ऑयल इंडिया लिमिटेड

(भारत सरकार का उद्यम)

Oil India Limited

(A Government of India Enterprise)

Conquering Newer Horizons

MANUAL FOR PROCUREMENT OF GOODS









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ABBREVIATIONS AND ACRONYMS

AMC	:	Annual Maintenance Contract	**JLG**	:	Joint Liability Group
AITB	:	Additional Instructions to Bidders (may in some instances be called Bid Data Sheet – BDS or Tender Information Sheet -TIS)	**KVIC**	:	Khadi and Village Industries Commission
			L1	:	Lowest Bidder
BC	:	Bill Currency (selling/ buying)	**LC**	:	Letter of Credit
BEE	:	Bureau of Energy Efficiency	**LCC**	:	Life Cycle Costing
BG	:	Bank Guarantee	**LD**	:	Liquidated Damages
BIS	:	Bureau of Indian Standards	**LoA**	:	Letter (Notification) of Award also called Acceptance of Tender (A/T)
BOC	:	Bid Opening Committee	**LPP**	:	Last Purchase Price
			LTE		Limited Tender Enquiry
			M&P	:	Machinery and Plant
C&AG	:	Comptroller and Auditor General of India	**MeitY**	:	Ministry of Electronics and Information Technology
CA	:	Competent Authority	**MoEF**	:	Ministry of Environment and Forests
CAPEX	:	Capital Expenditure (model of acquisition/ procurement)	**MRP**	:	Maximum Retail Price
CBI	:	Central Bureau of Investigation	**MSE**	:	Micro and Small Enterprise
CCI	:	Competition Commission of India	**MSME(D)**	:	Micro Small and Medium Enterprises (Development Act, 2006)
CFR	:	Cost and Freight	**MSTC**	:	Metal Scrap Trading Corporation
CHA	:	Custom House Agent	**NEFT**	:	National Electronic Funds Transfer
CIF	:	Cost Insurance and Freight	**NIC**	:	National Informatics Centre

CIP	:	Carriage and Insurance Paid	**NIT**	:	Notice Inviting Tender
CIPP	:	Code of Integrity for Public Procurement	**NSIC**	:	National Small Industries Corporation
CMC	:	Comprehensive Maintenance Contract	**NTH**	:	National Test House
COMPAT	:	Competition Appellate Tribunal	**OEM**	:	Original Equipment Manufacturer
COTS	:	Commercially Off the Shelf (Items)	**OES**	:	Original Equipment Suppliers
CPCB	:	Central Pollution Control Board	**OPEX**	:	Operating Expense (model of acquisition/ procurement)
			OPMs	:	Original Parts Manufacturers
CPPP	:	Central Public Procurement Portal	**OTE**	:	Open Tender Enquiry
CPSE	:	Central Public Sector Enterprise			
CRAC	:	Consignee Receipt and Acceptance Certificate	**PBG**	:	Performance Bank Guarantee, also see SD
CST	:	Central Sales Tax	**PC**	:	Producer Companies
CVC	:	Central Vigilance Commission	**PPD**	:	Procurement Policy Division,
CVO	:	Chief Vigilance Officer	**DoE**	:	Department of Expenditure,
DCF	:	Discounted Cash Flow	**MoF**	:	Ministry of Finance
DDO	:	Direct Demanding Officer (for RCs)	**PPP**	:	Public Private Partnership
DFPR	:	Delegation of Financial Power	**PPP-MII**	:	Public Procurement (Preference to Make in India), Order
DGS&D	:	Directorate General of Supplies and Disposals	**PQB**	:	Pre-qualification Bidding
DPIIT	:	Department for Promotion of Industry and Internal Trade	**PQC**	:	Pre-qualification Criterion

DSC	:	Digital Signature Certificate	**PR**	:	Purchase Requisition/ Indent
eASP	:	E-Auction Service Provider	**PSU**	:	Public Sector Undertaking
ECS	:	Electronic Clearing System	**PVC**	:	Price Variation Clause
EFT	:	Electronic Funds Transfer	**QA**	:	Quality Assurance
EMD	:	Earnest Money Deposit	**RA / e-RA**	:	Electronic Reverse Auction
EoI	:	Expression of Interest (Tender)	**RBI**	:	Reserve Bank of India
EPM	:	Export Promotion and Marketing	**RC**	:	Rate Contract (or Framework Contract FC)
ERV	:	Exchange Rate Variation	**(S) RfP**	:	(Standard) Request for Proposals (Document)
EXIM	:	Export Import Policy)	**RTGS**	:	Real Time Gross Settlement
FA (&CAO)	:	Financial Adviser (and Chief Accounts Officer)	**RTI**	:	Right to Information
FAS	:	Free Alongside Ship	**SBD**	:	Standard Bidding Document
FC	:	Framework Contract	**SC**	:	Survey Committee
FEMA	:	Foreign Exchange Management Act	**SCC**	:	Special Conditions of Contract
FDR	:	Fixed Deposit receipt	**SD**	:	Security Deposit, also see PBG
FM	:	Force Majeure	**SHG**	:	Self Help Group
FOB	:	Free On Board	**SLA**	:	Service Level Agreement
FOR	:	Free On Rail	**SLTE**	:	Special Limited Tender (Enquiry)
FOT	:	Free On Truck			
GCC	:	General Conditions of Contract	**SPCB**	:	State Pollution Control Board
GCS	:	General Conditions of Sale	**STA**	:	Subject to Acceptance
GeM	:	Government Electronic Market	**STC**	:	Special Terms & Conditions

GeMAR&PTS	**:**	GeM Availability Report and Past Transaction Summary	**STE**	**:**	Single Tender Enquiry
GFR	**:**	General and Financial Rules, 2017	**TC**	**:**	Tender Committee also called Tender Purchase or Evaluation (TPC/ TEC)
GoI	**:**	Government of India	**TCO**	**:**	Total Cost of Ownership
GRN	**:**	Goods Receipt Note	**TCS**	**:**	Tax Collected at Source
GTC	**:**	General Terms & Conditions	**TDS**	**:**	Tax Deducted at Source
GTE	**:**	Global Tender Enquiry	**ToR**	**:**	Terms of Reference
HOD	**:**	Head of the Department	**TS**	**:**	Technical Specification
IEM	**:**	Independent External Monitor	**UAM**	**:**	Udyam Aadhaar Memorandum
INCOTERMS	**:**	International Commercial Terms			
IP	**:**	Integrity Pact	**UNCITRAL**	**:**	United Nations Commission on International Trade Law
			URC	**:**	Udyam Registration Certificate
ISI	**:**	Indian Standards Institute	**URDG 758**	**:**	Uniform Rules for Demand Guarantees
ISO	**:**	International Organization for Standardization	**VAT**	**:**	Value Added Tax
ITB	**:**	Instructions to Bidders (may in some instances be called Instructions to Tenderers - ITT)	**VfM**	**:**	(Best) Value for Money
HOD	**:**	Head of the Department	**WOL**	**:**	Whole of Life (Cost) or Total Cost of Ownership TCO

****************End of Abbreviations and Acronyms****************

PROCUREMENT GLOSSARY

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

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

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

iii) "(Standard) Bid(ding) documents" (including the term 'tender (enquiry) documents' or 'Request for Proposal Documents' - RfP or 'Request for Quotation' - RfQ documents in certain contexts) means a document issued by the Company, including any amendment thereto, that sets out the terms and conditions of the given procurement and includes the invitation to bid. A Standard (Model) Bidding Document is the standardised template to be used for preparing Bidding Documents after making suitable changes for specific procurement;

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

v) "Central Public Sector Enterprise" means a body incorporated under the Companies Act or established under any other Act and in which the Central Government or a Central enterprise owns more than 50 per cent of the issued share capital;

vi) "Class-I local supplier'' means a supplier or service provider, whose goods, services or works offered for procurement, meet the minimum local content as prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017 including any amendments thereof;

vii) "Class-II local supplier'' means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017 including any amendments thereof;

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

ix) "Consultancy services" means a one-off (that is, not repetitive and not routine) services, involving project specific intellectual and procedural processes using established technologies and methodologies but the outcomes - which are primarily of non-physical nature - may not be standardised and would vary from one consultant to another. It may include small works or supply of goods which are incidental or consequential to such services;

x) "C&P Department": For ease of reference Materials Department and Contracts Departments together is referred as C&P Department in this Manual.

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

xii) "Goods" includes all articles, material, commodity, livestock, medicines, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plant, vehicles, aircrafts, ships, railway rolling stock assemblies, sub-assemblies, accessories, a group of machines comprising an integrated production process or such other categories of goods or intangible, products like technology transfer, licenses, patents or other intellectual properties (but excludes books, publications, periodicals, etc., for a library), procured or otherwise acquired by a Company. Procurement of goods may include certain small work or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance;

xiii) “Indent” [or the term ‘Purchase Requisition’ (PR) in certain contexts] is an internal document used by the Company to authorize the requisition of purchase of goods, services or works as needed by the Company.

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

xv) "Inventory" means any material, component or product that is held for use at a later time;

xvi) "Local Content" means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent. Guidelines issued by Ministry of Petroleum and Natural Gas (MoP&NG) including amendments thereof to be referred to in this regard.

xvii) "Non-consultancy services" includes services of physical and procedural nature and are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied such as drilling, aerial photography, satellite imagery, mapping and similar operations. It may include small works or supply of goods which are incidental or consequential to such services;

xviii) "Non-Local supplier'' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' under the Public Procurement (Preference to Make in India), Order 2017 including any amendments thereof;

xix) “Non-stock items” means those goods / items which are not physically kept in stores of the Company. Non-stock items are required occasionally and not on regular basis.

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

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

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

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

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

xxv) "(Public) Procurement Guidelines" means guidelines applicable to Public Procurement, consisting of under relevant context a set of –

a) Statutory Provisions (The Constitution of India; Indian Contract Act, 1872; Sales of Goods Act, 1930; and other laws as relevant to the context);

b) Rules & Regulations (General Financial Rules, 2017; Delegation of Financial Power Rules and any other regulation so declared by the Government);

c) Manuals of Policies and Procedures for Procurement (of Goods; Works; Consultancy Services or any for other category) promulgated by the Ministry of Finance and

d) Company's Documents relevant to the context (Codes, Manuals and Standard/ Model Bidding Documents);

xxvi) "Procurement process" means the process of procurement extending from the assessment of need; issue of invitation to pre-qualify or to register or to bid, as the case may be; the award of the procurement contract; execution of contract till closure of the contract;

xxvii) "Procuring authority" means the officer who finally approves as well as those officials and committee members who submit the notes/reports for the approval for any decision.

xxviii) "Company" means Oil India Limited;

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

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

xxxi) "Rate contract" (or the term 'framework agreement' in certain contexts) means an agreement between the Company with one or more bidders, valid for a specified period of time, which sets out terms and conditions under which specific procurements can be made during the term of the agreement and may include an agreement on prices which may be either predetermined or be determined at the stage of actual procurement through competition or a predefined process allowing their revision without further competition;

xxxii) "Registered Supplier" means any supplier who is on a list of registered suppliers of the Company;

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

xxxiv) "Service" means any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and includes physical, maintenance, professional, intellectual, training, consultancy and advisory services or any other service classified or declared as such by a Company but does not include appointment of an individual made under any law, rules, regulations or order issued in this behalf;

xxxv) “Stock items” are defined as material resources that are held in storerooms and issued to activities that require the materials to be completed. The stock items are those items for which there is a regular demand, regular drawl or consumption and there is a regular recoupment.

xxxvi) "Subject matter of procurement" means any item of procurement whether in the form of goods, services or works or a combination thereof;

xxxvii) "Works" refer to any activity, sufficient in itself to fulfil an economic or technical function, involving construction, fabrication, repair, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, which make use of a combination of one or more of engineering design, architectural design, material and technology, labour, machinery and equipment. Supply of some materials or certain services may be incidental or consequential to and part of such works. The term "Works" includes (i) civil works for the purposes of roads, railway, airports, shipping-ports, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels and earthworks; and so on, and (ii) mechanical and electrical works involving fabrication, installation, erection, repair and maintenance of a mechanical or electrical nature relating to machinery and plants.

********** **End of Procurement Glossary** **********

INTRODUCTION

Oil India Limited is a state-owned Government of India Enterprise engaged in the business of exploration, production and transportation of crude oil and natural gas. It is a Maharatna Company under the administrative control of the Ministry of Petroleum and Natural Gas and has its presence in the upstream, midstream and downstream sector. It has also selectively diversified into the Renewable & Alternate Energy sector with the installation and commissioning of Renewable Energy projects in the Wind and Solar domains. OIL is operating in various domestic and international blocks, having operation overseas as well as Participating Interest (PI) in the E&P business. To ensure uninterrupted operational activities in OIL, procurement of goods and services is of paramount requirement. The procurement system in OIL is de-centralized in a federal manner. While the requirement of goods and services at the Company's Field Headquarters is met through procurement at Duliajan, the other spheres / projects are doing procurement for materials, works, services and consultancy at their respective units.

C&P DEPARTMENT AT DULIAJAN

All the requirements of the Company for its operation at Fields are met by the C&P Department situated at Duliajan. The requirement varies from the procurement of indigenous and imported goods to hiring of rigs, logging services, cementing services, vehicles and framing of works contracts, labour contracts, man management contract etc. In addition, requirement of other spheres are also met from this office from time to time as and when required against specific request.

CONTRACT & PURCHASE DEPARTMENT AT KOLKATA BRANCH

Procurement from indigenous sources is also made by the Kolkata Branch situated at Kolkata. This Branch is responsible for procurement of the materials (from indigenous sources only) against requisitions raised by Duliajan C&P Department and other Spheres / Projects and transportation of goods to respective places.

Further, the Kolkata Branch arranges opening of Letter of Credit etc. to the foreign suppliers, Shipment of goods (by sea, air, courier etc.), Customs clearance of the goods and transportation of the same to Duliajan and other Spheres/Projects of the Company.

CONTRACT & PURCHASE DEPARTMENT AT PIPELINE HEAD QUARTER AND OTHER PROJECTS

All the Project offices and the Pipeline Headquarters at Guwahati are having C&P set up primarily to cater for their needs for acquiring goods and services / works.

CONTRACT & PURCHASE DEPARTMENT AT CORPORATE OFFICE

Procurement of goods and Hiring of services for the requirements of Corporate Office as well as E&D Directorate are processed by C&P Department at Corporate office, Noida.

In addition, this department also broadly deals with the following:

i. Processing for obtaining approval of the Board/CBC/Concerned Functional Director.

ii. Issuance of directives for implementation of policy guidelines circulated by various govt. bodies/ministries viz. DPE, DoE, DPIIT, MoPNG, etc.

iii. Co-ordinating with Government E-Marketplace (GeM) authorities, various ministries & Govt. Offices for timely submission of requisite data/information and act as a nodal agency for resolving the issues faced by various spheres of OIL.

iv. Assisting the cases of dispute raised for intervention/mediation of Independent External Monitors (IEMs).

v. Liaising with DGH/MoPNG for procurement related activities like approval for Global Tender Enquiry (GTE), seeking information / clarifications related to Government guidelines etc.

vi. Responsible for timely submission of data/information required by Ministry of Micro, Small & Medium Enterprises (MSME) and handling of grievances of MSMEs on designated Portals developed by Ministry of MSME.

************End of Introduction***********

CHAPTER 1

INTRODUCTION - POLICIES AND PRINCIPLES

1.1 Procurement Rules and Regulations; and this Manual

The Company spends a sizeable amount of its budget on procurement of goods, works and services to discharge the duties and responsibilities assigned to it.

The Company has been delegated full powers to make its own arrangements for procurement of goods and services that are not available on Government e-Marketplace (GeM). These powers have to be exercised as per the Delegation of Power (DoP) and in conformity with the 'Procurement Guidelines' described below. Common use Goods and Services available on GeM are required to be procured mandatorily through GeM as per Rule 149 of GFR, 2017.

To ensure that these procurements are made by following a uniform, systematic, efficient and cost-effective procedure and also to ensure fair and equitable treatment of suppliers, there are statutory provisions, rules, financial, vigilance, security, safety, counter- trade and other regulations; orders and guidelines of the Government on the subject of public procurement (hereinafter referred as 'Procurement Guidelines') which provide framework for the public procurement system.

At the apex of the Statutory framework governing public procurement is the Constitution of India. Further, the Indian Contract Act, 1872 and the Sale of Goods Act, 1930 are major legislations governing contracts of sale/ purchase of goods in general. There are other mercantile laws (Arbitration and Conciliation Act, 1996; Competition Act, 2002; Information Technology Act, 2000 etc), which may be attracted in Public Procurement Transactions. There is no law exclusively governing public procurement.

However, comprehensive Rules and Regulations in this regard are available in the General Financial Rules (GFR), 2017, especially chapter 6; Delegation of Financial Powers Rules (DFPR); Government orders regarding product reservations or purchase preference or other facilities to sellers in Micro and Small Enterprises, Pharmaceutical Central Public Sector Enterprises, Khadi / Handlooms goods, goods, works and services rendered with more than prescribed local content (Make in India) etc.

Without purporting to be a comprehensive compendium of all such 'Procurement Guidelines', this Manual is intended to serve as a portal to enter this vast area and draw attention to basic norms and practices governing public procurement.

1.2 Clarification, Amendments, Deviation and Revision of this Manual

1.2.1 Modification / Amendment to the Manual: This Manual has been prepared based on the manual published by Department of Expenditure, Ministry of Commerce, Government of India and customized as per the requirement of the Company. The Manual may require modification/amendment with the passage of time due to certain changes in Government policy and Company's business requirements. In case such a request is generated, it needs a recommendation from Multi-disciplinary Committee and approval from Local Management Committee (LMC). After the approval from LMC, the request shall be forwarded to Corporate Contracts & Purchase (C&P) / Policy Monitoring Cell. The Corporate C&P Cell shall examine the necessity of such amendment, take reference of Government policies on the same, if any, and if the amendment is considered essential, a proposal shall be moved for

approval by Executive Council (EC) which is the competent authority for approval of this Manual. On approval of such proposal the Corporate C&P cell shall issue an amendment to the procedure which shall be integral part of this manual and communicated to all Spheres / Projects of OIL. The same shall be uploaded on OIL's intranet portal also.

1.2.2 Deviation to the Manual: In case during processing a procurement case and before floating the tender, there is a necessity for a deviation to the procedure of the Manual, a recommendation must be made by a Tender Committee (TC) consisting of members from C&P, Finance, Indentor/User Department(s), wherein, the Tender Committee shall give complete justification as to why such deviation is unavoidable. If it is merely a procedural deviation, the same shall be approved by the LMC/Head of Sphere (Project). Such deviation should not be considered as precedence for future tenders. In case of deviation to the Policy itself, the same shall require the approval of Executive Council based on the recommendation of the Tender Committee to be routed through LMC.

1.2.3 Clarification to the Procedure: During the process of carrying out business of executing projects and operations, the provision provided in the procedure may require elaboration or more clarity. Such explanation / clarification shall be issued by the Corporate C&P department. Except Corporate C&P, no Sphere / Project or department should issue clarification to the provisions of this manual. The risk and mitigation provided here in the manual are only suggestive in nature to avoid pitfalls during procurement process and the same should not be considered as a part of the procedure.

1.3 Applicability of this Manual

The term 'goods' used in this manual includes all articles, material, commodity, livestock, medicines, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plants, vehicles, aircraft, ships, railway rolling stock, assemblies, sub-assemblies, accessories, a group of machines comprising an integrated production process or such other goods (but excludes books, publications, periodicals, and so on, for a library), or intangible products like software, technology transfer, licenses, patents or other intellectual properties procured or otherwise acquired by the Company. Procurement of goods may include certain small work or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance, installation, commissioning, training and maintenance. The uniqueness about procurement of goods (as compared to services and works) is the ability to precisely describe the technical specification of the requirement.

This manual would not apply to procurements by the Company for its own use from its subsidiary companies including Joint Ventures in which it has controlling share.

This Manual shall also not be applicable to any Society/Foundation formed by OIL or any Society/Foundation where OIL is a member.

This Manual will not be applicable for projects funded by World Bank and other International Funding Agencies, as, such external aid/loans etc. received are covered under the applicable policies/legal agreements executed as permitted under GFR 2017. The Articles of Agreement with the International Agencies like the World Bank, Asian Development Bank etc. stipulate specific procurement procedures to be followed by the borrowers. The procurement procedures, as finalized and incorporated in the Agreements after consideration and approval of the Ministry of Finance are to be followed accordingly.

This manual will also not be applicable in case of procurement process by OIL's overseas projects. However, they may seek guidance of this manual in formulating their own procurement guidelines. Further this manual shall also be not applicable for Procurement of Goods for E&P job under Production Sharing Contract (PSC) as the same are guided by the terms and conditions of the PSC.

1.4 Authorities competent to purchase goods and their Purchase Powers

The approved Delegation of Power (DOP) is to be followed for procurement of Goods.

1.5 Basic Aims of Procurement - the Five R's of Procurement

In every procurement, public or private, the basic aim is to achieve just the right balance between costs and requirements concerning the following five parameters called the Five R's of procurement. The entire process of procurement (from the time the need for an item, facility or services is identified till the need is satisfied) is designed to achieve such a right balance. The word 'right' is used in the sense of 'optimal balance'.

i. **Right Quality:** Procurement aims to buy just the right quality that will suit the needs - no more and no less - with clear specification of the Company's requirements, proper understanding of functional value and cost, understanding of the bidder's quality system and quality awareness. The concept of the right balance of quality can be further refined to the concept of utility/value (Refer to para 1.6 below). For the Right Quality, Technical Specification is the most vital ingredient. In public procurement, it is essential to give due consideration to Value for Money (VfM) while benchmarking the specification.

ii. **Right Quantity:** There are extra costs and systemic overheads involved with both procuring a requirement too frequently in small quantities or with buying large quantities for prolonged use. Hence, the right quantity should be procured (in appropriate size of contract) which balances extra costs associated with larger and smaller quantities.

iii. **Right Price:** It is not correct to aim at the cheapest materials / facilities/ Services available. The price should be just right for the quality, quantity and other factors involved (or should not be abnormally low for a facilities / works / services which could lead to a situation of non-performance or failure of contract). The concept of price can be refined further to take into account not only the initial price paid for the requirement but also other costs such as maintenance costs, operational costs and disposal costs (Also termed as life cycle costing - refer to para 1.6 below)

iv. **Right Time and Place:** If the material (or facility or services) is needed by an organisation in three months' time, it will be costly to procure it too late or too early. Similarly, if the vendor delivers the materials / facilities / services in another city, extra time and money would be involved in logistics. An unrealistic time schedule for completion of a facility may lead to delays, claims and disputes.

v. **Right Source:** Similarly, the source of delivery of Goods, Works and Services of the requirement must have just right financial capacity and technical capability for our needs (demonstrated through satisfactory past performance of contracts of same or similar nature). Buying a few packets of printer paper directly from a large manufacturer may not be the right strategy. On the other hand, if our requirements are very large, buying such requirements through dealers or middlemen may also not be right.

1.6 Refined Concepts of Cost and Value - Value for Money (VfM)

The concept of price or cost has been further refined into Total Cost Of Ownership (TCO) or Life Cycle Cost (LCC) or Whole-of-Life (WOL) to take into account not only the initial acquisition cost but also cost of operation, maintenance and disposal during the lifetime of the external resource procured.

Similarly, the concept of quality is linked to the need and is refined into the concept of utility / value. These two, taken together, are used to develop the concept of Value for Money (VfM, also called Best Value for Money in certain contexts). VfM means the effective, efficient, and economic use of resources, which may involve the evaluation of relevant costs and benefits, along with an assessment of risks, non-price attributes (e.g. in goods and / or services that contain recyclable content, are recyclable, minimise waste and greenhouse gas emissions, conserve energy and water and minimize habitat destruction and environmental degradation, are non-toxic etc.) and / or life cycle costs, as appropriate. Price alone may not necessarily represent VfM. *In public procurement, VfM is achieved by attracting the widest competition by way of optimal description of need; development of value-engineered specifications/Terms of Reference (ToR); appropriate packaging/ slicing of requirement; selection of an appropriate mode of procurement and bidding system.* These advanced concepts are explained in Appendix 1.

1.7 Fundamental Principles of Public Procurement

Fundamental Principles of Public Procurement and other additional obligations of procuring authorities in public procurement can be organized into five fundamental principles of public procurement, which all procuring authorities must abide by and be accountable for:

i) Transparency Principle

All procuring authorities are responsible and accountable to ensure transparency, fairness, equality, competition and appeal rights. This involves simultaneous, symmetric and unrestricted dissemination of information to all likely bidders, sufficient for them to know and understand the availability of bidding opportunities and actual means, processes and time-limits prescribed for completion of registration of bidders, bidding, evaluation, grievance redressal, award and management of contracts. It implies that such officers must ensure that there is consistency (absence of subjectivity), predictability (absence of arbitrariness), clarity, openness (absence of secretiveness), equal opportunities (absence of discrimination) in processes. In essence Transparency Principle also enjoins upon the Procuring Authorities *'to do only that which it had professed to do as pre-declared in the relevant published documents and not to do anything that had not been so declared'*. As part of this principle, the Company should ensure that offers should be invited following a fair and transparent procedure and also ensure publication of all relevant information on the Central Public Procurement Portal (CPPP).

ii) Professionalism Principle

As per these synergic attributes, the procuring authorities have a responsibility and accountability to ensure professionalism, economy, efficiency, effectiveness and integrity in the procurement process. They must avoid wasteful, dilatory and improper practices violating the Code of Integrity for Public Procurement (CIPP) mentioned in Chapter 3 of this manual. They should, at the same time, ensure that the methodology adopted for procurement should not only be reasonable and appropriate for the cost and complexity but should also effectively achieve the planned objective of the procurement. As part of this principle, prescribed professional standards may be adhered to. Also, for officials dealing with procurement matters suitable training may be imparted and certification requirements ensured.

In reference to the above two principles - Transparency and Professionalism Principle, it may be useful to refer to the following:

Fundamental principles of public buying (for all procurements including procurement of works) - Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

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

a) The description of the subject matter of procurement to the extent practicable should:

- be objective, functional, generic and measurable and specify technical, qualitative and performance characteristics;
- not indicate a requirement for a particular trade mark, trade name or brand.

b) The specifications in terms of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs. The specifications so worked out should meet the basic needs of the Company without including superfluous and non-essential features, which may result in unwarranted expenditure.

c) Where applicable, the technical specifications shall, to the extent practicable, be based on the national technical regulations or recognized national standards or building codes, wherever such standards exist, and in their absence, be based on the relevant international standards. In case of Government of India funded projects abroad, the technical specifications may be framed based on requirements and standards of the host beneficiary Government, where such standards exist. Provided that a Company may, for reasons to be recorded in writing, adopt any other technical specification.

Note: *Wherever Indian Technical specifications and Quality Certifications exists, the same should be prescribed. In rare or exceptional cases where, despite the existence of Indian technical specifications, it is intended to specify foreign Technical Certifications and Accreditations, reasons in writing for adoption of such other technical specifications must be recorded.*

d) Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs;

e) offers should be invited following a fair, transparent and reasonable procedure;

f) the procuring authority should be satisfied that the selected offer adequately meets the requirement in all respects;

g) the procuring authority should satisfy itself that the price of the selected offer is reasonable and consistent with the quality required;

h) at each stage of procurement the concerned procuring authority shall weigh all the considerations while taking the procurement decision.

i) Company shall prepare Annual Procurement Plan before the commencement of the year and the same should also be placed on its website.

j) Notwithstanding anything contained above, Government of India (GoI) may, by order in writing, impose restrictions, including prior registration and/or screening, on procurement from bidders from a country or countries, or a class of countries, on grounds of defence of India, or matters directly or indirectly related thereto including national security; no procurement shall be made in violation of such restrictions.

iii) **Broader Obligations Principle**

Over and above transparency and professionalism, the procuring authorities have also the responsibility and accountability to conduct public procurement in a manner to facilitate achievement of the broader objectives of the Government - to the extent these are specifically included in the 'Procurement Guidelines':

a) Preferential procurement from backward regions, weaker sections and MSEs, locally manufactured goods or services, to the extent specifically included in the 'Procurement Guidelines'; and

b) Reservation of procurement of specified class of goods from or through certain nominated CPSEs or Government Organizations, to the extent specifically included in the 'Procurement Guidelines'.

c) Support to broader social policy and programme objectives of the Government (for example, economic growth, strengthening of local industry - Make-In-India, Ease of Doing Business, job and employment creation, and so on, to the extent specifically included in the 'Procurement Guidelines');

d) Facilitating administrative goals of other Departments of Government (for example, ensuring tax or environmental compliance by participants, Energy Conservation, accessibility for People With Disabilities etc. to the extent specifically included in the 'Procurement Guidelines').

e) Procurement policies and procedures must comply with accessibility criteria like PP-MII, PP-MSE, Restriction of procurement from any bidder from a country which shares a land border with India, etc. as mandated by the Government from time to time. Some of the policies currently in force are provided in Appendix-5.

iv) **Extended Legal Responsibilities Principle**

Procuring authorities must fulfil additional legal obligations in public procurement, over and above mere conformity to the mercantile laws (which even private sector procurements have to comply with). The Constitution of India has certain provisions regarding fundamental rights and public procurement. Courts have, over a time, taking a broader view of Public Procurement as a function of 'State', interpreted these to extend the responsibility and accountability of public procurement Authorities. Courts in India thus exercise additional judicial review (beyond contractual issues) over public procurement in relation to the manner of decision making in respect of fundamental rights, fair play and legality. Similarly, procuring authorities have also the responsibility and accountability to comply with the laws relating to Governance Issues like Right to Information (RTI) Act and Prevention of Corruption Act, and so on. Details of such extended legal obligations are given in Appendix 2.

v) **Public Accountability Principle**

Procuring authorities are accountable for all the above principles to several statutory and official bodies in the Country - the Legislature and its Committees, Central Vigilance Commission, Comptroller and Auditor General of India, Central Bureau of Investigations and so on- in addition to administrative accountability. As a result, each individual public procurement transaction is liable to be scrutinised independently, in isolation, besides judging the overall outcomes of procurement process over a period of time. Procuring authorities thus have responsibility and accountability for compliance of rules and procedures in each individual procurement transaction besides the achievement of overall procurement outcomes. The concerned procuring authority shall weigh all the considerations while taking the procurement decision. The records must be preserved, retained in easily retrievable form and made available to such oversight agencies. The Company shall therefore maintain and retain audit trails, records and documents generated or received during its procurement proceedings, in chronological order, the files will be stored in an identified place and retrievable for scrutiny whenever needed without wastage of time. The documents and record will include:

a) documents pertaining to determination of need for procurement;
b) description of the subject matter of the procurement;
c) Statement of the justification for choice of a procurement method other than open competitive bidding;
d) Documents relating to pre-qualification and registration of bidders, if applicable;
e) Particulars of issue, receipt, opening of the bids and the participating bidders at each stage;
f) Requests for clarifications and any reply thereof including the clarifications given during pre-bid conferences;
g) Bids evaluated, and documents relating to their evaluation; and
h) Contracts and Contract Amendments
i) Complaint handling, correspondences with clients, consultants, bank.

1.8 Standards (Canons) of Financial Propriety

Public Procurement must conform to the Standards (also called Canons) of Financial Propriety as stipulated in the General Financial Rules, 2017 which is reproduced below -

Standards of financial propriety*: Every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed, by his own office and by subordinate disbursing officers. Among the principles on which emphasis is generally laid are the following:-*

i. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

ii. The expenditure should not be prima facie more than the occasion demands.

iii. No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

iv. Expenditure from public moneys should not be incurred for the benefit of a particular person or a section of the people, unless –

a) *a claim for the amount could be enforced in a Court of Law, or*
b) *the expenditure is in pursuance of a recognized policy or custom.*

v. *The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.*

vi. *While discharging the duties of financial concurrence of any public expenditure, such authorities subsequent to such decision, shall not be involved in any future financial/audit/payment responsibilities which may create conflict of interest.*

1.9 Product Reservation and Preferential / Mandatory Purchase from certain sources

Government of India may, by notification, provide for mandatory procurement of any goods or services from any category of bidders, or provide for preference to bidders on the grounds of promotion of locally manufactured goods or locally provided services.

Note: *Before considering any Purchase Preference / product reservation mentioned below, the Procuring Officer should check the latest directives in this regard for necessary action. Product Reservation / Purchase Preference provision shall invariably be part of the Notice Inviting Tender (NIT) and Instructions to Bidders (ITB).*

1.9.1 Reservation of Procurement of certain class of Products from certain agencies- Khadi Goods/Handloom Textiles

The Central Government has reserved (vide Ministry of Textiles OM No. 4/2/88-DCH/M&E dated 17.02.1992) all items of hand-spun and hand-woven textiles (Khadi goods) for exclusive purchase from Khadi & Village Industries Commission (KVIC). It shall be mandatory to make procurement of at least 20% of all textile items required by the Company from amongst items of handloom origin, for exclusive purchase from KVIC and / or Handloom Clusters such as Co-Operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations etc. including Weavers having Pehchan Cards. (Appendix 3)

1.9.2 Reservation of Procurement of certain class of Products from certain agencies- Pharmaceuticals from Pharmaceutical CPSEs

The Drug Purchase Committee while certifying the requirement of medicines shall ensure that the provisions of the Pharmaceuticals Purchase Policy, 2013 have been complied with. (Appendix 4)

Note: *As per clarification provided by Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India vide F.No. 50(9)/2010-PI-IV dated 31/03/2012 and addressed to Ministry of Railways, Pharmaceuticals Purchase Policy (PPP) for products of Pharma CPSEs is a facility which can be availed by the Government Institutions to procure quality drugs at reasonable prices. There is no element of compulsion on any Government Institution to procure by this method.*

1.9.3 Reservation of specific items for procurement from Micro and Small Enterprises (MSE)

To enable wider dispersal of enterprises in the country, particularly in rural areas, the Company shall continue to procure items reserved for procurement exclusively from MSE [presently 358 (three hundred and fifty-eight) items including eight items of Handicrafts] from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. The website of Ministry of MSME may be referred for the latest / updated list of such reserved items.

1.9.4 Public Procurement Policy for Micro and Small Enterprises (MSEs)

From time to time, the Government of India (Company) lays down procurement policies to help inclusive national economic growth by providing long-term support to micro, small and medium enterprises and disadvantaged sections of society. The Procurement Policy for Micro and Small Enterprises, 2012 [amended 2018 and 2021] has been notified by the Government in exercise of the powers conferred in Section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Details of the policy along with the amendments issued from time to time are available on the MSME website. (Refer Appendix 9)

i) Micro and Small Enterprises (MSEs) registered under Udyam Registration are eligible to avail the benefits under the policy.

ii) MSEs may also be given relaxation in prior turnover and prior experience criteria during the tender process, subject to meeting of quality and technical specifications.

iii) If subcontract is given to MSEs, it will be considered as procurement from MSEs. Procurement of the material / services from sub-vendors (who fall under the category of MSEs) by suppliers / vendors / contractors against the orders placed by OIL can also be considered as part of achievement of target of procurement of MSEs, provided such procurements are traceable. Accordingly, the following Clause shall be incorporated in the tender document:

"If against an order placed by OIL, successful bidder(s) (other than Micro / Small Enterprise) is procuring materials / services from their sub-vendor who is a Micro or Small Enterprise (having valid Udyam Registration) with prior consent in writing of the purchasing authority / engineer in charge, the details like Name, Registration No., Address, Contact No., details of material and value of procurement made, etc. of such enterprises shall be furnished by the successful bidder at the time of submission of invoice / bill."

iv) In tender, participating Micro and Small Enterprises (MSE) quoting price within price band of L1+15 (fifteen) per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a MSE and such MSE shall be allowed to supply at least 25(twenty five)* per cent of total tendered value. The 25(twenty five) per cent quantity is to be distributed proportionately among bidders, in case there are more than one MSEs within such price band.

***Note**:*
Notwithstanding the minimum procurement percentage mandated vide Govt. Notification under PPP, OIL shall endeavour to place order for 100% of the tendered quantity on the qualified MSE bidders in order for OIL to achieve the overall presently mandated procurement target from MSEs.

v) To develop MSE vendors so as to achieve their targets for MSEs procurement, Company shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes (VDPs) or Buyer-Seller Meets focused on developing MSEs for procurement through the Government e-Marketplace (GeM) portal. For enhancing participation of MSEs owned by SCs / STs / Women in the procurement process, the Company shall take the following steps:

- Conducting Special Vendor Development Programmes / Buyer-Seller Meets for SC / STs and Women.
- Conducting Outreach programmes in collaboration with National Small

Industries Corporation (NSIC) to cover more and more MSEs from SC / STs under its schemes of consortia formation;

vi) In order to comply with the provisions relating to enhancing participation of MSEs, Spheres / Projects shall conduct Periodical Interactive Meets with vendors for resolution of their issues, besides educating them about OIL's tendering procedure.

vii) To monitor the progress of procurement by Central Government Ministries / Departments and CPSUs from MSEs, Ministry of MSME has launched the MSME 'Sambandh' Portal on 8th December, 2017, on which the monthly as well as annual procurement details shall be uploaded by the Company.

viii) To redress the grievances of MSEs related to non-compliance of the Policy a Grievance cell named "CHAMPION Portal" has been set up in the Ministry of MSME.

ix) Ministry of MSME has launched the MSME 'Samadhaan' Portal for Delayed Payment Monitoring System in which the MSE vendors / suppliers / contractors can raise grievances in case of delay in payment by Central Government Ministries / Departments and CPSUs.

x) The government vide office memorandum no. 21(1)/2014-MA dated 12.02.2015 have intimated that in the situation of L-1+15% and subsequent matching of L-1 price, CPSUs may take more than 20% supplies from micro and small enterprises as per their previous procurement pattern on case to case basis for which the Ministry has no objection.

xi) HoD-C&P, FHQ shall be the Nodal Officer for implementation of the policy and redressing grievances.

1.9.5 Preference to Make in India

To encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Public Procurement (Preference to Make in India), Order 2017 including any amendments thereof issued by Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India shall be applicable for procurement by the Company. Detail of the Policy is given in Appendix 5. Suitable clause(s) to be incorporated in the tenders for applicability of the policy.

1.10 Proactive Information Disclosures

RTI Act lays down the information to be disclosed by public authorities on a suo motu or proactive basis as well as prescribes the method of its dissemination to enhance transparency and also to reduce the need for filing individual RTI applications. The Department of Personnel & Training, Ministry of Personnel, Public Grievances & Pensions, Government of India, has issued "Guidelines on suo motu disclosure under Section 4 of the RTI Act" vide their OM No.1/6/2011-IR dated April 15, 2013. The relevant guidelines relating to information disclosure pertaining to procurement are reproduced below:

"Information relating to procurement made by public authorities including publication of notice/tender enquiries, corrigenda thereon, and details of bid awards detailing the name of the Vendor/ Contractor of goods/services being procured or the works contracts entered or any such combination of these and the rate and total amount at which such procurement or works contract is to be done should be disclosed. All information disclosable as per Ministry of Finance, Department of Expenditure's O.M. No 10/1/2011-PPC dated 30th November, 2011

(and 05th March 2012) on Mandatory Publication of Tender Enquiries on the Central Public Procurement Portal and O.M. No. 10/3/2012- PPG dated 09th January 2014 on implementation of comprehensive end-to-end e-procurement should be disclosed under Section 4 of the Right to Information Act.

In accordance with the above guidelines, the Company shall publish the relevant disclosable information pertaining to procurement on its website as well as on any other web portal / forum as directed by the Government of India.

1.11 Procurement Cycle

The procurement process for goods, works and/or services typically involves the following cycle of activities, undertaken in the order stated below.

i) **Need Assessment:** Need assessment, formulation of Specifications and Procurement Planning

ii) **Bid Invitation:** Preparing bid documents, publication, receipt and opening of bids;

iii) **Bid Evaluation:** Evaluation of bids and award of contract; and

iv) **Contract Execution:** Contract management and closure.

v) **Disposal of Scrap:** Disposal of Scrap through various modes of disposal.

Details and procedures of various stages of the procurement cycle would be described in subsequent Chapters of the manuals.

********************End of Chapter-1*********************

CHAPTER 2

NEED ASSESSMENT, FORMULATION OF SPECIFICATIONS AND PROCUREMENT PLANNING

2.1 Need Assessment

Procurements should be initiated only based on an indent from the user Department. The authority in the user Department initiating the indent for procurement shall first determine the need (including anticipated requirement) for the subject matter of the procurement. Description and Specification of Need assessment is of fundamental importance in ensuring value for money, transparency, competition and level playing field in procurement. The user Department shall maintain all documents relating to the determination and technical/ financial / budgetary approvals of the need for procurement. During need assessments, the following matters are decided to comply with the 'Procurement Guidelines':

i) **The expression/description of the need** keeping in view the Value for Money (VfM) and to ensure wide competition. Therefore to the extent practicable it should be:

   a) Unambiguous, complete, using common terminology prevalent in relevant trade;
   b) In accordance with the guidelines prescribed, if any, in this regard;
   c) Except in case of proprietary purchase from a selected single source, reference to brand names, catalogue numbers or other details that limits any materials or items to specific manufacturer(s) should be avoided as far as possible. Where unavoidable, such item descriptions should always be followed by the words "or substantially equivalent".

ii) Method of satisfying it (owning / leasing / hiring / outsourcing or through Public Private Partnership (PPP), and so on) may be determined as per policies declared in this regard or based on a techno-economic evaluation (using life cycle cost, if feasible) of various alternative methods of satisfaction of the need and compatibility and inter-operability with existing infrastructure or systems.

   Procurement strategy in projects may be decided by a committee consisting of members from indenting, C&P and Finance departments. This committee shall examine the project requirement and recommend efficient, manageable and cost effective strategy for procurement. The recommendation of the committee shall require approval of LMC / Head of Project.

iii) The quantity of the subject matter of procurement, commensurate with economy:

   a) Care should be taken not to make unnecessary procurements much in advance of actual requirements, if such procurement is likely to be unprofitable to the Company, coupled with unwarranted inventory-carrying cost. Where consumption or usage limits of requirements have been laid down, the PR approving authority shall ensure that the prescribed scales or limits for the indented item(s) is not exceeded. The authority preparing the indent shall neither package nor divide its procurement or take any other action so as to limit competition among potential bidders or to avoid its obligations under 'Procurement Guidelines'. Provided that in the interest of efficiency, economy, timely completion or supply, wider competition or access to MSEs, a indenting

or procuring official may, for reasons to be recorded in writing, divide its procurement into appropriate packages, or club requirements of other users for procurement. Sometimes procurement of a specific item may have elements of Goods, Works and Services, which could be either sliced into of Goods, Works and Services elements or combined into a package. Such decisions for slicing or packaging should be based on technical and VfM considerations. It is also necessary to round off the calculated quantity to the nearest wagon load / truck load / package to economize on transportation; and

b) Units of quantity are a very important parameter. Some items may be manufactured in metric tons but may be used in units of numbers or units of lengths (for example, steel sheets / structural). For the sake of transparency, it is important to buy an item in units of manufacture. For example, it is better to buy steel / structural in units of weight since it has a tolerance in weight per unit of length; this usually works to the disadvantage of the buyer if it is bought in units of length. The buying and issuing units of an item may be different - but should be standardized.

c) Time-schedule and place of product / work / service delivery: Need assessment and generation of indent for procurement should be done sufficiently in advance of the time when goods are required. Delays in need assessment have adverse impact on the value for money and transparency. Great care is required to be exercised in filling up realistic dates for the requirement of material. PR / indents are to be forwarded to C&P Department considering the established lead times required for completion of the procurement process. In cases of urgent requirement, indentor should maintain the urgency in the PR with proper justification and approval.

d) **Formulation of Specification** to ensure value for money, transparency, level playing field and ensuring widest competition. This is further detailed in subsequent para.

e) **Estimation of Cost**: The estimated cost in the indent is a vital element in various procurement processes, approvals and establishing reasonableness of prices at the time of evaluation of the bids. Therefore, it should be worked out in a realistic and objective manner.

Cost estimation shall be done in accordance with the approved Company's Cost Estimation Manual.

2.2 Formulation of Technical specifications (TS)

The procuring authority should ensure that specifications are developed to ensure VfM, level playing field and wide competition in procurement. The TS constitute the benchmarks against which the Indenting / User Department will verify the technical responsiveness of bids and, subsequently, evaluate the bids. Therefore, well-defined TS will facilitate the preparation of responsive bids by bidders as well as examination, evaluation and comparison of the bids by the Company. It would also help in ensuring the quality of the supplied goods. The Indenting / User Department should ensure that the specification should:

i) Provide a level playing field and ensures the widest competition;

ii) Be unambiguous, precise, objective, functional, broad based/generic, standardized (for items procured repeatedly) and measurable. TS should be broad enough to avoid restrictions on workmanship, materials and equipment commonly used in manufacturing similar kinds of goods;

iii) Set out the required technical, qualitative and performance characteristics to meet just the bare essential needs of the Company without including superfluous and non-essential features, which may result in unwarranted expenditure;

iv) Normally be based on standards set by the **Bureau of Indian Standards (BIS)**, wherever such standards exist. Preference should be given to procure the goods which carry the BIS mark. In the absence of BIS standards, TS may be based on the relevant International standards. However, an indenting authority may, for reasons to be recorded in writing, base the TS on equivalent international standards even in cases where BIS standards exist. For any deviations from Indian standards or for any additional parameters for better performance, specific reasons for deviations/modifications should be duly recorded and such record should be incorporated in the PR. Where the technical parameters are only marginally different, Indian standards may be specified and the Departmental specifications could cover only such additional details as packing, marking, inspection, and so on, as are specially required to be complied for a particular end use;

v) All dimensions incorporated in the specifications shall be indicated in SI units. If due to some unavoidable reasons, dimensions in FPS units are to be mentioned, the corresponding equivalents in the SI system must also be indicated.

vi) Comply with sustainability criteria and legal requirements of environment or pollution control and other mandatory and statutory regulations, or internal guidelines, if any, applicable to the goods to be purchased;

vii) Make use of best practices. Examples of specifications from successful similar procurements in the other organizations or sector may provide a sound basis for drafting the TS;

viii) Commensurate with VfM, avoid procurement of obsolete goods and require that all goods and materials be new, unused and of the most recent or current models and that they incorporate all recent improvements in design and materials, unless provided for otherwise in the bidding documents;

ix) Should have emphasis on factors such as efficiency, optimum fuel/power consumption, use of environmental-friendly materials, reduced noise and emission levels, low maintenance cost, and so on. Wherever applicable, the energy efficiency rating specified by the **Bureau of Energy Efficiency (BEE),** under the provisions of the Energy Conservation Act, 2001, including any amendments thereof, shall be adhered to while framing the TS.

x) **Discourage procurement involving evaluation of samples:** According to the existing guidelines on public procurement of goods, purchase in accordance with a sample should not be usually undertaken. Calling for a sample along with the tender and deciding on the basis of evaluation of the sample may NOT be done. In certain specifications, there may be a built-in sample clause. Usually such clauses are stipulated to illustrate indeterminable characteristics such as shade / tone, make-up, feel, finish and workmanship, and so on. In some specifications, there may not be a sample clause but such indeterminable characteristics are left to be agreed to between the seller and buyer. One way to procure / indigenize certain spares whose drawings / specifications are not available is to procure in accordance with an available sample of the part. In such cases, supply must be in conformity with an agreed reference sample in such respects only, whereas for the remaining characteristics it must be in conformity with the laid down drawings /

specifications. Procurement of such items should be decided on the basis of detailed specifications / drawings and no sample should be called for or evaluated along with the bids. If desired, a purchaser's reference sample may be displayed for prospective bidders to illustrate the desired indeterminable characteristics, which final supplies from successful bidder(s) will have to meet in addition to the specifications / drawings. If required, in addition to the purchaser's reference sample, the provision for the submission of a pre-production sample matching the purchaser's sample by successful bidder(s) may be stipulated for indeterminable characteristics, before giving clearance for bulk production of the supply. The Indent for items which are to be procured in accordance with a sample must be accompanied with three sealed samples as far as possible.

Essential Technical particulars

The essential Technical particulars to be specified in the tender document shall include the following to the extent applicable for a particular purchase:

i) Scope of supply and, also, end use of the required goods;

ii) All essential technical, qualitative, functional, environmental and performance characteristics and requirements (such as material composition, physical, dimensions and tolerances, workmanship and manufacturing process wherever applicable; test schedule; if any), including guaranteed or acceptable maximum or minimum values, as appropriate. Whenever necessary, the user may include an additional format for guaranteed technical parameters (as an attachment to the bid submission sheet), where the bidder shall provide detailed information on such technical performance characteristics in reference to the corresponding acceptable or guaranteed values;

iii) Drawings;

iv) Requirement of the BIS mark, where applicable, mentioning all parameters where such a specification provides options;

v) Requirement of an advance sample, if any, at the post contract stage before bulk production;

vi) Special requirements of preservation, packing and marking, if any;

vii) Inspection procedure for goods ordered and criteria of conformity;

viii) Requirements of special tests or type test certificate or type approval for compliance of statutory requirements with reference to pollution, emission, noise, if any;

ix) Other additional work and/or related services required to achieve full delivery / completion, installation, commissioning, training, technical support, after-sales service and Annual Maintenance Contract (AMC) requirements, if any;

x) Warranty requirements;

xi) Qualification criteria of the bidders, if any; and

xii) Any other aspects peculiar to the goods in question such as shelf life of the equipment, and so on.

2.3 Need Assessment and Technical Specification - Risks and Mitigations

Risk	*Mitigation*
Need is either artificially created or exaggerated, with the intention to channel benefits to an individual or an organization. For example, demand is created for goods that is not needed simply to benefit the company's owner.	**Keep records and involve stakeholders:** Records of decision making and data used should be kept. End user and stake holder consultations should be part of the process.
Delays in Assessment of Need and generation of Indent for Procurement, may lead to shortcut procurement procedures that dilutes transparency and prevent achievement of value for money. It may also lead to delays in delivery of goods.	Need assessment should be done sufficiently in advance of the time when goods are required. In case of urgent requirements, the urgency should be clearly indicated in the PR / indent recording justifications why the need could not be formulated earlier.
The estimate of the costs may be inadequate. This may lead to inadequate response from the bidders and may delay finalisation of procurement. It may also adversely affect the quality of supplies.	Estimates of procurement should be prepared with due diligence, keeping in view inflation, technology changes, profit margins etc.
Need Description/ Specifications involving subjectivity: Procurements where samples are asked to be submitted along with the offer and the evaluation is based on the subjective evaluation of samples - may lead to allegations of corruption.	If required, a stock sample for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, may be displayed during procurement to which the offers must conform. If necessary, provide for submission of an advance sample by successful bidder(s) before giving clearance for bulk production of the supply.
Need Description/ Specifications and terms of reference are disproportionate to the need identified or made to tilt in favour one or a group of vendor(s) or contractor(s) to artificially restrict competition. **Asymmetric dissemination of vital information:** Dialogue for determining solutions available in the market is held only with selected prospective bidders, giving them undue advantage in preparing for the bidding. Selected prospective bidders get access to inside information not disclosed or disclosed late to others.	**Use a formal market discovery tool:** Prebid conference and/ or well publicised EoI may be used for discovery of the market. Otherwise, encourage and invite comments on the technical and commercial conditions in the bid document.

2.4 Obtaining Technical, Administrative and Budgetary Sanctions/ Approvals and signing of Indents

The Company has laid down a schedule of powers for administrative and budgetary approval of indents generated for procurement of goods, amongst others, known as the Delegation of Powers (DoP). Before granting administrative and budgetary approvals, it should be certified that funds in the budget are available and liability for this indent is noted against the total available budget. In case the time schedule of delivery is urgent (or shorter than usual lead-time) urgency for the same should be recorded in the indent justifying the urgency. The indenting authority should submit an indent to the C&P Department in the form of a system generated (SAP) Purchase Requisition, duly released/approved as per DoP, giving adequate time for procurement. Indenters should monitor the progress of the Indents submitted by them.

2.4.1 Technical Sanction

A proper detailed cost estimate based on specification, essential drawings and preliminary structural and service designs shall be prepared and vetted as per Cost Estimation Manual. The Sanction to the estimate must be obtained prior to raising of PR. It indicates only to the extent that the proposals are structurally sound, and the estimates are accurately calculated and based on adequate data.

2.4.2 Budget Sanction

Budget Sanction to a project or part thereof shall be accorded by the competent authority according to DoP. Budget sanction shall be accorded on the basis of cost estimates and the scope of work.

2.4.3 Excess Over Budget Sanction

In case, any excess over the sanctioned amount is known before bidding or during bidding, the bidding process shall not be held up for want of additional Budget sanction. However, LOI /Award of work/ Letter of Award (LOA) shall not be issued without obtaining expenditure sanction inclusive of additional sanction, if any. Parallel action shall be taken by Indenting / User Department for additional budget sanction.

2.5 Raising of PR:

For procurement of stock items, purchase requisition shall be raised by C&P department, being indentor for such items. In case of non-stock items, the procurement requisition shall be raised by user department for supply, services, works, LSTK jobs etc.

The indentor will provide along with PR the following:

(1) Scope and specification for supply, services, works involved under the PR in a manner as explained herein before in para 2.2.

(2) The estimate for the scope covered under the PR for goods, works and services which shall be used for tendering purpose and decision making process for award while comparing with the actual price received against the tender.

(3) It is desirable that the indenter who shall frame qualifying criteria (technical & experience) also indicate the numbers and names of the prospective bidders who are likely to qualify under the proposed BEC. However, it may happen that during the actual tendering the response may be more or less as compared to mentioned in the PR. This shall give fair idea about participation. Further procurement personnel may inform such bidders in advance about the tender as proactive action.

(4) For stock items last order reference/budgetary quotation may be used for price comparison purpose.

(5) Budget provision and Expenditure Sanction with fund allocation.

(6) Schedule of Rates, with full description of items, their quantities, blank price column.

(7) Detailed technical specification for bidding purposes.

(8) The date by which the delivery/work to be completed. The delivery/completion period should be realistic as the bids become liable for rejection on the same grounds.

(9) The Purchase Requisition must indicate the type of budget (Account Assignment).

(10) If the invitation of bids is to be done on limited tender basis beyond the limit specified (presently Rs. 25 Lakhs) for limited tender, the Purchase Requisition shall indicate about the approval of competent authority as per DOP duly mentioning the grounds of resorting to limited tendering and the names of the parties whom the indentor considers as capable and competent may be specified in the Purchase Requisition.

(11) If the invitation of bids is to be done on single source/nomination basis, the indentor should provide the approval of competent authority as per DOP with full justification as to resorting on nomination basis for the particular item/services/works and selection of a particular source. The Purchase Requisition shall accompany the approval of the competent authority for invitation of the bid on single bid basis.

(12) In case an item is to be procured on proprietary basis, the PR shall be approved by the competent authority as per DoP certifying in the PR itself that the item/services is proprietary and there is no other alternative. Further the PR should include the name and address of the party from whom the item is to be procured. (Refer para 4.1.5 under Chapter-4)

(13) In case of emergency as defined at para no. 4.1.10 and declared by the Management, the normal procurement procedure may not be applicable. However, the procurement should be done with application of normal prudence and maintaining transparency.

(14) In the event of breakdown / capital overhaul of an equipment or major facility revamp works & services, where it may not be possible to assess the extent of repair action (at bidding stage) and cost estimates, the expenditure sanction may be obtained post inspection but before start of works. This is applicable only in case of equipment repairs through OEM / their authorized workshop. In case of facility repair / revamp such assessments should be carried out by a committee of representatives from Indenting Department, F&A Department and C&P Department. In all the above cases, approval of the competent authority and expenditure sanction for emergency works as per DOP is required.

(15) As per current Notification issued by Government of India, there are benefits of Zero Custom Duty and other benefit of Deemed Export as covered under Exim Policy. Therefore it is essential that PR contains the name of the items which falls under such category, name of area of use so as to have suitable provision in the tender document. However, amendment to the Notification shall be taken care of while raising the PR.

(16) Time schedule for utilisation of material/equipment being procured including schedule of readiness of the front/site for erection and commissioning, if any.

(17) Bid Evaluation Criteria

(18) Special Conditions of Contract.

2.6 Procurement Planning

After receipt of the Indent, the C&P Department should take following decisions to initiate procurement, to ensure conformity to the Procurement Guidelines:

i) The C&P Department should review the description and TS enclosed with the indent for completeness / approvals / funding, and possibility of the widest competition and seek clarifications from the indenting officer, if needed, before initiating such procurement;

ii) **Reassessment of the quantity and appropriate aggregation of quantities of various users:** The C&P Department shall normally neither package nor divide its procurement or take any other action so as to limit competition among bidders or to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand. Provided that in the interest of efficiency, economy, timely completion or supply, wider competition or access to MSEs, the C&P Department may club requirements of other users for procurement. Packaging of the contract and procurement planning should be done keeping in view the availability and possibility of eliciting the interest of the qualified firms; effective competition for the type and size of the contract; and access to MSEs. For example for a particular contract, material to be procured may constitute more than 50 (fifty) per cent of the total cost of works or there are services which are a mix of consultancy services with substantial element of goods, such as procurement of an IT system. Such procurement could be done as a single composite contract comprising all components or divided into separate contracts for each category of procurement. In all such situations, the dominant aspect of the requirement and value for money aspects of a composite all-inclusive contract versus dividing the contract into respective categories should be carefully examined at the time of Need Assessment/ Procurement Planning. This is a crucial stage of decision-making in procurement planning for a better outcome and for VfM considerations;

iii) Determine and declare in bid documents, any limitation on participation of bidders as per the Government's procurement policy regarding preference to certain sections of industry, if any. The Indenting / User as well as C&P Departments shall not establish any requirement aimed at limiting participation of bidders in the procurement process that discriminates against or amongst bidders or against any category thereof (except otherwise mandated by Govt. guidelines & policies) other than to lay down a reasonable and justifiable eligibility or pre-qualification criteria for the bidders;

iv) Selection of a system of bidding (single / two stage; single / two bids; suitability for procurement or reverse auction);

v) Select the mode of procurement (open tenders, limited tenders, single tenders, and so on);

vi) The C&P Department should endeavor to adhere to the indicative time limits set out in this manual for completion of the procurement.

vii) Integrated procurement plan should be prepared by Indenting / User Department for goods, works and services for the ensuing financial year based on the latest cost estimates, and realistic time schedule for procurement activities and contract implementation and thus schedule and stagger the procurements over the year with a view to ensure an even load on the Company and the market and also to co-ordinate matching procurements of Goods, Works and Services for a project;

The Company shall publish information regarding the planned procurement activities for the forthcoming year or years on the Company's website with a caveat that such publication shall not be construed as initiation of a procurement process and cast any obligation on the Company–to issue the bidding document or confer any right on prospective bidders.

2.7 Procurement Planning - Risks and Mitigations

Risk	***Mitigation***
Procurement Planning	
Packaging, bundling and slicing of requirement is done to avoid open competition or reduce competition. Or it is too large to make it difficult for MSEs to participate. Possible clubbing / collaboration among different units having the same needs are not explored.	**Lay down** a clear policy for packaging and bundling of requirements. In large packages, the affordability of EMD and resultant restriction on competition may be kept in view and bidders may be allowed to bid for slices of the package by depositing proportional EMD.

******************End of Chapter-2**********************

CHAPTER 3

SUPPLIER RELATIONSHIP MANAGEMENT

3.1 Supplier Relationship Management

Supplier Relationship Management comprises of the following functions:

i. Ensuring compliance of suppliers to the Code of Integrity for Public Procurement (CIPP) and Integrity Pact (IP) if stipulated in Bid Documents;

ii. Holiday listing; removal from the list of registered suppliers and banning / debarment of firms; and

iii. Development of new sources and registration of suppliers.

3.2 Code of Integrity for Public Procurement (CIPP)

Public procurement is perceived to be prone to corruption and ethical risks. To mitigate this, the officials of Procuring Entities involved in procurement and the bidders / suppliers must abide by the following Code of Integrity for Public Procurement (CIPP). All Procuring officials may be asked to sign declarations to this effect periodically and in various Procurement decisions (including Need Assessment). The bidders / suppliers should be asked to sign a declaration about abiding by a Code of Integrity for Public Procurement in registration applications and in bid documents, with a warning that, in case of any transgression of this code, its name is not only liable to be removed from the list of registered suppliers, but it would be liable for other punitive actions such as cancellation of contracts, banning and blacklisting or action in Competition Commission of India, and so on.

3.2.1 Code of Integrity for Public Procurement: Procuring authorities as well as bidders, suppliers, contractors and consultants should observe the highest standard of ethics and should not indulge in the following prohibited practices, either directly or indirectly, at any stage during the procurement process or during execution of resultant contracts:

i) "**Corrupt practice":** making offers, solicitation or acceptance of bribe, rewards or gifts or any material benefit, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process or contract execution;

ii) "**Fraudulent practice":** any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an obligation avoided. This includes making false declaration or providing false information for participation in a tender process or to secure a contract or in execution of the contract;

iii) "**Anti-competitive practice":** any collusion, bid rigging or anti-competitive arrangement, or any other practice coming under the purview of The Competition Act, 2002, between two or more bidders, with or without the knowledge of the Company, that may impair the transparency, fairness and the progress of the procurement process or to establish bid prices at artificial, non-competitive levels;

iv) "**Coercive practice":** harming or threatening to harm, persons or their property to influence their participation in the procurement process or affect the execution of a contract;

v) "**Conflict of interest":** participation by a bidding firm or any of its affiliates that are either involved in the consultancy contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or improper use of information obtained by the (prospective) bidder from the Company with an intent to gain unfair advantage in the procurement process or for personal gain; and

vi) "**Obstructive practice":** materially impede the Company's investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and / or by threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or by impeding the Company's rights of audit or access to information;

3.2.2 Obligations for Proactive Disclosures

i) Procuring authorities as well as bidders, suppliers, contractors and consultants, are obliged under Code of Integrity for Public Procurement to suo-moto proactively declare any conflicts of interest (coming under the definition mentioned above - pre-existing or as and as soon as these arise at any stage) in any procurement process or execution of contract. Failure to do so would amount to violation of code of integrity; and

ii) Any bidder must declare, whether asked or not in a bid document, any previous transgressions of such a code of integrity with any entity in any country during the last three years or of being debarred by any other Company. Failure to do so would amount to violation of code of integrity.

iii) To encourage voluntary disclosures, such declarations would not mean automatic disqualification for the bidder making such declarations. The declared conflict of interest may be evaluated and mitigation steps, if possible, may be taken by the Company. Similarly voluntary reporting of previous transgressions of Code of Integrity elsewhere may be evaluated and barring cases of various grades of debarment, an alert watch may be kept on the bidder's actions in the tender and subsequent contract.

3.2.3 Punitive Provisions: Without prejudice to and in addition to the rights of the Company to other penal provisions as per the bid documents or contract, if the Company comes to a conclusion that a (prospective) bidder / supplier, directly or through an agent, has violated this code of integrity in competing for the contract or in executing a contract, the Company may take appropriate measures as per the provisions of Company's Banning Policy in addition to one or more of the following:

i. **If the bid is under consideration in any procurement:**

a) Forfeiture or encashment of bid security
b) calling off of any pre-contract negotiations, and;
c) rejection and exclusion of the bidder from the procurement process

ii. **If a contract has already been awarded:**

a) Cancellation of the relevant contract and recovery of compensation for loss incurred by the Company,;

b) Forfeiture or encashment of any other security or bond relating to the procurement;
c) Recovery of payments including advance payments, if any, made by the Company along with interest thereon at the prevailing rate;

iii. **Provisions in addition to above:**

a) Removal from the list of registered suppliers and banning/debarment of the bidder from participation in future procurements of the Company in accordance with banning policy;
b) In case of anti-competitive practices, information on the same should be conveyed to the Competition Commission of India;
c) Initiation of suitable disciplinary or criminal proceedings against any individual or staff found responsible.

3.2.4 Conduct of Public Servants Mitigations in Public Procurement - Risks and *Mitigation.*

Risk	***Mitigation***
Hospitality: Hospitality (including facilitation of travel, lodging, boarding and entertainment during official or unofficial programs) from suppliers may tend to cross the limits of ethical / occasional / routine / modest / normal business practice. Officials sent to firm's premises for inspections/ meetings may mistakenly presume entitlement to hospitality from the firm, even if other arrangements are available at the location.	Hospitality must never be solicited, directly or indirectly. The frequency, scale and number of officials availing hospitality should not be allowed to identify the recipient in a public way with any particular contractor, supplier or service provider or raise doubts about its neutrality. It should not involve significant travel, overnight accommodation or trips abroad. Particular care should be taken in relation to offers of hospitality from firms (say participating in current or imminent tenders or its execution) who stand to derive a personal or commercial benefit from their relationship with the recipient.
Gifts: Gifts from suppliers may tend to cross the limits of ethical / occasional / routine / modest / normal business practice, especially on festive season. Since the value of the gift may not be known to the recipient, it may cause inadvertent violation of Conduct rules.	Gifts must never be solicited, directly or indirectly. An official should not accept and retain gifts more valuable than the limit as laid down in the conduct rules. Cash, gift cheques or any vouchers that may be exchanged for cash may not be accepted regardless of the amount. Particular care should be taken in relation to gifts from firms (say participating in current or imminent tenders or its execution) who stand to derive a personal or commercial benefit from their relationship with the recipient. Any gift received inadvertently in violation of above, must immediately either be returned or else brought to the notice of the HoD of the Department.

Private Purchases from Official Suppliers: Officials may mistakenly consider it innocuous to seek discounts in private procurements from suppliers having official dealings or its associates (especially from Rate Contract holders).	Officials must never indulge in any non-official pecuniary transaction with the contractors, suppliers or service providers with whom they have official dealings; including seeking or accepting special facilities or discounts on private purchases (particularly same items which are being ordered officially on rate contracts).
Sponsorship of Events: Officials may mistakenly consider it innocuous to seek financial favours (donations, advertisements for souvenirs, and contributions in cash or kind) in relation to sponsoring of cultural, social, charitable, religious, or sporting events, in the false belief that since he/she is personally not benefitted, it would not be a violation of CIPP.	Officials must never indulge in any non-official pecuniary transaction with the contractors, suppliers or service providers with whom they have official dealings; including soliciting of sponsorship for unofficial and private cultural, social, sporting, religious, charitable or similar organisations or events.

3.3 Integrity Pact (IP)

The Pre-bid Integrity Pact is a tool to help Governments, businesses and civil society to fight corruption in public contracting. It binds both buyers and sellers to ethical conduct and transparency in all activities from pre-selection of bidders, bidding and contracting, implementation, completion and operation related to the contract. This removes insecurity of Bidders, that while they themselves may abjure Bribery, but their competitors may resort to it and win contract by unfair means.

The threshold value for incorporating IP in tenders shall be Rs. 50.00 Lakhs or as decided by the competent authority from time to time. Bidder shall be required to sign the Integrity Pact as per prescribed format, to be part of the tender document. The proforma duly signed by OIL's competent signatory (tendering/procuring officer) shall be issued along with the tender document. The proforma has to be returned by the bidder along with the bid (along with the "Techno Commercial-Unpriced Bid" in case of two bid single stage / two stage bidding) duly signed by the same signatory who signed the bid.

Incomplete submission / Non-submission of IP documents with the bid should not lead to disqualification of a bidder, who otherwise qualifies and agrees to abide to IP. However, if any bidder refuses to sign the IP or refuses to accept the provisions of IP, their offers shall be rejected.

The pact essentially envisages an agreement between the prospective vendors / bidders and the buyer, committing the persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

i. Promise on the part of the Company to treat all bidders with equity and reason and not to seek or accept any benefit, which is not legally available;

ii. Promise on the part of bidders not to offer any benefit to the employees of the Company not available legally and also not to commit any offence under Prevention of Corruption Act, 1988 or Indian Penal Code 1860;

iii. Promise on the part of Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc;

iv. Undertaking (as part of Fall Clause) by the Bidders that they have not and will not sell the same material / equipment at prices lower than the bid price;

v. Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;

vi. Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary;

vii. Bidders to disclose any past transgressions committed over the specified period with any other company in India or Abroad that may impinge on the anti-corruption principle;

viii. Integrity Pact lays down the punitive actions for any violation;

3.3.1 Integrity Pact (IP) would be implemented through a panel of Independent External Monitors (IEMs): IEM shall be appointed by the organization in consultation with Central Vigilance Commission. Names and contact details of the Independent External Monitor(s) should be listed in Notice Inviting Tender (NIT). The IEM would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact. The Company is required to select at most three persons (below the age of 70 (seventy) years) of high integrity and reputation as Independent External Monitors (IEM) after due diligence and forward to the CVC for its approval. Only those officers of Government of India Departments or Public Sector Undertakings, who have retired from top management positions, would be considered for appointment as IEM, provided they are neither serving or retired from the same organization. Eminent persons, retired judges of High / Supreme Courts, executives of private sector of considerable eminence could also be considered for functioning as Independent External Monitors. The appointment of Independent External Monitors would be for an initial period of three years and could be extended for another term of two years (maximum tenure of five years).

In tenders meeting the criteria of threshold value of procurement Integrity Pact clause and format should be included in the Bid Documents. Each page of such Integrity pact proforma would be duly signed by Purchaser's competent signatory. All pages of the Integrity Pact are to be returned by the bidder (along with the technical bid) duly signed by the same signatory who signed the bid, i.e. who is duly authorized to sign the bid and to make binding commitments on behalf of his company. The offer of any bidder not accepting the Integrity Pact shall be rejected.

3.3.2 Role/ Functions of IEMs: The Monitors would not be subject to instructions by the representatives of the parties and should perform their functions neutrally and independently. They would review independently and objectively, whether and to what extent parties have complied with their obligations under the Integrity Pact. For this purpose, they would have access to all contract documents / books of accounts of the bidders in case of any allegation of violation of any provisions of the Integrity Pact or payment of commission, whenever required. The IEMs will have the option to participate in such meetings among the parties related to the project provided such meetings could have an impact on the contractual relations between the parties. Ideally all IEMs of an organization should meet once every two months to take stock of ongoing tendering process. The IEMs would examine all complaints received by them and give their recommendations / views to the Company, at the

earliest. The Monitors would also inform the Company, if they notice or have reason to believe, a violation of the Integrity Pact. They may also send their report directly to the Central Vigilance Commission, in case of suspicion of serious irregularities requiring legal / administrative action. For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process, the matter should be examined by the full panel of IEMs, who would look into the records, conduct an investigation, and submit their joint recommendations. The recommendations of IEMs would be in the nature of advice and would not be legally binding. IEMs may not be equated with consultants in the Company. Their role is independent in nature and the advice once tendered would not be subject to review. The role of the Chief Vigilance Officer (CVO) of Company shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO, if a complaint is received by him or directed to him by the CVC. In the event of any dispute between the Company and the bidder / contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle dispute through mediation before the panel of IEMs in a time bound manner. If required, the Company may adopt any mediation rules for this purpose. In case, the dispute remains unresolved even after mediation by the panel of IEMs, the organization may take further action as per the terms & conditions of the contract.

3.4 Development of New Sources and Registration of Suppliers

Registration of vendor is a dynamic process. As such, as a regular practice for updating vendor list (commodity code), all limited tenders with estimated value above Rs. 2.5 lakhs and up to Rs. 25 lakhs should be floated indicating the e-mail id of the procuring officer and with the following condition which should be flagged in OIL website:

Attention of Vendors for Flagged Tenders

Other than the vendors to whom the enquiry has been issued, interested vendors who wish to participate in the tender may apply with proper credentials (Relevant documents including company profile, financial status, product range, client list must be submitted along with the application) and should fulfill the below mentioned criteria –

(i) Experience of successfully executing at least 1 (one) similar order for minimum 50% of the tendered quantity in preceding 5 (five) years to be reckoned from the original stipulated bid closing date of the tender [Copies of Purchase Order(s) along with completion certificate towards successful execution of the order to be submitted].

(ii) Annual financial turnover of at least 50% of the tendered value in any of preceding 3 (three) financial years.

(iii) The Net worth should be Positive for preceding financial / accounting year.

Note:

a. ***Annual Financial Turnover*** *of the bidder from operations shall mean Aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company (i.e., bidding entity, as the case may be) during a financial year as per the Companies Act, 2013 Section 2 (91).*

b. ***Net worth shall mean*** *the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure*

and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

c. *For proof of Annual Turnover & Net worth any one of the following document must be submitted along with the bid:-*

i) A certificate issued by a practicing Chartered /Cost Accountant (with Membership Number, UDIN and Firm Registration Number), certifying the Annual turnover & Net worth

OR

ii) Audited Balance Sheet along with Profit & Loss account."

Documentary evidence as stipulated above, should reach the office from where the tender is floated (email:- as given in the enquiry document) within 10 days of publication of the tender on OIL's website. Based on merit, OIL will allow the vendors to participate in the current tender or future tender for the item(s) at its sole discretion.

***Disclaimer**: Authorization to participate in the tender does not guarantee placement of order. Requests received from interested vendors after 10 days of publication of tender shall be considered for future tenders only, subject to meeting the above evaluation criteria.*

On receipt of application from interested vendors against a flagged tender, user department shall scrutinize the submitted documents and provide the final scrutiny report at least 5 days prior to the final bid closing date of the tender confirming the eligibility of the vendor to participate in the tender. In case the scrutiny report is not received as above, the vendor if found eligible, shall be considered for future tenders only.

3.5 Debarment of Suppliers

Action against defaulting bidder(s) / contractor(s) shall be as per the Company's approved Banning policy.

3.5.1 Safeguarding Procuring Entity's Interests during debarment of suppliers

Suppliers are important assets for the procuring entities and punishing delinquent suppliers should be the last resort. It takes lot of time and effort to develop, register and mature a new supplier. In case of shortage of suppliers in a particular group of materials/equipment, such punishment may also hurt the interest of Procuring Entity. Therefore, views of the concerned Department may always be sought about the repercussions of such punitive action on the continuity of procurements. Past records of performance of the supplier may also be given due weightage. In case of shortage of suppliers and in cases of less serious misdemeanours, the endeavour should be to pragmatically analyse the circumstances, reform the supplier and get a written commitment from the supplier that his performance will improve. If this fails, provision as per Company's Banning Policy should be followed.

************End of Chapter-3************

CHAPTER 4

MODES OF PROCUREMENT AND BIDDING SYSTEMS

4.1 Modes of Procurement

Offers from prospective bidders in public procurement must be invited according to a procedure that achieves a balance between the need for the widest competition, on one hand, and complexity of the procedure, on the other hand. Different modes of procurement and bidding systems are used to suit various procurement circumstances to achieve this balance.

However, as mentioned in Para 1.3 (Applicability of this Manual), for procurements financed by Loans / Grants extended by International Agencies, like the World Bank, Asian Development Bank etc., the procurement procedures, as finalized and incorporated in the Articles of Agreements with such agencies for relevant Loans / grants after consideration and approval of the Ministry of Finance are to be followed.

The various modes of procurement that can be used in public procurement are:

i. **Open Tender Enquiry (OTE);**

a) Open National Tender Enquiry.
b) Open Global Tender Enquiry

ii. **Limited Tender Enquiry (LTE):**

(Up to Rs. 25 Lakh of estimated value)

a) Limited National Tender Enquiry - LTE
b) Limited Global Tender Enquiry
c) Special Limited Tender Enquiry (SLTE) above ₹ 25 (Rupees twenty five) lakh under special circumstances

iii. **Proprietary Tender including Procurement of Spares**

iv. **Nomination/Single Tender Enquiry (STE)**

v. **Procurements without Calling Tenders**

a) Spot Purchase
b) Direct Procurement by Purchase Committee

vi. **Other Methods:** Emergency Purchase

vii. **Government e-Marketplace**

4.1.1 Open Tender Enquiry (OTE)

In OTE, an attempt is made to attract the widest possible competition by publishing the NIT simultaneously on the designated websites. This is the default mode of procurement and gives the best value for money but the procedure is relatively complex and prolonged. *The systemic cost* of *this procedure may be high enough* to *be unviable for smaller value procurements.* OTE procedures through e-procurement or through traditional tendering should be adopted in the following situations:

i) Procurements exceeding the threshold of Rs. 25 lakh (Rupees Twenty Five Lakh);

ii) All common use requirements with clear technical specifications;

iii) For requirements that are ordinarily available in the open market but it is necessary to evaluate competitive offers to decide the most suitable and economical option available; and

iv) When requirements are not available from known sources or sources are presently limited and need to be broad based. In such situations, even for procurements below Rs. 25 (Twenty Five) lakh, OTE mode may be used, if warranted.

Terms and Conditions

i) Any bidder is free to participate;

ii) Advertisement in such cases (other than GeM tender) should be given on Central Public Procurement Portal (CPPP) and on Company's website. Company should also post the bidding document in its web site and on CPPP to enable prospective bidders to make use of the document by downloading from the web site. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded.

iii) The tender documents should be available for download up to the date of opening of tenders.

iv) The tender documents should be prepared as per the standard tender document contents detailed as Para 5.1.1 of Chapter 5. Further details on preparing tender documents are provided in Chapter 5.

v) Amendments to the NIT after its issue will be published on the tendering portal and OIL's website (for other than GeM Tenders).

vi) In case of e-tendering through OIL's own portal, the bidder shall require User ID and Password for online submission of Bid. The tender document should specify clearly that in case of new prospective bidders who do not have User ID and Password, the bidder shall request OIL for the issue of the same well in advance through supplier enlistment provision in OIL's e-tender portal. OIL will check the requisite documents for enlistment and issue the user ID and password, if the same are found adequate. Therefore, bidder should be asked not to delay in submitting request till the last moment in their own interest. It should be made clear that in case of delay because of late request by the bidders, OIL shall not be responsible for non-submission of Bid in absence of user ID and Password.

4.1.1.1 OTE - Risks and Mitigations

Risk	Mitigation
Since the crux of this mode of procurement is attracting bids from all possible prospective bidders. The risk is that this may not be achieved, even after incurring extra cost of open tendering. This could be due to	It should be ensured that the NIT on the website is easily searchable and visible, not hidden under layers of clicks. The matter should not be left entirely to the website or media publicity alone. Due diligence should

• Insufficient publicity; • Hindrances in availability of bid documents; • insufficient time for bid preparation; or • Due to onerous cost of EMD Lack of clarity in description / specification of requirement or undue stringency in qualifying criteria or other conditions	be done to locate likely bidders (including past bidders) and their attention should be drawn though email. All registered vendors / contractors (in particular past successful vendors/contractors) should be given intimation about forthcoming tenders via email. It should be also ensured that there is no impediment to access of bid documents. The due date fixed for opening of the tender shall be minimum as stipulated in this Manual which may vary, taking into account the nature of material called for and delivery requirements as well as urgency of requirement. The due date may be subsequently extended with the approval of the HoD of Materials / Contracts, if it is felt necessary to have better competition. EMD should be sufficient to ensure that bidders honour their bids but at the same time should not be large enough to reduce competition. Mitigations of such risks can be addressed at the time of need assessment and procurement planning (refer to Chapter 2), so as to attract adequate competition.

4.1.2 Global Tender Enquiry (GTE)

GTE is aimed at inviting the participation of inter-alia foreign firms. *The point of balance between VfM and cost / complexity of procedure is further aggravated as compared to National tenders (OTE/LTE). Development of local industry also needs to be kept in mind.* Hence, it may be viable only in following situations:

i) Where Goods of required specifications/quality are not available within the country and alternatives available in the country are not suitable for the purpose;

ii) Non-existence of a local branch of the global principal of the manufacturer / vendors / contractors;

iii) Requirement for compliance to specific international standards in technical specifications; and

iv) Absence of a sufficient number of competent domestic bidders likely to comply with the required technical specifications, and in case of suspected cartel formation among indigenous bidders.

Terms and Conditions

i) Advertisement in case of OGTE should be given on Central Public Procurement Portal (CPPP) and on Company's web site. The bidding document is to be uploaded in Company's web site and on CPPP to enable prospective bidders to make use of the document by downloading from the web sites. The advertisements for invitation of tenders should give the complete web address from where the bidding documents can be downloaded. Limited Global Tender Enquiry having value more than the cut off limit for publication (as decided by the Company) should also be published on the Company's website; and

ii) The availability for downloading of tender documents against NIT should not be restricted and should be available freely. Tender documents should be available for download upto the date of opening of tenders;

iii) GTE tender documents must be in English and the price should be asked in Indian Rupees or US Dollars or Euros or Pound Sterling or Yen or in currencies under the Reserve Bank of India's notified basket of currencies;

iv) GTE tender documents must contain technical specifications which are in accordance with national requirements or else based on an international trade standard;

v) Relevant INCOTERMS should be included in the tender.

4.1.2.1 **No Global Tender Enquiry (GTE) up to Rs. 200 crores** shall be invited or such limit as may be prescribed by the Department of Expenditure from time to time. In exceptional cases where Company feels that there are special reasons for inviting GTE, for tenders below such limit, it may record its detailed justification and seek prior approval for relaxation from the Competent Authority as per procedure specified by the Department of Expenditure vide OM No. F.12/17/2019-PPD dated 15.05.2020 and Consolidated Instructions regarding Global Tender Enquiry (GTE) upto Rupees 200 Crore notified by vide OM No. F.4/1/2021-PPD dated 30.06.2021 (Appendix 6) and amendments thereto.

4.1.2.2 Exemptions/ Clarifications

Various Ministries may time to time issue circulars for exemption to float GTE for a few categories of items for value of procurement upto Rupees 200 Crores. Procuring officer must refer such circulars for guidelines to be followed for floating tenders for such exempted items.

4.1.2.3 GTE - Risks and Mitigations

Risks	Mitigations
Risks are same as in OTE	Same mitigation as in case of OTE also applies here.
Involvement of agents of foreign bidders in GTE procurements is also a major risk area.	Procurements should preferably be made directly from the manufacturers. Either the authorized sole selling agent/dealer/stockist on behalf of the foreign principal or the foreign principal directly could bid in a tender, but not both. Further, in cases where sole selling agents/ dealer/stockist participate in a tender on behalf of one manufacturer, they should not be allowed to quote on behalf of another

	manufacturer along with the first manufacturer.
	Commissions and scope of services of the agents should be explicit and transparent in the bids/ contracts.

4.1.3 Limited Tender Enquiry (LTE)

LTE is a restricted competition procurement, where vendors, are directly approached for bidding; bids from uninvited bidders are treated as unsolicited and are normally not entertained, except in special circumstances. *This mode provides* a *short and simple procedure, but may not provide* as *good* a *VfM* as *in case* of *open tendering - still* a *good balance for procurements below* a *threshold.* LTE procedures should be default mode of procurement when the estimated value of procurement is upto Rupees 25 Lakh. If number of vendors in such cases is less than 5 (five), the tender should be floated either on open tender basis or should have approval of one level above the competent authority empowered to approve the procurement as per DoP. LTE having value above Rs. 2.5 Lakhs should be published on CPP portal and Company's website and also earmarked for flagging as per Para 3.4 of Chapter 3.

4.1.3.1 LTE - Risks and Mitigations

Risk	Mitigation
There is a risk that LTE may not attract sufficient number of bids and sometimes there may be a single acceptable offer. This may be because of an insufficient database of registered/known vendors. It could also be due to bid documents not reaching the targeted bidders - intentionally or otherwise. It could also be due to bidders not getting adequate time for submission of bids. On the other hand, unsolicited bidders may also quote causing a transparency dilemma about consideration of such offers. There is also a risk that the selection of vendors may not be transparent. At the evaluation stage, some invited bidders may be passed over on grounds of being ineligible / unreliable.	Maintenance of list of registered suppliers is a sine-qua-non for LTE. The List of registered vendors needs to be reviewed perpetually to ensure adequate number of qualified suppliers. To ensure sufficient response, in addition to emails to selected vendors, the tenders are to be flagged in Company's website. Adequate time should be given for submission of quotes. A list of registered bidders must be kept for use in restricted bidding. Suppliers or contractors should be selected in a non-discriminatory manner. All past successful vendors / bidders (minimum 5) should invariably be invited. In case it is proposed to exclude any registered approved vendor/ contractor from being shortlisted for inviting LTE, detailed reasons such as failure in supply, should be duly recorded and approval of HoD of Materials/Contracts be taken before exclusion. The selection of bidders should be with due diligence, to ensure that bidders who do not meet eligibility criteria do not get shortlisted. At the evaluation stage, in LTE, passing over of a duly shortlisted bidder on grounds of poor past performance or eligibility may raise questions about transparency.

4.1.4 Special Limited Tender Enquiry (SLTE) for Procurements More than Rupees 25 (Twenty Five) Lakh

LTE mode, even for values higher than *Rs. 25 Lakh (Rupees Twenty Five Lakh)* where normally OTE should have been done, is permissible in certain special circumstances. Powers to sanction procurement on LTE basis in such special cases should be as per DOP and based on justification to be provided by indenter. While seeking approval for resorting to limited tendering instead of open tendering the reasons for same shall be recorded in writing. In case Vendors for the specific requirement are not empaneled, then the bidders should be identified and short-listed by the indentor, who should also determine and certify that short-listed bidders meet the requisite criteria for shortlisting. Approval for shortlisting of bidders shall be taken as per DoP. Such tender should contain the Bid Evaluation Criteria (BEC). The tender should be hosted on Company's website and CPP Portal with qualifying criteria and bidder, other than those to whom the tender enquiry is addressed, shall request OIL with their credentials for enlistment for that specific items/services for future procurement, which will be decided by OIL after verifying the credentials.

This mode has the merit of being quicker but VfM obtained may be less than in case of OTE; hence it should be restricted to rare situations:

i. The HoD of Indenting Department / Head of Project or Head of Sphere (other than Fields) certifies that there is an existing or prospective urgency for operational or technical requirements and any additional expenditure involved by not procuring through advertised tender enquiry is justified in view of urgency. It should also be put on record the nature of the urgency and reasons why the procurement could not be anticipated earlier.

ii. There are sufficient reasons (for example technical intricacy, quality control etc.) to be recorded in writing by HoD of Indenting Department/Head of Project or Head of Sphere (other than Fields) , indicating that it will not be in public interest to procure the goods through advertised tender enquiry.

iii. HoD of Indenting Department/Head of Project or Head of Sphere (other than Fields) certifies that the sources of supply are definitely known and possibility of fresh source(s) beyond those being tapped is remote.

iv. HoD of Indenting Department / Head of Project or Head of Sphere (other than Fields) certifies that nature of items to be procured is such that pre-verification of competence of firm is essential,

v. Government policy designates procurement from specific agencies.

4.1.4.1 SLTE - Risks and Mitigations

Risk	***Mitigation***
Risks as applicable in both LTE and OTE are also applicable here. In addition there is a risk that this mode may be used unjustifiably to avoid open tendering (OTE).	All mitigation strategies of LTE and OTE would apply here also. In addition the systems of checks and balances should be tighter by way of enhanced and severely restricted delegation of powers in this regard for certification of urgency and approval of this mode of procurement. A system of reports from the authority signing the urgency certificate and post facto review of utilization of received goods / works / services to tackle the expressed urgency may be laid down.

4.1.5 Proprietary Tender:

In procurement of goods, certain items are procured only from Original Equipment Manufacturers (OEMs) or manufacturers having proprietary rights (or their authorised dealers/stockists) against a certification by concerned authority as stipulated in the DoP that the item / service is proprietary and there is no other alternative. In case, estimated value exceeds beyond delegated powers of RCE /Project Heads, 'in principle' approval to be obtained from respective Functional Director(s) of Indenting Department. In case of medicines requirement, the same shall be certified by the Drug Purchase Committee (DPC). *This mode may be shortest but since it may provide lesser VfM as compared to LTE or OTE and also strains the transparency principle, it should be used only in justifiable situations.*

Service, component, accessories, sub-assemblies / assemblies, standby equipment are considered as OEM item related to original equipment and the same to be procured from the OEM or authorized dealer of OEM. The equipment, accessories, sub-assemblies / assemblies and any other item supplied along with main equipment by OEM, which are supplied by their (OEM) sub vendor; for these items such sub vendors can be considered as OEM equipment manufacturers.

No Earnest Money or Security Deposit is applicable for procurement on a proprietary basis.

To the extent feasible, the firm may be asked to certify that the rates quoted by them are the same and not higher than those quoted with other Government, public sector or private organisations (Fall Clause).

Reports relating to such awards should be submitted as per Company's Policy.

4.1.5.1 Procurement of Spare Parts:

i. Spare Parts need to be procured directly from OEM only and not from their dealer / distributor / stockist. In exceptional circumstances, if OEM advises that the spare should be purchased from their authorised distributor / dealer / stockist / supply house, then procurement can be done from authorised distributor / dealer / stockist / supply house.

ii. In case of overseas supplier, if OEM has a joint venture in India or has opened their own subsidiary then offer from such JV or subsidiary can also be considered for procurement of spare subject to technical suitability.

iii. In case overseas OEM supplier does not agree to directly supply the spare parts then they may supply on high sea sales basis through their authorised dealers / distributors / stockists/ supply house.

iv. In case of overseas OEM, if supply is made by authorized Indian dealers / distributors / stockists / JVs / subsidiary of OEM, the bidder shall certify that in respect of goods covered under the contract the vendor has paid proper custom and other duties as per Govt. guideline and has complied with all Govt. regulation. The bidder shall further indemnify OIL in this respect from any claim in future by any Authority in India or abroad, from where import is sourced.

v. Under no circumstances bids from Indian Agent for imported spares shall be considered.

4.1.5.2 Proprietary tender- Risks and Mitigations

Risk	***Mitigation***
There is a risk that this mode may get used unjustifiably to restrict competition. Such risks get aggravated, in case of secrecy about such procedures as alternative vendor/contractors may not even come to know about such opportunities	The delegation of powers should be restricted for signing of Proprietary Tender.
Once approved, there is a risk of a nexus getting developed and the mode may continue to be used for many years, without fresh application of mind	It shall be endeavored to identify alternate source of supply in order to avoid procurement on repeated Proprietary tender basis. Alternatively, capital items may be procured on Lifecycle cost basis.
The bidder may charge a price higher than the market	The firm should be asked to accept a "fall clause" undertaking that, in case it supplies or quotes a lower rate to other Governments, public sector or private organizations, it would reimburse the excess. Negotiations may be called for to get prices reduced.

4.1.6 Single Tender Enquiry (STE) (Nomination Tender)

A tender invitation to one firm only without a Proprietary basis certification is called a single tender or Nomination Tender. *This mode may be shortest but since it may provide lesser VfM as compared to LTE / OTE and may also strain the transparency principle, it should be resorted to only under following conditions:*

i. In a case of existing or prospective emergency relating to operational or technical requirements to be certified by the indenter, the required goods are necessarily to be purchased from a particular source subject to the reason for such decision being recorded and approval of the competent authority obtained as per DoP.

ii. For standardization of machinery or components or spare parts to be compatible (other than proprietary spares) to the existing sets of machinery / equipment (on the advice of a competent technical expert and approved by the competent authority), the required goods are to be purchased only from a selected firm.

All efforts should be made for timely processing of procurement cases so as to meet the operational requirement and avoid last minute urgency leading to procurement on nomination basis. A justification for nomination award due to urgency created solely on account of delay in processing the normal tender for procurement is not desirable.

Procurement on Nomination Basis is an exception to the normal procurement procedure. However, procurement on nomination basis may be resorted to by observing the following guidelines.

i. It must be clarified that the procurement on nomination basis is made only to tide over contingent requirements, meeting quality standards as would be critical from the organizational perspective, technical compatibility and if not proceeded with are likely to jeopardize normal operation and business of the company.

ii. The user / indenting department shall provide a complete proposal fully substantiated / justified for selected vendor / contractor and the proposed methodology for award.

iii. The proposal shall include inter-alia the cost estimate and its basis. If the cost estimate is based on the budgetary quotation from proposed bidder then analysis shall be made by the proposer about the reasonableness of the same.

iv. The proposal shall also include detailed scope of work, specification, deliverables, schedule of activities and payment mechanism.

v. The concerned user / indenting department shall carry out the necessary assessment of the vendor / contractor / service provider along with their suitability / credibility for executing the job and record the same in the proposal.

vi. In processing a case on nomination basis the technical and commercial acceptability must be ensured as rejection of the bid is not desirable in such cases.

The concerned user / indenter shall obtain in-principle approval of competent authority before resorting to procurement on nomination basis.

After approval by the Competent Authority a PR will be raised for processing the case for procurement and then forwarded to C&P Department. The C&P Department shall issue the request for quotation (RFQ) indicating specification and scope, delivery and completion schedule and other terms and conditions.

4.1.6.1 Evaluation and Award (Single Tender Enquiry): The technical evaluation will be done by the user department and the commercial evaluation by C&P department.

A tender committee consisting of members from user department, C&P and F&A Department shall deliberate and examine the case and put up final recommendation for award which shall be approved by Competent Authority as per DOP. The tender committee recommendation should contain inter alia the following:

i) Reasons and justification for award on nomination basis instead of competitive bidding.

ii) Reasons and justification for recommending a particular vendor/service provider for nomination contract.

iii) The price reasonableness of the quoted price.

4.1.6.2 STE - Risks and Mitigations

Risk	***Mitigation***
Same but more heightened risks than Proprietary tender are present in this mode. Selection of a single vendor may be non- transparent and unjustified.	Same mitigation strategies as in the case of Proprietary tender should apply. Procurements on a STE basis should be made from reputed firms after determining reasonableness of rates. Powers of procurement of STE should be severely restricted.

4.1.7 Rate Contract (RC) / Framework Contract (FC)

RC is essentially a price agreement with the vendors/contractors at a specified price and terms and conditions during the period covered by the RC. In an RC only anticipated drawls is to be mentioned without any minimum quantity commitment.

The details of rate contract is elaborated in para 8.1 of under Chapter 8.

In view of Government e Marketplace (see para 4.5 below) coming into operation, Rate Contract is not required to be executed for common use items like computers, printers, photocopiers and stationary, other office items like furniture, bottled water etc., which are being placed on GeM and will now be applicable only for specialized and engineering items which are not available on GeM, and are identified as common use items and are needed on recurring basis by the Company.

4.1.7.1 Rate Contracts - Risks and Mitigations

Risk	Mitigation
RC procurements are at risk of being ordered in excess of actual requirements, since the procurement scrutiny may not be as intense as in case of other modes of procurements.	The quantity being ordered should be subject to the same level of scrutiny as in other modes of procurement to ensure that there is no abnormal unexplainable trend in procurement.
Wherever there are parallel RCs for the same item from a number of firms, there may be intense and often unhealthy lobbying (including corrupt practices) from them to seek orders.	Company must put in place adequate guidelines to handle RC procurements, including a transparent system of choosing the RC holders by rotation in a transparent manner in case of parallel RCs. The delegation of powers in this regard should also be restricted keeping these risks in view. The Company should maintain suitable records of RC firms for past performance in respect of timely delivery and quality. Wherever, there are failures against the rate contract in terms of timely delivery and quality of goods, such failures should be analyzed and recorded and direct alternate procurement action may be taken in order to ensure timely availability of materials to meet the needs of the Company.

4.1.8 Spot Purchase

Spot purchase of stock and non-stock items are done by Materials Department if the total value of the individual item does not exceed Rs. 25,000.00 or such limit as specified in DOP. However, the total value of the PR/indent/PO should not exceed the limit stipulated in Internal Control Guidelines for Spot Purchase (presently Rs. 50,000.00). The purchases are made from parties as per the vendor list maintained by the Spot purchase wing of Materials Department on rotation basis. In case of Spot purchase, GeM non-availability report is not required to be obtained.

On the basis of a statement generated from the system (ERP) in regard to the spot and petty purchases, user departments and Materials Department may, on quarterly basis, decide whether any of the items in the statement are to be categorized as stock item for regular Procurement.

It should be used for off-the-shelf goods of simple and standard specifications. *The procedure is the simplest and quickest but VfM may be poor; hence it is suitable only in very low value, urgent and simple requirements in the following situations:*

(i) Procurements do not exceed the threshold (for each requirement) of Rs. 25,000 (Rupees Twenty-five Thousand) or as defined in the DoP for each item/case;

(ii) The requirement is urgent but was not covered in the procurement plan; and

(iii) The requirement is for off-the-shelf goods of simple and standard specifications.

4.1.8.1 Spot Purchase - Risks and Mitigations

Risk	***Mitigation***
The main risk is splitting of demand to avoid higher approvals or higher modes of procurements.	User should carry out periodic review of such procurements to ensure that the demand is not split into small quantities for the sole purpose of avoiding the necessity of getting an approval from the higher authority required for sanctioning the purchase of the original demand or for avoiding LTE or OTE mode of procurement. An annual review of such procurements shall be carried out to ensure that future anticipated requirements are clubbed and procured through LTE / OTE / RC. To keep a better control, an annual ceiling may be fixed for each office for such a mode of procurement. Each office should maintain records to monitor such limits.
Over a period of time intentionally or otherwise, the due diligence of enquiries from market may degenerate into a mechanical obtaining of quotations, leading to development of nexus and crony suppliers. Vendor selection may actually be manipulated with fake supporting vouchers. Since such small value materials do not undergo accounting and inventory control, the risk of development of a nexus, leakages and fake procurements and payments are there. The same set of vendors may get patronised repeatedly for a wide variety of requirements. Since only cursory visual inspections are done, quality may be at risk.	Supervisors should cross check a percentage of cases in the market for prices, fake vouchers, and so on. Supervisors should also check that the same vendor(s) is not being patronised repeatedly. For the sake of transparency, payments should be made by cheque or through Electronic Clearance Service except that cash payment may be allowed up to Rs. 5,000 (Rupees Five thousand). Staff involved with such procurements should not continue in the same role for long and should be rotated frequently.

4.1.9 Direct Procurement by Purchase Committee (Board of Officers)

Purchase by board of Officers (Committee) will be resorted to only in exceptional circumstances when the materials /services/works are either required urgently to overcome an exigency or because the indentor is not able to give firmed up / detailed specifications (necessitating on the spot decision based on the availability in the market, aesthetic consideration, touch & feel) so that procurement cannot be made under the normal purchase procedure, provided further that prior approval of the Head of the Sphere/Project is obtained and furnished along with the Purchase Indent, before resorting to purchase through a board of officers. For detailed procedure the approved Standard Operating Procedure (SOP) for Committee Purchase to be followed.

This mode of procurement may be used for procurement values upto Rs. 2.5 Lakhs on each occasion. In case of procurement through Board of Officers for value exceeding Rs. 2.5 Lakhs, in-principle approval from the concerned Functional Director shall be required.

4.1.9.1 Direct Procurement by Purchase Committee - Risks and Mitigations

Risk	***Mitigation***
Risks are the same as in the case of direct procurement without quotation mentioned above, with mitigation due to involvement of three members. Over a period of time intentionally or otherwise, the due diligence of enquiries from market may lead to of development of nexus and crony suppliers.	Mitigation strategies are also the same as in direct procurement without quotation.

4.1.10 Emergency Purchase:

The natural calamity, explosion, fire, flood, civil disturbances, war, cyclones, blow out, and earthquake endangering the plant, property and lives or any operational emergency which may result in safety hazard / loss of property if not attended /repaired shall be referred to as emergency (declared as per Powers of Emergency stipulated in DoP).

In case of emergency normal procurement procedure shall not be applicable. Concerned User Departments shall take all required decisions in respect of procurement of materials / works / services to deal with emergency with normal prudence and transparency.

All actions shall be taken in accordance with Delegation of Power (DOP) for emergency procurement (presently under Section D of DoP). No separate approval is required for regularization/processing of payment.

Prior Financial sanction is not necessary in case of emergency procurement.

Detailed justification for resorting to such emergency purchases should be recorded at the time of processing the proposal for approval of competent authority as per DOP.

Quantity to be purchased shall be restricted to the minimum essential and the procurement shall be accounted for immediately by submitting Pre-receipted indent along with the Inspection Report, Invoice, Delivery Challan and Purchase Order, to the C&P Department for raising GRN.

C&P departments in all spheres/projects need to ensure that the items purchased as emergency procurement are issued and certified by user that they have been put in utilization. Delay in consumption of such items, if any, are to be reported by the concerned Department to concerned HOD / Project Head, with reasons.

4.2 Bidding Systems

Bidding systems are designed to achieve an appropriate balance between the countervailing needs for Right Quality, Right Source and the Right Price under different complexities/criticality of Technical requirements and value of procurements. In certain critical and complex requirements, the technical and financial capability of Source of supply becomes an important determinant for value for money. Depending on the complexity and criticality of technical requirement, Criticality of capability of source and value of procurement, following types of bidding systems may be used.

4.2.1 Single Stage Bidding System

In single stage bidding, all bids are invited together in a single envelope or in multiple envelopes system. This bidding system is suitable where technical requirement are simple or moderate; capability of source of supply is not too crucial and the value of procurement is not too high;

4.2.1.1 Single Stage Single Envelope (Composite Bid) System:

Where qualitative requirements and technical specifications are clear; capability of source of supply isn't critical and value of procurement is low or moderate, the single envelop system, where eligibility, technical/commercial and financial details are submitted together in the same envelop may be followed. This is the simplest and the quickest bidding system and should be the default system of bidding for tenders upto the value of Rs. 50 lakhs for procurement of goods and Rs. 1 Cr for works/services. The above are only guidelines however, depending upon the requirement C&P Department can select any other value limit which suits the particular procurement. In case higher value limit is selected for composite bid system, it should be substantiated with proper justification.

The lowest responsive priced bid that meets the eligibility criteria, technical and commercial requirements laid down in the bid documents is declared as successful.

Procurement of OEM / Proprietary / Spare part items and award on Nomination basis may also be through single bid system (composite bid system).

4.2.1.2 Single Stage Two Envelopes System (Single Stage Two Bid System):

Two Bid System generally is used:

i) In case of procurement of capital items / works / services of complex and sophisticated nature where it is essential to examine the technical offer for acceptability and compliance to the tender conditions but where capability of source of supply is still not crucial.

ii) In procurement of the items where service conditions and other parameters are provided by OIL and equipment are designed and manufactured by the bidder which may require examination of the bid for compliance to the tender conditions.

As a general guideline the procurement having value more than specified for Single Stage Composite Bid system shall be processed as per single stage two bid system. However, this is just a guideline, depending upon the requirement any other value limit which suits the particular procurement may be opted.

Under Single Stage Two Bid System the bid should comprise of "Techno Commercial – Unpriced Bid" – Part-I and "Priced Bid" – Part-II separately, sealed in separate envelopes. The first inner sealed cover will contain Techno Commercial – Unpriced bid having all details but with price column blanked out. Part-I shall also contain EMD / Bid Bond. This cover will clearly be super scribed with "Techno Commercial – Unpriced Bid" along with party's name, tender number, Bid closing date and brief item description. The second inner sealed cover will contain only the price schedule duly filled in and signed and will be clearly super scribed with "Priced Bid" along with other details as mentioned above. These two covers shall be put into an outer cover and sealed. The outer cover should bear the Tender number and Bid closing / opening date along with the address of the office where tenders are to be submitted. In case of e-tender techno-commercial bid (without price bid) and Price Bid have to be uploaded in separately designated places of the e-portal as per the requirement (design) of the e-portal.

In case of electronic bidding, bidders shall upload the copy of bid bond / security deposit while submitting the bid. However, original bid bond must be received on or before the due date and time of bid submission at the designated C&P department office. This provision shall be applicable only when bids are invited through OIL's own e-tender portal. In case of GeM tenders, the provisions for submission of EMD / bid bond / bid security as per terms & conditions of GeM shall be applicable.

The techno-commercial unpriced bids will be opened and scrutinized. The user department shall carry out the technical scrutiny and submit the technical scrutiny report which shall take care of compliance to BEC (technical and experience) and technical suitability / compliance as per specification provided in the tender document. The technical scrutiny report shall be submitted by User Department along with the financial scrutiny / evaluation carried out by F&A Department. The commercial evaluation with reference to commercial terms and conditions of the tender document shall be done by C&P department which shall submit the commercial scrutiny report. The bids which are found acceptable as per Technical, Financial and Commercial Scrutiny Reports shall be considered acceptable for price bid opening.

After the short-listing of techno-commercially acceptable bidders and approval by competent authority for price bid opening (if required as per DoP), all such bidders will be notified of the date of opening of priced bids, allowing period of up to 5 working days, depending upon the urgency of requirement and location of bidders, so as to enable such bidders to participate in price bid opening if they so like.

In case of physical tenders, the financial bids of technically non- compliant bidders should be returned unopened to the respective bidders by registered acknowledgement due / reliable courier or any other mode with proof of delivery. In e-Procurement, financial bids of technically non-compliant offers would not get opened.

4.2.2 Two Stage Two Bid System

4.2.2.1 Expression of Interest

There are instances where the equipment / plant to be procured is of complex nature and the procuring organization may not possess the full knowledge of

either the various technical solutions available or the likely sources for such products in the market. To meet the desired objectives of a transparent procurement that ensures value for money simultaneously ensuring upgradation of technology & capacity building- it would be prudent to invite a two-stage Expression of Interest (Eol) Bids and proceed to explore the market and to finalise specifications based on technical discussions / presentations with the experienced manufacturers/suppliers in a transparent manner. Expression of Interest (EoI) bids may be invited in following situations:

i) It is not feasible for the Company to formulate detailed specifications or identify specific characteristics for the subject matter of procurement, without receiving inputs regarding its technical aspects from bidders;

ii) The character of the subject matter of procurement is subject to rapid technological advances or market fluctuations or both;

iii) The Company seeks to enter into a contract for the purpose of research, experiment, study or development, except where the contract includes the production of requirements in quantities sufficient to establish their commercial viability or to recover research and development costs;

iv) The bidder is expected to carry out a detailed survey or investigation and undertake a comprehensive assessment of risks, costs and obligations associated with the particular procurement.

v) EOI may also be invited only for technology proposals/market surveys for new technologies/finalization of technical specifications etc. and the same may not be utilized to translate into tender and subsequent award of contract/order.

Note: *EOI for technical proposals/ market survey for new technology/ finalization of technical specifications etc. shall not fall under purview of DoP and can be processed by user department directly.*

(a) The procedure for two stage bidding (EOI) shall include the following, namely:

i) **First Stage**: In the first stage of the bidding process, the Company shall invite EoI bids containing the broad objectives, technical and financial eligibility criteria, terms and conditions of the proposed procurement etc. without a price bid. Technical and financial eligibility criteria (PQC) should be incorporated after approval as per DoP. On receipt of the Expressions of Interest, technical discussions/presentations may be held with the short-listed manufacturers/suppliers, which are prima facie considered technically and financially capable of supplying the material or executing the proposed work, giving equal opportunity to all such bidders to participate in the discussions. During these technical discussions stage the procurement agency may also add those other stakeholders in the discussions who could add value to the decision making on the various technical aspects and evaluation criteria. Based on the discussions/ presentations so held, one or more acceptable technical solutions could be decided upon laying down detailed technical specifications for each acceptable technical solution, quality benchmarks, warranty requirements, delivery milestones etc. in a manner that is consistent with the objectives of the transparent procurement. At the same time care should be taken to make the specifications generic in nature so as to provide equitable opportunities to the prospective bidders. Proper record of

discussions/presentations and the process of decision making should be kept;

In revising the relevant terms and conditions of the procurement, if found necessary as a result of discussions with the shortlisted bidders, the Company shall not modify the fundamental nature of the procurement itself.

ii) **Second Stage**: In the second stage of the bidding process, the Company shall invite bids from all those bidders whose bids at the first stage were accepted, to present final bid with bid prices in response to a revised set of terms and conditions of the procurement;

Any bidder, invited to bid but not in a position to supply the subject matter of procurement due to modification in the specifications or terms and conditions, may withdraw from the bidding proceedings without forfeiting any bid security that he may have been required to provide or being penalised in any way, by declaring his intention to withdraw from the procurement proceedings with adequate justification.

If the Company is of the view that after EoI stage, there is likelihood of further participation by many more bidders and to avoid getting trapped into a legacy technology, the second stage bidding may not be restricted only to the shortlisted bidders of EoI stage and it may be so declared in the EoI document ab-initio. Thereafter in the second stage, normal OTE/ GTE bidding may be done. Such variant of EoI is called 'Non-committal' EoI.

(b) **Invitation of EoI Tenders:** In EoI tenders, an advertisement inviting expression of interest should be published. The invitation to the EoI document should contain the following information:

i) A copy of the advertisement;

ii) **Objectives and scope of the requirement:** This may include a brief description of objectives and broad scope of the requirement. It may also include the validity period of empanelment;

iii) **Instructions to the bidders:** This may include instructions regarding the nature of supply, fees for empanelment (if any), last date of submission, place of submission and any other related instructions;

iv) **Formats for submission:** This section should specify the format in which the bidders are expected to submit their EoI;

v) The EoI document should be made available to the interested bidder on Company's website in a downloadable form; and

vi) **Eligibility criteria:** The invitation to EoI should clearly lay down the eligibility criteria, which should be applied for shortlisting. Supporting documents required need to be clearly mentioned. An appropriate eligibility criteria should be designed, keeping in mind the specific objectives of the EoI.

(c) **Evaluation of EoI:** The bidders should be evaluated for shortlisting, inter-alia, based on their past experience of performance in a similar context,

financial strength and technical capabilities, among others. The EoI document may specify the minimum qualifying requirement for each of the criteria, such as minimum years of experience, minimum number of assignments executed and minimum turnover. All bidders who meet the minimum requirement, as specified, should be shortlisted. The short list should normally comprise at least four firms.

4.3 Pre-Tender Conference:

In complex and innovative procurement cases or where the Company may not have the required knowledge to formulate tender provisions, a pre-tender conference may help the Company in obtaining inputs from the industry. Such conferences shall be organized by the Indenting Department and should be widely publicized so that different potential suppliers can attend.

4.4 Electronic Procurement (e-Procurement other than GeM)

It is preferable to receive all bids through e-procurement portals in respect of all procurements. E-Procurement is a web based application where apart from others, e-tendering and e-reverse auction are carried out through internet in an online environment in effective and transparent way. E - Tendering is the process of floating tender and receipt of bids from the bidders through internet portal. OIL is presently using MY SAP SRM for e-tendering. Threshold value for E-tender is presently fixed at Rs. 10 (Ten) Lakhs. Publications of tender in OIL's website/ Govt. portals are to be done in the same manner as in case of physical tenders.

For detailed procedure of e-procurement Appendix 7 may be referred.

4.5 One Stop Government e-Marketplace (GeM)

An online marketplace (or e-commerce marketplace) is a type of e- commerce site where product or services are offered by a number of sellers and all the buyers can select the product / services offered by any one of the seller, based on his own criteria. In an online marketplace, Purchaser's transactions are processed by the marketplace operator and then product services are delivered and fulfilled directly by the participating retailers. Other capabilities might include auctioning (forward or reverse), catalogues, ordering, posting of requirements by Purchasers, Payment gateways etc. In general, because online marketplaces aggregate products from a wide array of providers, selection is usually wider, availability is higher, and prices are more competitive than in vendor-specific online retail stores.

Ministry of Commerce has developed an online Government e-Market Place for common use goods and services. The procurement process on GeM is end to end from placement of supply order to payment to suppliers. This is to ensure better transparency and higher efficiency. All the process will be electronic and online.

The procedure for procurements carried out through GeM shall be as per the GeM guidelines and Terms & Conditions mentioned therein, which can be accessed on its website www.gem.gov.in. Company shall endeavor to procure through GeM all those Goods and Services which are available in GeM. For updated GeM GTC following link may be referred: https://gem.gov.in/page/gtc.

4.6 Electronic Reverse Auction (RA)

Unlike in normal auction, where prices are auctioned from seller's point of view & the highest price is awarded the auction, in reverse auction prices are auctioned from purchaser's point of view & the most competitive lowest price is awarded the auction.

If required, RA may be preceded by an e-Procurement stage of eligibility to shortlist competent bidders who would be allowed to participate in the RA. The shortlisted bidders can after the start of RA start bidding online in an iterative process wherein the lowest bidder at any given moment can be displaced by an even lower bid of a competing bidder, within the duration of the RA. If a new lower bid is received within last few minutes (say two minutes) of closing time, the closing time may get automatically extended by few minutes (say five minutes) for others to respond. Maximum number of such extensions may be stipulated (say five). The most favourable bid at the end of stipulated / extended time is declared as successful. It has, however, to be ensured that the entire process is conducted in a transparent and fair manner. A Company may choose to procure a subject matter of procurement by the electronic reverse auction method, with the following considerations:

i) Items for Reverse Auction may be selected carefully. Items of strategic, critical and vital nature, items in short supply in market and where there are only a few suppliers, are not suitable for reverse auction. Items in the nature of commodities, Commercially-off-the-shelf items, items having large number of suppliers and high value procurements may be more amenable to reverse auction;

ii) It is feasible for the Company to formulate a detailed description of the subject matter of the procurement;

iii) There is a competitive market of bidders anticipated to be qualified to participate in the electronic reverse auction, so that effective competition is ensured;

iv) The criteria to be used by the Company in determining the successful bid are quantifiable and can be expressed in monetary terms;

The procedure for electronic reverse auction shall include inter alia at least the following:

a) The Company shall solicit bids through an invitation to the electronic reverse auction to be published or communicated in accordance with the provisions similar to e-procurement; and

b) The invitation shall, in addition to the information as specified in e-procurement, include details relating to:

- Access to and registration for the auction;
- Opening and closing of the auction;
- Norms for conduct of the auction; and
- Any other information as may be relevant to the method of procurement.

********************End of Chapter-4********************

CHAPTER 5

PREPARING BID DOCUMENTS, PUBLICATION, RECEIPT AND OPENING OF BIDS

5.1 Preparation of Tender Documents

The text of the bid document should be self-contained and comprehensive without any ambiguity. All essential information, which a bidder needs for submitting a responsive bid, should be clearly spelt out in the bidding document in simple language. This will also enable the prospective bidders to formulate and send their competitive bids with confidence. A carefully prepared tender document avoids delays and complaints. Hence, it is worth spending time and effort on this, even in cases of urgency.

Bid documents should be based on Standard Bidding Documents (SBDs) relevant for the value range and the category of procurement. SBD for e-procurement would be slightly different from the traditional SBD. To ensure uniformity, the standard provisions in most sections of the SBD are to be used unaltered. Any modification to suit a unique requirement of the specific procurement in these documents is to be done through variable sections such as Special Instructions to Bidders or Special Conditions of Contract.

While SBDs would be complete in themselves and may be slightly different for various categories of procurements, these must necessarily address the following essential aspects:

i) Description of the subject matter of procurement, its specifications including the nature, quantity, time and place or places of delivery;

ii) Limitation or preference for participation by bidders in terms of the Government policies;

iii) The criteria for eligibility and qualification to be met by the bidder (the eligibility criteria should take care of the supplier's eligibility to receive a contract. The qualification criteria should take care of the supplier's past performance, experience, technical competence and production capacity of the subject goods, financial strength to handle the contract successfully, compliance with environmental protection regulations / Environment Management System and so on);

iv) There are no such qualifications for the bidders that would be advantageous to the foreign manufactured goods at the cost of domestically manufactured goods.

v) The procedure as well as date, time and place for obtaining, submitting and opening of the bids;

vi) Terms of delivery / completion;

vii) Suitable provisions for enabling a bidder to submit representation against the bidding conditions, bidding process and / or rejection of its bid. These provisions should include a time frame in which Company will address the bidder's questions.

viii) Criteria for determining the responsiveness of bids, criteria as well as factors to be taken into account for evaluating the bids on a common platform and the criteria for awarding the contract to the responsive, most advantageous (lowest/best as the case may be) bidder should be clearly indicated in the Tender documents.

A contract or order should not be finalized with zero consideration. Therefore, in order to take care of it, wherever required, tender documents should include a clause in the qualification as well as in price schedule of the tender that "if a firm quotes NIL charges / consideration, the bid shall be treated as unresponsive and will not be considered".

ix) Suitable provision for settlement of disputes, if any, emanating from the resultant contract, should be clearly stipulated in the tender document; and

x) Essential terms of the procurement contract including a suitable clause mentioning that the resultant contract will be interpreted under Indian laws.

xi) **Tender Document:**

a) The tender document is the fundamental document in the public procurement process as after award of the contract it becomes part of the contract agreement. All necessary provisions governing the contract should be clearly provided in the tender document. Examples are technical specifications, drawings, commercial terms and conditions including time period, inspection, payment terms, obligations of the Company and the suppliers timeframe / milestones, tax implications, compliance framework for statutory and other norms, dispute resolution. Provisions / clauses in the tender document should be clear to avoid differences in interpretation and possible time overrun, cost overrun and quality compromises. Standard Tender template to be framed for floating tenders.

b) In tenders containing General Conditions of Contract (GCC), special conditions to be incorporated in the tender document, shall be need based and specific. The GCCs should not be altered and changes, if any, in conditions of contract should only be made through the Special Conditions of Contract.

c) The tender documents should mention that the respective contract signing authority of the Company shall be the authority to issue instructions for variations and changes in scope of work against that contract.

d) Provision of price variation, wherever considered appropriate, as well as methodology for calculation of the same shall be clearly stipulated in the tender document.

e) Technical and Financial eligibility Criteria for the bidders are important in the public procurement process. They shall be clear and fair, having regard to the specific circumstances of the procurement. Appropriate parameters should be prescribed in the eligibility criteria for bidders, to enable selection of the right type of bidders in public interest, balancing considerations of quality, time and cost.

f) Open online tendering should be the default method to ensure efficiency of procurement. Experience Criteria should be kept broad based so that bidders with experience in similar nature of items / goods can participate.

g) Provision for Pre-bid conference should be kept based on the requirement. The Place and time of pre-bid conferences should be mentioned in the tender document.

5.1.1 Contents of Tender Document:

The main sections of the Tender Documents are:

i) Notice Inviting Tender (NIT);

ii) Instructions to Bidders (ITB);

iii) Appendix to Instructions to Bidders (AITB) (instead of modifying ITB, it is better to have information specific to a procurement as a separate section);

iv) Eligibility and qualification criteria (Bid Evaluation Criteria / Bid Rejection Criteria);

v) Schedule of requirements

vi) Technical specifications (including Drawings) and Quality Assurance (Inspections and Tests);

vii) General Conditions of Contract (GCC) / General Terms & Conditions (GTC);

viii) Special Conditions of Contract (SCC)/Special Terms & Conditions (STC) (instead of modifying GCC/GTC every time, it is better to have it as a separate section); and

ix) Standard formats, including Bid Cover letter, price schedules, bank guarantees and contract format.

Some broad guidelines for preparing bid documents are provided in the subsequent paragraphs.

5.1.1.1 Notice Inviting Tender

A standard NIT format should be used for publishing the tender notice. To ensure competition, preferably attention of all likely bidders, for example, registered suppliers, past suppliers and other known potential suppliers, should be invited to the NIT through email / letters.

The Notice Inviting Tender (NIT) is crucial for attracting wide competition in the tender. The NIT should be brief but must contain sufficient detail for a prospective bidder to decide whether to participate in the tender or not and, if he decides to participate, how to go about it. NIT should be published as per the current policy of the Company.

In case of procurement through a limited tender above Rs. 2.5 lakhs, the NIT is to be uploaded on CPPP and Company's website with flagging (refer Para 3.4 under Chapter 3 for flagging of limited tender).

5.1.1.2 Information to Bidders (ITB) and AITB

ITB contain all relevant information as well as guidance to the prospective bidders regarding all aspects of obtaining tender documents, and preparing and submitting a responsive bid. It also mentions the process of establishing the eligibility of the bidder as well as evaluation and comparison of tenders and award of contract. ITB should not contain information on processes after the

announcement of the award which should be covered in GCC, for example, the arbitration clause, resolution of disputes, and so on. Instead of modifying ITB every time, any changes warranted by special circumstances may be indicated on a separate Appendix to ITB (AITB) and ITB may be included unchanged in every tender document. It should also to be indicated therein that the provisions in the AITB will supersede the corresponding provisions in the ITB.

Important clauses of ITB/ AITB which may require attention and action are:

i) Purchase Preference Policies

If the purchaser intends to give a purchase preference in line with current Government policies, this fact must be declared in the ITB/AITB and in NIT as well.

ii) Clarification of Tender Documents

A prospective bidder requiring clarification on the tender documents may notify to the Company in writing, well before the due date of submission of bids, and a response should be sent in writing to the clarifications sought prior to the date of opening of the tenders.

iii) Amendment of Tender Documents

At any time prior to the date of submission of bids, the purchaser may, whether at his own initiative or in response to a clarification sought by a prospective bidder, amend bid documents by issuing a corrigendum. Amendments to the NIT after its issue will be published on OIL's website only.

When the amendment/modification changes the requirement significantly and /or when there is not much time left for the bidders to respond to such amendments, and prepare a revised tender, the time and date of submission of tenders are also to be extended suitably, along with suitable changes in the corresponding timeframes for receipt of the tender.

iv) Bid Validity

A bid shall remain valid for the period mentioned in the ITB/ AITB as under;

Composite Bid System: 60 - 90 days
Two Bid System: 90 - 120 days

In exceptional circumstances, the consent of the bidder may be requested in writing for an extension to the period of bid validity. Such requests should preferably be made much before the expiry of the bid validity. The bid security provided shall also be suitably extended. A bidder accepting the request and granting extension shall not be permitted to modify his bid.

v) Sealing and Marking of Tenders (applicable only for physical tender)

Appendix-8 to be referred for Procedure for receipt and submission of physical tender.

vi) Withdrawal, Substitution and Modification of Bid

The bidder, after submitting the bid is permitted to withdraw, substitute or modify their bid without forfeiture of Bid Security/ EMD, up to the bid closing date and time of the tender. Any such request received after the prescribed bid closing date and time will not be considered. No bid may be withdrawn in the interval between the deadline for submission of bids and expiration of the period of bid validity. Withdrawal of a bid during this period will result in forfeiture of the bidder's bid security (EMD) and other sanctions.

vii) OEM / Authorized Dealer

Except in case of Commercially-Off-the-Shelf (COTS) items, when a firm sends quotation for an item manufactured by some different company, the firm is also required to attach, in its quotation, the manufacturer's authorization certificate and also manufacturer's confirmation of extending the required warranty for that product as per formats given in SBD. This is necessary to ensure quotation from a responsible party offering genuine product, also backed by a warranty obligation from the concerned manufacturer. In the tender, either the manufacturer or its authorized dealer can be considered as valid bidders.

In case of large contracts, especially capital equipment, the manufacturer's authorization must be insisted upon on a tender specific basis, not general authorization / dealership, by so declaring in the bid documents clearly.

In cases where the manufacturer has submitted the bid, the bids of its authorized dealer will not be considered and EMD will be returned.

viii) Conflict of Interest among Bidders / Agents

A bidder shall not have conflict of interest with other bidders. Such conflict of interest can lead to anti-competitive practices to the detriment of Company's interests. The bidder found to have a conflict of interest shall be disqualified. A bidder may be considered to have a conflict of interest with one or more parties in a bidding process, if:

a) they have controlling partner(s) in common; or

b) they receive or have received any direct or indirect subsidy / financial stake from any of them; or

c) they have the same legal representative / agent for purposes of this bid; or

d) they have relationship with each other, directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another Bidder; or

e) Bidder participates in more than one bid in the bidding process. Participation by a Bidder in more than one Bid will result in the disqualification of all bids in which the parties are involved. However, this does not limit the inclusion of the components / sub-assembly / Assemblies from one bidding manufacturer in more than one bid.

f) Offers made by agents /consultants / retainers / representative / associate of foreign principals will be rejected.

g) A sole selling agents/dealers/stockiest of foreign principals cannot represent more than one manufacturer or quote on behalf of more than one manufacturer/principal in a particular tender enquiry. One manufacturer/principal can also authorise only one sole selling agents /dealers/stockiest of foreign principals.

h) A bidder or any of its affiliates participated as a consultant in the preparation of the design or technical specifications of the contract that is the subject of the Bid;

i) In case of a holding company having more than one independently manufacturing units, or more than one unit having common business ownership / management, only one unit should quote. Similar restrictions would apply to closely related sister companies. Bidders must proactively declare such sister / common business / management units in same / similar line of business.

5.1.1.3 Eligibility / Evaluation / Qualification Criteria (BEC-BRC)

1) If it is intended to use eligibility / evaluation / qualification criteria to evaluate a tender and determine whether a bidder has the required qualifications, this point may be clearly specified in NIT, ITB / AITB or as a separate section of the tender document. The bidder has to ensure that he provides convincing proof of having fulfilled these criteria. *Any criteria not specified in the tender cannot be used for evaluation or qualification.*

The condition of financial qualification and prior experience may be relaxed for Startups (as defined by Department of Industrial Policy and Promotion) subject to meeting of quality & technical specifications and making suitable provisions in the bidding document. As per Department of Expenditure's OM No. F.20/2/2014-PPD dated 20.09.2016, relaxation regarding the financial qualification and prior experience is applicable only to all startups recognized by Department of Industry & Internal Trade (DPIIT) subject to meeting of quality and technical specifications. Startups may be MSMEs or otherwise.

Company has formulated a startup policy, as provided in Appendix 11 to be referred.

Prequalification / Post Qualification (PQ) shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance, capabilities with respect to personnel, equipment and manufacturing facilities, financial standing. The quantity, delivery and value requirement shall be kept in view, while fixing the PQ criteria. No bidder should be denied prequalification / post qualification for reasons unrelated to its capability and resources to successfully perform the contract.

2) Utmost care should be taken in formulating BEC / BRC so that the ultimate objective of purchasing function, i.e. procuring the required materials / services / works as per required specifications, delivery / completion schedule at most competitive prices, is met.

The capability / eligibility of a bidder is assessed for technical competence based on the similar past experience of execution / manufacturing / service

providing and availability of relevant facilities for performing the job as per relevant standard.

The financial strength of the bidder is assessed through a scrutiny of financial document such as profit & loss statement, balance sheet with reference to turnover, net worth and other financial parameters.

While the factors relating to experience and manufacturing / fabrication capability are more relevant and important for orders pertaining to supplies; experience and financial soundness assume relatively higher importance and relevance while assessing capability of contractors for construction works, turnkey jobs and services to be provided by them.

The BEC and other relevant tender condition should be made in such a manner that the competent bidders participate in the tender and there is sufficient participation. The BEC should never be framed keeping in view a particular bidder / bidders. As far as possible the BEC should be general in nature meeting the job requirement ensuring adequate competition without compromising on quality / competence of the bidder.

3) The following financial & technical criteria may be included in open tender in order to ascertain financial & technical capability of the bidders.

FINANCIAL CRITERIA:

Sl. No.	Financial Criteria (to be considered from the original bid closing date)	
1.	*Annual Turnover	
	Value	(i) 50% of the estimated value for all cases where execution / delivery period is less than one year. (ii) 50% of the annualized estimated value for all cases where execution / delivery period is more than one year.
	For consortium	At least one member of the consortium to meet the above criteria of 50% turnover. The other members of consortium should meet minimum 25% turnover requirement.
	Period for consideration	In any of preceding 3 financial years
2.	*Net worth	Positive for preceding financial / accounting year.

***Note:**

Annual Financial Turnover of the bidder from operations shall mean *Aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company (i.e., bidding entity, as the case may be) during a financial year as per the Companies Act, 2013 Section 2 (91).*

Net worth shall mean *the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*

TECHNICAL CRITERIA:

i) Experience of manufacturing and supply of similar equipment / materials / plant in previous 5 (five) years to be reckoned from the original stipulated bid closing date of the tender.

ii) Availability of manufacturing / fabrication facility with adequate testing /quality assurance facility as per applicable codes, if required considering the nature of items.

iii) The bidder should have experience of successfully executing at least 1 (one) similar order of minimum 50% of the estimated value / tendered quantity in preceding 5 (five) years to be reckoned from the original stipulated bid closing date of the tender.

In case of rate contract for supply of bulk materials / off the shelf items / consumables etc. the bidder should have executed at least 50% of the annualized value of the estimate under the tender in one year, of the preceding 5 (five) years.

iv) If the experience can be specified in terms of technical parameters, the criterion of similar works experience may not be necessary to be specified in terms of value / quantity.

v) "Similar order" if specified in BEC must be clearly defined in the tender documents.

vi) The above regarding the BEC are the general guidelines to be considered while formulating bid evaluation criteria. The indenting department concerned, with due reasoning / justification, may suitably formulate the BEC depending upon the job requirements and the same shall not be treated as deviation to the procedure. While making BEC, the prime objective is that only capable bidders are qualified. At the same time, there should be sufficient participation.

Note:

a) The Contract(s)/Purchase Order(s) date need not be within 5 (five) years preceding the original bid closing date of this tender. However, the execution of supply should be within 5 (five) years preceding original bid closing date of this tender.

b) Original Bid Closing Date shall be considered for evaluation of BRC Criteria in case of any extension of the bid closing date.

c) A job executed by a bidder for its own organization/subsidiary cannot be considered as experience for the purpose of meeting BEC.

4) **Approval of Bid Evaluation Criteria:** In case of tender being processed through open advertisement a suitable BEC needs to be formulated covering technical as well as commercial aspects. On recommendation of tender committee the competent authority as per Delegation of Power (DOP) shall approve the proposed BEC.

5) **Modification / Amendment to BEC:** Modification to BEC is not desirable and should be avoided. However, as a result of Pre-Bid Conference or any other valid reason, if modification to BEC is inevitable, on recommendation of Tender Committee, with full justification, the modification to be approved by the competent authority as per DoP. Modification to BEC is not permitted after the receipt of the bids.

6) It is important to explicitly include all such terms and conditions which are considered absolutely necessary to be accepted by bidder without any deviation. Tender document should have a stipulation that deviation to such criteria shall make the bid liable for rejection. Broadly the following are to be included in the tender as rejection criteria :

Deviation to the following provision of the tender document:

i. Firm price
ii. EMD / Bid Bond / Bid Security Declaration
iii. Scope of work
iv. Specifications
v. Price Schedule
vi. Delivery / Completion Schedule
vii. Period of Validity of Bid
viii. Liquidated Damages
ix. Performance Bank Guarantee / Security deposit
x. Guarantee of material / work
xi. Arbitration / Resolution of Dispute
xii. Force Majeure
xiii. Applicable Laws
xiv. Integrity Pact, if applicable
xv. Any other condition specifically mentioned in the tender documents elsewhere that non-compliance of the clause lead to rejection of the bid.

7) **Loading Criteria:** In case there are certain foreseen acceptable deviations which can be loaded financially, the same needs to be indicated in the tender document along with quantum / rate of loading.

For Example:

i. In case OIL opts to supply cement, steel etc. to the contractor, the bidders are required to quote the consumption and OIL is to indicate in the tender upfront the rate for loading of price for such items in case of turnkey packages.

ii. The stipulation in case of OIL providing steam, power and other such utilities for consumption by the contractor, the bidder to quote the consumption and the tender should have the rate for loading such consumption.

In addition to above, if there are any other factors which impact the price evaluation, the same needs to be mentioned in the tender document. Further the tender document should contain the method of evaluation for such factors in unambiguous manner while evaluating the price bid.

8) **Standardization of BEC**

i. There are certain items, materials, services / works which are repeatedly in use. It is advised that for such items, materials, services / works the bid evaluation criteria should be standardized. The standard BEC shall be used across OIL at all spheres / projects so as to maintain uniformity in procurement of similar items in OIL.

ii. The items, materials, services / works for which there are standard BEC, we need not generate another BEC against each and every tender. The standard BEC should be used. In case of exceptional situation, due to certain operational requirement, with reasons to be

recorded, the standard BEC may be modified to the minimal extent to meet the operational requirement of the particular case. This shall be done with the approval of competent authority on recommendation of the committee.

iii. The standardized BEC in OIL needs to be reviewed at least once in 2(two) years to take care of subsequent development in terms of items, materials, services / works.

5.1.1.4 Schedule of Requirements

This section comprises the list of goods and delivery schedule. If there is no separate TS, then TS, quality assurance and inspections may also be included here. If the tender contains a number of schedules of requirements, it must be clarified, whether evaluation of eligibility / qualifications / financial bids would be on a schedule by schedule basis or on the basis of a total of all schedules put together.

5.1.1.5 Quotation Received from Dealers

When a firm sends a quotation for an item manufactured by a different company, the firm is also required to attach in its quotation that manufacturer's authorisation certificate and also manufacturer's confirmation of extending the required warranty for that product (in addition to the bidders' confirmation to the required warranty). If the firm is an authorised agent/dealer of that manufacturer, certified documentary evidence to this effect is to be attached along with the quotation. This is necessary to ensure a quotation from a responsible party offering the genuine product, also backed by a warranty obligation from the concerned manufacturer.

5.1.1.6 Special Conditions in GTE Procurements

i. **Currency of Bidding:** In GTE tenders, the Foreign Bidders are allowed to quote price (and get paid) in RBI's notified basket of foreign currencies - US Dollar or Euro or Pound Sterling or Yen etc., in addition to the Indian Rupees - except for expenditure incurred in India (including agency commission if any) which should be stated in Indian Rupees. Indian Bidders are to quote in INR only.

ii. **Agency Commission:** The amount of Agency Commission, (normally not exceeding five percent) payable to the Indian Agent should not be more than what is specified in the Agency agreement (a certified copy should be submitted along with the bid) between the bidder and the Indian Agent. The Indian Agent will be required to submit a certificate along with their Agency Commission bill, confirming that the amount claimed as Agency Commission in the bill has been spent / will be spent, strictly to render services to the foreign Principal, in terms of the Agency Agreement. The Purchaser or their authorized agencies and/or any other authority of the Government of India shall have rights to examine the books of the Indian Agent and defects or misrepresentations in respect of the afore indicated confirmation coming to light during such examinations will make the foreign Principal (i.e. the Contractor) and their Indian Agent liable to be banned / suspended from having business dealings with the Purchaser, following laid down procedures for such banning / suspension of business dealings.

iii. **Delivery Terms:** The delivery terms are to be expressed in terms of INCOTERMS. As per the revised policy of the Government, all Public Procurement import contracts involving (Ocean freight of dry or liquid bulk cargoes) are to be finalized only on FOB (Free on Board)/ FAS (Free Alongside

Ship) basis and in case of any departure there-from, prior approval of the concerned administrative Ministry/ Department may be obtained. However imports involving ocean freight of general liner: cargoes, project cargoes, heavy lift, container, break bulk cargoes etc. can now be made on FOB (Free on Board) / FAS (Free Alongside Ship) or CFR (Cost & Freight) / CIF(Cost, Insurance & Freight) basis. Before processing any contract involving import of goods through air, contemporary instructions in this regard may be ascertained and followed.

iv. **Insurance:** Wherever necessary, the goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the contract. If considered necessary, the insurance may be done for coverage on an "all risks" basis including war risks and strike clauses. The amount to be covered under insurance should be sufficient to take care of the overall expenditure to be incurred by the purchaser for receiving the goods at the destination. OIL has annual insurance arrangements for all imports during the year with Insurance Company., Where delivery of imported goods is required on Cost Insurance and Freight / Carriage and Insurance Paid (CIF/CIP) basis, the supplier shall arrange and pay for marine / air insurance, making OIL the beneficiary. Where delivery is on Free On Board / Free Alongside Ship (FOB/FAS) basis, marine / air insurance shall be the responsibility of OIL.

5.1.1.7 General and Special Conditions of the Contract

GCC covers all information on aspects after the announcement of the tender award till the closure of the contract and dispute resolution. It should not cover any aspect up to announcement of award. Instead of modifying the GCC every time, any changes warranted by special circumstances may be indicated in a separate SCC and GCC may be included unchanged in every tender document. Reference of such changes of GCC must be indicated in the SCC. It is also to be indicated therein that the provisions in the SCC will supersede the corresponding provisions in the GCC.

5.1.1.8 Submission Formats

This section contains the relevant forms for tender submission: various declarations by bidder, formats for the bank guarantee, price schedule forms, exception and deviation forms, contract forms and manufacture's authorisation form, and so on.

5.2 Mandatory e-Publishing of Tenders

It is mandatory to publish tender enquiries, corrigenda thereon on the Central Public Procurement Portal (CPPP). These instructions apply to all Tender Enquiries, Requests for Proposals, Requests for Expressions of Interest, Notice for pre-Qualification / Registration or any other notice inviting bids. These instructions would not apply to Purchase of goods without quotations or Purchase of goods by purchase committee, as well as GeM tenders and in case of procurement through limited tender up to Rs. 2.5 lakhs.

5.3 Bid invitation and bid receipt

5.3.1 Enquiry register (applicable only for physical tenders) and tender intimation:

a) An enquiry register for all the physical tenders shall be maintained, either in system (SAP etc.) or physical record.

b) In case of limited enquiries the name of the firms to whom the enquiries are to be addressed will be entered in that register/kept in respective tender file. This will be signed by the concerned officer issuing the enquiry.

c) Tender intimation, preferably to be sent to prospective bidders (in case of open tender). As a proactive action tender intimations shall be sent to prospective bidders as soon as the tender is published. This shall enable the bidders to refer to the advertisement and submit their bid.

i. **Time to be allowed to bidders to quote:**

The bidder should be given reasonable time period for studying the tender document and preparation of bid. Accordingly, depending upon the nature of procurement like supply (indigenous/imported), ICB tenders, LSTK, the different time slab should be given for submission of bid. The following time period shall be allowed to bidder for submitting of bid:

Indigenous:

Limited National Tender Enquiry: minimum 14 days
(in case of physical tender it shall be minimum 21 days)
Open National Tender Enquiry
(other than EPC / LSTK): minimum 21 days

Others:

Limited Global Tender Enquiry: minimum 21 days
EPC / LSTK / Open Global Tender Enquiry: Minimum 28 days

However, a lesser bidding time may be given, keeping in view the urgency of the requirement expressed by User Department, with due approval of Head of Department (Materials/Contracts), provided such time is adequately reasonable for bidders' participation.

In case of proprietary procurement, procurement on nomination and spares, a shorter bidding time can be given. However, the same should be adequate for the bidder to submit bid. Option of sending email enquiries for such tenders may be exercised.

The time allowed for bidding is to be reckoned from the date of publication of NIT.

If the due date of the submission and opening happens to be an unscheduled holiday / closure of OIL's office, the due date of opening shall be accordingly extended up to next working day.

5.3.2 Invitation to Bid:

In regard to Invitation to bid, following points are to be kept in view:

a. The Invitation to bid will clearly indicate the place, date and time by which tenders will be received and the place, date and the time at which these will be opened. It will also provide a brief description of the tender along with details of tender number, Bid Security / EMD.

b. The date and city of the pre-bid conference (if any envisaged) also must be clearly specified in the Invitation to Bid. The last date of receipt of queries from prospective bidders for pre-bid conference should also be mentioned.

c. Invitation should include an instruction that the bid must be submitted well before the closing date and time. In case of e-tendering bidders are to submit the documents electronically through OIL's e-tender portal only. Where the bidders are required to submit their bid electronically, bids submitted manually shall be rejected. Bidders should upload copies of EMD/Bid Bond / Bank Guarantee etc. along with technical part and submit the original EMD (In case of EMD submitted in the form of BG / DD / Banker Cheque etc.) on or before the bid closing date and time at the designated C&P office as mentioned in the tender. In case of GeM tenders, provision for submission of Bid security shall be as per GeM terms & conditions.

   In case of physical tender, Invitation should include an instruction that the bid sent by the bidder must reach the place of submission of bid well before the closing date and time.

d. In case of physical tender, all bids received by the notified closing date and time either through post or through the tender box, will be entered in tender opening register *(Not applicable in case of e-tenders / GeM Tenders).*

e. Invitation to bid may be transmitted by e-mail also, wherever required.

f. Invitation to bid should mention that bidders can visit OIL's tender website for further details on the tenders.

g. In case of Invitation to bid pertaining to e-procurement tender it shall be mentioned that all the bidders have access to "Online help document" which is available on login page of the e-portal.

h. Information regarding publishing of the tender should be shared with the concerned department. The Invitation to Bid must contain the official e-mail address of the Tendering Officer.

i. The Invitation to bid for e-procurement tenders shall be signed (digital signature in case of e-tender) by the Tendering Officer.

j. The complete set of bid documents shall be uploaded on OIL's website. The Tendering Officer will be responsible for ensuring the correctness of the content of the Invitation to Bid uploaded on the site.

k. Bidders will have to download the tender document before the due date of submission and use the same for participating in the tender.

l. Number of copies of offers/bids (in case of physical tenders) to be called from bidders will be as under:

- Where in-house evaluation is involved- Copies in duplicate
- Where bid evaluation is done by outside agency- Five Copies

5.3.3 Variation in Quantity at the time of Order placement:

In case of supply tenders, the tender can have a provision for variation of quantity at the time of placement of order up to +/- 25%. The bids, however, shall be evaluated based on the tendered quantity to decide the interse ranking of the bidder.

5.3.4 Modification to the Scope of Work

Any change in scope of work shall require the approval of competent authority, whoever approved the PR. Any specific and essential modifications of the scope of the work, subsequent to invitation of bids, may be done only with the approval of

Competent Authority, whoever approved the PR. In order to provide reasonable time to the prospective bidders, for taking into account such amendment/ addendum in preparing their bids, reasonable time as may be essential shall be allowed to the bidders for submission of bids after issuance of such amendment / addendum. This amendment / addendum shall be hosted on OIL's website and uploaded in e-tender portal (for e-tenders).

Note:
The following disclaimer to be included in all NITs:

At any time prior to the deadline for submission of bids, the Company may, for any reason, whether at its own initiative or in response to a clarification requested by a prospective Bidder, modify the Bid Documents through issuance of an Addendum(s)/Corrigendum(s)/Amendment(s) and such Addendum(s)/ Corrigendum(s)/Amendment(s) will be published in the tender portal and hosted on OIL website only. No separate intimation shall be sent to the Bidders. Prospective bidders are requested to visit website regularly to keep themselves updated. Bidders are expected to take the Addendum(s)/Corrigendum(s)/ Amendment(s) into account in preparation and submission of their bid.

5.3.5 Receipt of offers from firms with whom business has been banned / suspended:

It may be specified in INVITATION TO BID that firm(s) to whom no further business is to be given or dealings with whom have been banned / suspended are not eligible to participate in the tender and any bid received from such firm(s) shall not be considered.

5.3.6 Pre-bid Conference

a) In case of complex jobs/LSTK/works, services and equipment of specialized nature, it is preferred to have pre-bid conference with the prospective bidders so as to have clarity with respect to specification, scope of work, services covered under the tender. This exercise minimizes the instances of raising technical and commercial queries to the bidders after receipt of the bid. The Head of Indenting Department/Head of Project is competent to decide considering nature of item, work, complex tenders regarding holding the pre-bid conference.

b) The tender document should clearly indicate the city / location & date for the pre-bid conference. The bidder should be given reasonable time for bidding after the pre-bid conference. Accordingly, the pre-bid conference should be scheduled in such a way as to allow the bidders to get sufficient bidding time (at least 2 weeks) for submission of their bids after publication of the amendment / minutes of the pre-bid conference.

c) Bidder should be advised to submit their queries in relation to the tender document atleast 5 (five) working days before the scheduled date of pre-bid conference. This shall enable OIL to analyze their query and to make suitable response during pre-bid conference. However, bidders can also raise the query during the pre-bid conference.

d) The pre-bid conference shall be organized by C&P department and shall be attended by representatives from the indenting and F&A Department as well. However necessary budget for the same shall be arranged by Indenting Department. The pre-bid conference shall preferably be organized at the place from where the tender has been floated/published. The tender committee members or their authorized representatives should necessarily attend the pre-bid conference.

e) Person(s) carrying due authorization letter from the bidder shall only be allowed to attend the pre-bid. The bidder who does not attend the pre-bid conference is also free to submit the bid.

f) The record note of the pre-bid conference shall be prepared by official from C&P department which shall be signed by the representatives of all the departments who attended the pre-bid.

g) As a result of such pre-bid conference if there is any change in BEC / BRC, necessary approval shall be obtained as per DoP. Any change in Scope of Work / SCC required as a result of pre-bid conference shall be approved by the concerned PR Approving authority. The minutes of the pre-bid meeting and all amendments to the tender document owing to the pre-bid conference shall be published / issued as a corrigendum to the tender. Such corrigendum should be published in OIL website also. Further suitable time extension shall also be given in such amendment to NIT for due date for bid submission, if considered necessary.

5.3.7 Extension of Due Date for Submission Of Bid

a) Extension of due date for bid submission shall be avoided. However, where the corrigendum/modification to the tender document is issued, suitable time extension may be given if required. In other circumstances, a valid reason should be recorded and put up to the Head of the department (Materials/Contracts) for approval prior to issuing the extension.

b) There shall be normally no extension of due date after bid closing even if there is insufficient participation (say 1 to 2 bids received). In case of receipt of single offer also, such tenders can be opened and evaluated and processed further without resorting to due date extension.

c) However, in special circumstances like selection of consultant or procurement of sophisticated packages where technology is limited, with due deliberation and on recommendation, the competent authority may approve minimum required extension. At this stage the bidders who have already submitted the bid have option either to withdraw/revise/resubmit the bid without the forfeiture of bid security.

d) If the original tender is substantially modified affecting the important tender condition like scope of work / specification / delivery period /mobilization period / completion period, for better transparency and participation by maximum prospective bidders, it shall be prudent to extend the due date of submission so as to provide required time for bidder to take care of the changes.

e) The due date may be subsequently extended with the approval of the HoD of Materials / Contracts with concurrence of user department to promote better competition and also considering delivery requirement. However, where no offer is received, approval is not required up to the third extension of bid closing date.

5.3.8 Sealing, and Marking of Bids by Bidders (applicable only for physical tender)

Appendix-8 to be referred for Procedure for receipt and submission of physical tender.

5.3.9 Submission, Receipt and Custody of Tenders (applicable only for physical tender)

Appendix-8 to be referred for Procedure for receipt and submission of physical tender.

5.3.10 Withdraw / Amendments / Modifications to Bids by Bidders

In case of physical tender, the bidder, after submitting its tender, is permitted to withdraw / alter / modify its tender so long such withdrawal / alterations / modifications are received duly sealed and marked like original tender, up to the date & time of receipt of tender.

In case of e-tenders, the bidder, after submitting its tender, is permitted to withdraw / alter / modify its tender up to the date & time of receipt of tender (bid closing date & time). E-tender portal shall not allow the withdrawal / alteration / modification of bids after the bid closing date & time has been reached and bids have been opened.

Any withdrawal / amendment / modification received after the prescribed date & time of receipt of tenders are not to be considered and action to be taken as per Company's Banning Policy.

5.4 Procedures to be followed during Bid Opening

Company shall proceed to the bid opening after the deadline for bid submission. Detail procedure of bid opening in case of e-tender and Physical tender have been given in Appendix 7 & 8 respectively.

The procedure for bid opening in GeM shall be as per the GeM procedure, guidelines and Terms & Conditions mentioned therein, which can be accessed on its website www.gem.gov.in.

5.5 Bidding Process- Risks and Mitigations

Risk	Mitigation
Exceptions to an open bidding process are abused, leading to single source processes.	**Rigorously follow the conditions** under which open tendering can be dispensed with.
When short lists are used, the process of preparation of short lists may be non-transparent and all eligible firms may not be included, and some ineligible firms may get included.	**Registration of bidders / contractors:** A list of registered bidders must be kept for use in restricted bidding. Publicize even restricted bids on Company's website. Bidders for LTE / SLTE may be transparently selected with the approval of CA.
Pre-qualification criteria: PQC should be relevant to the quality requirements, and neither be very stringent nor very lax to restrict / facilitate the entry of bidders. These criteria should be clear, unambiguous, exhaustive and yet specific. Also, there should be fair competition.	**Standard laid down** criteria when two stage bidding is warranted. Also laid down model PQC criteria for different types of Procurements may be used.
Invitation to tender (an open bid) is not well publicized or gives insufficient time, thereby restricting the number of bidders that participate.	**Publicity and adequate time for bid submission** must be ensured. Require a higher-level approval for short bid submission period.
Evaluation criteria are not set from the beginning or are not objective or not clearly stated in the bid documents, thereby making them prone to being abused.	**Objective, relevant and clearly** stated evaluation criteria must be specified in the bid document.

**************End of Chapter-5*****************

CHAPTER 6

FORMS OF SECURITIES, PAYMENT TERMS AND PRICE VARIATIONS

6.1 Earnest Money Deposit / Bid Security / Bid Bond

EMD / Bid security / Bid Bond is obtained from the bidders as an instrument so that the bidder does not withdraw/modify the bids within the validity period thereby causing inconvenience to the Company. The amount of bid security shall be determined in accordance with the PR estimate of the items / works / services procured under the subject tender.

In exceptional cases, tender may be floated with the provision for submission of Bid Securing Declaration instead of Bid Security, after seeking approval of the competent authority. The competent authority in such cases shall be the same authority empowered to approve the BEC/BRC of the tender as per the DoP.

However, for open tenders with estimated value above Rs. 25 Lakhs and upto Rs. 50 Lakhs, only Bid Security Declaration is to be obtained in place of Bid Security/EMD. The bidder in the Bid Security Declaration shall clearly state and accept that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the tender document, they will be suspended for the period of time specified in the tender document from being eligible to submit Bids/Proposals for contracts with the Company. This is in addition to the other penal actions to be taken against such bidder as per provisions of Company's Banning Policy.

6.1.1 Exemption from submission of Bid Security:

i) No Earnest Money Deposit / Bid Security / Bid Security Declaration will be necessary for the following:

   a. procurement up to Rs. 25.00 lakhs,
   b. procurement from Central / State Govt. department / Public Sector Undertaking,
   c. proprietary item / spares,
   d. procurement on nomination basis.

   For GeM tenders, bid security exemption shall be as mentioned in GeM General Terms and Conditions.

ii) Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME) or Startups as recognized by Department for Promotion of Industry and Internal Trade (DPIIT) are exempted from submission of EMD/Bid Security.

iii) Generally, bid security is not required for limited tender. However, for limited tenders of value Rs. 25 (twenty five) lakhs to Rs. 50 Lakhs Bid Security Declaration may be obtained. For all limited tenders above Rs. 50 Lakhs EMD/Bid Security Declaration may be obtained, if considered necessary.

6.1.2 Amount of Bid Security:

Estimated tender value	Amount of EMD /Bid Security
Upto Rs. 25 Lakh	Nil
Above Rs. 25 Lakh and upto Rs. 50 Lakhs	Bid Security Declaration to be submitted in lieu of Bid Security.
Above Rs. 50 Lakh	@2% of total estimated cost

The amount of bid security, rounded off to the nearest thousands of Rupees, is to be indicated in the bidding documents

While working out the EMD the closing B.C. selling market rates of exchange declared by the State Bank of India as applicable on the date of approval of BEC by competent authority will be taken into account for conversion of Indian Rupees to foreign currency. In case of stock items or the cases where standard BEC is being used, the exchange rate of date of PR approval shall be taken. However, the maximum limit of EMD/Bid Security for a tender shall be US$ One million for foreign bidders and Rs. 8 Crores for Indian bidders.

6.1.3 Mode of Submission of Bid Security:

All the bids must be accompanied by Bid Security (if applicable) for the amount as mentioned in the NIT or an equivalent amount in freely convertible currency and shall be in the form of Insurance Surety Bonds/DD/FDR (account OIL INDIA LIMITED)/NEFT/RTGS/Electronic fund transfer to designated account of OIL/online payment through OIL's e-portal/Bank Guarantee (BG) (including e-Bank Guarantee) in OIL's prescribed format or as an irrevocable Letter of Credit (L/C) from any of the following Banks –

a) Any schedule Indian Bank or Any Branch of an International bank situated in India and registered with Reserve Bank of India as scheduled foreign bank in case of domestic bidder, or

b) In case of foreign bidder, the bank guarantee can be accepted from any scheduled bank in India or from International bank who has its branch in India registered with Reserve Bank of India, or

c) Any foreign Bank which is not a Scheduled Bank in India, provided the Bank Guarantee issued by such Bank is counter-guaranteed by any Branch situated in India of any Scheduled Bank incorporated in India or Bid security shall also be acceptable through online payment modes.

Bank Guarantee issued by a Scheduled Bank in India at the request of some other Non-Schedule Bank of India shall not be acceptable.

The Bank Guarantee / LC shall be valid for the time as asked for in the Bid Document. The bid security is normally to remain valid for a period of 45 (forty five) days beyond the bid validity period. Bank Guarantees issued by Banks in India should be on non-judicial stamp paper of requisite value, as per Indian Stamp Act, purchased in the name of the Banker.

The Bank Guarantee issued by the bank must be routed through SFMS.

Note: *In case of GeM tenders the BG format for Bid Security as per GeM may also be accepted.*

6.1.4 Submission of EMD / Bid Security in case of e-Tendering:

In case of electronic bidding, the scanned copy of the original Bid Security submitted in the form of either Bank Guarantee or LC must be uploaded by bidder along with the Technical bid. However, original of the bid security must be received on or before the due date and time of bid submission at the designated C&P department office. In case of GeM tenders, provision for submission of bid security shall be as per GeM terms and conditions.

6.1.5 Examination / Verification of Bid Security:

All bid security received against a tender, after comparing the tender no., amount of the bid security, validity of bid security and name of the party on whose behalf it has been issued, the C&P department shall send a copy of the same to F&A Department. The F&A Department will check the following:

(i) Whether the language of the BG is verbatim as per prescribed format.

(ii) In case of any discrepancy with regard to the value of non-judicial stamp and change / modification in the language by bank, the bank guarantee shall be examined by Legal law department for its acceptance.

(iii) The BG contains the name, designation and code number of the Bank officer(s) signing the guarantee(s);

The address and other details (including telephone no.) of the controlling officer of the bank are obtained from the branch of the bank issuing the BG (this should be included in all BGs);

In order to know the authenticity of the bid security submitted by the bidder, the F&A Department shall ensure confirmation of BG through SMFS or else take up the matter with the issuing bank for verification of the BG.

6.1.6 Return of EMD/Bid Security:

EMD/Bid Security, when submitted in the form of BG, shall remain in safe custody of C&P Department till return. For rest of the mode of submission of EMD/Bid Security, F&A Department shall be custodian.

The bid security/EMD should be returned to the bidders as below –

(i) In case of two bid or two stage bidding, bid security/EMD of techno-commercially rejected bidders should be returned within 30 days of the final rejection (after evaluation against representation, if any).

(ii) Bid Security/EMD of the unsuccessful bidders should be returned within 30 days of issue of LOA/PO.

(iii) During the process of evaluation, if OIL seeks validity extension, bidder has option either to extend the bid validity on the terms and conditions and corresponding extension of bid bond. In case the bidder opts for not extending the validity, his EMD cannot be forfeited and the same shall be returned within 15 days after the expiry of his bid.

(iv) The bid security/EMD of the successful bidder shall be returned only after receipt of Performance Security and bank verification wherever required.

While returning bid securities/EMDs, C&P should ensure release of E-BGs/online EMDs by intimating F&A Department of the same.

6.1.7 Forfeiture or encashment of Bid Security/EMD:

The bid security can be forfeited in the following condition:

i) The bidder withdraws the bid within its original/extended validity.
ii) The bidder modifies/revises their bid sumoto.
iii) Bidder does not accept the order/contract.
iv) Bidder does not furnish Performance Security Deposit within the stipulated time as per tender/order/contract.
v) If it is established that the bidder has submitted fraudulent documents or has indulged into corrupt and fraudulent practice, the bid security shall be forfeited after due process in addition to other action against the bidder as specified in OIL's banning Policy.

In case of Sl. No. i) to iv), approval of Head-Materials / Head-Contracts is required. In case of Sl. No. v) approval of competent authority is required as specified in the OIL's Banning Policy.

6.2 Performance Security:

The successful bidders are required to furnish performance guarantee through security deposit called performance security. This is for securing the performance of contracts/purchase order.

6.2.1 Submission of Performance Security:

Type of Contract	Performance Security Amount
Procurement of materials up to an individual order value of Rs. 10 Lakhs.	Nil
a) Procurement of Spares and materials of proprietary nature from original manufacturer / the sole selling agent of OEM / authorized dealer of OEM b) Procurement of OEM services	Nil
Procurement of materials including nomination, LSTK contract	10% of order value

The percentage of performance security is to be indicated in the bidding document.

Note: *For the purpose of determining the amount of Performance Security amount, the contract / order value shall be considered excluding taxes and duties which are paid extra by OIL.*

Performance Security is to be furnished within 30 days after notification of the award and it should remain valid for a period of 03 (three) months beyond the date of completion of all contractual obligations of the supplier, including warranty / guarantee / defect liability period (if any).

Time extension for submission of Performance Bank Guarantee at the time of award of contracts / PO, can be granted by HoDs of Contracts / Materials at FHQ as well as other Spheres / Projects, up to 30 days beyond the originally specified period in the LOI / LOA / Contract / PO. Any extension beyond this period can be granted by minimum L4 level of C&P / Project / Sphere Heads, as the case may be.

6.2.2 Mode of submission of performance security:

The Performance Security shall be in the form of, Insurance Surety Bonds, account payee Bank Draft/Cashier's cheque/Banker's cheque/NEFT/RTGS/ Electronic fund transfer to designated account of OIL or Fixed Deposit Receipt (FDR) (account OIL INDIA LIMITED) or Bank Guarantee (including e-Bank Guarantee) or irrevocable Letter of Credit (LC) from:

Any schedule Indian Bank or Any Branch of an International bank situated in India and registered with Reserve Bank of India as scheduled foreign bank in case of domestic bidder, or

a) In case of foreign bidder, the bank guarantee can be accepted from any scheduled bank in India or from International bank who has its branch in India registered with Reserve Bank of India, or

b) Any foreign Bank which is not a Scheduled Bank in India, provided the Bank Guarantee issued by such Bank is counter-guaranteed by any Branch situated in India of any Scheduled Bank incorporated in India.

c) Bank Guarantee issued by a Bank, amongst others, must contain the following particulars of such bank:

- Full address.
- Branch Code.
- Code Nos. of the authorized signatory with full name and designation.
- Phone Nos., Fax Nos., E-mail address.

d) The domestic bidders will have to submit the Bank Guarantee from any of the scheduled banks and on non-judicial stamp paper of requisite value as per the Indian Stamp Act, purchased in the name of the issuing banker.

e) The Bank Guarantee issued by the Bank must be routed through SFMS platform as per following details:

(i) MT 760 / MT 760 COV for issuance of Bank Guarantee
(ii) MT 760 / MT 767 COV for amendment of Bank Guarantee

The above message/intimation indicating the Contract No. shall be sent through SFMS by the BG issuing bank branch to the designated bank of OIL.

f) The foreign bidder will submit the Bank Guarantee from Banks of Indian origin situated in their country. In case no such bank of Indian origin is situated in their country, the Bank Guarantee may be submitted from the bankers as specified above.

g) In case of GTE tenders, the performance security should be in the same currency as the contract and must conform to Uniform Rules for Demand Guarantees (URDG 758) - an international convention regulating international securities. Unlike, procurement of Works, in procurement of Goods, the concept of taking part of Performance Guarantee as money retained from first or progressive bills of the supplier is not acceptable.

Note: *In case of GeM tenders the BG format for performance security as per GeM may also be accepted.*

6.2.3 Examination / verification of performance security:

All performance bank guarantees received against a contract/order, after comparing the order no., amount of the bank guarantee and name of the party on whose behalf it has been issued, the C&P department shall send the same to F&A Department for checking/vetting the following:

(i) Whether the language of the BG is verbatim as per the prescribed format.

(ii) In case of any discrepancy with regard to the value of non-judicial stamp and change / modification in the language by bank, the bank guarantee shall be examined by Legal department for its acceptance.

(iii) The BG contains the name, designation and code number of the Bank officer(s) signing the guarantee(s).

(iv) The address and other details (including telephone no.) of the controlling officer of the bank are obtained from the branch of the bank issuing the BG (this should be included in all BGs).

In order to know the authenticity of the bank guarantee submitted by the bidder, the F&A Department shall obtain Structured Financial Messaging Solutions (SFMS) confirmation from the designated bank of the Company.

Note: *Performance securities should be forwarded to the F&A Department for their safe custody.*

6.2.4 Management of performance security and claim settlement, if any:

1. Finance and Accounts Department shall be the custodian of performance security and is responsible for its management. Finance and Accounts department shall take all necessary actions on time for extension or encashment or refund of performance securities. Monitoring should also include a monthly review of all bank guarantees and other instruments expiring in next three months. Extension of bank guarantees and other instruments, where warranted, should be sought immediately and implemented within their validity period. Bank Guarantee should never be handed over to the supplier for propose of extension of validity.

   Performance Security shall be released in accordance with the terms of the contract / purchase order. In case there is no claim, concerned Head of the user department shall have full powers in this regard, irrespective of the type of tender or value of tender / order / contract, including for cases falling within the powers of Directors and CBC to certify release of the Performance Security. Accordingly, user department with the approval of their HoD shall advice to the concerned section of F&A Department, for release of Performance Security with a “No Demand/Claim Certificate”.

2. In case of claim, all concerned authorities shall ensure that details of all claims which are to be recovered from the supplier are promptly intimated to the respective payment authority, without any loss of time, so that the claim can be recovered before releasing the pending payment(s).

3. In case of outstanding claims (if any, which could not be recovered from the regular payments) and are to be recovered from the Security Deposit, the user department shall forward complete details of the claims to C&P well before the expiry of the validity of Performance Security.

4. On receipt of intimation regarding claims for recovery (if any), C&P shall verify whether the claims are tenable as per terms of contract/purchase order.

5. Thereafter, in cases where claim amount are to be recovered from Performance Security, approval shall be obtained from the CA (who has approved award of contract) for recovery against such claim, prior to release of the Performance Security. CA shall have full powers to approve such recovery and/or release of the Performance Security.

6. Under exceptional circumstances if all obligations of the Purchase Order are not completed within the stipulated contractual period, the indenting department with due justification for the delay shall inform F&A Department to obtain suitable extension of validity of the performance security.

6.3 Payment Terms & Mode:

In a supply contract, delivery of goods is the essence of the contract for the purchaser. Similarly, receiving timely payment for the supplies is the essence of the contract for the seller. A healthy buyer-supplier relationship is based on the twin foundation of timely and quality supply, on the one hand, and prompt and full payment to the supplier, on the other. It should be ensured that all payments due to the firm, including release of the performance security, are made on a priority basis without avoidable delay as per the tender/contract conditions:

a) As far as possible, the payment terms and time schedule should be given in the contract and must be adhered to.

b) Prompt and timely provision of statutory certificates to the seller for taxes deducted at source, are as much a part of payment as the amount actually released. A detailed payment advice showing the calculations and reasons for the amounts disallowed and taxes deducted must be issued to the supplier along with payment. As soon as possible, but not later than the date of submission of Tax returns, the Company must provide the statutory certificates for the taxes deducted to the Supplier, so that he is able to claim set-offs and refunds from the concerned authorities.

c) No payments to contractors by way of compensation or otherwise outside the strict terms of the contract or in excess of the contract rates should be allowed.

d) While claiming the payment, the supplier should also certify in the bill that the payment being claimed is strictly in terms of the contract and all obligations on the part of the supplier for claiming this payment have been fulfilled as required under the contract.

6.3.1 Terms of Payment for Domestic Goods

The general Payment terms for domestic goods shall be as follows:

i) 90% within 21 days of receipt of materials at destination against undisputed invoice and remaining 10% after acceptance or 100% within 21 days of receipt & acceptance of materials at destination against undisputed invoice.

ii) Whenever installation and Commissioning is under the scope of supplier, maximum 80% of the cost of materials shall be payable within 21 days of receipt of materials at destination against undisputed invoice and the remaining payment shall be released after successful commissioning.

Note:

a) Deviation to above may be taken under exceptional situation like proprietary/ Nomination/ Single Bid scenario etc. with approval of CA.

b) Based on the nature of procurement, in case of payments terms other than the above, the PR approving authority may indicate the required Payment Terms in the PR along with necessary justification.

6.3.2 Modes of Payment for Domestic Goods

Payments to domestic suppliers are to be usually made by Electronic Clearance System (ECS), Real-time gross settlement systems (RTGS), National Electronic Funds Transfer (NEFT) or Electronic Payment Gateways. However for small value order payments may be made through cheque/demand draft also.

6.3.3 Terms of Payment for Imported Goods

The general Payment terms for imported goods shall be as follows:

i) Cases where installation, erection and commissioning are not the responsibility of the supplier: 100 (hundred) per cent net FOB/FAS/CFR/CIF/CIP price is to be paid against invoice, shipping documents, inspection certificate (where applicable), manufacturers' test certificate, and so on;

ii) Payment terms where installation and commissioning & Training is involved: Wherever installation and commissioning is involved, 80% payment shall be made against supply of materials and balance 20% after satisfactory commissioning at site along with the installation & commissioning charges. Payment towards training shall be released after successful completion of training.

However, based on the nature of procurement, in case of payments terms other than the above, the PR approving authority may indicate the required Payment Terms in the PR along with necessary justification.

iii) Payment of agency commission, if payable, the entire 100 (hundred) per cent agency commission should generally be paid (in nonconvertible Indian Rupees on the basis of BC selling rate of exchange) after all other payments have been made to the supplier in terms of the contract.

6.3.4 Modes of Payment for Imported Goods

i) Sight draft basis (Cash against Documents): For small value orders for up to US $25,000.00, preferably payment may be made on Sight draft (Cash against Documents) basis. Such payment should be made within 15 working days of receipt of clean documents.

ii) Letter of Credit (L/C) Payment through Letter of Credit: The Letter of Credit shall be established through an Indian scheduled Bank. The foreign correspondents of such Indian scheduled Bank in various countries shall be furnished in the Tender Notice. Bidders shall name one of the correspondents of the Indian Scheduled Bank through whom they prefer to have their L/C opened. Where foreign correspondents of the Indian scheduled Bank are not existing presently, the bidders shall be required to indicate their banker's name and address in their offers. Normally L/C will not be confirmed. Confirmation of L/C, if required, shall be at Seller's cost.

It should be ensured that the imports into India are in conformity with the export - import policy in force: FEMA (Current Account Transactions) Rules, 2000; and directions issued by RBI under FEMA from time to time.

Provisions of Uniform Customs and Practices for Documentary Credits should be adhered to while opening the LC for import into India.

6.3.5 Documents for Payment for Imported / Domestic Goods

Documents required to be submitted by the suppliers/vendors shall be as stipulated in General Terms & Conditions for Tender and Purchase Order. The paying authority is also to verify the documents received from the supplier with corresponding stipulations made in the contract/PO before releasing the payment.

6.3.6 Advance Payment

(i) **Interest Bearing Advance:** Request for advance payment shall not be normally considered. However, depending on merit and at the sole discretion of OIL, advance payment may be agreed at an interest rate of 1% above the prevailing Bank rate (CC rate) of State Bank of India compounding on quarterly basis from the date of payment of the advance till recovery/refund.

Advance payment if agreed to by the Company shall be paid only against submission of an acceptable Bank Guarantee whose value should be equivalent to the amount of advance plus the amount of interest estimated by OIL on the basis of contractual delivery period without further reference. Such BG shall be valid for two months beyond the delivery period of the Contract/Purchase Order.

(ii) **Interest Free Advance**: If Company agrees for interest free advance, such advance shall be paid only against submission of an acceptable Bank Guarantee whose value should be equivalent to 110% of the advance amount.

Such advance payments should not exceed 10% of the total order value.

Bank Guarantee shall be valid for 3 months beyond the delivery period incorporated in the order and same may be invoked in the event of Seller's failure to execute the order within the stipulated delivery period.

In the event of any extension to the delivery date, seller shall extend the validity of bank guarantee accordingly.

All approvals for sanctioning of advance payment, shall be as per DoP.

(iii) **Documents for Advance Payments:** Documents, needed from the supplier for release of payment, are to be clearly specified in the contract. The paying authority should also verify the documents received from the supplier with corresponding stipulations made in the contract before releasing the payment.

6.4 Elements of Price

The elements of price included in the quotation of a bidder depend on the nature of the goods to be supplied and the allied services to be performed, location of the supplier, location of the user, terms of delivery, extant rules and regulations about taxes, duties, and so on, of the seller's country and the buyer's country.

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

i) **Cost components:** Where the price has several components such as the price of the goods, cost of installation and commissioning, operators' training, and so on, bidders should be asked to furnish a cost break-up indicating the

applicable prices and taxes for each of such components along with the overall price. The payment schedule and terms should be linked to this cost break-up.

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

iii) Before the payment is made, the invoice should be cross-checked with the actual receipt of material/assets/services to ensure that the payment matches the actual performance;

iv) While claiming the payment, the contractor/supplier must certify on the bill that the payment being claimed is strictly within terms of the contract and all the obligations on his part for claiming this payment have been fulfilled as required under the contract.

6.5 Firm Price vis-a-vis Variable Price

Short-term contracts where the delivery period does not extend beyond 18 (eighteen) months should normally be concluded with a firm and price fixed by inviting tenders accordingly. However, even for shorter deliveries, the PVC may be stipulated for items with inputs (raw material, labour, etc.), prone to short-term price volatility - especially for critical or high value items - otherwise there is a possibility of the contract failing or the purchaser having to pay a higher price if prices fall. For high value (more than Rupees 50 crore) tenders with deliveries longer than 18 (eighteen) months, PVC if needed may be provided to protect the purchaser's interests.

Where it is decided to conclude the contract with a variable price, an appropriate clause incorporating, inter-alia, a suitable price variation formula should also be provided in the tender documents, to calculate the price variation between the base date (actual technical bid opening date) and scheduled delivery date. It is best to proactively provide the PVC in the tender document to discourage different bidders quoting different formulae and different base dates, which may lead to problems on bringing their prices on a common comparable footing.

The variations are to be calculated periodically by using indices published by Governments/ chambers of commerce/London Metal Exchange / any other neutral and fair source of indices. Suitable weights are to be assigned to the applicable elements, that is, fixed overheads and profits, material and labour in the price variation formula. If the production of goods needs more than one raw material, the input cost of material may be further sub-divided for different categories of material, for which cost indices are published.

The following are important elements of PVC:

1) The price agreed upon should specify the base date, that is, the month and year to which the price is linked to enable variations being calculated with reference to the price indices prevailing in that month and year. The raw materials used in manufacture are procured some weeks before the goods' submission for inspection. This period is called the time lag for price variation. It applies both for base date and date of supply. This time lag at both ends must be specified;

2) The price variation formula must also stipulate a minimum percentage of variation of the contract price, only above which the price variation will be admissible (for example, where the resultant increase is lower than, say, two per cent of the contract price, no price adjustment will be made in favour of the supplier);

3) The price variation clause should provide for a ceiling on price variations, particularly where escalations are involved. It could be a percentage per annum or an overall ceiling or both;

4) Where advance or stage payments are made there should be a further stipulation that no price variations will be admissible on such portions of the price, after the dates of such payment;

5) Where deliveries are accepted beyond the scheduled delivery date subject to levy of liquidated damages as provided in the contract, the LD (if a percentage of the price) will be applicable on the price as varied by the operation of the PVC;

6) No upward price variation will be admissible beyond the original scheduled delivery date for defaults on the part of the supplier. However, a downward price variation would be availed by the purchaser as per the denial clause in the letter of extension of the delivery period;

7) Price variation may be allowed beyond the original scheduled delivery date, by specific alteration of that date through an amendment to the contract in cases of force majeure or defaults not attributable to the Contractor/supplier.

8) Where contracts are for supply of equipment, goods, and so on, imported (subject to customs duty and foreign exchange fluctuations) and/or locally manufactured (subject to local duties and taxes), the percentage and element of duties and taxes included in the price should be specifically stated, along with the selling rate of foreign exchange element taken into account in the calculation of the price of the imported item.

9) The clause should also contain the mode and terms of payment of the price variation admissible.

10) The buyer should ensure a provision in the contract for the benefit of any reduction in the price in terms of the PVC being passed on to him.

11) An illustrative PVC clause is available in Annexure 6.

12) Care should be exercised in contracts providing for price variation to finalise the price before final payment is made, after obtaining data and documents in support of claims for escalation, if any. Where no such claims are submitted by the suppliers, an examination of whether there has been a downward trend in the cost, which the contractor may not bring out, is required. At any rate, an undertaking should be obtained from the contractor to the following effect in case it becomes necessary to make the final payment before he has submitted the required data/documents related to the PVC:

"It is certified that there has been no decrease in the price of price variation indices and, in the event of any decrease of such indices during the currency of this contract, we shall promptly notify this to the purchaser and offer the requisite reduction in the contract rate."

13) Notwithstanding the above formalities, it should be appreciated that it is in the interest of the purchaser to be vigilant about downward variation and it is, therefore, the basic responsibility of the purchase officers to make sure that the benefits of downward variation, wherever it occurs, are fully availed of.

6.6 Exchange Rate Variation (applicable only for ICB tenders)

(i) In case of a contract involving substantial import content(s) (more than 50%) and having a long delivery period (exceeding 12 months from the date of contract), an appropriate Foreign Exchange Variation clause may be formulated by the Company, as needed, and incorporated in the tender enquiry document. In that clause, the bidders are to be asked to indicate import content(s) and the currency (ies) used for calculating the value of import content(s) in their total quoted price, which (that is, the total quoted price) will be in Indian Rupees.

To work out the variation due to changes (if any) in the exchange rate(s), the base date for this purpose will be the due date of opening of tenders. The variation may be allowed between the above base date and date of remittance to the foreign principal. The applicable exchange rates as above will be according to the TT selling rates of exchange as quoted by authorised exchange bankers approved by RBI on the dates in question. No variation in price in this regard will be allowed if the variation in the rate of exchange remains within the limit of plus/minus 2.5 percent.

Note: *Required documents for claiming ERV should be mentioned in the tender.*

Any increase or decrease in the customs duty amount by reason of the variation in the rate of exchange in terms of the contract will be to the buyer's account. In case the delivery period is revised/extended, ERV will not be admissible, if this is due to the supplier's default; however, ERV benefits arising out of downward trends should be passed on to Company.

(ii) **Documents for Claiming ERV**

(a) A bill of ERV claim enclosing the working sheet;
(b) Banker's certificate/debit advice detailing the foreign exchange paid and exchange rate;
(c) Copies of the import order placed on the supplier; and
(d) Supplier's invoice for the relevant import order.

6.7 Taxes, Duties and Levies

(i) Statutory Duties and Taxes on Domestic Goods

The duties and taxes levied by the Government on domestic goods vary from product to product. Unless a different intention appears from the terms of the contract, statutory variation in duties or taxes are to be borne by the buyer (Company) within the contractual delivery period. As a general policy, the statutory variations in such duties and taxes are to be allowed during the period from the date of the actual bid closing to the date of acceptance of the tender (that is, placement of the contract) and during the original/re-fixed delivery period of the contract so that both the supplier and purchaser are equally compensated for rise or fall in the price of the goods on account of such statutory variations.

*(**Note**: Re-fixed delivery period means the fresh delivery period which is arrived at by recasting the original contractual delivery period after taking care of the lost period, for which the supplier was not responsible.)*

In the tender enquiry conditions, the bidders, wherever applicable, should be asked to specifically state in their offer whether they intend to ask for the duties and taxes as extra over and above the prices being quoted. In the absence of any indication to this effect by the bidders, it is to be assumed that the prices quoted include these elements and no claim for the taxes or duties or statutory variations thereon should be entertained after opening of tenders and during the currency of the resultant contract. If a bidder chooses to quote price inclusive of taxes & duties, it should be presumed that the duties/ taxes so included is firm unless he has clearly indicated the rate of duties/ taxes included in his price.

If a bidder is availing certain exemption/Tax credits under any scheme they should take in account such exemptions/Tax credit while quoting the price and furnish a declaration to this effect along with a confirmation that any further benefit available in future on account of such schemes would be passed on to the purchaser.

Necessary Conditions to take into account the above stipulations should be incorporated in the tender and Contract document.

(ii) Customs Duty on Imported Goods

Any import of materials directly from the supplier or manufacturer should be in the name of Company. In this regard, all formalities will be completed by Company engaging a Custom House Agent (CHA) and payment in this regard will be borne by Company.

The Government has allowed exemption from payment of customs duty on certain types of goods. Following are the conditions applicable to OIL to avail nil customs duty:

i) Scientific and technical instruments imported by research institutes;

ii) As per Sl. No. 404 of the Customs Notification No. 50/2017- Cus dated 30.06.2017, imports of the items specified in List 33 of the Notification are subject to levy of concessional rate of customs duty & IGST subject to conditions specified therein (Condition No. 48). However, Condition No. 48 along with List-33 of the said notification has been amended vide Customs Notification No. 02/2022- Customs dated 01.02.2022. Latest notifications in this regard to be referred.

However, to avail such exemptions, the organisations are required to produce a "Custom Duty Exemption" certificate and "Not Manufactured in India" certificate at the appropriate time.

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

(iii) Duties / Taxes on Raw Materials

Company is not liable for any claim from the supplier on account of fresh imposition and/or increase (including statutory increase) in custom duty and so on, on raw materials and/or components used directly in the manufacture of the contracted goods taking place during the pendency of the contract, unless such liability is specifically agreed to in terms of the contract. A clause to this effect should also form part of the tender documents.

In case of ICB tender, wherever OIL issues Project Authority Certificate to domestic Seller for availing duty-free import of raw material and component,

any variation in the custom duty within the contractual completion period of the purchase order/contract shall be to Purchaser's account on CIF value of import declared by the Seller in its Bid. Latest notification to be referred.

6.8 INCOTERMS Terms of Delivery

INCOTERMS as described by the International Chamber of Commerce are an internationally accepted interpretation of the terms of delivery. These terms of delivery allocate responsibilities to the buyer and seller, with respect to:

i) Control and care of the goods while in transit;
ii) Carrier selection, transfers and related issues;
iii) Costs of freight, insurance, taxes, duties and forwarding fees; and
iv) Documentation, problem resolution and other related issues.

Tender and contract documents should incorporate the latest INCOTERMS.

6.9 Air Freight Charges

All air freight charges, which are shown on the relevant consignment note as chargeable to the consignee, are to be paid to the Airline in Rupees. Sometimes it is needed to import sophisticated instruments, tools and kindred goods. These are usually small in size and very delicate/fragile in nature. Such goods, invariably, need to be airlifted but, quite naturally, form a small part of the Air Cargo carried by an Aircraft. For such imports, Air Freight Consolidators may be engaged who consolidate the small Air Cargos of different customers, to be airlifted from one Airport to another. Hiring of services of Airfreight Consolidators should be done in a transparent manner, following standard principles of Public Procurement.

6.10 Insurance

In every case where payment against dispatch documents is to be made or LC is to be opened, the condition of insurance should invariably be incorporated in the terms and conditions. Wherever necessary, the goods supplied under the contract, shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified in the contract. If considered necessary, insurance may cover "all risks" including war risks and strike clauses. The amount to be covered under insurance should be sufficient to take care of the overall expenditure to be incurred by the Company for receiving the goods at the destination. Where delivery of imported goods is required by the purchaser on CIF/CIP basis, the supplier shall arrange and pay for marine/air insurance, making the Company the beneficiary. Where delivery is on FOB/FAS basis, marine/air insurance shall be the responsibility of the Company.

6.11 Deduction of Income Tax, Service Tax, and so on, at Source from Payments to Suppliers

This will be done as per the existing law in force during the currency of the contract.

6.12 Recovery / Refund / Claim from supplier:

(i) Recovery of Public Money from Supplier's Bill

Sometimes, requests are received from a different Ministry/Department for withholding some payment of a supplier out of the payment due to it against a contract. Such requests are to be examined by the Company on the merits of the case for further action. It will, however, be the responsibility of the Ministry/Department asking for withholding

of payment to defend the Company against any legal procedure arising out of such withholding as also for payment of any interest thereof.

(ii) Refund from Supplier

Sometimes, the supplier, after claiming and receiving reimbursements for taxes and duties, from the purchaser, applies to the concerned authorities for refunds, on genuine grounds, of certain portions of such duties and taxes paid by it and receives the allowable refunds. Such refunds sometimes may contain the purchaser's share also (out of the payments already made by the purchaser to that supplier). The tender enquiry document and the contract are to contain suitable provisions for obtaining such refunds from the supplier.

*******************End of Chapter-6*****************

CHAPTER 7

EVALUATION OF BIDS AND AWARD OF CONTRACT

7.1 Tender Evaluation

The evaluation of tenders is one of the most significant areas of purchase management and the process must be transparent. All tenders are to be evaluated strictly on the basis of the terms and conditions incorporated in the tender document and those stipulated by the tenderers in their tenders. The Contracting Authority may include quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost-effectiveness, after-sales service and technical assistance, delivery date and delivery period or period of completion etc. No criteria shall be used for evaluation of tenders that cannot be verified. No hearsay information or hitherto undeclared condition should be brought in while evaluating the tenders. Care should be taken that preferences provided to any category of bidders on certain specified grounds should not result in single vendor selection. Similarly, no tender enquiry condition (especially the significant/essential ones) should be overlooked/ relaxed while evaluating the tenders. The aim should be ensure that no tenderer gets undue advantage at the cost of other tenderers and/or at the cost of Procuring Entity. Information relating to evaluation of tenders and the Tender Committee's (TC's) deliberations should be confidential and not be shared with persons not officially connected with the process. The representative of the C&P Department will work as a convenor of the TC. As per Rule 173 (xxii) of GFR 2017 no member of the tender committee should be reporting directly to any other member of such committee in case estimated value of the procurement exceeds Rs. 25 lakh. Though the GFR stipulates this provision only when the estimated value of procurement exceeds Rs 25 lakh, it is desirable that the same provision should be followed in the constitution of all purchase committees irrespective of the value of procurement. The process of tender evaluation proceeds is described in the subsequent paras.

7.1.1 Tender committee:

i) Formation of Tender Committee: The Tender Committee will consist of 3(three) members one each from C&P, Indenter / User and F&A Department. Wherever there is technical complexity or user and indenter are different, the member from User Department can be co-opted for advice to the indentor. However, the total number of tender committee will not exceed 3(three).

Tender committee will not be necessary for procurement when orders are placed against OIL's rate contract**.** The bid will be examined technically and commercially by user department, F&A Department and C&P Department. Thereafter, C&P Department will prepare a proposal and route the same for approval by Competent Authority as per provisions of DoP.

ii) Level of tender committee:

The member of the tender committee from three departments as mentioned above shall be one level below the Competent Approving Authority. However, in the event no officer of requisite level is posted then officer of next lower level available from that department will be included in the tender committee.

a) In case officer to approve the proposal as per DOP is not available at the station the officer available at higher level shall approve the recommendation. In case Head of the Sphere / Project being the approving authority and not available at station, the officer in charge

shall approve such proposal. However, the level of tender committee shall not change and continue corresponding to competent authority in accordance with DOP.

b) There may be cases that regular member of the tender committee is not available due to valid reasons, in such cases the officer next lower level available in that department shall be included in the tender committee so as to avoid delays in holding the committee meeting.

c) The cases where competent authority to approve the proposal is Director / CBC / Board, tender committee shall be held at the level of senior most officer available in the respective departments.

d) The level of tender committee will be decided considering the estimated value provided in the PR for the tender. During the course of evaluation, on the basis of number of the techno-commercially acceptable bids and the lowest evaluated bid for award, the level of the tender committee may be changed according to the corresponding approving authority.

iii) Convening of tender committee meeting:

The C&P Department will convene the tender committee meeting in case of difference of any opinion amongst the members of the tender committee or to resolve any matter that may arise during the processing of the tender.

Tender Committee meetings will be convened in the office of department responsible for processing of tenders, i.e. C&P.

7.1.2 Time schedule for various activities for evaluation and award

The time schedule for evaluation and processing of cases after receipt of bids till award for different activities is mentioned hereunder:

i) Single envelope composite bid (consisting of technical as well as price):

Sl. No.	Activity	Maximum Period
1	Opening of Bids	0
2	Scrutiny of bids and issuance of Technical / Commercial queries (if any)	10 days
3	Vendor response to Technical / Commercial queries	10 days
4	Evaluation of response to Technical / Commercial queries and Finalization of Technical / Commercial Evaluation / Summary of Techno-commercial Scrutiny	15 days
5	Preparation of Comparative statement, examination by F&A Department and tender committee recommendation for award	15 days
6	Approval of Competent Authority and award	2 days
	Total Period allowed (maximum)	52 days

ii) Single stage two bid system:

Sl. No.	Activity	Maximum Period
1	Opening of Unpriced Bids	0
2	Scrutiny of bids and issuance of Technical / Commercial queries (if any)	10 days
3	Vendor response to Technical / Commercial queries	10 days
4	Evaluation of response to Technical / Commercial queries and Finalization of Technical / Commercial Evaluation	15 days
5	Preparation and Finalization of Committee recommendation for price bid opening	7 days
6	Approval of Competent Authority	3 days
7	Price Bid opening	7 days
8	Preparation of Comparative Statement	5 days
9	Vetting of Comparative Statement by F&A Department	3 days
10	Preparation and Finalization of Tender Committee Recommendation for award	7 days
11	Approval of Competent Authority and award (Cases which requires approval by Director) [Cases which requires CBC/Board approval]	3 days (5 days) [10 days]
	Total Period allowed (maximum)	70 days (75 days) [80 days]

Note:

a) For proprietary and nomination cases, contract/order is to be awarded/placed ideally within 30 days.

b) Tender to be floated ideally within 7-10 days from the date of approval of BEC-BRC or finalization of terms and conditions, whichever is later.

c) Additional time may be needed for cases involving negotiation, representation, IEM, court cases etc.

d) For proposal requiring approval from Board additional time will be needed.

e) In case a particular tender is not finalized within the above targeted period for valid reason, it should not be treated as deviation to procedure.

7.1.3 Evaluation of bids:

The responsiveness of the bids shall be ascertained based on the contents of the bid itself without recourse to extrinsic evidence. Evaluation must be based only on the conditions included in the tender document and any other condition should not form the basis of the evaluation. A substantially responsive bid is one which conforms to the terms and conditions of tender without material deviations. Material deviation is one which makes the bid non-responsive and liable for rejection as per terms and conditions of the tender document. A bid determined as substantially not responsive shall be rejected and may not be subsequently made responsive by correction/new submission as it will change the substance of the bid.

7.1.3.1 Discrepancies between Original and Additional/ Scanned Copies of a Tender: In case discrepancies are observed in responsive tenders between the original copy and other copies of the same tender set, the text, and so on, of the original copy will prevail. In e-Procurement also there could be discrepancies between the uploaded scanned copies and the originals submitted by the bidder (where such original documents are called for in the tender). In such case the original document submitted by the bidder shall prevail. Physical copies of only those documents sought in the tender shall be considered for evaluation.

7.1.3.2 Minor Infirmity/Irregularity/Non-conformity: During evaluation some minor infirmity and/or irregularity and/or non-conformity may also be found in some tenders. Such minor issues may be waived provided they do not constitute any material deviation and financial impact and, also, do not prejudice or affect the relative ranking of the bidders. Wherever necessary, clarification on observations on such 'minor' issues may be obtained from the bidder in the manner prescribed under para 7.1.4.

Note: *Material deviation, reservation, or omission should not be waived which –*

a) Affects, in any substantial way, the scope, quality or performance of the goods and related services specified in the contract.

b) Limits, in any substantial way, inconsistent with the tendering documents, the procuring entity's rights or the tenderer's obligations under the contract.

c) If rectified, would unfairly affect the competitive position of other tenderers quoting substantially responsive tenders.

7.1.3.3 Exception/Deviation in bid: While evaluating the bids the exceptions/ deviation form, if submitted, must be taken into account. The exceptions/deviations may be considered provided they do not constitute any material deviation and do not have financial impact and, also, would not prejudice or affect the ranking order of the price bid. Exceptions/deviations should not grant the bidder any undue advantage vis-a-vis other bids.

7.1.3.4 Evaluation of Composite Bid:

In case of single stage single envelop bidding (Composite Bid), the evaluation of qualification of bidders, technical, commercial and financial aspect is done simultaneously. As a principle, clarifications from bidders after opening of tenders are to be avoided to the extent possible in single stage composite bid system. However, clarifications on the bids shall be sought wherever necessary without affecting the quoted prices.

7.1.3.5 Evaluation of Bids Under Two Bid System:

The Techno Commercial-Unpriced Bids shall be opened first and scrutinised by Indenting/User department for compliance of technical requirement. The Technical scrutiny report shall be prepared in a tabular form with reference to Bid Evaluation Criteria and other technical compliance as per tender condition, clearly indicating that the bidder has met/not met a particular criterion. Technical queries (TQ), if any, shall be prepared by user department and forwarded to C&P for further taking up with the bidder. The C&P department immediately after opening of the bids shall arrange, Commercial scrutiny in consultation with F&A Department and prepare commercial queries (CQ) if required. It must be ensured that the queries asked for shall not have any bearing on the price.

The C&P department shall forward the technical and commercial queries seeking clarifications from the bidders. On receipt of response from the bidders on TQ and CQ, the replies to the technical queries will be forwarded to the user department who will prepare the final Technical Scrutiny Report regarding acceptance or rejection of the offers. The final Technical Scrutiny Report for tenders under Two-Bid system should be submitted by user department in accordance with the provisions of the DoP. The technical scrutiny report shall clearly mention the detailed reason of rejection of any bid. The C&P department shall simultaneously carry out the commercial scrutiny of the bids and prepare the final report vetted by F&A. The rejection of any bid on commercial ground should clearly specify the reason for rejection.

Once the technical and commercial evaluation is complete, price bid opening of techno-commercially acceptable bidders shall be processed as per provisions of DoP. All techno-commercially acceptable bidders, whose price bids are to be opened shall be notified of the date of price bid opening giving up to 5 (five) working days to attend the price bid opening (in case of e-tender). The failed bidders shall also be informed about rejection of their offers.

In case of physical tenders, Price bids of unacceptable bidders, which remain unopened, are to be returned to bidder after finalization of tender and award of contract.

7.1.4 Clarification of Bids / Shortfall Documents

During evaluation and comparison of bids, the Company may, at its discretion, ask the bidder for clarifications on the bid. The request for clarification shall be given in writing by email/registered/speed post, asking the bidder to respond by a specified date, and also mentioning therein that, if the bidder does not comply or respond by the date, his bid will be evaluated based on the submission. Depending on the outcome, such bids are to be ignored or considered further. No change in prices or substance of the bid shall be sought, offered or permitted. No post-bid clarification at the initiative of the bidder shall be entertained. The shortfall information/documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then. (Example: if the Permanent Account Number, registration with GST has been asked to be submitted and the tenderer has not provided them, these documents may be asked for with a target date as above). So far as the submission of documents is concerned with regard to qualification criteria, after submission of the tender, only related shortfall documents should be asked for and considered. For example, if the bidder has submitted a supply order without its completion/performance certificate, the certificate can be asked for and considered. However, no new supply order should be asked for so as to qualify the bidder.

Procedure for seeking clarification from Bidders:

i) As a principle, the bid should be evaluated and processed based on the information, details, documents etc. submitted by the bidder without resorting to any communication with the bidder.

ii) During the techno-commercial evaluation of the bids, if it is considered necessary to seek clarifications from bidders in relation to their original submission, technical and commercial queries based on the scrutiny of the bids may be addressed to the bidders giving a reasonable time for response. Such clarifications from the bidder should not be in contradiction to their original submission and should never change the substance of their original bid.

iii) It is not allowed that bidder should submit new documents which are not mentioned in the original submission.

iv) While seeking clarification from the bidder and giving a reasonable time for response a cut-off date should be indicated with a stipulation that in case no response is received from the bidder, his bid will be evaluated based on the submission.

v) No change in prices or substance of the bid shall be sought, offered or permitted. No post-bid clarification at the initiative of the bidder shall be entertained. The shortfall information/documents should be sought only in case of historical documents which pre-existed at the time of the tender opening and which have not undergone change since then. So far as the submission of documents is concerned with regard to qualification criteria, after submission of the bid, only related shortfall documents should be asked for and considered. For example,

(a) If the bidder has submitted a supply order without its completion/performance certificate, the certificate can be asked for and considered. However, no new supply order should be asked for so as to qualify the bidder and in case bidder on its own submits such document, same should not be considered for evaluation.

(b) If the Permanent Account Number, GST registration has been asked to be submitted and the tenderer has not provided them, these documents may be asked for with a target date as above.

(c) Clarifications may be sought if the bidder has brought in by reference any relevant pre-existed information / document in their original bid but based on which buyer may not be in a position to take a conclusive decision.

For example, if the bidder mentions any PO/ Contract/Work order no. of any organization (other than OIL) in their original bid but documents are not submitted, the PO/ Contract/Work order no. etc. shall be considered as pre-existed and hence PO/ Contract/Work order documents against the pre-existed reference should be asked along with pre-existed documents which can establish successful job completion.

vi) If any bidder having successfully executed PO /Contract with OIL for the tendered items/similar items or services within the applicable time period as specified to qualify against the tender and mentions such PO /Contract No. in their bid, further clarifications /documents may be sought for if required.

vii) The subsequent document submitted consequent to post-bid clarifications should be dated prior to bid opening for consideration. However, document as per tender like undertaking/affidavit/ self-certification / OEM authorization certificate/ CA certificate with UDIN No. and issuing date etc. required as per tender may be considered post-dated.

viii) Notwithstanding above, where cancellation of the tender and re-floating the requirement may not be a prudent / feasible option considering operational urgency etc., the matter may be deliberated suitably in the Tender Committee meeting or LMC meeting for a decision to seek clarifications as deemed fit. However, seeking clarifications in such scenario should be fair, just and transparent and equal opportunity should be given to all the participating bidders.

ix) No post bid clarification at the initiative of the bidder shall be entertained.

7.1.5 Post Tender Modification of Bids:

No unsolicited correspondence after submission of offer shall be taken cognizance of or responded to. Post tender modification of bid is not allowed.

7.1.6 Withdrawal of Offer By Bidder:

In case bidder withdraws its bid within the bid validity period, Bid Security will be forfeited and the party shall be debarred as per OIL's Banning Policy.

7.1.7 Furnishing Fraudulent Information / Document:

If it is found during the evaluation of the tender that a Bidder has furnished fraudulent document/information, the Bid Security shall be forfeited and the party debarred as per OIL's Banning Policy.

7.1.8 Right of Bidder To Question Rejection At Techno-Commercial Stage:

i) For all tenders processed through e-tender portal, the rejection of bids, if any, shall be intimated to the concerned bidder(s) in line with the procedure adopted in GeM portal. The reason(s) of rejection of bid(s) shall be intimated through a written communication viz. email etc.

ii) In line with GeM policy, a cut off time period of 48 hours is to be given for representation(s) to the unsuccessful bidder(s), if any, prior to opening of price bid in case of two bid tenders and award of contract/P.O. in case of composite bid tenders.

iii) In case of two bid tenders, if there is rejection of bid(s) after opening of price bid for any reason, the reason (s) of rejection to be communicated to the bidder(s) for information to maintain transparency.

iv) A bidder shall have the right to be heard in case he feels that a proper procurement process is not being followed and/or his Techno-commercial bid has been rejected wrongly. On receipt of representation it may be decided whether to withhold opening of the financial bids and bidder may be expeditiously replied. Following decisions of the Company, listed below, in accordance with the provision of internal guidelines shall not be subject to review.

a) Determination of the need for procurement;
b) Selection of the mode of procurement or bidding system;

c) Choice of selection procedure;
d) Provisions limiting participation of bidders in the procurement process;
e) The decision to enter into negotiations with the L1 bidder;
f) Cancellation of the procurement process except where it is intended to subsequently re-tender the same requirements;
g) Issues related to ambiguity in contract terms may not be taken up after a contract has been signed, all such issues should be highlighted before consummation of the contract by the vendor/contractor; and
h) Complaints against specifications except under the premise that they are either vague or too specific so as to limit competition may be permissible.

v) The representation(s) received from rejected bidder(s), if any, shall be reviewed with respect to the original scrutiny report to arrive at a judicious conclusion. In this regard, procedure for submission of post tender documents as mentioned in Para 7.1.4 above may be followed.

7.1.9 Evaluation of Financial Bids and Ranking of Tenders in general:

i) Once the priced bids are opened, a comparative statement of the bids shall be prepared. The bids shall be evaluated considering prevailing guidelines regarding applicability of duties and taxes, exemption of duties, purchase preference, the basis of price for the purpose of evaluation for deciding inter-se ranking. The price evaluation shall be done strictly in accordance with the conditions mentioned in the tender document which may include certain loading as specified in the tender.

ii) Sometime certain bidders offer suo motu discounts and rebates after opening of the tender (techno-commercial or financial). Such rebates/discounts should not be considered for the purpose of ranking the offer but if such a firm does become L1 at its original offer, such suo motu rebates can be incorporated in the contracts. This also applies to conditional rebates, for example, rebate for faster payments, and so on;

iii) Unless announced beforehand explicitly in the tender documents, the quoted price should not be loaded on the basis of deviations in the commercial conditions. If it is decided to incorporate such clauses, these should be unambiguous and clear - and thereafter there should be no relaxation during evaluation. Moreover, sometimes, while purchasing sophisticated and costly equipment, machinery, and so on, the Company also gives special importance to factors such as high quality performance, environmental-friendly features, low running cost, low maintenance cost, and so on. To take care of this, relevant details are to be incorporated in the bid document and the criteria adopted to assess the benefit of such features while evaluating the offers are also to be clearly stipulated in the tender enquiry document so that the bidders are aware of it and quote accordingly. While evaluating such offers, these aspects are also to be taken into account. Such details, whenever considered necessary, should be evolved by the competent technical authority for incorporation in the tender document, so that there is no ambiguity and/or vagueness in them;

iv) The comparison of the responsive tenders shall be as per evaluation criteria stipulated in the tender. (Refer Company's internal Circular no. GM(C&P):02/01-681A dated 31.07.2017 for detail guideline on price bid evaluation criteria)

a) Price/Purchase preference policies as notified by Government of India from time to time is to be indicated in the tender document

b) In case the list of requirements contains more than one schedule, the responsive, technically suitable tenders will be evaluated and compared separately for each schedule, if specified in the tender. A bid will not be considered if the complete requirements prescribed in that schedule are not included in the bid.

c) Prices should be quoted net of discount and no discount should be shown separately. Discount, if any should be merged with the quoted prices. Discount of any type, indicated separately as well as conditional discount, should not be taken into account for evaluation purpose. However, if an offer is found to be the lowest even without considering discount, OIL shall avail such discount at the time of placement of order.

d) If the tenders have been invited on a variable price basis, the tenders will be evaluated, compared and ranked on the basis of the position prevailing on the day of tender (Technical Bid) opening date and not on the basis of any future date.

v) Final comparative statement of the price bids shall be vetted by F&A Department.

vi) In case where a Tender cannot be finalized after Price Bid opening for whatever reason, such tender shall be cancelled and fresh Tender may be floated, if requirement exists, after taking care of the root cause/anomalies/discrepancies. Under no circumstances, fresh Price Bids shall be re-invited.

7.1.10 Correspondence with Bidders: All correspondence before award of contract seeking clarification (technical, financial and commercial) must be done by C&P department. After the contract is awarded, if considered necessary, indentor can correspond with suppliers. In case of LSTK and other complex contracts, the indentor can correspond regarding day to day execution of the contract and issues arising during the execution of the contract, with a copy of the correspondence for information of C&P department.

7.1.11 Timely Processing of Tenders: Delays in finalising procurement deprive the public of the intended benefits and results in lost revenues and cost over-run. To enable timely decision making, an indicative time schedule for various activities upto finalization of tender/contract is mentioned earlier in this chapter. As a check, the proposed schedule of tender process may be printed on the inside cover of the Procurement File, where actual date of completion of various stages may be recorded.

7.2 Tender committee recommendation and its acceptance

7.2.1 Tender Committee Recommendation:

Tender Committee duties are to be discharged personally by the nominated officers. They may take help of their subordinate officers by way of reports/ evaluations, but they would still be answerable for such decisions.

The tender committee shall make final recommendation for award of job. The tender committee recommendation shall be unambiguous for consideration and acceptance by Competent Authority.

7.2.2 Acceptance of Recommendation of Tender Committee:

i) Tender committee recommendations shall be put up for the approval of competent authority as per DoP.

ii) Competent authority can either approve the recommendation of tender committee or give written directives to TC for reconsideration of its recommendation with specific observation.

iii) When the recommendation of tender committee is unanimous, and the Competent Approving Authority does not agree with recommendation, he / she will refer the case for a decision to the next higher competent authority along with his / her recommendation and giving reason for not agreeing with TC recommendation.

iv) In case there is dissenting view in the tender committee recommendation, the Competent Approving Authority will be empowered to accept the majority recommendation of the tender committee. If the majority recommendation of the TC is not acceptable, the Competent Approving Authority with his / her views along with his / her recommendations shall refer the matter to next higher Competent Approving Authority, empowered to take decision and approve the majority recommendations with vetting from Finance.

v) In cases where there is recorded difference of opinion amongst the tender committee members and there is no majority view within the tender committee, the matter shall be put up to the Competent Approving Authority for decision.

vi) In any purchase decision, the responsibility of the CA is not discharged merely by selecting the cheapest offer or accepting TC recommendations but ensuring whether:

a) Offers have been invited in accordance with this manual and after following fair and reasonable procedures in prevailing circumstances.

b) He/She is satisfied that the selected offer will adequately meet the requirement for which it is being procured.

c) The price of the offer is reasonable and consistent with the quality required; and

d) The accepted offer is the most appropriate taking all relevant factors into account in keeping with the standards of financial propriety.

After the acceptance of the recommendations of Tender Committee by the competent authority, the Letter (Notification) of Award (LoA) can be issued.

7.3 Proposal to Corporate Business Committee (CBC):

i) In all procurement cases exceeding delegated powers of Director as competent authority, approval of CBC will be obtained, as the case may be, after endorsement by LMC.

ii) The procurement cases which exceed the power of CBC shall require the approval of Board of Directors and the agenda for consideration and approval by Board of Directors shall be put up as per guideline.

iii) For CBC approval, the CBC Note, duly signed by Head of C&P (for FHQ) or authorised signatory along with relevant documents including LMC approval shall be sent to Head of C&P at Corporate office.

iv) Such note shall be sent well in advance having sufficient bid validity. Head of C&P and Head-F&A at Corporate office shall examine the proposal(s) and put

up for approval of CBC. In the process of examination, if necessary, Corporate office may seek clarification(s) from the LMC / Head of the Sphere / Project.

v) The agenda containing all details of the case with a self-contained note shall be circulated to all Functional Directors as well as to CMD in advance for perusal.

vi) For other spheres/projects, the concerned Head of sphere/project will sign the CBC Note.

7.3.1 Decision of Corporate Business Committee (CBC):

Based on deliberation in the CBC, the Corporate C&P department which convenes the CBC meeting shall prepare minutes of CBC meeting which contains the deliberation and the decision taken by the Corporate Business Committee. The minutes of meeting shall be put up in circulation to CBC members for approval of the minutes. Once the minutes of CBC meeting are approved the Head of C&P at Corporate Office shall communicate the decision to the concerned Sphere / Project for further action like placement of order.

7.4 Extension of Bid Validity Period

The entire process of scrutiny and evaluation of tenders, preparation of ranking statement and notification of award must be done expeditiously and within the original tender validity period. The validity period should not be unreasonably long as keeping the tender unconditionally valid for acceptance for a longer period entails the risk of getting higher prices from the bidders.

If, however, due to some exceptional and unforeseen reasons, decision for placement of the contract within the original validity period could not be made, before expiry of the original validity period, all the responsive bidders shall be requested to extend their tenders up to a specified period. While asking for such extension, the bidders are also to be asked to extend their offers as it is, without any changes therein. They may also be told to extend the validity of the EMD for the corresponding additional period, if required (which is to be specified in the request). A bidder may not agree to such a request and this will not be tantamount to forfeiture of its EMD. But the bidders, who agree to extend the validity, are to do so without changing any terms, conditions, and so on, of their original tenders.

7.5 Variation of Quantities at the Time of Award

At the time of awarding the contract, the quantity to be procured must be re-judged based on the current data, since the ground situation may have very well changed. The tendered quantity can be increased or decreased by 25 (twenty-five) per cent for ordering, if so warranted. However, such provisions must be predefined in the tender documents.

7.6 Variation of Quantities during execution

In case of long running, yearly procurement of goods, to take care of any change in the requirement during the currency of the contract, a plus / minus 20 (twenty) per cent option clause should be incorporated in the tender document, reserving purchaser's right to increase or decrease the quantity of the required goods up to that limit without any change in the terms and conditions and prices quoted by the bidders. However, necessary care should be taken while incorporating this clause in tenders considering the fact that higher the option limit more is the uncertainty for the bidders in formulating their prices and more is the chance of loading on the prices quoted to take care of such uncertainties.

7.7 Splitting of Contracts / Parallel Contracts

The cases where there is a possibility of splitting the order amongst more than one bidder due to capacity constraint, such provision needs to be pre-disclosed in the tender document to the effect that orders on L-2 and L3 may be placed, subject to their matching the price with L-1 bidder and exhausting of the capacity of L1 bidder. This shall not be deemed as negotiation. In case L2, L3 … bidders decline to match their prices with L1 bidder, procurement of remaining quantity shall be processed through re-tendering following the normal tendering procedure.

Where for critical services/supply more than one source is required, the same should be pre-disclosed in the tender indicating the ratio on which orders on L2, L3… bidders shall be placed subject to their agreement of matching the prices offered by L-1 bidder. The ratio of distribution shall be stipulated in such a way to offer comparatively larger share to L-1 bidder. The above exercise shall not be considered as negotiations.

In the event, the lowest bidder against a tender backs out, such tender will be refloated.

Before splitting the quantity, it should be ensured that the L1 price is reasonable. If it is not reasonable, negotiation with the L1 party may be carried out, if justifiable, with the approval of the CA as per DoP. The following guidelines are to be considered while opting for parallel contracts/splitting of quantities:

L1 should be awarded at least the percentage stipulated in the tender or his supply capacity, whichever is lower; and

For the rest of the contract quantity, the lowest rate arrived at after negotiation with L1, if applicable, will be counter offered to the L2 party. On acceptance of the counter offer, the order will be placed on L2 for the respective percentage or the supply capacity of the L2 bidder, whichever is lower, and so on, to other bidders. In case of non- acceptance of the counter offer by the L2 party, a similar offer shall be made to L3 and L4, and so on.

7.8 Reasonableness of Prices

In every recommendation of the TC for award of contract, it must be declared that the rates recommended are reasonable.

Where there is no estimated cost, a comparison with Last Purchase Price (LPP - the price paid in the latest successful contract) is the basis for judging reasonableness of rates. The following points may be kept in mind before LPP is relied upon as a basis for justifying rate reasonableness:

i) The basic price, taxes, duties, transportation charges, Packing and Forwarding charges should be indicated separately.

ii) Where the firm holding the LPP contract has defaulted, the fact should be highlighted and the price paid against the latest contract placed prior to the defaulting LPP contract, where supplies have been completed, should be used.

iii) Where the supply against the LPP contract is yet to commence and delivery is not yet due, it should be taken as LPP with caution, especially if the supplier is new, the price paid against the previous contract may also be kept in view.

iv) Where the price indicated in the LPP is subject to variation or if it is more than a year old, the updated price or as computed in case of the Price Variation Clause (PVC) may also be indicated.

v) In the case of wholly imported stores, the comparison of the last purchase rate should be made with the net CIF value at the current foreign exchange rate (Technical bid opening date).

vi) It is natural to have marginal differences in prices obtained at different cities/offices for the same item, due to their different circumstances. The prices obtained are greatly influenced by quantity, delivery period, terms of the contract, these may be kept in view; and

vii) Prices paid in emergencies or prices offered in a distress sale are not accurate guidelines for future use. Such purchase orders and TC proceedings should indicate that "these prices are not valid LPP for comparison in future procurement."

viii) Review of estimate needs to be done exhaustively where the price of the lowest evaluated bid is more than 10% of the cost estimate. This analysis is required to arrive at proper decision for placing order also keeping in view the other aspects like project schedule / operation etc. Such review of cost estimate shall be done by indentor. The indentor shall obtain additional financial sanction for increased amount and revise the requisition for further processing of the case for award. Alternatively, if the procurement is for project, it should be confirmed that the increased amount is covered under overall project.

7.9 Insufficient Acceptable Bids

i) In case after inviting open/limited tenders, a single offer is found techno-commercially acceptable, the order should be placed on the single bidder as per the Delegation of Power provided the following conditions are satisfied:

a) The procurement was satisfactorily advertised and sufficient time was given for submission of bids.
b) The qualification criteria were not unduly restrictive (*to be confirmed by User)*; and
c) Prices are reasonable in comparison to market values *(to be confirmed by User)*.

However, in case of urgency, contract may be awarded to the single techno-commercially acceptable bidder, even if any or all the above three conditions are not satisfied. Such urgency should be certified by the indentor.

While making recommendation or proposal for such cases, the applicable situation(s) as per above provisions shall be clearly indicated in the recommendation.

7.10 Consideration of Abnormally Low Bids

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

In the case of predatory pricing as well, the above consideration of Abnormally Low Bids may be referred for assistance in finalization of tenders.

7.11 Cartel Formation / Pool Rates

It is possible that sometimes a group of bidders quote the same rate against a tender. Such pool/cartel formation is against the basic principle of competitive bidding and defeats the very purpose of an open and competitive tendering system. Such and similar tactics to avoid/control true competition in a tender leading to "Appreciable Adverse Effect on Competition" (AAEC) have been declared as an offence under the Competition Act, 2002, as amended by the Competition (Amendment) Act, 2007. In case of evidence of cartel formation, detailed cost analysis may be done, if necessary. Besides, suitable administrative actions can be resorted to, such as rejecting the offers, reporting the matter to trade associations, the Competition Commission or NSIC, etc., and requesting them, inter- alia, to take suitable strong actions against such firms. New firms may also be encouraged to get themselves registered for the subject goods to break the monopolistic attitude of the firms forming a cartel. Changes in the mode of procurement (GTE instead of OTE) and packaging/slicing of the tendered quantity and items may also be tried. A warning clause may also be included in the bid documents to discourage the bidders from indulging in such practices.

7.12 Negotiations:

Normally, there should be no negotiation. Negotiations should be an exception rather than the rule and may be resorted to only in exceptional circumstances. If it is decided to hold negotiations for reduction of prices, the negotiation can be held only with L1 bidder with the approval of competent authority.

The exceptional circumstances where negotiations may be considered would include the following:

i) Procurement of proprietary items;
ii) Items with limited sources of supply;
iii) Where there is suspicion of cartel formation.

Justification and details of such negotiation shall be duly recorded and documented without any loss of time.

In cases where a decision is taken to go for re-tendering due to the unreasonableness of the quoted rates, but the requirements are urgent and a re-tender for the entire requirement would delay the availability of the item, jeopardizing the essential operations, maintenance and safety, negotiations would be permitted with L-1 bidder(s) for the supply of a bare minimum quantity, subject to acceptance by the bidder. The balance quantity shall, however, be procured expeditiously through a re-tender, following the normal tendering process.

Negotiations shall not be misused as a tool for bargaining with L-1 with dubious intentions or lead to delays in decision-making. Convincing reasons must be recorded by the authority recommending negotiations. Competent Purchase Authority should exercise due diligence while accepting a tender or ordering negotiations or calling for a re-tender and the time taken for according requisite approvals for the entire process of negotiation and award of order should not exceed 30 days from the date of submission of recommendations. In no case shall the overall timeframe exceed the validity period of the tender and it should be ensured that tenders are invariably finalised within their validity period.

Counter offers tantamount to negotiations and the principles of negotiations should apply to such counter offers. For example, a counter offer to L1, in order to arrive at an acceptable rate, shall amount to a negotiation. However, any counter offer to L2, L3, and so on (at the rates accepted by L1) in case of splitting of quantities shall not be deemed to be a negotiation.

After the CA has decided to call the L1 bidder for negotiation, the following procedure should be adopted:

i) It must be understood that, if the period of validity of the original offer expires before the close of negotiations, the original offer will not be available for acceptance. The period of validity of the original offer must, therefore, be extended, wherever necessary, before negotiations.

ii) The bidder to be called in for negotiations should be addressed as per the format of letter laid down in Annexure 5(A), so that the rates originally quoted by him shall remain open for acceptance in the event of failure of the contemplated negotiation;

iii) A negotiations meeting should be started only after obtaining a signed declaration from the negotiating supplier as per Annexure 5 (A); and

iv) Revised bids should be obtained in writing from the selected bidders at the end of the negotiations in the format of letter laid down in Annexure 5 (B). If necessary, the negotiating party may be given some time to submit its revised offer. In case, however, the selected bidder prefers to send a revised bid instead of being present at the negotiation, the offer should be taken into account. In case a bidder does not submit the revised bid, its original bid shall be considered.

In case negotiation is carried out physically or through electronic medium, same shall be done by the Tender Committee (TC). For cases where competent authority for approving the procurement is CBC/Board, negotiation shall be carried out by LMC. Negotiation in GeM shall be as per the provision available in GeM portal.

7.12.1 Approving authority for negotiation:

The approval for negotiation shall be accorded by the competent authority as per DoP. Competent authority for the cases falling under the power of Director / CBC will be the Head of Fields / Projects / Spheres.

7.13 Cancellation of Procurement Process / Rejection of All Bids / Re-tender

Cancellation of tender for any reason and re-invitation whether on limited or open basis shall require an approval of competent authority as per DoP.

i) The process of procurement may be cancelled at any time prior to finalization of the tender. In case where responsive bids are available, the aim should be to finalize the tender by taking mitigating measures. If it is decided to re-float the tender, the justification should balance the perceived risks in finalization of tender (marginally higher rates) against the certainty of resultant delays, cost escalations, loss of transparency in re-invited tender. After such decision, all participating bidders would be informed and bids if not opened would not be opened and in case of manual tenders be returned unopened. Some of the situations which may necessitate cancellation of a procurement process inter-alia may include the following:

   a) If the quantity and quality of requirements have changed substantially or there is an un-rectifiable infirmity in the bidding process;

   b) when none of the offers are substantially responsive to the requirements of the tender Documents;

   c) none of the technical Proposals meets the minimum technical qualifying Criteria;

d) If effective competition is lacking. However lack of competition shall not be determined solely on the basis of the number of Bidders.

e) The Bids'/Proposals' prices are substantially higher than the updated cost estimate or available budget;

f) If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to accept the procurement contract as may be required, or fails to provide the performance security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the tender shall be re-floated.

ii) Approval for cancellation of a tender should be accorded from the CA as per DoP, after recording the reasons/proper justification for the cancellation. The decision of the Company to cancel the procurement and reasons for such a decision shall be immediately communicated to all bidders that participated in the procurement process. Before retendering, the Company should rectify the deficiencies of previous tender, if any.

7.14 Independence, Impartiality, Confidentiality and 'No Conflict of Interest' at all Stages of Evaluation of Bids

All technical, commercial and finance officials who have contributed to the techno commercial or financial evaluation of bids, should deal with the procurement in an independent, impartial manner and should have no conflict of interest with any of the bidder involved in the procurement. They should also maintain confidentiality of the information processed during the evaluation process and not allow it to reach any unauthorized person. They should sign a declaration at the end of their reports/notes stating that,

"*I declare that I have no conflict of interest with any of the bidder in this tender*".

TC members may make such a declaration at the end of their reports.

7.15 LoA to Successful Bidder

Once the proposal for award is approved by the Competent Authority and prior to the expiry of the period of bid validity, the successful bidder will be notified (briefly indicating therein relevant details such as quantity, specification of the goods ordered, prices, and so on) vide a formal LOA that his bid has been accepted. In the same communication, the successful bidder is to be instructed to furnish the required performance security within a specified period subsequent to the issue of LOA. Detailed purchase order should be issued in a time bound manner.

Alternatively, Purchase Order may also be issued to the successful bidder, instead of issuing LOA.

7.16 Publication of Tender Results and Return of EMD of Unsuccessful Bidders

The details of award of contract and name of the successful bidder should be mentioned mandatorily on the CPPP and OIL website (except GeM Tenders). The bid securities of unsuccessful bidders should be returned as detailed in para 6.1.6.2.

7.17 Performance Security

The supplier receiving the LoA/PO is required to furnish the applicable performance security, if it is part of tender conditions, in the prescribed form by the specified date; failing this necessary action including forfeiture of EMD will be taken against the supplier. Refer para 6.2 under Chapter 6.

7.18 Acknowledgement of Contract by Successful Bidder and Execution

After the successful bidder is issued Purchase Order, the supplier should submit the Purchase Order acceptance format duly filled, signed and sealed, within 14 (fourteen) days from the date of issue of the Purchase Order in case of OTE and 28 (twenty-eight) days in case of GTE. Such acknowledgements may not be required in low value contracts, below Rupees 50 Lakh.

It should be made known to the successful bidder that in case he does not furnish the required performance security or does not accept the Purchase Order within the stipulated target dates, such non- compliance will constitute sufficient ground for forfeiture of its EMD and processing the case for further action against it (the successful bidder) as per the provision of Company's Banning Policy.

7.19 Framing of Contract

The following general principles should be observed while entering into contracts:

i) Any agreement shall be issued strictly as per approved TC recommendations. The terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability, except in the case of a cost plus contract or where there is PVC in the contract. In other words, no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the F&A Department.

ii) All contracts shall contain a provision for

   a) Recovery of liquidated damages (LD) for delay in performance of the contract on the part of the contractor;

   b) A warranty clause/defect liability clause should be incorporated in contracts for plant and machinery, above a threshold value, requiring the contractor to, without charge, replace, repair or rectify defective goods/ works/services;

iii) All contracts for supply of goods should reserve the right of the Company to reject goods which do not conform to the specifications;

iv) Payment of all applicable taxes by the contractor or supplier.

7.20 Evaluation of Bids and Award of Contract - Risks and Mitigations

Risk	***Mitigation***
Evaluation of bids is subjective or leaves room for manipulation and biased assessments.	Evaluation criteria should be objective without leaving any room for ambiguity.

Discriminating against a Best Value Bid: In case a bidder's bid (not in the good books of the Company) becomes the best value bid as per the evaluation criteria, some of the following actions may have risks of misuse. There is also a reverse risk in these actions if a favourite becomes best value bid.	Mitigation for each type of risk is mentioned below.
Sudden quantity reduction/increase or splitting of quantity work at the time of award: Many organisations have provisions for change/ splitting in the bid quantity at the time of award. Some organisations vary quantity even without such provisions.	**Bid conditions must specify a limit** beyond which originally announced quantity / scope cannot be reduced / increased. If parallel contracts are envisaged, clear criteria for the splitting may be specified in the bid documents beforehand.
Unwarranted negotiations: Negotiations are called without justification. Sometimes a counter-offer is made to discourage lowest acceptable bidder.	Normally, there should be no post-tender negotiations. In certain exceptional situations, for example, procurement of proprietary items, items with limited sources of supply, and items where there is suspicion of a cartel formation, negotiations may be held with L-1. In case of L-1 backing out, there should be re-tendering.
Unwarranted delays in finalizing or varying the terms of pre-announce contract agreement: Even after the TC recommendations are accepted, signing of the contract is delayed on one pretext or the other. Although there is a standard contract form in the bid documents, the contract may be drafted in a fashion to favour or discourage the successful bidder.	**A target timeline of** finalization of procurement should be laid down. Delays and reasons thereof should be brought out before the CA on the file at the time of TC's acceptance or contract signing. The contract should be strictly as per the bid conditions and accepted offer.
Anti-competitive practices: Bidders, that would otherwise be expected to compete, secretly conspire to frustrate the buyer's attempts to get VfM in a bidding process. Anti-competitive conspiracies can take many forms. Sometimes the officers involved in procurement may be part of such collusion. **Bid coordination:** The bidders collude to the quote same or similar rates that are much higher than the reasonable price to force the buyer to settle the procurement at exorbitant prices. **Cover bidding:** Cover bidding is designed to give the appearance of genuine competition by way of supporting bids for the leading bid-rigger. **Bid suppression:** Bid suppression means that a company does not submit a bid for final consideration in support of the leading bid-rigger. **Bid rotation:** In bid-rotation schemes,	These strategies, in turn, may result in patterns that procurement officials can detect and steps can be taken to thwart such attempts. Such anti-competitive activities come under the purview of the competition law, where there is provision of stringent penalties. Regular training should be held for officers involved in procurement to detect and mitigate such practices and also use of the competition law against such bidders.

conspiring firms continue to bid but they agree to take turns being the winning (i.e., lowest qualifying) bidder in a group of tenders of a similar nature. **Market allocation:** Competitors carve up the market and agree not to give competitive bids for certain customers or in certain geographic areas.	

7.21 Handling of Complaint / Representation

In case any complaint / representation in respect of ongoing tender, complaints / representations related to technical issues shall be handled by the technical department and complaints / representations related to commercial issues shall be handled by C&P department. In case, if required, the matter may be referred to the tender committee for further deliberation / advice.

**********************End of Chapter-7*********************

CHAPTER 8

RATE CONTRACT AND OTHER PROCUREMENTS WITH SPECIAL FEATURES

8.1 Rate Contracts

8.1.1 Definition

A Rate Contract (commonly known as RC) is an agreement between the purchaser and the supplier for supply of specified goods (and allied services, if any) at specified price and terms & conditions (as incorporated in the agreement) during the period covered by the Rate Contract. No quantity is mentioned nor is any minimum drawal guaranteed in the Rate Contract. The Rate Contract is in the nature of a standing offer from the supplier. The Supplier and / or the purchaser are entitled to withdraw/cancel the Rate Contract by serving an appropriate notice on each other giving 15 (fifteen) days time. However, once a supply order is placed on the supplier for a definite quantity in terms of the rate contract during the validity period of the rate contract, that supply order becomes a valid and binding contract.

For common items required continuously throughout the year in large quantities, common services hired repeatedly through the year, rate contracts should preferably be entered into. Items/Services for which rate contract should be concluded should be identified and such list should be reviewed and additions made every year depending upon the past consumption or on anticipated consumption. Rate contracts should not be entered in the case of items/services for which the market shows marked downward trend. In order to provide against a rise/fall in the market price during the currency of the rate contracts, the contract may include the standard Fall Clause. A rate contract should be entered into on the basis of open competitive bidding.

8.1.2 Merits of Rate Contract

The Rate Contract system provides various benefits to both the Purchaser (i.e. user) and the Supplier and the same are indicated below:

i) **Benefit to Users:**

a) Competitive and economical price due to aggregation of demands.
b) Saves time, efforts, man-hours and related costs involved in time consuming as well as repetitive tendering process. It thus reduces lead time for procurement.
c) Availability of quality goods with full quality assurance back-up.
d) Enables procurement as and when required and thus reduces inventory carrying cost.
e) Advantageous even to small users and those located in remote areas.
f) Provides one single point of contact to procure such items.

ii) **Benefit to Suppliers:**

a) Reduces marketing cost and efforts.
b) Eliminates repetitive tendering and follow-up actions with multiple authorities.
c) Provides single point contact.
d) Aggregation of demand leads to economic production.
e) Lends credibility.
f) Promotes quality discipline.

8.1.3 Period of Rate Contract

The period of a Rate Contract should normally be one year for stable technology products. However, in special cases, shorter or longer period not more than two years may be considered.

8.1.4 Special Conditions applicable for Rate Contract

Some conditions of rate contract differ from the usual conditions applicable for ad hoc contracts. Some such important special conditions of rate contract are given below:

i. In the Schedule of Requirement, no quantity is mentioned; only the anticipated drawal is mentioned without any commitment.

ii. The purchaser reserves the right to conclude one or more than one rate contract for the same item.

iii. The purchaser as well as the supplier may withdraw the rate contract by serving suitable notice to each other. The prescribed notice period is generally fifteen days.

iv. The purchaser has the option to renegotiate the price with the rate contract holders.

v. In case of emergency, the purchaser may purchase the same item through ad hoc contract with a new supplier.

vi. The purchaser is entitled to place supply orders up to the last day of the validity of the rate contract and, though supplies against such supply orders will be effected beyond the validity period of the rate contract, all such supplies will be guided by the terms & conditions of the rate contract.

vii. The rate contract will be guided by "Fall Clause" (as described later in this chapter).

8.1.5 Parallel Rate Contracts

Generally, a single supplier may not have enough capacity to cater to the entire demand of an item across all spheres of the Company. Therefore, each sphere may conclude rate contracts with different suppliers for the same item. Such rate contracts are known as Parallel Rate Contracts.

8.1.6 Conclusion of Rate Contracts including Parallel Rate Contracts

Techniques for conclusion of rate contract is basically identical to that of ad hoc contract (as discussed in Chapter 7 of the Manual). Identical tender documents may be utilized for conclusion of rate contracts subject to inclusion therein the special terms & conditions as applicable for rate contracts. In the first instance, the rate contract is to be awarded to the lowest responsive bidder (L1). However, depending on the anticipated demand of the item, location of the users, capacity of the responsive bidders, reasonableness of the prices quoted by the responsive bidders, etc. it may become necessary to award parallel rate contracts also. Efforts should be made to conclude parallel rate contracts with suppliers located in different parts of the country. For the sake of transparency and to avoid any criticism, effort should be made to issue all such parallel rate contracts simultaneously.

8.1.7 Cartel Formation / Pool Rates / Bid rigging / Collusive bidding etc.

Quoting of pool rates / Cartel formation/ bid rigging / collusive bidding is against the basic principle of competitive bidding and defeats the very purpose of open and competitive tendering system. Such practices should be severely discouraged with strong measures. Suitable administrative actions like rejecting the offers, reporting the matter to Competition Commission of India (CCI), on case to case basis, as decided by the competent authority. Company may also bring such unhealthy practice to the notice of the concerned trade associations like FICCI, ASSOCHAM, NSIC, etc. requesting them, inter alia, to take suitable strong actions against such firms. The Company may also encourage new firms to get themselves registered to break the monopolistic attitude of the firms giving pool rate / forming cartel. Purchaser may also debar the bidders indulging in cartel formation / collusive bidding / bid rigging for a period of two years from participation in the tenders of the Purchaser.

8.1.8 Fall Clause

Fall clause is a price safety mechanism in rate contracts. The fall clause provides that if the rate contract holder reduces its price or sells or even offers to sell the rate contracted goods or services following conditions of sale similar to those of the rate contract, at a price lower than the rate contract price, to any person or organization during the currency of the rate contract, the rate contract price will be automatically reduced with effect from that date for all the subsequent supplies under the rate contract and the rate contract amended accordingly. Other parallel rate contract holders, if any, are also to be given opportunity to reduce their price as well, by notifying the reduced price to them and giving them 07 (seven) days time to intimate their revised prices, if they so desire, in sealed cover to be opened in public on the specified date and time and further action taken as per standard practice. On many occasions, the parallel rate contract holders attempt to grab more orders by unethical means by announcing reduction of their price (after getting the rate contract) under the guise of Fall Clause. This situation is also to be dealt with in similar manner as mentioned in the preceding paragraph. It is however, very much necessary that special watch is kept on the performance of such rate contract holders who reduce their prices on one pretext or other. If their performances are not up to the mark, appropriately severe action should be taken against them including deregistering them, suspending business deals with them, debarring them for two years from participating against the tender enquiry floated by the Company etc.

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

i) Export / Deemed Export by the supplier;
ii) Sale of goods or services as original equipment prices lower than the price charged for normal replacement;
iii) Sale of goods such as drugs, which have expiry date;
iv) Sale of goods or services at lower price on or after the date of placement of order of goods or services by the authority concerned, under the existing or previous Rate Contracts.

8.1.9 Performance Security:

Performance security shall be obtained for the order value of individual order released against a rate contract. (Refer para 6.2 of Chapter No. 6).

8.1.10 Renewal of Rate Contracts:

It should be ensured that new rate contracts are made operative right after the expiry of the existing rate contracts without any gap for all rate contracted items. In case, however, it is not possible to conclude new rate contracts due to some

special reasons, timely steps are to be taken to extend the existing rate contracts with same terms, conditions etc. for a suitable period, with the consent of the rate contract holders. Rate contracts of the firms, who do not agree to such extension, are to be left out. Also, while extending the existing rate contracts, it shall be ensured that the price trend is not lower.

8.2 Buy Back Offer

When it is decided to replace an existing old item(s) with a new / better version, the existing old item may be traded while purchasing the new one by issuing suitable bidding documents for this purpose. The condition of the old item, its location and the mode of its handing over to the successful bidder are also to be incorporated in the bidding document. Further, the bidder should be asked to quote the prices for the item (to be offered by them) considering the buyback price for the old item. The breakup of the buyback price however must be indicated separately.

8.3 Capital Goods/Equipment (Machinery and Plant - M&P)

Capital goods are Machinery and Plant (M&P) which create new Fixed Assets / utility / functionality or benefit to the organisation and has a long useful life. Special features of procurement of Capital Goods are:

i) Since the cost is generally high, there are detailed procedures for approval of technical, administrative and budgetary provisions - before an indent is generated. Unlike consumable items (which are procured if a non-specific budgetary provision is there), Capital Goods are procured after an item specific Budgetary provision is included in the budget. Thus the acquisition of Capital Goods is also an Investment decision and may require some form of Investment Justification. Some of the higher value Capital Goods may be accounted in the Capital Block of the Organization. However these features may not apply to Capital goods procurement of smaller threshold values;

ii) There are also alternative to outright purchasing / owning such equipment like hiring / hire-purchase / leasing or acquiring the functionality as a service;

iii) The procurement involves elements of Works and Services like Installation, Commissioning, Training, prolonged trials, Warranty, After Sales Services like post-warranty Maintenance and assured availability of spares. All such elements have costs may be quoted explicitly or implicitly. A suitable warranty clause should indicate the period of warranty and service levels as well as penalties for delays in restoration of defects. Clauses for including essential initial spares for two years' maintenance to be supplied along with equipment may be provided. If necessary appropriate number of years' (say three to five or more years depending on the lifespan of the equipment) AMC may be included in the procurement detailing its conditions;

iv) The cost of operations, maintenance and disposal of the equipment over its life cycle may far outweigh the initial procurement cost over the life cycle of the capital equipment. Hence value for money becomes an important consideration - which can be addressed by way of appropriate Description, specification, Contract conditions like inclusion of cost of supply of initial essential spares and total present value (as per Discounted Cash Flow (DCF) technique) of Annual Maintenance Contracts (AMC) for specified number of years within the estimated cost and also the evaluation criteria of procurement contract;

v) In case the Plant and Equipment consists of a number of machines which work in tandem or if it includes services / works to be done by third party, an all-encompassing Turnkey contract may be better alternative;

vi) Because of complexity of specification, evaluation of Technical suitability of offers in procurement of Capital Goods involves complex issues about acceptance of alternatives, deviations and compliance with various particulars of specification. Acceptance or otherwise of alternatives should be made explicit. A statement of deviation including detailed justification for the deviations from each clause of specification should be asked for from the bidder in the Bid documents. A schedule of Guaranteed Particulars of specification indicating the values of each parameter may be included in the Specification, where the bidder can quote the offered value of the Parameters. In complex cases Pre-bid conference may help in reducing disputes and complexity at the time of evaluation;

vii) Past experience, Capacity and Financial strength of a supplier is an important determinant of quality, after sales support of the Capital Goods; such procurements are a fit case for Pre-Qualification bidding.

8.4 Repeat Orders for Supply of Goods/Materials (Purchase Orders)

The repeat order cannot be considered as a routine manner and can be exercised in an exceptional circumstance. The procurement on repeat order basis is not desirable as it does not meet the basic requirement of competitive bidding for procurement and current market situation. While seeking approval for resorting to repeat order, adequate justification needs to be furnished to the Approving Authority. Repeat order can be considered up to 50% of original quantity on the supplier on whom the original order was placed on same terms and conditions within the currency of the supply / delivery period. No repeat order should be placed against an order which has been already closed.

The indentor shall certify that:

i) There is apparent escalation in prices in the market and no unintended benefit is likely to be passed on to the vendor.
ii) The normal processing of the case is likely to delay the procurement and adversely affect the work.
iii) The repeat order shall not be placed against those purchase orders which have been placed as an emergency purchase, order on nomination basis, where market shows downward trend in the prices.

8.5 Trial/Development Order:

E&P activities being highly specialised and cost intensive in nature, bulk procurement of un-proven product or from unproven source for use in the fields without field trial is likely to increase the risk of operations including compromising with quality, safety & environmental hazards, besides loss of money, efforts and time. Hence, to expand the vendor base or to establish a new (un-proven) product/technology, Trial/Developmental Orders may be placed from time to time for various items in the interest of Company.

Development of a new source or new product involves a lot of effort both on part of the Company as well as the manufacturer in designing, developing, manufacturing and ultimately trying the product in field. Therefore, a great amount of care/caution is to be exercised while deciding to try a new product/source and it should be undertaken only when vendor development or technological upgradation is considered essential for overall improvement in techno-commercial improvement of the Company's operation. Trial procurement are to be processed normally under the following situations –

(i) To try new product available in the market which is supposed to improve the techno-commercial efficiency of the Company's operation.

(ii) To try new items designed and developed by user department/Company.

(iii) To expand vendor list particularly in cases where the number of existing vendor is less than 3(three) or where the existing vendors have not been providing satisfactory services.

(iv) For import substitution.

(v) To try local manufacturing unit.

Generally, trial procurement is preferred for regular consumption items. Trial for new products should be done from manufacturers and their authorised dealers etc., should not be considered. However, for standard/branded products supply house/authorised dealer may also be considered with proper warranty/guarantee backup from original manufacturer.

While selecting the supplier for a trial, a minimum preliminary techno-commercial assessment of the supplier is to be done by user department/indentor. The assessment shall generally include amongst others the following points, particularly for high value and highly technical/operationally critical item.

(i) Financial soundness of the supplier.
(ii) Suitable plant and machinery and its capabilities.
(iii) Testing facilities and quality control measures.
(iv) Supply of similar items to other public sectors (especially E&P).
(v) Technical back up and collaboration, if any.
(vi) Visit to plant/factory, if found necessary.

Based on the above, user department/indentor shall satisfy themselves, before raising the indent/PR, that the supplier on whom the trial order is recommended is prima facie capable of manufacturing the item to the Company's satisfaction.

Trial PR for all non-stock items should be raised by user department who will be sole responsible for field trial of the item and submission of trial report. Once a supplier is successfully established/field proven, user department shall advise Materials Department for inclusion of the vendor in the vendor list.

For stock items, trial PR should be raised by Materials Department on receipt of such advice from user department. Materials Department may also raise trial PR themselves for development of alternate source. In such case, necessary technical assistance such as specification, drawing, trial in field, laboratory assistance, field acceptance/rejection report etc. are to be provided by the concerned user department.

Before declaring a product/vendor to be field proven, a second or extensive field trial may also be considered subject to successful initial/first field trial. Such extensive field trial should be carried out with slightly enhanced quantity as may be assessed by the User Department.

Trial order should not be awarded at higher rate than the rate at which bulk purchases are being made by OIL for same or equivalent field proven product. Trial order shall be placed at the last order rate (for same or equivalent field proven product) or the quoted trial tender rate, whichever is lower. However, if the price bid of any parallel bulk tender (for same or equivalent field proven product) is meantime opened, trial order item against the trial tender would be placed at the recommended rate (subject to approval) offered by the proven source against such bulk tender or at the quoted rate of the bidder of the trial tender, whichever is lower. In the event the quoted price of unproven source/new vendor is higher than the last order rate (for same or equivalent field proven product) or parallel bulk tender (for same or equivalent field proven product) as mentioned above and the unproven source or

new vendor declines to match their quoted price to the last order or parallel bulk tender price (for same or equivalent field proven product) as explained above, then the trial order may be placed at the quoted/negotiated rate depending upon the merit of the case and reasonability of price. However, placement of such trial order as quoted or negotiated price shall only be applicable where the availability of proven sources against item under trial is less than three.

Terms & conditions for trial tender:

(i) Except otherwise mentioned in the tender to be issued to the vendor, OIL's standard terms and conditions shall be applicable for trial tender.

(ii) **Payment Terms**: All Trial/Developmental Orders are to be placed on no-cure-no-pay basis and payment shall be released only after successful trials. No payment whatsoever shall be accrued to the supplier against trial orders in the event of non-performance/unsatisfactory performance.

(iii) **Terms of delivery**: Trial order on overseas/foreign vendors shall be placed on CIF Kolkata basis. Clearance through Indian Customs paying the applicable Customs Duty & other related Port Charges, if any, and onward despatch to destination including the inland freight etc. shall be arranged and paid for by OIL.

(iv) **Liquidated Damages**: Liquidated Damages shall not be applicable in case of delay in supply/ execution of trial orders.

(v) **Bid Security & Performance Security**: Bid Security & Performance Security shall not be applicable against trial orders.

(vi) **Delivery period**: Delivery period shall be as quoted by the vendor or mutually agreed between the vendor and the Company.

Points to be taken note while raising trial PR:

(i) Name, address and contact details of the manufacturer should be clearly indicated.
(ii) The PR should clearly indicate that it is for trial order.
(iii) Reason for raising trial PR is to be indicated in the PR.
(iv) The PR should indicate whether the trial is for development of new product or source.
(v) The PR should indicate the last order price of similar/equivalent item, if available.
(vi) The quantity for field trial should be judiciously decided adequate only to establish the credibility of the supplier and such that the whole quantity received against the trial order can be tried in the shortest possible time.

Note: *The quantity under trial should not be normally taken into account while raising PR for the regular procurement.*

(vii) If a second or extensive trial is considered necessary, it should be for a slightly higher quantity.

For development of indigenous product or vendor 'Development Order Policy (DOPo)' shall be applicable.

The procedure mentioned for trial order above is applicable for only trial involving foreign/overseas vendors. For trial of Oil Field Chemical involving foreign/overseas vendors, **"Guidelines for Development of New Products and Vendors for various Oil Field Chemicals"** to be referred (Appendix - 12).

8.6 Turnkey Contract

In the context of procurement of goods, a turnkey contract may include the manufacture, supply, assembly, installation/ commissioning of equipment (or a group of plant and machines working in tandem - even though some of the machines may not be manufactured by the supplier himself) and some incidental works or services. Generally, in the tender enquiry documents for a turnkey contract, the purchase organization specifies the performance and output required from the plant proposed to be set up and broadly outlines the various parameters it visualizes for the desired plant. The inputs and other facilities, which the purchase organization will provide to the contractor, are also indicated in the tender enquiry document. The contractor is to design the plant and quote accordingly. The responsibility of the contractor will include supplying the required goods, machinery, equipment etc. needed for the plant; assembling, installing and erecting the same at site as needed; commissioning the plant to meet the required output etc., as specified in the tender enquiry documents.

8.7 Annual Maintenance Contract (AMC)

i) Some goods, especially sophisticated equipment and machinery need proper maintenance for trouble-free service. For this purpose, the purchase organization may enter into a maintenance contract. It must, however, be kept in mind that maintenance contract is to start after the expiry of the warranty period, during which period the goods are to be maintained free of cost by the supplier.

ii) The maintenance contract may be entered into either with the manufacturer/supplier of the goods or with a competent and eligible firm, not necessarily the manufacturer/supplier of the goods in question. The purchase organisation should decide this aspect on case to case basis on merit.

iii) If the maintenance contract is to be entered into with the supplier of the goods, then suitable clauses for this purpose are to be incorporated in the tender enquiry document itself and while evaluating the offers, the cost component towards maintenance of the goods for specified number of years is also to be added in the evaluated tender value on overall basis to decide the inter se ranking of the responsive tenderers. Equipment with a lower quoted price may carry a higher maintenance liability. Therefore, the total cost on purchase and maintenance of the equipment over the period of the maintenance contract should be assessed to consider its suitability for purchase. While evaluating the tenderers for maintenance of goods covering a longer period (say, three to five or more years depending on the life-span of the equipment), the quoted prices pertaining to maintenance in future years are to be discounted (as per DCF technique) to the net present value as appropriate for comparing the tenders on an equitable basis and deciding the lowest evaluated responsive tender.

iv) However, if the maintenance contract is to be entered into with a competent and eligible supplier separately, then a separate tender enquiry is to be floated for this purpose and tenders evaluated and ranked accordingly for placement of the maintenance contract. Here, the supplier of the goods may also quote and his quotation, if received, is to be considered along with other quotations received.

v) The details of the services required for maintenance of the goods, the required period of maintenance and other relevant terms and conditions, including payment terms, are to be incorporated in the tender enquiry document. The terms of payment for the maintenance service will depend on the nature of the goods to be maintained as well as the nature of the services desired. Generally, payment for maintenance is made on a half-yearly or quarterly basis.

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

vii) It should be indicated in the bid documents, whether the maintenance charges would be inclusive of visiting charges, price of spares (many times, consumables such as rubber gasket, bulbs, and so on, are not included, even though major parts may be included), price of consumables (fuel, lubricants, cartridges, and so on). If costs of spares are to be borne by the Company, then a guaranteed price list should be asked for along with the bids. It should also be clarified, whether room/space, electricity, water connection, and so on, would be provided free of cost to the contractor. The bidding document should also lay down a service level agreement to ensure proper service during the maintenance period.

viii) A suitable provision should be incorporated in the tender enquiry document and in the resultant maintenance contract indicating that the prices charged by the maintenance contractor should not exceed the prevailing rates charged by him from others for similar services. While claiming payment, the contractor is also to give a certificate to this effect in his bill.

ix) Except in cases of proprietary AMC, the tender enquiry document should also have a provision for obtaining performance security.

x) Sometimes, the maintenance contractor may have to take the goods or some components of the goods to his factory for repair, and so on. On such occasions, before handing over the goods or components, valuing more than Rupees One Lakh (value-at the time of dispatch as estimated by Company), a suitable bank guarantee is to be obtained from the firm to safeguard the purchaser's interest. In the event requirement of BG is waived (with approval of CA for value more than Rs. 1 Lakh) an indemnity bond may be taken in lieu of BG.

xi) Sometimes, during the tenure of a maintenance contract, especially with a longer tenure, it may become necessary for the purchase organisation to withdraw the maintenance contract due to some unforeseen reasons. To take care of this, there should be a suitable provision in the tender document and in the resultant contract.

Depending on the cost and nature of the goods to be maintained, a suitable notice period (say one to three months) for such cancellation to come into effect is to be provided in the documents. A model clause to this effect is provided below:

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

8.8 Centralized Procurement

The common items, consumables, spare parts and services should be selected across the Company. The procurement of such items, consumables, spare parts and services is preferred to be done from one place. The appropriate place considering the logistic and other facilities may be selected by C&P department. The selected unit /place shall seek requirement from all spheres/projects at least once in a year with projection of annual requirement. The procurement activities shall be initiated from the centralized unit.

The user department shall provide support during the processing of the procurement in respect of technical evaluation.

For the materials / items being procured from the centralized unit, the tender shall have a provision for delivery of materials at various locations.

In case the evaluation on FOT site basis, all inclusive, the bid shall be evaluated for respective quantity for each sphere / project, to decide the interse ranking and the order shall be placed on the lowest price bids only.

8.9 Procedure for Obtaining DGCA Permit and Explosive License

Requirements of explosives items and Radio-active items of foreign origin for OIL's operation are to be brought by Air up to Kolkata. However, if there is no cargo flight available to Kolkata, shipment to Mumbai/ Delhi/ other airports can be considered. After clearance of the explosives at destination airports, these are brought to the destination by explosive vans. Steps involved in procurement of explosives are as under.

Bidders are to be advised to furnish following additional information in their offer while quoting:

i) Name as assigned by IATA.
ii) IATA class.
iii) U.N. Code No.
iv) Nett weight.
v) No. of package and net weight per package.
vi) Airport of embarkation.

Note: *The above details to be verified at the time of scrutiny of offers.*

8.10 Application for DGCA Permit

Application for DGCA (Directorate General of Civil Aviation) permit is prepared as per format specified by DGCA. All entries in the application must be made in block letters. The particulars of items to be air freighted shall be furnished in enclosure to the application providing following information:

i) Description
ii) IATA Name
iii) IATA Class
iv) UN No.
v) Quantity
vi) Nett weight
vii) No. of packages
viii) Nett weight per package

Note: *The covering letter as well as enclosures of the application must be signed and stamped with official seal.*

8.11 Application for Explosive Licence

Application to Chief Controller of Explosives (CCE) is prepared as per format specified by CCE. The following are enclosed with the application:

i) Application Form AE-8 in duplicate along with 4 copies of photographs of OCCUPIER.
ii) Crossed Bank Draft for requisite amount drawn in favour of Chief Controller of Explosives payable at Nagpur.
iii) List of goods (6 Copies) duly signed and sealed.
iv) Certificate of Authorization in respect of the explosives proposed for import issued by the Competent Authority of the Originating Country.
v) Report from the Explosives Return System (ERS) showing stock position of the magazine proposed for storage of the imported explosives.
vi) List of PEL/ML areas where explosives to be used.
vii) DGCA landing permit.

All pages should be signed and stamped.

The original application shall be forwarded to the service provider, engaged by OIL for the purposes. Copy of above application is also sent to Head (CB), Kolkata for information. One set of the application is kept in the Explosive License file for future reference. Regular follow-up for earliest receipt of the Permit and Licenses shall be made by the dealing Executive.

In case of Radio-active items, application for obtaining the No-Objection Certificate from Bhabha Atomic Research Centre (BARC) is put up by the user departments directly and on receipt of the same, the application for the DGCA Permit along with a copy of the "No-objection Certificate" is sent to the Service provider for arranging the DGCA Permit.

8.12 Processing of DGCA Permit & Explosive License:

Immediately after completion of the Techno-Commercial scrutiny when the purchase proposal is put up, in a parallel action, the application for DGCA Permit and Explosive License (in the prescribed format provided by them) should be prepared by Materials Department and sent to the Consultant who will arrange for DGCA Permit initially. The original DGCA Permit on receipt from the concerned authority shall be forwarded by the consultant to the procuring officer, which is then forwarded to Kolkata (Shipping) office. With a copy of the DGCA Permit, the consultant then will forward the Explosive License application to Chief Controller of Explosives (CCE) for issue of the Explosive License. The same on receipt will be sent by the Service provider to the procuring department (Materials Department in case of Duliajan) who will then forward it to Kolkata (Shipping) office. Copies of the DGCA permit and Explosive license are sent to the User department for information and necessary action.

After import of the explosive items, details of import and dispatch details to the destination are provided in forms RE-8 & RE-9 to CCE.

8.13 Procurement of Medicine

Medical Department shall provide PR for various medicines indicating the manufacturer's name against each item to Materials Department covering about 1 year requirement. The requirement shall be certified by the Drug Purchase Committee.

On receipt of the PR, Materials Department shall write to the Manufacturer requesting them to provide preferably 5 (five) but not less than 3 (three) stockist /distributors' names not only from Tinsukia, Dibrugarh but may also include stockist /distributors' names from Sivasagar, Jorhat and beyond, if necessary to generate more competition.

The authority / person concerned who have authorized stockist /distributors' names initially against Company's request must be the same in case of any amendment of stockist / distributors' names. However, no such change shall be allowed after floating the tender. Enquiry should be sent to the authorized stockist/ distributors as suggested by the manufacturer. A copy of the enquiry should also be sent to the manufacturer. In the tender documents it is to be categorically mentioned that the party should forward latest manufacturer's price list meant for Hospital/ Institutional sale.

For procurement of medicines only the rate applicable to the Hospital/Institutional sale shall be considered as per current price list.

The stockist / distributors who have offered highest discount over the Hospital rate as stated above shall be recommended for placement of order subject to their fulfilment of other terms and conditions of the NIT.

Medicines are to be supplied by the supplier as and when required basis with a shelf life of half the total shelf life period at the time of receipt. The payment against supplies shall be made as per current price list meant for Hospital / Institutional sale at the time of delivery considering discount offered by the supplier.

A copy of the Purchase Order shall be sent to the manufacturer. They should also certify that the medicines supplied have been manufactured by the manufacturer mentioned in the package and the medicines covered in the supply lot have shelf life as mentioned above.

Medical Department shall also arrange to check the quality of the supplied medicines periodically through reputed Laboratories on random basis to ascertain genuineness and quality of medicines.

For procurement of Medicine, Clause 1.9.2 of Chapter 1 to be taken into consideration.

****************End of Chapter-8***************

CHAPTER 9

CONTRACT MANAGEMENT

9.1 Contract Management

9.1.1 The Purpose of Contract Management

The purpose of contract management is to ensure that the contract delivers the desired outcomes as per the terms and conditions of the contract. It also ensures that the payments made to the contractor match the performance. Implementation of the contract should be strictly monitored and notices issued promptly whenever a breach of provisions occurs. Monitoring should ensure that contractor adhere to contract terms, performance expectations are achieved (such as timely deliveries, quality of goods supplied, adherence to proper procedure for submitting invoices, and so on) and any problems are identified and resolved in a timely manner. Without a sound monitoring process, there can be no assurance that *"we get what we pay and contract for and pay for only for what we get"*. In this regard Company has framed Contract Monitoring Document, which is to be followed for all high value orders involving Installation & Commissioning.

Normally, the following issues are handled during this phase:

i) Amendments to the contract;
ii) Operation of the option clause;
iii) Safeguards for handing over Procuring Entity materials/equipment to contractors;
iv) Payments to the contractor and handling of securities;
v) Monitoring of supplier performance;
vi) Delays in performance of the contract;
vii) Breach of contract, remedies and termination of contract;
viii) Dispute resolution;
ix) Contract closure upon completion;
x) Goods receiving;
xi) Quality assurance;
xii) Accountal and payment of bills; and
xiii) Storage and issue of inspected goods.

9.1.2 Costs of delay in Contract Management Decisions: Delays

Payments and decisions in contract management requested by the suppliers should be made within a reasonable time. An atmosphere of lackadaisical dilatory functioning in such matters is liable to lead to bidders quoting higher prices in future bids, besides delays in supplies and disputes in the contract.

9.2 Amendment to the Contract

Once a contract has been concluded, the terms and conditions thereof should not be varied. No amendment to the contract should be made that can lead to a vitiation of the original tender decision or bestow an undue advantage on the contractor. However, due to various reasons, changes and modifications are needed in the contract. Where it becomes necessary/ inescapable, any modification will be carried out with the prior approval of the CA as per DoP.

Requests for such changes and modifications mostly emanate from the supplier. Any amendment to the contract may have, inter alia, financial/technical/legal implications. The indenter may be consulted regarding the technical implications.

Financial concurrence should be obtained before issuing any amendment that has financial implications/repercussions. Further, if considered necessary, legal opinion may also be sought.

An amendment can concern any of the clauses of the contract but, in supply contracts, amendments often relate to the following:

i) Increase or decrease in the quantity required, exercise of quantity option clause;
ii) Changes in schedule of deliveries and terms of delivery;
iii) Changes in inspection arrangements;
iv) Changes in terms of payments and statutory levies; and
v) Change due to any other situation not anticipated.

No change in the price quoted shall be permitted after the purchase order has been issued, except on account of price variation, ERV and statutory variations.

9.3 Operation of Option Clause

9.3.1 Option Clause

Under this clause, the purchaser retains the right to place orders for an additional quantity up to a specified percentage of the originally contracted quantity at the same rate and terms of the contract, during the currency of the contract. This clause and percentage should be part of the Bid Document and the contract and ideally should not exceed 20%. Approval should be taken from the CA (PR releasing authority as per DoP) to exercise the option clause based on the value of the contract with the increased quantity. In case the recalculated value of the contract goes beyond the delegation of powers of the original CA, approval of the CA for the enhanced value should be taken as per DoP.

Following clause may be incorporated in the tender:

"The purchaser reserves the right to increase/ decrease the ordered quantity by up to 20% at any time, till final delivery date (or the extended delivery date of the contract), by giving reasonable notice even though the quantity ordered initially has been supplied in full before the last date of the delivery period (or the extended delivery period)."

9.3.2 Conditions Governing Operation of Option Clause

Additional demands should be available for coverage and over-provisioning may be avoided by keeping the officers concerned with provisioning/tender evaluation for the next cycle of procurement informed. The following points must be kept in mind while operating the option clause:

i) In case of decrease in the ordered quantity, it would be fair to allow the firm to supply work-in-progress or goods already put up for inspection;

ii) There should be no declining trend in the price of the stores as evidenced from the fact that no order has since been placed at lower rates since the time offers have been received;

iii) If the option clause exists, during provisioning of the next cycle and during tender evaluation in the next cycle of procurement, application of the option clause must be positively taken into account. The contract management authority must also keep a watch on delivery against contract, if other conditions are satisfied, the option clause must be exercised;

iv) The option clause is normally exercised after receipt of 50 (fifty) per cent quantity but if the delivery period is going to expire and other conditions are fulfilled, it can be exercised even earlier;

v) The option clause shall be exercised during the currency of the contract such that the supplier/contractor has reasonable time/notice for executing such an increase and can be exercised even if the original ordered quantity is completed before the original last date of delivery. If not already agreed upon, the delivery period shall be fixed for the additional quantity on the lines of the delivery period in the original order. This will satisfy the requirement of giving reasonable notice to the supplier to exercise the option clause;

vi) The quantum of the option clause will be excluded from the value of tenders for the purpose of determining the level of CA in the original tender;

vii) There should be no option clause in development orders;

viii) This provision can also be exercised in case of Proprietary/single supplier OEM cases; and

ix) However, where parallel contracts on multiple suppliers are available, care should be taken in exercising the option clause, so that the original tender decision of splitting quantities and differential pricing is not upset or vitiated. Other things being equal, the supplier with the lower rate should first be considered for the option quantity.

9.4 Safeguards for Handing over Procuring Entity Materials/Equipment to Contractors

For performance of certain contracts, Procuring Entity may have to loan stores, drawings, documents, equipment and assets (such as accommodation, identity cards and gate passes, and so on) to the contractor. In certain situations, the contractor may also be supplied electricity, water, cranes, and weighing facilities on payment/hire basis. As a measure of transparency, the provision of such resources by Procuring Entity should be provided / announced in the tender document and incorporated in the contract. Whenever stores or prototypes or sub-assemblies are required to be issued to the firm/contractor for guidance in fabrication, these should be issued against an appropriate bank guarantee. In addition to the bank guarantee, appropriate insurance may be asked for if it is considered necessary. Before the final payment or release of PBG/SD, a certificate may be taken from the concerned Department that the contractor has returned all documents, drawings, protective gear, material, equipment, facilities and assets loaned, including all ID cards and gate passes, and so on, in good condition. Further, it should be certified that payment from the contractor has been received for usage of electricity, water, crane, accommodation, weighing facility, and so on. For low value items of less than Rs. 1,00,000.00 (Rupees One Lakh), this stipulation of the bank guarantee may be waived and an indemnity bond may be taken. In the event requirement of BG is waived, (with approval of CA for value more than Rs. 1 Lakh. Here, CA means approving authority of the Award Proposal as per DoP) an indemnity bond may be taken in lieu of BG.

9.5 Payments to the Contractor and Handling of Securities

It should be ensured that all payments due to the firm, including release of the performance security, are made on a priority basis without avoidable delay as per the tender/contract conditions. Before the payment is made, the invoice should be crosschecked with the actual receipt of material to ensure that the payment matches the actual performance.

Proper procedures for safe custody, monitoring and return of bank guarantees and other instruments may be followed. Chapter 6 has more details in this regard. Before making a final payment or before releasing the performance bank guarantee, confirmation on completion of all obligations against the contract/purchase order should be obtained from the user department/indenter.

Delay in payment to the contractors: In order to ensure timely payment as per the terms of the order, Vendor Invoice Management Portal (VIM) has been implemented for online receipt and processing of bills and their proper monitoring and management.

9.6 Monitoring of Supplier Performance

Monitoring of orders should ensure that suppliers adhere to contract terms, performance expectations are achieved (such as timely deliveries, quality of goods supplied, and adherence to proper procedure for submitting invoices, and so on) and any problems are identified and resolved in a timely manner. Without a sound monitoring process, there can be no assurance that the buyer has received what was contracted. A sound system for monitoring the performance of the suppliers in a contract would also be useful in selecting a good supplier in future procurement of the same or similar materials.

Purchase order-wise data maintained in ERP system can form the basis for the Management Information System report on unexecuted purchase orders beyond scheduled deliveries, reports on performance of suppliers, and so on.

9.7 Delays in Performance of Contract

9.7.1 Delivery Period

The period for delivery of the ordered goods and completion of any allied service(s) thereof (such as installation and commissioning of the equipment, operators' training, and so on) are to be properly specified in the contract with definite dates and these shall be deemed to be the essence of the contract. The delivery period stipulated in contracts should be specific and practical. Vague and ambiguous terms such as 1,000/5,000 (one to five thousand) numbers per month, 2 to 16 (two to sixteen) weeks from the date of receipt of order, 'immediate', 'ex-stock', 'as early as possible', 'off the shelf', 'approximately' and the like should be scrupulously avoided as these will not be legally binding.

In case of items which are delivered throughout the year, a delivery schedule of the monthly rate of supply should be specified. It is usual in such cases that there is a slight deviation from such monthly rate of supply.

Unless otherwise agreed, the buyer of goods is not bound to accept the delivery thereof in instalments.

9.7.2 Terms of Delivery

Terms of delivery (FOR, FOB, CIF, and CFR, and so on), inter alia, determine the delivery point of the ordered goods from where the purchaser is to receive/collect the goods. It also decides the legally important issue of when the 'titles of the goods' have passed to the purchaser. The delivery period is to be read in conjunction with the terms of delivery, therefore the delivery is taken to have been made at the time when goods reach the delivery point as per the delivery terms. Chapter 6 has more details in this regard.

9.7.3 Severable and Entire Delivery Contracts

Such contracts, where instalments are not specified or not intended, are known as entire contracts. In such cases, even non-delivery of a part quantity can lead to a breach of contract. However, a variation of 5 (five) % of the contract quantity is usually exempted in the contract conditions. In the case of an entire contract, even if providing a delivery schedule, it is not necessary to grant an extension in the delivery period in the case of delay in intermediate instalments. Such extension would be necessary only in case of a delay beyond the final date for

the completion of the delivery.

Contracts with clearly laid out instalment deliveries mentioning the exact dates and where each instalment is paid for separately are known as severable contracts. In effect, each of such instalments is a separate independent contract by itself. In severable contracts, delay or breach of one instalment does not affect other instalments, since each instalment is considered as a separate contract. In the case of severable contracts, extension in the delivery period is necessary for each instalment separately.

However, from a legal standpoint mere mention of monthly/ quarterly rate of delivery, called delivery schedule, is not sufficient to make it a severable contract. Instalments specifying exact dates, for e.g., 310 (three hundred and ten) numbers by June 20, 2023 would be amounting to a severable contract.

The delivery cannot be re-fixed to make a contract a 'severable' contract without the specific agreement of the supplier, if the delivery originally stipulated in the contract was in the form of an 'entire' contract.

9.7.4 Extension of Delivery

Suppliers shall be required to adhere to the delivery schedule specified in the purchase order and, if there is delay in supplies, LD shall be levied wherever there is failure by the party. Extension of the delivery date amounts to amendment of the contract. Such an extension can be only done with the consent of both parties (that is, the purchaser and supplier). No extension of the delivery date is to be granted suo motu unless the supplier specifically asks for it. However, in a few cases, it may be necessary to grant an extension of the delivery period suo motu in the interest of the Company (Reference Clause 9.7.6 here below). In such cases, it is legally necessary to obtain clear acceptance of the extension letter from the supplier.

No correspondence should be entered into with the supplier after expiry of the contract delivery period or towards the end of it, which has the legal effect of condoning the delay/breach of contract. When it is necessary to obtain certain information regarding past supplies, it should be made clear that calling for such information is not intended to keep the contract alive and that it does not waive the breach and that it is without prejudice to the rights and remedies available to the purchaser under the terms of the contract. The last line of such a communication should therefore be:

"*This letter is issued without any prejudice to OIL's rights and remedies under the terms and conditions of the subject contract and without any commitment or obligation."*

If at any time during the currency of the contract, the supplier encounters conditions hindering timely delivery of goods, he shall promptly inform the concerned officer in writing. He should mention its likely duration and make a request for extension of the schedule accordingly. On receiving the supplier's communication, the procuring entity shall examine the proposal and, on approval from the CA (as per DOP), may agree to extend the delivery schedule, with or without LD and with or without the denial clause (as defined in Para 9.9 below), for completion of the contractor's contractual obligations, provided:

i) That a higher rate in the original tender was not accepted against other lower quotations in consideration of the earlier delivery; and

ii) That there is no falling trend in prices for this item as evidenced from the fact that, in the intervening period, no orders have been placed at rates lower than this contract. In cases of certain raw material supplies, where prices are linked to the PVC, extension may be granted even in case of a

falling trend in price indices, since the purchaser's interests are protected by the price variation mechanism. However, in such cases it should be ensured that extensions are done with the denial clause.

It is not correct to grant extensions without any mention of the LD if it is proposed to recover such charges eventually. It is also not correct to grant an extension of the delivery period by merely stating that the extension is granted "without prejudice to the rights of the purchaser under the terms and conditions of the contract" as this would mean that all the options given in the conditions of the contract would be available to the purchaser on expiry of the extended delivery period and would not amount to exercise of the option to recover LD. To take care of complex legalities brought out above, extension of the delivery period when granted should only be done in writing in the laid down format given in Annexure 9.

9.7.5 Delay in supplies for which supplier is not responsible

Normally, in the following circumstances, the contractual delivery period needs to be re-fixed to take care of the lost period, without imposing any penalty to the supplier:

i) Cases where the manufacture of stores is dependent on the approval of the advance sample and delay occurs in approving the sample though submitted by the supplier in time;

ii) Where extension in the delivery period is granted on account of some omission on the part of the purchaser which affects the due performance of the contract by the supplier; and

iii) Cases where the purchaser controls the entire production.

9.7.6 Performance Notice

A situation may arise where the supply/services has not been completed within the stipulated period due to negligence/fault of the supplier; however, the supplier has not made any request for extension of the delivery period but the contracted goods/services are still required by the purchaser and the purchaser does not want to cancel the contract at that stage. In such a case, a performance notice (also known as notice-cum-extension letter) may be issued to the supplier by suitably extending the delivery date and by imposing LD with denial clauses, and so on, along identical lines as in para 9.7.4 above. The supplier's acceptance of the performance notice and further action thereof should also be processed in the same manner as mentioned above. The text of the performance notice will be on similar lines to the Annexure 8.

9.8 Force Majeure Clause

A Force Majeure (FM) means extraordinary events or circumstance beyond human control such as an event described as an act of God (like a natural calamity) or events such as a war, strike, riots, crimes (but not including negligence or wrong-doing, predictable/seasonal rain and any other events specifically excluded in the clause). A FM clause in the contract frees both parties from contractual liability or obligation when prevented by such events from fulfilling their obligations under the contract. A FM clause does not excuse a party's non-performance entirely, but only suspends it for the duration of the FM. The affected party has to give notice of FM as soon as it occurs and it cannot be claimed ex-post facto. There may be a FM situation affecting the purchase organisation only. In such a situation, the purchase organisation is to communicate with the supplier along similar lines as above for further necessary action. If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of FM for a period exceeding 60 (sixty) days, either party may at its option terminate the contract without any financial repercussion on either side.

Notwithstanding the punitive provisions contained in the contract for delay or breach of contract, the supplier would not be liable for imposition of any such sanction so long as the delay and/or failure of the supplier in fulfilling its obligations under the contract is the result of an event covered in the FM clause.

9.9 Denial Clause

When delay in delivery is a default by the seller, the buyer should protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the PVC and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the purchaser reserves his right to get any benefit of a downward revisions in statutory duties, PVC and foreign exchange rate. Thus, PVC, other variations and foreign exchange clauses operate only during the original delivery period. The format of the denial clause is available in Annexure 9.

9.10 Liquidated Damages (LD)

Compensation of loss on account of late delivery (actually incurred as well as notional) where loss is pre-estimated and mutually agreed to is termed as LD. Law allows recovery of pre-estimated loss provided such a term is included in the contract and there is no need to establish actual loss due to late supply.

9.10.1 Quantum of LD

While granting extension of the delivery period, where the delivery of stores or any instalment thereof is accepted after expiry of the original delivery period, F&A dept. may recover from the contractor, as agreed, a sum towards Liquidated Damages. The LD cannot exceed the amount stipulated in the contract.

In contracts governed by any type of variation (PVC, ERV or statutory variations), LDs (if a percentage of the price) will be applicable on the price as varied by the operation of the PVC. LDs accrue only in case of delayed supplies. Government establishments/Departments, as distinct from PSUs, that execute contract work should not be dealt with as ordinary contractors and not generally be penalised for late delivery and claims for loss on risk-purchase should not be enforced against them. Serious cases of defaults should, however, be brought to the notice of the HOD of the Government Department concerned.

Relaxations allowed to Government establishments/Departments, as above, will not apply to PSUs as a matter of course. Each case should be decided on merits and the decision to waive the recovery of LDs or risk purchase expenditure should be taken on merit.

In the case of development/indigenisation contracts, LDs are not levied. However, the nature of such contracts should be declared at the time of placing them. In case of entire (non-severable) contracts, even where staggered deliveries have been indicated, it may happen that supplies are not received according to the delivery schedule. In such cases, keeping in mind the fact that the deliveries indicated under the contract are non-severable, no question of LDs or enforcement of risk purchase would arise so long as there has been no delay in the completion of supplies with reference to the total delivery period.

The LD calculation should be as under -

i) LD shall be applicable @ 0.5% per week or on part thereof of the value of the goods in respect of which default in delivery/completion time takes place subject to a maximum of 7.5 % of the total supply order value of the delayed goods.

ii) In case of package items (ordered as a complete system including site works, if any), the price adjustment shall be applicable on the entire order value of that package and not on the value of the undelivered portions (even though a billing breakup has been approved).

iii) In case of purchase of bulk items where tolerance limit is specified (e.g. pipes, cables etc.), LD clause shall be applicable on the actual quantity supplied, within the tolerance limit, instead of Purchase Order quantity.

iv) In case of orders where installation and commissioning is involved, LD clause shall be applicable on delivery as well as Installation and Commissioning. Suitable clause in this regard is to be incorporated in the tender.

LD shall be applicable in the same manner where individual orders have been released against annual rate contract.

Taxes and other charges (if applicable) on account of deduction of LD will be applicable as per statutory requirement.

In case of delay in delivery on the part of Seller, the invoice/ document value shall be reduced as above and payment shall be released accordingly by the Purchaser. In the event the invoice value is not reduced appropriately for the delay by the Seller, the Company shall reserve the right to deduct the amount so calculated, from any amount falling due to the Seller or by recovery against the performance guarantee.

Relevant clause should be incorporated in the tender document/contract/ purchase order stating that – *"Both Seller and Purchaser agree that the above percentages of LD are genuine pre-estimates of the loss/damage which the Purchaser would have suffered on account of delay/breach on the part of the Seller and the said amount will be payable on demand without there being any proof of the actual loss or damage caused by such breach/delay. Decision of the Purchaser in the matter of applicability of price reduction shall be final and binding."*

9.10.2 Waiver of LD

There should normally be no system of waiver of LDs for delayed supplies in supply contracts and it may be strictly be an exception rather than a rule. For an extension of the delivery date with waiver of LD, approval of the CA as per DoP shall be obtained.

9.11 Handling Deliveries after the Expiry of Delivery Period

As per law, if stores are accepted after expiry of the delivery date of a particular instalment without extension in delivery period having being given, duly reserving our rights to levy LD, it amounts to voluntary abrogation of our legal rights under the contract to claim LDs or other remedies. If the contractor makes supplies locally after the expiry of delivery period, the supplies may be provisionally retained under a franking clause reserving rights and the contractor may be asked to obtain an extension of the delivery period with or without any LD/denial clause.

"Please note that materials have been supplied after the expiry of contracted delivery date and its provisional retention does not acquiesce or condone the late delivery and does not intend or amount to an extension of the delivery period or keeping the contract alive. You may apply for an extension of delivery date from the procuring officer. The goods are being retained without prejudice to the rights of the Company under the terms and conditions of the contract."

As regards supplies coming from outside contractors, if the contractor dispatches the stores after expiry of the delivery period, the consignee should, after the receipt of the railway receipt or lorry receipt or goods consignment note or airway bill, send an intimation to the contractor stating that the action taken by him in dispatching the goods after expiry of delivery date is at his own risk and responsibility, and that the consignee is not liable for any demurrage, wharfage and deterioration of goods at the destination station and, in his own interest, the contractor should get an extension of the delivery period from the purchasers. A copy of the communication sent to the contractor should also be sent to the purchaser.

In case of imports, the contractor must not dispatch the consignment after expiry of the delivery period without taking prior extension of the delivery period. In any case, the terms of LC should be such that if there are dispatches beyond the delivery period, payment should be denied without levy of full LD and without formal extension of the delivery period by the purchaser.

9.12 Breach of Contract, Remedies and Termination

In case the contractor is unable to honour important stipulations of the contract, or gives notice of his intention of not honouring or his inability to honour such a stipulation, a breach of contract is said to have occurred. Mostly, such breaches occur in relation to the performance of the contract in terms of inability to supply the required quantity or quality. It could also be due to breach of ethical standards or any other stipulation that affects Procuring Entity seriously.

The purchaser or its authorised representative is not to enter into correspondence after expiry of the delivery date stipulated in the contract because such a correspondence will keep the contract alive and would amount to abrogation of the purchaser's right and remedies for delays by the contractor. This situation will not allow the purchaser to cancel the contract straight away without first serving a performance notice to the supplier.

However, even after expiry of the delivery period of the contract, the purchaser may obtain information regarding past supplies, and so on, from the supplier, simultaneously making it clear to the supplier that calling of such information is not intended to keep the contract valid and it does not amount to waiving the breach and that it is without prejudice to the rights and remedies available to the purchaser under the terms of the contract. A model communication which may be issued by the purchaser to ascertain the supply position after expiry of the delivery period is given at Annexure 10. As soon as a breach of contract is noticed, a show cause notice should be issued to the contractor reserving the right to implement contractual remedies. If there is an unsatisfactory resolution, remedial action may be taken immediately.

A contract may be terminated in the following cases:

(1) Cancellation of Contract for Default

Without prejudice to any other remedy for breach of contract, such as removal from the list of registered supplier, by written notice of default sent to the supplier, the contract may be terminated in whole or in part:

i) If the supplier fails to deliver any or all of the stores within the time period(s) specified in the contract, or any extension thereof granted; and

ii) If the supplier fails to perform any other obligation under the contract within the period specified in the contract or any extension thereof granted;

iii) If the contract is terminated in whole or in part, recourse may be taken to any one or more of the following actions:

a) Forfeiture of the performance security;

b) Upon such terms and in such manner as it deems appropriate, goods similar to those undelivered may be procured and the supplier shall be liable for all available actions against him in terms of the contract (popularly called risk purchase); and

c) However, the supplier shall continue to fulfil the contract to the extent not terminated. Before cancelling the contract and taking further action, it may be desirable to obtain legal advice.

(2) Termination of Contract for Insolvency

If the supplier becomes bankrupt or becomes otherwise insolvent or undergoes liquidation or loses substantially the technical or financial capability (based on which he was selected for award of contract), at any time, the contract may be terminated, by giving a written notice to the supplier, without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to Procuring Entity.

(3) Termination of Contract for Convenience

After placement of the contract, there may be an unforeseen situation compelling Procuring Entity to cancel the contract. In such a case, a suitable notice has to be sent to the supplier for cancellation of the contract, in whole or in part, for its (Procuring Entity's) convenience, inter alia, indicating the date with effect from which the termination will become effective.

This is not Procuring Entity's legal right– the contractor has to be persuaded to acquiesce.

Depending on the merits of the case, the supplier may have to be suitably compensated on mutually agreed terms for terminating the contract. Suitable provisions to this effect should be to be incorporated in the tender document as well as in the resultant contract.

9.13 Dispute Resolution

Normally, there should not be any scope for dispute between the purchaser and supplier after entering into a mutually agreed valid contract. However, due to various unforeseen reasons, problems may arise during the progress of the contract leading to a disagreement between the purchaser and supplier. Therefore, the conditions governing the contract should contain suitable provisions for settlement of such disputes or differences binding on both parties. The mode of settlement of such disputes/differences should be through arbitration.

However, when a dispute/difference arises, both the purchaser and supplier should first try to resolve it amicably by mutual discussion, mediation, and conciliation. If the parties fail to resolve the dispute within 21 (twenty-one) days, then, depending on the position of the case, either the purchaser or supplier should give notice to the other party of its intention to commence arbitration. When the contract is with a domestic supplier, the applicable arbitration procedure shall be as per the Indian Arbitration and Conciliation Act, 1996 [Amended 2015 and 2021]. While processing a case for dispute resolution/ litigation/arbitration, the procuring entity is to take legal advice, at appropriate stages.

9.13.1 Arbitration Clause

If an amicable settlement is not forthcoming, recourse may be taken to the settlement of disputes through arbitration as per the Arbitration and Conciliation Act 1996. For this purpose, when the contract is with a domestic supplier, a standard arbitration clause may be included in the SBD indicating the arbitration procedure to be followed. The venue of arbitration should be the place from where the contract has been issued.

Arbitration and dispute resolution

i) During operation of the contracts, issues and disputes arising due to lack of clarity in the contract become the root cause of litigation. Litigation has adverse implications on the timelines and overall cost of the project. Before resorting to arbitration/litigation, the parties may opt for mutual discussion, mediation, and Conciliation for the resolution of disputes.

ii) Arbitration /court awards should be critically reviewed. In cases where there is a decision against Company, the decision to appeal should not be taken in a routine manner, but only when the case genuinely merits going for the appeal and there are high chances of winning in the court/ higher court. There is a perception that such appeals etc. are sometimes resorted to postpone the problem and defer personal accountability. Casual appealing in arbitration / court cases has resulted in payment of heavy damages / compensation / additional interest cost, thereby causing more harm to the exchequer, in addition to tarnishing the image of the Company.

iii) The Company should monitor the success rate of appealing against arbitration awards. There should be a clear delegation to empower officials to accept arbitration / court orders. A special board / committee may be set up to review the case before an appeal is filed against an order. Arbitration /court awards should not be routinely appealed without due application of mind on all facts and circumstances including realistic probability of success. The board / committee or other authority deciding on the matter shall clarify that it has considered both legal merits and the practical chances of success and after considering the cost of, and rising through, litigation / appeal / further litigation as the case may be, it is satisfied that such litigation / appeal / further litigation cost is likely to be financially beneficial compared to accepting the arbitration / court award.

iv) Statistics have shown that in cases where the arbitration award is challenged, a large majority of cases are decided in favour of the contractor. In such cases, the amount becomes payable with the interest, at a rate which is often far higher than the Company's cost of funds. This results in huge financial losses to the Company. Hence, in aggregate, it is in public interest to take the risk of paying a substantial part of the award amount subject to the result of the litigation, even if in some rare cases of insolvency etc. recovery of the amount in case of success may become difficult.

v) The only circumstances in which such payment need not be made is where the contractor declines, or is unable, to provide the requisite bank guarantee and/or fails to open an escrow account [refer para 9.9.7 (ii)] as required. Persons responsible for not adhering to are liable to be held personally accountable for the additional interest arising, in the event of the final court order going against the procuring entity.

9.13.2 Foreign Arbitration

The Arbitration and Conciliation Act 1996 has provisions for international commercial arbitration, which shall be applicable if one of the parties has its central management and control in any foreign country.

When the contract is with a foreign supplier, the supplier has the option to choose either the Indian Arbitration and Conciliation Act, 1996 or arbitration in accordance with the provisions of the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules.

The arbitration clause with foreign firms should be in the form of self-contained agreements. This is true especially for large value contracts or those for costly plant and machinery. The venue of arbitration should be in accordance with UNCITRAL or arbitration rules of India, whereby it may be in India or in any neutral country.

9.13.3 Arbitration (applicable in case of Contract awarded on Public Sector Enterprise):

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs) and also between CPSEs and Government Departments/Organizations (excluding disputes -concerning Railways, Income Tax, Customs & Excise Departments), such dispute or difference shall be taken up by either party for resolution through Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) as per the guidelines issued by DPE from time to time (revised guidelines in vogue issued by DPE vide OM No. 05/0003/2019-FTS-10937 dated 14.12.2022).

9.13.4 Arbitration (Applicable to Micro, Small and Medium Enterprise)

In the event of any dispute or difference relating to, arising from or connected with the Contract, efforts shall be made to resolve the dispute(s) amicably by mutual consultation and in case such dispute(s) cannot be resolved through mutual consultation, then same shall be resolved through the procedure as prescribed in Section-18 of the Micro, Small and Medium Enterprises Development Act, 2006.

9.13.5 Resolution of disputes through conciliation by OEC

If any dispute, difference, question or disagreement arises between the parties hereto or their respective representatives or assignees, in connection with construction, meaning, operation, effect, interpretation of the contract or breach thereof which parties are unable to settle mutually, Company at its discretion, on its own or on the request of the Contractor, may refer the dispute to Outside Expert Committee ("OEC") to be constituted by Corporate Business Committee (CBC). The limit as well as the procedure for conciliation by OEC shall be mentioned in the tender document/contract document/purchase order.

Exclusions

The following matters shall not be referred to conciliation or arbitration or OEC:

a) Any claim, difference or dispute relating to, connected with or arising out of the Company's decision to initiate any proceedings for suspension or debarment or banning, or decision to suspend or to ban or to debar business dealings with the bidder/contractor and/or with any other person involved or connected or dealing with bid/contract/bidder/ contractor.

b) Any claim, difference or dispute relating to, connected with or arising out of the Company's decision under the provisions of Integrity Pact executed between OIL and the Bidder/contractor.

c) Any claim, difference or dispute relating to, connected with or arising out of the Company's decision to comply with any order or directive of any statutory or government authority.

d) Any claim which is less than the threshold amount decided by the Company (presently Rs. 25 Lakhs).

9.13.6 Arbitration Awards

i) In cases where the Company has challenged an arbitral award and, as a result, the amount of the arbitral award has not been paid, 75% of the arbitral award (which may include interest up to date of the award) shall be paid by the Company to the contractor/ concessionaire against a Bank Guarantee (BG). The BG shall only be for the said 75% of the arbitral award as above and not for the interest which may become payable to the Company should the subsequent court order require refund of the said amount.

ii) The payment may be made into a designated Escrow Account with the stipulation that the proceeds will be used first, for payment of lenders' dues, second, for completion of the project and then for completion of other projects of the Company as mutually agreed/ decided. Any balance remaining in the escrow account subsequent to settlement of lenders' dues and completion of projects of the Company may be allowed to be used by the contractor/ concessionaire with the prior approval of the lead banker and the Company. If otherwise eligible and subject to contractual provisions, retention money and other amounts withheld may also be released against BG.

9.14 Closure of Contract

While making the final payment to the contractor and before releasing the PBG, it should be ensured that there is nothing outstanding from the contractor, because it would be difficult to retrieve such amounts after releasing the bank guarantee/final payment. Before the bank guarantee is released a confirmation from User Department/Indentor should be obtained regarding completion of all contractual obligations. In case of Closure of large contracts, instructions as stipulated in Contract Monitoring Document, is to be followed.

9.15 Goods Receiving

9.15.1 Transportation of Goods

Where critical equipment of high value is involved, suitable special instructions shall be conveyed to the supplier about the mode of transport, loading, avoidance of transhipment and, if necessary, provision of escorts. In case of chemicals, powdery materials, liquid materials, and so on, parties may be advised on proper packaging to avoid spillage en-route, so as to avoid pollution problems and also to conform to the relevant standard. In case transport is arranged by the Company, suitable instructions may be incorporated in the transportation contract accordingly.

Wherever the items make a full truck load, the suppliers should be advised to dispatch such items in a full truck direct to the consignee on a door delivery basis to the site. In such cases, the Company shall advise the supplier to send a consignee copy of the lorry receipt to the consignee along with the consignment and the consignment shall be booked to the Company and not "self". The

supplier shall be specifically asked to dispatch the consignments to the designated consignee. All dispatch documents, that is, railway/lorry receipt, goods consignment note, airway bill, invoices, packing list, freight memos, test certificate, and so on, shall be sent to the Company for making payment. If the payment is to be made through the bank, all original documents are to be sent through the designated bank.

9.15.2 Distribution of Dispatch Documents for Clearance

The supplier shall send all the relevant dispatch documents well in time to the purchaser to enable the purchaser to clear or receive (as the case may be) the goods in terms of the contract. Necessary instructions for this purpose are to be incorporated in the contract. Upon despatch of the goods, the supplier shall notify the purchaser or consignee (others concerned), the complete details of dispatch and also submit the despatch documents.

9.15.3 Receipt of Consignment

On receipt of material timely inspection is to be organized so as to know the acceptability of the material or damages if any. In some of the cases, payment is linked with inspection and acceptance of material on receipt by the Company. Since this is linked with the payment of the contractor, timely inspection is more essential to maintain transparency for payment to the contractor.

In case of any discrepancy (short supply, transit damage etc.), the discrepancy report with respect to short supply, inferior quality of material, defective and damaged material should be prepared and immediately the matter should be taken up with the supplier for replacement of such items free of cost as per the terms of the contract. Wherever applicable insurance claim as mentioned in Para 9.16 should also be initiated.

9.16 Quality Assurance and Inspection

In the context of procurement of goods, the Quality Assurance (QA) process is needed to provide adequate confidence that a procured product will satisfy the laid down standards of quality and serve the purpose for which it is being procured. QA consists of three components:

- Defining quality standards;
- Planning assurance of quality; and
- Measurement of quality.

The description and TS define the quality standards expected from the product.

Planning for QA is done by way of specifying the qualifications criteria for the suppliers to ensure that they do have the technical, infrastructure and financial capabilities to meet the required quality standards. Specifications also lay down quality control requirements to indicate parameters, target values, tolerances and method of measurement of various parameters that constitute the standards of quality. This also involves laying down the type of inspection, agency for inspection.

Measurement of quality is done though a scheme of inspections at the contract management stage and laying down the actual process of inspection.

9.16.1 Inspections – Measuring Quality Standards

The stages and modes of inspection may vary depending on the nature of the goods, total value of the contract, location of the supplier, location of the user, and so on. Depending on the nature of goods being procured, usually, the following types of inspection may be adopted:

i) Pre-dispatch Inspection

A pre-dispatch inspection may be conducted either during various stages of the production process (which is known as stage inspection) or on production of the finished products, but before dispatch of the goods from the supplier's premises.

Stage inspection may be used for highly technical goods whose quality of the manufacturing process is likely to have considerable effect on the final quality and durability of the goods. Even after pre-dispatch inspections, these materials should be inspected again on receipt, as a matter of abundant precaution.

Inspection of the materials before dispatch shall be carried out by the inspection agency nominated in the contract or by its representative at the premises of the supplier in accordance with the inspection procedure laid down and incorporated in the purchase order.

The testing charges for samples should be borne by the supplier and this should be made clear at the enquiry stage itself to avoid claims at a later date/or effect on his position in comparative statement of offers. Any special testing involving financial implications shall be settled prior to placement of the order and such cost should form part of the evaluation.

In case of offshore supplies, the inspection clause shall be incorporated in the purchase order wherever required. The inspection clause should be framed considering the following:

(a) The Company may depute its representative or a third party inspection agency to the supplier's manufacturing premises to carry out/witness inspection and testing, performance testing at its discretion;

(b) Alternatively, the Company shall retain an option to waive the above and accept the material based on the supplier's internal test report, guarantee and fitment certificate. In this regard, the written approval of the HOD of the Indenting Department should be obtained recording the reasons for it; and

(c) Whenever the inspection is carried out at the supplier's manufacturing premises, an inspection on receipt of goods at the Company shall also be carried out by an officer of the User/Indenting Department or a third party inspection agency, as the case may be, on receipt of the goods.

(d) Where pre-dispatch inspection is involved, all expenses of the Company's personnel for the pre-dispatch inspection, such as travel, stay, hospitality and other expenses should be borne by the Company. A clause to this effect should be incorporated in the tender document.

ii) Inspection of Goods on Receipt at Consignee/User's Site

Post-delivery inspection is carried out on receipt of goods before accepting them. This should be typically done for goods that are available off-the-shelf and are BIS marked. All final goods that may be directly consumed or utilised on delivery (excluding machinery installations, and so on) and for which detailed inspection of the manufacturing process is not required and only a physical inspection regarding their physical characteristics is required, may be inspected using this method. On receipt of goods at stores, the storekeeper should immediately notify the officer nominated for inspection, requesting to schedule an inspection. The inspecting officer

should then fix a date for inspection.

The consignee has the right to reject the goods on receipt during the final inspection on delivery even though the goods have already been inspected and cleared at the pre-dispatch stage by the Company's inspector. However, such rejection should be strictly within the contractual terms and conditions and no new condition should be adopted while rejecting the goods during final inspection.

Goods accepted by the Company at the initial and final inspections, in terms of the contract, shall in no way dilute the Company's right to reject them later, if found deficient in terms of the warranty clause of the contract.

In case of rejection of goods at this stage, the Discrepancy Report (DR) should be generated. In case of pre-inspected goods, a joint inspection of the rejected lot of goods should be held with the pre-inspecting agency and firm. In case of failure of the firm to associate with a joint inspection, it should be held with the pre-inspecting agency.

In case of rejection of the pre-inspected supply of goods at the consignee end, the material rejection advice/rejection memo (or DR) should be sent to all concerned, which is, the firm, purchaser, pre-inspecting agency, paying authority, associate bill paying authority, and so on, without fail. The concerned paying authority as per the contract and associate bill paying authority should note the rejection advice details in its recovery register for effecting recovery of payments made, as the case may be. In case of replacement supply against the rejected lot of goods, the process should remain exactly the same in terms of sequence of pre-inspection/inspection as laid down in the contract, prior to acceptance by the consignee. In case of acceptance of the replacement supply/rejected supply after rectification, the earlier issued Discrepancy Report should be withdrawn under advice to all concerned.

iii) Manufacturer's Quality Self-certification

Reputed manufacturers could be relied upon with respect to certain goods for quality products. These may not be subjected to physical inspection and the materials may be accepted under the firm's quality self-certification. Waiver of pre-dispatch inspection and acceptance of materials under the firm's quality self-certification may be considered where:

(a) The user Departments indicate, in their indent, that physical inspection is not necessary and that the materials can be accepted on the firm's quality self-certification;

(b) The user Department requests for a waiver of inspection to meet urgent requirement and where the firm is agreeable to 100 (hundred) per cent payment against the consignee's receipt and acceptance. In such cases, the user Departments themselves should be responsible for ensuring the quality of goods supplied;

(c) In case of goods to be imported from abroad, pre-dispatch inspection of goods at the supplier's premises involves considerable expenditure to the Company. In such a situation, the Company may substitute pre-dispatch inspection by its own inspector with manufacturer's in-house inspection report and warranty. However, before adopting this procedure, the nature and cost of the goods ordered, the reputation of the supplier, and so on, should also be kept in view and appropriate decision taken.

iv) Inspection on Installation and Commissioning

This method is adopted to check the performance and output of equipment or machinery after it is commissioned and operational at site.

9.16.2 Types of Inspection Agencies

Normally, inspection modalities or agencies for inspections specified in the contract should not be changed. In rare cases, when this becomes inescapable, it should be done with the approval of the CA (who approved the procurement), justifying the rare circumstances, ensuring that no undue benefit accrues to the contractor.

i) Internal Inspection Authorities

Wherever there is technical expertise available in-house, an internal officer of the Indenting Department is nominated for inspection. The consignee should be the final authority for acceptance of goods.

ii) External Inspecting Authorities

In case the Company does not have technical expertise or for other relevant reasons, inspection may also be entrusted to a third-party inspection authority. The Company, however, retains the right to reject the consignment, even if it is cleared by third party inspection authorities.

Sometimes, it becomes necessary to conduct a type test, acceptance test or special test at external laboratories, when facilities for these tests are not available in-house with the supplier or carrying out of confirmatory tests is considered desirable before accepting the goods. The Company should draw up a list of approved laboratories for this purpose, to which the samples drawn from the lots offered by the supplier can be sent for tests. The list should also contain approved laboratories, which can be used as referral/appellate laboratories for retest, when samples tested at one laboratory are decided to be re-tested. The following guidelines should apply to such cases:

(a) External testing may invariably be done by national accredited or reliable laboratories, preference being given to National Test House (NTH). For testing the samples drawn from the lots offered by the supplier, an inspection agent qualified to conduct random sampling in accordance with Quality Assurance requirements should do the selection of samples;

(b) Test reports must contain the values obtained in the tests besides fail/pass results. The laboratory must preserve the sample and test records for a period of three years;

(c) The Company should lay down a liability statement for costs expended on tests, dispatch of samples, transportation costs, test charges, and so on., in respect of samples tested at outside laboratories as may be applicable; and

(d) In cases where the samples are to be tested at the supplier's cost because of non-availability of his own testing arrangements, the responsibility of depositing the testing fees would rest with the supplier.

(e) Normally unless otherwise intended in the contract, charges of routine testing prior to dispatch of materials are to be borne by the supplier and charges of testing of materials after receipt by consignee are to be borne by the Company. Contract should be clear about responsibility of cost of materials expended in tests and charges of special tests e.g. type test or tests at external labs. Even where the Company is responsible for testing charges, if the material fails in the test, the charges would become the responsibility of the seller.

iii) Joint Inspection on Complaint

In case a written complaint is received from the supplier disputing the rejection of goods by the Company's inspecting officer, it should be jointly investigated by a team consisting of an authorised representative of the Company, a senior representative of the inspecting agency who is conversant with the goods and an authorised representative of the supplier.

9.16.3 Issue of Inspection Report

User department shall provide the Technical Suitability/Rejection Report of the goods in a timely manner. In case of rejection, detail reason for rejection of the goods to be provided in the Report. After satisfactory inspection and tests, the acceptable goods should be clearly identified and suitably marked, in such a way as to make easy identification and tally with the inspection report of accepted lots subsequently.

9.17 Franking Clause on Acceptance and Rejection

In the event, inspection report is issued after expiry of the delivery period, the inspection note, whether accepting or rejecting the goods, should be duly franked as per the franking clause given below:

"The issue of this inspection/rejection report does not acquiesce or condone the late delivery and does not intend or amount to an extension of the delivery period or keeping the contract alive. The goods are being passed/rejected without prejudice to the rights of the Company under the terms and conditions of the contract."

This clause may also be incorporated in conditions of the contract.

9.18 Approval of Acceptable Deviations

Under no circumstances will the inspecting officer have the authority to modify the governing specifications, approved drawings or samples during inspection without reference to the CA that approved the procurement. For all cases of acceptance with deviation, the nature of deviation along with a justification for acceptance against such deviation should be duly documented.

The CA that approved the procurement should have the final decision on deviations. Deviations from the contract specifications or requirements not affecting price, quality, performance and other terms of the contract may be allowed at the level of the CA in consultation with the user Department on merits or nature of deviations.

In all other cases, the goods should be rejected giving all reasons by issuing a rejection inspection report. Rejections should not be made in a piecemeal manner.

9.19 Storage and Issue of Inspected Goods

After satisfactory inspection and tests, the accepted materials should be stored in a systematic manner. This is to facilitate easy retrieval at a later stage. As all goods needed or procured cannot be consumed at one point of time, storage is an inevitable process. The storage system forms the key component of any materials management system. It should be ensured that the goods are stored in such conditions that they are protected against unauthorised removal and deterioration.

9.20 Accounting and Payment of Received Materials

9.20.1 Goods Receipt and Inspection Report

If the received material successfully passes the quantity and quality checks, accounting of material received shall be on the basis of the GRN (Goods Receipt Note) prepared after inspection and acceptance of the material which will be signed by the concerned officers. While preliminary receipt is only an acknowledgement of quantity received, GRN is an acknowledgement of receipt of the correct quantity as well as quality of goods. GRN is a voucher which forms the basis for the supplier to claim payment as per the contract. It also is a voucher for accountal of the received material in the inventory accounts. Along with the GRN, material is handed over to the warehouse where it is to be stored.

In case the received material fails to pass quantity and quality checks, a DR (Discrepancy Report) is issued, noting the reasons for rejection. The F&A Department should be asked to recover any payment for the rejected quantity. The supplier should be instructed to take back the rejected goods within a stipulated number of days (usually 21 days). Such removal should be permitted only after the advance payment/freight paid is recovered. Lots that are under inspection, accepted, or rejected should be properly tagged, segregated and identified.

Sometime in case of chemicals, due to urgent requirement of operations, the material below the specified specification may also be accepted with necessary recovery. This requires approval of the Head of the user department. This aspect should be considered while evaluating the performance of the supplier for future tenders.

Note:
For cases other than GeM orders: *Inspection/acceptance formalities to be completed timely, so that GRN/DR can be raised within the stipulated timeline. If for some justifiable reason there is delay in submission of inspection / acceptance report beyond the stipulated time for which GRN cannot be raised, User Department has to obtain management approval for the delay. In absence of management approval beyond the stipulated timeline, GRN may be raised without waiting for the acceptance / inspection report. Refer Appendix 10.*

9.20.2 Passing of Supplier's Bills

After the GRN is issued, the invoice is received from the supplier, supported by relevant documents evidencing award of purchase orders/contracts and receipt of materials/services.

Based on contractual terms where payments are made based on proof of dispatch against a purchase order, bills shall be passed and accounted based on the GRN of approved materials.

The documents, which are needed from the supplier for release of payment, are to be clearly specified in the contract. The paying authority is also to verify the documents received from the supplier with corresponding stipulations made in

the contract before releasing the payment.

While claiming the payment, the supplier must also certify on the bill that the payment being claimed is strictly in terms of the contract and all the obligations on his part for claiming this payment have been fulfilled as required under the contract. There should also be a suitable provision for verification of the authenticity of the person signing the invoice, and so on, to claim the payment.

Deduction of applicable taxes at source from payments to suppliers will be done as per the existing law in force during the currency of the contract.

9.21 Transit Insurance:

i) All supplies for equipment / materials are to be insured by OIL for transit risk, unless specified otherwise in the contract, to cover damages during the transportation.

ii) Any damage during the transportation shall be notified to the underwriters as well as transporting agency for further necessary action in order to recover the transit damage.

iii) In order to cover the insurance of the goods dispatched / shipped, vendor are required to furnish the dispatch / shipping details to the insurance company with complete dispatch details along with policy no. etc.

9.21.1 Insurance claim for damages:

i) In case of damage during the shipment for imported consignment which is noticed at the time of inspection after receipt of material, the Kolkata Shipping Office shall lodge the claim with the insurance company. However, as per provision of the contract, if necessary C&P department who have placed the order shall take up the matter with supplier for repair / replacement.

ii) In case of indigenous supply, if any damage is noticed at the time of inspection after receipt of material, the same shall promptly be notified to the insurance company by respective C&P department so as to protect the interest of the company.

9.22 Contract Management - Risks and Mitigations

Risk	***Mitigation***
Advance payments: This is an area of risk in public procurement with undue and unintended benefits to the contractor, which vitiates the original selection criteria.	Any mobilisation or other advance payments should be interest bearing and should be only for justifiable cases. Terms of such advances should be expressly stated in the NIT/bid documents. The advance payment may be released in not less than two stages depending upon the progress of the contract. Advance should be progressively adjusted against bills cleared for payment. Interest should be charged on delayed recoveries irrespective of the reason stated.
Contract changes and renegotiations: This is also a risk area, where the procuring entity may not get what it contracted and paid for or may pay for what it has not received. On the other hand, the	Contract modifications and renegotiations should not substantially alter the nature of the contract. It should not vitiate the basis of the selection of the contractor. It should not give undue or unintended benefits

Risk	*Mitigation*
contractor may not get timely or proper amendments due to changes asked by the procuring entities.	to the contractor. However, for any changes caused by the procuring entity, the contractor should be adequately and timely compensated within the contractual terms.
Supervising agencies/individuals are unduly influenced to alter the contents of their reports so changes in quality, performance, equipment and characteristics go unnoticed.	A contract management manual or operating procedure should be prepared for large value contracts. There should be inbuilt systems of checks and balances. All large contracts should be formally reconciled for closure to ensure that the scope of the work and warranty/defect liability period is completed. This should include the dispute resolution forum for resolving disputes in a fixed timeframe with provision of escalation level. All payments/recoveries should also be reconciled. It should also be ensured that material/assets loaned to him including security passes are accounted for.
Contractor's claims are false or inaccurate and are protected by that in-charge of revising them.	
Payment to the contractor is delayed intentionally or otherwise.	
Contractor gets final payment, but contract closure has not been formally done. As a result material/assets loaned to him are not accounted for.	
Every dispute lands up in arbitration or court cases, since the procuring entity is reluctant to grant compensation for its own lapses to the contractor.	
Agents/ Sub-contractors and partners, chosen in a non-transparent way, are unaccountable or are used to channel bribes.	Agents should only be as per the terms of the contract. Sub-contracting of the contract should normally not be allowed in procurement of goods.

************************End of Chapter-9********************

CHAPTER 10

DISPOSAL OF SCRAP GOODS

10.1 Scrap for Disposal

There accumulates, in every organization, a large quantity of material which is neither usable for the purpose for which it was originally procured nor of any other operational value. Such material is generally called "scrap" and should be distinguished from other stores and component parts which can be utilized after repair or renovation. Occasionally, scrap may consist of second-hand or in excellent repair even new material which is surplus to the need of the organisation or its sister organisations and may command a fair price in the market not normally associated with scrap.

10.2 Classification and Categorization

It is very important to categorize the scrapped items under different trade groups based on the use to which the scrap purchaser can put it for commercial use, for example, melting, re-rolling, burning, recycling, and so on. Properly grouped and sorted scrap is likely to attract better value and help in keeping historical data of prices and facilitates fixing of reserve prices.

10.3 In regard to disposal of scrap, Company has framed **Scrap Disposal Manual**, which is to be followed.

*****************End of Chapter-10***************

APPENDICES

APPENDIX-1: ADVANCE CONCEPT OF VALUE FOR MONEY

1.0 The Concept of Value

Value is a management and economics concept. It represents the extent of satiation of a hierarchy of needs of a person by a product bought for this purpose. This is subjective and difficult to quantify. This is because different persons (or the same persons under different circumstances) would have different hierarchy of needs and would perceive different extents of satiation or value from the same product. There are three sources of the value of a product. The first source of value is from the functional usage of the product (known as use value) and the second source comes from the social status associated with the ownership of the product (esteem value). This can be shown as the difference between a luxury branded gold-plated, diamond encrusted pen and a disposable non-descript functional pen, though both fulfil the broadly same function and have the same use value. The luxury branded pen, in addition to the use value, also has additional esteem value. The third source of value comes from the price that one can get by exchanging or scrapping the product at the end of the useful life of the product. This is called the disposal value. Normally, when people buy a car, they do consider the estimated disposal value of different choices of models. Value is the sum total of all the three values.

2.0 Total Cost of Ownership

While the value of a product covers all components of value over the "Whole-Of-Life" (WOL), the costs incurred on the product should also take into consideration the total of various elements of costs incurred over WOL of the product. For this purpose, future costs are discounted to present value (not to be confused with the value we are discussing - this is a financial discounting concept). For example, it would not be prudent to buy a cheap car, which has a very high cost of operating. This is called variously as WOL or "Life-Time-Cost" (LCC) or "Total Cost of Ownership" (TCO). The last is a preferred nomenclature in procurement and is defined as the total of all costs associated with a product, service, or capital equipment that are incurred over its expected life. Typically, these costs can be broken into four broad categories:

i) **Procurement price.** The amount paid to the vendor/ contractor for the product, service, or capital equipment;

ii) **Acquisition costs.** All costs associated with bringing the product, service, or capital equipment into operation at the customer's location. Examples of acquisition costs are sourcing, administration, freight, taxes, and so on;

iii) **Usage costs.** In the case of a product, all costs associated with converting the procured part/material into the finished product and supporting it through its usable life. In the case of a service, all costs associated with the performance of the service that is not included in the procurement price. In the case of capital equipment, all costs associated with operating the equipment through its life. Examples of usage costs are inventory, conversion, wastage, lost productivity, lost sales, warranty, installation, training, downtime, and so on;and

iv) **End-of-life costs.** All costs incurred when a product, service, or capital equipment reaches the end of its usable life, net of amounts received from the sale

of the remaining product or the equipment (disposal value) as the case may be. Examples of end-of-life costs are obsolescence, disposal, clean-up, and project termination costs

3.0 Value for Money

Besides value of a product or service, the customer also has his own notion of "value" of a particular sum of money. This is different for different people or even for the same person in different circumstances. When the perceived value of a product matches the perceived value of the amount of money (cost of the product), the customer feels he got the full value for his money. This is called the VfM. In procurement, Total Cost of Ownership is taken to evaluate value for money. Given the limited resources available to the Government, ensuring VfM in procurement is the key to ensuring the optimum utilisation of scarce budgetary resources. It usually means buying the product or service with the lowest WOL costs that is 'fit for purpose' and just meets the specification. VfM also incorporates affordability; clearly, goods or services that are unaffordable cannot be bought. This should be addressed as soon as possible within the process, ideally at the need assessment stage before procurement commences. In order to address this issue, a change in the procurement approach, specification or business strategy may be required.

Where an alternative is chosen that does not have the lowest WOL costs, then the additional 'value added' benefit must be proportional and objectively justifiable. Assessment of bids should be conducted only in relation to a published set of evaluation criteria (which should be relevant to the subject of the contract), and any 'added value' that justifies a higher price must flow from these defined criteria. In public procurement VfM is often primarily established through the competitive process. A strong competition from a vibrant market will generally deliver a VfM outcome. However, where competition is limited, or even absent, other routes may have to be used to establish VfM. These can include benchmarking, construction of theoretical cost models or 'shadow' bids by the procurement agency. For major contracts, this can require considerable financial expertise and external support. A VfM assessment, based on the published conditions for participation and evaluation, may include consideration of some factors such as:

i) Fitness for purpose;
ii) Potential vendor/contractor's experience and performance history;
iii) Flexibility (including innovation and adaptability over the lifecycle of the procurement);
iv) Environmental sustainability (such as energy efficiency and environmental impact); and
v) Total cost of ownership

But due to uncertainties in estimates of various components of TCO (and actual costs over the life-cycle) and intangibles of Value, some element of subjectivity may become unavoidable, and hence is not normally useable in routine Public Procurement cases. Therefore preference is given to alternative means for ensuring VfM by way of optimal description of needs; development of value-engineered specifications/ Terms of Reference and appropriate packaging/ slicing of requirements and selection of appropriate mode/ bidding systems of procurement etc.

***************End of Appendix-1***************

APPENDIX-2: LEGAL ASPECTS OF PUBLIC PROCUREMENT

1.0 Relevant Provisions of the Constitution of India

1.1 Equality for Bidders

Article 19 (1) (g) of the Constitution of India (under Part Ill - 'Fundamental Rights') grants all its citizens the right "to practice any profession or to carry out any occupation, trade or business". This has been interpreted by courts in a way so as to ensure that every citizen of India has a right to get equal opportunity to bid for and be considered for a public procurement contract. However, this provision does permit stipulation of reasonable eligibility or pre-qualification criteria for the selection of successful bidders in a public procurement contract. Thus a public procurement organization should be ready to prove in court that no eligible bidder has been denied reasonable and equal opportunity under this article to bid and be considered for the concerned contract.

> "Part Ill - FUNDAMENTAL RIGHTS - Right to Freedom
> §19 Protection of certain rights regarding freedom of speech, etc.
> 1. All citizens shall have the right-
> (a) to freedom of speech and expression;
> (b) to assemble peaceably and without arms;
> (c) to form associations or unions;
> (d) to move freely throughout the territory of India;
> (e) to reside and settle in any part of the territory of India; [and]
> (f) to practise any profession, or to carry on any occupation, trade or business."

1.2 Persons Authorized to Make and Execute Contracts on Behalf of Governments

As per Article 299 (Part XII - Finance, Property, Contracts and Suits) of the Constitution of India, all contracts on behalf of the Union Government or state Governments are to be entered into and executed by authorized persons on behalf of the President of India or Governor of the state, respectively. The President of India, Governor of the state and the authorized persons who enter into or execute such contracts are granted immunity from personal liability under this article. That is why, above the signatures of such persons, on the contract documents, a legal phrase "For and on Behalf of the President of India/the Governor of State" is written to signify this fact. In a state Government, the persons who are authorized to do so are listed in the DFPR. Provisions of DFPR are expanded upon by various Departments by issuing SoPP. Rule 224 (1) & (2), Chapter 8: Contract Management of the GFR, 2017 covers this aspect also.

> "Part XII. - Finance, Property, Contracts and Suits
> §299 Contracts:
> All contracts made in the exercise of the executive power of the Union or of a State shall be expressed to be made by the President, or by the Governor of the State, as the case may be, and all such contracts and all assurances of property made in the exercise of that power shall be executed on behalf of the President or the Governor by such persons and in such manner as he may direct or authorise.
> Neither the President nor the Governor shall be personally liable in respect of any contract or assurance made or executed for the purposes of this Constitution, or for the purposes of any enactment relating to the Government of India heretofore in force, nor shall any person making or executing any such contract or assurance on behalf of any of them be personally liable in respect thereof."

1.3 Other Mercantile Laws

A procurement contract besides being a commercial transaction is also a legal transaction. There are a number of commercial/mercantile laws that are applicable equally to the private sector and public procurement, such as the Indian Contract Act, Sales of Goods Act, Arbitration and Conciliation Act, and so on. Although a public procurement professional is expected to have a working knowledge of the following basic laws relating to procurement, yet he is not expected to be a legal expert. If standard contract forms are used, the procurement official can discharge his normal functions without frequent legal help. In case any complex legal issue arises, or a complex contract beyond the standard contract form is to be drafted, an appropriate legal professional may be associated with the procurement from an early stage.

Salient features of these mercantile laws relating to Procurement are summarized below.

2.0 Salient Features of the Indian Contract Act

2.1 Legal Aspects Governing Public Procurement of Goods - Introduction

A public procurement contract, besides being a commercial transaction, is also a legal transaction. There are a number of laws that may affect various commercial aspects of public procurement contracts. A public procurement professional is expected to be generally aware of the implications of following basic laws affecting procurement of goods; however, he or she is not expected to be a legal expert. Where appropriate in complex cases, legal advice may be obtained. In other categories of procurement, additional set of laws may be relevant:

i) The Constitution of India;
ii) Indian Contracts Act, 1872;
iii) Sale of Goods Act, 1930;
iv) Arbitration and Conciliation Act, 1996 read with the Arbitration and Conciliation (Amendment) Act, 2015 and 2021;
v) Competition Act, 2002 as amended with Competition (Amendment) Act, 2007;
vi) Micro, Small and Medium Enterprises Development (MSME Development) Act, 2006;
vii) Information Technology Act, 2000 (IT Act, regarding a-procurement and e-auction, popularly called the Cyber Law);
viii) Right to Information (RTI) Act 2005;
ix) Central Vigilance Commission Act, 2003;
x) Delhi Special Police Establishment Act, 1946 (basis of the Central Bureau of Investigation);
xi) Prevention of Corruption Act, 1988;
xii) The Foreign Trade (Development and Regulation) Act, 1992 and the Foreign Trade Policy (EXIM Policy), 2015; Foreign Exchange Management Act (FEMA), 1999 and FEMA (Current Account Transactions) Rules, 2000.

The elements and principles of contract law and the meaning and import of various legal terms used in connection with the contracts are available in the Indian Contract Act, 1872 read with the Sale of Goods Act, 1930. Some of the salient principles relating to contracts are set out briefly in this chapter.

2.2 Elementary Legal Practices

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

Proposal or Offer: When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of the other to such act or abstinence, he is said to make a proposal or offer. In a sale or purchase by tender, the tender signed by the bidder is the proposal.

The invitation to tender and instructions to bidders do not constitute a proposal.

Acceptance of the Proposal: When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a promise.

What agreements are contracts: An agreement is a contract enforceable by law when the following are satisfied. A defect affecting any of these renders a contract un-enforceable

i) Competency of the parties
ii) Freedom of consent of both parties
iii) Lawfulness of consideration
iv) Lawfulness of object

2.3 Competency of Parties

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

- Categories of persons and bodies who are parties to the contract maybe broadly sub-divided under the following heads: -
- Individuals
- Partnerships
- Limited Companies
- Corporations other than limited companies

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

(b) Contracts with Partnerships: A partnership is an association of two or more individuals formed for the purpose of doing business jointly under a business name. It is also called a firm. It should be noted that a partnership is not a legal entity by itself, apart from the individuals constituting it. A partner is

the implied authority to bind the firm in a contract coming in the purview of the usual business of the firm. The implied authority of a partner, however, does not extend to enter into arbitration agreement on behalf of the firm. While entering into a contract with partnership firm care should be taken to verify the existence of consent of all the partners to the arbitration agreement.

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

(d) Corporation other than Limited Companies: Associations of individuals incorporated under statutes such as Trade Union Act, Co-operativeSocietiesActandSocietiesRegistrationActarealsoartificial persons in the eye of law and are entitled to enter into such contracts as are authorized by their memorandum of association. If any contract has to be entered into with any one or such corporations or associations, the capacity of such associations to enter into contract should be verified and also the authority of the person coming forward to represent the said Association.

2.4 Consent of both Parties

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

i) When the misunderstanding relates to the identity of the other party to the agreement;

ii) When it relates to the nature or terms of the transactions;

iii) When it related to the subject matter of the agreement.

2.5 Free consent of both Parties

The consent is said to be free when it is not caused by coercion, undue influence, fraud, mis-representation or mistake. Consent is said to be so caused when it would not have been given but for the existence of coercion, undue influence, fraud, mis-representation or mistake. When consent to an agreement is caused by coercion, undue influence, fraud or misrepresentation, the agreement is a

contract void able at the option of the party whose consent was caused. A party to a contract, whose consent was caused by fraud or misrepresentation may, if he thinks fit, insist that the contract shall be performed, and that he shall be put in the position in which he would have been if the representations made had been true.

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

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

2.6 Consideration

Consideration is something which is advantageous to the promiser or which is onerous or disadvantageous to the promisee. Inadequacy of consideration is, however, not a ground avoiding the contract. But an act, forbearance or promise which is contemplation of law has no value is no consideration and likewise an actor a promise which is illegal or impossible has no value.

2.7 Lawfulness of object

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

2.8 Communication of an Offer or Proposal

The communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. A time is generally provided in the tender forms for submission of the tender. Purchaser is not bound to consider a tender, which is received beyond that time.

2.9 Communication of Acceptance

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

The communication of an acceptance is complete as against the proposer or offerer, where it is put in the course of transmission to him, so as to be out of the power of the acceptor, and it is complete as against the acceptor when it comes to the knowledge of the proposer or offerer. The medium of communication in Government contracts is generally by post and the acceptance is, therefore, complete as soon as it is posted. So that there might be no possibility of a dispute regarding the date of communication of acceptance, it should be sent to the correct address by some authentic foolproof mode like registered post acknowledgement due, etc.

2.10 Acceptance to be identical with Proposal

If the terms of the tender or the tender, as revised, and modified, are not accepted or if the terms of the offer and the acceptance are not the same, the acceptance remains a mere counter offer and there is no concluded contract. It should, therefore, be ensured that the terms incorporated in the acceptance are not at variance with the offer or the tender and that none of the terms of the tender are left out. In case,

uncertain terms are used by the bidders, clarifications should be obtained before such tenders are considered for acceptance. If it is considered that a counter offer should be made, such counter offer should be carefully drafted, as a contract is to take effect on acceptance thereof.

If the subject matter of the contract is impossible of fulfilment or is in itself in violation of law such contract is void.

2.11 Withdrawal of an Offer or Proposal

A bidder firm, who is the proposer may withdraw its offer at any time before its acceptance, even though the firm might have offered to keep the offer open for a specified period. It is equally open to the bidder to revise or modify his offer before its acceptance. Such withdrawal, revision or modification must reach the accepting authority before the *date and time of opening of tender.*

No legal obligations arise out of such withdrawal or revision or modification of the offer as a simple offer is without a consideration. Where, however, a bidder agrees to keep his offer open for a specified period for a consideration, such offers cannot be withdrawn before the expiry of the specified date. This would be so where earnest money is deposited by the bidder in consideration of his being supplied the subsidiary contract and withdrawal of offer by the bidder before the specified period would entitle the purchaser to forfeit the earnest money.

2.12 Withdrawal of Acceptance

An acceptance can be withdrawn before such acceptance comes to the knowledge of the bidder. A telegraphic revocation of acceptance, which reaches the bidder before the letter of acceptance, will be a valid revocation.

2.13 Changes in terms of a concluded Contract

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

2.14 Discharge of Contracts

A contract is discharged or the parties are normally freed from the obligation of a contract by due performance of the terms of the contract. A contract may also be discharged: -

i) **By mutual agreement:** If neither party has performed the contract, no consideration is required for the release. If a party has performed a part of the contract and has undergone expenses in arranging to fulfil the contract it is necessary for the parties to agree to a reasonable value of the work done as consideration for the value.

ii) **By breach:** In case a party to a contract breaks some stipulation in the contract which goes to the root of transaction, or destroys the foundation of the contract or prevents substantial performance of the contract, it discharges the innocent party to proceed further with the performance and entitles him to a right of action for damages and to enforce the remedies for such breach as provided in the contract itself. A breach of contract may, however, be waived.

iii) **By refusal of a party to perform:** On a promisor's refusal to perform the contract or repudiation thereof even before the arrival of the time for performance, the promisee may at his option treat the repudiation as an immediate breach putting an end to the contract for the future. In such a case the promisee has a right of immediate action for damages.

iv) **In a contract where there are reciprocal promises:** If one party to the contract

prevents the other party from performing the contract, the contractmay be put to an end at the instance of the party so prevented and the contract is thereby discharged.

2.15 Stamping of Contracts

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

The Stamp Act provides that no Stamp Duty shall be chargeable in respect of any instrument executed by or on behalf of or in favour of the Government in cases where but for such exemption Government would be liable to pay the duty chargeable in respect of such instrument. (Cases in which Government would be liable are set out in Section 29 of the Act).

2.16 Authority for Execution of Contracts

As per Clause 1 of Article 299 of the Constitution, the contracts and assurances of property made in the exercise of the executive power of the Union shall be executed on behalf of the President. The words "for and on behalf of the President of India" should therefore follow the designation appended below the signature of the officer authorized in this behalf.

Note 1: The various classes of contracts and assurances of property, which may be executed by different authorities, are specified in the Notifications issued by the Ministry of Law from time to time.

Note 2: The powers of various authorities, the conditions under which such powers should be exercised and the general procedure prescribed with regard to various classes of contracts and assurances of property are laid down in Rule 21 of the Delegation of Financial Powers Rules.

2.17 Contract Effective Date

The date of commencement of the obligations under the contract on the parties to a contract is referred as the contract effective date. This date should be invariably indicated in each contract, as per agreed terms and conditions. The Ministries/Departments are advised to set the effective date to be a date after the following:

i) Date of signing of the contract.
ii) Furnishing of performance bond in terms of performance security.
iii) Receipt of Bank Guarantee for advance payment.
iv) Obtaining Export Licence for supply of stores by seller and confirmation by the buyer.
v) Receipt of End User's Certificate. The supplier shall provide the End User's Certificate within 30 (thirty) days of the signing of the contract.

3.0 Salient Features of the Sales of Goods Act, 1930

3.1 Scope

Agreements for the sale of goods are governed by the general principles of the contract law. A contract for sale of goods has, however, certain peculiar features such as transfer of ownership of the goods and quality aspects implied under a contract for sale of goods, and so on, are not covered in the Contract Act. These peculiarities are the subject matter of the provisions of the Sale of Goods Act, 1930. In this act, the two parties to the contract are called "seller'' and "buyer''. This act defines goods, for the purpose of applicability of this act, as every kind of movable

property, including stocks and shares, growing crops, goodwill, patents, trademarks, electricity, water, gas, and so on-all that can be exchanged for money but not any kind of immovable property (for example, real estate).

3.2 Concept of Transfer of Property (Passing of Title)

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

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

3.3 Ownership

The moment the property in goods passes, the seller ceases to be their owner and the buyer acquires the ownership. The buyer can exercise proprietary rights over the goods. For example, the buyer may sue the seller for non-delivery of the goods or when the seller has resold the goods, and so on.

3.4 Concept of "Res Prit Domine" -- Risk Follows Ownership

This concept simply means that, as a general rule, risk follows the ownership, irrespective of whether the delivery (or transfer of possession of goods) has been made or not. If the goods are damaged or destroyed, the loss shall be borne by the person who was the owner of the goods at that time - irrespective of whosoever is in the "possession of the goods".

3.5 Action against Third parties

When the goods are, in any way, damaged or destroyed by the action of third parties, it is only the owner of the goods who can take action (claim, litigation) against them.

3.6 Time at which Property in Goods is Transferred

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

3.7 Document of Title to Goods

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

3.8 Doctrine of Caveat Emptor

The Sales of Goods Act lays down this important concept that the buyer must act with due diligence when buying goods; it is not a seller's duty to point out the defects in goods. This is a doctrine which is not in consonance with modern times but, unfortunately, is a legal position. This, however, does not apply if the buyer's

consent to buy is obtained by the seller by knowingly concealing the defects which could not have been discovered by the buyer reasonably at the time of procurement. The caveat emptor is also diluted under some implied conditions in a contract for sale.

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

4.0 Salient Features of the Indian Arbitration & Conciliation Act 1996

Indian Arbitration & Conciliation Act 1996 provides for dispute settlement either by a process of conciliation and/or by arbitration. This act is based on a 'United Nation's Commission on International Trade Law Model Arbitration Law' with an object to minimise the supervisory role of courts in the arbitral process and to provide that every final arbitral award is enforced in the same manner, as if it was a decree of the court. It covers both international and domestic arbitration and conciliation.

4.1 Arbitration

Arbitration is one of the oldest methods of settling civil disputes arising out of and in the course of performance of the contract between two or more persons by reference of the dispute to an independent and impartial third person called the arbitrator, instead of litigating the matter in the usual way through the courts. It saves time and expense, avoids unnecessary technicalities and, at the same time, ensures "substantial justice within limits of the law".

4.2 Arbitrator, Arbitration and Arbitral Award

The person or persons appointed to determine differences and disputes are called the arbitrator or arbitral tribunal. The proceeding before him is called arbitration proceedings. The decision is called an Award. For the purpose of Law of Limitations, The Arbitration for a particular dispute is deemed to have commenced on the date, on which a request for arbitration is received by the respondent.

4.3 Arbitration Agreement

It is an agreement by the parties to submit to arbitration all or certain disputes, which have arisen or which may arise between them, in respect of a defined legal relationship, whether contractual or non-contractual. The dispute resolution method of arbitration, as per the Arbitration and Conciliation Act, can be invoked only if there is an arbitration agreement (in the form of an arbitration clause or a separate arbitration agreement) in the contract. If there is such an agreement, courts are barred from directly entertaining any litigation in respect of such contracts, and are bound instead to refer the parties to arbitration.

4.4 Appointment and Composition of Arbitral Tribunal

Both parties can mutually agree on the number of arbitrators (which cannot be an even number) to be appointed. In case there is no agreement, a single (sole) arbitrator may be appointed. The parties can mutually agree on a procedure for appointing the arbitrator or arbitrators, or else in case of arbitration with three arbitrators, each party will appoint one arbitrator and the two appointed arbitrators will appoint the third arbitrator, who will act as a presiding arbitrator. If one party fails to appoint an arbitrator within 30 (thirty) days, or if the two appointed arbitrators fail to agree on the third arbitrator, then the court may appoint any person or institution as arbitrator. In case of an international commercial dispute, the application for appointment of arbitrator has to be made to the Chief Justice of India. In case of other domestic disputes, the application has to be made to the Chief

Justice of the High Court within whose jurisdiction the parties are situated.

4.5 Challenge to Appointment of Arbitrator

An arbitrator is expected to be independent and impartial. If there are some circumstances due to which his independence or impartiality can be challenged, he must disclose the circumstances before his appointment. The appointment of an arbitrator cannot be challenged on any ground, except when there is justifiable doubt as to the arbitrator's independence or impartiality or when he does not possess the qualifications for the arbitrator agreed to by the parties. The challenge to appointment has to be decided by the arbitrator himself. If he does not accept the challenge, the arbitration can continue and the arbitrator can make the arbitral award. However, in such a case, application for setting aside the arbitral award can be made to the court, after the award is made by the arbitrator. Thus the other party cannot stall further arbitration proceedings by rushing to court.

4.6 Conduct of Arbitral Proceedings

The parties are free to agree on the procedure to be followed for conducting proceedings, location, language of hearings and written proceedings. Failing any agreement, the arbitral tribunal may decide themselves on these aspects. The parties shall be treated with equality and each party shall be given a full opportunity to present its case. The arbitral tribunal shall observe the rules of natural justice but is bound neither by Civil Procedure Code 1908 nor by Indian Evidence Act 1872. Limitation Act, 1963 is applicable from the date of commencement of arbitral proceedings. Arbitral tribunals have powers to do the following:

i) Determine admissibility, relevance, materiality and weight of any evidence;
ii) Decide on their own jurisdiction;
iii) Decide on interim measures;
iv) Termination of proceedings; and
v) Seek court assistance in taking evidence.

4.7 Arbitral Award

The decision of the arbitral tribunal is termed as 'arbitral award'. The decision of arbitral tribunal shall be by majority. The arbitral award shall be in writing, mentioning the place and date, and signed by the members of the tribunal. It must state the reasons for the award. A copy of the award should be given to each party. The tribunal can make interim award also. An arbitral award is enforceable in the same manner as if it were a decree of the court.

4.8 Recourse against Arbitral Award

Recourse to a court against an arbitration award can be made by an application (within three months from the date of the arbitral award), only on the grounds specified in the act, that is, the party was under some incapacity; arbitration agreement was not valid; proper opportunity was not given to present the case; award deal with disputes not falling within the terms of reference of arbitrator; composition of the arbitral tribunal is not as per agreement of parties; subject matter of dispute is not capable of settlement through arbitration under the law or the arbitral award is in conflict with the public policy.

4.9 Conciliation

This is a new concept added in the Act for settlement of disputes. The party initiating conciliation shall send a written invitation to the other party to conciliate and proceedings shall commence when the other party accepts the initiations to conciliation. The parties may agree on the name of a sole conciliator or each party may appoint one conciliator. The conciliation shall assist the parties to reach an amicable settlement of their dispute. When the parties sign the settlement

agreement, it shall be final and binding on the parties. The conciliator shall authenticate the settlement agreement and furnish a copy thereof to each party. This process has not yet come into a common use.

4.10 Changes introduced by the Arbitration and Conciliation (Amendment) Act, 2015

i) **Independence, Disqualification and Obligations of arbitrators at the time of appointment**

a) **Independence, Impartiality and Accountability of Arbitrators:** A fixed fee structure ensures the independence of the arbitral tribunal and also provides a reasonable cost estimate to the parties entering into arbitration. The Amendment Act in the Fourth Schedule prescribes the model fees for arbitrators and the High Courts have been assigned the responsibility of framing the rules for determination of the fees and the manner of its payment. The model fee varies from Rs 45,000 to Rs 30 Lakh (Rupees forty-five to rupees thirty lakh) for various slabs of disputed value from Rupees five Lakh to above Rs 20 (Rupees twenty) Crore (with a sole arbitrator entitles to 25% (twenty-five percent) extra above the model fee).However it is clarified that such fees shall not be applicable in International Commercial Arbitration and in cases where parties have agreed for determination of fees as per the rules of an arbitral institution.

b) **Disqualification from appointment:** A long and exhaustive list of specific circumstances which shall act as a bar against any person from being appointed as an arbitrator in a dispute, have been enumerated in the seventh schedule. However, the parties to the dispute have been given the opportunity, after the dispute has arisen, to waive the applicability of the seventh schedule, by mutual written agreement, if they so deem fit. Especially of interest in Public Procurement is disqualification of past or present employees, consultant, advisors or other related business relationship not only with the Procuring Entity but also with any affiliated entity thereof. Thus the earlier practice of appointing serving officers of procuring entity as arbitrator is no more legal.

c) **Disclosures:** An arbitrator who is approached for appointment is obligated to disclose as per Sixth Schedule of the Act. The declaration as per a set format removes any ambiguity and ensures uniformity:

1. conflict of Interest the existence either direct or indirect, of any past or present relationship with or interest in any of the parties or in relation to the subject matter in dispute, whether financial, business, professional or other kind, which is likely to give rise to justifiable doubts as to his independence or impartiality as per fifth schedule to the Act for arbitrator.
2. Time constraints: An arbitrator shall disclose all circumstances which may affect his ability to deliver an award within 12 (twelve) months.

ii) **Fast-tracking Arbitration in India**

a) **Award within 12 (Twelve) months:** The arbitral tribunal is statutorily obligated to deliver an award within 12 (twelve) months from the date when arbitral tribunal enters into reference. The arbitral tribunal is said to have entered upon the reference on the date on which the arbitrator(s) have received notice of their appointment. The award can be delayed by a maximum period of six months only under the special circumstances where all parties give their consent to such extension of time. Where the award is not made out within the statutory period the mandate of arbitrators shall

automatically terminate. It is open for the courts to extend the time period for making an award upon receipt of an application by any of the parties. Such extension is to be granted only for sufficient cause and the court in its discretion may impose the following penalties depending on the facts and circumstances of the case:

1. Reduce the fees of arbitrators by up to 5% (five percent)for each month of delay.
2. Substitute one or all the arbitrators.
3. Impose actual or exemplary costs on any of the parties.

b) **Oral arguments to be held on a day-to-day basis:** Oral arguments as far as possible shall be heard by the arbitral tribunal on a day to day basis and no adjournments shall be granted without sufficient cause. Provision for imposition of exemplary cost on the party seeking adjournment without sufficient cause has also been made.

c) **Fast Track Procedure:** The parties to arbitration may choose to opt for a new fast track procedure either before or after the commencement of the arbitration. The award in fast track arbitration is to be made out within six months. Where the Arbitral Tribunal delivers the award within a period of six months the arbitral tribunal shall be entitled to additional fees. The quantum of such additional fees shall be determined by the parties. The salient features of the fast track arbitration are:

1. Dispute is to be decided based on written pleadings only.
2. Arbitral Tribunal shall have the power to call for clarifications in addition to the written pleadings where it deems necessary.
3. Oral hearing maybe held only if all the parties make a request or if the arbitral tribunal considers it necessary.
4. The parties are free to decide the fees of the arbitrator(s).

d) **Appointment within 60 (sixty) days:** Whenever an application for appointment of Arbitrator(s) is moved before a court such application shall be disposed of as expeditiously as possible and an endeavour shall be made to dispose of the matter within a period of sixty days from the date of service of notice on the opposite party. The court while appointing arbitrators shall confine itself to the examination of the existence of an arbitration agreement.

iii) **Procedural and Jurisprudence simplified**

a) **Arbitration to commence within 90 (ninety) days of interim relief:** Where the court grants interim relief before the commencement of arbitration, the arbitration must commence within 90 (ninety) days from such order of interim relief. The court however has been given the authority to extend the period within which the arbitration must commence, if it deems such extension necessary. The Act prohibits courts from entertaining any application for interim relief once the arbitration has entered into reference, unless the court finds that circumstances exist which may not render the remedy provided under section 17 efficacious.

b) **Powers of Interim Relief in Section 9 also to Arbitral Tribunal:** The parties to arbitration can now directly approach the arbitral tribunal for seeking interim relief on the same grounds as were available to the parties under section 9 of the previous act. Further, the tribunal has now been granted the powers of a court while making interim awards in the proceedings before it.

c) **Arbitral tribunal not bound to rule in accordance with terms of the**

contract: The arbitral tribunal was previously bound to deliver an award in accordance with the terms of the agreement and was required to take into consideration the 'usages of the trade applicable to the transaction'. Vide the Amendment the arbitral tribunal has been freed of the obligation to only rule in accordance with the terms of the agreement. The arbitral tribunal is only required to take the agreement into account while delivering its award and is free to deviate from the terms of the agreement if the circumstances so warrant.

d) Act made applicable on International Commercial Arbitration with even seat outside India: Part I of the act has been made applicable for limited purpose (listed below) on International Commercial Arbitrations even in instances where the seat of the arbitration is outside India, however giving freedom to exclude the applicability the Act by entering into an agreement to this effect:

1) Seeking interim relief from courts [section 9]
2) Seeking the assistance of the court in taking evidence [section 27]
3) Appealing against the order of a court where the court refuses to refer the parties to arbitration. [section 37(1) (a)]
4) Restricting the right to second appeal and preserving the right of parties to approach the Supreme Court in appeal. [section 37 (3)]

5.0 Salient Features of Competition Act, 2002 relating to Anti-competitive Practices

i) The **Preamble of the Competition Act, 2002,** provides for the establishment of a Commission keeping in view of the economic development of the country to promote and sustain competition in markets; prevent practices having adverse effect on competition; protect consumer interest; and ensure freedom of trade carried on by participants in Indian markets.

ii) The Act was amended by Competition (Amendment) Act, 2007 and again by Competition (Amendment Act), 2009.

iii) In India, Competition Commission of India ("CCI"), formulated under the Competition Act is a quasi-judicial and regulatory body entrusted with the task enforcement of the Competition Act, 2002. Apart from specific functions under the Competition Act, 2002 the CCI also has extra-territorial jurisdiction, inquiry into anticompetitive conduct, sector-specific regulatory work, competition advocacy, power of appointment of professional and experts, and procedure for investigation (in terms of regulating its own procedure).

iv) Section 8 dealing with composition of Commission provides for a chairperson and not less than two and not more than six members which are to be appointed by Central Government. The CCI is vested with inquisitorial, investigative, regulatory, adjudicatory and also advisory jurisdiction. Vast powers have been given to the Commission and under Section 64, the Commission can frame regulations.

v) The Competition Appellate Tribunal (COMPAT) is another body entrusted with the responsibility of hearing and disposing of appeals against any direction or decision or order of the CCI. It also adjudicates on compensation claims arising from the findings of the CCI or its own findings on appeals against the CCI orders and passes orders on the recovery of compensation.

vi) Any person aggrieved by the order or decision of the CCI may prefer an appeal to the Competition Appellate Tribunal ('COMPAT') within 60 (sixty) days from the date of communication of such order or decision. The second and final appeal

under Section 53T lies before the Supreme Court of India from the orders of the COMPAT within a period of 60 (sixty) days from the date of communication of the order by the COMPAT.

vii) CCI may initiate an inquiry:
   a) On its own motion on the basis of information and knowledge in its possession, or
   b) On receipt of any information, in such manner and accompanied by such fee as may be determined by regulations, from any person, consumer or their association or trade association, or
   c) On receipt of a reference from the Central Government or a State Government or a statutory authority

viii) The Act provides for Director General office as a separate investigative wing to assist the CCI. The DG looks into the complaints received from the CCI and submits all findings to it. DG is solely responsible for making enquiries, for examining documents and for making investigations into complaints. The DG is vested under the Act with powers of summoning of witnesses, examining them on oath, requiring the discovery and production of documents, receiving evidence on affidavits, issuing commissions for the examination of witnesses etc.

ix) The Act in Section 49 (3) lays down the advocacy function of CCI and lays down that the CCI shall take suitable measures for the promotion of competition advocacy, creating awareness and imparting training about competition issues. Section 32 of the Act grants the CCI extra-territorial jurisdiction over anticompetitive conduct which has an appreciable adverse effect on competition within India. Any anticompetitive activity taking place outside India but having an appreciable adverse effect on competition within India shall be subject to the application of the Competition Act.

x) Under Section 21 of the Act, any statutory authority can suo motto or on request of a party in the course of a proceeding before it can make a reference to CCI. CCI shall give its opinion within sixty days of receipt of such reference by such statutory authority. Under the provisions of the Act, the authority which made reference shall consider the opinion of the Commission and thereafter, give its findings recording reasons on the issues referred to in the said opinion by CCI. Section 21A in the same language provides for such reference by CCI to any statutory authority.

xi) The key provisions of the Competition Act include:

1) Section 3 of the Competition Act, 2002 dealing with anti-competitive agreements;
2) Section 4 of the Competition Act, 2002 which discusses abuse of dominance;
3) Section 5 and 6 of the Competition Act, 2002 dealing with the regulation of combinations.

xii) The term 'agreement', has been defined broadly in the Competition Act. It extends to a mere 'arrangement', 'understanding' or 'action in concert', none of which need be in writing or enforceable by law.

xiii) Section 3(1) of the Competition Act lays down that no enterprise or association of enterprises or person or association of persons shall enter into any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse

effect on competition within India. The Act prohibits an anti-competitive agreement and declares that such an agreement shall be void.

xiv) Section 3(3) of the Competition Act deals with the horizontal agreements as it covers the agreements between entities engaged in identical or similar trade of goods or provision of services. It also includes cartels. The section covers:

1) Agreement entered into between enterprises or associations of enterprises or persons or associations of persons or between any person and enterprise
2) Practice carried on by any association of enterprises or association of persons
3) Decision taken by any association of enterprises or association of persons

xv) Section 3(3) of the Competition Act enlists four broad classifications of horizontal agreements which are presumed to cause an appreciable adverse effect on competition (AAEC) in India.

1) Agreements regarding Prices
2) Agreements regarding Quantity/ Quality
3) Market Allocation
4) Bid Rigging

These four horizontal agreements are not presumed to have appreciable adverse effect on competition and excluded from the provisions of Section 3(3) of the Competition Act, 2002 provided they are entered into by way of joint ventures and increase efficiency in production, supply, distribution, storage, acquisition or control of goods or provision of services.

Cartels, by their very nature are secretive and thus it is difficult to find the direct evidence of their presence. The orders of the CCI clearly point that CCI relies on circumstantial evidence, both economic and conduct-based, to reach its decision on the existence of a cartel agreement.

The Act provides a definition for bid rigging and it covers agreements having effect of eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding:

1) Collusive bidding: Agreement between firms to divide the market, set prices or limit production - involves, kickbacks and misrepresentation of independence
2) Bid Rotation
3) Bid Suppression
4) Complementary Bidding
5) Subcontracting arrangements
6) Market Allocation

The Act gives wide discretion to CCI to frame the remedies to overcome the anticompetitive situation:

1) Declare Anticompetitive Agreements Void
2) Impose Heavy Penalties

(i) Penalty can be up to 10% (ten percent) of the average turnover for the last three preceding financial years upon each of such persons or enterprises which are parties to bid-rigging

(ii) Cartel, a penalty of up to three times of its profit for each year of the continuance of such agreement or 10% (ten percent) of its turnover for each year of the continuance of such agreement, whichever is higher

1) Order the parties to Cease & Desist

2) Modification of agreements
3) Remedy Damage to reputation
4) Fix Individual Liability
5) Grant Interim orders
6) Any other order as CCI deems fit

xvi) **Who can file the information:** Raising issues regarding anti-competitive behaviour for action by CCI under the act is called filing the information:

a) Any person, consumer or their association or trade association can file information before the Commission.
b) Central Govt. or a State Govt. or a statutory authority can also make a reference to the Commission for making an inquiry.
c) "Person" includes an individual, HUF, firm, company, local authority, cooperative or any artificial juridical person.

xvii) **What are the issues on which information can be filed?**

a) The information can be filed on the issues like anti-competitive agreements and abuse of dominant position or a combination.
b) Class of consumers.

xviii) **The fee** –

a) Rupees 5000/- (Five thousand only) in case of individual, or Hindu undivided family (HUF), or Non-Government Organisation (NGO), or Consumer Association, or Co-operative Society, or Trust, duly registered under the respective Acts,
b) Rupees 20,000/-(twenty thousand only) in case of firms, companies having turnover in the preceding year upto Rupees one Crore, and
c) Rupees 50,000/- (fifty thousand only) in case not covered under clause (a) or (b) above.

6.0 Salient Features of the Whistle Blowers Protection Act, 2011 and the Whistle Blowers Protection (Amendment) Act, 2015

i) The Act seeks to protect whistle blowers, i.e. persons making a public interest disclosure related to an act of corruption, misuse of power, or criminal offence by a public servant.

ii) Any public servant or any other person including a non-Governmental organization may make such a disclosure to the designated agencies i.e. Central or State Vigilance Commission. The Time Limit for making any complaint or disclosure to the Competent Authority is seven years from the date on which the action complained against is alleged to have taken place.

iii) The Designated Agency cannot entertain any disclosure relating to any inquiry ordered under the Public Servants (Inquiries) Act, 1850andCommissions of Inquiry Act, 1952.

iv) Similarly, the Amendment Act, 2015, The Bill prohibits the reporting of a corruption related disclosure if it falls under any 10 (ten) categories including information related to:

1) The sovereignty, strategic, scientific or economic interests of India, or the incitement of an offence

2) Records of deliberations of the Council of Ministers

3) That which is forbidden to be published by a court or if it may result in contempt of court;

4) A breach of privilege of legislatures;

5) Commercial confidence, trade secrets, intellectual property (if it harms a third party);

6) That relayed in a fiduciary capacity;

7) That received from a foreign Government;

8) That which could endanger a person's safety etc.;

9) That which would impede an investigation etc.;

10) Personal matters or invasion of privacy.

However, if information related to (ii), (v), (vi), and (x) is available under the Right to Information Act, 2005, then it can be disclosed under the Act.

v) Any public interest disclosure received by a Competent Authority will be referred to a Government authorised authority if it falls under any of the above prohibited categories. This authority will take a decision on the matter, which will be binding.

vi) The Identity of the Complainant must be included in the Complaint or the Disclosure. However the Designated Agency shall conceal the identity of the complainant unless the complainant himself has revealed his identity to any other office or authority while making public interest disclosure or in his complaint or otherwise. However, the Designated Agency can reveal the identity of the complainant in circumstances where it becomes inevitable or extremely necessary for the purposes of the enquiry.

vii) The Designated Agency may, with the prior written consent of the complainant, reveal the identity of the complainant to such office or organization where it becomes necessary to do so. If the complainant does not agree to his name being revealed, in that case, the complainant shall provide all documentary evidence in support of is complaint to the Designated Agency.

viii) Any person who negligently or with malafide reveals the identity of the complainant shall be punished with imprisonment up to three years and fine not exceeding Rs. 50,000 (Rupees fifty thousand).

ix) Similarly any disclosure made with mala fide and knowingly that it was false or misleading shall be punished with imprisonment up to two years and fine not exceeding Rs. 30,000 (Rupees thirty thousand).

x) After receipt of the report or comments relating to the complaint, if the Designated Agency is of the opinion that such comments or report reveals either wilful misuse of power or wilful misuse of discretion or substantiates allegations of corruption, it shall recommend to the public authority to take appropriate corrective measures such as initiating proceedings against the concerned public servant or other administrative and corrective steps. However, in case the public authority does not agree with the recommendation of the Designated Agency, it shall record the reasons for such disagreement.

xi) While dealing with any such inquiry, the Designated Agency shall have all the

powers of a Civil Court under the Code of Civil Procedure, 1908 in respect of matters like receiving evidence, issuing commissions, discovery and production of any document etc. Also, every proceeding before the Designated Agency shall be deemed to be a judicial proceeding under the Code of Criminal Procedure, 1973andlndian Penal Code.

xii) No obligation to maintain secrecy or other restrictions upon the disclosure of information shall be claimed by any Public Servant in the proceedings before the Designated Agency.

xiii) But, no person is required to furnish any information in the inquiry under this act if such information falls under the 10 (ten) categories mentioned before.

xiv) It shall be the responsibility of the Central Government to ensure that no person who has made a disclosure is victimised on the ground that such person had made a disclosure under this act.

xv) If any person is victimised or likely to be victimised on the above-mentioned ground, he may contact the Designated Agency and the Designated Agency may pass appropriate directions in this respect. The Designated Agency can even restore status quo ante with respect to the Public Servant who has made a disclosure. Also, the Designated Agency can pass directions to protect such complainant.

xvi) If an offence under this act has been committed by any Head of the Department unless he proves that the offence was committed without his knowledge or that he exercised all due diligence in this respect.

xvii) This Act extends to all the Companies as well. When any offence under this act has been committed by a company, every person who at the time of the offence was responsible for the conduct of the business of the company shall be deemed to be guilty of the offence unless he proves that the offence was committed without his knowledge or that he exercised all due diligence in this respect.

xviii) No court can take cognizance of any offence under this act save on a complaint made by the Designated Agency. No court inferior to that of a Chief Metropolitan Magistrate or a Chief Judicial Magistrate shall try any offence under this act. The High Court shall be the appellate authority in this respect.

***************End of Appendix-2***************

APPENDIX-3: RESERVATION OF PROCUREMENT OF CERTAIN CLASS OF PRODUCTS FROM CERTAIN AGENCIES- KHADI GOODS/HANDLOOM TEXTILES

No.F.10/2/2019-PPD(Pt.)
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division (PPD)

512, Lok Nayak Bhawan, New Delhi.
Dated the 17th February, 2020

OFFICE MEMORANDUM

Subject: Amendment to Rule 153 of General Financial Rules (GFR), 2017.

It has been decided to partially amend Rule 153 of GFR regarding Reserved Items and other Purchase/ Price Preference Policy as under:

Para.	Existing provision of Rule 153 of GFR, 2017	Amended Rule
(i)	The Central Government through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries Commission (KVIC). It has also reserved all items of handloom textiles required by Central Government departments for exclusive purchase from KVIC and/ or the notified handloom units of Association of Corporations and Apex societies of handlooms (ACASH).	The Central Government, through administrative instructions, has reserved all items of hand spun and hand-woven textiles (khadi goods) for exclusive purchase from Khadi Village Industries commission (KVIC). Of all items of textiles required by Central Government departments, it shall be mandatory to make procurement of at least 20% from amongst items of handloom origin, for exclusive purchase from KVIC and/ or Handloom Clusters such as Co-Operative Societies, Self Help Group (SHG) Federations, Joint Liability Group (JLG), Producer Companies (PC), Corporations etc. including Weavers having Pehchan Cards.

2. This OM is also available on our website www.doe.gov.in -> Notification -> Circular --> Procurement Policy OM. Hindi version of this OM will follow.

(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Telfax : 24621305
Email : kn.reddy@gov.in

To

(i) Secretaries to All Central Government Ministries/ Departments
(ii) Financial Advisors of All Central Government Ministries/ Departments

***************End of Appendix-3***************

APPENDIX-4: PHARMACEUTICALS FROM PHARMACEUTICAL CPSES

Reservation of Procurement of certain class of Products from certain agencies-

Pharmaceuticals from Pharmaceutical CPSEs

The pharmaceuticals Purchase Policy, 2013 is intended to ensure -

a. Optimum utilization of the installed capacity and to provide necessary fillip in reviving these ailing pharmaceuticals CPSEs
b. Availability of quality medicines at low prices to the masses
c. Drug security of the nation.

The salient features of this policy are as follows:

a) Pharmaceuticals Purchase Policy in respect of 103 (one hundred and three) medicines would be valid for a period of five years from the date of issue (30/10/2013) of orders by Department of Pharmaceuticals.
b) Pharmaceuticals Purchase Policy will extend only to Central Public Sector Enterprises (CPSEs) under the administrative control of Department of Pharmaceuticals such as Indian Drugs and Pharmaceuticals Limited (IDPL), Hindustan Antibiotics Limited (HAL), Bengal Chemicals and Pharmaceuticals Limited (BCPL), Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) and Rajasthan Drugs and Pharmaceuticals Limited (RDPL) and their subsidiaries where Government of India owns 51% (fifty one percent) or above shares.
c) This would be applicable to purchases by Central Government Departments, their Public Sector Undertakings, and Autonomous Bodies, etc. This would also be applicable to purchase of medicines by State Governments under Health Programmes funded by Government of India such as the National Rural Health Mission etc.
d) The pricing of the products would be done by National Pharmaceutical Pricing Authority (NPPA) using the cost based formula, as mentioned in the Drugs Price Control Order, 1995. A uniform discount of 16% (Sixteen percent) would be extended to all products. All the taxes, whatsoever, would have to be passed on to buyers.
e) Annual revision of prices would be linked to Wholesale Price Index as per provisions contained in Drugs Prices Control Order, 2013.
f) The procuring entity would purchase from pharma CPSEs and their subsidiaries subject to their meeting Good Manufacturing Practices (GMP) norms as per Schedule 'M' of the Drugs & Cosmetic Rules.
g) In case pharma CPSEs and their subsidiaries fail to supply the medicines, the procuring entity would be at liberty to make purchases from other manufacturers. If the pharma CPSEs or their subsidiaries fail to perform as per the purchase order, they would also be subject to payment of liquidated damages or any other penalty as per the terms of the contract.
h) The list of medicines (Refer below attached list of 103 medicines) may be reviewed and revised by the Department of Pharmaceuticals as per requirement.

195
16/4/14

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2010/H/4/1/1. New Delhi, Dated:-07.04.2014.

19

Chief Medical Directors,
All Indian Railways.
Chief Medical Officers,
All Production Units including CMO, RDSO.

NER

Sub:- Pharmaceuticals Purchase Policy (PPP) for products of Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries.

Ref:- Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals)'s OM No. 50(9)/2010-Pt-IV) dated 10.12.2013.

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A copy of Ministry of Chemicals & Fertilisers' OM No. 50(9)/2010 – Pt.IV dated 10.12.2013, this Ministry's OM No. 2014/H/4/1/1 dated 24.03.2014 and Ministry of Chemicals and Fertilisers' reply thereto received vide OM No. 50(9) 2014 – Pt.IV dated 31.03.2014, are enclosed herewith.

All Zones and Production Units are desired to implement the scheme of Ministry of Chemical and Fertilisers keeping in view the latter dated 10.12.2013, this Ministry's OM dated 24.03.2014 and Ministry of Chemical & Fertilisers' reply thereon dated 31.03.2014.

This has approval of DG(RHS).

(R.S. Shukla)
Dy. Director /Health
Railway Board.

1576-HO
18/12/13

No.50(9)/2010-PI-IV
Government of India
Ministry of Chemicals & Fertilizers
Department of Pharmaceuticals

Shastri Bhawan, New Delhi
10th December, 2013

OFFICE MEMORANDUM

Sub: Pharmaceuticals Purchase Policy (PPP) for products of Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries.

The undersigned is directed to say that the Union Cabinet in its meting held on 30.10.13 has approved the Pharmaceuticals Purchase Policy in respect of 103 medicines manufactured by Pharma CPSEs and their subsidiaries. The list of 103 medicines is enclosed. The salient features of PPP are as under:-

i. Pharmaceuticals Purchase Policy in respect of 103 medicines would be valid for a period of five years from the date of issue of orders by Department of Pharmaceuticals.

ii. Pharmaceuticals Purchase Policy will extend only to Pharma CPSEs under the administrative control of Department of Pharmaceuticals such as Indian Drugs and Pharmaceuticals Limited (IDPL), Hindustan Antibiotics Limited (HAL), Bengal Chemicals and Pharmaceuticals Limited (BCPL), Karnataka Antibiotics and Pharmaceuticals Limited (KAPL) and Rajasthan Drugs and Pharmaceuticals Limited (RDPL) and their subsidiaries where Government of India owns 51% or above shares.

iii. This would be applicable to purchases by Central Government departments, their Public Sector Undertakings, and Autonomous Bodies, etc. This would also be applicable to purchase of medicines by State Governments under Health Programmes funded by Government of India such as National Rural Health Mission etc.

iv. The pricing of the products would be done by National Pharmaceutical Pricing Authority (NPPA) using the cost based formula, as mentioned in the Drugs Price Control Order, 95. Uniform discount of 16% would be extended to all products. All the taxes, whatsoever, would have to be passed on to buyers.

v. Annual revision of prices would be linked to Wholesale Price Index as per provisions contained in Drugs Prices Control Order, 2013.

vi. The procuring entity would purchase from Pharma CPSEs and their subsidiaries subject to their meeting Good Manufacturing Practices (GMP) norms as per Schedule 'M' of the Drugs & Cosmetic Rules.

-1-

vii. In case Pharma CPSEs and their subsidiaries fail to supply the medicines, the procuring entity would be at liberty to make purchases from other manufacturers. If the Pharma CPSEs or their subsidiaries fail to perform as per the purchase order, they would also be subject to payment of liquidated damages or any other penalty as per the terms of the contract.

viii. The list of medicines may be reviewed and revised by the Department of Pharmaceuticals as per requirement.

2. All Ministries/Departments are requested to immediately bring the contents of this O.M. to the notice of all concerned officers in the Ministries/Departments, States, CPSEs, Autonomous bodies and other organizations under their administrative control for following the PPP in respect of products of Pharma CPSEs and their subsidiaries.

(Monika Verma)
Director
Tel: 23389866

1. All Secretaries of the Ministries/Departments in the Government of India
2. All Principal Secretaries/Secretaries, Health, State Governments.
3. All Financial Advisers of the Ministries/Departments, Government of India
4. Chairman, National Pharmaceuticals Pricing Authority
5. Managing Directors of Pharma CPSEs (IDPL, HAL, BCPL, KAPL, RDPL).
6. Chief Executives of Public Sector Undertakings / Autonomous Organizations / Bodies etc.

Copy to:

1. The Prime Minister's Office, South Block, New Delhi.
2. Cabinet Secretariat, New Delhi. This has reference to their O.M. No. 41/CM/2013(i) dated 5.11. 2013.
3. Department of Public Enterprises (Shri O.P. Rawat, Secretary) It is requested that contents of this O.M. may specifically be brought to the notice of the Chief Executives of PSUs, Autonomous Bodies, etc.
4. PS to MoS (IC)(C&F)
5. PPS to Secretary (Pharmaceuticals)

(Monika Verma)
Director
Tel: 23389866

SNo-7

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. 2010/H/4/1/1. **New Delhi, Dated:-24.03.2014.**

OFFICE MEMORANDUM

Sub:- Pharmaceuticals Purchase Policy (PPP) for products of Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries.

Ref:- Ministry of Chemicals & Fertilizers (Department of Pharmaceuticals)'s OM No. 50(9)/2010-Pt-IV) dated 10.12.2013.

******

The undersigned is directed to refer to the Ministry of Chemicals & Fertilisers (Department of Pharmaceuticals)'s OM NO. 50(9)/2010-Pt-IV dated 10.12.2013 on the above subject and to say that in Para VI of the letter it has been stipulated that the procuring entity would purchase from pharma CPSEs and their subsidiaries subject to their meeting good manufacturing practices (GMP) norms as per schedule "M" of the drugs and cosmetic rules. However, the letter does not specify that it is mandatory for the procuring entity to purchase the listed supply from Central Public Sector Enterprises only at the fixed rate. This implies that the Central Public Sector Enterprises will be given preference in purchase of the listed items subject to their fulfilment of all conditions and price being equal or less when compared with other tendering firms.

The undersigned is further directed to say that during recent visit of Authorities of various Central Public Sector Enterprises, an impression has been given that it is mandatory for the Ministries/Departments to procure the listed drugs and medicines etc. from Central Public Sector Enterprises only, which does not appear to be based on stipulation made in the Office Memorandum of Ministry of Chemical & Fertilizers on the subject. In view of this, Ministry of Chemicals & Fertilisers is requested to clarify the position in this regard as to whether purchases have to be restricted to the CPSEs only or other firms can also be incorporated in the tender process.

This has the approval of Director General(Railway Health Services).

24/03

(R.S. Shukla)
Dy. Director /Health
Railway Board.

Ministry of Chemicals & Fertilisers.
(Department of Pharmaceuticals)
(Kind attention – Ms. Monika Verma, Director),
Shastri Bhawan,
New Delhi.

(8)

F. No. 50(9)/2010-PI-IV
Government of India
Ministry of Chemicals & Fertilizers
Department of Pharmaceuticals

Shastri Bhawan, New Delhi
Dated the 31st March, 2014

OFFICE MEMORANDUM

Subject: **Pharmaceuticals Purchase Policy (PPP) for products of Pharma Central Public Sector Enterprises (CPSEs) and their subsidiaries.**

Please refer to Ministry of Railways (Railway Board) O.M. No. 2010/H/4/1/1 dated 24.03.2014 on the above subject and to clarify that PPP is a facility which can be availed by the Government Institutions to procure quality drugs at reasonable prices. There is no element of compulsion on any Government Institution to procure by this method.

31.3.14

(Monika Verma)
Director
Ph: 23389866

Ministry of Railways
(Railway Board)
(Kind Attention – Shri R.S. Shukla, Deputy Director/ Health, Railway Board),
Rail Bhawan,
New Delhi.

LIST OF 103 MEDICINES

	CAPSULES
1	AMOXYCILLIN IP
2	AMOXYCILLIN IP+ CLOXACILLIN IP
3	AMPICILIN IP
4	B-COMPLEX+VIT.-C & ZINC
5	CEPHALEXIN IP
6	DOXYCYCLINE IP
7	FLUCONAZOLE
8	OMEPRAZOLE IP
9	OMEPRAZOLE+DOMPERIDONE
10	CEFADROXIL
11	TETRACYCLINE
	TABLETS
12	ACECLOFENAC + PARACETAMOL
13	ACECLOFENAC 100MG
14	ALBENDAZOLE
15	AMLODEPIN
16	AMOXYCILLIN+CLAVULANIC ACID
17	ASCORBIC ACID IP
18	ATENOLOL
19	ATORVASTATIN
20	AZITHROMYCIN
21	CALCIUM + VITAMIN D3
22	CEFIXIME TABS./ CAPS
23	CEFPODOXIME PROXETIL
24	CEFUROXIME AXETIL
25	CETRIZINE HCL BP
26	CETRIZINE+PARACETAMOL+PHENYL EPHERIN
27	CHLOROQUINE PHOSPHATE IP
28	CIPROFLOXACIN + TINIDAZOLE
29	CIPROLOXACIN IP
30	CO-TRIMOXAZOLE IP
31	DICLOFENAC SODIUM
32	DICYCLOMINE + PARACETAMOL
33	DOMPERIDONE
34	ERYTHROMYCIN STERATE IP
35	IBUPROFEN IP
36	LEVOCETRIZINE
37	LEVOFLOXACIN

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38	LOSARTAN
39	METRONIDAZOLE IP
40	NIMESULIDE
41	NORFLOXACIN + TINIDAZOLE
42	NORFLOXACIN IP
43	OFLOXACIN
44	OFLOXACIN + ORNIDAZOLE
45	ORAL CONTRACEPTIVE PILLS
46	PANTOPRAZOLE
47	PARACETAMOL
48	PARACETAMOL IP + DICLOFENAC SODIUM
49	PARACETAMOL+ IBUPROFEN
50	PENICILLIN V
51	POLYVITAMIN PROPHYLACTIC(NFI)
52	RANITIDINE HCL IP
53	ROXITHROMYCIN
54	METFORMIN
55	SPARFLOXACIN
56	TINIDAZOLE
57	VITAMIN B.COMPLEX (PROPHYLACTIC(NFI)
	SUSPENSION / SYRUP
58	ALBENDAZOLE SUSP.
59	AMOXYCILLIN DRY SYP.
60	CETRIZINE SYRUP
61	COTRIMOXAZOLE SUSP.
62	COUGH SYP. EACH 5 ML CONTAINS- CPM IP : 3MG +AMMONIUM CHLORIDE IP:110MG+SODIUM CITRATE IP :46MG+MENTHOL IP:.9MG
63	COUGH SYP. EACH 5 ML CONTAINS- DYPHENHYDRAMINE HCL:14MG +AMMONIUM CHLORIDE IP:135MG+SODIUM CITRATE IP :57MG+MENTHOL IP:.9MG
64	DOMPERIDONE SUSP.
65	PARACETAMOL SYP.
66	VITAMIN A SOLUTION IP
	ORAL POWDER
67	ORAL REHYDRATION SALT (WHO FORMULA)
	EXTERNAL LOTION / SOLUTION
68	GLUTARALDEHYDE

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69	CHLORHEXIDINE GLUCONATE SOLUTION
	OINTMENT
70	CLOTRIMAZOLE OINTMENT
71	DICLOFENAC GEL.
72	POVIDONE IODINE SOLUTION / OINTMENT)
73	SILVER SULPHADIAZINE
	I.V.FLUID(INFUSION)
74	CIPROFLOXACIN
75	LEVOFLOXACIN IV
76	MANNITOL
77	METRONIDAZOLE
78	PLAZMA VOLUME EXPENDER
79	RINGER LACTATE I.V.
	DRY POWDER / LIQUID INJECTABLES
80	AMIKACIN
81	AMOXICILLIN SODIUM + CLAVULANATE POTASSIUM
82	AMPICILLIN IP
83	AVS LIQUID (LYFOLYSED)
84	BENZATHENE PENICILLIN
85	BENZYLE PENICILLIN IP
86	CEFEPIME
87	CEFOPERAZONE
88	CEFOPERAZONE + SULBACTAM
89	CEFOTAXIME SODIUM USP
90	CEFOTAXIME SODIUM+SULBACTAM
91	CEFTAZADIME
92	CEFTRIAXONE
93	CEFTRIAXONE+SULBACTAM
94	DICLOFENAC SODIUM
95	ETO-THEOPHYLLINE
96	ATROPIN INJ.
97	FRUSEMIDE
98	GENTAMYCIN IP
99	MEROPENEM INJ.
100	PENTAZOCIN
101	PIPERACILLIN+TAZOBACTAM
102	RANITIDINE IP
	TABLETS
103	GLIMEPIRIDE (1mg/2mg)

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The Department of Pharmaceuticals (DoP) has issued a letter informing the Ministries/Departments involved in the procurement of drugs through agencies that fall clause does not apply on the sale of drugs, which have an expiry date. It has also instructed concerned agencies to ensure that tenders are issued in adherence with given instructions.

Fall clause is a price safety mechanism in rate contracts. It ensures that if the rate contract holder reduces its price or sells or even offers to sell the rate contracted goods or services following conditions of sale similar to those of the rate contract at a price lower than the rate contract price to any person or organisation during the currency of the rate contract, the rate contract price will be automatically reduced with effect from that date for all the subsequent supplies under the rate contract and the rate contract amended accordingly.

The issued letter by Byasadev Naik, Deputy Director, DoP, stated, "It has been brought to the notice of this department that many government procuring agencies are quoting the provision of fall clause in their tender documents for procurement of drugs despite the fact that the manual for Procurement of Goods, 2017 in para 8.1.14 of Chapter-8 provides for the exception of fall clause on sale of goods such as drugs, which have an expiry date. Accordingly, the Ministries/Departments, which are involved in the procurement of drugs through agencies under their administrative control are requested to take into account that the provision of fall clause does not apply on the sale of drugs which have an expiry date, and to ensure that tenders are issued accordingly."

**************End of Appendix-4***************

APPENDIX-5: MAKE IN INDIA (MII) POLICY

No. P-45021/2/2017-PP (BE-II)
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
(Public Procurement Section)

Udyog Bhawan, New Delhi
Dated: 16th September, 2020

To

All Central Ministries/Departments/CPSUs/All concerned

ORDER

Subject: Public Procurement (Preference to Make in India), Order 2017– Revision; regarding.

Department for Promotion of Industry and Internal Trade, in partial modification [Paras 2, 3, 5, 10 & 13] of Order No.P-45021/2/2017-B.E.-II dated 15.6.2017 as amended by Order No.P-45021/2/2017-B.E.-II dated 28.05.2018, Order No.P-45021/2/2017-B.E.-II dated 29.05.2019 and Order No.P-45021/2/2017-B.E.-II dated 04.06.2020, hereby issues the revised 'Public Procurement (Preference to Make in India), Order 2017" dated 16.09.2020 effective with immediate effect.

Whereas it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective, and

Whereas local content can be increased through partnerships, cooperation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

Now therefore the following Order is issued:

1. This Order is issued pursuant to Rule 153 (iii) of the General Financial Rules 2017.

2. **Definitions**: For the purposes of this Order:

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

   'Class-I local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-I local supplier' under this Order.

.....Contd. p/2

'Class-II local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under this Order.

'Non - Local supplier' means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for 'Class-II local supplier' under this Order.

'L1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation.

'Margin of purchase preference' means the maximum extent to which the price quoted by a "Class-I local supplier" may be above the L1 for the purpose of purchase preference.

'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.

'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.

'Works' means all works as per Rule 130 of GFR- 2017, and will also include *'turnkey works'*.

3. Eligibility of 'Class-I local supplier'/ 'Class-II local supplier'/ 'Non-local suppliers' for different types of procurement

(a) In procurement of all goods, services or works in respect of which the Nodal Ministry / Department has communicated that there is sufficient local capacity and local competition, only 'Class-I local supplier', as defined under the Order, shall be eligible to bid irrespective of purchase value.

(b) Only 'Class-I local supplier' and 'Class-II local supplier', as defined under the Order, shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, 'Non-local suppliers' shall also be eligible to bid along with 'Class-I local suppliers' and 'Class-II local suppliers'. In procurement of all goods, services or works, not covered by sub-para 3(a) above, and with estimated value of purchases less than Rs. 200 Crore, in accordance with Rule 161(iv) of GFR, 2017, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure.

(c) For the purpose of this Order, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.

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3A. Purchase Preference

(a) Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to 'Class-I local supplier' in procurements undertaken by procuring entities in the manner specified here under.

(b) In the procurements of goods or works, which are covered by para 3(b) above and which are divisible in nature, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.

ii. If L1 bid is not a 'Class-I local supplier', 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price for the remaining 50% quantity subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the L1 price. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I local supplier' within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.

(c) In the procurements of goods or works, which are covered by para 3(b) above and which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.

ii. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.

iii. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I local supplier' with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

.....Contd. p/4

(d) "Class-II local supplier" will not get purchase preference in any procurement, undertaken by procuring entities.

3B. Applicability in tenders where contract is to be awarded to multiple bidders - In tenders where contract is awarded to multiple bidders subject to matching of L1 rates or otherwise, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:

a) In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only 'Class I Local suppliers'.

b) In other cases, 'Class II local suppliers' and 'Non local suppliers' may also participate in the bidding process along with 'Class I Local suppliers' as per provisions of this Order.

c) If 'Class I Local suppliers' qualify for award of contract for at least 50% of the tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents. However, in case 'Class I Local suppliers' do not qualify for award of contract for at least 50% of the tendered quantity, purchase preference should be given to the 'Class I local supplier' over 'Class II local suppliers'/ 'Non local suppliers' provided that their quoted rate falls within 20% margin of purchase preference of the highest quoted bidder considered for award of contract so as to ensure that the 'Class I Local suppliers' taken in totality are considered for award of contract for at least 50% of the tendered quantity.

d) First purchase preference has to be given to the lowest quoting 'Class-I local supplier', whose quoted rates fall within 20% margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting 'Class-I local supplier', does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher 'Class-I local supplier', falling within 20% margin of purchase preference, and so on.

e) To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to 'Class-I local supplier' within the broad policy guidelines stipulated in sub-paras above.

4. **Exemption of small purchases**: Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.

5. **Minimum local content**: The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50%. For 'Class-II local supplier', the 'local content' requirement is minimum 20%. Nodal Ministry/ Department may prescribe only a higher

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percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier'/ 'Class-II local supplier'. For the items, for which Nodal Ministry/ Department has not prescribed higher minimum local content notification under the Order, it shall be 50% and 20% for 'Class-I local supplier'/ 'Class-II local supplier' respectively.

6. **Margin of Purchase Preference**: The margin of purchase preference shall be 20%.

7. **Requirement for specification in advance**: The minimum local content, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.

8. **Government E-marketplace**: In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.

9. **Verification of local content**:

   a. The 'Class-I local supplier'/ 'Class-II local supplier' at the time of tender, bidding or solicitation shall be required to indicate percentage of local content and provide self-certification that the item offered meets the local content requirement for 'Class-I local supplier'/ 'Class-II local supplier', as the case may be. They shall also give details of the location(s) at which the local value addition is made.

   b. In cases of procurement for a value in excess of Rs. 10 crores, the 'Class-I local supplier'/ 'Class-II local supplier' shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.

   c. Decisions on complaints relating to implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.

   d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's/ accountant's certificates on random basis and in the case of complaints.

   e. Nodal Ministries and procuring entities may prescribe fees for such complaints.

   f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

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g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.

h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:

   i. The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry /Department or in some other manner;

   ii. on a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);

   iii. in respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. **Specifications in Tenders and other procurement solicitations**:

a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports.

b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of 'Class-I local supplier'/ 'Class-II local supplier' who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.

c. Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above.

d. Reciprocity Clause

   i. When a Nodal Ministry/Department identifies that Indian suppliers of an item are not allowed to participate and/ or compete in procurement by any foreign government, due to restrictive tender conditions which have direct or indirect effect of barring Indian companies such as registration in the procuring country, execution of projects of specific value in the procuring country etc., it shall provide such details to all its procuring entities including CMDs/CEOs of PSEs/PSUs, State Governments and other procurement agencies under their administrative control and GeM for appropriate reciprocal action.

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ii. Entities of countries which have been identified by the nodal Ministry/Department as not allowing Indian companies to participate in their Government procurement for any item related to that nodal Ministry shall not be allowed to participate in Government procurement in India for all items related to that nodal Ministry/ Department, except for the list of items published by the Ministry/ Department permitting their participation.

iii. The stipulation in (ii) above shall be part of all tenders invited by the Central Government procuring entities stated in (i) above. All purchases on GeM shall also necessarily have the above provisions for items identified by nodal Ministry/ Department.

iv. State Governments should be encouraged to incorporate similar provisions in their respective tenders.

v. The term 'entity' of a country shall have the same meaning as under the FDI Policy of DPIIT as amended from time to time.

e. Specifying foreign certifications/ unreasonable technical specifications/ brands/ models in the bid document is restrictive and discriminatory practice against local suppliers. If foreign certification is required to be stipulated because of non-availability of Indian Standards and/or for any other reason, the same shall be done only after written approval of Secretary of the Department concerned or any other Authority having been designated such power by the Secretary of the Department concerned.

f. "All administrative Ministries/Departments whose procurement exceeds *Rs.* 1000 Crore per annum shall notify/ update their procurement projections every year, including those of the PSEs/PSUs, for the next 5 years on their respective website."

10A. Action for non-compliance of the Provisions of the Order: In case restrictive or discriminatory conditions against domestic suppliers are included in bid documents, an inquiry shall be conducted by the Administrative Department undertaking the procurement (including procurement by any entity under its administrative control) to fix responsibility for the same. Thereafter, appropriate action, administrative or otherwise, shall be taken against erring officials of procurement entities under relevant provisions. Intimation on all such actions shall be sent to the Standing Committee.

11. **Assessment of supply base by Nodal Ministries**: The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing the higher minimum local content or the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.

12. **Increase in minimum local content**: The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.

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13. **Manufacture under license/ technology collaboration agreements with phased indigenization**: While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who holds intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.

13A. In procurement of all goods, services or works in respect of which there is substantial quantity of public procurement and for which the nodal ministry has not notified that there is sufficient local capacity and local competition, the concerned nodal ministry shall notify an upper threshold value of procurement beyond which foreign companies shall enter into a joint venture with an Indian company to participate in the tender. Procuring entities, while procuring such items beyond the notified threshold value, shall prescribe in their respective tenders that foreign companies may enter into a joint venture with an Indian company to participate in the tender. The procuring Ministries/Departments shall also make special provisions for exempting such joint ventures from meeting the stipulated minimum local content requirement, which shall be increased in a phased manner.

14. **Powers to grant exemption and to reduce minimum local content**: The administrative Department undertaking the procurement (including procurement by any entity under its administrative control), with the approval of their Minister-in-charge, may by written order, for reasons to be recorded in writing,

    a. reduce the minimum local content below the prescribed level; or
    b. reduce the margin of purchase preference below 20%; or
    c. exempt any particular item or supplying entities from the operation of this Order or any part of the Order.

    A copy of every such order shall be provided to the Standing Committee and concerned Nodal Ministry / Department. The Nodal Ministry / Department concerned will continue to have the power to vary its notification on Minimum Local Content.

15. **Directions to Government companies**: In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

16. **Standing Committee**: A standing committee is hereby constituted with the following membership:

    Secretary, Department for Promotion of Industry and Internal Trade—Chairman
    Secretary, Commerce—Member
    Secretary, Ministry of Electronics and Information Technology—Member
    Joint Secretary (Public Procurement), Department of Expenditure—Member
    Joint Secretary (DPIIT)—Member-Convenor

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The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

17. **Functions of the Standing Committee**: The Standing Committee shall meet as often as necessary, but not less than once in six months. The Committee

a. shall oversee the implementation of this order and issues arising therefrom, and make recommendations to Nodal Ministries and procuring entities.
b. shall annually assess and periodically monitor compliance with this Order
c. shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
d. may require furnishing of details or returns regarding compliance with this Order and related matters
e. may, during the annual review or otherwise, assess issues, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
f. may examine cases covered by paragraph 13 above relating to manufacture under license/ technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
g. may consider any other issue relating to this Order which may arise.

18. **Removal of difficulties**: Ministries /Departments and the Boards of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.

19. **Ministries having existing policies**: Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.

20. **Transitional provision**: This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.

(Rajesh Gupta)
Director
Tel: 23063211
rajesh.gupta66@gov.in

F.No.6/18/2019-PPD
Ministry of Finance
Department of Expenditure
Public Procurement Division

161, North Block,
New Delhi
23rd July, 2020

Order (Public Procurement No. 1)

Subject: Restrictions under Rule 144 (xi) of the General Financial Rules (GFRs), 2017

Attention is invited to this office OM no. 6/18/2019-PPD dated 23rd July 2020 inserting Rule 144 (xi) In GFRs 2017. In this regard, the following is hereby ordered under Rule 144 (xi) on the grounds stated therein:

Requirement of registration

1. Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annex I**.

2. This Order shall not apply to (i) cases where orders have been placed or contract has been concluded or letter/notice of award/ acceptance (LoA) has been issued on or before the date of this order; and (ii) cases falling under **Annex II**.

Transitional cases

3. Tenders where no contract has been concluded or no LoA has been issued so far shall be handled in the following manner: -

    a) *In tenders which are yet to be opened, or where evaluation of technical bid or the first exclusionary qualificatory stage (i.e. the first stage at which the qualifications of tenderers are evaluated and unqualified bidders are excluded) has not been completed*: No contracts shall be placed on bidders from such countries. Tenders received from bidders from such countries shall be dealt with as if they are non-compliant with the tender conditions and the tender shall be processed accordingly.

    b) *If the tendering process has crossed the first exclusionary qualificatory stage*: If the qualified bidders include bidders from such countries, the

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entire process shall be scrapped and initiated *de novo*. The *de novo* process shall adhere to the conditions prescribed in this Order.

c) As far as practicable, and in cases of doubt about whether a bidder falls under paragraph 1, a certificate shall be obtained from the bidder whose bid is proposed to be considered or accepted, in terms of paras 8, 9 and 10 read with para 1 of this Order.

Incorporation in tender conditions

4. In tenders to be issued after the date of this order, the provisions of paragraph 1 and of other relevant provisions of this Order shall be incorporated in the tender conditions.

Applicability

5. Apart from Ministries / Departments, attached and subordinate bodies, notwithstanding anything contained in Rule 1 of the GFRs 2017, this Order shall also be applicable
   a. to all Autonomous Bodies;
   b. to public sector banks and public sector financial institutions; and
   c. subject to any orders of the Department of Public Enterprises, to all Central Public Sector Enterprises; and
   d. to procurement in Public Private Partnership projects receiving financial .support from the Government or public sector enterprises/ undertakings.
   e. Union Territories, National Capital Territory of Delhi and all agencies/ undertakings thereof

Definitions

6. "Bidder" for the purpose of this Order (including the term 'tenderer', 'consultant' 'vendor' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency, branch or office controlled by such person, participating in a procurement process.

7. "Tender" for the purpose of this Order will include other forms of procurement, except where the context requires otherwise.

8. "Bidder from a country which shares a land border with India" for the purpose of this Order means

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a) An entity incorporated, established or registered in such a country; or
b) A subsidiary of an entity incorporated, established or registered in such a country; or
c) An entity substantially controlled through entities incorporated, established or registered in such a country; or
d) An entity whose *beneficial owner* is situated in such a country; or
e) An Indian (or other) agent of such an entity; or
f) A natural person who is a citizen of such a country; or
g) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

9. "Beneficial owner" for the purpose of paragraph 8 above will be as under:

(i) In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person(s), has a controlling ownership interest or who exercises control through other means.
Explanation—

a. "Controlling ownership interest" means ownership of, or entitlement to, more than twenty-five per cent of shares or capital or profits of the company;

b. "Control" shall include the right to appoint the majority of the directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(ii) In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

(iii) In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

(iv) Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

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(v) In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership

10. "Agent" for the purpose of this Order is a person employed to do any act for another, or to represent another in dealings with third persons.

Sub-contracting in works contracts

11. In works contracts, including turnkey contracts, contractors shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority. The definition of "contractor from a country which shares a land border with India" shall be as in paragraph 8 above. This shall not apply to sub-contracts already awarded on or before the date of this Order.

Certificate regarding compliance

12. A certificate shall be taken from bidders in the tender documents regarding their compliance with this Order. If such certificate given by a bidder whose bid is accepted is found to be false, this would be a ground for immediate termination and further legal action in accordance with law.

Validity of registration

13. In respect of tenders, registration should be valid at the time of submission of bids and at the time of acceptance of bids. In respect of supply otherwise than by tender, registration should be valid at the time of placement of order. If the bidder was validly registered at the time of acceptance / placement of order, registration shall not be a relevant consideration during contract execution.

Government E-Marketplace

14. The Government E-Marketplace shall, as soon as possible, require all vendors/ bidders registered with GeM to give a certificate regarding compliance with this Order, and after the date fixed by it, shall remove non-compliant entities from GeM unless/ until they are registered in accordance with this Order.

Model Clauses/ Certificates

15. Model Clauses and Model Certificates which may be inserted in tenders / obtained from Bidders are enclosed as **Annex III**. While adhering to the substance of the Order, procuring entities are free to appropriately modify the wording of these clauses based on their past experience, local needs etc. without making any reference to this Department.

(Sanjay Prasad)
Joint Secretary (PPD)
Email ID: js.pfc2.doe@gov.in
Telephone: 011-23093882

To

(1) Secretaries of All Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.

(2) Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect of Public Enterprises.

(3) Secretary DPIIT with a request to initiate action as provided under Annex I

(4) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi

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Annex I: Competent Authority and Procedure for Registration

A. The Competent Authority for the purpose of registration under this Order shall be the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT)*.

B. The Registration Committee shall have the following members*:

i. An officer, not below the rank of Joint Secretary, designated for this purpose by DPIIT, who shall be the Chairman;
ii. Officers (ordinarily not below the rank of Joint Secretary) representing the Ministry of Home Affairs, Ministry of External Affairs, and of those Departments whose sectors are covered by applications under consideration;
iii. Any other officer whose presence is deemed necessary by the Chairman of the Committee.

C. DPIIT shall lay down the method of application, format etc. for such bidders as stated in para 1 of this Order.

D. On receipt of an application seeking registration from a bidder from a country covered by para 1 of this Order, the Competent Authority shall first seek political and security clearances from the Ministry of External Affairs and Ministry of Home Affairs, as per guidelines issued from time to time. Registration shall not be given unless political and security clearance have both been received.

E. The Ministry of External Affairs and Ministry of Home Affairs may issue guidelines for internal use regarding the procedure for scrutiny of such applications by them.

F. The decision of the Competent Authority, to register such bidder may be for all kinds of tenders or for a specified type(s) of goods or services, and may be for a specified or unspecified duration of time, as deemed fit. The decision of the Competent Authority shall be final.

G. Registration shall not be granted unless the representatives of the Ministries of Home Affairs and External Affairs on the Committee concur*.

H. Registration granted by the Competent Authority of the Government of India shall be valid not only for procurement by Central Government and its agencies/ public enterprises etc. but **also for procurement by State Governments and their agencies/ public enterprises etc. No fresh registration at the State level shall be required.**

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I. The Competent Authority is empowered to cancel the registration already granted if it determines that there is sufficient cause. Such cancellation by itself, however, will not affect the execution of contracts already awarded. Pending cancellation, it may also suspend the registration of a bidder, and the bidder shall not be eligible to bid in any further tenders during the period of suspension.

J. For national security reasons, the Competent Authority shall not be required to give reasons for rejection / cancellation of registration of a bidder.

K. In transitional cases falling under para 3 of this Order, where it is felt that it will not be practicable to exclude bidders from a country which shares a land border with India, a reference seeking permission to consider such bidders shall be made by the procuring entity to the Competent Authority, giving full information and detailed reasons. The Competent Authority shall decide whether such bidders may be considered, and if so shall follow the procedure laid down in the above paras.

L. Periodic reports on the acceptance/ refusal of registration during the preceding period may be required to be sent to the Cabinet Secretariat. Details will be issued separately in due course by DPIIT.

[*Note:

i. In respect of application of this Order to procurement by/ under State Governments, all functions assigned to DPIIT shall be carried out by the State Government concerned through a specific department or authority designated by it. The composition of the Registration Committee shall be as decided by the State Government and paragraph G above shall not apply. However, the requirement of **political and security clearance as per para D shall remain and no registration shall be granted without such clearance**.

ii. Registration granted by State Governments shall be valid only for procurement by the State Government and its agencies/ public enterprises etc. and shall not be valid for procurement in other states or by the Government of India and their agencies/ public enterprises etc.]

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Annex II: Special Cases

A. Till 31st December 2020, procurement of medical supplies directly related to containment of the Covid-19 pandemic shall be exempt from the provisions of this Order.

B. *Bona fide* procurements made through GeM without knowing the country of the bidder till the date fixed by GeM for this purpose, shall not be invalidated by this Order.

C. *Bona fide* small procurements, made without knowing the country of the bidder, shall not be invalidated by this Order.

D. In projects which receive international funding with the approval of the Department of Economic Affairs (DEA), Ministry of Finance, the procurement guidelines applicable to the project shall normally be followed, notwithstanding anything contained in this Order and without reference to the Competent Authority. Exceptions to this shall be decided in consultation with DEA.

E. This Order shall not apply to procurement by Indian missions and by offices of government agencies/ undertakings located outside India.

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Annex III

Model Clause /Certificate to be inserted in tenders etc.

(While adhering to the substance of the Order, procuring entities and GeM are free to appropriately modify the wording of the clause/ certificate based on their past experience, local needs etc.)

Model Clauses for Tenders

I. Any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority.

II. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.

III. "Bidder from a country which shares a land border with India" for the purpose of this Order means: -

a. An entity incorporated, established or registered in such a country; or
b. A subsidiary of an entity incorporated, established or registered in such a country; or
c. An entity substantially controlled through entities incorporated, established or registered in such a country; or
d. An entity whose *beneficial owner* is situated in such a country; or
e. An Indian (or other) agent of such an entity; or
f. A natural person who is a citizen of such a country; or
g. A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

IV. The *beneficial owner* for the purpose of (iii) above will be as under:

1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.
Explanation—

a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five per cent. of shares or capital or profits of the company;

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b. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

V. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.

VI. *[To be inserted in tenders for Works contracts, including Turnkey contracts]* The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority.

Model Certificate for Tenders (for transitional cases as stated in para 3 of this Order)

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I hereby certify that this bidder is not from such a country and is eligible to be considered."

Model Certificate for Tenders

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this bidder is not from such a country or, if from such a country, has been registered with the

Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model Certificate for Tenders for Works involving possibility of sub-contracting

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such countries; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority and will not sub-contract any work to a contractor from such countries unless such contractor is registered with the Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model Certificate for GeM:

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this vendor/ bidder is not from such a country or, if from such a country, has been registered with the Competent Authority. I hereby certify that this vendor/ bidder fulfills all requirements in this regard and is eligible to be considered for procurement on GeM. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

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F.No.6/18/2019-PPD
Ministry of Finance
Department of Expenditure
Public Procurement Division

161, North Block
New Delhi
23rd July, 2020

Order (Public Procurement No. 2)

Subject: Exclusion from restrictions under Rule 144 (xi) of the General Financial Rules (GFRs), 2017 –regarding.

In Order (Public Procurement No. 1) dated 23rd July 2020, orders have been issued requiring registration of bidders from a country sharing a land border with India in order to be eligible to bid in public procurement.

2. Notwithstanding anything contained therein, it is hereby clarified that the said Order will not apply to bidders from those countries (even if sharing a land border with India) to which the Government of India has extended lines of credit or in which the Government of India is engaged in development projects.

3. Updated lists of countries to which lines of credit have been extended or in which development projects are undertaken are given in the website of the Ministry of External Affairs.

(Sanjay Prasad)
Joint Secretary (PPD)
Email ID: js.pfc2.doe@gov.in
Telephone: 011-23093882

To,

(1) Secretaries of All Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.

(2) Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect of Public Enterprises.

(3) Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi

F.No.6/18/2019-PPD
Ministry of Finance
Department of Expenditure
Public Procurement Division

161, North Block,
New Delhi
24th July, 2020

Order (Public Procurement No. 3)

Subject: Clarification to Order (Public Procurement No.1) dated 23rd July 2020

Attention is invited to paragraph 3(b) of the Order (Public Procurement No.1), under the heading "Transitional provisions" which reads as follows:

> b) *If the tendering process has crossed the first exclusionary qualificatory stage*: If the qualified bidders include bidders from such countries, the entire process shall be scrapped and initiated *de novo*. The *de novo* process shall adhere to the conditions prescribed in this Order.

It is hereby clarified that for the purpose of paragraph 3 (b), "qualified bidders" means only those bidders who would otherwise have been qualified for award of the tender after considering all factors including price, if Order (Public Procurement No. 1) dated 23rd July 2020 had not been issued.

2. If bidders from such countries would not have qualified for award for reasons unconnected with the said Order (for example, because they do not meet tender criteria or their price bid is higher or because of the provisions of purchase preference under any other order or rule or any other reason) then there is no need to scrap the tender / start the process de novo.

3. The following examples are given to assist in implementation of the Order.

Example1: Four bids are received in a tender. One of them is from a country which shares a land border with India. The bidder from such country is found to be qualified technically by meeting all prescribed criteria and is also the lowest bidder. In this case, the bidder is qualified for award of the tender, except for the provisions of the Order (Public Procurement No. 1) dated 23rd July. In this case, the tender should be scrapped and fresh tender initiated.

Example 2: The facts are as in Example 1, but the bidder from such country, though technically qualified is not the lowest because there are other technically qualified bidders whose price is lower. Hence the bidder from such country would not be

***************End of Appendix-5***************

APPENDIX-6: GLOBAL TENDER ENQUIRY (GTE)

No.F.4/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division
*****

Room No.264C, North Block, New Delhi.
Dated the 1st September, 2021.

OFFICE MEMORANDUM

Subject: Global Tender Enquiry (GTE) under Rule 161(iv) of the General Financial Rules (GFRs), 2017.

Attention is also invited to this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 and 28.05.2020, vide which Rule 161 (iv) of the GFRs, 2017 was amended to stipulate prior approval from competent authority for invitation of Global Tender Enquiry (GTE) for tender upto Rs. 200 crore, or such limit as may be prescribed by this Department from time to time.

2. It was further clarified by this Department, vide OM No. F.12/17/2019-PPD dated 29.10.2020, that the restrictions on issue of GTE, issued vide OM No. F.12/17/2019-PPD dated 15.05.2020, shall not be applicable on procurement of spares parts of the equipments/ Plant & Machinery etc. on nomination basis from Original Equipment Manufacturer (OEM)/ Original Equipment Supplier (OES) or Original Part Manufacturer (OPM), as no competitive tenders are invited in such cases.

3. In this context, NITI in consultation with Scientific Ministries/ Departments has recommended that services like Annual Maintenance Contract (AMC) and auxiliary/ add-on components for existing equipments, which are procured from OEM/ OES/ OPM on nomination basis should also be exempted from seeking approval of GTE from competent authority.

4. The matter has been perused and it is clarified that this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 will also not be applicable to procurement of services like AMC and auxiliary/ add-on components for existing equipments/ Plant & Machinery, etc. on nomination basis from OEM/ OES/ OPM as no competitive tenders are invited in such cases.

5. This issues with the approval of Finance Secretary.

01/09/2021

Kanwalpreet
Director (PPD)
Tel.: 23093811, email: kanwal.irss@gov.in

To

Secretaries, All Ministries/ Departments of Government of India.

F.No.DPE/7(4)/2017-Fin.
Government of India
Ministry of Finance
Department of Public Enterprises
******

Public Enterprise Bhawan
Block No. 14, CGO Complex
Lodhi Road, New Delhi- 110003

Date: 09 .08.2021

OFFICE MEMORANDUM

Subject: Revised Consolidated Instructions regarding Global Tender Enquiry (GTE) under rule 161(iv) of General Financial Rules (GFRs), 2017 upto Rs.200 crore- regarding

In continuation to this Office OM of even number dated 6th July, 2021 on the above subject the undersigned is directed to forward the revised consolidated guidelines on Global Tender Enquiry (GTE) issued by D/o Expenditure vide OM No. F.4/1/2021-PPD dated 03rd August, 2021 for brining them to notice of the CPSEs and their administrative Ministries/Departments for compliance.

2. This issues with the approval of competent authority.

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(Amit Rastogi)
Director
Tel. 24362061

Encl: AS above

To

i) All the Secretaries to the Administrative Ministries/Departments of CPSEs

ii) Chief Executives of CPSEs

No. F.4/1/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block,
New Delhi Dated the 03rd August, 2021

OFFICE MEMORANDUM

Subject: **Revised Consolidated Instructions regarding Global Tender Enquiry (GTE) under Rule 161(iv) of General Financial Rules (GFRs) 2017 upto Rs 200 crore.**

Attention is invited to this Department's OM No. F.12/17/2019-PPD dated 15.05.2020 regarding amendment in Rule 161(iv) of General Financial Rules (GFRs) 2017 stipulating that no Global Tender Enquiry (GTE) shall be invited for tenders upto Rs.200 crore or such limit as may be prescribed by this Department from time to time. It further stipulates that in exceptional cases, where the Ministry or the Department feels that there are special reasons for GTE, it may record its detailed justification and seek prior approval for relaxation to the above Rule from the competent authority i.e. Secretary (Coordination), Cabinet Secretariat.

2. Applicability: Restriction on Global tenders as specified in the revised Rule 161(iv) of GFRs, 2017 will be applicable on all procurements including Goods, Non-consulting services, Consultancy Services and Works including turnkey projects. The instructions are applicable for all the tenders published in newspapers or website after 15.05.2020.

3. It is noted that 40-45 % of the proposals being sent by Ministries/ Departments are either not complete or not in accordance with the instructions issued by this Department and Cabinet Secretariat for submission of the proposals. Due to this, such proposals are returned to proposing Ministry/ Department for rectification. In order to avoid shuttling of the proposals and to save time, all instructions for submission of proposals have been consolidated as under for convenience of proposing Ministries/Departments:

3.1 The proposal for approval shall be submitted by Administrative Ministry with the **concurrence of Financial Advisor and approval of Secretary** concerned. The proposals submitted by individual offices/ organisations (e.g. autonomous bodies, Central Public Sector Undertakings and subordinate offices of Central Government etc.) will not be entertained.

3.2 The proposals shall be submitted along-with **duly filled format** (issued by Cabinet Secretariat vide ID No. 213/2/1/2020-C.A.IV dated 06.10.2020, Annexure-I). **Every page should be attested by Administrative Ministry**.

3.3 Proposals are to be simultaneously sent to the following:

(i) Cabinet Secretariat, email: ca4-cabsec@gov.in,

(ii) Department for Promotion of Industry & Internal Trade (DPIIT) emails: manmeet.nanda@ias.nic.in & rajesh.gupta66@gov.in, and

(iii) Department of Expenditure, email: kanwal.irss@gov.in and sudesh.kumar85@gov.in

3.4 Before sending proposals for approval of the Global Tenders, following is to be ensured:-

(i) Domestic open tender must be floated to identify the domestic manufacturers/ service providers for the items/ services for which approval is being sought for issuance of Global Tenders. In case, if the Ministry/ Department has not floated a domestic open tender after 15.05.2020 for the items to be procured through GTE, such proposals will not be entertained. **The proposal must contain the details of domestic open tenders, issued after 15.05.2020** (Tender Number, date of opening, number of offers received, details of offers received, reasons why domestic suppliers were not considered etc.)

(ii) The proposal **must contain the details of deliberations with DPIIT/ relevant industrial bodies for identification of domestic manufacturers/ service providers.**

(iii) The **3/5-year procurement plan** as mandated by Public Procurement (Preference to Make in India) (PPP-MII) Order issued by DPIIT must be published on website, before forwarding proposals for the purpose of procurement through GTE. Web-link of published procurement plan should be provided in proposal.

4. Exemptions/Clarifications

4.1 For procurement of specialised equipments required for research purposes, and spares and consumables, for such equipments upto Rs. 200 crore for the use of Educational and Research Institutes, Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of Global Tender Enquiries for such requirements subject to fulfilment of conditions as laid down in Annexure-II. The equipment should be of specialized nature required for research purposes and not the routine equipment used in offices. (OM No. 20/45/2020-PPD dated 08.01.2021)

4.2 **Special relaxation for procurement of Covid-19 related items/ equipments/ services etc. through GTEs till 31.10.2021**: Secretary of Ministry/ Department concerned shall be the competent authority to approve issue of such Global Tender Enquiries (OM No. 4/1/2021-PPD dated 11.06.2021).

4.3 Further, instructions issued vide this department OM No. 12/17/2019-PPD dated 15.05.2020 will not be applicable in following cases:

(i) On procurement of spare parts of the equipments/ Plants & Machinery etc. on nomination basis from Original Equipments Manufactures (OEMs) or Original Equipment Suppliers (OES) or Original Part Manufacturers (OPMs) as no competitive tenders are invited in such cases (OM No. 12/17/2019-PPD dated 29.10.2020).

(ii) Where procuring entities need to issue GTEs to fulfil contractual commitments/ obligations entered by them before 15.05.2020 i.e. bid has been submitted by them to their clients before 15.05.2020. Similarly, where procuring entities need to issue GTEs in view of existing collaboration agreements entered by them with foreign suppliers before 15.05.2020. (OM No. 4/1/2021-PPD dated 12.03.2021).

03/08/2021.

(Kanwalpreet)
Director (PPD)
Tel.No. 2309 3811
Email: kanwal.irss@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

**************End of Appendix-6***************

APPENDIX-7: E-TENDER

1.0 E-PROCUREMENT

Electronic procurement or e-Procurement is a web-based application, where an organization uses internet to procure the goods and services. It allows greater flexibility and control over every aspect of the purchasing process with a fully electronic workflow. Apart from various features, e-tendering is carried out through internet in an online environment in effective and transparent way.

1.1 E-TENDER:

E - Tendering is the process of floating tender and receipt of bids from the bidders through internet portal. OIL is presently using MY SAP SRM with standard SAP BSE (Bid Security Enhancement) for e-tendering. Threshold value for E-tender is presently fixed at Rs. 10 Lakhs. Publications of tender in OIL website / Govt. portals are to be done in the same manner as in case of physical tenders.

1.2 MODALITIES OF E-TENDERING PROCESS:

1.2.1 The Purchase requisition (PR) is made in the SAP ECC system by maintaining the relevant e-tender related purchasing group in the PR. PR is to be released in the system as per the provision of DoP/approval process.

1.2.2 Released PR's to be transported to e-tender server for doing e-Tendering.

The following needs to be taken care of before replication:

i. PR is fully released in system.
ii. Materials in the PR are already in the e-Tender system.
iii. The replication date is greater than or equal to the Max. Delivery Date as per the PR.

Note: In the following scenarios PR replication is not possible and Manual creation of tender in e-portal is required.

a) PR with unknown A/C Assignment
b) PR without Plant Data
c) PR Services without Quantity

1.2.3 After replication of PR and its items, tender no. is to be generated in SAP ECC system. The first three letters of the tender shall define the purchase group of the tender. The next four Digits are system generated serial numbers. Then “L” indicates Limited Tender and “P” indicated Press Tender. Last two Digits is the Year of the Tender.

The generated tender no. is then mapped in E-tender portal by linking the PR through carryout sourcing. As the tender type cannot be changed after creation, utmost care must be taken while creating a tender in the portal.

1.2.4 Created tenders are then to be processed further in E-tender portal as per the publication type (Restricted / Open) and to fill all relevant data in respective fields. User must have valid class 3 Digital Signature Certificate with encryption to upload any files (tender documents/supporting documents) in E-tender portal. After implementation of standard BSE tool in E-tender portal, it is mandatory to

maintain primary, secondary and tertiary decrptors with valid users. The users assign for Decryptor bid will be responsible for decrypting the Technical/Price Bid. Hence, users to assign carefully at the time of publishing the Rfx. Encryption certificate of all these users should be valid throughout tendering process. Otherwise, it will not be possible to make any amendments/re-publishing of the respective tenders in E-tender portal.

Before Tender publication, Tender Documents Folder in the Technical Rfx folder shall be released. Once the Tenders are published, no files from the Tender folders are allowed to be deleted or modified. An Amendment shall be incorporated in the Amendment folder only. This folder shall not be released. For Limited Tenders, name of the bidders are maintained in the bidders page of the e-tender portal and once the tender is published, system generated automatic e-mail inviting bid from the bidders is sent automatically by the system.

1.2.5 For press e-tender, a guest bidder is maintained automatically by the system and any bidder can view and download the tender document through guest log in the OIL's e-tender portal. Also registered vendors with OIL, who have a user ID and password for OIL's e-tender portal, can view any press tender document by logging onto the e-portal using their user ID and password.

For new vendors, there is also a provision of online vendor registration in E-tender portal. New vendors can apply online for user ID and password through ROS (Registration of Supplier) features of E-tender portal. It takes 3-4 working days by ERP team to generate user ID and password after completion of registration.

1.2.6 Bidders can submit their bids any time before the bid closing date and time. Bid modification and / or withdrawal after submission is allowed before the due date and time of submission.

1.2.7 E-tender system has in-built checks, which controls and accepts only bids submitted before the bid closing date and time. Similarly, it checks and verify requisite digital certificate as system accepts only Class III DSC [Organization] along with Encryption Certificate issued by any of the Licensed Certifying Authorities (CA) operating under Controller of Certifying Authorities (CCA) of India as per Indian IT Act 2000. The "time" is the SRM system Server's time which is displayed on the e- Tendering screen.

1.2.8 Bids can be opened in the system by simultaneous log on from two users (one from C&P and other from F&A), once the opening Date and time maintained in the system are over. Therefore, unlike physical tender, at the time of bid opening, physical signature of Tendering officer as well as Account officer is not required in the document. However, about the important parameter like receipt of tender sample, hard copy of original bid bond whenever required are to be recorded at the time of bid opening. After completing the Simultaneous logon successfully (technical/price), the technical bid/ price bid has to be decrypted by the predefined users (Decryptor) maintained in the tender. Tender opening is completed only after successful decryption of technical / price bid.

1.2.9 The bid security, wherever applicable, is taken in physical form which should be submitted before the bid opening date & time. Bid security can also be submitted online through the e-tender portal. However, for online submission of bid security by bidders, EMD details should be properly maintained by dealing officer in E-tender portal.

1.3 PRE-REQUISITES FOR SUBMISSION OF TENDERS ONLINE:

1.3.1 Supplier shall have a valid User Id & Password to access OIL e- Procurement site.

1.3.2 In order to bid for OIL e-tenders, all the vendors must have a legally valid Digital Certificate Class III [Organization] along with Encryption Certificate as per Indian IT Act from the licensed Certifying Authorities (CA) operating under the Root Certifying Authority of India (RCAI), Controller of Certifying Authorities (CCA) of India. Digital Signature Certificate comes in a pair of Signing/verification and Encryption/decryption certificate. Bidder should have both the Signing/verification and Encryption/Decryption certificate for Signing and encryption, decryption purpose respectively.

Encryption certificate is mandatorily required for submission of bid. In case bidder created response with one certificate (using encryption key) and bidder change his Digital Signature Certificate then old certificate (used for encryption) is required in order to decrypt his encrypted response for getting the edit mode of the response. Once decryption is done, bidder may use new DSC certificate for uploading and submission of their offer. It is the sole responsibility of the bidder to keep their DSC certificate properly.

1.4 GENERAL GUIDELINE FOR E-TENDERING:

1.4.1 For Composite bid system, Bid closing and Opening Date are maintained same but a time gap of minimum 3 hours shall be maintained between closing and opening of bids.

1.4.2 For two-bid system, Bid closing and Techno-commercial Unpriced Bid Opening Date are maintained same but a time gap of minimum 3 hours shall be maintained between closing and opening of bids. However, to ensure that a commercial bid does not open, a future date and time are maintained in the system under Opening Date and time. For preponing price bid opening date in system after approval of price bid opening proposal, dealing officer needs to take an authorisation from ERP. No specific date and time should be put under “Start date” as bidder is eligible to submit their bid on the same day after publishing of tender.

1.4.3 For e-tenders, unlike physical tender, at the time of bid opening, physical signature of Tendering officer as well as Account officer is not required on the offers. However, about the important parameter like receipt of tender sample, hard copy of original bid bond whenever required are to be recorded at the time of bid opening.

*****************Appendix-7*******************

APPENDIX-8: PHYSICAL TENDER – RECEIPT & MARKING

1.0 ENQUIRY REGISTER

1.1 An enquiry register shall be maintained, either in system (SAP etc.) or physically.

1.2 In case of limited enquiries, the name of the firms to whom the enquiries will be addressed will be entered in that register. This will be signed by the concerned officer issuing the enquiry.

2.0 ISSUE OF TENDER DOCUMENTS TO FIRMS WITH WHOM BUSINESS HAS BEEN BANNED / SUSPENDED:

It may be specified in INVITATION TO BID that firm(s) to whom no further business is to be given or dealings with whom have been banned / suspended are not eligible to participate in the tender and any bid received from such firm(s) shall not be considered and will be returned un-opened to the concerned firm(s) within a period of seven days from the due date of opening of tenders.

If inadvertently a tender document is issued to a bidder falling in above category and such bidder submits the bid, his bid shall not be considered and will be returned to the bidder.

3.0 RECEIPT OF TENDERS

3.1 Bids are to be submitted by the bidders in triplicate or duplicate in sealed envelopes as mentioned in the tender. The cover of the submitted envelopes should bear Tender No. and Bid Closing date and time. Name of the bidder should also be mentioned on the envelope. In case the bidder is the authorised dealer of the OEM, then the name of the OEM should also be mentioned on the envelope.

3.2 The bids will be received as under:

(i) Directly put in Tender Box by bidders.

(ii) Received by ordinary/registered post/courier/Speed post.

(iii) Handed over personally to Despatch section of C&P department by the Bidder(s) if not possible for them to put in Tender Box due to volume of the documents.

3.3 Bids hand carried by the bidder's representatives shall be directly put by them in the Tender Box.

3.4 In case of bids received through courier or post, the Despatch Section of Contracts/Materials Department will maintain a separate register wherein details like tender no., receipt date etc. would be recorded by them. After recording the same in the register, the bids shall be put inside the Indigenous or Foreign Tender Boxes as the case may be.

3.5 Bids and samples hand carried by the bidders or received though Post/Courier, which cannot be put in the tender boxes due to its voluminous sizes will be received by Despatch section of Contracts/Materials department from the bidders directly. All

such bids and samples received in Despatch section will be forwarded through register to the concerned Contracts/Materials Section who will keep record in a separate register. The register and the bids & samples so received will be kept in the safe condition under lock & key. On the bid opening date, the tenders falling due on that day are taken out after recording the same in the register and brought to the tender opening room for opening of the same.

3.6 The above provision shall not be applicable in case of e-tendering. However, in case of e-tendering, the bid shall be received only in electronic form through e-tender portal of OIL. The under mentioned document, in addition to the uploading of document on portal shall also be submitted in original in physical form:

(i) EMD/Bid bond
(ii) Power of Attorney

3.7 In case of quotations received after the bid closing date/time, the same shall be put in the respective Tender Box after recording date and time of receipt on the cover of the quotation. At the time of subsequent opening of the Tender Box, all such late tenders will be taken out and stamped as under:

"LATE OFFER Found in Tender Box on ....."

4.0 TENDER BOX AND ITS CUSTODY

4.1 The Tender Box shall have suitable provision at the top for dropping envelopes. Two tender boxes should be there - One for International Competitive Bidding (ICB)/Limited International Competitive Bidding (LICB)/Other Foreign tenders and the other box will be for all Domestic tenders.

4.2 The Tender Box shall be kept at a secured and safe place in the office accessible to the public.

4.3 The Tender Box shall always be kept under lock and key under double lock system, one key is to be kept in the custody of a Contracts/Materials officer and the other key in the custody of a Finance & Accounts Officer. The duplicate keys are to be kept with the representatives of HoD of Contracts/Materials and HoD of Finance & Accounts.

5.0 OPENING OF TENDERS

5.1 Tenders are opened on the day and time as specified in the NIT in the presence of a representative of the F&A Department not below the rank of a Senior Accounts Officer and a representative of the C&P Department not below the rank of a Senior Purchase Officer. Bids for which an acceptable request of withdrawal has been received from the bidder hall not be opened.

5.2 Tenders shall be opened on next working day if the opening date specified in NIT turns out to be an unscheduled holiday/ Bandh.

5.3 Accordingly, bid closing date / time will get extended upto the next working day.

5.4 The bidders or their authorised representatives may be present at the time of tender opening. No other person than officials of OIL or authorised representatives of bidders shall be present at the time of tender opening. If a bidder desires his authorised representative to be present at the time of opening, he is required to submit a letter of authority along with his tender and a copy of the said letter of authority has to be presented by the bidder's representative to the officers opening the tenders. Representatives of bidders whose offers have not been received within the date and time of tender opening shall not be allowed to attend the tender opening.

5.5 While opening the tenders, the names and addresses of all the bidders are recorded in a Statement. The quotations are serially numbered. For example, if four quotations are received, the first quotation opened will be numbered 1/4, the second 2/4 and so on. If any regret letter is received from any bidder, it is also recorded in the Statement. If authorized representatives of the bidders are present at the time of bid opening, their names and names of firms they represent are recorded in another Statement. Signatures of the representatives are also obtained on this Statement against their respective names. Each page of both the above Statements are signed by OIL's Tender Opening officers opening the Tenders.

5.6 Following points are to be noted –

(i) Corrections/ Cutting/ overwriting/ additions are to be initialled by tender opening officer.

(ii) Number of corrections on each page of the bid (s) will also be recorded by tender opening officers.

(iii) Numbering has to be done on each page of the price bid (including attachments but excluding printed general catalogues and booklets) with initials of tender opening officers. For general catalogues and booklets, first and last page to be initialled by Tender opening officers. Total number of pages in the Price Bid should be indicated on top of the Price bid. This is applicable only for original bid.

(iv) Any ambiguities in rates quoted by tenderers, in words or figures must be clearly indicated.

(v) Where the Bidders have omitted to quote the rates in figures or in words, the officer opening the tender should record the omissions. Nil correction/omission/insertion are also required to be specified on each page of the price bids.

(vi) Discount of any type, if indicated separately shall be initialled by tender opening officers.

(vii) The samples received along with the tenders shall also be signed by both the officers. If it is not possible to sign on the samples then those samples should be sealed with the label mentioning the name of the firm. Name of the firm should invariably be recorded on the sample, if not given already. The names of the parties who have submitted sample should also be recorded in Bid Opening statement.

(viii) The cases where Bid Security is required as per tender condition, names of Bidders, who have submitted/not submitted Bid Security, shall be recorded in Bid Opening statement.

(ix) While reading out the rates in the public opening, only the total prices or group-wise prices, if sought as per tender, should be read out in addition to delivery schedule and major terms and conditions.

***************End of Appendix-8****************

APPENDIX-9: MICRO SMALL & MEDIUM ENTERPRISE (MSME) POLICY

रजिस्ट्री सं० डी० एल०-33004/99 REGD. NO. D. L.-33004/99

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सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय

आदेश

नई दिल्ली, 9 नवम्बर, 2018

का.आ. 5670(अ).—केंद्रीय सरकार, सूक्ष्म, लघु और मध्यम उद्यम विकास अधिनियम, 2006 (2006 का 27) की धारा 11 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, सूक्ष्म और लघु उद्यम (एमएसई) के लिए सार्वजनिक प्रापण नीति आदेश, 2012 में निम्नलिखित संशोधन करता है:—

1. (i) यह आदेश सूक्ष्म और लघु उद्यमों (एमएसई) के लिए सार्वजनिक प्रापण नीति संशोधन आदेश, 2018 कहा जाएगा।

(ii) यह सरकारी राजपत्र में अपने प्रकाशन की तिथि से प्रवृत्त होगा।

2. पूरे सूक्ष्म और लघु उद्यमों (एमएसई) के लिए सार्वजनिक प्रापण नीति आदेश, 2012 (जिसे इसमें इसके पश्चात उक्त आदेश कहा गया है) में जहां कहीं भी आंकड़े और शब्द "20 प्रतिशत" है उसे "25 प्रतिशत" के आंकड़े और शब्द से प्रतिस्थापित किया जाएगा।

3. उक्त आदेश के पैराग्राफ 4 के पश्चात निम्नलिखित पैरा को जोड़ा जाएगा :-

"4 क. महिलाओं के स्वामित्व वाले सूक्ष्म और लघु उद्यम के लिए विशेष प्रावधान। सूक्ष्म और लघु उद्यमों से कुल वार्षिक खरीद में से 25 प्रतिशत के लक्ष्य के अंदर महिलाओं के स्वामित्व वाले सूक्ष्म और लघु उद्यम से खरीद के लिए 3 प्रतिशत का लक्ष्य निर्दिष्ट किया जाएगा।

[फा. सं. 21(22)/2018-एमए]

राम मोहन मिश्रा, अपर सचिव और विकास आयुक्त

MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

ORDER

New Delhi, the 9th November, 2018

S.O. 5670(E).—In exercise of powers conferred by section 11 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), the Central Government hereby makes the following amendments to the Public Procurement Policy for the Micro and Small Enterprises (MSEs) Order, 2012 namely :—

1. (i) This Order may be called the Public Procurement Policy for Micro and Small Enterprises (MSEs) Amendment Order, 2018.

(ii) This shall come into force on the date of its publication in the Official Gazette.

2. Throughout the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, (hereinafter referred to as the said Order), for the figures and word "20 per cent", wherever they occur, the figures and word "25 per cent" shall be substituted.

3. After paragraph 4 of the said Order, the following paragraph shall be inserted, namely:-

"4A. Special provision for Micro and Small Enterprise owned by women. Out of the total annual procurement from Micro and Small Enterprises, 3 per cent from within the 25 per cent target shall be earmarked for procurement from Micro and Small Enterprises owned by women.

[F. No. 21(22)-2018-MA]

RAM MOHAN MISHRA, Addl. Secy. & Development Commissioner

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F.No. 1(3)/2018-MA, Part-III
Government of India
Office of Development Commissioner
(Micro, Small & Medium Enterprises)
(Public Procurement Policy)

Dated: 25th March, 2022

OFFICE MEMORANDUM

Subject: Revised FAQs in respect of Public Procurement Policy for MSEs Order, 2012-reg.

This is in continuation of earlier FAQs circulated vide O.M. No. 1(3)/2018-MA Part III of this Ministry on 27th January, 2022. Based on the repeated queries being received by this office, the attachment has revisions pertaining to Question No. 8 and 29.

This issues with the approval of Competent Authority.

Encl.: As above

(Nitisha Mann)
Dy. Director
(Public Procurement Policy)

To

All Concerned

FREQUENTLY ASKED QUESTIONS
ON
PUBLIC PROCUREMENT POLICY FOR MSEs, ORDER 2012

Dated, 25th March, 2022

Q.No.1: What is the share of procurement from MSEs out of the total procurement made by Central Government Ministries/ Departments/ Public Sector Undertakings?
Ans. Under amended Public Procurement Policy for MSEs, Order 2012 a minimum 25 per cent share out of the total annual procurement by Central Government Ministries / Departments / Public Sector Undertakings are to be made from MSEs.

Q. No.2: Is there any reservation for MSEs owned by SC/ST/ Women entrepreneurs?
Ans. Yes, out of 25% target of annual procurement from MSEs **(Not in the specific tender)**, a sub-target of 4% of annual procurement from MSEs is earmarked for procurement from MSEs owned by Scheduled Caste (SC) / Scheduled Tribe (ST) entrepreneurs and 3% of annual procurement from MSEs is earmarked for procurement from MSEs owned by women entrepreneur. However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, 4% sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs and 3% earmarked to women entrepreneur will also be met from other MSEs.

Q No.3: Who is eligible for availing the benefits under the Public Procurement Policy?
Ans. As mentioned in Section 7(4) of Ministry of MSME's Notification No. S.O2119(E) dated 26th June, 2020, an enterprise registered with any other organization under the Ministry of MSME shall register itself under Udyam Registration. With effect from 01.07.2020, MSEs registered under Udyam Registration are eligible to avail the benefits under the Policy. MSEs registered under Udyog Aadhaar Memorandum (UAM), validity of which is till 31.03.2022, are also eligible to avail the benefits under the Policy.

Q.No.4: What is the date of implementation of the policy?
Ans. The policy is applicable with effect from 1.4.2012 and became mandatory with effect from 1.4.2015 onwards.

Q.No.5: Is the Policy transparent, competitive and cost effective?
Ans. The Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods and services in accordance with a system which is fair, equitable, transparent, competitive and cost effective.

Q.No.6: Is the policy implemented in parts or fully from its inception?
Ans. As per Gazette Notification(S.O. 5670(E) dated 8th November, 2018, it is mandatory for all Central Government Ministries / Departments/ CPSUs to procure at least 25% of their annual procurement from MSEs including 4% from MSEs owned by SC/ST entrepreneur and 3% from MSEs owned by women entrepreneur.

Q.No.7: Is there any monitoring system for assessing the Government procurement from MSEs?
Ans. To monitor the progress of procurement by Central Government Ministries/ Departments and CPSUs from MSEs, Ministry of MSME has launched the **MSME Sambandh Portal** on 8th December, 2017 for uploading procurement details by all CPSUs on a monthly and an annual basis which is regularly monitored by the Ministry.

Q.No.8: Is there a price matching facility for procurement from MSEs over large scale?
Ans.
(i) Price quotation in tenders: In tender, participating Micro and Small Enterprises, quoting price within price band of L1+15 percent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprise and such MSE shall be allowed to supply up to 25 per cent of total tender value.

(ii) In case of more than one such Micro and Small Enterprise, the supply shall be shared proportionately (to tendered quantity).

Q.No.9: What steps are to be taken by the Central Government Ministries/ Departments/ CPSUs to develop MSE Vendors so as to achieve their targets for MSEs procurement?
Ans. The Central Government Ministries/ Departments/ Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes (VDPs) or Buyer-Seller Meets focused on developing MSEs for procurement through the GeM Portal.

In order to develop vendors belonging to MSEs for Public Procurement Policy, the Ministry of MSME is regularly organizing State Level VDPs and National Level VDPs under the Procurement and Marketing Support Scheme.

Q.No.10: What steps are to be taken by the Central Government Ministries/ Departments/ CPSUs to develop vendors from MSEs owned by SC/ST/Women entrepreneurs?
Ans. For enhancing the participation of MSEs owned by SCs / STs/ Women in Government procurement, Central Government Ministries / Departments / CPSUs have to take the following steps:

i. Special Vendor Development Programmes/ Buyer-Seller Meets would be conducted by Departments/ CPSUs for SC/STs and Women.
ii. Outreach programmes will be conducted by National Small Industries Corporation (NSIC) to cover more and more MSEs from SC/STs under its schemes of consortia formation; and
iii. NSIC would open a special window for SCs/ STs under its Single Point Registration Scheme (SPRS).
iv. A National SC/ST hub scheme was launched in October, 2016, for providing handholding support to SC/ST entrepreneur which is being coordinated / implemented by the NSIC under this Ministry.

Q.No.11: What are the other benefits /facilities available to the MSEs under the policy?
Ans. To reduce transaction cost of doing business, MSEs will be facilitated by providing them tender sets free of cost, exempting MSEs from payment of earnest money deposit, adopting e-procurement to bring in transparency in tendering process. However, exemption from paying of Performance Bank Guarantee is not covered under the policy. MSEs may also be given relaxation in prior turnover and prior experience criteria during the tender process.

Q.No.12: Is there any review mechanism for monitoring and reviewing of the policy?
Ans. A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of MSME for monitoring and reviewing of Public Procurement Policy for MSEs. M/O MSME will review and/or modify the composition of the Committee as and when required. This Committee will, inter alia, review the list of 358 items reserved for exclusive purchase from MSEs on a continuous basis, consider requests from Central Government Departments, CPSUs for exemption from 25% target on a case to case basis and monitor achievements under the Policy.

Q. No.13: What is the grievance redressal mechanism in case of non-compliance of the Policy by any Government Department?
Ans. To redress the grievances of MSEs related to non-compliance of the Policy a Grievance Cell named "CHAMPION Portal" has been set up in the Ministry of MSME.

Q. No.14: Whether there is any kind of purchase that has been kept out of the purview of procurement under the Policy? If yes, how is the monitoring of the set goal done?
Ans. Given their unique nature, Defense armament imports will not be included in computing 25% goal for M/o Defense. In addition, Defense Equipments like weapon systems, missiles, etc. will remain out of purview of such policy of reservation. Monitoring of goals set under the policy will be done, in so far as they relate to the Defense sector, by Ministry of Defense itself in accordance with suitable procedures to be established by them.

Q.No.15: From where can the details of the Policy be obtained?
Ans. Policy details are available on the website of this office at www.dcmsme.gov.in.

Q.No.16: Is this policy mandatory under any Act?
Ans. Yes, the Policy is mandatory and notified under the MSMED Act, 2006.

Q.No.17: How many items are reserved for exclusive purchase from MSEs?
Ans. There are 358 items reserved for exclusive purchase from MSE Sector.

Q.No.18: Whether this policy is applicable for works/ trading activities also?
Ans. Policy is meant for procurement of only goods produced and services rendered by MSEs. However, traders/ distributors/ sole agent/ Works Contract are excluded from the purview of Public Procurement Policy for MSEs Order,2012.

Q.No.19: Whether the Policy is applicable for MSEs registered with NSIC?
Ans. The Policy is applicable for all MSEs registered under Udyam Registration and Udyog Aadhar Memorandum (valid till 31.03.2022).

Q.No.20: Whether the Policy provides benefits for exemption from Security Deposit/ Performance Bank Guarantee to MSEs?
Ans. No, there is no exemption on Security Deposit/ Performance Bank Guarantee under the Policy.

Q.No.21: Can MSEs quoting a price within the band L1+15% be given complete supply to tender in case tender item cannot be split /divided?
Ans. In case of tender item cannot be split or divided, etc. the MSE quoting a price within the band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, considering the spirit of the Policy for enhancing Govt. Procurement from MSEs.

Q.No.22: Which are the MSEs owned by SC/ST enterprises?
Ans. The definition of MSEs owned by SC/ ST is as given under:
(a) In case of proprietary MSE, proprietor(s) shall be SC /ST.
(b) In case of partnership MSE, the SC / ST partners shall be holding at least 51% shares in the unit.
(c) In case of Private Limited Companies, at least 51% share shall be held by SC/ST promoters.

Q.No.23: Can the Central Government Ministries/ Departments/ CPSUs who have a meagre value of total procurement be exempted from the Policy?
Ans. The Policy is applicable to all the Central Government Ministries / Departments / CPSUs, irrespective of the volume and nature of procurement.

Q.No.24: Does the Policy have a provision for exemption from 25% procurement target?
Ans. The Review Committee may consider any request of Ministries / Departments / CPSUs for exemption from the present 25% procurement targets on a case to case basis.

Q.No.25: Does laminated paper Gr. I, II and III fall under the paper conversion product (Sl.No.202) and is a reserved item for exclusive procurement from MSEs?
Ans. As per Policy Circular No. 21*(6)/2016-MA d*t. 26th May, 2016, it is clarified that only paper bags, envelopes, ice-cream cups,paper cups and saucers and paper plates are covered under the head "Paper Conversion products" at SI. No. 202 of the list of reserved items under the Public Procurement Policy for MSEs Order-2012.Accordingly, the description of SI. No. 202 as indicated in the English version of the Reserved List will be applicable.

Q.No.26: Are MSEs having Udyam Registration Certificate eligible for availing benefits under the PP Policy?
Ans. Yes, Udyog Aadhar has been replaced with Udyam Registration Certificate w.e.f 01.07.2020.Udyam Registered MSMEs can avail the benefits under the Public Procurement Policy. The UAM will also remain valid till 31.03.2022.

Q.No.27: Does the Ministry give any certificate for MSEs having Udyam Registration?
Ans. The Erstwhile Udyog Aadhaar Memorandum (UAM valid till 31.03.2022) has been replaced by Udyam Registration Certificate (w.e.f. 01.07.2020). As part of ease of doing business, Udyam Registration Certificate (URC) has been introduced through a dedicated portal on self certification basis. An acknowledgement of URC is generated online instantly which is accepted by all Central Government Ministries / Departments / CPSUs and State Govts.

Q.No.28: Is the Public Procurement Policy applicable to State Governments/ State Departments/ State PSUs?
Ans. The Public Procurement Policy for MSEs Order, 2012 is applicable to Central Government Ministries/ Departments and CPSUs. This Policy is not applicable to State Government Ministries/ Departments/ PSUs.

Q.No.29: Are the benefits of Public Procurement Policy applicable to MSEs who are not registered for the tendered items?
Ans. The benefits of PPP should be given to all eligible MSEs irrespective of relevance of product Category and as per Sl. No. 3 of FAQ.

Q.No.39: Is there any provision to take action against the procuring agency for non-compliance of PPP-MSE under the Policy?
Ans. No, there is no such provision in the Policy.

Q.No.40: What is the objective of the Policy?
Ans. The objective of the Policy is to promote Micro and Small Enterprises (MSEs) by improving their market access and competitiveness through:-

- Increased participation in Government purchase.
- Encouraging relationship (including product development) between MSEs and Public Sector Undertaking (PSUs).
- Increased share of supplies of MSEs to Central Government Ministries/ Departments and CPSUs.
- Increased share of supplies of MSEs to Central Government Ministries/ Departments and CPSUs.

Q.No.41: What are the items or goods which can be procured from MSEs to achieve the target of 25% from MSEs ?
Ans. To achieve the target Government / CPSUs they can procure

i. The items from the list of 358 items reserved for procurement from MSEs.
ii. Items which are being manufactured by MSEs, besides reserved items.

Q.No.42: How is the status of Enterprises as MSEs be verified?
Ans. The status of enterprises as MSEs can be verified through their Udyam Registration Certificate or UAM certificate, which is valid till 31st March, 2022.As per notification No. S.O. 2119(E) dated 26.06.2020, in case of any discrepancy or complaint, the General Manager of the District Industries Centre of the District concerned shall undertake an inquiry for verification of the details of Udyam Registration/UAM submitted by the enterprise and thereafter forward the matter with necessary remarks to the Director or Commissioner or Industry Secretary concerned of the State Government who after issuing a notice to the enterprise and after giving an opportunity to present its case and based on the findings, may amend the details or recommend to the Ministry of MSME, Government of India, for cancellation of the Udyam Registration Certificate/UAM.

Q.No.43: Can sub-contracting be considered under the procurement target from MSE?
Ans. Yes, if subcontract is given to MSEs, it will be considered as procurement from MSEs.

Q.No.44: If MSEs participate in tender but the procuring agency denies providing benefits under the Policy, how can the problem be addressed?
Ans. The problem can be resolved through the Grievance Cell constituted to tackle such situations and the matter may be referred to the procuring agency concerned to redress the problem.

Q.No.45 What are the steps taken by the Ministry of MSME to promote marketing through GeM portal for supply of Goods or rendering services from MSEs to Government Departments and CPSUs?

Q.No.30: Can the relaxation of norms for start ups and MSEs in Public Procurement Policy in prior experience and prior turnover criteria be given to all MSEs?
Ans. It is clarified that all Central Government Ministries/ Departments/ Central Public Sector Undertakings may relax conditions of prior turnover and prior experience with respect to Micro and Small Enterprises in all public procurement, subject to meeting of quality and technical specifications ***(In exercise of Para 16 of Public Procurement Policy for Micro and Small Enterprises, Order 2012).***

However, there may be circumstances (like procurement of items related to public safety, health, critical security operations and equipment, etc.) where procuring entity may prefer the vendor to have prior experience rather than giving orders to new entities **(O.M.No.F.20/2/2014-PPD(Pt.)dated 20.09.2016 issued by DoE).**

Q.No.31: Has the Ministry clarified the sub target of procurement from SC/STs/Women entrepreneurs under amended Public Procurement Policy for MSEs, Order 2012?
Ans. It is clarified that sub-targets of 4% (within 25% of annual procurement target) and 3% (within 25% of annual procurement target) have been earmarked for procurement from MSEs owned by SC&ST and Women entrepreneurs, respectively under the amended Public Procurement Policy for MSEs Order, 2012.

Q.No.32: Are Works Contracts a part of Services? What is the difference between Works and Services?
Ans. Works Contracts are not covered under the purview of Public Procurement Policy for MSEs. The definition is available in **GFR Rules 130, 143, 177 & 197.**

Q.No.33: Is there any provision to take action against the defaulting MSEs under the Policy?
Ans. There is no such provision under the Policy. The procuring entity may take appropriate action as per terms and conditions (T&C) of the tender documents and/or as per GFR Rules.

Q.No.34: Are financial institutions/ autonomous bodies included in the PP Policy?
Ans. The Policy is applicable for all Central Government Ministries/ Departments and CPSUs.

Q.No.35: Can the Ministry take action against the procuring agency for Delay in return of the Security Deposit of the MSEs?
Ans. There is no such provision under the Policy. The matter can be referred to the department concerned for taking appropriate action in the interest of the MSE complainant.

Q.No.36: Is it mandatory for MSEs to disclose their status as SC/ST/Women in Udyam Registration Certificate (URC)?
Ans. Yes, it is mandatory to disclose the status as SC/ST/Women for in Udyam Registration.

Q.No.37: Have the State Governments been asked to frame a Public Procurement Policy for MSEs?
Ans. Yes, all the State Governments have been requested to frame the Public Procurement Policy on similar lines.

Q.No.38: Have all the CPSUs been uploading their monthly and annual procurement details, on MSME SAMBANDH Portal?
Ans. Most of the CPSUs are uploading their procurement details on the portal.

Ans:

- CEO, GeM has been requested to make a provision in the GeM portal for procurement of goods and services from MSEs through linking URC.
- Udyam Registration Portal has a facility through which an entrepreneur can opt for linking itself with Government e-market (GeM) place by selecting an option on Udyam Portal. The enterprise will be linked to GeM portal and flow of information will start between these two portals. With this facility, MSEs can link themselves with the Government's procurement system and can participate in Government's mandatory procurement programme from MSEs
- All CPSUs have been requested to procure goods and services from MSEs, through GeM portal only.
- The Ministry of MSME has signed an MOU with CEO, GeM, for mobilizing MSEs for onboarding themselves on the GeM portal for supply of goods & services from MSEs.
- All UAM holders had been requested to register themselves on GeM portal for supply of goods and services through GeM portal.

Q.No.46: What is the difference between PPP-MII Order, 2017 and PPP-MSE Order, 2012?

Ans. The Public Procurement Policy for MSEs Order, 2012 is a delegated legislation deriving authority from the Act of Parliament. PPP-MII, Order, 2017 is an executive Order.

Q.No.47: Can Joint Ventures take the benefits of the Public Procurement Policy for MSEs Order, 2012?

Ans. No, Under Udyam Registration (and earlier under UAM), there is no provision of registration of Joint Ventures. As mentioned in S. No. 3 above, benefits of the Public Procurement Policy for MSEs Order, 2012 can be availed by those MSEs which are registered on the Udyam Registration portal.

Q.No.48: Can Consortiums with Foreign Company takes the benefits of the Public Procurement Policy for MSEs Order, 2012?

Ans. No, Under Udyam Registration (and earlier under UAM), there is no provision of registration of Consortium. As mentioned in S. No. 3 above, benefits of the Public Procurement Policy for MSEs Order, 2012 can be availed by those MSEs which are registered on the Udyam Registration portal.

Q.No.49: Can trader benefits from Public Procurement Policy, for MSEs Order, 2012?

Ans. No, as mentioned in O.M. No. 5/2(2)/2021-E/P & G/Policy dated 02.07.2021, Retail and Wholesale traders can register on Udyam Registration Portal for the purpose of Priority Sector Lending (PSL) only.

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Tentative List of items selected for Purchase from Mico& Small Scale Industrial Units

Sl. No.	Sl. No. at the List of Items	Description
1	23	Bolts & Nuts
2	149	Hinges
3	197	Pad Locks of all types
4	320	Washers all types
5	334	Wires nails and Horse shoe nails
6	36	Brushes of all types
7	35	Brooms
8	172	Linseed Oil
9	136	Hand Gloves of all types
10	147	Helmet Non-Metallic
11	123	Garments
12	244	Sanitary Plumbing Fittings
13	201	Pans Lavatory Flush
14	293	Taps
15	61	Cloth Sponge
16	294	Tarpaulin
17	177	Machine Screws
18	163	Lamp Holders
19	96	Distribution Board up to 15 amps
20	105	Electric call bells / Buzzers / Door bells
21	122	Fuse unit
22	113	Expanded Metal
23	13	Barbed Wire
24	333	Wire Fencing and Fittings
25	335	Wire nettings of guage thicker than 100 mesh size
26	46	Ceiling roses upto 15 amps
27	224	PVC insulated Aluminium Cables (upto 12 sq. mm.)
28	237	Rubber Hoses (Unbranded)
29	212	Plugs & Sockets electric upto 15 amp
30	107	Electric transmission line hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc.
31	53	Chokes for light fittings
32	9	Automobile Head Lights Assembly
33	27	Boots and shoes of all types including canvas shoes
34	223	PVC Pipes up to 110 mm
35	95	Disinfectant fluids
36	317	Valves Metallic
37	202	Paper conversion products – Paper bags , envelope , ice cream cups , paper cup & saucers , paper plates & Photocopy paper **

**Ministry of MSME , vide Circular – 21(6)/2014-MA dt. 28.11.2014 included Photocopy paper under Srl. No. 202.

List of 358 Items Reserved for Purchase from Micro and Small Enterprises

Sl No. Item Description

1. AAC/& ACSR Conductor upto 19 strands
2. Agricultural Implements
   a. Hand Operated tools & implements
   b. Animal driven implements
3. Air/Room Coolers
4. Aluminum builder's hardware
5. Ambulance stretcher
6. Ammeters/ohm meter/Volt meter (Electro magnetic upto Class I accuracy)
7. Anklets Web Khaki
8. Augur (Carpenters)
9. Automobile Head lights Assembly
10. Badges cloth embroidered and metals
11. Bags of all types i.e. made of leather, cotton, canvas & jute etc. including kit bags, mail bags, sleeping bags & water-proof bag
12. Bandage cloth
13. Barbed Wire
14. Basket cane (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
15. Bath tubs
16. Battery Charger
17. Battery Eliminator
18. Beam Scales (upto 1.5 tons)
19. Belt leather & straps
20. Bench Vices
21. Bituminous Paints
22. Blotting Paper
23. Bolts & Nuts
24. Bolts Sliding
25. Bone Meal
26. Boot Polish
27. Boots & Shoes of all types including canvas shoes
28. Bowls
29. Boxes Leather
30. Boxes made of metal
31. Braces
32. Brackets other than those used in Railways
33. Brass Wire
34. Brief Cases (other than moulded luggage)
35. Brooms
36. Brushes of all types
37. Buckets of all types
38. Button of all types
39. Candle Wax Carriage
40. Cane Valves/stock valves (for water fittings only)

41. Cans metallic (for milk & measuring)
42. Canvas Products :
    a. Water Proof Deliver, Bags to spec. No. IS - 1422/70
    b. Bonnet Covers & Radiators Muff. to spec. Drg. Lv 7/NSN/IA/130295
43. Capes Cotton & Woollen
44. Capes Waterproof
45. Castor Oil
46. Ceiling roses upto 15 amps
47. Centrifugal steel plate blowers
48. Centrifugal Pumps suction & delivery 150 mm. x 150 mm
49. Chaff Cutter Blade
50. Chains lashing
51. Chappals and sandals
52. Chamois Leather
53. Chokes for light fitting
54. Chrome Tanned leather (Semi-finished Buffalo & Cow)
55. Circlips
56. Claw Bars and Wires
57. Cleaning Powder
58. Clinical Thermometers
59. Cloth Covers
60. Cloth Jaconet
61. Cloth Sponge
62. Coir fibre and Coir yarn
63. Coir mattress cushions and matting
64. Coir Rope hawserlaid
65. Community Radio Receivers
66. Conduit pipes
67. Copper nail
68. Copper Napthenate
69. Copper sulphate
70. Cord Twine Maker
71. Cordage Others
72. Corrugated Paper Board & Boxes
73. Cotton Absorbent
74. Cotton Belts
75. Cotton Carriers
76. Cotton Cases
77. Cotton Cord Twine
78. Cotton Hosiery
79. Cotton Packs
80. Cotton Pouches
81. Cotton Ropes
82. Cotton Singlets
83. Cotton Sling
84. Cotton Straps
85. Cotton tapes and laces
86. Cotton Wool (Non absorbent)
87. Crates Wooden & plastic

88. (a) Crucibles upto No. 200
(b) Crucibles Graphite upto No. 500
(c) Other Crucibles upto 30 kgs.
89. Cumblies & blankets
90. Curtains mosquito
91. Cutters
92. Dibutyl phthalate
93. Diesel engines upto 15 H.P
94. Dimethyl Phthalate
95. Disinfectant Fluids
96. Distribution Board upto 15 amps
97. Domestic Electric appliances as per BIS Specifications :-
- Toaster Electric, Elect. Iron, Hot Plates, Elect. Mixer, Grinders Room heaters & convectors and ovens
98. Domestic (House Wiring) P.V.C. Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and upto 10.00 mm sq. nominal cross section
99. Drawing & Mathematical Instruments
100. Drums & Barrels
101. Dust Bins
102. Dust Shield leather
103. Dusters Cotton all types except the items required in Khadi
104. Dyes :
a. Azo Dyes (Direct & Acid)
b. Basic Dyes
105. Electric Call bells/buzzers/door bells
106. Electric Soldering Iron
107. Electric Transmission Line Hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc
108. Electronic door bell
109. Emergency Light (Rechargeable type)
110. Enamel Wares & Enamel Utensils
111. Equipment camouflage Bamboo support
112. Exhaust Muffler
113. Expanded Metal
114. Eyelets
115. Film Polythene - including wide width film
116. Film spools & cans
117. Fire Extinguishers (wall type)
118. Foot Powder
119. French polish
120. Funnels
121. Fuse Cut outs
122. Fuse Unit
123. Garments (excluding supply from Indian Ordnance Factories)
124. Gas mantels
125. Gauze cloth
126. Gauze surgical all types
127. Ghamellas (Tasllas)
128. Glass Ampules

129. Glass & Pressed Wares
130. Glue
131. Grease Nipples & Grease guns
132. Gun cases
133. Gun Metal Bushes
134. Gumtape
135. Hand drawn carts of all types
136. Hand gloves of all types
137. Hand Lamps Railways
138. Hand numbering machine
139. Hand pounded Rice (polished and unpolished)
140. Hand presses
141. Hand Pump
142. Hand Tools of all types
143. Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
144. Harness Leather
145. Hasps & Staples
146. Haver Sacks
147. Helmet Non-Metallic
148. Hide and country leather of all types
149. Hinges
150. Hob nails
151. Holdall
152. Honey
153. Horse and Mule Shoes
154. Hydraulic Jacks below 30 ton capacity
155. Insecticides Dust and Sprayers (Manual only)
156. Invalid wheeled chairs.
157. Invertor domestic type upto 5 kvA
158. Iron (dhobi)
159. Key board wooden
160. Kit Boxes
161. Kodali
162. Lace leather
163. Lamp holders
164. Lamp signal
165. Lanterns Posts & bodies
166. Lanyard
167. Latex foam sponge
168. Lathies
169. Letter Boxes
170. Lighting Arresters - upto 22 kv
171. Link Clip
172. Linseed Oil
173. Lint Plain
174. Lockers
175. Lubricators
176. L.T. Porcelain KITKAT & Fuse Grips
177. Machine Screws

178. Magnesium Sulphate
179. Mallet Wooden
180. Manhole covers
181. Measuring Tapes and Sticks
182. Metal clad switches (upto 30 Amps)
183. Metal Polish
184. Metallic containers and drums other than N.E.C. (Not elsewhere classified)
185. Metric weights
186. Microscope for normal medical use
187. Miniature bulbs (for torches only)
188. M.S. Tie Bars
189. Nail Cutters
190. Naphthalene Balls
191. Newar
192. Nickel Sulphate
193. Nylon Stocking
194. Nylon Tapes and Laces
195. Oil Bound Distemper
196. Oil Stoves (Wick stoves only)
197. Pad locks of all types
198. Paint remover
199. Palma Rosa Oil
200. Palmgur
201. Pans Lavatory Flush
202. Paper conversion products, paper bags, envelops, Ice-cream cup, paper cup and saucers & paper Plates
203. Paper Tapes (Gummed)
204. Pappads
205. Pickles & Chutney
206. Piles fabric
207. Pillows
208. Plaster of Paris
209. Plastic Blow Moulded Containers upto 20 litre excluding Poly Ethylene Terphthalate (PET) Containers
210. Plastic cane
211. Playing Cards
212. Plugs & Sockets electric upto 15 Amp
213. Polythene bags
214. Polythene Pipes
215. Post Picket (Wooden)
216. Postal Lead seals
217. Potassium Nitrate
218. Pouches
219. Pressure Die Casting upto 0.75 kg
220. Privy Pans
221. Pulley Wire
222. PVC footwears
223. PVC pipes upto 110 mm
224. PVC Insulated Aluminium Cables (upto 120 sq. mm) (ISS:694)

225. Quilts, Razais
226. Rags
227. Railway Carriage light fittings
228. Rakes Ballast
229. Razors
230. RCC Pipes upto 1200 mm. dia
231. RCC Poles Prestressed
232. Rivets of all types
233. Rolling Shutters
234. Roof light Fittings
235. Rubber Balloons
236. Rubber Cord
237. Rubber Hoses (Unbranded)
238. Rubber Tubing (Excluding braided tubing)
239. Rubberised Garments Cap and Caps etc
240. Rust/Scale Removing composition
241. Safe meat & milk
242. Safety matches
243. Safety Pins (and other similar products like paper pins, staples pins etc.)
244. Sanitary Plumbing fittings
245. Sanitary Towels
246. Scientific Laboratory glasswares (Barring sophisticated items)
247. Scissors cutting (ordinary)
248. Screws of all types including High Tensile
249. Sheep skin all types
250. Shellac
251. Shoe laces
252. Shovels
253. Sign Boards painted
254. Silk ribbon
255. Silk Webbing
256. Skiboots & shoes
257. Sluice Valves
258. Snapfastner (Excluding 4 pcs. ones)
259. Soap Carbolic
260. Soap Curd
261. Soap Liquid
262. Soap Soft
263. Soap washing or laundary soap
264. Soap Yellow
265. Socket/pipes
266. Sodium Nitrate
267. Sodium Silicate
268. Sole leather
269. Spectacle frames
270. Spiked boot
271. Sports shoes made out of leather (for all Sports games)
272. Squirrel Cage Induction Motors upto and including 100 KW440 volts 3 phase

273. Stapling machine
274. Steel Almirah
275. Steel beds stead
276. Steel Chair
277. Steel desks
278. Steel racks/shelf
279. Steel stools
280. Steel trunks
281. Steel wool
282. Steel & aluminium windows and ventilators
283. Stockinet
284. Stone and stone quarry rollers
285. Stoneware jars
286. Stranded Wire
287. Street light fittings
288. Student Microscope
289. Studs (excluding high tensile)
290. Surgical Gloves (Except Plastic)
291. Table knives (Excluding Cutlery)
292. Tack Metallic
293. Taps
294. Tarpaulins
295. Teak fabricated round blocks
296. Tent Poles
297. Tentage Civil/Military & Salitah Jute for Tentage
298. Textiles manufacturers other than N.E.C. (not elsewhere classified)
299. Tiles
300. Tin Boxes for postage stamp
301. Tin can unprinted upto 4 gallons capacity (other than can O.T.S.)
302. Tin Mess
303. Tip Boots
304. Toggle Switches
305. Toilet Rolls
306. Transformer type welding sets conforming to IS:1291/75 (upto 600 amps)
307. Transistor Radio upto 3 band
308. Transistorised Insulation - Testers
309. Trays
310. Trays for postal use
311. Trolley
312. Trollies - drinking water
313. Tubular Poles
314. Tyres & Tubes (Cycles)
315. Umbrellas
316. Utensils all types
317. Valves Metallic
318. Varnish Black Japan
319. Voltage Stablisers including C.V.T's
320. Washers all types
321. Water Proof Covers

322. Water Proof paper
323. Water tanks upto 15,000 litres capacity
324. Wax sealing
325. Waxed paper
326. Weighing Scale
327. Welded Wiremash
328. Wheel barrows
329. Whistle
330. Wicks cotton
331. Wing Shield Wipers (Arms & Blades only)
332. Wire brushes and Fibre Brushes
333. Wire Fencing & Fittings
334. Wire nails and Horse shoe nails
335. Wire nettings of gauze thicker than 100 mesh size
336. Wood Wool
337. Wooden ammunition boxes
338. Wooden Boards
339. Wooden Box for Stamps
340. Wooden Boxes and Cases N.E.C. (Not elsewhere classified)
341. Wooden Chairs
342. Wooden Flush Door Shutters
343. Wooden packing cases all sizes
344. Wooden pins
345. Wooden plugs
346. Wooden shelves
347. Wooden veneers
348. Woollen hosiery
349. Zinc Sulphate
350. Zip Fasteners

HANDICRAFT ITEMS

Sl.No.	Item Description
351	Cane furniture
352.	Bamboo file tray, Baskets, Pencil stand, side racks etc.
353.	Artistic Wooden Furniture
354.	Wooden paper weight, racks etc.
355.	Glass covers made of wood and grass jute.
356.	Jute furniture
357.	Jute bags, file cover
358.	Woollen & silk carpets.

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**********End of Appendix-9**********

APPENDIX-10: POLICY ON MATERIAL SUITABILITY REPORT AND RAISING OF GOODS RECEIPT NOTE (GRN-105) AGAINST PO (OTHER THAN GEM / TRIAL ORDERS)

(Refer Para 9.15 to 9.20 of Chapter 9)

i. The user/indenting department shall take utmost care in arranging the goods inspected/installed/commissioned (as the case may be) promptly on arrival and submit the requisite suitability report clearly highlighting its acceptance/rejection to Materials Department. Submission of suitability report should not take more than **45 days'** time from the date of receipt of MRA/Delivery Note so as to enable Materials Department to raise GRN or lodge discrepancy report/claim (if any) within this time limit against all orders, except those processed through GeM portal.

ii. In case the user department is not in a position to submit the conclusive technical suitability report within 45 days from the date of receipt of MRA/Delivery Note due to certain genuine reasons, user/indenting department shall take separate approval from the management (ED-F&A and RCE through concerned ED/CGM as applicable) duly recording the reasons for such delay and inform Materials Department accordingly within 45 days. Materials Dept. shall take action to defer raising of GRN/DR as per the approval.

iii. In case of non-receipt of conclusive suitability report or copy of approval as mentioned in para (ii) above within 45 days from the date of receipt of MRA/Delivery Note by the user/indenting department, it will be construed that the materials received are acceptable to the user/indentor without any reservation whatsoever and Materials Department shall not wait further, but raise the GRN accordingly. The concerned HoD and Group Head shall be liable for any slippage in obtaining appropriate approval as per para (ii) above leading to financial loss to the Company.

iv. Materials Department shall draw special attention of user/ indenting department for submission of suitability report within 45 days by incorporating suitable note; preferably in the MRA/ Delivery Note itself.

v. Regularization of document against receipt of materials for which orders have been placed **through GeM portal** shall be governed by the guidelines and amendments thereto issued from time to time by GeM authority. Hence raising of GRN/DR for supply against such orders has to be completed as per the time limit set by GeM authority.

2.0 User/Indenting Departments are also requested to take note of the following important aspects in this regard:

i. In addition to the orders placed through GeM portal, this policy/ guidelines shall not be applicable against Trial/Developmental orders also. However, the Suitability Reports against Trial/ Developmental orders should be submitted for raising GRN within a maximum period of 30 days after completion of field trial.

ii. Discrepancy/Rejection Report **highlighting the detailed reasons thereof** should be countersigned by the HOD / Officiating HOD inscribing the name of the officer signing such report.

iii. In case of ordered goods where Third Party Inspection (TPI) is involved, the User department should also check the TPI certificate and GRN shall be raised based on the acceptability accordingly. In case of items, where inspection by OIL's Kolkata office is done, GRN will be straightway raised. No MRA for stock items will be issued against such cases. However, shortages / damages will be taken care of as reported.

iv. Indenting department should sign and return delivery notes to Materials department for the materials indented by them on immediate basis. In no case, it should be delayed for more than two (2) days. Final suitability/shortage/damage report for the same can follow subsequently. Only package quantity, packing condition and intactness of loose item as mentioned in the Delivery Note to be checked while signing the delivery notes. This will facilitate Materials Department to release carrier's consignment note immediately to avoid payment of detention charges to the carrier. However, in cases of open delivery, which are as such very few, exact quantity received should be acknowledged.

v. While submitting receipt acknowledgment/suitability report (MRA/Delivery note), the user department should ensure that the name, designation and salary code of the signatory appear in such reports.

vi. The user departments must avoid receipt of materials from the supplier without accompanying Delivery Note/Diversion Note from Materials dept., except for medicines.

********************End Of Appendix-10********************

APPENDIX-11: RELAXATION OF QUALIFYING NORMS FOR START-UPS AND MSE VENDORS

POLICY ON STARTUP AND MSE VENDORS

OPPORTUNITY TO STARTUP AND MICRO & SMALL ENTERPRISES

In case a Startup [defined as per Ministry of Commerce and Industry (Department of Industrial Policy and Promotion, DIPP) latest notification]/ MSE is interested in supplying the tendered item but does not meet the Pre-Qualifying Criteria (PQC)/ Proven Track Record (PTR) indicated in the tender document, the Startup/MSE is requested to write a detailed proposal separately, and not against the present tender requirement, to the tender issuing authority about its product. Such proposals shall be accompanied by relevant documents in support of MSE (where applicable) or in case of Startup, following documents shall be given:

1. Certificate of Recognition issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

2. Certificate of incorporation.

3. Audited Profit & Loss (P&L) Statement of all the Financial Years since incorporation. In case where the Balance sheet has not been prepared, bidder shall submit a certificate in original from its CEO/CFO stating the turnover of the bidding entity separately for each Financial Years since incorporation along with a declaration stating the reason for not furnishing the audited P&L Statement. This certificate shall be endorsed by a Chartered Accountant/Statutory Auditor.

The Proposal shall be examined by OIL and OIL may consider inviting a detailed offer from the Startup/MSE with the intent to place a TRIAL or TEST Order, provided the Startup/MSE meets the Quality and Technical Specifications.

In case the Startup/MSE is successful in the Trial Order, the vendor shall be considered for PQC exemption/relaxation (as the case may be) for the next tender for such item till the time it remains a Startup/MSE.

Note: *For any requirement recommended by HoDs towards relaxation of 'experience' and 'turnover' criteria for Start Ups/MSEs, all the criteria related to technical experience and financial requirement including Networth as stipulated in this Manual are to be relaxed.*

****************End of Appendix-11****************

APPENDIX-12: GUIDELINES FOR DEVELOPMENT OF NEW PRODUCTS AND VENDORS FOR VARIOUS OIL FIELD CHEMICALS

1.0 PREAMBLE:

1.1 Majority of the Oil Field Chemicals (OFCs) are being used by Chemical Department in OIL. Since Chemical Department is having competent personnel and a fully equipped Laboratory at Duliajan, they will continue to evaluate tender samples for OFC products pertaining to their Department against all regular purchases as well as for vendor/product development purpose.

1.2 OIL's R&D Department has also been instrumental in developing various OFC products for use by PSS & other Departments (other than Chemical Department). Therefore, R&D Department will continue to provide services like laboratory testing of tender samples and dose optimization etc. for all such OFC Products already developed by them or to be developed by them in future for use by departments other than Chemical.

1.3 For regular bulk Purchases of established OFC Product from proven sources, the respective User Department will initiate procurement action for Non-Stock & RR category items and provide projection of requirements to Materials Department against stock items, wherever required for raising PR. However, bid evaluation and testing of samples etc. will be continued to be carried out by Chemical or R&D Department as per prevailing practice.

1.4 Bulk Purchase of OFCs should be processed for "PROVEN" products from PROVEN sources only.

1.5 All NEW/UN-PROVEN Products or NEW/UN-PROVEN Sources of OFCs are essentially required to pass laboratory testing and/or field trials as detailed herein. Development of such products/sources shall be through TRIAL orders only.

1.6 For introduction of new OFCs or development of Vendors for existing OFCs, EOI route can also be adopted and preliminary assessment of vendor may be carried out while selecting/ empaneling new vendors.

1.7 For development of new OFC Products/Vendors, Chemical Department or R&D Department (as may be appropriate) shall continue to provide services of laboratory testing, dose optimization study & preliminary vendor assessment etc.

2.0 PROVEN AND UNPROVEN CATEGORIES OF OIL FIELD CHEMICALS

2.1 A product or a Vendor shall be considered "Proven" if the particular product offered by the vendor is found performing successfully in fields / passing through laboratory test and/or field trial. The procedure shall be governed by the guidelines provided in Para 3.0 below and as stated in Annexure-II.

2.2 The "Proven" product or Vendor shall also mean the existing product (or Vendor) which has been supplied in bulk quantity successfully to OIL inthe past.

2.3 Products / Vendors not falling under Para 2.1 and/or Para 2.2 shall be considered as "Unproven".

2.4 For bulk procurement purpose, "Proven" Products / Vendors qualifying the criteria under Para 2.1 and/or 2.2 above shall be considered. The product(s) / Vendor(s) so declared as proven shall be exempted from meeting the qualifying criteria w.r.t. past supply experience.

2.5 Suitable clauses considering the above may be incorporated in all tenders (Global) for procurement of OFCs.

2.6 A dossier/list of proven/established Products with names of Vendor/OEM to be prepared by Materials Department. R&D and Chemical Department shall review the list quarterly and provide the complete updated list of field proven Products /Vendors of all the different OFCs to Materials Department for compilation.

3.0 FIELD TRIALS/ QUALITY ASSESSMENT TEST IN LABORATORY

3.1 All unproven OFC products i.e. new products from existing Vendors or new/existing products from new Vendors shall have to qualify for the performance criteria in the laboratory and/or field as applicable as per Annexure-II.

3.2 Wherever two field trials are prescribed in Annexure -II for unproven product(s) – the first field trial is to be carried out with a smaller trial order quantity, followed by a second field trial with a relatively larger quantity for extensive use in the fields. Field trials, however, may be planned and taken up on availability of candidate wells/fields/installation etc.

3.3 Performance of any unproven product shall be monitored in laboratory by laboratory personnel & under actual field conditions onsite by a joint team from Laboratory as well as User Department(s).

3.4 An OFC product would be deemed "PROVEN" and the respective Vendor shall be considered as developed / proven source only after satisfactory completion of one or two trial orders as applicable and outlined in Annexure- II and issuance of satisfactory completion of field trial /laboratory test report by Chemical/R&D Department to this effect. Such proven products would be considered for bulk procurement against future tenders for that item.

3.5 Depending upon the dose requirement and field conditions, the trial order quantity for different OFC will vary as tentatively shown in Annexure - II. However, the exact quantity for carrying out meaningful quality assurance tests in laboratory and/or field trial against a trial order shall be recommended by Chemical / R&D Department against each such tender.

3.6 Un-proven vendors participating against regular open tender for bulk procurement of OFC shall not be awarded with bulk orders, even when they meet all qualifying criteria of the tender including qualification of their representative tender sample in lab oratory tests. Against regular open tender for procurement of OFC products, bulk order for entire tendered quantity shall be awarded on the successful proven source only and participating un - proven vendors, if any, shall be dealt as under:

(a) **Un-proven Vendor who meets all qualifying criteria of the tender including laboratory test**: Price Bid of such Bidders should be opened and a trial order up to maximum 25% tendered quantity (ref. clause No. 3. 5 also) may be awarded against a separate PR, subject to becoming commercially competitive.

(b) **Un-provenVendor whose tender sample is found to be acceptable in laboratory tests, but does not meet other qualifying criteria of the tender**: Price Bid of such un -proven bidders will not be opened against the tender, but a

separate PR to be raised for the quantity as per Annexure -II or to be decided by Chemical/R&D Department for floating a trial tender on the party.

3.7 Unproven vendors who submits free sample of an OFC item & request for trial order may also be awarded with trial order for the quantity as specifiedin Annexure -II subject to meeting OIL's specification of the particular OFC item in laboratory testing.

3.8 Necessary advice for placement of trial order for the cases under para 3.6 & 3.7 shall be issued by Chemical/R&D Department to Materials Department.

3.9 No preference on price should be accorded towards placement of trialorder for OFC items. Trial order for OFC item would be placed at the recommended rate (subject to approval) offered by the proven source against a particular bulk tender or at the quoted rate of the unproven source, whichever is lower. In absence of any offer from proven source in bulk tender, trial order for OFC shall be placed at last order rate or the rate quoted by the unproven source, whichever is lower.

3.10 In case of a trial tender, trial order for OFC shall be placed at the lastorder rate or the quoted trial tender rate, whichever is lower. However, if the price bid of a parallel bulk tender is meantime opened, trial order for OFC item against the trial tender would be placed at the recommended rate (subject to approval) offered by the proven source against the said bulk tender or at the quoted rate of the bidder of the trial tender, whichever is lower.

3.11 In the event the quoted price of unproven source/ new Vendor against a particular OFC item is higher in a situation covered in para 3.9 & 3.10 above and such unproven source or new vendor decline s to match their quoted price as explained in para 3.9 & 3.10 above, then the trial order may be placed at the quoted/negotiated rate depending upon the merit of the case. However, this shall only be applicable where the availability of proven sources against a particular OFC item is less than three (03).

3.12 The trial orders should be placed on CIF Kolkata (for foreign vendors) terms. In case of placement oftrial order on Overseas Vendors on CIF terms, clearance through Indian Customs (including payment of applicable duty & IGST etc.) and onward transportation cost from Port of entry to the designated destination will be borne by OIL.

3.13 Trial orders can only be placed on original manufacturer or any Vendor/Supplier authorized by the original manufacturer of the OFC item (s) with proper warranty/guarantee backup from original manufacturer.

3.14 During the pendency of a trial order on an unproven vendor for OFC item, second trial order on same party for same item should be avoided.The second trial (if applicable) for the same product shall only be placed upon successful completion of the first trial by the party. Multiple samples/multiple brands from the same Vendor(s) for the same item shall not be considered for placement of trial orders.

3.15 **Liquidated Damage:** LD clause shall not be applicable in case of a trial tender/order.

3.16 **Bid Security & Performance Bank Guarantee:** Bid Security and Performance Bank Guarantee shall not be applicable in case of a trial tender/order.

4.0 PROVIDING LABORATORY SERVICES TO VENDORS

Testing of samples in OIL's laboratory for Vendor/Product developmentshall not attract any charge/cost to the vendors.

5.0 RAISING OF PRS AND SUBSEQUENT MONITORING OF TRIAL ORDERS

5.1 Trial PRs for all Non -stock items should be raised by the Chemical / R&D Department who will also be solely responsible for testing/trying out the items and submitting test report.

5.2 For existing stock items, trial PRs are to be raised by Materials Department (as per the specified quantity in Annexure – II) on receipt oflaboratory performance report from the Chemical / R&D Department. Materials Department may also raise trial PRs as per advice of Chemical and R&D Department for development of alternate source. In case of trial PRs for the existing stock items raised by Materials Department, necessary Techno- Commercial assistance such as specifications, performance criteria in laboratory and field conditions, trial tests in the fields, report on acceptance or rejection etc. will be provided by Chemical / R&D Department. However,Materials Department will be responsible for execution of trial / development orders and for subsequent enlistment of the Vendor in case of successful trial.

5.3 With a view to develop adequate proven sources for the benefit of Company, open tenders are to be floated for procurement of OFC Products allowing participation of other potential bidders. However, for a particular OFC product against which only one proven source is available as on date, bulk order against the tender shall be placed only on the proven source on single tender basis as per DOP and other un - proven bidders shall be treated as per Clause No. 3.6 of this Policy.

ANNEXURE - I

TABLE 1: LIST OF OFCS BEING CURRENTLY IN USE IN OIL

SI NO	Mat. Code	Material Description	Intended Use in OIL
1	85055642	ACTIVATE -I	Chemical Operation
2	85055643	ACTIVATE -II	Chemical Operation
3	85054536	AGROMORE RODINE	Chemical Operation
4	85010205	ALUM (SEASONAL)	Water Treatment
5	85054525	AMMO. BIFLORIDE	Chemical Operation
6	85050019	BARYTES	Chemical Operation
7	85050511	BENTONITES	Chemical Operation
8	85010808	BLEACHING POWDER	Medical & Sanitation
9	85055644	BLUE STREAK	Chemical Operation
10	85051013	CAUSTIC SODA	Chemical Operation
11	85045216	CEMENT RETARDER HR12	Cementing Operations
12	85045205	CEMENT RETARDER HR800/CR235	Cementing Operations
13	85051558	CFLS	Chemical Operation
14	85045067	CFR -2/DO65/CFR -3	Cementing Operations
15	85051582	CHROME LIGNITE	Chemical Operation
16	85012029	CITRIC ACID	Chemical Operation
17	85052062	CMC(HVG)	Chemical Operation
18	85052051	CMC(LVG)	Chemical Operation
19	85052129	CORROSION INHIBITOR	Chemical Operation/Production
20	85055277	DE -OILER	Production
21	85040254	DRILLING DETERGENT	Chemical Operation
22	85040276	EP LUBE/MAGCO LUBE	Chemical Operation
23	85240118	ETHYLE GLYCOL M. ETHER	Chemical Operation
24	85051571	FCLS/LS33/SPERSENE	Chemical Operation
25	85051559	FLC 2000/HYPER NIF NON INVASIVE	Chemical Operation
26	85054914	REGULAR F LOW IMPROVER	Production /Field Engineering
27	85054920	LIQUID FLOW IMPROVER	Production
28	85053054	FLUOBORIC ACID	Chemical Operation
29	85055233	FORMALINE	Chemical Operation
30	85042216	GELTEX/GUARGAM	Chemical Operation
31	85240017	GLYCOL	Chemical Operation/ Production
32	85055641	GODEVIL -II	Chemical Operation
33	85053577	HALAD -23	Cementing Operations
34	85053522	HALAD -9/DO-60/C.F.L.A	Cementing Operations
35	85054514	HYDROCHLORIC ACID	Chemical Operation
36	85052528	JEL FLAKE (INS TO MT)	Chemical Operation

SI NO	Mat. Code	Material Description	Intended Use in OIL
37	85010409	LIME (SEASONAL)	Water Treatment/ Chemical Operation
38	85283036	LINSEED OIL	Chemical Operation
39	85055645	M.I. CIDE	Chemical Operation
40	85052517	MICA FLAKE (INS 10 MT)	Chemical Operation
41	85011287	OCTYL ALCOHOL	Chemical Operation
42	85055084	OSD (KATHALONI)	Production
43	85055038	OSD (REG)	Production
44	85055619	Bactericide - Type I	Production
45	85055621	Bactericide - Type II	Production
46	85054560	Scale Inhibitor	Production
47	85052073	PAC(SL)	Chemical Operation
48	85040117	PAC-R	Chemical Operation
49	85043926	PHPA/POLYMER/REDICOT	Chemical Operation
50	85051593	PIPELAX (INS 10 KLS)	Chemical Operation
51	85043733	POLYMERIC DEFLOCULANT	Chemical Operation
52	85055313	POTASSIUM CHLORIDE	Chemical Operation
53	85011301	POTASSIUM HYDROXIDE	Chemical Operation
54	85040106	RESINEX	Chemical Operation
55	85051514	SAPP/ASPP	Cementing Operations
56	85053065	SILICA FLOUR	Cementing Operations
57	85011527	SOD. BICARBONATE	Chemical Operation
58	85011607	SODA ASH	Chemical Operation
59	85011403	SODIUM ALUMINATE	Water Treatment
60	85011414	SODIUM DICHROMATE	Chemical Operation
61	85052123	SODIUM FORMATE (25/50 Kg./Bag)	Chemical Operation
62	85012031	SODIUM HYPOCHLORITE	Chemical Operation /Prod.
63	85040458	SOLTEX/MAGCO ASHPHOSAL	Chemical Operation
64	85052131	WALLNUT SHELL (INS 10 MT)	Chemical Operation
65	85043972	XANVIS (Minimum 4 MT)	Chemical Operation
66	85043961	XC POLYMER	Chemical Operation
67	85052619	ALUMINIUM STEARATE	Chemical Operation
68	New Item	POLYAMINE	Chemical Operation

ANNEXURE -II

TABLE 2: LIST OF OFCS THAT REQUIRE FIELD TRIAL(S) / QUALITY ASSESSMENT (QA) TEST(S) IN THE LABORATORY FOR GETTING "PROVEN"; AND THE TRIAL QUANTITIES FOR SUCH ITEMS:

SI NO	Mat. Code	Material Description	Quantity to be ordered for the First Trial		Quantity to be ordered for the Second Trial	
			Approval after Field Trial	Approval after QA test in the Lab	Approval after Field Trial	Approval after QA test in the Lab
1	85055084	OSD (KATHALONI)	**4 MT**	*Not applicable*	*Not required*	**50 MT**
2	85055038	OSD (REG)	**4 MT**	*Not applicable*	*Not required*	**50 MT**
3	85055277	Deoiler	--	**2 MT**	*Not required*	**10 MT**
4	85054914	Regular Flow Improver	**20 MT**	*Not applicable*	*Not required*	**50 MT**
5	85054560	Scale Inhibitor	*Not required*	**1 MT**	*Not required*	*Not required*
6	85055619	Bactericide - Type I	*Not required*	**2 MT**	*Not required*	*Not required*
7	85055621	Bactericide - Type II	*Not required*	**2 MT**	*Not required*	*Not required*
8	85054920	Liquid Flow Improver	*Not required*	**20 MT**	*Not required*	**50 MT**
9	85052062	CMC (HVG)	**9 MT**	*Not required*	**20 MT**	*Not required*
10	85052051	CMC (LVG)	**9 MT**	*Not required*	**20 MT**	*Not required*
11	85040254	Drilling Detergent	**5 KL**	*Not required*	**10 KL**	*Not required*
12	85040276	EP Lube/Magco Lube	**5 KL**	*Not required*	**10 KL**	*Not required*
13	85051559	FLC 2000/HyperNIF Non Invasive	**9 MT**	*Not required*	*Not required*	*Not required*
14	85042216	Geltex/Guargum	**7 MT**	*Not required*	**18 MT**	*Not required*
15	85283036	Linseed Oil	**5 KL**	*Not required*	**10 KL**	*Not required*
16	85052073	PAC (SL)	**9 MT**	*Not required*	**18 MT**	*Not required*
17	85040117	PAC (R)	**9 MT**	*Not required*	**18 MT**	*Not required*
18	85043926	PHPA	**9MT**	*Not required*	**18 MT**	*Not required*
19	85051593	Pipelax (INS 10 KLS)	**3 KL**	*Not required*	*Not required*	*Not required*
20	85055313	Potassium Chloride	**20 MT**	*Not required*	**50 MT**	*Not required*
21	85040106	Resinex	**9 MT**	*Not required*	**18 MT**	*Not required*

SI NO	Mat. Code	Material Description	Quantity to be ordered for the First Trial		Quantity to be ordered for the Second Trial	
			Approval after Field Trial	Approvalafter QA test in the Lab	Approval after FieldTrial	Approvalafter QAtest in the Lab
22	85052123	Sodium Formate (25/50kg/Bag)	**20MT**	*Not required*	**50MT**	*Not required*
23	85043961	XC Polymer (D)	**9 MT**	*Not required*	**20 MT**	*Not required*
24	85055651	Pre Gelatinised Starch	**9 MT**	*Not required*	**20 MT**	*Not required*
25	85040458	Magco Ashphosal	**9 MT**	*Not required*	**20 MT**	*Not required*
26	85055652	Polyol	**5 KL**	*Not required*	**10 KL**	*Not required*
27	New Item	POLYAMINE	**5 KL**	*Not required*	**10 KL**	*Not required*
28	85043733	Polymeric Defloculant	**1 KL**	*Not required*	*Not required*	*Not required*
29	85055650	MCC	**20 MT**	*Not required*	*Not required*	*Not required*
30	85052129	Amine Based Corrosion Inhibitor	**2 KL**	*Not required*	*Not required*	*Not required*
31	85055320	Potassium Sulphate	**70 MT**	*Not required*	*Not required*	*Not required*
32	85051013	CAUSTIC SODA	**9 MT**	*Not required*	*Not required*	*Not required*
33	85011301	POTASSIUM HYDROXIDE	**5 MT**	*Not required*	*Not required*	*Not required*
34	85043972	XC POLYMER (premium)/ XANVIS	**1 MT**	*Not required*	*Not required*	*Not required*
35	85240118	ETHYLE GLYCOL M. ETHER	*Not required*	**1 MT**	*Not required*	*Not required*
36	85050019	BARYTES	**50 MT**	*Not required*	*Not required*	*Not required*
37	85050511	BENTONITES	**50 MT**	*Not required*	*Not required*	*Not required*
38	85051514	SAPP/ASPP	*Not required*	**1 MT**	*Not required*	*Not required*
39	85052131	WALLNUT SHELL (INS 10 MT)	*Not required*	**1 MT**	*Not required*	*Not required*
40	85052517	MICA FLAKE (INS 10 MT)	*Not required*	**1 MT**	*Not required*	*Not required*
41	85052528	J EL FLAKE (INS TO MT)	*Not required*	**1 MT**	*Not required*	*Not required*
42	85053021	SODIUM CHLORIDE	*Not required*	**9 MT**	*Not required*	*Not required*
43	85011287	OCTYL ALCOHOL	*Not required*	**1 KL**	*Not required*	*Not required*

SI NO	Mat. Code	Material Description	Quantity to be ordered for the First Trial		Quantity to be ordered for the Second Trial	
			Approval after Field Trial	Approval after QA test in the Lab	Approval after Field Trial	Approval after QA test in the Lab
44	85011527	SODIUM BICARBONATE	*Not required*	**1 MT**	*Not required*	*Not required*
45	85055233	FORMALINE	*Not required*	**1 KL**	*Not required*	*Not required*
46	85011414	SODIUM DICHROMATE	*Not required*	**1 MT**	*Not required*	*Not required*
47	85054514	HYDROCHLORIC ACID	*Not required*	**3 KL**	*Not required*	*Not required*
48	85011607	SODA ASH	*Not required*	**1 MT**	*Not required*	*Not required*
49	85230205	TEEPOL	*Not required*	**1 KL**	*Not required*	*Not required*
50	85011403	SODIUM ALUMINATE	*Not required*	**1 MT**	*Not required*	*Not required*
51	85012031	SODIUM HYPOCHLORITE	*Not required*	**1 KL**	*Not required*	*Not required*

** Cement additives/ Chemicals are not covered under the purview of this policy.*

Note: The above list is not exhaustive. Any new chemical or stock item chemical requiring field/laboratory trial either by way of Vendor Development or for introduction of new chemical in OIL, may subsequently be added to the above list.

****************End of Appendix-12****************

ANNEXURES

ANNEXURE 1: PROCUREMENT GUIDELINES
(REFER CHAPTER 1)

Hierarchy Level	Procurement Guidelines
I - Statutory Framework	The Constitution of India Indian Contract Act, 1872; Sale of Goods Act, 1930 and Mercantile Laws Laws relevant to Public Procurement (Right To Information Act, 2005; The Micro, Small and Medium Enterprises Development Act, 2006; Prevention of Corruption Act, 1988)
II - Rules and Regulations	General Financial Rules, 2017
	Delegation of Power
	Any other financial, vigilance, security, safety, counter- trade and other regulatory aspects; orders and guidelines of the Government on the subject of Public Procurement
III - Ministry of Finance's Manuals	Ministry of Finance's Manual of Policies and Procedures for the Procurement of Good / Works and Consultancy Services (including non-consultancy services)
IV - Procuring Entities' Codes/ Manuals and Standard Bidding Documents	More Comprehensive and detailed Codes and Manuals for Public Procurement for various categories issued by 'Procuring Entities' for their own use
	Standard Bidding Documents for Procurement of Goods / Works / Consultancy Services etc.

Remarks: *The documents at Hierarchy Levels I and II above are of fundamental and generic in nature. Documents at lower levels of hierarchy must conform to the Documents higher up in hierarchy. Relationships of Bidders /Suppliers / contractors /service providers with procuring entities are solely governed by the law of the land and the relevant bid/ contract/registration document(s). Other documents at hierarchy levels II and Ill mentioned above shall have no locus standi in such relationships.*

ANNEXURE 2: FORMAT FOR SEEKING THE APPROVAL OF THE COMPETENT AUTHORITY FOR INVITING GLOBAL TENDER ENQUIRY FOR PROCUREMENTS LESS THAN RS. 200 CRORES

[Refer para 4.1.2.1]

i) Proposals are to be simultaneously sent to the following:

a) Cabinet Secretariat, email: ca4-cabsec@gov.in

b) Department of Promotion of Industry & Internal Trade (DPIIT) email: manmeet.nanda@ias.nic.in&rajesh.gupta66@gov.in

c) Department of Expenditure, email: kanwal.irss@gov.in and sudesh.kumar85@gov.in

Table-1

Sl. No.	Particulars	Remarks
1	Name of the Ministry:	
2	Name of the Department:	
3	Name of the sub-ordinate office (if applicable):	
4	Detailed Description of the Item	
4.1	Sl. No. in List of items in Notification no. F.20/43/2020-PPD dated 21/12/2020 of Ministry of Finance, if any	
5	Use of the Item	
6	Life time of the item proposed (in years)	
7	Whether item is procured regularly? [If so, details of procurement of the said item over the past three years (three completed financial years or last three tenders and the current financial year inclusive of supply details as per format given under table-2.	
8	Quantity required to be procured with justification for the quantity (States/UT/Region wise projection)	
9	Estimated procurement price along with basic of such estimation (International Price comparison chart)	
10	Justification to be submitted as under	
	a. Detailed justification for Global Tender and essentially of import (item wise)	
	b. Who are the (possible) vendors of the item under procurement, in the global (including India) market?	
	c. Whether the Department has tried and floated the tender to identify the domestic suppliers in the past financial year (If not, the reason thereof)	
	d. Capacity of all domestic local suppliers as per the domestic tender floated, if any	
11	What are technical alternatives available within country and whether they can be used *(substituted) for the proposed item under GTE?*	
12	Whether the Department had in the past attempted at development of local suppliers/ phased indigenization/ promotion of alternative technology having sufficient local suppliers. (If so, details thereof)	
13	Consequences of non-procurement of the item through GTE.	

14	Whether BIS standards are available for the items proposed under procurement. If not, the efforts made to operationalize such standards.	
15	Whether the department had published procurement plan for next 5 years, for the item under discussion?	
16	Total Lead Time (in months) for the tendering process and supply respectively, once the approval is accorded for procurement	
17	The Financial Year for which the proposed Item is procured	

The above proposal is submitted, with the approval of the Secretary of the Administrative Department/ Ministry, for the consideration of the Competent Authority, as mandated by D/o Expenditure order dated 15th May, 2020 regarding Amendment in GFRs-2017, regarding Global Tender Enquiry.

Also, it is informed that the above proposal had been sent to Cabinet Secretariat (via Email ID: ca4-cabsec@gov.in), D/o Expenditure (via Email ID: GTEnquiry-200@gov.in) and to DPIIT, for their consideration.

Stamp and Signature of the

Authorized officer of the proposing Department

Name:

Designation:

Contact Number:

Email ID:

Table-2

Details of procurement of the said item over the past three years (Three completed financial years and the current financial year) inclusive of supply details.

Year of contract	Item	Contract No. & date	Supplier	Quantity of Supply with unit	Rate per unit	Completion date of contract	Country of Origin of goods	Local content in%

ANNEXURE 3: LIST OF MEDICAL DEVICES AND IVDS, WHERE LOCAL MANUFACTURERS ARE NOT AVAILABLE, AS ON 17.12.2021 (AS VERIFIED WITH THE MEDICAL DEVICES MANUFACTURING ASSOCIATIONS)

[Refer para 4.1.2.2]

Sl. No.	Name of Medical Device/ Equipment
1	Intra-aortic balloon Pump (IABP)
2	Video Assisted Thoracic Surgery (VATS) and Minimally Invasive Cardiac Surgery instrument set
3	Flow Track Cardiac Output Monitoring (EV1000)
4	Sander's Jet Ventilator for Emergency Airway
5	ENT Coblator system with standard set of wands
6	Automated Identification and antibiotic susceptibly system
7	Automated Semen Analvzer
8	Histopatholoav fully automated H& E slide Stainer
9	Fully Automated IHC Stainer
10	Auto PAP cervical cancer screening system with HPV
11	Automatic components preparation machine
12	Visual Field Analyzer
13	Cystoscope paediatric cystoscope
14	Flow Cvtometer
15	Flexible cysto-nephoscoov
16	T Piece Resuscitator
17	CO2 Fraction Laser
18	Diode Laser
19	Q-Switched ND YAD Laser
20	Video Bronchoscope set Adult, Paediatric, and Neonatal
21	Suraical Opera
22	Cavitational /Cavitron - Ultrasonic Suraical Aspirator (GUSA)
23	Endobronchial Ultrasound System
24	Rotary Microtome
25	Magnifying surgical loups
26	Endoscopic Saphenous Vein Harvesting (EVH) System
27	Intra operative Imaging and TTFM for CT Surgery
28	DEXAScan
29	Radio surgery equipment
30	Near Infrared Spectroscopy
31	Fluid theraov
32	Near Infrared Spectrometer (NIRS)
33	Electro Physioloav (EP) System
34	TOF Monitor/Watch for Neuro Muscular block
35	Transcranial Doppler
36	Low Temperature Hydrogen Peroxide Gas Steriliser
37	Mannequins (Laerdal) for training of CPR for COVID Preparedness
	a) Intubation
	b) Cardio Pulmonary Resuscitation (CPR)
	c) Peripheral, Central and Arterial Cannulation
	d) Front of neck Access (Cricothyroidotomy and tracheostomy)
38	Image Analysis Tools/Trinocular Compound Phase Contrast Microscope for Andrology Lab

39	Gas Analysis Apparatus Halden's Student Type
40	Gas Analyzer Automatic for CO2,O2 and N2
41	High end Operating Microscope
42	Plasma Coblation System
43	Stroboscope
44	ENT Skull Base Navigation System
45	Automated Microbial Identification and Sensitivity System
46	NAT Analyzer
47	Cryostat
48	Vitek2-Automated Microbioloay Susceptibility Testing Analyser
49	FFR Machine (Fractional Flow Reserve)
50	VIDAS
51	Kinafisher Flex
52	ACL Elite
53	Cytoprep Centrifuge withVortex Mixer
54	Antigen Retrieval System
55	Trans Oesophageal Echo Cardiograph
56	IVUS -Volcano
57	STERRAD-100 NX All Clear
58	Minimally Invasive Cardiac Instruments
59	lmpella
60	Endouroloay set
61	Cystoscope Karl Storz
62	Video Endoscoov Systems
63	FloooY wire with extra suooort O Coronary Angioplasty
64	Fully Automated Non-Contact Tonometer
65	Optical Biometer
66	Phaco Machine with Posterior and Anterior Vitrectomy
67	Portable Ultrasound Machine for Anaesthesia and Vascular Access
68	Activated Clottina Time Machine
69	Thromboelastoaram (TEG)I Thromboelastometer/ ROTEM
70	Bone Anchored Hearina Aid (BAHA) Sound Processor with Soft Band.
71	Cl Speech Processor for Cochlear Implant
72	Bi-Ventricular Pacemaker with Quadripolar LV Lead
73	DDDR with Matching Electrodes Pacemaker
74	MRI Conditional Automatic Implantable Cardioverter Defibrillator (AICD)
75	MR1 Conditional Cardiac Resynchronisation Therapy- Pacing (CRT- P)
76	Single Chamber (SSI) MRI Compatible Pacemaker
77	Sinale Chamber Temporary Pacemaker
78	Non-complain /semi complain /CTO coronary balloon.
79	Vacuum Heart Stabilizer System for off Pump CABG
80	Expandable Corpectomy device
81	Biomimetic Synthetic Absorbable Dural substitute of sizes
82	AO TRS Modular Drive for Drill/Reamer
83	AO TRS Modular Sagittal saw system
84	Battery Oscillator
85	Arthroscopy Systems
86	Navigation System for Neurosurgery & Orthopaedic Surgery
87	Time Lapse Embryo Imaging System
88	Portable Mobile Endoscoov Unit
89	Crvoorobe
90	Isothermal Calorimeter (ITC)
91	Electrical lmoedance Tomograohv

92	FNIRS (Functional Near Infra-Red Spectroscopy) System
93	Automated Hand-Held Analyzer
94	Automated High Throughput Liquid Based Cytology (LBC) System
95	Automated IHC (lmmuno Histochemistry Stainer)
96	Automated Slide Stainer for Histopathologv
97	3T Digital PET/MR
98	Dual Particle Cvclotron on buyback basis
99	Sweat Collection and Chloride Estimation
100	Automated Bronchoscope Cleaning Equipment
101	Electronics and console for the existing 700 MHz NMR Spectrometer
102	Video bronchoscope with mobility of tip in four directions
103	Freeze Facture System
104	Cryo Plunge Freezing Unit
105	Biological High- Resolution Atomic Force Microscopy
106	Carbon Coater (Evaoorator) for grids
107	Hemostasis Analyzer Svstem
108	Auricular Reconstruction Set
109	Thin Laver Chromatography Liner Analyser for lipid analysis
110	Digital Slide Scanner System
111	Full Endoscopic lumbar IT & ED set
112	Rapid Blood/Fluid Flow warmer
113	Fully Automated Computerized Archival System for Histopathology & Cytology Slides
114	Vacuum Assist Drainage Controller Device
115	VAP Care System
116	Cryoablation Unit
117	3D Printer Hardware with SLA (LFSJ TM Technology and Machine interface software
118	Transcutaneous Oxygen Monitor
119	Non-Invasive Jugular Oximetry Monitor
120	Dedicated Solid-state cardiac SPECT Camera
121	Hemodynamic Recorded for Cardio Vascular Lab
122	Gel Documentation Svstem
123	Automatic Colony Counter
124	Droplet Digital Polymerase Chain Reaction Svstem (PCR)
125	Multi-block PCR Machine
126	Integrated Automated Charting System upgradable for ICU Monitoring System
127	Viscoelastic Global coagulation Testing Device
128	Robotic Surgery System with accessories

ANNEXURE 4: MODEL CLAUSE/ CERTIFICATE TO BE INSERTED IN TENDERS ETC. W.R.T ORDER VIDE OFFICE MEMORANDUM F. NO. 6/18/2019-PPD DATED 23RD JULY, 2020 (PUBLIC PROCUREMENT NO. 1) ISSUED BY DEPARTMENT OF EXPENDITURE, MINISTRY OF FINANCE, GOVT. OF INDIA

(Refer Appendix-5 for the policy as per office memorandum F. No. 6/18/2019-PPD dated 23rd July, 2020 (Public Procurement no. 1) issued by Department of Expenditure, Ministry of Finance, Govt. of India)

Model Certificate to be incorporated in tender document

Exihibit - I

UNDERTAKING TOWARDS COMPLIANCE OF PROVISIONS FOR RESTRICTIONS ON PROCUREMENT FROM A BIDDER OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA

(To be typed on the letter head of the bidder)

Ref. No_____
Date:_____

Tender No. _____Date:_____

OIL INDIA LIMITED
MATERIALS DEPARTMENT,
DULIAJAN, ASSAM, INDIA

Dear Sirs,

We, M/s _____, have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; we certify that we are not from such a country/or if from such a country, have been registered with the Competent Authority. We hereby certify that we fulfil all requirements in this regard and are eligible to be considered. [wherever applicable, evidence of valid registration by the Competent Authority shall be attached]

Yours faithfully,
For (type name of the firm here)

Signature of Authorised Signatory
Name:
Designation:
Phone No.
Place:
Date:
(Affix Seal of the Organization here, if applicable)

Exihibit – II

UNDERTAKING FOR WORKS INVOLVING POSSIBILITY OF SUB-CONTRACTING

(To be typed on the letter head of the bidder)

Ref. No_____
Date:_____

Tender No. _____Date:_____

OIL INDIA LIMITED
MATERIALS DEPARTMENT,
DULIAJAN, ASSAM, INDIA

Dear Sirs,

We, M/s _____ , have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such-countries, we certify that we are not from such a country/or if from such a country, have been registered with the Competent Authority and will not sub-contract any work to a contractor from such countries unless such contractor is registered with the Competent Authority. We hereby certify that we fulfil all requirements in this regard and is eligible to be considered. [wherever applicable, evidence of valid registration by the Competent Authority shall be attached]

Yours faithfully,
For (type name of the firm here)

Signature of Authorized Signatory
Name:
Designation:
Phone No.
Place:
Date:
(Affix Seal of the Organization here, if applicable)

Exihibit – III

ADDITIONAL UNDERTAKING BY BIDDER IN CASES OF SPECIFIED TRANSFER OF TECHNOLOGY

(To be typed on the letter head of the bidder)

Ref. No_____
Date:_____

Tender No. _____Date:_____

OIL INDIA LIMITED
MATERIALS DEPARTMENT,
DULIAJAN, ASSAM, INDIA

We, M/s _____, have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. We certify that we do not have any ToT arrangement requiring registration with the competent authority.

OR

We, M/s _____, have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. We certify that we have valid registration to participate in this procurement. [Evidence of valid registration by the Competent Authority shall be attached]

Yours faithfully,
For (type name of the firm here)

Signature of Authorised Signatory
Name:
Designation:
Phone No.
Place:
Date:
(Affix Seal of the Organization here, if applicable)

Note: This form should be returned along with offer duly signed.

ANNEXURE 5(A): INVITATION AND DECLARATION FOR NEGOTIATIONS

(Refer Para 7.12 of Chapter 7)

Invitation for Negotiations

(On letterhead of the procuring entity)

Ref. No: _____ Date:_____

To,

M/s.

Sub: Tender No ---------- for the supply of ----------

Dear Sir/Madam,

The rates quoted in your tender are considered high. You are therefore, requested to come for negotiations of rates, on..... (date) at..... (time) at....(venue).

You should, however, come for negotiations only in case you are prepared to furnish before such date the declaration appended herewith.

A copy of the form in which you may submit your revised offer after negotiations is enclosed.

Yours faithfully,

(Authorised Officer)

Enclosure:

i) Form of Declaration
ii) Form of Revised Offer

FORM OF DECLARATION

(To be signed and submitted before start of negotiations)

(On company letterhead)

Ref No: _____ Date:_____

To,

M/s.

Sub: Tender No----------for the supply of----------

Ref: Your invitation for negotiations No: dated:

Dear Sir/Madam,

_____ is duly authorised on behalf of M/s. _____ to declare that in the event of failure of the contemplated negotiations relating to Tender No._____ my/our original price against the tender shall remain open for acceptance.

Yours faithfully,

Signatures of bidder,
or
officer authorized to sign the bid documents
on behalf of the bidder

Place:_____

Date:_____

ANNEXURE 5(B): FORMAT OF REVISED OFFER IN NEGOTIATIONS

(Refer Para 7.12 of Chapter 7)

Revised Offer in Negotiations

(On company letterhead)

From.....

Full address.....

To .....

Sir/Madam,

Sub: **Tender No** .....**for the supply of** .....

Ref: Your invitation for negotiations no: .....dated:.....

A. On further discussions with your representatives on..... in response to your letter no ..... dated....., we are not prepared to reduce the rates already quoted in the original tender, which will remain valid up to.....

Or

B(1) I/ we reduce my/our rates as shown in the enclosed schedule of items.

B(2) I/ we am/are aware that the provisions of the original bidding document remain valid and binding on me. I/we agree to abide by this tender on the revised rate quoted by me/us, it is open for acceptance for a period of _____(additional validity required to be mentioned by Procuring officer) days from this date, *i.e.*, up to_____ and in default of my/our doing so, I/we will forfeit the earnest money deposited with the original tender/attached herewith.

Yours faithfully,

Signatures of bidder or
officer authorised to sign the bid documents
on behalf of the bidder

ANNEXURE 6: EXAMPLE OF FORMULA FOR PRICE VARIATION CLAUSE

(Refer Para 6.5 of Chapter 6)

(The formula for price variation should ordinarily include a *fixed element,* a *material element and* a *labour element. The figures representing the material element and the labour element should reflect the corresponding proportion of input costs, while the fixed element may range from 10 to 25% (ten to twenty-five percent). That portion of the price represented by the fixed element and profits and is not subject to variation. The portions of the price represented by the material element and labour element along will attract price variation.)*

The formula for price variation will thus be:-

$$Pa = Po\left[\frac{\left(F + a\left(\frac{M1}{Mo}\right) + b\left(\frac{L1}{Lo}\right)\right)}{100}\right] - Po$$

Where:

- Pa is then adjustment amount payable to the supplier (a minus figure will indicate a reduction in the contract price) on the date of supply.
- Po is the contract price on the base date (which is taken as the date on which tender is due to open).
- F is the fixed element (as the percentage of the total price) not subject to price variation.
- a is the assigned percentage to the material element in the contract price.
- b is the assigned percentage to the labour element in the contract price. (F, a and b being percentages should total 100)
- Lo and L1 are the average wage indices for the quarter before the quarter in which base month falls and for the quarter before the quarter in which date of supply falls; respectively. For example for a tender opening on March 17, 2016 (base date), Lo would be average wage index for the quarter of Oct-Dec 2015.
- Mo and M1 are the material prices/indices as average of the month, two month prior to the month in which base month falls and average of the month, two month prior to the month in which date of supply falls, respectively. For example, for a tender opening on March 17, 2016 (base date), Mo would be prices/index as average of the month of January 2016. All material prices/indices will be basic prices without excise duty and without any other central, state, local taxes and duties and Octroi.
- If more than one major item of material is involved, the material element can be broken up into two or three components such as Mx, My, Mz.
- The following conditions would be applicable to price adjustment:
- Base dates shall be due dates of opening of bids (technical bid in two or three envelop/cover system).
- Date of supply shall be the date of calculation/determination of the price variation.
- No price increase is allowed beyond original delivery period.
- No price adjustment shall be payable on the portion of contract price paid to the seller as an advance/interim payment after the date of such payment.
- Total adjustment will be subject to maximum ceiling of %.
- No price adjustment shall be payable if this is less than or equal to 2% (two percent) of Po.
- Payments for each supply would initially be made as per the base price mentioned in the contract. Price adjustment bill should be submitted only quarterly for the supplies made during the quarter.
- In GTE tenders extra care should be taken in selecting the price indices. Preferably the price indices should be from the same country and of same currency as the country and currency of the bidder. In case price is in a currency of a country where inflation is low and the indices are from country with much higher inflation rates,

(M1/Mo) and (L1/Lo) should be multiplied by a correction factor of exchange rates (Eo/E1), where Eo is the exchange rate of country of M and L indices with reference to currency of price P. For example, if M&L are from India and Pis in$, then Eo is Number of Rs. in a$ on base date and E1 is the exchange rate on determination date.

- Even if there is no price adjustment claim, supplier must submit all relevant data to prove that there is no downward variation. In any case he must submit a declaration as follows;

"It is certified that there has been no decrease in the price of price variation indices and in the event of any decrease of such indices during the currency of this contract we shall promptly notify the same to the purchaser and offer requisite reduction in the contract rate."

ANNEXURE 7: INCOTERMS

(Refer Para 6.8 of Chapter 6)

More Common Terms in Incoterms							
TERM SERVICE	EXW Ex-Works	FCA Free Carrier	FAS Free Alongside Ship	FOB FOB Vessel	CFR Cost & Freight	CIF Cost Insurance & Freight	CPT Carriage Paid to
	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays
Warehouse storage at point of origin	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Warehouse labour at point of origin	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading at point of origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller
Inland freight	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Port receiving charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Forwarders fee	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Loading on ocean carrier	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller
Ocean/air freight charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Insurance charges for transit risk of the buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
Charges at foreign port/airport	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Customs, duties & taxes abroad	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Delivery charges to final destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

ANNEXURE 8: FORMAT FOR EXTENSION OF DELIVERY PERIOD/PERFORMANCE NOTICE

(Refer Para 9.7.6 of Chapter 9)

Registered A / Dor

Extension of Delivery Period/Performance Notice

To,

M/s. *(name and address of form)*

Sub: Contract No ---------- dated ----------for the supply of----------

Ref: Your letter no. ---------- **dated:** ----------

Dear Sir,

1. You have failed to deliver {the (fill in qty.) of Stores/ the entire quantity of Stores} within the contract delivery period [as last extended up to (fill in date). In your letter under reference you have asked for [further] extension of time for delivery. In view of the circumstances stated in your said letter, the time for delivery is extended from (fill in date) to (fill in date)

2. Please note that notwithstanding the grant of this extension in terms of Clause (fill in clause number) of the subject contract an amount equivalent to.....% (.....per cent) of the delivered price of the delayed goods for each week of delay or part thereof (subject to the ceiling as provided in the aforesaid clause) beyond the original contract delivery date/the last unconditionally re-fixed delivery date (as & if applicable), viz., (fill in date) will be recovered from you as liquidated damages. [You may now tender the Stores for inspection [balance of the Stores] in terms of this letter. Stores if any already tendered by you for inspection but not inspected will be now inspected accordingly.]

3. You are also required to extend the validity period of the performance guarantee for the subject contract from (fill in present validity date) to (fill in required extended date) within 15 (fifteen) days of issue of this amendment letter.

4. The above extension of delivery date will also be subject to the following Denial Clause.

5. That no increases in price on account of any statutory increase in or fresh Imposition of customs duty, GST or on account of any other taxes/duty, including custom duty), leviable in respect of the Stores specified in the said contract which takes place after (insert the original delivery date) shall be admissible on such of the said Stores, as are delivered after the said date; and.

   a) That notwithstanding any stipulation in the contract for increase in price on any other ground including foreign exchange rate variation, no such increase which takes place after (insert the original delivery date) shall be admissible on such of the said Stores as are delivered after the said date.

b) But nevertheless, the purchaser shall be entitled to the benefit of any decrease in price on account of reduction in or remission of customs duty, GST or on account of any other Tax or duty or on any other ground as stipulated in the price variation clause or foreign exchange rate variation which takes place after the expiry of the above-mentioned date namely (insert the original delivery date)

6. All other terms and conditions of the contract remain unaltered. This is without any prejudice to purchasers' rights under the terms and conditions of the subject contract.

7. Please intimate your unconditional acceptance of this amendment letter within 10 (ten) days of the issue of this letter failing which the contract may be cancelled at your risk and expense without any further reference to you.

Yours faithfully,

(Authorized Officer)

Name & Designation

Note: *Select one option within { } brackets; delete portion within [ ] brackets, if not applicable; fill in () brackets. Brackets and this note are not to be typed.*

Substitute following first para instead of first para in format above, for issuing a *performance notice.*

1. You have failed to deliver {the (fill in qty.) of Stores/ the entire quantity of Stores} within the contract delivery period [as last extended up to (fill in date). In spite of the fact that the time of delivery of the goods stipulated in the contract is deemed to be of the essence of the contract, it appears that (fill in the outstanding quantity) are still outstanding even though the date of delivery has expired. Although not bound to do so, the time for delivery is extended from (fill in date) to (fill in date)and you are requested to note that in the event of your failure to deliver the goods within the delivery period as hereby extended, the contract shall be cancelled for the outstanding goods at your risk and cost.

ANNEXURE 9: MODEL FORMAT FOR CORRESPONDENCE WITH SUPPLIER AFTER EXPIRY OF DELIVERY DATE

(Ref Para 9.9 of Chapter 9)

Registered Acknowledgement Due

To

M/s .....

Sub: Contract No.....dated.....for supply of.....

Dear Sir / Madam,

The date of delivery of the subject contract expired on _____.Since supplies against the same have not yet been completed, there is a breach of the contract on your part. As information is required regarding past supplies against this contract, you are requested to send the particulars regarding the quantity supplied so far [and, also, the quantity inspected so far, but not yet dispatched and the quantity ready but so far not tendered for inspection] before the expiry of the date of delivery.

The above information is required for the purpose of verification of our records and is not intended to keep the contract alive and does not waive the breach. This is without prejudice to the rights and remedies available to the purchaser in terms of the contract and law applicable in this behalf.

Yours faithfully,

(Name & Designation)

for.....

Note: *Delete portion within [ ] brackets, if not applicable. Brackets and this note are not to be typed.*

ANNEXURE 10: NO CLAIM CERTIFICATE

(Refer Para 6.2.4 of Chapter 6)

(On company letterhead)

To,

(Contract Executing Officer)
Procuring Entity

NO CLAIM CERTIFICATE

Sub: Contract Agreement no. ---------- dated ----------for the supply of ---

We have received the sum of Rs._____ (Rupees_____ _____ only) in full and final settlement of all the payments due to us for the supply of under the abovementioned contract agreement, between us and Oil India Limited. We hereby unconditionally and without any reservation whatsoever, certify that with this payment, we shall have no claim whatsoever, of any description, on any account, against Oil India Limited, against aforesaid contract agreement executed by us. We further declare unequivocally, that with this payment, we have received all the amounts payable to us, and have no dispute of any description whatsoever, regarding the amounts worked out as payable to us and received by us, and that we shall continue to be bound by the terms and conditions of the contract agreement.

Yours faithfully,

Signatures of contractor
or
officer authorised to sign
the contract documents
on behalf of the contractor
(company stamp)

Date:_____
Place:_____

CHECKLIST/ FORMATS

OIL INDIA LIMITED

Purchase Requisition Checklist (Goods) F-4

(To be filled up by Indenting/User Department)

Sr. No.	Description	Whether incorporated in PR
1	Description of Goods mentioned	Yes/No
2	PR Value and basis of Cost Estimate maintained in header text [Principles of Cost Estimation].	Yes/No
3	Purchasing group and Purchase Organization checked and are mentioned in PR	Yes/No
4	Whether the items are intended to be used in PEL/ML areas?	Yes/No
5	Whether Inst & Comm of the indented item is applicable?	Yes/No/NA
5A	If yes, whether the no. of days required for installation jobs from the date of communication of site readiness to the supplier is clearly defined?	Yes/No
6	If Annual Maintenance Contract (AMC) of the indented item is required, mention the period? [for type tick mark whichever is relevant]	_____ Years
6A	Comprehensive Maintenance Contract (CMC)	☐
6B	Non-Comprehensive Maintenance Contract (NCMC)	☐
7	Whether Third Party Inspection of the indented item is required?	Yes/No/NA
8	Whether the specifications of the items are exactly same as that contained in the Budgetary Quotation / Last Purchase Order?	
9	In case the list of spares is required in the tenders involving capital items, whether prices of such spares will be considered for priced evaluation or not?	Yes/No
10	Whether the OEM of the indented item is of Indian Origin or of Foreign Origin?	Yes/No
11	For Indigenous PR, **GeM Product id** provided	Yes/No
11A	**GeM Product id** does not exist for the PR item	☐
12	Whether applicable 'Procurement Source Code' under 'Customer Data' tab selected (except Proprietary Stock PR)?	Yes/No
13	Check Procurement source code is entered correctly in the PR [to attract correct release strategy as per DoP]	Yes/No
14	Applicability of MSEs	Yes/No/NA
	• Exclusively for MSEs	☐
	• MSE Benefit as per Public Procurement Policy for MSE	☐
15	Special Operational Urgency mentioned (If applicable)	Yes/No
16	For PR with "Urgency Tag", whether brief justification/reason for urgency is mentioned.	Yes/No
17	Location of Delivery mentioned	Yes/No
18	Attachments (approval/drawing/any other important documents) are uploaded through "Document Management System (DMS)" of the PR.	Yes/No
19	Delivery period mentioned	Yes/No
20	BEC/BRC for the PR attached	Yes/No/NA

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21	Complete specification attached	Yes/No
22	Special Terms & Conditions (if applicable) attached	Yes/No/NA
23	Warranty Period mentioned	Yes/No
24	Pre-Bid requirement stated, if required	Yes/No
25	Requirement Justification provided	Yes/No
26	Drawing/Sketch, if applicable (attached)	Yes/No/NA
27	Budget provision and Expenditure Sanction with fund allocation mentioned	Yes/No /NA
28	For limited tender basis beyond the threshold limit for limited tender, whether approval of competent authority obtained and the names of the parties to whom the limited tender is to be sent is specified in PR.	Yes/No/NA
29	For single source/nomination basis, whether approval of competent authority obtained with full justification as to resorting to nomination basis tender.	Yes/No
30	For proprietary basis, whether approval of competent authority obtained and certified in the PR itself that the item-is proprietary in nature and there is no other alternative.	Yes/No/NA
31	Time schedule for utilization of material/equipment being procured including schedule of readiness of the front/site for erection and commissioning, if any	Yes/No
32	PR released and approved from competent authority as per DOP	Yes/No
33	For furniture PR's, whether the item would be procured as per existing circular of Planning Department?	Yes/No/NA
34	For medicine PR's, whether approval of Drug Purchase Committee attached?	Yes/No/NA
35	Whether the tendered items are splitable	Yes/No
36	Whether the HSN Code of the items has been incorporated in the PR?	Yes/No
37	In case of multiple line items in PR, whether the items/services are to be procured from the same source or not?	Yes/No
38	Any other	Yes/No

Signature			
Name			
Date			
Designation			
	PRP BY	CHK BY	REV BY

OIL INDIA LIMITED

Purchase Requisition Checklist (Services/Works) F-4

(To be filled up by Indenting/User Department)

Sr. No.	Description	Whether incorporated in PR
1	Description of Works/Services mentioned	Yes/No
2	Whether requirement is for Works Contract	Yes/No/NA
3	PR Value and basis of Cost Estimate maintained in header text [Principles of Cost Estimation]. Cost should be excluding GST component	Yes/No
4	Purchasing group and Purchase Organization checked and are mentioned in PR as per the nature of procurement & required Group of Buyers	Yes/No
5	Whether the services are intended to be used in PEL/ML areas?	Yes/No
6	Whether latest minimum labor wages are complied with or not	Yes/No
7	For Indigenous PR, GeM Category of Services provided	Yes/No
7A	GeM Category of Services does not exist for the PR item/services	☐
8	Whether applicable 'Procurement Source Code' under 'Customer Data' tab selected?	Yes/No
9	Check Procurement source code is entered correctly in the PR [to attract correct release strategy as per DoP]	Yes/No
10	Internal estimate is sent to Contracts department separately in sealed envelope clearly indicating PR No.	Yes/No
11	Service Line Items and quantities in the PR is matching with the IE format	Yes/No/NA
	• Exclusively for MSEs	☐
	• MSE Benefit as per Public Procurement Policy for MSE	☐
	• No MSE Benefit Clause (in case of Works contract, QCBS etc.)	☐
12	Special Operational Urgency mentioned (If applicable)	Yes/No
13	For PR with "Urgency Tag", whether brief justification/reason for urgency is mentioned.	Yes/No
14	First time procurement mentioned - Whether approval of Competent authority obtained	Yes/No/ NA
15	Location of Works/Services mentioned	Yes/No
16	Firm Period of contract in case of Works/Services	Yes/No
17	Attachments (approval/drawing/any other important documents) are uploaded through "Document Management System (DMS)" of the PR.	Yes/No
18	Mobilization period mentioned	Yes/No
19	BEC/BRC for the PR attached	Yes/No/NA
20	Complete Scope of work / specification attached	Yes/No
21	Priced Bid Format / SOR attached	Yes/No/NA
22	Special Terms & Conditions (if applicable) attached	Yes/No/NA
23	Defect liability Period/Warranty Period mentioned	Yes/No
24	Pre-Bid requirement stated, if required	Yes/No

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25	Requirement Justification provided	Yes/No
26	Drawing/Sketch, if applicable (attached)	Yes/No
27	Budget provision and Expenditure Sanction with fund allocation mentioned	Yes/No
28	For limited tender basis beyond the threshold limit for limited tender, whether approval of competent authority obtained and the names of the parties to whom the limited tender is to be sent is specified in PR.	Yes/No/NA
29	For single source/nomination basis, whether approval of competent authority obtained with full justification as to resorting to nomination basis tender.	Yes/No
30	For proprietary basis, whether approval of competent authority obtained and certified in the PR itself that the item/services is proprietary in nature and there is no other alternative.	Yes/No
31	GCC of tender studied and deviations/exclusions from GCC (In respect of Insurance Clauses, HSE Clauses. LD/Penalty Clauses etc. and wherever applicable) mentioned in the SCC for Service PR	Yes/No/NA
32	PR released and approved from competent authority as per DOP	Yes/No
33	In case of civil service PR	
33A	Whether tender is reserved for OIL registered contractors as per IPM clause 43.4 (i)	Yes/No
33B	If yes, class of contractors for which the tender is reserved -(A/B/C/D)	A / B /C / D
33C	In case of open tender, whether necessary exemption clause for registered contractors is incorporated as per IPM clause 43.4 (ii) and (iii)	Yes/No
	Whether the tendered items are splitable	Yes/No
34	Whether the SAC Code of the item/services has been incorporated in the PR?	Yes/No
35	Any other	Yes/No

Signature			
Name			
Date			
Designation			
	PRP BY	CHK BY	REV BY

OIL INDIA LIMITED

Bid Evaluation Criteria Checklist F-5

(To be filled up by C&P Department)

Sr. No.	Tender Check Points	Whether incorporated in BEC/BRC
1	PR Checked and found that all the necessary parameters are maintained and released in the system	Yes/No
2	In-principle approval obtained, if applicable [First Time procurement (other than spares) or Nomination]	Yes/No
3	Cost-Estimation provided [For Services in sealed envelope]	Yes/No/NA
4	**BRC Technical Clauses to be checked – maintained in the BEC**	
•	Technical Experience Criteria [Eligibility Criteria as per Manual / Approval]	Yes/No
•	Similar Works/Goods Definition (if applicable)	Yes/No/NA
•	Supporting documents Requirements	Yes/No
•	JV Clause (if applicable)	Yes/No/NA
•	Parent Subsidiary Clause (if applicable)	Yes/No/ NA
•	Sister/Co-Subsidiary Clause (if applicable)	Yes/No/ NA
•	Consortium Clause (if applicable)	Yes/No/ NA
•	Mobilization/Delivery Requirements Clause	Yes/No
•	Any other technical qualification criteria	Yes/No
5	**BRC Financial Clauses to be checked – maintained in the BEC**	
•	Annual Financial Turn-over Criteria	Yes/No
•	Net Worth Criteria	Yes/No
•	Working Capital Criteria (if applicable)	Yes/No/ NA
•	Bid Capacity Clause (if applicable)	Yes/No/ NA
•	Supporting documents Requirements	Yes/No
•	Consortium/Parent/Subsidiary clause (if applicable)	Yes/No/ NA
•	Any other financial qualification criteria	Yes/No
6	**BRC Commercial Criteria**	
•	Bid Security Amount and Validity	Yes/No
•	Bid validity	Yes/No
•	Integrity Pact (if applicable)	Yes/No
•	Digital Signature class & type (if applicable)	Yes/No/ NA
•	TPI Document Verification Clause (if applicable)	Yes/No/ NA
•	Clause related to submission of technical and price bid separately in two bid tenders	Yes/No
•	Local Content Clause	Yes/No
7	**Price Evaluation/Award Criteria**	

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•	Award Criteria	Yes/No
•	Purchase Preference Clause to MSE Bidders	Yes/No
•	Purchase Preference Clause with Local Content	Yes/No
•	Splitting Provision (if splitable)	Yes/No/ NA
•	Price Matching Criteria (if applicable)	Yes/No
8	Bid **Evaluation Criteria**	
•	Document Authenticity Clause/Undertaking	Yes/No
•	Compliance of the competition act, 2002	Yes/No/NA
9	**Customs Duty Clause**	Yes/No
10	Integrity Pact (if applicable)	Yes/No/ NA
11	Land Border Sharing Clause	Yes/No
12	Any other	

Signature			
Name			
Date			
Designation			
	PRP BY	CHK BY	REV BY

OIL INDIA LIMITED

Content of Tender Documents F-6

(To be filled up by C&P Department)

The main sections of the Tender documents are:

1. Forwarding Letter / Notice Inviting Tender (NIT)
2. Instruction to Bidders (ITB)
3. Bid Evaluation Criteria
4. Technical Specifications (including Drawings))/Scope of Work and Quality Assurance (Inspections and Tests)
5. General Condition of Contract (GCC)
6. Special Conditions of Contract (SCC) (Redundant/obsolete clauses of GCC may be modified/deleted through a separate section in SCC)
7. Health, Safety and Environment
8. Schedule of Rates (SOR)
9. Standard formats
   - i) Bid Form / Cover Letter
   - ii) Price Bid Format / Price Schedule / SOQ / SOR
   - iii) Import declaration format
   - iv) Statement of Compliance
   - v) Bid Security / EMD and Performance Bank Guarantee
   - vi) Technical Evaluation Sheet for BEC / BRC
   - vii) Integrity Pact
   - viii) Contract Agreement Form
   - ix) Format of Undertaking Towards Submission of Authentic Information/Documents
   - x) Letter of Authority & Authorization for attending Bid Opening Others
   - xi) Schedule of company's plants, materials, and equipment (Responsibility matrix, if applicable)
   - xii) Any other proforma/annexure

OIL INDIA LIMITED

Check List for Tender Preparation F-7

(To be filled up by C&P Department)

Sr. No.	Tender Check Points	Check before floating Tick (✓)
1	PR Checked and found that all the necessary parameters are maintained and released in the system	
2	In-principle approval obtained, if applicable [First Time procurement or Nomination or proprietary]	
3	Cost-Estimation obtained in sealed envelope (NA for Goods)	
4	EMD/ Bid Security incorporated as mentioned in Contract & Purchase Manual	
5	Bid validity Incorporated	
6	PBG clause incorporated (including validity of PBG and submission timeline)	
7	Pre-Bid (if applicable) (Tentative Date, Time & Venue)	
8	Pre-bid query submission deadline	
9	Mobilization (including interim mobilization/demobilization/staggered mobilization) / delivery clause incorporated	
10	Applicable Instruction to Bidders (ITB) incorporated and to be reckoned from defined categorically in tender	
11	Duration of contract, extension provisions, commencement of operation defined categorically in tender i.e. LOA/Mobilization Notice	
12	Provision of mutually agreed rates, terms, and conditions under extension provision (if any) kept in tender	
13	BEC/BRC checked and found in line with Contract & Purchase Manual or approval obtained from competent authority as per DoP wherever applicable	
14	Applicable SCC, Technical Specification including Scope of Work has been incorporated	
15	Applicable HSE incorporated	
16	Applicable / Required Insurance Clause incorporated	
17	Applicable LD & Penalty clauses incorporated	
18	Standard GCC incorporated	
19	Price bid format Incorporated	
20	Defect liability period / Warranty Clause (if any)	
21	Integrity pact Incorporated (If applicable)	
22	MSE clause incorporated (if applicable)	
23	Local content clause incorporated as per Govt. Policy	
24	Payment Terms clause incorporated	
25	Taxes & duties clause incorporated	
26	Third Party Inspection & Testing etc. incorporated	
27	Settlement of Dispute / Dispute Resolution clause incorporated	
28	Banning Clause incorporated	
29	Force Majeure clause incorporated	

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30	Set-off clause incorporated	
31	Price Variation Clause & formula (if applicable) incorporated	
32	Sub-Contractors Clause	
33	All forms including EMD & PBG format, Contract Agreement format, bid form declaration, Letter of Authority for attending a Pre-bid Conference/ Bid Opening etc. have been checked and incorporated.	
34	Third Party Document verification clause (if applicable)	
35	Whether short bidding period required i.e. less than bidding time as per IPM and approval of the same has been obtained	
36	In case of Global Tender:	
	i) Whether GTE approval obtained for tender below INR 200 Cr.	
	ii) Whether NOC from Ministry of Steel obtained for Tender for steel items	
	iii) Land border sharing clause incorporated (applicable for indigenous tenders as well)	
	iv) Whether Item checked from exemption list of Ministry of Electronics & Information Technology (MEITY).	
	v) Whether Customs duty Clause incorporated	
	vi) Whether clause in regard of Regulation of Indian Agents/Associates of foreign principles incorporated	
	vii) Whether Item checked from exemption list of Ministry of Health and Family welfare (MOHFW).	

Signature:		
Name:		
Date:		
Designation:		
	Checked by	**Checked by***
	(Tender floating officer – C&P)	**(Sectional-Head – C&P)**

***Note: Checked by Sectional Head – C&P is not required for tenders valuing up to Rs. 2 Crores.**

OIL INDIA LIMITED

Pre-Bid Meeting Minutes Format F-8

(To be filled up by C&P Department)

Tender No.

Name of Work:

Date & Time:

Venue:

The pre-bid meeting was organized to address the queries raised by the bidders for the said tender within the pre-bid query submission deadline. OIL discussed and clarified the queries pointwise. The queries received & clarifications given, if any during the meeting are placed as **Annexure –I**. It was mentioned in the meeting that the final reply against each pre-bid query shall be published in tender portal and same will be treated as part of the Tender conditions and shall be binding to both OIL and Bidders.

The meeting ended with a vote of thanks to the chair.

OIL's Representative		Bidder's Representative		
Sr. No.	Signature, Name, Designation & date	Sr. No.	Signature, Name, Designation & date	Firm's Name
1		1		
2		2		
3		3		
4		4		
5		5		
6		6		
7		7		
8		8		
9		9		
10		10		

OIL INDIA LIMITED

Technical Bid Opening Format F-9

(Not Applicable for GeM Tenders/Proprietary Tenders/Nomination tenders)

(To be filled up by C&P Department)

Tender No.		EMD / Bid Security Amount &Validity	
Description of Works/Services/Goo		Bid Closing Date / Time (Original)	
PR No.		Bid Closing Date / Time (Actual)	
Bid Validity		Bid Opening Date / Time (Actual)	

1. **Bids received before deadline.** The following bids were received by the closing deadline on _____ at ____ hrs. and were opened in presence of representatives of bidders.

Bid der No.	Bidder (s) Name	Bid Security Amount or exemption certificate	Bid Security Reference No. & Date	Organization name and Name against the DSC	Remarks
1					
2					

2. **Bidder/ Bidder's representatives**. The following Bidders' representatives attended the opening of bid.

No	Name of Bidder's Representative	Designation	Name of Bidder
1			

3. Matters transpiring during the opening of bids: ***[any withdrawals, substitutions, modifications, complaints received, and/or clarifications made or announced by the bid opening committee should be recorded]:***

Signature:		Signature:	
Name & Designation:		Name & Designation:	
	(C&P Member)		(F&A Member)

Note: Either Format F-9 or Tender Register to be maintained

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OIL INDIA LIMITED

Commercial Scrutiny Report Format F-10

(Initial/Reviewed after representation)

(To be filled up by C&P Department)

Tender No.		Department	
Description of Works		Bid Closing Date (Original)	
		Bid Closing Date (Actual)	

Sl. no.	Description	As per NIT	M/s ….	M/s….
1	EMD / Bid Security (Amount & Validity)			
2	EMD / Bid Security exemption Certificate with validity			
3	Bid Validity Period			
4	Terms of Delivery (For procurement of goods/materials)			
5	Payment Terms (For procurement of goods/materials)			
6	Integrity Pact submitted			
7	Power of Attorney/ Authorization letter (Regarding authority for submission of bid) in prescribed format (for e-tender only)			
8	Digital Signature (Class, Type & (Organization name) (For E-Tender only)			
9	Declaration about bidder's financial standing i.e. the bidder should not be under liquidation, court receivership or similar proceedings, should not be bankrupt.			
10	Type of Bidding Entity (Proprietorship/ Partnership/ Pvt Ltd etc.)			
11	Declaration that bidder is not under holiday list/Delisted/Blacklisted/debarred in OIL			
12	Submission of undertaking by bidder for acceptance of tender T&C in prescribed format / No Deviation Format			
13	Exception & Deviations if any			
14	Undertaking towards Local Content and CA Certificate towards Local Content (as applicable)			
15	Undertaking towards submission of authentic information/documents submitted			
16	Purchase Preference sought (for e-tender only)			
17	Clarifications sought (if any)			
18	Response to clarifications			
19	Commercially Accepted/Rejected			
20	Reasons of Rejection			

Signature		
Name		
Date		
Designation	Prepared by (C&P)	Vetted by (F&A)

Legend: *CA: Commercially Acceptable, CAN: Commercially not Acceptable, NQ: Not Quoted, NF: Not Furnished, NR: Not Required, OK: Bidder Complied*

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OIL INDIA LIMITED

Financial Scrutiny Report Format F-11

(Initial/Reviewed after representation)

(To be filled up by F&A Department)

Tender No.		Department	
Description of Works		Bid Closing Date (Original)	
PR No.		Bid Closing Date (Actual)	

S. No.	Description	As per NIT	M/s	M/s
1	**Financial BEC/BRC Criteria as per Tender**			
(i)	**Financial Turn-over** as per tender			
	• Amount (year-wise)			
	• Document Type (CA certificate or Audited Financial Statements) • Document Date			
(ii)	**Net Worth as per tender** for the preceding financial /accounting year			
	• Amount			
	• Document Type (CA certificate or Audited Financial Statements) • Document Date			
(iii)	**Other Financial T&C if any**			
2	**Exception & Deviations, if any**			
3	**Clarifications sought (if any)**			
4	**Response to Clarifications**			
5	**Financially Accepted/Rejected**			
6	**Reasons for Rejection**			

Note: if any

Signature			
Name			
Date			
Designation	PRP BY(F&A)	REV BY(F&A)	APP BY(F&A)

Legend: *FA: Financially Acceptable, FNA: Financially not Acceptable, NQ: Not Quoted, NF: Not Furnished, NR: Not Required, OK: Bidder Complied*

OIL INDIA LIMITED

Technical Scrutiny Report Format F-12

(Initial/Reviewed after representation)

(To be filled up by Indenting/User Department)

Tender No.		Department	
Description of Works		Bid Closing Date (Original)	
PR No.		Bid Closing Date (Actual)	

S. No.	Clause / Sub-Clause No.	Description	As per NIT	Bidder 1		Bidder 2	
				Documents Submitted	Complied / Not Complied	Documents Submitted	Complied/ Not Complied
1		**Bid Evaluation Criteria (Technical)**					
i)		Structure of the Bid	Self/JV/Consortium/Subsidiary etc.	Document Ref.			
ii)		Technical Experience Criteria Any other technical qualification criteria Description of Similar Works		Document Ref. [PO/Contract No., Contract / Executed Value /Quantity, Completion / Execution Cert, Any other document required as per tender clause]			
iii)		Mobilization Requirements Clause		Document Ref.			
2		**Scope of Work/ Special Condition of Contract (SCC)**		Document Ref.			
3		Exception & Deviations, if any					
4		Clarifications sought (if any)					
5		Response to Clarifications					
6		Technically Accepted/Rejected					
7		Reasons for Rejection					

Technical Scrutiny Report Summary:

Signature			
Name			
Date			
Designation	PRP BY (Indenter/Scrutiny Committee)	REV BY(Indenter)	HOD (Indenter) **(Min L-4 level)**

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OIL INDIA LIMITED

Scrutiny Report Summary# F-13

(Initial/Reviewed after representation)

(To be filled up by C&P Department)

Tender No.		Department	
Description of Works		Bid Closing Date (Original)	
PR No.		Bid Closing Date (Actual)	

S. No.	Bidder	Commercial Scrutiny Report	Technical Scrutiny Report (*)	Financial Scrutiny Report (*)	Final Status (Acceptable/Rejected)	Bidder is MSME or PPLC or General
1	Bidder 1					
2	Bidder 2					
3	Bidder 3					

 # This is not applicable for Composite Bid and where Price Bid Opening Proposal are put up

Notes:

1. In case of rejection of bids, Reasons of Rejection to be intimated to the Bidder(s)
2. If Technical Scrutiny Report having more than 1 acceptable bidder is forwarded through a L-4 authority and there is no deviation & exception to the tender conditions, Price Bids (in case of two-bid tenders) to be opened only after lapse of representation submission timeline against rejection, as per Company's policy.
3. For cases other than Note 2 above, approval of competent authority as per DoP is required for opening of price bids.

Signature:		
Name:		
Date:		
Designation:	Officer (C&P) (Prepared by)	Section-Head (C&P) (Reviewed by)

*Input from Technical & Financial Scrutiny report duly approved by Head of Indenting department and/or L4 authority of Indenting department.

** If required as per the DoP provisions

Legend: CA: Commercially Acceptable, CNA: Commercially not Acceptable, TA: Technically Acceptable, TNA: Technically not Acceptable, FA: Financially Acceptable, FNA: Financially not Acceptable, NQ: Not Quoted, NF: Not Furnished, NR: Not Required, OK: Bidder Complied

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OIL INDIA LIMITED

Format for Recommendation for Price Bid Opening F-14

(To be filled up by C&P Department)

Approving Authority

Tender No.	:	
Description of Works/Item	:	
PR No.	:	
EMD / Bid Security Amount & Validity	:	
Pre-Bid Meeting (Date & Venue)	:	
Original Bid Closing Date	:	
Actual Bid Closing Date	:	
No. of extensions/ Corrigendum/Addendum if any	:	
Actual Bid Opening Date		
Approval obtained citing reasons of extension	:	
Bid Validity	:	
No. of bidders to whom enquiry issued (limited) / No. of Prospective bidders (NIT) whose attention drawn	:	

1. Justification of requirement:
2. Details of bidders who have submitted their bid within due date & time:

Sr. No.	Name of Bidders
i.	
ii.	

3. Details of Regrets /Holiday with reason

Sr. No.	Name of Bidders
i.	

4. Summary of post bid clarifications and recommendation about the Acceptance/Rejection of bidders under Techno-Commercial Scrutiny Report based on Commercial Bid Scrutiny Report , Financial Bid Scrutiny Report and Scrutiny Report Summary :

5. Details of bidders **not qualified** for priced bid opening.

Sr. No.	Name of Bidders	Bid Status (for details Ref to enclosed Scrutiny report)			Reasons of rejection
		Experience/Technical	Commercial	Financial	
i.					
ii.					

6. Details of bidders **qualified** for priced bid opening.

OIL INDIA LIMITED

Sr. No.	Name of Bidders
i.	
ii.	

7. Details about the representation against rejection received from bidder, if any:

8. Action on representation:

9. Exception/Deviation quoted:

10. Any other points:

11. Recommendation:

12. DOP Reference:

Proposing Authority:

Signature:			
Date:			
Designation:			
	TC Member (C&P Department)	TC Member (User Department)	TC Member (F&A Department)

Approving Authority:

Signature:	
Date:	
Designation:	
	TC Member (C&P Department) (Approving Authority from User as per DOP)

Note: Price Bids will be opened only after lapse of representation submission timeline against rejection of bids, as per Company's policy.

Suggestion: Approving Authority should be from Indenting/ User Department of Appropriate level as per DOP

OIL INDIA LIMITED

Template for informing bidder about rejection of bid F-15

(Not Applicable for GeM Tenders)

(To be filled up by C&P Department)

Ref. No……. Date:

To,
(Vendor's Name & Address)
Email:-

Subject: **Bid Rejection** against Tender No……. and description…….

Ref: Bidder's E-Bid No. & other all relevant correspondences

We appreciate your interest in collaborating with our company. Your Techno-Commercial bid no……against Tender no…….. has been evaluated and after scrutiny of the same, we regret to inform you that your Techno-Commercial bid doesn't meet the criteria as specified in the aforesaid Tender.

Reasons of rejection (along with Tender Clause reference):

We thank you for showing interest in our Tender. If you have any representations about the rejection of your bid, please reach out to the undersigned within … [Cut-off date and time shall be mentioned as per Company's policy].

Regards,

OIL INDIA LTD

OIL INDIA LIMITED

Template for informing bidder about opening of Price bid F-16

(Not Applicable for GeM Tenders)

(To be filled up by C&P Department)

Ref. No……. Date:

To,
(Vendor's Name & Address)
Email:

Subject: **Intimation for Price-bid opening** against Tender No…… and description……..

Ref: Bidder's E-Bid No. & other all relevant correspondences

We appreciate your interest in collaborating with our company. Your Techno-Commercial bid no……against Tender no…….. has been evaluated.

Now, we would like to inform you that Price-bid of the above tender is scheduled to be opened on…..(Date) at……..(Time & Venue) . You or your authorized representative with authorization letter (as per prescribed format given in Tender) may attend the same.

Regards,

(OIL INDIA LTD)

OIL INDIA LIMITED

Price Bid Opening Format F-17

(Not Applicable for GeM Tenders)

(To be filled up by C&P Department)

Tender No.		EMD / Bid Security Amount &Validity	
Description of Works/Services/Goods		Technical Bid Opening Date / Time	
		Price Bid Opening Date / Time	
Bid Validity		No. of Qualified Bids	

1. The following Price Bids were opened in presence of representatives of Techno-Commercially qualified bidders, who attended

Sr. No.	Bidder (s) Name and Vendor Code	Total Price*		Remarks
		Amount(s)	Currency(ies)	
1				
2				

If total Price is not mentioned in the Offer, Total Price Column not to be maintained.

2. **Bidder's representatives**. The following Bidders' representatives attended the opening of Price bid:

No	Name of Bidder	Bidder(s) Designated Representative's name	Designation	Signature
1				
2				

3. Remarks :

Signature:		**Signature:**	
Name & Designation:		**Name & Designation:**	
	(C&P Member)		**(F&A Member)**

Note: Either F-17 or Tender Register to be maintained

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OIL INDIA LIMITED

Summary of Comparative Statement Format F-18

(Not Applicable for GeM Tenders)

(To be filled up by C&P Department)

1	Description of Work/Item	
2	Tender No.	
3	PR No.	
4	Type of Tender	

As per Price -Scheduled					Internal Estimate		Bidder-1			Bidder-2		
Line-item no.		Description.	Unit	Qty	Rate (INR)	Total Amt (INR)	Rate (INR)	Total Amt (INR)	% variation w.r.t. IE	Rate (INR)	Total Amt (INR)	% variation w.r.t. IE
Total/Item wise Cost for comparison of inter-se-ranking												
GST	……..%											
Total including GST												
Inter-se-ranking												
% Above / Below/at par of Internal Estimate												
Total quoted value within L1+15% or L1+20%												

Note: if any

Signature:		
Name:		
Date:		
Designation:		
	C&P Member	F&A Member

Note:

1.0 The members will be the concerned tender opening officers/representative of the level as per manual.

2.0 IF generated from SAP, the same will be used instead of this format

Format for Recommendation for Award / Negotiation / Cancellation F-19

(To be filled up by C&P Department)

OIL INDIA LIMITED

1.0 Details of Tender:

Tender No.	:	
Description of Works/Item	:	
PR No.	:	
EMD / Bid Security Amount & Validity	:	
Pre-Bid Meeting (Date & Venue)	:	
Original Bid Closing Date	:	
No. of extensions/ Corrigendum/Addendum, if any	:	
Approval obtained citing reasons of extension	:	
Actual Bid Closing/ Opening Date	:	
Bid Validity	:	
No. of bidders to whom enquiry issued(limited)/ No. of Prospective bidders (NIT) whose attention drawn	:	
Applicability of Purchase Preference clause to the bidders		
Estimated Amount (Duly vetted by Cost Estimate committee as per Cost Estimation Manual enclosed at….)	:	

2. Preamble:

2.1 Justification of requirement:

2.2 *Budget Availability:

2.3 Utilisation Plan (For procurement of goods/materials):

3 Details of bidders who have submitted their bid within due date & time:

Sr. No.	Name of Bidders
i.	
ii.	

4 Details of Late Bids/ Holiday /Regrets with reason /not quoted

Sr. No.	Name of Bidders
	Referred Technical / Unpriced Bid Opening Statement

5 Summary of post bid clarifications and recommendation about the Acceptance/Rejection of bidders under Techno-Commercial Scrutiny Report based on Commercial Bid Scrutiny Report ,Financial Bid Scrutiny Report and Scrutiny Report Summary: (attached as per F12)

6 Details of bidders **not qualified** for price bid opening (approval copy at…..):

Sr. No.	Name of Bidders	Bidder's Acceptable Status (for details Ref to enclosed Scrutiny report)	Reasons for not considering

		Experience/Technical	Commercial	Financial	
i.					

7 Details of bidders **qualified** for price bid opening (approval copy at…..):

Sr. No.	Name of Bidders
i.	

8 Date of Intimation of Reasons of Rejection to Bidders:

9 Details about the representation received from Bidder, if any against rejection:

10 Action on representation:

11 Approval for Priced Bid Opening (if applicable)

12 Price bid opening date & time (after lapse of representation submission timeline):

13 Details about the representation received from bidder, if any after price bid opening:

14 Action on representation:

15 Tabulation / Comparative statement (CS enclosed at…..) :

16 Recommended Bidder (Name, Value & Terms and conditions):

17 Terms and conditions (Deviations) of the recommended bidder, if any:

18 Reasonableness of Price w.r.t Internal Estimate / Last Order Rate:

19 Any other information:

20 Recommendation for Award / Negotiation / Cancellation of Tender

21 DoP reference:

Declaration: It is declared that none of the Tender Committee Members have any conflict of interest with the parties recommended for Award.

Proposing Authority:

Signature:			
Date:			
Designation:			
	TC Member (C&P Department)	TC Member* (User Department)	TC Member (F&A Department)

*Budget availability may be confirmed by the Proposing Member of User Department during circulation of the award proposal as per current practice

Approving Authority:

Signature:	
Date:	
Designation:	
	TC Approving Authority as per DoP

Note: TC Proposing and Approving Authority should be as per appropriate level as per DOP

**************END OF CHECKLIST/ FORMATS****************