

**PROCUREMENT
OF GOODS & SERVICES
MANUAL**

(Policy & Procedure)

2014



**हिन्दुस्तान कॉपर लिमिटेड
HINDUSTAN COPPER LIMITED**

(A Government of India Enterprise)

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FOREWORD

As a business organization, our Company is required to deal with variety of procurement of Goods and Services for its day to day Mining & Process operations as well as for the new Projects. The significance of availability of right materials at the right time and at the right price, therefore, cannot be undermined. Thus it is of utmost importance that simple, transparent and uniform procedures, governing such procurement activities, are adopted by the Company.

Since the existing Procurement Manual has been in operation in the Company for a long time, a need was felt to review and update the manual based on the provisions of GFR, changes/amendments in CVC guidelines and various Government orders to bring more clarity with simplified & uniform procedures as well as to make it more user friendly and helping in speeding up decision making processes.

I am glad that the Corporate Materials & Contracts Department of the Company has since reviewed and prepared the revised Procurement Manual after in-depth deliberations with all concerned cross functional senior executives of the Units and Corporate Office as well as taking into cognizance the best practices adopted by other PSUs, by incorporating the suitable changes/modifications for operational convenience within the ambit of CVC guidelines.

The revised “Procurement of Goods & Services Manual 2014 (Policy & Procedure)” has been approved by the Board in its 352nd meeting held on 13th November, 2014 and comes into force with immediate effect.

I wish to place on record my appreciation for the hard work done by all the team members of the Company.

(K. D. Diwan)

10th December, 2014
Kolkata

Chairman-cum-Managing Director
Hindustan Copper Limited



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LIST OF ABBREVIATIONS

AP	: Automatic Procurement
BG	: Bank Guarantee
CA	: Competent Authority
CENVAT	: Central Value Added Tax
CVC	: Central Vigilance Commission
CVO	: Chief Vigilance Officer
CPA	: Centralized Procurement Agency
DGS&D	: Director General of Supplies & Disposal
DOP	: Delegation of Powers
DRO	: Direct Reporting Officer
EMD	: Earnest Money Deposit
EPS	: Enterprise Procurement System
ERP	: Enterprise Resource Planning
FIFO	: First In First Out
GRN	: Goods Receipt Note
GCC	: General Conditions of Contract
HOD	: Head of the Department
LCNC	: Landed Cost Net of CENVAT
LTE	: Limited Tender Enquiry
M&C	: Materials & Contract
MSEs	: Micro and Small Enterprises
NIT	: Notice Inviting Tender
OEM	: Original Equipment Manufacturer
OTE	: Open Tender Enquiry
LD	: Liquidated Damage
OA	: Operating Authority
PAN	: Permanent Account Number
PO	: Purchase Order
PQC	: Pre qualification Criteria
PSU	: Public Sector Units
RA	: Reverse Auction
RV	: Receipt Voucher
STE	: Single Tender Enquiry
TC	: Tender Committee
TC/GC /WC:	: Test Certificate/Guarantee Certificate/ Warranty Certificate
TEC	: Technical Evaluation Committee
TOD	: Tender Opening Date
VAT	: Value Added Tax
WO	: Work Order



1.0 INTRODUCTION

- 1.1 The main tenets of public procurement process are economy, efficiency, transparency and fair & equitable treatment of Suppliers/ Contractors. The main objective of this Procurement of Goods & Services Manual (Policy & Procedure)-2014 in HCL is to ensure procurement of material / services of desired quality at desired time in desired quantity and at the optimum cost maintaining transparency.
- 1.2 The Procurement of Goods & Services Manual (Policy & Procedure) 2014 is prepared in line with CVC guidelines regarding public procurement after in-depth deliberations with the executives of Materials and Contract departments and other concerned departments at Units & CO.
- 1.3 For maintaining the dynamism of the procedure, thrust is maintained on regular interactions with the users. Towards this end, workshops /deliberations were held involving executives of Materials & Contract Department and Contract Cells of Units for suggesting modifications to the procedure for making it more user friendly.
- 1.4 Accordingly, a modified procedure i.e The Procurement of Goods & Services Manual (Policy & Procedure) 2014, has been prepared within the ambit of CVC guidelines, superseding the earlier Manual. The procedure is applicable to all purchases /award of contracts. As most of the stages of procurement as well as award of contract are common, a common procedure has been evolved. However, wherever, there is a distinct requirement for award of contract, the same has been incorporated in the procedure.
- 1.5 Deviations with respect to the Purchase/ Contract Procedure Manual shall be rare. In exceptional cases, deviations may be permitted for recorded reasons with the specific approval of



Directors/CMD on case to case basis. The deviations shall be reported to CMD through Unit Heads.

- 1.6 In cases any discrepancy is observed by Unit, suitable clarification can be obtained from CO. But processing of tender should not be stopped.
- 1.7 Any subsequent changes in this Manual, if required will be done with the approval of the CMD. In case of change in policy (major changes), the suitable proposal will be put up to the Board for its approval

2.0 RAISING OF PURCHASE REQUISITIONS (PR)/INDENTS

- 2.1 The Purchase requisitions /indents for purchase of materials/ job contracts shall be raised by the department(s) concerned or designated centralized agencies. These PRs for purchase of goods shall be processed in the ERP. The Indents for Job contracts shall be prepared in the prescribed format. The PR/indent shall be approved by the competent authority as per the DOP.

The Unit shall devise a proper system of numbering the PR/Indents initially and their processing reference at different stages to facilitate cross-reference. Suitable Index registers shall also be maintained for such numbering/ references at different stages for control purposes.

2.2 FOR PURCHASE OF MATERIALS

- 2.2.1 The Indenter should give full and complete information regarding the description and specification of the material to be procured. To the extent possible, specifications given should be standard specifications conforming to BIS etc. The cut-off points for performance and the points for bonus and penalties should be indicated wherever feasible/required.



- 2.2.2 Manufacturing Drawings, wherever required, should be enclosed in adequate numbers with the Indent.

- 2.2.3 Along with the PR/indent, the Indenter shall also prepare and attach/enclose the following:

- a) In respect of new items, a check-list as per the prescribed proforma (to be designed by M&C dept, CO), justifying the indented quantity, with all columns correctly and completely filled.

This check list shall be certified by the HOD.

- b) In respect of proprietary items, a certificate on the prescribed proforma (to be designed by M&C dept, CO) signed by the HOD.

The purchase of items on proprietary basis should be kept at the minimum possible level and should be resorted to when other technically acceptable substitutes are not available.

- c) Proposed criteria for technical eligibility (Pre Qualification Criteria) & acceptance. The PQC shall be prepared by Indenter in consultation with the M&C dept within the guidelines of CVC

- 2.2.4 In the PRs/Indent, the Indenter will ensure, depending upon the nature of the item indented, incorporation of special requirement of inspection/checklist for special packing instructions, if any.

- 2.2.5 In case some of the items in the Indent are matching/ complementary parts of an equipment/ assembly and are required to be supplied by one supplier only, the Indenter shall specify this in the Indent.

- 2.2.6 Clubbing of Indents: Indents of similar nature should be clubbed together as far as possible.



2.3 FOR JOB CONTRACTS

- 2.3.1 The Indenter should give detailed information regarding description of the jobs to be executed along with the materials to be supplied and equipment to be deployed by the contractor, wherever applicable. For the items to be supplied, the quantity along with detailed specifications and drawing number, etc., should be given in the indent. Similarly, for the equipment to be deployed the desired capacities of the equipment, their ownership, procurement through rent/lease, etc., should be specified in the Indent.
- 2.3.2 The overall quality of the jobs to be executed along with the expected Performance Guarantees should be clearly indicated in the Indent. The Indent should also include any other special terms and conditions required for the execution of the jobs.
- 2.3.3 In case only one contractor is to be engaged for some of the jobs/ all the jobs given in the Indent, the Indenter shall specify this in the Indent.
- 2.3.4 In the Indent, the Indenter will ensure incorporation of suitable special terms and conditions, particularly the Inspection Clause, and specify the Inspecting agency for certifying the execution of jobs as per contractual terms and conditions. The name and the designation of the Executing Officer/ Operating Authority would also be mentioned in the Indent/Proposal.
- 2.3.5 With a view to optimizing the utilization of internal resources, each Unit is to prepare an annual plan and get it approved by the Competent Authority one month before the beginning of each financial year for the ensuing financial year of the jobs which cannot be undertaken internally and are to be off-loaded to the contractors during the financial year. Such list should be in decreasing number on cost-effective basis. Indents shall not be raised for the jobs not included in the annual plan for the financial year.



- 2.3.6 For same scope of work to be executed at different locations and/ or in different phases, the annual list of such jobs prepared by different departments / shops should be scrutinised and co-ordinated by one Centralized Agency before it is approved by the Competent Authority. Accordingly, only one consolidated indent should be raised by the Centralized Agency for same / similar scope of work and if more-than one Contractor is required to be engaged for such jobs, justification must be recorded in the indent (Ref. Para 2.6).
- 2.3.7 Before processing the indent for approval, the indenter in consultation with, M&C Dept. / Contract Cell shall determine/ record the criteria for eligibility of the Bidders, which may include:
- Required experience and past performance in similar type of contracts,
 - required manpower (skill-wise) and type/ capacities of equipment & construction/manufacturing facilities,
 - proof of ownership/ licensee of required equipment and construction/manufacturing facilities,
 - financial position,
 - service support, if any,
 - earnest money/security deposit in the form of Bank Draft/ Bank Guarantee (along with validity period), and
 - any other criteria, considered necessary.

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

2.4 ESTIMATED VALUE

- 2.4.1 It will be the prime responsibility of the Indenter to prepare judicious estimate of the current value of the PR/Indent. The Indenter shall



take the help of Engineering Services and other Centralized Agencies, if so required, for the preparation of judicious estimate using scientific/technical methods. The estimated value of each and every item to be procured/each and every item of work to be executed will be filled in the appropriate column in the indent. The detailed estimate signed by the Head of the Indenting Department will be attached/enclosed to the PR/indent.

Following shall be the guidelines for the preparation of estimates:-

- a. For frequently purchased items (i.e., items purchased at least twice during last three years), the estimate shall be based on the last purchase price obtained through normal tendering and competitive bids with adjustment for variations in the prices of raw materials, wages and other inputs including current market conditions.
- b. For slow moving/ new items, scientific/technical estimate shall be prepared taking into consideration the cost of raw material, casting/machining, treatment/testing, labour, overhead expenses, transportation and applicable statutory duties and levies etc. In case, costs of making pattern / engineering drawing / development of the items are also included in the estimate, all care should be taken to exclude this portion of cost in future while re-indenting/reordering. If required, for guidelines, budgetary quotations may be obtained for new item(s) or new technology only by the indenter.
- c. For the procurement of proprietary items, suppliers' price list/rates along with the applicable discounts shall be obtained for preparing the estimate. Such list should preferably be obtained directly from the manufacturer and the list supplied by dealers/ authorized agents should not be considered unless directed by the manufacturers.
- d. For job contracts, fresh estimates shall be prepared for each Indent and only the last order value shall not be considered as the basis. For the preparation of estimates, the proposed job contract may be split into:-
 - i) Job elements
 - ii) Supplies to be made
 - iii) Mobile equipment/ tools and tackles to be provided.
 - iv) Any other services, fee against statutory obligations, overheads, etc.

Detailed estimates of labour cost for each element of job, cost of supplies, hiring/ operation cost of mobile equipment/ tools and tackles and any other services, etc., as mentioned above, shall be prepared.

- 2.5 The names of the suggested registered manufacturers/ suppliers/ traders/ contractors, as the case may be, may be indicated by the Indenter in the Indent on the basis of past experience of parties along with order references, if any.
- 2.6 In case, it is desired to split the order on more than one of the above, the Indenter shall specify so in the Indent giving the maximum number of suppliers/ contractors desired to be engaged, justifying the reasons for the same.
- 2.7 In case there are certain quantifiable factors required to be considered/loaded while evaluating the prices quoted by the tenderers, such factors in clear quantifiable terms should be mentioned in the Indent by the Indenter for incorporating suitably in the tender.
- 2.8 In case the tenderers are required to submit samples along with the quotation, the same should be clearly mentioned in the Indent itself. However, no sample should be called for the items for which





detailed/standard specifications are available. For procurement of clothing and textile items detailed specifications may be mentioned and no sample shall be called. However, if required, provision for submission of an advance sample by successful bidder(s) may be stipulated for indeterminable parameters such as, shade/tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply.

3.0 SCRUTINY OF INDENTS:

- 3.1 The Indents for purchase of material shall be scrutinized by the Screening Committee constituted by the Competent Authority for the nature of the items concerned, comprising the representatives of the related departments, Indenter, M&C Dept., Finance, etc. The committee members shall be of appropriate level, as decided by the Competent Authority. The Screening Committee shall scrutinize the Indent as early as possible but within a week of the receipt by it. The scrutiny by the Screening Committee shall *inter-alia* cover the following:-
- a) norms prescribed for inventory holding both in terms of value and duration of consumption.
 - b) the complete specifications including drawings, if required.
 - c) consumption pattern,
 - d) stock in hand and dues in,
 - e) budget availability,
 - f) availability of all prescribed enclosures and certificates,
 - g) estimates along with the basic data,
 - h) suggested mode of tendering, giving reasons,
 - i) names of suppliers suggested by the Indenter in the Indent,
 - j) inspection guidelines.
 - k) eligibility & acceptance criteria for open / global tender inquiries.



- 3.1.1 Intimation of the clearance of quantity and value of an Indent to be sent to the Indenter by the Screening Committee to update their records within three days of completion of the scrutiny by the Screening Committee.
- 3.1.2 In case of stock items for which automatic procurement (AP) is made based on the re-order level, screening is not required by the Screening Committee.
- 3.1.3 Indents up to an aggregate value of Rs. 2.0 Lakhs per annum, need not be scrutinized by the screening committee.
- 3.2 All the Indents for the job contracts shall require screening by a constituted Committee comprising the representatives of the related departments' i.e Indenter, M&C, Finance, etc. The committee members shall be of appropriate level, as decided by the Competent Authority. The Screening Committee shall scrutinize the Indents at the earliest but within a week of the receipt of the Indent by it. The Screening Committee shall *inter-alia* cover the following:
 - a) Inclusion of the job in approved Annual Plan, mentioned at Para 2.3.5,
 - b) complete job description including drawings, if required,
 - c) budget availability,
 - d) availability of all prescribed enclosures & certificates,
 - e) estimates along with the basic data,
 - f) terms & conditions required for execution of the job,
 - g) suggested mode of tendering, giving reasons,
 - h) names of contractors, suggested by the Indenter in the Indent.
- 3.2.1 Intimation of the clearance of quantity/ scope of work and value of an Indent to be sent to the Indenter by the Screening Committee



- to update their records within three days of completion of the scrutiny by the Screening Committee.
- 3.3 In case of any Indent going beyond the approved overall budget of the department concerned, for additional/ readjustment/ re-appropriation of the budget, approval of Competent Authority as per the Delegation of Power (DOP) should be obtained.
- 3.4 If the Indent is found to be incomplete in any respect, it will be returned by the respective Screening Committee to the Indenter for completion.
- 3.5 The scrutinized Indent, found complete in all respects, shall be sent to the M&C Dept/ Contract Cell after obtaining approval of the Competent Authority.

4.0 ACTION ON INDENTS BY M&C DEPTT. / CONTRACT CELL

- 4.1 On receipt of the Indent by the M&C Dept. / Contract Cell, an entry will be made in the Indent Register/Computer and a case-file opened. Separate Indent Registers shall be maintained for purchase of material and for job contracts Indents. While processing the indent for tendering, if any discrepancy is found, the M&C dept. / Contract Cell shall return the PR/indent to the Screening Committee/ Indenter for compliance/clarification either by Screening Committee or by Indenter, on such discrepancies.
- 4.2 The PR/indents should be processed by the M&C Dept. / Contract Cell within three working days. The proposal seeking the approval of the Competent Authority for the mode of tender shall envisage terms and conditions of the tender with deviations, if any, the cost of tender documents, to be fixed by M&C Dept. / Contract Cell, and in case of Open / Global Tender, the starting and closing date and time for sale of tender documents. Enquiry is to be issued by the M&C Dept. / Contract Cell, after receipt of the approval of the Competent Authority as per DOP.



- 4.3 Enquiry for the purchase of material shall be issued within three days, and for job contract within seven days from the date of the approval accorded by the Competent Authority for mode of tendering. Names of tenderers from whom tender is invited, in case of limited or single tender, shall also be approved by the Competent Authority.
- 4.4 M&C Dept. / Contract Cell should make a time table of the activities with time schedule and responsibility and circulate the same to all concerned so as to ensure that order is finalized as per schedule. In case of centralized procured commodities, an Annual Calendar of activities & responsibilities should be made for each item by M&C dept at CO.

5.0 MODE OF TENDERING

- 5.1 The recommended modes of tendering for placement of orders are as under:
- i) Single Tender Enquiry (STE) for Proprietary items (Original Equipment Manufacturers).
 - ii) Single Tender Enquiry (STE) (other than Proprietary item)
 - iii) Limited Tender Enquiry (LTE)
 - iv) Web Tender enquiry (WTE)
 - v) Press Tender Enquiry PTE)
 - vi) Global Tender Enquiry (GTE)
- 5.1.1 Apart from the above methods of tendering, the following methods for placement of direct orders may also be considered.
- i) Repeat orders,
 - ii) Rate Contracts,
 - iii) DGS&D Rate Contracts.



5.1.2 In addition to the above, there may be occasions when the Unit may have to resort to emergency purchase/ job contract.

5.2 SINGLE TENDER ENQUIRIES (FOR PROPRIETARY ITEMS)

5.2.1 Proprietary (Original Equipment Manufacturers - OEM) Enquiry:

Enquiries for Proprietary items (OEM) should be issued with the approval of Competent Authority as per the DOP. Such Proprietary items should be purchased from their manufacturers or their authorized dealers only, where the manufacturer does not supply the equipment directly. In case there is more than one dealer authorized to sell a particular proprietary item, discount may be possible through Limited Tender Enquiries. Therefore LTE may be issued to the authorized dealers.

5.2.2 Single Tender Enquiry (Other than Proprietary Items)

Single Tender Enquiries for other than Proprietary Items should be issued as an exception only. Such enquiries should be processed, after recording reasons. A periodic list is to be sent to M&C Dept., Corporate Office indicating such cases.

5.2.3 A list of items procured on single tender basis, of value Rs. 2.0 Lakhs and above should be hosted on HCL website to enhance vendor base of such items. giving items details viz. Catalogue number, description, detailed specifications, annual requirement as well as area of use etc.

5.2.4 The instructions to be included on the website should be that, "Whoever is interested to be a registered supplier of these items, should fill up the vendor registration form, uploaded on the website. The normal registration process shall, thereafter be followed by the Units for registering the eligible suppliers."

5.2.5 Units should ensure updating of the list of Single tender items on website on a quarterly basis.



5.3 LIMITED TENDER ENQUIRY (LTE)

5.3.1 Limited Tenders are those tenders for which the enquiry is issued only to a limited number of prequalified / shortlisted approved firms. Normally, such enquiries are to be issued to the firms which are registered with the Company for the subject items. For LTE, list of suppliers registered with DGS&D may also be considered. LTE is to be issued against PRs having value up to Rupees Two Lakhs for single item or up to Rupees Four Lakhs for multiple items.

5.3.2 LTE should be issued only when reliable manufacturers/ suppliers/ traders/ contractors are known. For this purpose, the M&C dept./ Contract Cell shall maintain a list of registered parties in accordance with Para 5.3.4. which shall be updated periodically at least once in a year

5.3.3 When the decision is to adopt LTE as a mode of tendering, the whole indent should be treated as one and no split up thereof should be made to reduce the value of tender enquiries.

5.3.4 LTE shall be issued only to the registered manufacturers/ suppliers/ traders/ contractors.

5.3.5 The selection of firms for LTE shall be done by the M&C Dept. / Contract Cell in a judicious manner to ensure that:

- i) the firms are financially and technically sound,
- ii) the past performance of the firms with regard to quality and adherence to time schedule should also be considered while recommending a firm for issue of LTE,
- iii) the Supplier/ Contractor, who has successfully made the last supply / executed the last job, needs to be considered for issuance of LTE,
- iv) the firms registered for a particular category are all given coverage by rotation subject to (i), (ii) and (iii) above, each cycle.



- v) Wherever sub-category wise registration exists, enquiry should be issued to all such registered parties. Any deviation should be recorded with reasons.

Explanation: In the clause No. 5.3.5 (iv), the registration of firms has been done for general categories, namely bearings, motors, gears etc. Wherever feasible, sub-category-wise registration should be done and Limited Tender Enquiry should be sent to all such registered vendors in the sub-category.

- 5.3.6 In cases where there are only two registered suppliers for an item, vendors registered for similar items with other units may be considered. Under exceptional cases, such tender notice to only these two registered suppliers shall be issued with the approval of Competent Authority as per DOP.

However, for the items so far purchased as proprietary for which another vendor has been found / developed, tender notice to these two vendors may be issued with the approval of Competent Authority as per DOP.

- 5.3.7. While issuing LTE to manufacturers, it should be clearly stipulated that in case any of their dealer(s) is authorized to quote on their behalf, a copy of such authority letter be endorsed to HCL. Only after receipt of such authority letter, the quotation received from the dealer shall be entertained. Subsequently, a copy of all the correspondences with the dealer(s) shall be sent to the manufacturer(s) simultaneously. For such indents, the LTE may be directly issued to the authorized dealer(s) after confirming the validity of their dealership. A copy of correspondences directly made with the dealer(s) shall also be sent to the manufacturers simultaneously.

- 5.3.8 LTE should also be posted on the website. The suppliers to whom the LTE is issued should be able to access such LTE documents through their ID and passwords.



- 5.3.9 The following instructions would be put up on the website: “The Offer against these tenders from suppliers to whom LTE has been issued shall only be considered. Offer from any other party shall be treated as unsolicited.

In order to increase competition, following shall also be posted on the website:

Whoever is interested to be registered a supplier of these items, should fill up the vendor registration form, hosted on the website. The normal registration process shall, thereafter be followed for registering the eligible suppliers. This information is solely for the purpose of exploring the possibility of enhancing vendor base, wherever required and should not be considered as a purchase enquiry. Purchase enquiry in future may be issued to such suppliers, if registered.”

- 5.3.10 In case where large number of parties are registered in a particular category/ class, Notice Inviting Tender (NIT) can be posted in the website and notice board placed at prominent place mentioning that relevant category of contractor shall be only eligible for applying.
- 5.3.11 LTEs should be issued in such a way that sufficient competitive quotations are received from the parties.
- 5.3.12 If a single offer is received or a single offer is found to be technically suitable against a Limited Tender Enquiry, such tender is also to be treated as a case of Single Tender.

5.4 WEB TENDER ENQUIRY (OPEN TENDER)

The term Web Hosting denotes procurement through hosting the requirements on the Website for wider participation and to maintain transparency.

The enquiries/tenders for procurement of materials having individual value of more than Rupees Two Lakhs and/or for number of items together valuing more than Rupees Four Lakhs, will be



hosted on HCL's /service provider's Website besides Govt. portals, after ensuring the following:

- Bidder pre-qualification criteria should be stipulated in clear and unambiguous terms.
- Material description and specification with clear nomenclature, quantity required along with special terms specific to each tender enquiry shall be correctly incorporated

Simultaneous to Web Hosting of enquiries, the units shall continue to intimate the registered and known vendors separately through E-mails/Fax/Letters for wider participation.

Effort should be made to standardize specification of common items being procured by different units for common end use as far as possible to facilitate the bulk purchase.

In some special cases, procurement of certain items may however be done without hosting the tender/enquiry documents on the website with prior approval of Director-in-charge.

If a single offer is received or a single offer is found technically suitable against web hosted enquiry, such tender is to be treated as a case of Single Tender.

5.5 PRESS TENDER ENQUIRY (OPEN TENDER)

5.5.1 Material Procurement

Apart from Web Tender Enquiry, invitation to tenders by press/advertisement shall be used for procurement of goods of estimated value of Rs 75.00 Lakhs (Rupees seventy five Lakhs) and above.

However, in the cases where the Purchase Department of respective units does not have much information about the prospective bidders, on any particular item having value of Rupees Twenty Five Lakhs, press tenders can be resorted to. Press Advertisement in the form of a tender notice relating to PTE shall be given in the Indian Trade Journal (ITJ) published by the Director



General of Intelligence and Statistics, Kolkata and at least in one National Daily having wide circulation. Further, Tender Notices (relating to PTEs) shall also be displayed on HCL's / service provider's Website besides Govt. portals

Once in a year, a press advertisement is required to be released stating that the details of the current tenders valuing less than Rupees seventy five Lakhs are also available on HCL website www.hindustancopper.com under the head of Tenders@HCL.

5.5.2 Contracts

Apart from Web Tender Enquiry, invitation to tenders by advertisement shall be used as detailed below for works contracts of estimated value of Rs.25 Lakhs and above:

- Rs 25–75 Lakhs in minimum two local newspapers
- Above Rs 75 Lakhs in at least 1 national daily & 2 local news papers

Advertisement (in the form of a Tender Notice) relating to PTE shall be given in the Indian Trade Journal (ITJ) published by the Director General of Intelligence and Statistics, Kolkata and at least in one National Daily having wide circulation. Further, Tender Notices (relating to PTEs) shall also be displayed on HCL's/service provider's website besides govt. portals.

5.5.3 It should be ensured that the complete tender documents along with the enclosures, if any, are displayed on the HCL website which can be downloaded by the interested tenderers. Application made on such forms shall be treated as valid for participation in the tender. The cost of tender documents, if any, should be submitted by the bidders at the time of submission of tenders along with Techno Commercial Bid. However, bidders would be given option to collect the complete document in hard copy, if they so desire.



5.6 Global Tender Enquiry (GTE)

5.6.1 In Global Tender enquiries, besides publishing the concise NIT in at least one leading National Daily having wide circulation and giving an advertisement in the Indian Trade Journal (ITJ) published by the Director General of Intelligence & Statistics and India Export Bulletin and, copies of tender Notes shall also be sent to the Indian Embassies abroad as well as to the Foreign Embassies in India, requesting them to give wide publicity of the requirement in those countries.

The Global Tender Enquiry (GTE) shall also be hosted in HCL/ service provider's website besides govt. portals.

5.7 REPEAT ORDERS

5.7.1 Repeat Orders are those orders which are placed on the parties at the same terms and conditions of the previous order except for the quantity and delivery. Repeat orders shall be avoided normally. These are to be placed more as exception than a rule.

5.7.2 Normally, as per the lead time, prior to expiry of the running supplies /Job Contract, the Indenter has to process fresh Indent. However, due to unavoidable circumstances, if either the Indent is not processed or even after processing the Indent, it is not possible to place fresh order in time, under such circumstances for the Item / Job Contract for which continuity is essential, it may be necessary to place repeat order on existing party/ contractor. After recording the reasons leading to placement of repeat order, the proposal for repeat order on same terms, conditions and specifications may be considered on the following:

- i) The original order must have been placed in the usual course after issue of LTE or Open Tender. However, for proprietary and standardized items, which have been purchased from single source, repeat orders can be placed



- ii) The original orders, placed on the basis of a higher price for earlier delivery and Emergency orders shall not be considered.
- iii) Not more than one year have elapsed since placement of the original order.
- iv) No price escalation for firm price orders shall be given.
- v) No downward trend of the prices and satisfactory performance of the supplier.
- vi) Not more than one repeat orders should be placed.
- vii) The quantity considered for ordering is not more than 50% of the original ordered quantity.
- viii) Delivery against the repeat orders should be regulated on such a fashion that no unnecessary inventory is built up.
- ix) Repeat order shall be issued with the approval of competent authority.

5.7.3 However, in exceptional cases, a second repeat order can be placed with the approval of CMD, after recording justification.

5.8 RATE CONTRACTS (OWN)

5.8.1 It is recognized that it is often advantageous on commercial as well as technical grounds to finalize orders on Rate Contract basis for items/jobs which are procured/ executed regularly, repetitively and for items of proprietary nature. The rate contract is finalised where the total annual requirement of such items/ quantum of such jobs is large but not fixed.

For entering into rate contracts/ long term contracts, the mode of tendering to be followed may be decided as per the nature of the job/item, the available sources, etc.

Thus, rate contract enquiries may be either Open Tender/ Limited Tender/ Single Tender depending upon the nature of item/ job and value.



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

5.8.3 For purchase cases, rate contracts may also be entered into for items which are identified as of regular and repetitive consumption with the consent of the Indenter without waiting for the Indent, in order to ensure speedy processing. In such cases, complete and up-to-date drawings/specifications of the items should be obtained before calling for tenders.

Orders in such cases as per the DOP should, however, be finalized only after receipt of relevant Indents and technical recommendations.

5.9 DGS&D RATE CONTRACTS

5.9.1 DGS&D, New Delhi have entered into rate contracts for a number of items of wide demand some of which are also purchased by HCL regularly. Though HCL is not a Direct Demanding Office under the DGS&D contracts, it is possible for HCL being a Public Sector Undertaking to avail of the attractive prices and terms of these DGS&D Rate Contracts.

Orders/ Enquiries may, therefore, be issued to the supplier(s) having DGS&D Rate Contracts as per the DOP for the procurement of the relevant items.

5.9.2 For purchase of any item at DGS&D rate, order can be placed on any one or more vendor(s) listed in DGS&D Rate Contract by the Units as per the DOP.

5.10 EMERGENCY PURCHASE/ JOB CONTRACT

5.10.1 Provisions for emergency purchase/ job contract have to be kept to meet the emergency needs of the Units and it is essential to delegate powers to meet such situations particularly in



maintenance, commissioning and break down jobs so as to keep the flow of production uninterrupted. In case of purchase, such emergency normally occurs when there is no stock in the Stores and chances of getting supplies against pending orders within the stipulated time schedule are remote.

Similarly, in case of job contracts, such emergency occurs when breakdown of equipment occurs and internal resources are not adequate to take timely action.

5.10.2 Due to the very nature of the requirements which has to be met in the shortest possible time, the normal process of tendering stipulated in this procedure cannot be followed. For emergency Indents, the mode of tendering and method of placement of order may, therefore, be adopted as per the specific requirements of the case and the time available for the placement of order and getting materials/ execution of jobs.

5.10.3 Emergency Indents should be accompanied by non-availability & criticality certificates issued by the concerned HOD on prescribed format.

5.10.4 The same item cannot be purchased more than once in that particular month under emergency.

5.10.5 Such direct purchases will be adjusted against annual budget of respective Departments. All emergency purchases and issues thereof are to be guided as per normal procedure like receipt of the material at Central Store, preparation of Receipt Vouchers and issues through Move Orders.

5.10.6 The Stores Department is required to maintain separate register of all the emergency purchases made by different departments.

5.10.7 For any purchase having value up to Rupees 2,500/-, more than one quotation is not necessary.



- 5.10.8 Suitable report about the emergency purchases to be submitted to Project Head on monthly basis.
- 5.10.9 If the item/(s) is/are proprietary or standardized or from single source, quotation may be accepted through e-mail /fax enquiry.
- 5.10.10 In case of emergency purchase, the delivery against the regular order should be rescheduled to avoid unnecessary build up of inventory.

6.0 INVITATION TO TENDER

- 6.1 The procurement against all the open tenders is to be made by E-procurement process only. As on date the E-procurement (Enterprise Procurement System) is done through the service provider. If any circumstances warranted, deviation to this established E-procurement process, the prior approval of Competent Authority should be taken.
- 6.2 For purchases, in case the technical/ commercial terms are firm/ frozen, single part quotation may be invited only against Limited Tenders by suitably selecting the vendors as explained under Para 5.3. However, for Open Tender as explained in Para 5.4, 5.5 & 5.6 even for the firm technical/commercial terms, 2/3 part quotations should be invited. In cases where technical/ commercial terms are to be negotiated, 2/3 part quotations should be invited even against Limited Tenders.
- 6.3 In cases of job contract, generally the technical/ commercial terms need to be negotiated. Therefore, for all such job contracts, 2/3 part quotation, should be invited against both Limited Tenders and Open Tenders.
- 6.4 Before issue of NIT, M&C Dept. / Contract Cell should ensure that desired information, particularly specifications/ commercial terms are available in the case file.



- 6.5 The PQC as detailed in the PRs/indents (Para 2.2.3.c & 2.3.7) shall be specified in the Tender Document under special terms and conditions.
- 6.6 The M&C Dept. / Contract Cell shall determine/ record the relevant factors in addition to the price to be considered in Tender Evaluation and the manner in which they will be applied for the purpose of determining the lowest evaluated tender. These factors, other than the price, to be used for determining the lowest determinable bidder shall, to the extent practicable, be expressed in monetary terms or given relative weightage in the evaluation provisions in the Tender Document. No factors other than those specified in the Tender Document shall be used in the evaluation of offers at the time of preparing the Comparative Statement. This shall also form part of the Tender Document under special terms and conditions.
- 6.7 M&C Dept. / Contract Cell should also determine and record whether the quotations are to be invited on firm prices or are subject to price variation with respect to major cost component of the items/ jobs. In case the quotations are to be invited with price variation clause, the method to be used for determining the price variation and the base date for calculating the variation shall be clearly defined and referred in the Tender Document under special terms and conditions.
- 6.8 For purchases, clause for the submission of sample along with quotation be incorporated in the tender papers, if submission of sample was specifically asked for in the Indent (Para 2.8 be read along with this Para).
- 6.9 In case of medicines, chemicals and other items having limited shelf life, the left over shelf life of each item at the time of delivery should be at least 80%. In emergency, the left over shelf life equal to 120% of the consumption period of such items may be accepted with the approval of the Competent Authority.



- 6.10 For import cases, preferably the Tender Document should specify that the closing selling exchange rates ascertained from Reserve Bank of India or any authorized agency as applicable on the previous working day of the date of price bid opening shall be adopted for evaluation. However, where the purchase proposal is likely to be made after 60 days from the Price Bid Opening Date, the rate prevailing on the 61st day may form the basis for preparation of the Comparative Statement and so on and so forth. However depending upon the case to case the dates may be fixed suitably with the approval of Competent Authority well before release of tender
- 6.11. In case the ordered quantity of the purchase indent or jobs of the Job Contract are required to be split into more than one party at the time of placement of order, the same will be specified under special terms and conditions of the tender document with the ratio of distribution of tendered quantity. It should be clearly mentioned in the tender document that the distribution of order will be in the descending order as per the quoted price ranking of the tenderers, i.e., L-1 tenderer will get the highest share and the last ranked tenderer within which the total order is to be distributed, will get the smallest share. However, before opening of the price bids, specific number of parties among whom order would be split would be decided and approval of Competent Authority would be obtained. Order shall not be placed on more than these numbers of parties.
- 6.12 In the Tender document under general terms and conditions, it should be clearly specified that order on one or more than one parties will be placed on the basis of L-1 quotation. All the tenderers may be required to explain/ justify the basis of their quoted price as and when asked for. In case, any tenderer fails to justify his quoted price or refuses to cooperate in this regard,



- they will not be considered for participating in the re-tendering if order/ contract is not finalised from the present tender.
- 6.13 For job contract cases, there should be a stipulation in the tender documents under general terms and conditions that if a tenderer quotes unworkable rates i.e. if the quoted price is less than the lower limit of the estimated price and is considered for placement of order, the party will be asked to justify the rate quoted. Proper justification to be recorded before recommending for issue of Contract
- 6.14 **CONSIDERATION OF AGENTS:** Wherever, foreign company / Indian manufacturer / supplier participate in the tender, purchases should preferably be made directly from the suppliers/ manufacturers. However, either the agent on behalf of the principal or the principal directly be permitted to bid in a tender, but not both. One agent cannot represent two suppliers/ manufacturers or quote on their behalf in a particular tender.
- 6.15 If items under purchase are the matching/ complimentary parts to be supplied by single party or items of work in the job contract to be performed by single contractor, it should be clearly specified in the tender document that total price of all such items/ items of work shall be evaluated for determining the reasonableness of the price.

6.16 INTEGRITY PACT –

In line with the CVC Circular No. 41/12/07 dated 4th December 2007, the prospective vendor / bidder / contractor and the buyer/ contractee have to enter into an agreement not to exercise any corrupt influence on any aspect of a contract. Accordingly, HCL has drafted its own Integrity Pact as per the CVC Guidelines.

The threshold value for entering into Integrity Pact is as under:

- In case of contract Rs 10 crores (Rupees Ten Crores)



- In case of purchase Rs 20 Crores (Rupees Twenty Crores).

A copy of the Integrity Pact duly signed by the authorized signatory on behalf of HCL has to be enclosed with the tender/ bid/ document. Non signing of the Integrity Pact will disqualify the offer/ bid. Following instructions shall be included in the tender/ bid/ Contract documents, valuing above Rs.10 crores in case of Contracts and above Rs 20 crores in case of Purchase

- The Bidder(s) / Contractor (s) is required to enter into an “Integrity Pact” with the Principal i.e. HCL the Integrity Pact has to be signed by the Proprietor / Owner / Partner / Director or by their duly authorized signatory. In case of failure to return the Integrity Pact along with the offer / bid, duly signed by the authority as mentioned above, will disqualify the offer / bid.
- In the tender documents it should be specified that the Bidder(s) / Contractor(s), if feel aggrieved, may raise complaints / pass on information, if any, to the Competent Authority / Operating Authority of the Tender / Contract or to the Chief Vigilance Officer (CVO), HCL Kolkata

6.17 TENDER DOCUMENTS

- 6.17.1 Format for quoting prices, wherever applicable, shall be provided with the NIT.
- 6.17.2 Invitation to the tender, including instructions to tenderers, should be issued in prescribed proforma updated from time to time by M&C dept, CO (category-wise). The invitation to tender should include general terms and conditions of contract of HCL as applicable to the case, i.e.,(i) for purchases only, (ii) for other contracts. The tender documents should include detailed specifications and wherever applicable the Standards for specifications and drawings, etc.



- 6.17.3 The special terms and conditions applicable to supplies/ contracts such as stipulations made under Para 6.5 to 6.15 along with conditions for inspection, testing, acceptance and performance guarantee should be clearly defined and made part of the tender documents.
- 6.17.4 (a) The integrity pact has to be typed on plain paper and should be enclosed along with tender/ bid/ EOI documents after signing by the authorized signatory of M&C dept .
- (b) In case of uploading the tender/ bid/ EOI documents in website, Integrity pact also has to be necessarily uploaded with either digital signature of the authorized signatory as mentioned above or after scanning of the signed copy of the pact.

6.18 METHODS FOR CALLING TENDERS

- 6.18.1 The following methods for calling of tenders shall be adopted:
 - Single Part Tendering,
 - Two Part/ Three Part Tendering,
 - Pre-qualification bid / Expression of Interest (EOI) followed by single/ two part/ three part tendering.

The tenderers shall be instructed to keep each part in a separate sealed cover, clearly super scribing on the top of each envelope the relevant part number and description along with tender reference number and date of opening and submit all the parts simultaneously in a bigger sealed cover clearly super scribing on the top of that the tender reference no. and the date of opening. Tender opening will be done as detailed in clause no 7.16
- 6.18.2 Single part tendering should be adopted only when all technical and commercial terms are well defined/ stipulated in the tender



document and are not negotiable. The conditional bids, i.e., bids not adhering to the tendered technical and commercial terms, will be rejected. The prices of those tenderers, who quote as per the technical/commercial terms of the tender, will be considered for evaluation.

6.18.3 In case the technical specifications and or commercial terms are not firm/ deterministic/ frozen, the Indenter/ M&C Dept./Contract Cell will specify in the Indent for inviting 2/3 part quotations.

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

6.18.4 Pre-qualification bid / Expression of Interest (EOI) should be invited in the following cases:

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



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

6.18.6 The time period should depend on the nature of the items to be procured, the nature of work involved in the contract, delivery/ completion period etc. The following are the indicative time periods to be given for submission of quotation by the tenderers, from the date of tender notice:

The following period shall normally be allowed to firms for submission of tenders:

- i) Web tender : 21 days from the date of hosting on website.
- ii) Press tender : 30 days from the date of publication
- iii) Global tender : 45 days from the date of publication
- iv) Limited tender : 15 to 21 days from the date of issue

The above time period is indicative, which may vary depending upon the nature of item/work.

6.19 CONSTITUTION OF TENDER COMMITTEE

6.19.1 For the tenders valuing Rs 5.00 lakhs and above in case of STE and value of Rs 10 lakhs and above in case of other tenders, the Tender Committee should be constituted with the approval of the Competent Authority, immediately after release of tender

In case of Job Contracts/Service Contracts, Tender Committee will be constituted for the tenders valuing above Rs 5.00 lakhs.

6.19.2 The functions of the Tender Committee would be as under:

- a) Tender Committee, if required, may constitute sub-committees:
- b) To monitor the progress made by such sub-committee and Consultants.



- c) To examine the recommendations of sub-committee and Consultants.
- d) To provide recommendations to open the price bids after freezing the Technical & Commercial conditions.
- e) To evaluate the price bids, conduct negotiation with L-1 tenderer, if required, under exceptional situations with the approval of Competent Authority and shall put up the recommendations of order placement after justifying the reasonability of the price.

7.0 RECEIPT AND OPENING OF OFFERS

- 7.1 The following shall be the recognized methods for receipt of tender :-
- i. Tenders received by Post;
 - ii. Tenders received through Courier service;
 - iii. Tenders received in the Tender Box.
 - iv. Tenders received online through Enterprise Procurement System (EPS).
- 7.2 Tenders received by post shall be date stamped by M&C Department/Contract Cell and shall be put in the Tender Box. In case of web tender through EPS, offers submitted through EPS shall only be considered.
- 7.3 FAX/verified e-mail quotations are not considered as valid quotations against competitive bidding.
- 7.4 In case tenders are invited in offline mode, Tenders shall be opened centrally and jointly by an officer each from M&C Dept. / Contract Cell and Finance Department. This provision shall not apply to Single Tender Enquiries. The M&C dept shall fix the days in a week and time for tender opening of different categories/ values.



In case of e-tendering, the concerned authorized executive of M&C dept shall open and evaluate the offers on the scheduled date.

- 7.5 The tender box shall be opened immediately as detailed in clause no 7.16 after specified closing time on the last day of submission of tender in the presence of an Executive of M&C Dept. / Contract Cell and finance dept, In Charge of tender opening for the day.
- 7.6 All tenders received by post, courier or through tender box shall be sorted out by the Tender Opening Cell in the presence of the tender opening officers, assigned for the purpose and put up for opening after listing in the prescribed register
- 7.7 For opening the tenders, a minimum of X+2 offers should have been received ('X' is the number of supplier/ contractor on whom order is to be placed). The dealing executive will inform the Tender Opening Cell, the minimum number of offers required in each case.

If the offers received are less than x+2, either the due date has to be extended or the same can be opened depending upon the situation. The due date can be extended with the approval Unit Head in case of Press tenders and HOD of M&C dept in case of other tenders. Such information regarding extension shall be sent simultaneously to all the prospective suppliers including the bidders from whom the offers are already received by E-mail and shall also be hosted in HCL and other relevant websites. In such cases the bidders who have already submitted their bids will have option either to continue with their existing bid or to submit revised bid.

Depending upon the situation and to meet the urgencies, opening of the tenders where offers received are less than x+2 can be done with the approval of the unit Head when the value of the tender is more than Rs 10.00 lakhs and with the approval of Head of M&C dept in case of other tenders



- 7.8 Offers received against Single Tender cases can be opened before or after the tender opening date by the M&C Dept. / Contract Cell Executive. Where the offer is received after the tender opening date such offer will not be considered as late/ delayed offer in respect of STEs.
- 7.9 For the purpose of opening, tenders shall be classified into the following categories:
- i. Regular tenders: Tenders Received within the due time and date prescribed in the tender notice
 - ii. Late/ delayed tenders: Tenders received after the due date and time of receipt prescribed in the tender notice
 - iii. Unsolicited Tenders: Tenders submitted by firms to whom tender enquiries were not issued or tender received from firms who have neither purchased tender papers nor paid the tender fee for downloaded tenders, in case of press tenders
- 7.10 Under the E-tendering, the bids are received online and these are opened/evaluated on scheduled date and time by the dealing officer. However, in cases where the bids are obtained off line, the tenders will be opened by the standing Tender opening Committee on schedule date and time.
- 7.11 Delayed/ Late Tenders will not be opened.
- 7.12 Unsolicited tender after opening will not be considered. However, in case of LTE issued to registered manufacturers, a tender received from the authorized dealer of the registered manufacturer along with the authorization letter of the manufacturer to whom the enquiry was originally issued shall not be considered as unsolicited.
- 7.13 In the event of a 2/3 part tender received in only one part and not meeting the requirement of separate sealed covers, the tender shall not be considered.



- 7.14 Any modification to the original tender after due date of tender opening shall also be treated as unsolicited and rejected.
- 7.15 Tenders not accompanied by requisite Earnest Money, where Earnest Money is stipulated in the tender condition, shall be treated as invalid.
- 7.16 All tenders shall be opened in the presence of such tenderers who might choose to be present at the time of opening. Signatures of the authorized representatives of the firms present during tender opening shall be obtained. The following information depending upon the part of quotation opened shall be given to the tenderers present during the opening:
- i. Names of all the tenderers,
 - ii. Details of items offered,
 - iii. Prices, including discount, if any, and other elements,
 - iv. Delivery period,
 - v. Terms of payment.
- 7.16.1 In case a person represents more than one tenderer, while witnessing the tender opening, it should be recorded in the file to examine the possibility of cartel formation and remedial action.
- 7.17 Where tenders are issued in 2/3 parts, only the techno-commercial bids shall be opened on the tender opening date. The price bid shall not be opened, but, after signing on the envelopes, shall be kept in a separate sealed envelope and be kept under lock and key till the receipt of final technical/ commercial recommendations from the Indenter/Consultants/ Tender Committee. In case, the quoted techno-commercial bids are in conformity to that of the tender, the price bids received shall be considered for opening. In case the techno-commercial bids need to be discussed and clarified by the tenderers, clarification meetings should be held with them.



- However, clarifications /confirmations / details sought from the tenderers should not amount to change in basic structure and specifications of the tender documents.
- 7.18 The price bids shall be opened in the presence of tenderers who might choose to be present at the time of opening. In case of offers received online through EPS, the dealing officer will evaluate the price bids of the short listed parties.
- 7.19 All the correspondence in respect of clarifications/ confirmations, whether it be technical or commercial shall be dealt through M&C Dept./Contract Cell only till the final placement of order. Thereafter, while routine follow up shall be done by the executing agency under intimation to the M&C Dept./ Contract Cell. All the matters having financial/commercial implications will still be dealt with by M&C Dept./ Contract Cell only.
- 7.20 At the time of tender opening, each page of the original quotation shall be signed by the members of Tender opening Committee with date. Alterations, overwriting or corrections shall be initialed with date.
- 7.21 Wherever basic price or discount, etc., are indicated only in figures and there is any over writing, such figures shall be mentioned in words and duly signed by the tender opening officers.
- 7.22 Any columns left blank by the tenderers in their quotation shall be crossed out by the tender opening officers and duly initialed.
- 7.23 Each original quotation must be numbered as Y/X where Y will be the running serial number of the pages in the quotation; X will be the total number of pages in the quotation received.
- 7.24 All the envelopes including the postal envelopes should also be signed and kept in file.
- 7.25 The details of tenders received shall be recorded in the proforma prescribed, duly signed by the tender opening officers.



- 7.26 Information regarding receipt of earnest money wherever applicable, or otherwise, shall be recorded.
- 7.27 Where for any reason the due date and/ or time of opening the tenders is extended, the concerned Executive shall intimate all the firms to whom the tender papers had been sent irrespective of the number of quotations already received, the revised tender opening date and time.
- 7.28 Where party/ parties request for extension in tender submission date and/or time, the extension may be allowed on case to case basis with the approval of Unit Head in case of Press tenders and HOD of M&C dept in case of other tenders after recording the reasons.
- Such information regarding extension shall be sent simultaneously to all the prospective suppliers including the bidders from whom the offers are already received by E-mail and shall also be hosted in HCL and other relevant websites. In such cases the bidders who have already submitted their bids will have option either to continue with their existing bid or to submit revised bid.
- 7.29 Where documents like work experience certificates, PAN Number and partnership deed etc., are called for in tender evaluation, the receipt of these shall be ensured and such documents shall be considered by the Tender Committee as part of the total tender.
- 7.29.1 It shall be the responsibility of the Tender / bid / EOI Opening Committee to ensure that Integrity Pact duly signed as mentioned earlier, is received from the Bidder(s)/ Contractor(s) along with the offer / bid. Non receipt of the same, shall lead to outright rejection of such offer / bid.
- 7.30 **RETURN OF UNOPENED PRICE BIDS:** The unopened price bids of the parties whose offers are not techno-commercially



accepted should be returned to the parties within 7 days from the date of price bid opening.

8.0 EARNEST MONEY DEPOSIT (EMD)

- 8.1 Earnest Money is aimed at protecting the organization against irresponsible offers but should not be so high as to discourage tenders. Earnest Money Deposit (EMD) safeguards against a bidder's withdrawing/altering his/her bids during the bid validity period in the case of advertised/web tender enquiry.
- 8.2 EMD should be taken in all cases of open tenders. Non requirement of EMD, if any, in open tender should be decided on case to case basis by the Head of M&C Dept. / Contract Cell with the approval of competent authority.
- 8.3 The amount of EMD is to be specified in the tender document in terms of absolute value. The amount of EMD shall be 1% of the estimated value of the tender with a ceiling value of maximum Rupees Fifty Lakhs
- 8.4 The following are exempted from submission of EMD
- Public Sector Undertakings /Govt. Dept/Govt. Institutions
 - Micro and Small Enterprises registered with Districts Industries Centers (DICs) / Khadi & Village Industries Commissions (KVIC) / Khadi & Village Industries Board (KVIB) / Coir Board/ NSIC/ Directorate of Handicrafts and Handloom or any other body specified by Ministry of Micro, Small & Medium Enterprises up to the extent of their monetary limit.
- For MSEs, the exemption from submission of EMD is to be granted only for the items for which they are registered with the concerned authorities.
- Original Equipment Manufacturers (OEMs).



- 8.5 EMD may be accepted in the form of demand draft, pay order, Banker's Cheque or Bank Guarantee (BG) from any Scheduled Commercial Bank except Co-operative and Gramin Bank. No request for adjustment of earlier dues in place of EMD should be entertained.

- 8.6 For contract cases Units may give option to the registered contractors for deposition of one time non-adjustable EMD to be decided locally with the approval of Unit Head. However, no interest shall be payable on such deposits.

8.7 RETURN OF EARNEST MONEY DEPOSIT

The EMD provided by the tenderers along with the tenders should be returned to the unsuccessful tenderers within thirty days from the date of opening of price bid / placement of purchase order/ signing of the job contract, whichever is earlier. In the event the tender of any party is rejected during the course of Techno-Commercial Scrutiny and Evaluation, the EMD should be returned to such tenderer immediately within seven days from the date of rejection of its offer.

9.0 SECURITY DEPOSIT (SD)

- 9.1 Security deposit should generally be asked for Purchase order value of Rupees ten Lac and above. In case of Contracts Security deposit should be asked for all Contracts by incorporating suitable stipulations in the NIT.
- 9.2 Security Deposit shall be 5% of the basic purchase order/contract value. In case of contract for transportation of copper cathode & CC rods the SD shall be 10% the contract basic value.
- 9.3 Security shall be submitted by the successful bidder either in the form of Demand Draft/Pay Order or by way of Bank Guarantee in HCL's from any Scheduled Commercial Bank except co-



operatives and Gramin Banks which shall be valid for a period of the committed delivery period towards fulfillment of obligations in the Purchase Order plus three months.

- 9.4 Security Deposit shall be returned to the vendor after successful execution of the order subject to recovery of claim, if any.
- 9.5 The provision of Security Deposit Clause shall not apply to the following:
- Public Sector Undertakings
 - Government departments/Institutions
 - OEMs

10.0 PERFORMANCE GUARANTEE

- 10.1 Wherever considered necessary specially for Plant, Equipment and critical spares wherever defined in the tender, the supplier will be asked to submit a composite Performance Guarantee for an amount equivalent to 10% of the contract value including amendment in the form of an account payee Demand Draft or Bank Guarantee (BG) from any Scheduled Commercial Bank except co-operatives and Gramin Banks towards successful execution of the contract and Performance guarantee obligation of the equipment/system as agreed upon.
- 10.2 The BG shall remain valid till expiry of the guarantee period excluding the claim period of three months. Performance Guarantee shall be furnished as detailed in Purchase order / contract. Alternatively, on request by party an amount equivalent to the performance guarantee can be retained from their bills.
- 10.3 Subject to any deduction which HCL is authorized to make, Performance Guarantee shall be released after fulfilling the guarantee / warranty as per the contractual terms. On breach of a contract by a supplier, Performance Guarantee shall be forfeited/encashed, whether or not the company has suffered a loss on this



account and Purchase Order will be rescinded. Forfeiture/encashment of Performance Guarantee does not prejudice HCL's rights to make risk purchase and recover damages on account of such risk purchases.

11.0 SCRUTINY OF QUOTATIONS

11.1 SINGLE PART QUOTATIONS

- 11.1.1 In case of single part quotations the comparative statement shall be prepared by M&C dept/Contract Cell based on the quotations opened and there after the case file shall be forwarded to the Indenter for their scrutiny and recommendations
- 11.1.2 The Indenter will send back case file to the M&C Dept./Contract Cell after scrutiny of the quotations/ tenders with its clear-cut recommendations within two days from the date of receipt of tender file . Where the estimated prices and finally assessed value based on actual prices vary widely, the Indenter should specifically comment on the basis of his estimation and the reasonableness of quoted price.
- 11.1.3 The parties who quote as per the tendered specifications/ commercial terms will not be rejected on the basis of incapability in case of LTE since LTE is issued to proven registered parties only. However, the quotations which do not conform to the tendered specifications / commercial terms (including the conditional offers) will be rejected.
- 11.1.4 No change in specifications shall be done at Tender Scrutiny stage. In case of any change in specifications, re-tendering will have to be resorted to.

11.2 2/3 PART QUOTATIONS

- 11.2.1 Based on the techno-commercial bids, comparative statement shall be prepared by M&C dept/Contract Cell and the total case file



shall be forwarded to Indenter. In case of special /highly technical tenders pertaining to Mines etc the comparative statement of techno-commercial bids shall be prepared by indenter. The Indenter will send back case file to the M&C Dept. /Contract Cell after scrutiny of the quotations/ tenders with its clear-cut recommendations within two days from the date of receipt of tender.

- 11.2.2 In case the Tender Committee is required to give the recommendations , the file will be put up to TC for their scrutiny and providing the recommendations The Tender Committee may discuss the techno-commercial bids with the tenderers. After completion of discussions and freezing the techno-commercial conditions, and after due deliberations, the TC shall provide the recommendations to open the price bids of valid/short listed parties
- 11.2.3 During clarifications meetings with the tenderers, the basic features of the scope of supply/ job and the technical & commercial conditions stipulated in the tender specifications/ documents should not be changed. However, if details of the scope of supply/ job, work, specifications, techno-commercial terms and conditions are not provided/ described clearly in quotation, the same should be sought from the tenderers during clarifications meetings. After techno commercial discussions & clarifications with the tenderers and freezing of the techno-commercial specifications/ conditions if required tenderers should be advised to confirm the validity of the their price bids. However submission of fresh price bid should not be allowed

11.3 COMPARATIVE STATEMENT OF PRICE BIDS

- 11.3.1 In case all the offers received against a particular tender have fulfilled the PQC and qualified, based on the recommendations of Indenter/TC the price bids of all the parties can be opened by the Tender opening Committee. In other cases the approval of



competent authority is required to be taken before opening the price bids of the shortlisted parties.

- 11.3.2 The Comparative statement shall indicate the item wise prices, rebates (if any) taxes, duties, packing & forwarding charges, freight & insurance, etc., as applicable for all the accepted tenderers. The factors and the method of their application, which have been prescribed in the tender documents (ref. Para 6.6), will be used while working the overall price in the comparative statement.
- 11.3.3 The evaluated prices as per Para 11.3.1 & 11.3.2 worked out in the comparative statement for different tenderers will be ranked as L-1, L-2, L-3.....L-1 being the lowest. The estimated price, as per the indent and its percentage variation from the L-1 quoted price worked out as per comparative statement will also be recorded in the comparative statement.
- 11.3.4 The evaluated price of the L-1 tenderer should be compared with the estimate and the reasonability of the offered price may be examined by the Tender Committee. The committee may seek advice of the agency who has prepared the estimates on the reasonability of the estimates.
- 11.3.5 If some or all the items in the tender are parts of the same assembly/sub-assembly or otherwise identified as matching / complimentary parts by the indenter in the Indent (in case of job contracts if some or all the items of work tendered are to be executed by one contractor only) as explained in Para 2.2.5 and 2.3.3, overall quoted price of all such items/ jobs will be considered while preparing the comparative statement.

12. PURCHASE/CONTRACT PROPOSAL

- 12.1 In case order is to be placed on one party only and the L-1 tenderer is within the specified range of estimated price and the party has



offered full tendered quantity/ scope of work, proposal for placement of order on L-1 tenderer will be made and processed.

- 12.2 In case, the L-1 tenderer as indicated in Para 12.1, has not offered full quantity/ scope of work, the L-1 party may be asked to confirm full/increased quantity/ scope of work; and the quantity/ scope of work so confirmed shall be ordered on that party. This will be subject to meeting satisfactory capacity/ performance criteria. The balance quantity/ scope of work, if any, can be ordered as follows:
- a. All the remaining technically and commercially acceptable tenderers be asked to offer maximum quantity up to the uncovered quantity/ scope of work and match L-1 price. Offers of such tenderers who match L-1 price may be accepted for the quantity/ scope of work offered by them in order of their rankings.
 - b. If the full quantity/ scope of work is still not covered at L-1 price after step (a) above, the balance quantity/ scope of work can either be re-tendered or cancelled with the approval of the Competent Authority as per DOP.
 - c. The above has to be suitably incorporated in the tender documents wherever applicable.
- 12.3 In case 2 parties have same L-1 ranking and other conditions are same, the tendered quantity/scope of work shall be distributed equally between these 2 parties. In case the tendered quantity/ scope of work cannot be split, both parties can be invited to submit their revised offer in sealed bid for deciding the L-1 ranking.
- 12.4 In case the order is to be placed on more than one tenderer as per the ratio specified in the Tender Document and the L-1 price is established and finalized, then the L-2, L-3, L-4 ... tenderers



will be given counter offer in seriatim to match their prices with L-1 price for distribution of the items/ jobs to be ordered. Only the tenderers, who agree to match their prices with L-1, will be considered for the distribution of order quantity/scope of work as per specified ratio.

- 12.5 For splitting the tender quantity/scope of work among more than one tenderers, the basis will be their original rankings as per the comparative statement. The allocation will be in the descending order with L-1 getting the highest share. The distribution pattern for splitting the order into 2/3/4 parties will be broadly as indicated below:-

In case of distribution for	Ratio for Original Ranking
L-1, L-2, L-3 & L-4	
Two parties	70:30
Three parties	60:25:15
Four parties	50:25:15:10

However, capability, capacity and past performance will be kept in view for the allocation of quantity to multiple sources. In addition to the above, in case more than one party has the same rank, then their share will be added and equally distributed.

Similarly, if three parties have the same ranking, viz. L-1, L-1, L-1, L-2, L-3, L-4, then the distribution shall be:-

L-1	23.33%
L-1	23.33%
L-1	23.33%
L-2	: 10%



- L-3 : 10%
- L-4 : 10%
- 12.6 Wherever voluntary reduction in prices is received after opening of the price bid and/or after the expiry of time limit fixed for re-bids, such reduction in price will not be taken into account for the purpose of evaluation and ranking for placement of order, while making the purchase/ contract proposal. Appropriate recording shall be made in the file to this effect.
- 12.6 Where the voluntary reduction in price is given by a tenderer, who is otherwise eligible to get order on the basis of bids received before the scheduled date and time, the order would be placed at a price taking into account the voluntary reduction offered by the party.
- 12.7 The proposal for purchase preference to PSUs/Government Organisations shall be based on the guidelines issued by the Government of India.

13.0 PRICE NEGOTIATIONS

- 13.1 There should be no post tender negotiations except in certain exceptional situations. Such exceptional situations would include procurement of proprietary items, items with limited source of supply, and items where there is suspicion of a cartel formation. The justification and details of such negotiations should be duly recorded and documented without any loss of time.
- 13.2 Negotiations, if required, should be conducted with the L-1 bidder only, with the approval of Competent Authority. Convincing reasons must be recorded by the authority recommending negotiations. Negotiations should be held by the Tender Committee consisting of executives from Purchase / Contract Department, Indenting Department and Finance Department. The Committee must record reasons and outcome of the negotiations.



- 13.3 Where quantities are to be distributed on multiple parties, the other parties L-2, L-3, L-4... need to match the L-1 prices. The matching of prices, to avoid placement of order on differential price, shall not be treated as counter offer or negotiation.
- 13.4 In case L-1 backs out, re-tendering should be resorted to in a transparent and fair manner without considering the backed out tenderer.
- 13.5 Order on more than one party shall be considered only if such stipulation was made in the NIT as explained in Para 6.11.
- 13.6 During price negotiations, changes in the already decided techno commercial terms shall not be allowed and no increase in price is permitted.
- 13.7 The negotiations and decision for placement of order must be completed within the validity period of the offers. Wherever necessary, the extension of validity period by the parties concerned should be ensured.

14.0 TRIAL PURCHASE/ WORK ORDER

- 14.1 Items for which the sources are required to be developed should be identified and listed by the user department and 10% of the assessed requirement of the identified items may be kept aside for issuing trial development order.
- 14.2 For development of new sources of supply, separate tenders should be floated. Tender should preferably be open tender.
- 14.3 Trial orders can be placed generally on a maximum of three parties even at different rates after negotiation. However, the landed cost of trial order should normally be not more than that of proven product.
- 14.4 In case one party develops the item(s) and his/her offer product is technically and commercially accepted, the party's product will be



treated as acceptable substitute and can be procured against single tender enquiry until other parties are developed. Once more than one party is developed, purchases shall be made through Limited Tendering process by floating tenders to the developed vendors as well as to the proprietary supplier.

15.0 ISSUE OF ORDER FOR PURCHASE/ JOB CONTRACT

- 15.1 All proposals for placement of order/contract shall be processed through ERP and order /work order shall be placed in the standard proforma updated from time to time by M&C Department, CO after obtaining approval of the Competent Authority as per DOP.
- 15.2 The escalation/ variation Clause, where envisaged or insisted upon, should be carefully drawn up to avoid disputes at a later stage and does not give undue benefit to the suppliers/ contractors. The basic elements on which escalation is agreed upon constituting the price at the time of placement of the order should be verified and their authenticity confirmed and the escalation formula and the authentic index to be relied upon for this purpose should be clearly laid down.
- 15.3 All orders should be self-contained and should have proper stipulations like Payment Terms, Liquidated Damages and Risk Purchase/ Contract clauses, etc. to ensure timely supply of the material/ execution of jobs.
- 15.4 In case a party is selected to supply material/ execute a job contract at higher price against a subsequent tender, but whose supply of the material/ execution of job contract against the earlier order at lesser price is not yet complete for reasons attributable to the supplier/contractor, it will be ensured that the supplies are made/ jobs executed first against the earlier order before being considered against the subsequent order
- 15.5 The time for award of contract by the Competent Authority, should not exceed one month from the date of submission of recommendations.



15.6 POSTING OF POST CONTRACT DETAILS:

For all tenders above Rs.3.00 Lacs, the post tender contract details, stated as follows should be posted on the website:

Tender No./ Item or nature of work/ Mode of tender, NIT date, type of Bidding (Single/ two bid system)/ last date of receipt of tender/ no. of offers received/ no. of parties not qualified after technical evaluation/whether contract was awarded on L-1/ Contract No. & Value/scheduled date of completion of supplies.

16.0 EXTENSION OF DELIVERY/ CONTRACT PERIOD AND LIQUIDATED DAMAGES (LD)

- 16.1 Liquidated Damages be levied against suppliers/ contractors in case of delay in supply of materials/ execution of contract beyond the date of delivery/ completion of job specified in Purchase order/ contract.
- 16.2 Extension of delivery/ contract period may be granted by the Competent Authority as per DOP.
- 16.2.1 The extension of delivery/ contract period when granted shall be subject to the following conditions:
- i. No increase in price shall be granted if the same takes place during the extended period, despite a variation Clause in the Order but reduction, if any, shall be availed of.
 - ii. Any increase/ decrease in taxes and duties on account of statutory increase / decrease / fresh imposition of any duty or taxes which take place during the extended period shall be admissible / availed of, provided it is CENVARIABLE / set off is admissible against these levies.
 - iii. Price Variation, if indicated in the Purchase Order/ Contract will be applicable for the quantity supplied/ work performed within the scheduled period of Purchase Order/ Contract.



For supplies made/work executed during the extended delivery period, the rates as prevailing on the last day of the scheduled delivery/ contract period may be paid with the approval of the competent Authority.

De-escalations / reductions, if any, which takes place, shall have to be passed on to HCL.

- iv. If it is in the interest of HCL to ensure completion of supply/ execution of job and/ or fulfillment of contractual obligations subject to levy of LD when reasons for delays are not attributable to HCL.

These conditions should be incorporated in the tender document wherever applicable

- 16.3 If the delay in completion of supply / execution of job is attributable to HCL or Force Majeure only, Competent Authority may consider waiving of Liquidated Damages, as per the DOP.

17.0 AMENDMENTS TO ACCEPTANCE OF TENDER (PURCHASE/ CONTRACT ORDER)

Amendments to the Purchase/ Contract Order should be rare. In exceptional cases, amendment may be issued for the recorded reasons with the approval of Competent Authority as per DOP.

18.0 PAYMENT TERMS

- 18.1 Payments should be made strictly according to terms & conditions as indicated in Purchase Order (PO)/ Contract. Deviation, if any, in payment terms should be approved by Competent Authority with the concurrence of Head of Finance
- 18.2 In case where delivery period has expired, documents sent through Bank should be released only on approval of the Competent Authority based on recorded reasons. Such approval should be obtained within two working days. In the case of payments through



Bank, the Accounts Department after receipt of necessary advice from the concerned Bank will make payment to the Bank as per the terms of Purchase Order. In case the Accounts Department finds any discrepancy and is not able to get the documents released within two days, they will seek the instructions of M&C Dept. in writing and act accordingly. The documents thus received should be handed over to the Stores Department under intimation to the purchase Dept.

- 18.3 Before release of final payment, the following should be ensured by the Accounts Department except where 100% payment is made through LC/Bank against dispatch documents or 100% against proforma invoice.

- i) The material both in quantity & quality and specification has been duly received as stipulated in the Purchase Order and has been taken on record by the Stores Department, evidenced by RV and / or other specified documents.
- ii) The recoveries which are to be made from the party have been made.

- 18.4 Running Account bills if payable as per contract and submitted by the contractors will be certified by the operating authority for the quality and volume of work executed and recorded in the Measurement Book. Bills of work executed by the contractor shall be jointly signed by the Operating Authority or his authorized representative and the contractor. These running bills will be sent to Finance for payment by the Operating Authority under acknowledgment obtained from the Finance Department.

- 18.5 To check fraudulent payment of bills, each Unit should prepare elaborate system for inter- department forwarding/ receipt/ acknowledgement of various documents. Proper system of numbering the bills also be laid down to avoid duplicate payments.



- 18.6 The Accounts Department should immediately on receipt of a bill, examine the availability of all supporting documents. In case of discrepancies, the dealing officer within two days of the receipt of the bill should refer the matter in writing to the M&C Dept. / Operating Authority.
- 18.7 Bills completed in all respect received by Finance Department should be paid on *First In First Out* (FIFO) basis.
- 18.8 In case payment to MSEs are pending for more than 30 days, report should be generated and sent to HOD of M&C Department at CO for submission to D(F).

19.0 TAXES

If any tenderer does not ask for duties, taxes, levies, etc. extra in his quotation and if this clause has accordingly been incorporated in the Purchase Order/ Contract, the tenderer will not be eligible for payment towards this. If duties, taxes, levies etc. including excise duty, are quoted separately by the supplier and the same have been taken into consideration for calculating the landed cost, then the supplier must furnish the necessary documents and indicate each element for reimbursement, even though the same might not have been claimed separately in the bills. In case, the supplier fails to submit the requisite documents, the reimbursable amount on account of duties, taxes, and levies as indicated in his quotation / the invoice / the Purchase Order/Contract shall be deducted from his bill. The same should be mentioned in the Purchase Order / Contract.

- 19.1 The Sales Tax number of the supplier / Contractor should be mentioned in the Purchase Order / Contract.

20.0 CANCELLATION OF PURCHASE/ WORK ORDER AND RISK PURCHASE/WORK ORDER

- 20.1 When it is intended to cancel the Purchase Order or Contract



which has been kept alive after expiry of delivery period by the conduct of parties, it is necessary to issue a notice to the concerned party before actual cancellation giving a period of fifteen days or such period as Law Department may advise for supply of material without prejudice to our rights to recover L.D as per terms of the contract. Where the order is not kept alive beyond delivery period by implication or conduct of the parties, cancellation should be issued by the M&C Dept. / Contract Cell immediately after expiry of the delivery/ completion period stating that quantities incomplete on the due date are cancelled and risk purchase will be made in terms of the relevant clause of the tender conditions of the contract. However, before resorting to the risk purchase, approval of the competent authority should be taken. Wherever necessary, Law Department should be consulted to protect the interests of the Plant/Company.

- 20.2 For Risk Purchase action after issue of notice to the defaulting party a tender enquiry will be issued excluding the defaulting party for finalization of order on alternate source. Preferably the date of tender opening of the alternative tender enquiry and the expiry of risk purchase notice to the defaulting party should be about the same time. Notice should be given to the defaulting party with a view to provide it with last chance to effect supply and as such its response should be taken into account before deciding on the cancellation or alternate procurement through risk purchase.

The decision to place order and cancellation of the original order should be taken after consideration of the response of the defaulting party and the receipt of the offers against the enquiry.

- 20.2.1 For job contract cases, notice for execution of order on risk & cost of any contractor can be issued during valid period of contract also if contractor either fails to start the work within reasonable time, the progress of the job is poor or for any breach of contract.



- 20.3 After expiry of notice period and on finalization of the alternate purchase order/ contract the left-over/unserved quantity in the original purchase order/ contract should be cancelled and new order should be placed.
- 20.4 The Risk PO/ WO should as far as possible be on the same terms and conditions as the original PO/ WO (apart from delivery time), i.e., the goods should be of the same specifications, etc.
- 20.5 It should be ensured that Risk PO/ WO is concluded within a reasonable time.

21.0 VENDOR DEVELOPMENT

- 21.1 It shall be the continuous endeavour on the part of all Units to find out and/ or develop substitutes/ sources of supply with a view to reduce cost of input materials/ services. Consideration may also be given to save foreign exchange.
- 21.2 To achieve this objective, the unit Head shall constitute a Vendor Development Cell (VDC) under HOD of M&C dept which will coordinate and monitor all related activities
- 21.3 The need to develop a Vendor for an item/ services shall be identified by concerned user Dept / M&C Dept and shall be approved by concerned HOD.

The requisition for such items shall be made by concerned department with the approval of the Competent Authority and shall contain :

- a) The existing practices/ material/ technology and their shortcomings.
- b) The proposed practice/ material/ technology and the anticipated cost-benefit analysis.
- c) Minimum quantity for conducting trial.
- d) Minimum period for conducting trial



- 21.4 Such proposals may be scrutinised by a Committee comprised for this purpose under HOD of M&C dept. One month before the beginning of each financial year, the Committee shall identify the items and in consultation with VDC and within the annual budget for the same, would get it approved by competent authority.
- 21.5 Before issuance of tender enquiry, the replacement specifications, functional requirements, input conditions, performance norms, relevant drawings, inspection procedures, method of conducting trials and outputs, etc., are to be worked out and finalised by the indenter /concerned department in consultation with Design Department, R&D, other technical Consultant Departments. The proposal shall also indicate the stage and final inspection criteria, procedures and methods of conducting trial.
- 21.6 Final acceptance of the item developed shall be done after field trial. The trial should be completed within the stipulated period from the date of receipt of material.
- 21.7 Evaluation of Performance: The trial shall be monitored by a Committee constituted for the purpose by the HOD of concerned dept.
- 21.8 The firms who successfully develop an item shall be encouraged with the placement of repeat order as per Para 5.7.

22.0 CLOSURE OF CONTRACT

- 22.1 All contracts where jobs have been completed in all respects including period of warranty/ guarantee after its completion/ commissioning, final acceptance certificate should be issued within one month thereafter.
- 22.2 Operating Authority shall process the final bill of the contractor as per the check-list to be designed by each Unit for closure of the contract for submission to the Finance Department, along with the final acceptance certificate.



22.3 The final bill of the party shall be checked and passed by Finance Department and shall be released to the contractor as per laid down procedure to be developed by Plants/ Units.

23.0 PROCUREMENT THROUGH REVERSE AUCTION

Instructions issued by M&C Dept, Corporate Office, from time to time w.r.t. “*Guidelines on Procurement through Reverse Auction (RA)*” shall be followed.

24.0 BANNING OF SUPPLIERS/CONTRACTORS

In case of default, bad performance, fraud, deception and misconduct etc. by any supplier/contractor, action may be taken as per the instructions issued from Corporate Office from time to time.

25.0 POLICY FOR MSEs UNDER PUBLIC PROCUREMENT BILL 2012

- 25.1 Under Public Procurement Policy for Micro and Small Enterprises (MSEs), a minimum 20 % (twenty per cent) share out of the total procurement by Central Government Ministries/ Dept/ PSUs is to be given to MSEs.
- 25.2 Out of 20% target of annual procurement from MSEs, a sub-target of 4% (Four per cent) is earmarked for procurement from MSEs owned by Scheduled Caste (SC)/ Scheduled Tribe (ST) Entrepreneurs. However, in the 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 will be met from other MSEs.
- 25.3 Those MSEs which are registered with Districts Industries Centers (DICs) / Khadi & Village Industries Commissions (KVIC) / Khadi & Village Industries Board (KVIB) / Coir Board/ NSIC/ Directorate of Handicrafts and Handloom or any other body



specified by Ministry of Micro, Small & Medium Enterprises are eligible for availing benefits under the Public Procurement Policy.

- 25.4 Every Central Ministry / Department / PSU has to set an annual goal for procurement from MSEs at the beginning of every financial year, with the objective of achieving an overall procurement of minimum 20% (twenty per cent) of total annual purchases of products produced/ services rendered by MSEs. With effect from 1st April 2015, overall procurement goal of minimum 20% shall be made mandatory.
- 25.5 MSEs will be facilitated by providing them tender sets free of cost, exempting them from payment of Earnest Money
- 25.6 In tender, participating MSEs quoting price within band of L1+15% shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than an MSE. Such MSEs shall be allowed to supply up to 20% of total tendered value. In case of more than one such MSE, the supply will be shared proportionately.
- 25.7 Policy is meant for procurement of only goods produced and services rendered by MSEs.
- 25.8 The Ministries or Departments or Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official websites so that MSEs may get advance information on requirement of procurement agencies.
- 25.9 Central Ministries / Departments / PSUs have to take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes/ Buyer-Seller Meets and entering into Rate Contracts with MSEs for a specified period in respect of periodic requirements.
- 25.10 Every Central Ministry / Department / PSU is to report goals set



with respect to procurement to be met from MSEs and achievement made thereto in their respective Annual Reports.

- 25.11 PSUs have to take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes / Buyer-Seller Meets and entering into Rate Contract with MSEs for a specified period in respect of periodic requirements.

26.0 GENERAL

- 26.1 The employees associated with award /execution of contracts and purchase of items shall ensure that
- a) Relevant provision of HCL Rules are complied with,
 - b) While dealing with relations, the relative shall be as defined in the Company's Act, 1956.
- 26.2 Tender enquiry format should have a clause making it compulsory for a bidder to declare whether the proprietor/ partner/ Director of the firm has any relation with any employee working in the Units concerned or Director of HCL and if so, give the details and the relationship.
- 26.3 While procuring materials, the focus should be on electronic communication.

