



ALIMCO PURCHASE POLICY (REVISED) - 2016

Approved Vide Board of Directors:

160th Meeting held on 30/03/2016 (Item No. IV & VII)

174th Meeting held on 06/07/2018 (Item No. X)

175th Meeting held on 19/09/2018 (Item No. XII)

185th Meeting held on 29/10/2020 (Item No. IX)

Amended Vide Board of Directors 165th Meeting held on 21 Nov.,16 (Item No. XII)

Amended Vide Board of Directors 165th Meeting held on 21 Nov.,16 [Item No. XXV (ii)]

Amended Vide Board of Directors 174th Meeting held on 06 July, 2018 [Item No.X]

Amended Vide Board of Directors 175th Meeting held on 19 September, 2018 [Item No.XII]

Amended Vide Board of Directors 185th Meeting held on 28 November, 2020 [Item No.IX]

ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA

**(Department of Empowerment of Persons with Disabilities,
Ministry of Social Justice and Empowerment, Govt. of India)**

G.T. Road, Kanpur -209217

Index of Contents

Para No	Chapter and Contents
	Chapter- 1
1.1	Applicability
1.1	Objectives of the Purchase policy
	Chapter-2
2.1	Procurement Systems and methods
2.2	Purchase Process and Documentation- General
2.3 to 2.5	Initiation of process i.e. Indenting
2.6	Tender Documents
2.7	Instructions to Tenderers
2.8	Two bid procedure in tendering wherever applicable
2.9	Submission of Samples
2.10	Bid security/ Earnest Money Deposit
2.11	Security Deposit and Performance Guarantee
2.12	Refund of EMD/ Security Deposit/ Performance guarantee
2.13	Implementation of Government Orders & Policies
	Chapter- 3
	Tendering Process and Tender opening & Tender evaluation
3.1	Publication of tenders (open tender)
3.2	Error and omission in Tenders
3.3	Extension of Tenders
3.4	Tenders/ Offers
3.5	Opening of Tenders
3.6	Late Tenders/ Unsolicited Tenders
3.7 &3.8	Purchase through Limited Tender
3.9to3.12	Enlistment of Vendors for Limited Tender
3.13 -3.14	Single Tender Purchase
3.15	Two- Stage Bidding Process

- 3.16 Expression of Interest (EOI) and Request for Proposal(RFP)
- 3.17 Purchase Through GeM Portal
- 3.18 Tender Evaluation- General

- 3.19 Preliminary Scrutiny- Rectification of arithmetical errors 3.20-
- 3.21 Substantial responsiveness of the Tender

- 3.22 Preliminary Evaluation and Preparation of Comparative Statement of Quotations (CSQ)-(including Delegation of Financial Powers- Tables A1, A2 and A3 3.23 Technical Committee

- 3.24 Technical Recommendation Committee

- 3.25 Scope and Responsibility of the TRC- Procedure

- 3.26 Allocation of Tender Quantity 3.27 Negotiation

Chapter- 4

- 4.1 Price Variation Clause
- 4.2 Diversion of Order
- 4.3 Award of Contract- Issue of Purchase Orders

Chapter- 5

Guidelines regarding other modes of procurement

- 5.1 Repeat Order
 - 5.1.1 Amendment of P.O. Quantity
 - 5.2 Trial/Development/Educational Order
 - 5.3 Cash Purchase
 - 5.4-5.5 Purchase through Team
 - 5.6 Purchases from Ancillaries i.e. disabled beneficiaries who availed the Loan from NHFDC against Guarantee provided by AIMICO
-

Chapter- 6

Terms of Payment (TOP)

- 6.1-6.2 for supplies of Raw-materials stores and other consumables from indigenous sources
- 6.3 For Civil Contracts
- 6.4 For Turnkey Sub-Contracts
- 6.5 For Miscellaneous Service Contracts
- 6.6 In the case of Capital goods
- 6.7 Conditions for release of Final payment
- 6.7.1 Stock Entries
- 6.7.2 Recoveries
- 6.7.3 Taxes

Chapter- 7

General conditions of contract

- 7.1, to 7.2 Issue of Purchase Order
- 7.3 Payment to suppliers
- 7.4&7.5 Use of Purchase Order/ Works/Service Contract/ documents and information

- 7.6 to 7.9 Amendment/ Modification in the Purchase Order or Work/ Service Contract etc.
- 7.10 Failure or Delay in Delivery
- 7.11 to 7.13 Inspection and Tests
- 7.14 Risk Purchase
- 7.15 Arbitration
- 7.16- 7.17 Force Majeure
- 7.18 Taxes and Duties
- 7.19 Headings
- 7.20 General Lien
- 7.21 Banning/ Black-Listing/Suspension of business dealings/Removal etc.
- 7.22 Court Jurisdiction

ALIMCO PURCHASE POLICY (REVISED) – 2016

CHAPTER – 1

1.1 Applicability

This purchase Policy of the Corporation will be applicable on HQ/AAPCs/ RMCs for all type of purchases of Raw Materials, Stores, Spares, Capital goods and for tendering contracts. Contractors service provides job workers relating to any work contract, service contract, job contract etc. including Annual Maintenance Contract. This will not be applicable for awarding any insurance policy to any Insurance Company, Banks deposits **etc.**

1.2 Objectives of the Purchase Policy

The basic objectives of the Purchase Policy are:

- (i) To procure the stores of required & specified quality.
 - (ii) To procure stores in required quantity.
 - (iii) To procure stores on competitive from eligible source at right price.
 - (iv) To procure stores within required time frame.
 - (v) To adopt & follow procedures and regulations laid down in this policy framed by the Corporation time to time necessary for successful completion of procurement process.
 - (vi) To maintain inventory level at minimum consistent with the production requirements.
 - (vii) To maintain list of reliable/approved vendors and service providers, and updating the same from time to time **at least once in a year.**
-

CHAPTER – 2

2.1 Procurement Systems and Methods

Depending upon the nature of the procurement and the goods/works/ services being procured, the most appropriate and feasible procurement system and method is used. Several Methods are adopted for procurement of Plant & Machinery / Raw Material / Services/B.O. etc. These methods are:

- i) Open Tender
- ii) Limited Tender
- iii) Single Tender
- iv) Cash Purchases
- v) Repeat Orders
- vi) Team Purchase
- vii) Global Tender
- viii) **Expression of Interest(EOI)**
- ix) **Request for Proposal (RFP)**
- x) **Nomination/ By Choice**
- xi) **Quality and cost based Selection**
- xii) **Cost based Selection**

The procurement systems- Can be Single bid system or Two- bid system or Two-stage bidding depending upon nature of procurement and the kind of method used, as considered appropriate by the Corporation depending upon the nature and circumstances of the case.

Purchase Process and Documentations

2.2 General

The purpose of tendering is to get for the company a wide range of choices for selecting the best offer from the competing suppliers and to give the suppliers an adequate opportunity to offer their goods and services.

2.3 Initiation of process i.e. INDENTING

Planning Department will prepare the consolidated requirement and raise indents thereafter on the basis of following:

- (a) Annual Sales projections framed by the Marketing Department.
- (b) Communications received from user department for items other than those covered in (a) above.
- (c) Any subsequent modification in the annual Sale Projection

2.4 Purchase Indents shall be prepared on the prescribed format by the Indenting Department and shall be signed by the Competent Authority. The Indent should give full and complete information regarding the description and specification of the material to be procured. Generally specifications given should be standard specifications

equivalent to IS/BS or as applicable. In case of indent to be raised for capital item, it must have the reference for approval of the purchase. In case of items of revenue nature i.e. raw material, stores, spares etc. indent must have the status of present stocks showing quantities of the items to be procured. Manufacturing drawings wherever required should be enclosed with the Indent.

2.5 Along with the Indent the indenting Department shall also mention the estimated value of the items indented. Delivery schedule should also be mentioned on indent after taking cognizance requirement schedule of procurement time involved in case of Open Tender, Limited Tender etc. Estimated value should be based on Last Purchase Price (LPP). Where the Last Purchase is more than 02 years old, the current market prices are to be referred as estimated value. In case of proprietary items indent should have an explicit mention of requirement through single tender, **along with reasons/ justification**

2.6 Tender Documents

The indent duly approved by the Competent Authority will be a conclusive document to be forwarded to Materials Management/*relevant* department to affect purchase. The MM Department will initiate the procurement process by **deciding the procurement plan and** by preparing tender documents. Preparation of tender documents is the first important step in the process of procurement. **Since much depend on the adequacy and the quality of these documents for a satisfactory procurement** and smooth execution of the contract of purchase the documents should be comprehensive in scope and should have clarity in its content. It should provide all necessary information describing clearly the goods / services required or the work to be done. It should generally include: (i) Invitation to Tender

- (ii) Instructions **to the bidders**
- (iii) Tender Form (if required)
- (iv) Items / the services to be **supplied/rendered/ provided**
- (v) Products specification and drawings
- (vi) General conditions of Contract
- (vii) Special conditions of Contract, if any
- (viii) Concessional forms to be made available to the supplier in respect of prevailing tax / levies etc
- (ix) **Pre-qualification/ Qualification Criteria, if any.**
- (x) **Evaluation criteria**
- (xi) Any other condition as considered necessary

2.7 Instructions to Tenderers

In the instructions to Tenderers the qualification and experience of the Tenderers, **closing** date, time and place for receipt of tenders, **complete designation, address and place of the official(s) responsible for receiving the tenders or to whom the tenders can be sent by post, and place including the location of the Tender Box, if**

provided, where the sealed Tender **could be delivered**, the right of the Corporation to extend the closing date **and time, the date and time of tender-opening** period of Tender validity, permissibility of part tendering, permissibility of the alternative bids, the currency in which the Tender prices should be quoted etc. should be clearly indicated.

2.8 Two bid procedure in tendering wherever applicable

This procurement process will be used in case of procurement of items / facilities/services which are not available off the shelf in the open market but are required to meet specific requirement of ALIMCO **or in case of goods of complex technical nature or services of complex nature. The Corporation will host the specifications/ requirements on it's website inviting suggestions within specified time-limit. The suggestions received within the specified time and if found useful may be accepted by the Corporation, at it's discretion, for effecting acceptable changes before finalizing specifications/ requirements in the tender- document.**

Under this procedure tenders may be invited in two separate sealed covers. One shall be containing technical bid (i.e. techno commercial bid) including **Bid Security/ EMD & cost of tender, if downloaded from website and** the other will have price bid. **Both the Technical bid and the Price bid should be submitted in two separate sealed covers and placed in a bigger cover which is also to be sealed. The bidders should be instructed to write tender no. and closing date and time for submission and the date and time of tender-opening on sealed cover.**

In this procedure the technical bids will be opened first for all the Tenderers and evaluated **for assessing responsiveness and to see that the technical parameters and conditions are acceptable. After the evaluation of the technical bids, if considered necessary and desirable, clarifications in respect of minor doubts/ missing documents, if any can be sought from the bidders. However, care should be taken to ensure that clarifications do not result into converting an unacceptable offer into an acceptable one or do not result into change the position of the bidder in the Ranking. After determining the acceptability of the technical bids, the Price-bids of the bidders whose technical bids have been found acceptable shall be opened in their presence, if they wish to be present by giving them notice about the date, time and place of opening of the price-bids. The technical evaluation of the bids shall be done either by a technical committee constituted by Competent Authority consisting of officers from Production Department, Quality Control Department and Materials Management and if need be officers from item user or any other department or by the Tender Recommendation Committee and outside expert, if considered necessary by the Corporation.**

In Case of participation of OEM & its Authorised Dealers in same Tender, then all such offers shall be treated as Single offer and the lowest price quoted among them will be considered.

2.9 Submission and testing of Samples

Vendors shall be allowed to submit the Samples only once along with the Tender. Subsequent supply of Samples, if any, shall be done only after due approval of CMD. No Vendor shall submit the Samples more than two times against any of the particular Tenders in any case.

Just as in case of Tender sample, only two opportunities shall be allowed for submission of Advance Sample. The approving authority for allowing the submission of second Advance Sample will also be the CMD as in case of tender sample.

The test of Samples of all kinds shall be done in the available testing facilities of the Corporation by/ through the available manpower of the Corporation and the findings of the Corporation in this respect shall be final and binding on all the parties.

2.10 Bid- Security/ Earnest Money Deposit (EMD)

The normal rate of Bid security/EMD, where ever chargeable is 2½% (two and half percent) of the estimated value, if beyond Rs.10.00 Lakhs (While no EMD will be chargeable being the limit of Limited Tender). Rounded off to next (higher) Rs 500/-depending on the value subject to the maximum of Rupees five lakhs. The exact amount of bid-security/ EMD calculated as the percentage of estimated value should worked out, and indicated in the bid notice and tenderdocument **All SSI units / Micro & Small Enterprises (MSE) will be issued Tender Documents free of cost & Exemption to submit Earnest Money Deposit (EMD) on submission of valid Udyog Aadhar Memorandum (UAM) against Tender for the items/nature of business/ type of services specified therein in the UAM.** The amount of Earnest Money should be furnished in the form of Demand Draft or Pay Order or Bankers Cheque only. No interest shall be claimed/ payable on the bid- security/ EMD furnished to the Corporation.

2.11 Security Deposit (SD) and Performance Guarantee (PG)

For fulfillment of the Contractual obligation of Contract, the successful tenderer shall deposit Security Deposit of 5% of order value in case of Supply/revenue Contracts and 10% in case of execution of all other Contracts/Work Orders *in case of open Tender* subject to the following further conditions-

- a) There shall be an overall ceiling of Rs.50 lakhs of SD in case of supply/ revenue contracts i.e. in such contracts, the PG/SD shall be 5% of the contract value or Rs.50 Lakhs, whichever is less
- b) There shall be an overall ceiling of Rupees one Crore in case of Works Orders and other contracts i.e. the amount of SD shall be 10% of the contract value or Rs. One Crore, whichever is less
- c) The Security Deposit shall be furnished by the successful bidder/ Contractor in the form of Demand Draft or Pay order or Banker's Cheque or submit irrevocable Bank Guarantee from any of the Nationalized Bank in the prescribed format to be provided by ALIMCO in place of Security Deposit as applicable.

After the Supply/ execution of the contract, Performance Guarantee shall be furnished by the contractor to cover it's obligations under the warranty period/ Defect Liability Period in the form of Bank Guarantee from any nationalised bank. The Corporation may also consider, at it's discretion, acceptance of Corporate Guarantee given by the Foreign Principal in lieu of Bank Guarantee in case of imported goods. On receipt of acceptable Performance Guarantee, the Security Deposit will be refunded/ returned.

Security Deposit shall be furnished within the time-limit provided for in the contract. Non-submission of the Security within the time specified for the purpose in the contract shall amount to the breach of an essential condition of the contract and shall render the contract liable to cancellation and the contractor shall be liable for all the consequences thereof or caused thereby.

Bid Security/ EMD of the successful bidder will be returned/ refunded only on receipt of valid and acceptable performance guarantee/SD.

The Corporation, at its sole discretion may decide that the Earnest Money of the contractor would be converted into Performance Guarantee/Security and the Contractor would be liable to deposit the balance Performance Guarantee/Security within the time period as specified in the contract. However, in case of supply Orders/Job Contracts (excluding Civil Contracts etc) and failure of the party to deposit balance amount of Security deposit, the same will be recovered @ 25% from the payments to be released against the running bills of the party.

The security in case of Contract pertaining to Civil constructions shall remain with the Corporation for period varying from 6 (six) months to 12 (twelve) months as prescribed in the Contract terms. The retention of Security Deposit for 6 months/12 months period is to meet out the liabilities which may come up during the defect liability period.

However, in other cases security deposit will be refunded after successful completion of order / supply. The Earnest Money shall be forfeited if the Tenderer withdraws his Tender before the period of validity of the Tender (i.e. minimum 90 days) **or alters the condition(s) of the offers on his own after the closing date and time for receipt of the tender but before the original validity of the offer and/ or fails to furnish requisite P. G/Security Deposit within the specified period after the award of contract, wherever applicable**

2.12 Refund of bid-security(EMD) and Security Deposit

EMD will be refunded to unsuccessful bidders within 30 days of finalization of Purchase Order/Work/Service Contract. In case of successful bidders EMD will be refunded **on receipt of acceptable Security Deposit.** Security Deposit will be refunded within 30 days after completion of the Purchase Order/Work/Service Contract **and on receipt of the performance guarantee to cover the discharge of contractual obligations under the warranty period/defect Liability. In case the Supplier/Contractor is awarded PO/Work/Service Contract for few items and they have deposited the EMD/Security Deposit for all tendered items, the EMD/Security Deposit will be refunded after retention of EMD/Security Deposit as per Conditions indicated as para 2.11.**

2.13 Implementation of Government Orders & Policies

Implementation of Public Procurement (Preference to Make in India) Order 2017, Department of Promotion of Trade & Industry, Ministry of Commerce & Industry, Government of India dated 16.09.2020 & Other related Orders of Govt. of India and their amendments from time to time shall be applicable.

CHAPTER – 3

Tendering Process and Tender Opening & Tender Evaluation Publication of Tenders (Open Tender)

3.1 Making information regarding the Tender availability to all potential suppliers is an important step in securing the specified quantity and quality of goods / Plant & Machinery. Open Tender will be issued in case the estimated value of any item exceeds Rs.10.00 lacs. For value of item upto Rs.10.00 lacs, Limited Tender procedure will be followed and such Tender Notice may be issued to the Registered Firms and all known sources.

Notice inviting Open Tender may be published in at least one National Newspaper and local Language Paper of the particular region. In addition to above every Open Tender must be displayed on Corporation's Website mentioning the full details so that party could get tender form and participate in the tender. **Tender-notice may also be sent to registered vendors/known sources so as to ensure that offers are received from more such vendors in the interest of competitive bidding.**

3.2 Error or omission in Tender Document

Where an error or omission is noticed or brought to notice by a tenderer, action should be taken to issue an amendment. Where an amendment or modification issued is of a vital importance/ **complex nature, the terminal date of submission of bids is very near and needs extension of time for, the date and time of bid-submission and bid opening, and consequently bid- validity period may be extended by way of amendment to bid notice and bid document.**

3.3 Extension of Tender-opening Date of submission of tender, date of opening of Tender **and the date of bid validity** may be extended depending on the exigency of circumstances after seeking approval of competent authority.

3.4 Tenders / Offers

Tenders containing offers received are classified into the following categories.

- a) Regular Tender:
Those which are received within due time and date prescribed against enquiries.
 - b) Late Tenders:
-

Tenders received after due time and date by the respective section of the corporation/ or the officer(s) or committee, if any designated for the purpose or the tenders dropped in the Tender Box after the closing date and time whichever method/ methods is or are prescribed by the Corporation. Late tenders are not considered.

c) Unsolicited Tenders:

Unsolicited tenders are the tenders received from the bidders from whom the bids have not been solicited or the tenders submitted by parties to whom tender enquiries have not been issued (**normally in case of limited tenders**). **Unsolicited tenders are not considered. However, if the tender requirements are hosted on the website inviting offers in case of limited tender too and tender-document are also placed on website and the prospective bidders are permitted to download the bid document to submit tenders along with the cost of tender-document, tenders so received cannot be said to be unsolicited tenders.**

Tenders from parties who had not purchased tender documents **in case of open tender when the tender-documents are priced or have not enclosed tender cost if downloaded from website or tenders from blacklisted parties are also not considered. The same applies to offers from blacklisted firms or from the firms with whom the business dealings are under suspension.**

d) Telegraphic / Fax / Telex:

Tenders received through electronic mode i.e. fax, e-mail etc.

e) Delayed Tender :

Tenders which have been received by the Corporation after scheduled date of opening because of the postal delays, provided the sealed envelope containing the delayed tender bear clear proof that the same was mailed at least two days prior to the due date of opening with the approval of competent authority.

3.5 Opening of Tenders

All regular Tenders received shall be opened publicly by authorized Officials/ Tender Opening Committee at the time and place stipulated in the Tender **in the presence of the bidders or their authorized representatives who are present to attend the tender-opening. The officials/ committee responsible for opening the tenders shall open the tenders , number them, verify the that the representatives present are the genuine representatives with authority to represent the company/firm they claim to represent, read out the important terms of the tenders such as rates, delivery offered, duties and taxes quoted, any other important condition quoted etc., sign/ initial each page of all the tenders opened, encircle all important entries preferably in red ink, prepare a list of the representatives present etc.**

While opening the delayed tender, the other eligible tenderers whose tenders were opened on the due date of opening of tender must be invited at the time of opening of delayed tender in order to have fairness and transparency and to avoid any litigation. However, the need to open delayed tender will arise only in the event of limited offers (less than three offers) against tender.

3.6 Late Tenders/Unsolicited Tenders

Late tenders are not to be opened at all. Unsolicited tenders shall not be considered for acceptance. Any modification in the tender sought to be made after closing date and time of receipt is post-tender revision and shall be treated as unsolicited and rejected.

In the event where tenders are called in two parts (Technical bid and price bid) but it is received only in one part without meeting the requirements of separate envelopes / sealed covers, such tender shall not be considered.

Tenders not accompanied by Earnest Money or valid DGS&D/NSIC registration certificate **in case of SSI/MSE units claiming to be registered with DGS&D/ NSIC** with requisite details and the samples, if required, as per tender terms & conditions, as the case may be, shall be treated as invalid.

3.7 Purchase through Limited Tender

In a limited Tender, offers for supply of goods / plant and machinery/ services, the enquiries shall be addressed to specific number of suppliers/ contractors as per vendors list available in the Corporation. Limited tendering may be resorted to where the value of purchase does not exceed Rs.10.00 lacs (15.00 lacs in case of emergency requirements with approval of CMD only for raw material & bought out items only). However, the existing limit of LTE for purchase of maintenance spares, stores, consumables, stationeries, job work contracts, transportation, service contracts etc. will continue to remain restricted to Rs.10.00 lakhs. However in case the offered L-1 value exceeds and is within **20%** of LT limit, it will be considered as it is within LT limit. It would be essential to maintain a list of eligible suppliers for following the limited tendering system. It is normally necessary to address to all those who have been enlisted as eligible suppliers or the known parties dealing with the required goods and services.

3.8 The Tender enquiry should be sent by Registered Post / Speed Post (and should be published on website where the tender value exceed Rs.2.00 lakhs)

3.9 Enlistment of Vendors for Limited Tender

The list of vendors for different items is available in Materials Management Department. However, there is a need for updating and inclusion of new parties /sources. In order to make List more authentic a system of registration of the firms by paying notional registration fee of Rs.500/- will be implemented and the fresh list of these parties will be made. **The list shall be updated from time to time. Open invitation will be given by the Corporation once in a year preferably in the month of January inviting the potential vendors/new suppliers/ service providers for registration/ inclusion in the list of approved vendors. The Corporation may also appoint/select vendors from other sources also Viz internet etc.**

3.10 For this purpose a brief advertisement for enlistment of suppliers / contractor be published in a National Newspaper and in one Local newspaper inviting the suppliers for enlistment/registration with the Corporation for three years period. **The advertisement with details shall also be hoisted on the website of the Corporation.**

3.11 Offers for registration against advertisement shall have full description of suppliers and goods/works/ services dealt by the firm and particulars e.g. registration under Factories Act, Sales Tax Act, ITACT,

Excise, NSIC,/ turnover of the firm, copy of authorized dealer/distributorship etc. Along with these details all the offers having registration fee of Rs.500/- through Demand Draft / Banker's Cheque will be evaluated and registration of firms will be done in case the details submitted by the firms are found acceptable by a Committee framed for the purpose.

3.12 The list as mentioned above may also be updated by addition of newly enlisted vendor and after deleting the supplier whose performances has not been found satisfactory on annual basis.

3.13 Single Tender Purchase

Direct purchase through Single Tender may be followed till further development of alternate source:-

- a) Where equipment or material is of proprietary in nature.
- b) Where accessories or spares or service required for previously procured machine and equipment from original manufacture.
- (c) In situations:
 - (i) When standardization is important and the equipment and spare parts need to expand or repair the existing equipment has to be procured from the original supplier or suppliers of identical goods.
 - (ii) Items developed for ALIMCO through proprietary process techniques till alternate source is available.
 - (iii) Specific brand of items as specifically mentioned for procurement, on indent from the manufacturer.

The indent of this nature should be accompanied by a Certificate briefly giving reason(s)/justification or mention "Proprietary" for going for single tender.

3.14 The proposal for going in for single Tender without EMD/Security money from an identified supplier shall be approved by the competent authority as per delegation of power.

3.15 Two stage bidding Process-

In the two-stage bidding process the offers are obtained twice. The purpose of the first stage is, normally to identify and short-list capable vendors/ consultants by inviting and evaluating the pre-qualification bids or the Expressions of interest. In the second stage, Request for proposal is issued to the short-listed vendors/ consultants under two-bid system i.e. technical bid and price-bid.

3.16 Expression of Interest (EOI) and Request for proposal(RFP)

The call for Expression of Interest (EOI) will be resorted to explore likely Vendors/Consultants for supply/work or services.

The Broad guidelines for EOI and RFP are as under:

- (i) Where the value of Supply/Work/Services is less than Rs.25.00 Lakh, the likely Vendors/Consultants may be explored on the basis of formal or informed enquiry, internet, or from other Organizations/Departments/Establishments. But the number of parties so selected should not be less than three to whom the Request for Proposal (RFP) is sent.
 - (ii) Where the estimated cost of items/work or services is more than Rs.25.00 Lakh, in addition to (i) above, a notice seeking "Expression of Interest" should be published at least in one national daily and hosted on the website of the Corporation. The Notice to be published for the purpose should include the followings as appropriate giving atleast 15 days time for submission of response.
 - (a) Broad detail of item/work or services.
 - (b) Broad eligibility criterion/Details about the firm
 - (c) Pre-Bid Meeting requirement, if any
 - (iii) A Committee constituted by the Competent Authority will study **and evaluate the EOIs based on the pre-qualification criteria laid down in the Request for EOI document.**
 - (iv) The Committee may after taking response from all Executives [refer(iv) above], as the case may be, select likely Vendors/Consultants/Agencies to be favored with RFP. But, the No. of parties should not be less than three and such list of selected Vendors is required to be approved by Competent Authority.
 - (v) The Request for Proposal (RFP) will be issued to shortlisted Vendors for obtaining the offers from them. The (RFP) should contain-
 - a) Request for Offer.
 - b) Procedure for submission of Offer.
 - c) Terms of Reference (TOR)
 - d) Eligibility Criteria, if not already assessed through EOI or Otherwise or as reframed.
 - e) Broad procedure for award of work
 - f) Formats, if any.
 - g) Other terms & conditions and procedure for midterm review, if Required.
 - (vi) The TOR should invariably indicate-
 - a) Objectives/Requirements
 - b) Specifications/Outline of task
 - c) Tentative Schedules
 - (vii) **RFP will normally be issued under two-bid system and the technical bids are opened first and evaluated based on terms/ criteria (including the method of procurement in case of procurement of consultancy services. The price bids are to be opened only of those bidders who are found to be technically acceptable or getting minimum acceptable score. However, the Corporation may, at it's discretion, opt for Cost based Selection (CBS) in case of simple cases of low value not exceeding Rupees ten lakhs. In such situations i.e., when it is decided to follow Cost Based method, it will not be a requirement to go for two-stage bidding and price bid will be invited along with EOI. EOI will be evaluated first and price bids of only those bidders whose EOI is found to be acceptable or who get minimum required score will be opened.**
-

- (viii) **Direct nomination method can also be followed on justifiable grounds in small value cases and when proprietary technique are needed to be used.**

3.17 Purchase through GeM Portal

ALIMCO is authorized to make procurement using GeM portal, if required & if the specifications of the item available on GeM portal meet the requirement of the Corporation, after following laid down General terms and conditions prevailing/available at the time of Procurement/bidding on GeM portal.

3.18 Tender Evaluation

General- Post Tender Revision

No Tenderer shall be permitted to alter his Tender after the Tender has been opened. Only clarifications which do not change the substance or price of the Tender would be considered.

Preliminary scrutiny

3.19 Rectification of arithmetical errors

While scrutinizing the Tenders if a difference is detected between the unit price and the total price the former will prevail. In case of discrepancy between the figures and words, the latter would prevail. The arithmetical errors mentioned above shall not be the cause of rejection of a Tender.

3.20 Substantial responsiveness of the Tender

The Tender shall be examined to determine whether they are substantially responsive i.e. whether all the required guarantees and sureties have been provided, whether the document have been properly signed or whether the bids are otherwise generally in order.

- 3.21** If a Tender does not substantially conform to the specifications or contains inadmissible reservations or exception to the Tender documents or does not otherwise substantially respond to the Tender documents and or have conditional offers it should be rejected. Care should, however, be taken to seek necessary clarifications regarding minor deviations from specifications not affecting the value of the Tender.

3.21 Preliminary Evaluation and Preparation of Comparative Statement of Quotations (CSQ).

Based on aforesaid guidelines Materials Management department will be responsible for preparation of Comparative Statement of Quotations (CSQ) and also for preliminary Technical evaluation. If necessary technical evaluation / assessment may be sought from user department or from a technical

committee. After preparing the CSQ and recording initial observations the file will be forwarded to respective Tender Recommendation Committees in case the amount of

procurement as per (lowest value) CSQ status falls within the prescribed limits. Similarly for procurement of items under Modernization, Project & Technology Department will also follow procedures mentioned above.

Further, in order to ensure smooth functioning of these two Committees the Chairman of one Committee can consider the proposals before the other committee in the absence of the Chairman of the other Committee.

For this purpose limits as per table A1, A2 & A3 given below may be taken for reference:-

A 1

FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS/SERVICE CONTRACTS

LIMITS OF INDENT APPROVAL (IN RS.)					LIMITS OF TENDER RECOMMENDATION		LIMITS OF APPROVAL (IN RS.)			
Approving Authority	Head	HOD	GM	CMD	TRC-II & TRC,AAPC	TRC-1	Head	HOD	GM	CMD
	AAPC	(HQ)					AAPC	MM(HQ)		
CAPITAL ITEMS										
Financial Power	* Upto 5,00,000	Upto 5,00,000	5,00,001 to 25,00,000	25,00,001 & Above	50,001 to 10,00,000	10,00,001 & Above	*Upto 2,50,000	Upto 2,50,000	2,50,001 to 25,00,000	25,00,001 & Above

NOTE: The Materials Management / Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto Rs.50,000/- for capital items.

A 2

FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS/SERVICE CONTRACTS

LIMITS OF INDENT APPROVAL (IN RS.)					LIMITS OF TENDER RECOMMENDATION		LIMITS OF APPROVAL (IN RS.)			
Head Authority	HOD AAPC	GM (HQ)	CMD	Approving	TRC-II & TRC,AAPC	TRC-1	Head AAPC MM(HQ)	HOD	GM	CMD
RAW MATERIAL AND BOUGHT OUT ITEMS										
Financial Power	Upto 10,00,000	Upto 10,00,000	10,00,001 to 25,00,000	25,000,01 & above	2,50,001 to 10,00,000	10,00,001 & Above	Upto 10,00,000	Upto 10,00,000	10,00,001 to 25,00,000	25,00,001 & Above
OTHER ITEMS										
Financial Power	Upto 5,00,000	Upto 5,00,000	5,00,001 to 10,00,000	10,00,001 & Above	1,00,001 to 10,00,000	10,00,001 & Above	Upto 5,00,000	Upto 5,00,000	5,00,001 To 10,00,000	10,00,001 & above

NOTE: The Material Management/Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto 2,50,000/- in case of Raw Material and Bought-out items and upto Rs.1,00,000/- case of other items.

A 3

FINANCIAL POWERS OF DIFFERENT LEVEL OF EXECUTIVES OF THE CORPORATION FOR APPROVAL OF INDENTS , PURCHASES AND JOB WORKS / SERVICE CONTRACTS

JOB WORK CONTRACT AND OTHER SERVICE CONTRACTS THROUGH OUTSOURCING										
LIMITS OF INDENT / REQUIREMENT					LIMITS OF TENDER		LIMITS OF CONTRACT			
APPROVAL (IN RS.)					RECOMMENDATION		APPROVAL (IN RS.)			
Approving Authority	Head	HOD	GM	CMD	TRC-II & TRC,AAPC	TRC-1	Head	HOD	GM	CMD
	AAPC	(HQ)					AAPC	MM(HQ)		
Financial Power	Upto 5,00,000	Upto 5,00,000	5,00,001 to 10,00,000	10,00,001 & above	1,00,001 to 5,00,000	5,00,001 & above	Upto 2,50,000	Upto 2,50,000	2,50,001 to 10,00,000	10,00,001 & above

NOTE: The Material Management/Processing Department shall be empowered for tender evaluation and recommendation for items valuing upto Rs.1,00,000/- for Job Work/Service Contract.

Technical Committee

3.23 In case of tenders having technical bids and cases wherever technical evaluation is required, Materials Management Department /P & T Department will forward the file first to Technical Committee duly constituted by the competent authority for technical evaluation & assessment of technically acceptable / non acceptable offers. Technical Committee will endorse its recommendations will forward it to MM/PT/Processing deptts. for onward processing. Tender Recommendation Committee

3.24 For evaluation & assessment of offers received against tenders and for endorsing recommendation the system of Tender Recommendation Committees will be followed. These

Committees as referred in ibid Para will be called Tender Recommendation Committee –1 and Tender Recommendation Committee-2, which will be duly constituted by the competent authority.

Scope & Responsibility of the TRC :

3.25 Procedure

The function of these Committees shall begin after receipt of comparative statement of quotation giving full details made by MM Department along with a technical evaluation, assessment & recommendations of offers by Technical Committee wherever necessary. The Tender Committee then shall :

- (a) Check whether the case rightly falls within its purview.
- (b) Compare the specifications of the tender with the quotation received.
- (c) Examine all aspects (both commercial and technical) of the comparative statement (for this function the Committee may co-opt any concerned technical officer of the Corporation in consultation with the concerned Head of the Department).
- (d) Record the reasons for not accepting the lowest offer in the tender, wherever applicable.
- (e) Committee may recommend re-tender, negotiate or visit to suppliers factory if considered necessary before giving final recommendation.
- (f) Recommend placement of orders indicating unit rates, duties / tax etc.

While recommending, TRC will look into the price offered by the Tenderers, its reasonableness compared to last purchase/market price, financial strength of vendor, past performance, after sales service, capability, credit worthiness & etc. For this purpose TRC may seek information from MM/PT or user departments.

3.26 Allocation of Tender quantity

To have more than one source of supply for any item so as to avoid dependence on single supplier and to encourage competitions, improvement in quality etc. the allocation of quantities amongst acceptable Tenderers has been identified as a sound practice.. The recommendation for allocation of Tender quantity will be made by the Tender Recommendation Committee (TRC) amongst different sources based on the parameters viz. price, capacity to supply, past performance, financial strength, after sales service and vendor responsiveness. TRC, may seek relevant information from the department concerned, wherever it is felt that Corporation's annual requirement cannot be met with by placement of order on single sources and it is felt essential to procure the material from more than 01 tenderer in order to meet the production requirement, the order may be split upto more than single bidder. In case of split upto 3 parties, 60% of the quantity may be placed on L-1 and 20% each on L-2 & L-3 provided they agree to match the rate with L-1 and in case of split upto 02 parties

60% of the quantity may be placed on L-1 and 40% on L-2 provided L-2 agree to match rates with L-1.

In case of allocation of Tendered quantity to multiple sources, approval of Corporation's CVO to be taken before releasing the Tender documents *or opening of price bid* depending upon the critically of the item. **Moreover care should be taken to ensure that the mention to split the quantities among more than one evaluated(L-1) bidder is pre-disclosed in the bid- document and higher quoting bidder(s) be considered only if they accept lowest evaluated rate.**

3.27 Post tender negotiations

The post tender negotiations are often considered to be a source of corruption and therefore shall not be resorted to even with the L-1 bidder except in very exceptional situations. The exceptional situations when negotiations may be held would include the following situations:-

(i) Procurement of proprietary items

(ii) Items with limited sources of supply

(iii) items where there is suspicion of a cartel formation. However, the justification and details of such negotiations should be duly recorded and documented without any loss of time.

(iv)

(v) In cases where a decision is taken to go for re-tendering due to the unreasonableness of quoted rates, but the requirements are urgent and re-tender of the entire quantity would delay the availability of the item, thus jeopardizing the essential operations, maintenance and safety, negotiations can be held with L-1 Bidder(s) for supply of a bare minimum quantity. Balance quantity should be purchased through re-tender following the normal tendering process.

(vi) Counter-offering to L-1 also amounts to negotiation. However, L-1 rates can be counter-offered to L-2, L-3 etc. if the intention to split the quantity is pre-disclosed in the tender-document. Wherever negotiations are held in any manner even in permitted exceptional situations, complete justification for resorting to negotiations should be recorded.

CHAPTER – 4

4.1 Price Variation Clause

Price-variation clause should generally be discouraged. However, for certain items viz. steel, aluminum, petro etc. based items where the price is controlled by “SAIL” or Govt. recognized establishment and corporate bodies, the price escalation may be considered based on the increased prices as may be declared from time to time. However, in such situation tender documents must have a specific mention for the same. **Normally, the Price-variation Clause should have a condition that no variation shall be allowed if the variation works out to be within plus/ minus 5%.**

Diversion of Order

4.2 In case any source fails to supply the ordered quantity fully or in part and it hampers the production, arrangement of diversion of order be considered. Such diversions may be considered to other sources considering their performance and capability to supply keeping in view of the production commitment. In case of failure of Successful tenderer from supplying, if suitable tender quantity diversion arrangements may take place after forfeiture of EMD/security **deposit/Performance guarantee**. To meet the requirement of material till receipt of the ordered quantity from alternate source (i.e. after diversion) it may be procured from established source which has executed the supplies successfully in past as per recommendations of TRC.

Award of Contract

4.3 Issue of Purchase Orders

Usually all the Purchase Orders/Work Orders for Raw Materials, Stores, Spares, Job Work etc. would be issued by the Materials Department. In case of annual Service Contracts like Bus Contract, Canteen Contract, Transport Contract and other Annual Maintenance Contracts it may be issued by the department responsible for operating the contract. In case of Purchase Orders /Contract for supply/installation of Capital, Tools, Plant & Machinery the same will be issued by Project Department. However, in case of any department other than Materials Management the Contract must be signed by the person authorized by the Competent Authority. Similarly in case of AAPCs & RMCs, these Orders / Contracts will be issued by on the next below Officer upto next below in position from the Incharge of the AAPCs/RMCs. These Purchase Orders/Work Contracts / Service Contracts should have explicit terms as indicated in tender. These terms may be:

- a) Taxes / duties etc.
- b) Payment of freight, packing charges
- c) Payment terms
- e) Delivery schedule
- f) Liquidated damages
- g) Arbitration clause

CHAPTER – 5

Guidelines regarding other modes of procurement.

Repeat Order

5.1 The repeat orders may be placed upto 100% of quantity of original order where the original order was placed on the supplier selected on the basis of ST/OT/LT/ team purchase only for ordering additional quantity. However, it can be resorted if the delivery of the original quantity ordered has been completed more than 50% and additional quantity are required urgently, and processing of the requirement by ST/OT/LT/ team purchase is likely to result in time delay. The repeat orders are also required to be approved by the Competent Authority. The repeat order will be placed on same rates and terms as mentioned in initial order within six months from the date of completion of previous order or currency of order provided the trend of the rates of same products have not gone down in market.

Amendment of P.O. Quantity

5.1.1 In case of change/amendment of production schedule, the tender/P.O. quantity may be amended/enhanced/reduced as per the revised schedule in case of items of Open Tender/Limited Tender after due approval of competent authority through respective Tender Recommendation Committee during currency of Purchase Order. **In order to avoid any complication, legal or otherwise, right of the Corporation to this effect may be reserved by incorporating a suitable clause in the bid-document.**

5.2 Trial/Developmental / Educational Order

Trial/Developmental Orders shall be placed by the Corporation on item to item on need basis on the recommendation of TRC and approved by competent authority to the extent of Rs.10,00,000/-. These trial / developmental orders will be placed on a single identified & developed source without following the normal tendering process.

5.3 Cash Purchase

Cash Purchase of an item valuing upto Rs.15,000/- on each occasion may be resorted by the departments through a team consisting of representatives from Materials Management/User deptt. & Quality Control/Design & Development or from any other/user department or **as constituted by the Corporation.** The team will purchase acceptable material at lowest rates after enquiring rates from *at least three* Vendors(without obtaining Quotations).**The team members may record a certificate to the effect that the goods being purchased are of required quality and the price proposed to be paid is reasonable and consistent with the quality requirements.**

5.4 Purchase through Team

In order to cope with emergent situation requiring material on urgent basis, purchase by Team may be resorted to cut down tender processing and lead-time. This purchase through team may be made by sending a team consisting of representatives of user department/**QC, MM/processing Department & FA** (as the case may be) to obtain the offers from prospective suppliers of one station. Constitution of the Team will be as follows :

- a) Team Purchase upto **Rs.1,00,000/-** - Team will consist of **MM/Processing Department & QC** and /or user department's & **FA** representative **as constituted by the Corporation**
- b) Team Purchase beyond **Rs.1,00,000/-** - Team will be represented by & upto Rs.2.00 lakh **MM/ Processing Department** FA, QC and / or user department **as constituted by the Corporation**
- c) Team purchase beyond Rs.2.00 lakhs - Team will be represented by Sr. Assistants from **MM/ Processing Department** FA, QC and / or user department as constituted by the Corporation. The Offers to be collected in sealed condition & processed through Tender Open Committee and respective Tender Recommendation Committee.

5.5 After obtaining quotations {except (c) above} team may raise purchase orders on L-1 tenderer on the spot after being **satisfied about the reasonableness of the offered rates and if necessary**, after negotiations **in the situations in which negotiations are permitted** , if necessary. The purchase through team to the extent of Rs.50,000/- may be approved by the GM level officer. For any amount exceeding Rs.50,000/- approval will be required from Competent Authority. The purchase of material through team must be completed within 21 days from the date of approval for purchase through team.

5.6 Purchases from Ancillaries i.e. disabled beneficiaries who availed the Loan from NHFDC against Guarantee provided by ALIMCO

ALIMCO has provided the Guarantee against Loan sanctioned by NHFDC (a Corporation under Ministry of Social Justice & Empowerment) under its scheme to six disabled persons who have earlier been working for ALIMCO . These disabled beneficiaries were under a tri-partite agreement assured by ALIMCO to provide job work on preference basis which ALIMCO use to get done from outside. In view of these give preference in providing job work or part thereof to these beneficiaries at approved L-1 rates. In this regard quotation may also be called from outside parties including these disabled beneficiaries. However, these six beneficiaries will be exempted from payment of cost of tender paper and earnest deposit/security deposit in case any of them participate in open tender published by the Corporation for procurement of any item of its use.

CHAPTER - 6

Payment Terms

6.1 The terms of payment for supplies of Raw Materials Stores and other consumables from indigenous sources should generally be:

(i) Generally 100% payment within 30 days after receipt and acceptance of materials or after the submission of bill, whichever is later will be made. *Acceptance of payment terms other than standard payment terms of within 30 days is at the discretion of management and in that case 1% of total landed cost will be considered additional while preparing Comparative Statement of quotation. However purchase order will be placed at quoted rates.*

(ii) However, in case of parties quoting for supply of the material through bank or through Proforma Invoice 90% payment can be made. In such cases pre-dispatch inspection of the offered supplies by ALIMCO representative at party's end be resorted to. Balance 10% payment may be made within 30 days from the date of receipt and acceptance of material **and on submission of Bank Guarantee for defect liability period from a nationalized bank.** The Tender Recommendation Committee shall finalise the payment terms and recommend accordingly.

6.2 For materials, consumables, spares & equipments from the foreign sources- generally 100% payment through irrevocable Letter of Credit or any other term convenient to the Corporation will be followed.

6.3 Civil Contracts:

i) Upto 90% progress payment on certification of the work done after deducting all advances and out standings on raising running bill on Monthly basis as the case may be.

ii) Balance payment on the completion of contracted work & issue of completion Certificate **and on submission of performance guarantee for the defect liability period**

6.4 Turnkey Sub-contracts:

i) 10 % on signing of Contract **on the request of the party** against Bank Guarantee **for 110% of the advance payment against Bank Guarantee from a nationalized bank**

ii) **80% of the running bill**/balance payment on running bill on verification and certification of the work done.

iii) Balance on completion and issue of completion certificate **and on submission of Bank Guarantee from a nationalized bank for defect liability period.**

For Miscellaneous Service Contracts:

6.5 The terms of payment shall be same as provided in para 6.1 above.

In the case of Capital Goods:

6.6 i) Upto 90% on shipment against documents subject to acceptance of equipment through pre-despatch inspection by ALIMCO at party's end.

ii) Balance on **successful completion of installation and commissioning **and on submission of performance guarantee from a nationalized bank for defect liability period****

6.6 Before release of final payment it is to be ensured that:-

6.7.1 The material both in quantity and quality and specifications, has been duly received as stipulated in the Purchase Order or Acceptance of Tender and has been taken on record by the appropriate stores department evidenced by Goods Receipt Note (GRN) in the prescribed Performa or by any other authenticated document evidencing recording of receipt of material in respective stores.

6.7.2 Recoveries to be made from the contractor or supplier for excess payment, damages or any other cause are duly decided by the appropriate authority.

6.7.3 Taxes: Taxes & duties will be allowed to the extent demanded in the tender by the parties mentioning the specific applicable rate. However, any **statutory** rate increase or decrease of rate of taxes and duties will be allowed subject to Govt. notification published from time to time and will be applicable as per the prevailing rate at the time of dispatch.

CHAPTER - 7

GENERAL CONDITIONS OF CONTRACT

Issue of Purchase Order

7.1 Purchase Orders in all cases will be issued by the Materials Management / Project / User Department as the case may be. In case of AAPCs it will be issued by the Unit Head or the next below officer/ Executive in position below the Unit head. In case of items for which procurement is desired by the AAPC to be made by the headquarters the Purchase Order will be issued by the Materials Department after receipt of annual requirement from the concerned AAPC. This requirement of AAPC should be forwarded to Planning Department well in advance after seeking approval from the competent authority.

7.2 In case the quantity supplied by the parties differs with the quantity mentioned in the purchase order by 15% (i.e. excess or short supply) it will be considered as per order and no approval will be needed to amend the work order for such short or excess supply. After such supply the order will be treated as completed.

Payment to suppliers

7.3 Bills from the suppliers will be received in duplicate along with the necessary documents if any and payment to the vendors shall be made in accordance with the terms & conditions of the purchase order

Use of Purchase Order/Work /Service Contract/ documents and information

7.4 The Supplier shall not, without the Purchaser's prior written consent, disclose the contents of the Purchase Order / Work Contract including specification or any provisions thereof to any person other than a person employed by the Supplier in the performance of the Contract.

7.5 The Supplier shall not, without the Purchaser's prior written consent, make use of any document or information specified in Clause 7.4 above, except for purpose of performing the Purchase / Work contract.

Amendment/Modification in the Purchase Order or Work / Service Contract

7.6 The Purchaser at any time, by written notice to the Supplier can make amendment / modification within the scope of the Purchase Order or Work / Service Contract terms.

7.7 Upon intimation by the Purchaser of such amendment / modification the Supplier may submit to the Purchaser an estimate of costs if any for the proposed change including and estimate of the impact (if any) of the amendment / modification on the delivery dates under the Purchase Order / Work Contract, as well as a detailed schedule for the execution of the amendment / modification as proposed. The amendment / modification shall be effective on acceptance of the estimates if any by the Purchaser.

7.8 Amendment / Modification mutually agreed upon shall constitute a part of the Purchase Order / Service Contract and the provisions and conditions of the Contract shall apply to said amendments / modifications

7.9 Subject to Clause 7.6 to 7.8 no variation in or modification of the conditions and terms of the Purchase Order / Work Contract shall be made except by written amendment signed by the parties.

Failure or Delay in Delivery

7.10 In case the Supplier / Contractor fails to supply the material or provide services as per schedule stipulated in Purchase Order / Work / Service Contract, the Purchaser i.e. the Corporation will have the right to cancel the Purchase Order / Work / Service Contract **at the risk and cost of the defaulter contractor/ supplier who shall be liable to compensate the Corporation for loss or inconvenience suffered by it , in addition to the administrative action including suspension, banning etc. which the Corporation may decide to take against the defaulter** and to forfeit the EMD /SD/Performance Security to the whole or any part thereof. **The Corporation shall also have the right to levy liquidated damages for delays in supply/ execution of the contract. The Liquidated damages shall be levied at the rate of point five percent (i.e. 1/2 % or 0.5%) per week or fraction of a week subject to the maximum of 10% of the contract value.**

Inspections and Tests

7.11 The Purchaser or its representative shall have the right to inspect the work being carried out under the Purchase Order/Work/Service Contract and to test the goods to confirm their conformity to the specifications. The Special Conditions of the Purchase Order/Work/Service Contract or the specifications or both as specified in the Purchase Order/Work/Service Contract will be fulfilled by the Supplier / Contractor.

7.12 The Purchaser's right to inspect, test and where necessary, reject the goods' arrival at the site of installation shall in no way be limited or waived by reason of the Goods' having previously been inspected, tested and passed by the Purchaser or its representatives prior to shipment of Goods.

7.13 Nothing in this Clause 3 in any way relieves the Supplier from any Warranty or other obligations under the Purchase Order / Work Contract.

Risk purchase

7.14 In the event of Supplier's failure to execute the Purchase Order/Work/Service Contract to the satisfaction of the Purchaser, the purchaser shall reserve the right:

- (a) To reject any part of the Purchase Order / Work/Service Contract executed and withhold payment for such part of the Contract till such time, the defects are rectified to the satisfaction of the Purchaser.
- (i) To terminate the Purchase Order / Work / Service Contract by giving 2 weeks notice in writing to get the Purchase Order / Work Contact executed by either agency / at the risk and cost of the Supplier/Contractor.

Arbitration

7.15 If any dispute / question or controversy arises, the settlement of which is not herein specifically provided in the this Purchase Order/Work/Service Contract, the matter in dispute shall be referred to the arbitration of the Chairman and Managing Director of ALIMCO or his nominee and decision of Chairman and Managing Director or his nominee shall be final and binding on both the parties. The provision of INDIAN ARBITRATION & CONCILATION CT 1996 as amended from time to time shall apply to such arbitration proceedings. Arbitration proceeding shall be held at Kanpur only and the Kanpur Courts will have jurisdiction in the matter.

Force Majeure

7.16 In the event that the Supplier or any of its subcontractors, or the purchaser is delayed in performing any of its respective obligations under the Contract, and such delay is caused by Force Majeure, including but not limited to war, civil insurrection, fires, floods, epidemics, earthquakes, quarantine restrictions and freight embargoes, such delay may be excused and the period of such delay may be added to the time and performance of the obligation delayed.

7.17 If a Force Majeure situation arises, the Supplier shall promptly notify the Purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the Purchaser in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event.

Taxes and Duties

7.18 Unless **otherwise** mentioned in Purchase Order/Work Service Contract the Supplier shall be entirely responsible for all taxes, duties, tax deductions etc. and other levies imposed under any statute prevalent in and outside the country.

Headings

7.19 Headings, whether of Clauses or of other parts of the Purchase Order / Work Contract, are for reference only and are not to be constructed as part of the Contract

General Lien

7.20 Whenever, under this Purchase Order / Work Contract any sum of money is recoverable from and payable by the contractor, the Company shall be entitled to recover such sum by appropriating in part or in whole the Security Deposit of the Contractor, if a Security is taken from the Contractor. In the event of the Security being in sufficient or if no Security has been taken the Contractor, the balance or the total sum recoverable, as may be, shall be deducted from any sum due to the Contractor or which at any time thereafter may become due to the Contractor under this or any other Contract with the Corporation Should this sum be not sufficient to cover the full amount recoverable the Contractor shall pay to the Company on demand the remaining balance due.

7.21 Banning, Black-listing, Suspension of business dealing and removal from the List of approved/ registered/ enlisted vendors- The guidelines as given in the ANNEXURE- "I" shall be applicable.

7.22 All quotations, contracts and orders are subject to the jurisdiction of the appropriate local court at Kanpur, **District: Kanpur Nagar, UP (India) only.**

GUIDELINES FOR REMOVAL FROM THE LIST OF APPROVED/REGISTERED SUPPLIERS OR SERVICE PROVIDERS, SUSPENSION/BLACK LISTING OF SUPPLIERS, CONTRACTORS AND CONSULTANTS ("PARTIES" FOR BREVITY) INCLUDING SHORTCLOSING/CANCELLATION OF EXISTING ORDER

PART- I GENERAL

Removal of Firms from the list of Approved Contractors

In case of violation of terms and condition of the registration, the registration of the party will be cancelled by giving prior notice. A registered party is liable to be removed from the list of approved contractors, when

- (a) it fails to abide by the terms and conditions under which the registration has been given.
- (b) makes any false declaration to Government department/agency.
- (c) supplies goods of inferior quality or uninspected goods.
- (d) renders services (including after sales services and maintenance services) of inferior quality than the contracted ones.
- (e) fails to execute a contract or fails to execute it satisfactorily.
- (f) the required technical / Operational staff or equipment are no longer available with the firm or there is change in its production/service line affecting its performance adversely.
- (g) is declared bankrupt or insolvent.
- (h) fails to submit the required documents/information for review of registration, where required.
- (i) adopts unethical business practices, not acceptable to the government, and
- (j) any other ground which, in the opinion of the registering authority, is not in public interest

Grounds for Suspension of Business Dealings with Firms
Suspension of business dealings may be ordered where pending full enquiry into the allegation, it is considered not desirable that business with the firm should continue. Such an order may be passed:

- (i) If the firm is suspected to be of doubtful loyalty to India or the Corporation.
-

- (ii) If the Central Bureau of Investigation or any other investigating agency recommends such a course in respect of a case under investigation and
- (iii) If a prima facie case is made out that the party is guilty of an offence involving moral turpitude in relation to business dealings which, if established, would result in business dealings with it being banned.

Grounds for Banning of Business Dealings

□ The grounds on which banning may be ordered are:-

- (i) If security considerations including question of loyalty to the State so warrant.
- (ii) If the proprietor of the firm/Party, its employee, partner or representative is convicted by a court of law following prosecution for offences involving moral turpitude in relation to the business dealings.
- (iii) If there is strong justification for believing that the proprietor or employee or representative of the firm/party has been guilty of malpractice such as bribery, corruption, fraud, substitution of tenders, interpolation, misrepresentation, evasion or habitual default in payment of any tax levied by law ; etc.
- (iv) If the firm/party continuously refuses to return government dues without showing adequate cause and the Government are satisfied that this is not due to reasonable dispute which would attract proceeding in arbitration or court of law, and
- (v) If the firm/party employs a public servant or a former employee of the Corporation who has been dismissed or removed on account of corruption or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt government servants

PART II- AN ILLUSTRATIVE LIST OF GROUNDS

1. **SCOPE:**

These guidelines shall govern the debarring/suspension/blacklisting of Suppliers, Contractors and Consultants (“Parties” for brevity) including short closing/cancellation of existing order/contract on them, if required involved in supplies/execution of works/services to the Corporation.

2. **GROUND FOR BLACKLISTING:**

(A) Bidding Stage:

During the competitive Bidding stage, the action may be taken on following grounds:

- i) Submission of Bids that contain false information or falsified documents or the concealment of such information in the Bids in order to influence the outcome of eligibility screening or at any other stage of the bidding.
- ii) Withdrawal of a bid or refusal to accept an award without justifiable cause after he had been adjudged as having submitted the Lowest Calculated Responsive Bid or Highest Rated Responsive Bid as may be the requirement.
- iii) Any unsolicited attempt by a bidder to unduly influence the outcome of the bidding in his favour.
- iv) All other acts that tend to defeat the purpose of the competitive bidding.

(B) Supply/Contract implementation Stage:

- i) Failure of the Party solely due to his fault or negligence, to mobilize and start supply/work or performance within the specified period.
 - ii) Failure by the Party to fully and faithfully comply with its contractual obligations without valid cause or failure by the party to comply with any written lawful instruction of the procuring entity or its representative(s) pursuant to the implementation of the Contract.
 - iii) Assignment and subcontracting of the contract or any part thereof without prior written approval by the procuring entity.
 - iv) Unsatisfactory progress in the delivery of the goods by the Party arising from his fault or negligence and/or unsatisfactory or inferior quality of goods, as may be provided/specified in the Contract/Order.
-

- v) Poor performance by the consultant of his services arising from his fault or negligence and/or any of the following acts by the consultant shall be construed as poor performance:
 - a) Defective design resulting in substantial corrective works in design and /or construction;
 - b) Specifying materials which are inappropriate, substandard, or in deviation to acceptable standards.
 - c) Allowing defective workmanship or works by the Contractor being supervised by the Consultant.
- vi) Poor performance by the Party or unsatisfactory quality and/or progress of work arising from his fault or negligence.
- vii) Willful or deliberate abandonment or non performance of Project/Work by the party resulting into substantial breach thereof without lawful and/or just cause.

3. **INITIATION OF ACTION:**

The procuring entity may initiate the proposal with proper grounds/reasons in it's sole wisdom for the blacklisting/debarring/suspension including short closing/cancellation of existing order/contract on them, if required depending upon the difficulties faced by it in meeting the supplies/completion of work etc. as per schedule/requirement of the Corporation.

4. **APPROVING AUTHORITY:**

The proposal shall be routed through administrative chain and approved by the Chairman & Managing Director of the Corporation, if deemed appropriate.

5. **PENALTIES:**

The parties shall be “debarred/suspended/blacklisted for **12 months**” initially including short closing/cancellation of existing order/contract on them, if required. However, in case of gravity of loss to the Corporation, the debarring /suspension/blacklisting may be resorted for a period of 03 years. In addition, the EMD/Security Deposit of the party may also be considered for forfeiture.

6. **NOTIFICATIONS** :

After approval of the debarring/suspension/blacklisting of the party including short closing/cancellation of existing order/contract on them, if required, the decision will be communicated to the respective party by the procuring/processing entity.

7. **APPEAL / HEARINGS:**

The debarred/suspended/blacklisted party may appeal against its debarring/suspension/blacklisting including short closing/cancellation of existing order on them with due justification and relevant documents, if any. The hearing shall be done by a Committee of 03 members to be nominated by the CMD, ALIMCO.

The Committee will conduct the hearing on priority and put up its recommendation to Competent Authority i.e. CMD, ALIMCO for his approval. The decision in the matter will be communicated to the appellant party.

8. **ARBITRATION:**

If any dispute/question or controversy arises, the matter shall be referred to the arbitration of the Chairman & Managing Director of ALIMCO or his nominee and decision of Chairman & Managing Director or his nominee shall be final and binding on both the parties. The provision of INDIAN ARBITRATION & CONCILIATION ACT 1996 as amended from time to time shall apply to such arbitration proceedings. Arbitration proceeding shall be held at Kanpur only and the Kanpur City Court will have jurisdiction in the matter.
