initialed by all officials at the time of opening. The quotations of each page of each tender should be encircled and also attested by the officials in token of authenticity.

28.0 Late and Delayed Tenders

Late tenders are those tenders which has been dispatched and received after due date of opening. Delayed tenders are those tenders which has been dispatch within due dates of opening but received after due date of opening. Normally delayed / late tenders will be rejected outright. However, late / delayed tenders may also be considered with specific approval of the competent authority in specific circumstances indicated below:

- (a) Scarcity conditions as reflected by lack of adequate response.
- (b) Lowest acceptable tender is unreasonably high when compared with the last procurement rate.
- (c) Artificial manipulation of rates by formation of a ring
- (d) Offer by all tenderers of the products of only one manufacturer; and
- (e) Where substantial saving in foreign exchange is possible in each case

29.0 Purchase Preference for Public Sector

Preference to public sector will be applicable as per extant guide lines of the Government in the field of construction and design works. Greater use should be made of the facilities and capacities developed by public sector organization.

30.0 Price Escalation

Procurement will normally be based on firm prices, excepting where material costs are likely to be dependent upon statutory variations or are liable to wide fluctuations as in the case of non-ferrous metals. Where escalations are accepted, the base price levels, variation factors to be applied and indices or documents to be produced to substantiate and determine such escalation, should be precisely stipulated in the purchase order.

31.0 Penalty / Liquidated Damages and Arbitration

- 31.1 The order placed may provide for a penalty / liquidated damages clause and also a clause for arbitration governed by Arbitration & Conciliation Act, 1996. The order may also provide, as may be necessary for performance guarantee, etc.
- 31.2 It may be noted that the time remains the essence of all major contracts /purchase orders awarded by BPSCL and all deliverables under a purchase order needs to be completed within the contractual time schedule.
- 31.3 In case of any delay in the execution of the order beyond stipulated date of delivery/ delivery schedule including any extension permitted in writing, the owner reserves the right to recover from the vendor a sum equivalent to ½% of the value of the ordered material/equipment for each week of delay and part there of subject to a maximum of 5% of the value of order/contract as liquidated damage.
- 31.4 (a)Alternatively, the purchaser reserves the right to purchase the material/ equipment from elsewhere at the sole risk and cost of the vendor and recover all such extra costs incurred by purchaser in procuring the material by the above procedure.
- 31.5 (b) Alternatively, the purchaser may cancel the order completely without prejudice to his right under the alternatives mentioned above.
- 31.6 In the event or recourse to alternative (a) and (b) above, the owner will have the right to repurchase the stores which are readily available to meet the urgent requirement irrespective of the fact, whether the material/ equipment is similar or not.
- 31.7 Every delay has a cost. LD is basically per-estimated loss to BPSCL in case of delayed delivery/ delayed completion period of work. Damages, with reference to a contract, in this context Liquidated Damage, can be defined as the amount adjudged to be paid by vendor to the owner as compensation for the loss sustained by the owner in consequence of the breach of contractual obligations pertaining to time schedule. The fundamental principle underlying the theory of damages is not punishment but compensation.
- 31.8 It is to be noted that LD is leviable only for the delays the reasons of which are attributable to the vendor/ contractor. Despite this fact a practicable approach for working out the net delay attributable to the vendor, as described below, shall be adopted.
- (i) Total delay that has occurred in a Contract =A
 - (ii) Cumulative period of delay on account of “Force Majeure” =B
 - (iii) Cumulative period of delay on account of BPSCL = C
 - (iv) Concurrent cumulative period in (ii)& (iii) = X
 - (v) Cumulative period of delay on account of “Force Majeure” and BPSCL = B + C-X
 - (vi) Net period of delay attributable to the contractor, Z = A-(B+C-X)

In case the period Z, arrived at as per above, formula is not positive, the time extension, till the actual completion, shall be allowed without any LD.

- 31.9 It is to be noted for clarity that LD clause can be imposed on the vendor/contractor even if the BPSCL has not suffered any demonstrable actual loss for such delays as it is pre-estimated compensation only.
- 31.10 It is further worth mentioning that it is not the intention of BPSCL to impose LD on and every case without examining the merit of the case and without taking relevant aspect in to account because such a decision will not only be against the spirit of the contract/purchase order but may not ultimately be in the overall interest of the company. It is in fact a deferent clause to warn the agencies to be serious about the completion of work / supplies and on the other hand defaulting agencies should not be dealt with leniently. Therefore cases of imposition of LD need to be dealt with logically and rationally maintaining consistency in approach.
- 31.11 The Authority who has originally approved the contract/purchase order will have power to levy LD (compensation amount) calculated as per above formula or such smaller amount as may be fixed by him on the contract value of work/ Purchase order for every week or on the value of work/ supplied that remains incomplete.
- 31.12 The amount of compensation (LD) may be adjusted or set off against any sum payable to the agency under this or any other contract with the company.
- 31.13 Paying authority (F&A) should not deduct the LD amount directly as the reasons for delay is not fully known to them. They should immediately clear the payment without waiting for time Extension order with holding (not deduction) the extant of LD amount as applicable and in form executing or the indenting authority to resolve the issue with in a reasonable period.
- 31.14 **Penalty:** Penalty is different from LD. Penalty can be fixed in a contract / order on case to case basis on the merits of each case with the approval of competent Authority. The competent Authority here means the Authority which has powers to approve the contract/ order. Normally there is no consideration for waiving off the penalty clause once fixed in the contract and accepted by the agencies. Penalty as fixed in the contract has no relevance with the actual loss suffered by the owner due to default of the agency. Penalty is penalty

32. Risk purchase

In case vendor fails to supply the materials / fails to complete the work within the stipulated period BPSCL reserves the right to purchase the materials/ to get the work done from other source at the sole risk and cost of the bidder. The cost incurred by BPSCL on account of failure of the parties will be recovered from the pending bills of any work / security deposit etc. Details procedure for risk purchase is given at annexure B of this Policy documents

33.0 Force Majeure

Vendors/contractor shall not be considered in default if delay occurs due to cause beyond their control such as acts of God, natural calamities, civil wars, fire, strike, frost, floods, riot and acts of unsurpassed power. Only those causes which have duration of more than seven days shall be considered in force Majeure clause. In the

event of delay due to such clause the delivery / completion period will be extended for a length of time equal to the period of force majeure or at the option of owner order may be cancelled without any liability what so ever on the part of the owner.

34.0 Weightage for early delivery/early completion of work

No weightage should be given for early delivery of goods or early completion of works. There may be option to persuade the bidder to match the delivery clause or completion schedule of NIT as far as possible. Date of delivery is to be reckoned as the date of receipt of materials by BPSCL.

B. Works Policy

1.0 Works contract

- 1.1 Works such as acquisition of land/ buildings, construction of buildings and other works, their maintenance and repairs, development of land, structural and mechanical fabrication, electrical installation, plant and equipment and all such works which are other than supply contracts may be regarded as works contracts. The provisions given in Para 1 to 30 above will apply 'mutatis mutandis' to works contract cases also.
- 1.2 The commencement of a work or the incurrance of any liability thereon shall be authorised by the competent authority. Ordinarily, no works may be commenced and no expenditure incurred on work until an estimate for it has been approved. This provision shall not, however, apply to minor works of estimated cost less than Rs.5000/- each. Works can, however, be started on an Urgency certificate when such works are urgently necessary to safeguard safety of plant and machinery or other assets or in an emergency arising out of unforeseen conditions. The Urgency certificate shall be approved by the General Manager (PP). In such cases also, estimates should be prepared thereafter as early as practicable to regularize the expenditure.
- 1.3 **Contract for Works:** - Works can be carried out departmentally or by contract as may be considered advantageous. Most of the civil engineering contracts shall be awarded by CEO / General Manager (PP). The efficient execution of the contracts shall, however, be the responsibility of the General Manager (PP). In awarding the works contract the general policy applicable to supply contracts vide procurement policy will be followed and the paras under the Works policy will be supplemental to those. However, in regard to earnest money deposit, the provisions indicated in para 3, 4 & 5 below will apply.
- 1.4 **Subletting:** - The vendor / contractor shall not sublet, transfer, assign any part of the order / contract without the prior written consent of the purchaser / owner. All such sub contract / orders shall be co-opted to the purchase / contract.

2.0 Earnest Money

Normally Earnest money at the rate of 2% of the estimated cost (rounded off in absolute value) should be paid by each tenderer to ensure that the tenderer executes the works after the same has been awarded to him. EM is aimed at protecting the Organisation against irresponsible offers but should not be so high, as to discourage tenderers and the amount is to be specified in the tender document. Earnest money may not be insisted upon in the case of public sector undertakings.

3.0 Earnest money deposit for Tenders

In all cases of open Tendering Earnest Money Deposit shall be applicable and regulated as under-

- (i) For cases of estimated Cost up to Rs.05 crores 2% of the estimated value
- (ii) For case of estimated value Above Rs.05 crores 1% subject to minimum Rs.10 lakhs
- (iii) EMD is not to be insisted upon in case of single Tender enquiry of any value and limited Tender enquiry for package of estimated value up to Rs.20 lakhs.
- (iv) EMD may not be insisted upon in case of Govt. bodies and public sector under takings.
- (v) Small scale industries registered with NSIC shall be exempted form payment of EMD. SSI units seeking such examination must produce valid registration certificate from appropriate and Authority giving details such as validity, for stores or for the category of items or for the jobs they are registered.
- (vi) EMD shall be furnished in any of the following forms-
 - (a) Demand Draft in favour of BPSCL from any Nationalised or scheduled except co-operative Bank.
 - (b) Fixed Deposit Receipt issued by Nationalised Bank endorsed in favour of BPSCL.
 - (c) Bank Guarantee from a Nationalised Bank / scheduled bank / foreign Bank irrevocable and operative till validity of the offer.
- (vii) No bank Guarantee shall be accepted for EMD up to Rs 20,000/=
- (viii) The offer not accompanied by specified EMD in from as defined in the bid Document shall not be considered as valid tender for opening.

4.0 Return of EMD

Earnest money provided by the tenderers along with the tenders should be returned to the unsuccessful tenderers within 30 days from the date of placement of purchase

order/ signing of the contract agreement. In the event of the tender of any party is rejected during the course of Techno-commercial scrutiny and evaluation, the EMD should be returned to such tenderer within 15 days form the date of rejection of its offer. No interest is payable on EMD.

5.0 Forfeiture of EMD

- 31.15 EMD is liable to be forfeited for failure of tenderers to accept the order / LOI / LOA placed within the validity of their offer or within the time allowed to start the work.
- 31.16 Any bidder withdraws his offer within the bid validity period before finalization of the tender.
- 31.17 In any party accepts the order but does not start the work within 30 days from the date of acceptance of the order.
- 31.18 The earnest money shall be forfeited.
- (a) On revocation of the tender, or increase in rates after opening of the tender before the validity of the quotation expires.
 - (b) On refusal to enter into a contract after the award of contract.
 - (c) If the work is not commenced after the work awarded to a contractor within the time allowed.
- 5.5 Earnest money given by unsuccessful tenderers will be refunded expeditiously after the award of the contract.

32 Security Deposit

- 6.1 Security Deposit will be collected from the successful tenderer at the rates mentioned below. This may be recovered by deduction through running bills of the contractors and also by treating the earnest money paid at the time of tender as part of the security deposit.
- | | |
|---|--|
| (a) Works costing upto Rs.20 lakh | 10 % of works cost |
| (b) Works costing over Rs.20 lakhs to 100 lakhs | 05 % on the total cost subject to a minimum of Rs.2.50,000/= |
| (c) Works costing over Rs.100 lakhs to Rs.500 lakhs | 02 % of the cost subject to a minimum of Rs.7.50 lakhs |
| (d) Works costing over Rs. 500 lakhs | 01% of the total cost subject to a minimum of Rs.10 lakhs |
- 6.2 Security Deposit shall not be refunded except in accordance with terms of security bond or agreement.

7.0. A Closure of contract

(a) All contracts must be finally closed after their completion in all respect.

(b) Engineer in charge shall process the final bill of the contract with “No Claim Certificate” and submit the same to F&A Department which shall be released within 60 days from the date of receipt and contract be closed thereafter.

7.0. B Banning of suppliers / contractors

In case of default, bad performance, fraud, deception and misconduct, etc. by any supplier / contractor / vendor, action may be taken as per the instructions Issued by SAIL from time to time w.r.t. “Guidelines on Banning of Business Dealings”.

8.0 General

The Procurement of imported equipments, if any will be governed by existing foreign exchange regulations and import policy. The details of import are given at Annexure C of this Policy document.

8.1 Governing laws & general Principles

All contracts for purchase of goods and services entered in to by BPSCL are governed by the Sale of Goods Act, Indian contract Act & Mercantile Law such as Negotiable Instrument Act, Common Goods carrier Act etc.

8.2 The purchase order / Contract shall in all respect be deemed to be and shall be constructed and shall operate as an Indian contract as defined in the Indian Contract Act and all payments there under shall be made in Rupees, unless otherwise specified.

9.0 Review of works and procurement policy

Review and up-dation of this policy is continuous process. After every 2 or 3 years or whenever it is felt necessary, this policy may be reviewed and updated according to the needs of the company with due approval of the chairman of the company. However any clarifications or amendments / additions / deletions may be made at any time with due approval of chairman of the company which may be issued under the signature of the company secretary.

10.0 Delegation of powers

To facilitate the implementation of the procurement and works policy, as outlined in this paper, the Chairman, BPSCL is delegating powers to CEO, GM (power plant) and other levels of executives. The exercise of the powers delegated will be subject to availability of provisions in the approved Budget, policies laid down and the management reports prescribed, form time to time.

-: The End :-