

MMAO
684



Materials Management Department



Materials Management & Related Functions for Non Aircraft Materials and Services

Materials Management Administrative Order
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Materials Management Department

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Materials Management Department

PREAMBLE

Consequent upon the merger of Air India Ltd. and Indian Airlines Ltd. in August 2007, it has become imperative to evolve a common set of procedures for procurement of materials and services as required by the Company. The task of harmonization of purchase procedures has been undertaken after reviewing the provisions of the Stores & Purchases Manual of Indian Airlines Ltd., and the Materials Management Administrative Orders 582 and 583 of Air India Ltd., as well as through in-house deliberations in the Materials Management Department. Besides, the latest guidelines of the Central Vigilance Commission, as well as the notifications issued by various regulatory authorities with regard to Government procurement processes have also been taken into consideration. Oracle ERP (SMART) has been implemented at NACIL (A) - Mumbai. Some of the terms used in this document pertain to the transactions used in the SMART system. Wherever SMART system is not yet been implemented, such transactions would be done manually till SMART system is rolled out at the concerned station.

The MMAO 684 is a comprehensive document which in our opinion will simplify the understanding about the Purchase Procedures. The language has been kept simple for the understanding of even personnel not associated with purchasing.

We are sure that with the implementation of this revised procedure and financial powers, the Materials Management Department will contribute to better decision making and overall efficiency for the organization.

This manual has been vetted by Internal Audit & CVO and also concurred by Director- Finance and has the approval of CMD.

ANIL SONDHI
Executive Director - MM



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ABBREVIATIONS

- BG - Bank Guarantee
- BPA - Blanket Purchase Agreement (Rate Contract)
- CVC - Central Vigilance Commission
- DTR - Desk Top Receipt
- DGS&D - Director General of Supplies & Disposal
- EMD- Earnest Money Deposit
- EUR - Euro
- IATA - International Air Transport Association
- IEM - Independent External Monitor
- INR - Indian Rupees
- NSIC - National Small Industries Corporation Limited
- OEM - Original Equipment Manufacturer
- PG - Performance Guarantee
- PO - Purchase Order
- PQ - Prequalification
- PR - Purchase Requisition
- RFI - Request for Information (Techno Commercial Bid)
- RFQ - Request for Quote
- SD - Security Deposit
- SLA - Service Level Agreement
- SMART - Stock Monitoring and Replenishment Tool
- SSI - Small Scale Industries
- TC - Tender Committee
- TER - Technical Evaluation Report
- USD - US Dollars



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MAJOR PURCHASES UNDER THE PURVIEW OF MMD

- Office equipment and furniture (Purchases and repairs)
- Ground support equipment and spares
- Vehicles, spares and maintenance
- Canteen equipments and commodity purchases including pantry items for various departments
- Medicines and medical equipment.
- Engineering workshop test/calibrating equipments and spares
- ATF for test house
- Petrol and Diesel for GSD equipments and vehicles
- Oils, gases, grease and lubricants for workshop equipments
- In-flight Provisioning items both Bonded and Non-Bonded
- Courier services
- IT Hardware, software and AMCs
- Commercial stock items such as plywood, slotted angles, aluminum sheets, polythene rolls, strapping rolls, hardware and plumbing items etc.
- Printing of Revenue documents such as tickets, MCOs, EBTs and AWBs, hand baggage tags etc., boarding cards.
- Printing of calendars, diaries, menu cards, timetables.
- All types of stationery and paper items.
- Uniforms, including monsoon and safety equipments.
- Tailoring contracts for all cadres.
- Hardware, paints, epoxy coatings and extrusions.
- General tools, jigs and fixtures.
- Transportation contracts for cockpit crew, cabin crew, AMEs and staff.
- Technical books, literature and magazine subscription for all departments.
- Aircraft Test Equipments and test Programmed packages.
- AMCs of X-ray machines and explosive detection machines for security.
- Facilities management services.



Materials Management Department

**MAJOR CONTRACTS NOT UNDER THE PURVIEW OF
MMD**

- ATF for aircrafts
- Insurance
- Catering meal contracts
- Hotel contracts
- Ground Handling Contracts
- Housekeeping contract
- Recruitment of manpower both permanent and temporary
- All contracts and AMCs currently under the purview of P&F and EFD

**Materials Management Department****TABLE OF CONTENTS**

1.	CASH PURCHASE	9
2.	PURCHASES BETWEEN Rs 5001 /- AND Rs. 25,000/-	10
3.	PURCHASE REQUISITION.....	11
4.	TENDER FEES.....	12
5.	TENDER PROCESSES.....	13
6.	BID SYSTEMS	16
7.	TIME FRAME FOR QUOTES.....	17
8.	EXTENSION OF TENDER DUE DATE.....	18
9.	TENDER DOCUMENT	20
10.	INTEGRITY PACT	24
11.	BID RECEIVING/OPENING	25
12.	EVALUATION OF TECHNO-COMMERCIAL BIDS	28
13.	EVALUATION OF PRICE BIDS / AWARD CRITERIA.....	30
14.	LOADING CRITERIA IN CASE OF DEVIATION	32
15.	RETURN OF BIDS OF DISQUALIFIED BIDDERS	33
16.	SAMPLING.....	34
17.	PRICE PREFERENCE	35
18.	EARNEST MONEY DEPOSIT (EMD).....	36
19.	SECURITY DEPOSIT (SD)/ PERFORMANCE GUARANTEE (PG).....	38



Materials Management Department

20.	PENALTY CLAUSE / LIQUIDATED DAMAGES	41
21.	TERMINATION AND EXIT CLAUSES	42
22.	NEGOTIATIONS.....	43
23.	COMPOSITION OF TENDER COMMITTEE (TC)	45
24.	ROLE OF TC MEMBERS	47
25.	TYPES OF PURCHASE ORDERS	49
26.	TIME FRAME FOR COMPLETION OF TENDER EVALUATION	50
27.	EXTENSION OF PERIOD OF PURCHASE ORDERS.....	52
28.	PROCUREMENT OF PROPRIETARY /BRAND APPROVED ITEMS	53
29.	DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS (DGS&D).....	54
30.	SMALL SCALE INDUSTRY (SSI) PROCUREMENT	55
31.	REPEAT ORDERS.....	56
32.	WAIVER OF PURCHASE PROCEDURE	57
33.	EMERGENCY PURCHASES BY THE DEPARTMENTS	59
34.	BUY- BACK OPTION	60
35.	PUBLISHING OF DETAILS OF AWARD OF TENDER/CONTRACTS ON THE WEBSITE	61
36.	PURCHASE ORDER AMENDMENTS.....	62
37.	GOVERNMENT LEVIES / TAXES, ETC.....	63
38.	PAYMENTS	64
39.	ADVANCE PAYMENT.....	65
40.	EXCHANGE RATE	66
41.	STORES INSPECTION.....	67



Materials Management Department

42.	PRE-DELIVERY INSPECTION	68
43.	TOLERANCE LIMIT	69
44.	EXCESS SUPPLY	70
45.	RECEIPT CERTIFICATION	71
46.	INVOICE PROCESSING	72
47.	STANDARDISATION.....	74
48.	BUDGET –MMD AUDIT	75
49.	CONTRACTS ADMINISTRATION	76
50.	VENDOR REGISTRATION.....	78
51.	PURCHASING AT REGIONS	82
52.	DELEGATION OF AUTHORITY.....	83
53.	ANNEXURES.....	84



Materials Management Department

1. CASH PURCHASE

- 1.1. Applicable to purchases up to Rs 5000/-.
- 1.2. Individual departments will be responsible for handling their own cash purchases and coordinating with the Finance department for advances/reimbursements thereof.
- 1.3. The respective departments would be responsible to set up their own internal mechanism to handle cash purchases.
- 1.4. Payment / reimbursement would be subject to the proof of delivery, i.e. delivery challan duly signed / certified by the competent authority of the concerned department, along with the party's / vendor's invoice / cash memo.
- 1.5. The competent authority of the department concerned will be responsible to ensure that approvals are not given for purchase of items of recurring nature and capital items.
- 1.6. The competent authority must also ensure that the splitting of bills is not done for keeping the value below Rs. 5000/-.
- 1.7. In case of cash purchases, Purchase Order(s) would not be issued.
- 1.8. The monthly float levels for cash purchases for all departments, except Engineering and PFD, would be decided by Materials Management Department in consultation with Finance Department.



Materials Management Department

2. PURCHASES BETWEEN RS 5001 /- AND RS. 25,000/-

- 2.1 A minimum of 3 quotations will have to be obtained by way of fax, email, letter, etc. However, this may be dispensed with in the case of proprietary items.
- 2.2 The details of the offers as received should be recorded in the SMART system such as supplier particulars, rates quoted, etc.
- 2.3 Purchase(s) order will thereafter be issued.
- 2.4 Payments would be made by cheque or ECS by the Finance Department. However, in exceptional circumstances, to be recorded in writing, cash payment not exceeding Rs 20,000 may be authorized by the competent authority in the Materials Management Department (Refer Annexure A) not less than the rank of Senior Manager.



Materials Management Department

3. PURCHASE REQUISITION

- 3.1 Requisitions will be raised by the user department.
- 3.2 If the item is capital in nature, the user has to submit the relevant Sanction Request Form (SRF) along with the requisition.
- 3.3 For stock items, requisitions would be triggered by the SMART system, wherever implemented, for further processing by the Buyer.
- 3.4 Providing details such as complete specifications, detailed scope of work, drawings, Service Level Agreements (SLA), warranty requirements, pre-qualification criteria, delivery schedule, pre-delivery inspection, technical evaluation criteria, requirement of a Pre-Bid conference, and any other relevant details should be provided by the user department along with the requisition. The Materials Management Department will not be responsible for vetting or authenticating such requirements as provided by the user departments.
- 3.5 For all IT related purchases both Hardware and software the requirement should be routed through DIT who would authenticate and approve the requirement. Only on DIT approval would MMD initiate purchasing action.
- 3.6 The delivery period along with the tolerance for the same should be clearly spelt out. The tolerance period would be taken into consideration for calculating the loading on the price bid.
- 3.7 The estimated cost / value of the items requisitioned should be provided by the user.



Materials Management Department

4. TENDER FEES

4.1 Tender fees will not be applicable for any tender issued by Materials Management Department.



Materials Management Department

5. TENDER PROCESSES

The tender processes would be of the following three types:

5.1 Selective/ Limited Tender :

- 5.1.1 Selective/ Limited tender denotes tenders that are to be sent to selective vendors/parties who have already been enlisted as approved suppliers for the particular item(s) being tendered for.
- 5.1.2 Selective/ Limited tenders will be for tenders whose estimated value is between Rs 25,001/- and Rs 15.00 lakh.
- 5.1.3 Depending on the nature of the item, the number of approved sources will be flagged against each item in the item master of the SMART system. The minimum number of approved suppliers against an item to be eligible for selective tender will be 5(five), and tender enquiries would be restricted to only the approved suppliers. The list of approved suppliers will be termed the "Approved Supplier List (ASL)". However, in case of proprietary / brand approved item(s), the ASL may be less than 5 and this should be defined in the SMART system against such item/s.
- 5.1.4 If a minimum of 5(five) approved vendors / parties are not available in an ASL for a given item (with the exception of proprietary / brand approved items), web tendering / public tendering, as applicable, should be resorted to. In addition to inviting bids from selected vendors, the tender should also be hosted on the Air India website with an indication therein that vendors who have not been invited to participate may register themselves for qualification as approved suppliers for similar products for participation in the future tenders.



Materials Management Department

- 5.1.5 Even if a minimum of five vendors is available in the ASL for a given item, the authority level in the Materials Management Department for Final award as indicated at Annexure A may authorize a web tender, or public tender depending on the merit of individual cases.
- 5.1.6 Every effort should be made to obtain minimum of 3(Three) quotations.
- 5.1.7 Regrets will be considered as valid tender responses. If the regret responses are received either by fax, email, or in an open condition, the same are to be sealed in an envelope by an official of the Materials Management Department with the tender number duly super scribed thereon, and put in the tender box.
- 5.1.8 In case the number of quotes received is less than 3, depending upon the urgency, and the number of responses received including regret responses, an officer of the Materials Management Department of a level not below that of Sr. Manager may authorize opening of the bids in consultation with the indenter, if need be. Unsolicited bids will not be considered.
- 5.1.9 If for some reason in a selective tender, the lowest bidder has not submitted his bid as per the requirement/specification of the tender, but is offering a better specification or a product then the same is to be referred to the user department. If the user department recommends the revised specification then re-tendering is to be resorted to. However If the user does not require any change /better specification or product then the award may be released on the lowest vendor who has quoted as per tender/user requirement.
- 5.1.10 If all the bidders to whom tender enquiries have been sent have responded before the due date, the quotations could be opened before the due date, i.e. the tender may be pre-



Materials Management Department

closed after due notification to all the bidders, who have submitted quotations, inviting them to participate in the tender opening.

- 5.1.11 Tenders, if sent to selective vendors for an estimated value above Rs 15 lakh, would require the prior approval of ED-Materials Management after recording the reasons for the same.

5.2 Web tender:

- 5.2.1 Applicable for items whose estimated tender value is above Rs 15.00 lakh and up to Rs. 40.00 lakh.
- 5.2.2 The existing approved suppliers, as well as any other known sources of the item/s tendered for, should be notified of the hosting of the tender on the website.
- 5.2.3 Prospective bidders should be provided with unrestricted access for downloading the tenders from the website.

5.3 Public tender

- 5.3.1 Applicable for items whose estimated tender value is above Rs.40.00 lakh.
- 5.3.2 In addition to publishing in the print media (regional or on all India basis as deemed appropriate by the authority level in the Materials Management Department for final award as per Annexure A), the tender will also be hosted on the Air-India website.
- 5.3.3 The existing approved suppliers, as well as any other known sources of the item/s tendered for, should be notified of the hosting of the tender on the website.
- 5.3.4 Prospective bidders should be provided with unrestricted access for downloading the tenders from the website.



Materials Management Department

6. BID SYSTEMS

- 6.1 There will be 2 types of bid systems.
 - 6.1.1 Single bid system: This will be applicable for Selective / Limited tenders (as defined in point no. 5 clause 5.1, page 7), and tenders for proprietary products / services.
 - 6.1.2 Two bid system: Quotations should be asked for in two separate sealed bids, viz. Techno-commercial bid and Price bid. This will be applicable for web tenders and public tenders.
- 6.2 Depending on the merit of the case, ED-Materials Management may authorize issue of a selective/ limited tender in a single bid system even for tenders for non-proprietary items whose value is Rs 15.00 lakh and above, or for issue of a tender in a two bid format for Selective / Limited and proprietary tenders.



Materials Management Department

7. TIME FRAME FOR QUOTES

- 7.1 The time frame for submission of quotes against various tender types generally should be as under:
- 7.1.1 Selective tender : Minimum 10 calendar days
 - 7.1.2 Web / Public tender : Minimum 21 calendar days
 - 7.1.3 Global tender : Minimum 30 calendar days
- 7.2 The competent authority in the Materials Management Department as per the Financial Powers defined at Annexure A may at their discretion authorize variations in the time frame from the above.



Materials Management Department

8. EXTENSION OF TENDER DUE DATE

- 8.1. The due date of a tender may be extended at any time prior to the date of closing of the tender.
- 8.2. An extension may be given to the date of submission of bids even after the scheduled closing date of the tender provided a minimum of three quotations have not been received. The extensions may be authorised by the competent authority as given in Annexure A.
- 8.3. Under certain circumstances an extension to the tender may be warranted after the scheduled closing date of the tender even if a minimum of three quotations have been received. Such circumstances may arise wherein it is noticed that the market leader or the last supplier has not quoted. In such cases the user department should be consulted and depending upon the merit of the case, extension may be given if there is adequate justification for the extension based on the profile of the parties who have not quoted/quoted. The reasons for such extensions should be recorded in writing by MMD and only DGM and above may grant extension in such cases irrespective of the value.
- 8.4. In the case of selective tender, extension of tender due date should be notified to all the bidders. In the case of web tender, notification of extension should be put up on the website and also intimated to the invited bidders.
- 8.5. In the case of public / global tender, notification of extension should be put up on the website, and also through publication in the print media. In addition the invited bidders are also to be notified.
- 8.6. In case the due date is extended, such extension should be for a minimum period of 7 Calendar days for selective / limited tenders, and 14 Calendar days for web / public / global tender.
- 8.7. The competent authority in the Materials Management Department as per Financial powers (Refer Annexure A) would authorize the



Materials Management Department

extension of tender due date, as well as deviations from clause 8.3 above.



Materials Management Department

9. TENDER DOCUMENT

- 9.1 The Techno Commercial Bid should comprise the technical specifications, warranty expected, post warranty support requirements (if applicable), delivery schedule, and the standard commercial terms such as EMD, Security Deposit, Performance Guarantee, Payment Terms, , Penalty Clause/ Liquidated Damages for delayed deliveries, Termination and Exit Clauses, etc.
- 9.2 The indenting department will advise the specific user requirements to be incorporated in the tender as stated at clause 3.4.
- 9.3 Materials Management Department will incorporate the applicable commercial terms in the tender document. The tender document should contain a clause stating the reasons due to which the quotation of a bidder may be rejected, viz. receipt by fax / email, unsigned quotation , unsealed quotations, non receipt of EMD (without valid proof of exemption), submission of EMD in a mode other than as indicated in the tender, receipt of quotation after the closing date of the tender, non receipt of samples (if applicable), etc.
- 9.4 Price preference to the SSI units registered with the NSIC under its Single Point Registration Scheme should be incorporated in the bid document, in accordance with the extant stipulations of the statutory authorities.
- 9.5 The Loading Criteria in respect of deviations from the Commercial Terms and Conditions such as payment terms, warranty, delivery period, advance payment, etc which has financial implications should be spelt out in the tender.
- 9.6 If more than one source of supply is necessary due to critical nature of the item, or because the tight delivery schedule as stipulated in the tender may be difficult for a single supplier to comply with, then the ratio in which the orders would be split, and the condition thereof, i.e. the eligible bidders would have to agree to match the



Materials Management Department

L-1 price, have to be pre-disclosed in the tender document itself. However, if a split of quantities between more than one bidder has not been pre-disclosed in the tender as capacity constraints have not been anticipated in advance, the tender should have a provision for equitable splitting of quantities between more than one supplier if, after evaluation of the technical bids, it is assessed that the delivery schedule of the tender cannot be complied with because of capacity constraints of a bidder who subsequently qualifies as the L-1 bidder after opening of the price bids. (CVC circular No. 4/3/07 dated 3/3/2007)

- 9.7 In case of any change in quantity, scope of work, terms and conditions, etc. after release of the tender but before its due date, the tender should be extended suitably by informing the vendors of the change(s). Vendors who have submitted their response should also be given an option to resubmit their bids should they choose to do so.
- 9.8 In cases where the tendered quantity of the item(s) / service(s) is / are likely to change after the award of contract, or during the term of the contract, quotations should be obtained in different quantity slabs. However, the tender document must spell out clearly the slab which would be considered for arriving at the L1 bid.
- 9.9 The date and time of tender opening should be declared in the tender document itself. In order to allow for sufficient time to determine whether an extension is to be given for a tender, in terms of clause 8.2, a gap of one working day may be given between the date and time of tender closing and the date and time of tender opening. However, the status of the bids as received as on the closing date / time of the tender is to be recorded by the designated officials of the Materials Management Department / Tender Opening Committee and immediately forwarded to the competent authority in the Materials Management Department for taking an appropriate decision with regard to the tender opening.



Materials Management Department

- 9.10 Since late bids are not to be considered, the tender document should contain a clause advising the prospective bidders of the same, and that in their own interest they should forward the tender well in advance with the correct address, tender no, due date, etc. as indicated in the tender document.
- 9.11 The tenders should include a clause stating that the closing date for submission of bids may be extended at any time, including after the scheduled date of closing, at the sole discretion of NACIL.
- 9.12 The tenders are to be received in sealed envelope as mention in clause 11.4 through 11.6. A clause to this effect must be included in the tender document.
- 9.13 The terms of delivery have a direct bearing on the quoted price. Therefore, the terms of delivery such as the delivery schedule, location of delivery, etc. should be clearly mentioned in the tender document. . Expressions such as 'immediate', 'ex-stock', 'as early as possible', 'off-the-shelf', etc must not be used to indicate contractual delivery period.
- 9.14 In case of turn-key contracts, or contracts of special nature such as purchase of sophisticated and costly equipments, a suitable clause is to be provided in the tender document for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details, as mentioned in the tender document. The date, time and place of the pre-bid conference should be indicated in the tender enquiry document for information of interested bidders. This date should be sufficiently ahead of the tender opening date.
- 9.15 A tolerance clause, if warranted, should be incorporated in the tender document, reserving the purchaser's right to increase or decrease the quantity of the required goods up to that limit without change in any terms and conditions and prices as quoted by the bidders. This is to cover unforeseen changes in the quantity requirements from the date of issue of the tender to the date of



Materials Management Department

release of the purchase order / contract. This tolerance should normally be limited to +/- 15%. (As per Ministry of Finance dated 31/08/2006)

- 9.16 The tender document should have a clause regarding the validity of the quotations. The validity for a selective tender should be for a minimum period of 90 days from the opening of the tender. For web / public tenders the validity should be for a minimum period of 120 days from the date of opening of technical bid.



Materials Management Department

10. INTEGRITY PACT

10.1 In respect of all contracts of the value of Rs.10 crore and above, the Integrity Pact would be signed by NACIL and Vendors at the pre-tendering stage itself. A pre-signed Integrity Pact by NACIL would form part of the Tender document. The Vendors would sign the Pact and submit it along with the financial and technical bids. The tender document would also include the pre-designated IEMs.



Materials Management Department

11. BID RECEIVING/OPENING

- 11.1 Techno-commercial and Price bids should be accepted online, through the SMART system (wherever available), or otherwise in the case of submission in hard copy, the tenders should be deposited in the tender box. The tender should indicate the mode of submission of bids in the event of their being too bulky to be accommodated in the tender box. In such cases, a designated official of the Materials Management Department should be assigned the responsibility of accepting such bids and ensuring their safe custody till the date and time of tender opening. When tenders are received by post or courier, such tenders shall be promptly stamped on the cover with the date and time of receipt, and thereafter deposited in the tender box.
- 11.2 Techno-commercial and Price bids should be submitted simultaneously and in 2 separate sealed envelopes with both envelopes enclosed in a master envelope that has also been sealed. Each sealed envelope should be super scribed with the tender number, "NOT TO BE OPENED BEFORE (due date and time)", email ID / contact numbers (telephone and fax) of the bidders contact person, and the item(s) for which the quotation has been submitted.
- 11.3 If the master envelope is found to contain an inner envelope marked "Price bid along with the tender reference" in a duly sealed condition, but also contains the "Technical bid" in an open condition, this tender will be accepted / opened and the "Technical bid" will be taken on record. This is because the "Technical bid" was effectively received in a sealed envelope, i.e., the master envelope.
- 11.4 If the techno-commercial bid and the price bid are both in an open condition, when the sealed master envelope is opened, this bid would stand disqualified.



Materials Management Department

- 11.5 Incomplete quotations, i.e. where only the technical or only the commercial bid are received in a single sealed master envelope, will stand disqualified.
- 11.6 While opening the tender if it is found that the technical bid envelope contains the commercial bid in an open condition, the bid shall stand disqualified.
- 11.7 The envelopes in which the bids are submitted should be retained in the file. Care should be taken while opening the tenders to ensure that the date, time, tender no. and any other relevant details are not defaced/ torn off prior to filing.
- 11.8 Price bids of the bidders, who do not qualify at the stage of evaluation of the technical bids, are to be returned after the tender process has been concluded.
- 11.9 The respective buyers will be authorized to open online bids submitted through the SMART system irrespective of the value of the tender.
- 11.10 In the case of manual bids received in hard copy, one representative each of the Purchase and Budget / Admin Sections of the Materials Management Department would jointly open bids received in hard copy in respect of tenders with an estimated value below Rs 5 lakh.
- 11.11 For manual bids received in hard copy in respect of tenders with an estimated value over Rs 5 lakh, the same would be opened by an officer each of the Purchase Section of the Materials Management Department and an Officer of the Finance department.
- 11.12 It would be mandatory to invite all bidders except as stated in 11.13, irrespective of selective or public tender, to attend the opening of Techno-commercial / Price bids.



Materials Management Department

- 11.13 If all the participating bidders have quoted online, their physical presence during the techno-commercial and price bid opening is not required since the facility to view the details of the bids online is available in the SMART system.
- 11.14 If both online and manual bids have been received against a tender, then all the participating bidders including the ones, who have bid online, should be invited for both the techno-commercial.
- 11.15 The price bid of only those vendors, found technically suitable during technical evaluation would be opened. The opening date and time of price bids would be intimated to all the qualified vendors to enable them to attend the price bid opening.
- 11.16 The authorized representative(s) of the bidders would only be allowed to attend the bid opening. Such representative(s) must carry an authorization letter on the letterhead of the bidder in the format as given at Annexure G. Separate authorization letters would be required for Techno-commercial bid opening and price bid opening.
- 11.17 Complete details of the authorized representative(s) of the bidders, who participate in the tender opening, are to be recorded in the format as at Annexure H.
- 11.18 At the time of tender opening queries related to the tender, if raised by the participants, are not to be entertained.
- 11.19 In the case of web / public / global tender, or selective / limited tender, late bids, i.e. bids received after the specified date and time for receipt of bids, would not be considered.



Materials Management Department

12. EVALUATION OF TECHNO-COMMERCIAL BIDS

- 12.1 Evaluation of the technical portion of the techno-commercial bids will be the responsibility of the requisitioning / user department.
- 12.2 A convener of the user department would be responsible for carrying out technical evaluation of the bids. The Technical Evaluation Report (TER) would be submitted to the Materials Management Department duly approved by the Tender Committee (TC) member of the user department as per the delegation of the financial powers as per Annexure A, or by an officer not less than a rank of Manager or equivalent level for non TC cases. The TER should clearly identify the qualified and non qualified bidders with justifications thereof. The TER would be scrutinized by the Materials Management Department in respect of compliance with the procedural requirements of the tender. Observations, if any, would accordingly be conveyed to the user department for their comments / review. Thereafter the TER would be further evaluated by the Materials Management Department to assess compliance with the commercial requirements in order to arrive at the techno-commercial evaluation of the tender.
- 12.3 In the course of the technical evaluation of the bids, clarifications, if any, regarding technical issues arising out of the quotations should be taken up with the bidders directly by the user department. However, queries seeking information / clarifications on pricing aspects should not be sought from the bidders at this stage.
- 12.4 The Materials Management Department will not be associated with technical evaluation other than for evaluation of the commercial parameters as stated at clause 12.2 above. However, in exceptional cases the competent authority may set up a multi-departmental committee for evaluation of the techno-commercial



Materials Management Department

and price bids which may include a representative of the Materials Management Department.

- 12.5 For tenders above Rs 50 lakh, a nominee of the Finance Department will also associate with the evaluation of commercial terms in techno-commercial evaluation along with the representative of the Materials Management Department.
- 12.6 For Tenders below Rs 50 lakh, evaluation of commercial terms in the techno-commercial bids will be done by the representative(s) of the Materials Management Department. However, the Finance Department would also associate in this process should such a need arise.
- 12.7 For multi user items the Materials Management Department would be responsible for carrying out technical evaluation of the bids. Members may be co-opted from other departments for this purpose, if so required.
- 12.8 Pre approved bidders for a specific item (from the approved suppliers list) need not be technically evaluated for every tender subject to such suppliers confirming compliance with the techno-commercial specifications of the tender.
- 12.9 Deviations, if any, in the commercial parameters such as payment terms, warranty, delivery period, penalty clause, etc, if acceptable on the basis of the tender evaluation criteria, should be reflected in the techno commercial evaluation report for the purpose of loading in the corresponding price bids.
- 12.10 The techno-commercial evaluation report will be reviewed by the competent authority in the Materials Management Department as per the Financial powers (Refer Annexure A), before approving the opening of the price bids.



Materials Management Department

13. EVALUATION OF PRICE BIDS / AWARD CRITERIA

- 13.1 The vendor whose nett price (on a common platform such as the landed cost) works out to be the lowest will be determined as the L-1 vendor.
- 13.2 Depending upon the nature of the item for tenders having multiple items, the overall L1 vendor would be considered for the award of contract. For those items for which the overall L1 vendor is not the lowest, efforts should be made to match the rates closer to L1 vendor for that item.
- 13.3 Deviations, if any, in the commercial parameters such as payment terms, warranty, delivery period, advance payment, etc should be loaded as spelt out in the Tender.
- 13.4 If after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying, i.e. if the L-1 has capacity constraints, then the quantity being finally ordered should be distributed among the other bidders in a manner that is fair, transparent and equitable. The final decision / adjudication regarding the proportion of distribution of quantities will be decided by the competent authority in the Materials Management Department (Refer Annexure A).
- 13.5 If in the price quoted there is a discrepancy between the unit price and the total price (which is obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price corrected accordingly, unless in the opinion of the purchaser there is an obvious misplacement of the decimal point in the unit price, in which case the total price as quoted shall govern, and the unit price corrected accordingly.
- 13.6 If there is an error in a total corresponding to the addition or subtraction of sub totals, the subtotals shall prevail and the total shall be corrected.



Materials Management Department

- 13.7 If there is a discrepancy between words and figures, the amount in words shall prevail, unless the amount expressed in words is related to an arithmetic error, in which case the amount in figures shall prevail subject to 12.6 and 12.7 above.
- 13.8 If for any reason the L1 bidder backs out, there should be re-tendering. The competent authority as per the delegation of financial powers (Ref. Annexure A) may, in such a situation, call for a selective or short notice tender to meet the immediate requirements.
- 13.9 In case the L-1 vendor backs out, either before issue of the Purchase Order / Letter Of Intent (LOI), or subsequent to its issue, the L-1 vendor should be blacklisted for a minimum period of 3 years. This would, however, be subject to the Purchase Order / LOI having been issued within the period of validity of the quotation. In addition, the EMD / SD of the vendor would also be forfeited.



Materials Management Department

14. LOADING CRITERIA IN CASE OF DEVIATION

- 14.1 The loading criteria as specified below would be applied to the basic price of the bid.
- 14.2 The taxes or levies would be added to the basic price as quoted by the bidder unless stated otherwise in the tender. Refer Annexure E for a sample calculation.
- 14.3 If the bidder asks for advance payment, the price bid of the bidder would be loaded @ 18% per annum on the basic price, calculated on a pro-rata basis, or as per the loading criteria as defined in the tender.
- 14.4 In case of deviation with regard to the stipulated warranty period, the price bid of the bidder would be loaded @ 10% per annum on the basic price, calculated on a pro-rata basis.
- 14.5 In case of deviation with regard to delivery period beyond a predefined tolerance (to be ascertained from the user at the time of tender preparation) , the price bid of the bidder would be loaded @ 12% per annum on the basic price, calculated on a pro-rata basis.
- 14.6 During the process of evaluation of bids no queries are to be entertained from the bidders with regard to the status of the evaluation and an appropriate clause should be inserted in the tenders to this effect.



Materials Management Department

15. RETURN OF BIDS OF DISQUALIFIED BIDDERS

- 15.1 The price bids of the technically disqualified bidders would be returned to them after finalization of the Purchase Order / Contract.
- 15.2 The purchaser should intimate the technically disqualified bidders in writing to collect their price bids in person, or through their authorized representative within 3 days of acceptance of the Purchase Order by the successful bidder. The representative must carry an authorization letter on the company letterhead in the format as per Annexure I.
- 15.3 An acknowledgement must be taken from the bidders or their authorized representatives on collection of the bids by them as per the format at Annexure I.
- 15.4 In the event a bidder fails to collect the price bid within the stipulated 30 days without reasonable grounds for extension sought thereof and duly accepted by NACIL, the bids should be shredded in "as is where is" condition after expiry of 30 days or an extended period thereof as agreed to by NACIL, whichever is later. The bidder should be intimated regarding non collection and shredding of the same as per Annexure I.



Materials Management Department

16. SAMPLING

- 16.1 The Requisitioner / Indenter should advise in the requisition whether samples are to be called for evaluation against the tender.
- 16.2 All samples should be submitted to the Materials Management Department by the closing date of the tender.
- 16.3 Samples should be properly coded by the Materials Management Department wherever feasible, and thereafter forwarded to the authority that has to carry out the evaluation. The Materials Management Department would not associate with evaluation of samples wherever coding of samples has been carried out by it.
- 16.4 The authority in the user / indenting department for approving samples would be as defined under the financial powers, vide Annexure A.
- 16.5 For multi-user items, wherever evaluation of samples is to be done by the Materials Management Department, the coding should be carried out by a Section that is different from the Section that would carry out evaluation of the samples. Further the coding is to be supervised by an officer of the rank of Sr. Manager and above, and the coding details should be kept under the custody of the supervising officer till such time as the evaluation has been completed.



Materials Management Department

17. PRICE PREFERENCE

- 17.1 SSI units registered with the NSIC under its Single Point Registration Scheme or with Directorate General of Supply and Disposal (DGS&D), are entitled to price preference up to 15% over the offer of large scale sector and 5% over the offer of Public Sector Undertaking, provided the offers under consideration are otherwise clear for acceptance in all respects.



Materials Management Department

18. EARNEST MONEY DEPOSIT (EMD).

- 18.1. Applicable for all tenders above Rs.5.00 lakh.
- 18.2. SSI units registered with the NSIC under its Single Point Registration Scheme /Public Sector Units/Central/ State Government undertakings/ A-I widows associations / A-I co-operative society/Handicraft boards, Khadi Village and Cottage Industries/ Social Welfare organizations/ Handicapped and Blind associations/ Units registered with the Central Purchase Organizations (e.g. DGS&D) will be exempted from submission of EMD.
- 18.3. EMD would not be applicable for goods / services being procured from OEM/ sole authorized distributor or dealer on single source basis.
- 18.4. EMD will be applicable @ 1% of the estimated tender value or its equivalent in foreign currency subject to a maximum of Rs. 2 Lakh. The EMD deposit should be by way of / Demand Draft, Banker's Cheque, or ECS, and will be interest free.
- 18.5. The EMD amount is to be mentioned in terms of absolute value in the tender.
- 18.6. "Corporate EMD Account" may be offered to the vendors as an option, which will be managed dynamically in the SMART system under the control of the Finance Department.
- 18.7. EMD furnished by the unsuccessful bidders should be returned to them free of interest within 45 days of issue of the Purchase Order / conclusion of the contract. EMD of the successful bidder should be refunded without any interest whatsoever, after receipt of Security Deposit or Bank Guarantee in lieu thereof from the vendor. EMD of a bidder will be forfeited if the bidder withdraws or amends its tender, impairs or derogates from the tender in any respect, or declines to accept or honour the Purchase Order /



Materials Management Department

contract if awarded in his favour. If the successful bidder fails to furnish Security Deposit or Bank Guarantee within the specified period, its EMD will be forfeited.

- 18.8 Depending on the merit of the case, General Manager-MM and above would be the competent authority to waive the EMD.



Materials Management Department

19. SECURITY DEPOSIT (SD)/ PERFORMANCE GUARANTEE (PG)

- 19.1 For PO value above Rs. 5 Lakh, a Security Deposit must be obtained from the supplier within 2 weeks from the date of issue of the Purchase Order (PO)/ Blanket Purchase Agreement (BPA). The Security Deposit will be applicable at the rate of 5% of the value of the PO, and can be in the form of a Bank Guarantee (BG), Demand Draft, Banker's Cheque or transfer to NACIL account (ECS). In exceptional cases, depending on merits, NACIL would reserve the right to deduct the amount of Security Deposit from any outstanding invoice(s) of the vendors irrespective of the PO against which the Security Deposit may be due.
- 19.2 For PO value below Rs 5 lakh in respect of rate contracts, Security Deposit shall be deducted from the invoice/bill(s) by the Finance Department, and no separate Security Deposit needs to be submitted.
- 19.3 The Bank Guarantee as submitted by the bidder selected for award of the P.O. / Contract should be verified verbatim with the format as enclosed with the tender.
- 19.4 The validity of the SD / BG would be till 30 days after the scheduled completion of all obligations under the Purchase Order / Contract. After commissioning of the equipment, wherever applicable, the SD would be converted into a Performance Guarantee (PG) that would be refunded / returned by Finance on completion of warranty / all obligations under the Purchase Order / contract subject, however, to deduction of penalties, if any, that may be leviable under the terms of the Purchase Order / contract. The onus of informing MMD of the shortfall or under performance by the vendor would be on the user department. In the absence of any intimation to the effect from the user department during the course of the contract, MMD would advise Finance for the release



Materials Management Department

of the Security Deposit/ Bank Guarantee, on completion of the warranty / contract period. In exceptional cases depending on merits, the Tender Committee may recommend waiver of SD, which would then be put up for approval to the competent authority as defined at Annexure A. In any case such approval cannot be given by an officer below the level of GM-Materials Management. For Non TC cases, the minimum level for approval of waiver of SD would be DGM-Materials Management, and the reasons for according such waiver are to be placed on record.

- 19.5 The cost of submission of Security Deposit or execution of BG would be borne by the successful bidder.
- 19.6 The original BG should be forwarded by the banks to the beneficiary directly under registered post (A.D.). However, in exceptional cases, where the BG is handed over to the bidder for any genuine reason, the bank should immediately send by registered post (A.D.) an unstamped duplicate copy of the guarantee directly to the beneficiary with a covering letter requesting them to compare with the original as handed over to the customer, and to confirm that it is in order. The A.D. card should be kept along with the BG. (CVC Circular No. 01/01/08 dated 21/12/2008)
- 19.7 The BG should be submitted to the concerned Buyer, who would forward the same to Finance department for independent verification as mentioned in clause 19.6. Since Finance department would be the custodian of the BG, an officer of the Finance department should be specifically designated with the responsibility for verification of BG(s). Advice for renewal/ encashment of BGs would be conveyed to the Finance Department by the Materials Management Department on the basis of the inputs received from the user department, wherever applicable.



Materials Management Department

- 19.8 In case of extension of the delivery period under the Purchase Order, the validity of the SD / BG should be extended up to 90 days beyond the period of such extension.
- 19.9 SSI units registered with the NSIC under its Single Point Registration Scheme / A-I widows associations / A-I co-operative society/Handicraft boards, Khadi Village and Cottage Industries/ Social Welfare organizations/ Handicapped and Blind associations/ Units registered with the Central Purchase Organizations (e.g. DGS&D) would also be exempted from submission of the Security Deposit.
- 19.10 Depending on the merit of the case, General Manager and above would be the competent authority to waive the Security Deposit.



Materials Management Department

20. PENALTY CLAUSE / LIQUIDATED DAMAGES

- 20.1 Unless otherwise notified in the tender, the penalty to be levied for delayed delivery would be @ 0.5% per week or part thereof of the value of the undelivered portion of the goods or services (excluding taxes and delivery charges) subject to a maximum of 10% of the value of the undelivered part. This is to be recovered from the Security Deposit / Performance Guarantee, or from the amount due to the vendor after due notification to the vendor in advance.
- 20.2 The user department should indicate in the requisition the quantum of penalty to be imposed on account of deficiencies, if any, in the delivered goods / services. The tender should incorporate the same accordingly. For those goods / services that are directly received by the users, the actual penalty to be imposed would be as per the advice of the user department keeping in view the penalty clause of the tender and the extent of default in performance / supply. In exceptional cases depending on merits, the Tender Committee may recommend waiver of or reduction in the quantum of penalty, which would then be put up for approval of the competent authority as defined at Annexure A. Such approval is to be given by an officer of the level of GM – Materials Management and above. For Non TC cases DGM- Materials Management and above would be competent to waive / take appropriate decision on the imposition of penalty after recording the reasons thereof. Further, such decisions would also require the concurrence of an officer of equivalent level of the Finance Department.



Materials Management Department

21. TERMINATION AND EXIT CLAUSES

- 21.1 The PO / contract should include a termination clause as below:
- 21.2 In case of unsatisfactory performance or breach of any of the clauses of this contract, NACIL would issue a notice of 30 days to the party to rectify the breach and improve the performance failing which NACIL shall be at liberty to terminate this agreement by providing a 30 days written notice to the party. The party shall not have any right to dispute or question the judgment of NACIL of unsatisfactory performance of the party.
- 21.3 Notwithstanding the above, NACIL shall also be at liberty to terminate this agreement for any reason including change in situation/circumstances, etc. by providing to the party a 90 days written notice. The party shall also be at liberty to terminate this contract by providing to NACIL a 90 days written notice. In such an event, the terminated party shall have no right to claim compensation/damages, etc. from the terminating party on account of early termination. However, the party shall duly comply with their respective obligations during the notice period and thereafter, shall discharge the obligations arising out of the agreement till the termination.
- 21.4 Depending on the nature of the item / service, DGM - Materials Management and above, in consultation with the user, would be the competent authority to decide the termination / exit period if it varies from the above.



Materials Management Department

22. NEGOTIATIONS

- 22.1 As a general norm price negotiations are not to be carried out with the bidders. Negotiations, if at all, shall be an exception and may be held only in the case of proprietary items, or in the case of goods / services with limited sources of supply. Negotiations should be held with the L1 bidder only. Counter offers tantamount to negotiations and should be avoided. (CVC circular No. 4/3/07)
- 22.2 Negotiations, if held without proper justifications, could lead to unnecessary delay in award of the PO / contract. Therefore whenever negotiations are recommended, this should be after due application of mind and the justifications for the same should be placed on record. In case of inability to achieve the desired results by way of reduction in rates, i.e. if the negotiations prove in fruituous, an explanation for the failure of negotiations is required to be recorded by the committee that had recommended the negotiations. The committee that had recommended negotiations would be held accountable should such an explanation not be found to be satisfactory by the competent authority. (CVC circular No. 4/3/07)
- 22.3 The Materials Management Department would convene the negotiation meetings, which would be conducted in the Materials Management Department. Negotiations would be carried out by the Tender Committee members in accordance with the delegation of financial powers as per Annexure A. The participation in negotiations should not generally be diluted by delegating the function to a lower level officer. In case for some reason the TC member cannot attend the price negotiation meeting, then attending the meeting can be delegated to an officer one rank below the TC member. However, the responsibility for signing and approving the TC note will rest with the TC member.



Materials Management Department

- 22.4 In the exceptional cases where negotiations are held, the same would be recorded in the negotiation sheet as at Annexure O.
- 22.5 Counter – offers to L1 in order to arrive at an acceptable price, shall amount to negotiation. However any counter – offer thereafter to L-2,L-3 etc(at the rates accepted by L-1) in case of splitting of quantities, as pre – disclosed in the tender ,shall not be deemed to be negotiation. (CVC circular No. 4/3/07)



Materials Management Department

23. COMPOSITION OF TENDER COMMITTEE (TC)

- 23.1 A Tender Committee (TC) will evaluate tenders whose estimated value is Rs.5.00 lakh and above, i.e. the value is exclusive of taxes and levies.
- 23.2 Representation in the Tender Committee from the respective departments should be strictly as per the levels as specified at Annexure – A, and the same should not be diluted.
- 23.3 For stock items used by multiple departments, the TC will consist of members from the Materials Management and Finance departments only.
- 23.4 The TC note will be prepared by the Materials Management Department.
- 23.5 The TC notes would be digitally signed wherever the SMART system has been implemented.
- 23.6 Members of the TC should endorse the TC notes unconditionally. Should a member have a difference of opinion with one or more of the members of the committee, the same should be resolved before finalization of the TC note.
- 23.7 The recommendations as contained in the TC note are to be put up to the competent authority for approval in accordance with the delegation of financial powers as at Annexure A.
- 23.8 The members who are associated with the evaluation of a tender would be required to give an undertaking that none of them has any personal interest in the companies / agencies participating in the tender process. A member having interest in any should refrain from participating in the tender evaluation. The format for this undertaking is given at Annexure F. The Materials Management Department would forward the format of the undertaking to the concerned user department along with the technical bids for evaluation, and the evaluation committee members should sign the undertaking before commencement of the evaluation. Similarly, the undertaking would be taken from the



Materials Management Department

members of the commercial bid evaluation committee prior to initiation of the evaluation. The undertakings (one by the technical evaluation committee and the other by the commercial evaluation committee) would form a part of the respective evaluation reports.



Materials Management Department

24. ROLE OF TC MEMBERS

- 24.1 Role of the representative of the Materials Management Department would be as under:
- 24.1.1 As the competent authority in accordance with the delegation of financial powers, vide Annexure A, to take decision regarding tender processing and sourcing, such as type of tender to be floated, number of vendors to whom the tender enquiry should be sent, etc.
 - 24.1.2 To evaluate the commercial terms and conditions of the technical bid.
 - 24.1.3 To prepare the comparative statement after opening of the price bids.
 - 24.1.4 To ensure that the laid down purchase procedure has been followed.
 - 24.1.5 To prepare the TC note.
- 24.2 Role of the representative(s) of the Finance department would be as under:
- 24.2.1 To verify the amount of the applicable taxes.
 - 24.2.2 To vet the comparative statement of the price bids
 - 24.2.3 To evaluate the commercial terms which have financial implications in the techno-commercial bid.
- 24.3 Role of the representative(s) of the user department would be as under :
- 24.3.1 To vet the comparative statement of the technical bids prepared by the user department.



Materials Management Department

24.3.2 To prepare and approve the Technical Evaluation Report (TER).

24.3.3 To vet the comparative statement of the price bids.

24.3.4 To ensure budgetary provision for the estimated expenditure.

24.3.5 To ensure the correct reflection of the TER in the TC.



Materials Management Department

25. TYPES OF PURCHASE ORDERS

- 25.1 Purchase Orders would be of the following two types:
 - 25.1.1 Standard PO: This would be applicable for items having a one- time delivery, or a pre-defined delivery schedule.
 - 25.1.2 Rate Contract, termed as Blanket Purchase Agreement (BPA) in the SMART System conforming to the following:
 - 25.1.2.1 BPA is a long term contract with or without pre-defined delivery schedules.
 - 25.1.2.2 BPA should be raised for a period of one / two / three years, depending on the nature of the item or services (E.g. Maintenance Contract for PCs / office equipment, Transportation Contracts, etc).
 - 25.1.2.3 BPA should include a price variation clause, wherever applicable, to provide for variation in input prices for the particular item / service (E.g. Oil, eggs, pulses, etc).



Materials Management Department

26. TIME FRAME FOR COMPLETION OF TENDER EVALUATION

- 26.1 A definite time schedule should be laid down for each stage of bid evaluation (Technical / Commercial bid). Similarly a time frame for according approval for each stage of the tender process (Technical Evaluation Report / Commercial Evaluation Report / decision for conducting negotiations, if applicable / award of PO / Contract) should be laid down which should not exceed 15 days for each stage of approval. In any case the overall time for the aforementioned processes should be within the validity period of the tender. (CVC Circular No. 4/3/07 dated 3/3/2007)
- 26.2 Time frames will be laid down at each stage of the tendering process as under:
- 26.2.1 The Materials Management Department to finalise the tender document after receipt of the specifications / work scope and other parameters from the User department including vetting by the user department (as and where required) - 15 working days
 - 26.2.2 Evaluation of the technical bids, as and where applicable – the time frame to be advised to the user department by the Materials Management Department at the time of forwarding of the bids for evaluation. This time frame would depend on the complexity of the tender, and in any case should be at least 45 days before expiry of validity of the bids.
 - 26.2.3 Evaluation of the price bids – 5 working days
 - 26.2.4 Preparation of the TC Note by the Materials Management Department – 5 working days
 - 26.2.5 Approval of the TC note by the TC Members – 10 working days.



Materials Management Department

- 26.3 Placement of P.O. – 5 working days
- 26.4 If for some reason the timelines cannot be met and an explanation is called for then the same should be submitted by the concerned personnel to the competent authority of the individual department.



Materials Management Department

27. EXTENSION OF PERIOD OF PURCHASE ORDERS

27.1 Standard Orders / Blanket Purchase Agreements covering a specific period may be extended for a further period of maximum one year subject to the following:

27.1.1 The initial order was finalised after following the laid down tender procedure.

27.1.2 The quantities to be ordered under the extended order period should not result in an increase in quantity from the original order, i.e. only the shortfall in supplies from the original ordered quantity may be covered under the extended order(s).

27.1.3 If the extension of order is a technical requirement of the SMART system, i.e. for processing of invoices received after the expiry of the initial order. Due endorsement to this effect is to be made in the extended P.O. in such cases.

27.1.4 The terms and conditions of the P.O. would remain unchanged.

27.1.5 The extensions can be multiple times subject to the overall period of such extensions not exceeding 12 months from the date of expiry of the initial PO, and subject to the extended quantity for all the extensions taken together not exceeding that in the original PO

27.1.6 Such extensions are to be approved by the competent authority in the Materials Management Department as per the delegation of financial powers (Refer Annexure A), and the reasons for the same are to be placed on record.



Materials Management Department

28. PROCUREMENT OF PROPRIETARY /BRAND APPROVED ITEMS

- 28.1 The onus of declaration of an item as “Proprietary”/ “Brand approved” should be with the user department
- 28.2 The “Proprietary”/”Brand approved” items can be of any value.
- 28.3 In case an item is declared as “Proprietary”/ ”Brand approved” by the user department, but the Materials Management Department is aware that acceptable equivalent(s) is/are available in the market, then such information may be made available to the user department for guidance. After getting such information the user department shall decide whether to purchase the item as “Proprietary / Brand approved,” or to go in for competitive bids, . The decision of the user department in this regard shall be final.
- 28.4 If the proprietary / brand approved items are procured directly from the manufacturer / OEM / distributor (as exclusively nominated by the OEM to quote), the procurement would be on single source basis, and TC procedure would be required. In such cases the quotations may be obtained by fax, email, etc.
- 28.5 If the proprietary / brand approved items are procured from more than one source (e.g. if the OEM nominates multiple distributors to quote), TC procedure would be required.
- 28.6 If proprietary / brand approved items are to be procured, the quotations may be taken from as many distributors as have been authorized by the OEM to quote, which may even be less than 3 quotes.



Materials Management Department

29. DIRECTORATE GENERAL OF SUPPLIES AND DISPOSALS (DGS&D)

- 29.1 On receipt of an indent the Buyer should ascertain from the DGS&D web site (www.dgsnd.gov.in) availability of the indented item(s).
- 29.2 If the item(s) is / are available under the DGS&D rate contract, the Buyer will download the product specifications and the relevant terms and conditions from the DGS&D web site. This information would be conveyed to the user department and their concurrence or otherwise obtained with regard to release of the PO on one of the DGS&D contracted suppliers.
- 29.3 In case the user department confirms acceptance of the product(s) from the DGS&D contracted suppliers, the Buyer shall obtain the supplier's confirmation of compliance with NACIL's commercial terms and conditions, in case the same are at variance with the DGS&D stipulated terms and conditions.
- 29.4 If the DGS&D contracted supplier does not agree to comply with NACIL's commercial terms and conditions, the procurement would be through the regular tendering process.
- 29.5 TC procedure would not be required in case of procurement based on the DGS&D rate contract.



Materials Management Department

30. SMALL SCALE INDUSTRY (SSI) PROCUREMENT

- 30.1 Tenders are to be invited from SSI units for all items that are reserved for procurement from SSI Units as per the list published by the Ministry of Micro, Small and Medium Enterprises of the Government of India.
- 30.2 There should be a regular update of items /inclusion of the notified items as and when it comes into effect. While making purchase of goods falling in these categories, the purchase organisation should check the latest directives in this regard for necessary action. The current list of items reserved to be procured from SSI units is as per Annexure D. Updated list can be viewed at www.laghu-udyog.com.
- 30.3 Wherever the requirement cannot be met through such SSI units in terms of specifications, capacity constraint or for any other reasons, in the interest of the company, the tenders may also be sent to others including non SSI units in the line.
- 30.4 It is mandatory for the SSI units (registered with NSIC) to agree to match the L1 price (quoted by the large scale unit) on being given the benefit of up to 15% price preference over the quotation of the large scale unit.



Materials Management Department

31. REPEAT ORDERS

31.1 Repeat Orders may be resorted to provided the following conditions are met:

31.1.1 The initial order was finalised after following the laid down purchase procedure.

31.1.2 The quantity under Repeat Order does not exceed the quantity ordered against the initial order

31.1.3 The basic price remains unchanged.

31.2 Placement of Repeat Order/s within 2 years of the initial order can be approved by the Competent Authority (Refer Annexure A) provided the cumulative quantity so ordered does not exceed the initial PO quantity, i.e. if the initial PO was, say, for qty 100, then more than one Repeat Orders can be placed within two years subject to the total qty against all such Repeat POs not exceeding qty 100. Beyond this quantity approval of Executive Director - Materials Management would be required to place further Repeat Orders.

31.3 TC procedure would not be required.



Materials Management Department

32. WAIVER OF PURCHASE PROCEDURE

32.1 For requirements of an immediate nature, where the timely supply is not possible under the laid down procurement procedures, the indenter would be promptly advised about the same by the Materials Management Department. The indenter would thereafter prepare detailed justifications for the urgency of the requirement, duly approved at the level of Dy. General Manager and above of his / her department, and submit the same to the Materials Management Department for taking priority action for procurement. For such immediate requirements, where the estimated order value exceeds Rs. 25,000/-, procurement may be authorized by officials as under through waiver of the purchase procedure:

Authority level of the Materials Management Department	Order Value (Rs.)	Report to Authority level in the Materials Management Department
Sr. Manager	Up to 35,000	Asst. General Manager/ Chief Manager
Asst. General Manager/ Chief Manager	Up to 50,000/-	Dy. General Manager
Dy. G M	Up to 1,00,000/-	General Manager
General Manager	Up to 3,00,000/-	Executive Director - Materials Management
Executive Director – Materials Management	Up to 10,00,000/-	Director- Finance

For order value up to Rs. 25,000 the user department may directly take action for procurement.



Materials Management Department

- 32.2 Any purchase on waiver basis above Rs.10.00 lakh would require the concurrence of Finance Department and prior approval of HQ
- 32.3 Pos are to be released for purchases made on the basis of waiver of the purchase procedure.



Materials Management Department

33. EMERGENCY PURCHASES BY THE DEPARTMENTS

- 33.1 In case any goods / service(s) are required on urgent / emergency basis, the departments are empowered to procure the goods / service(s) directly to meet such situations.
- 33.2 However, such goods/items should be non-capital in nature.
- 33.3 The goods/services so required should be for operational areas only.
- 33.4 Goods/services availed of under this provision should be ratified by the authority level as mentioned below and forwarded to competent authority in MMD for reference.
- 33.5 The value limits for a single instance of an emergency procurement is as under:

Authority Level	Value
Departmental Heads / Executive Director	Rs. 25,000
Division Head at HQ as defined in the Instrument of Delegation of Financial Powers	Rs. 10,000

- 33.6 The PO will not be raised by the Materials Management Department for such purchases
- 33.7 Invoices / Bills will be certified by the concerned departments and directly settled by the Finance Department.



Materials Management Department

34. BUY- BACK OPTION

- 34.1 When it is decided by the indenting departments to replace any of their existing goods with the latest versions or better substitutes, the department may request the Materials Management Department to trade such existing goods while purchasing the new ones. For this purpose, an appropriate buy-back clause is to be incorporated in the tender document so that interested bidders may submit their tenders accordingly. The indenters must ensure that vendors are permitted unrestricted access to inspect the goods meant for buy-back.
- 34.2 For capital items, the SRF for the item/s to be procured against buy-back options should be routed through the Finance Department and should be countersigned by the appropriate authority in Finance. The requisition should be raised thereafter and forwarded to the Materials Management Department for further action.



Materials Management Department

35. PUBLISHING OF DETAILS OF AWARD OF TENDER/CONTRACTS ON THE WEBSITE

- 35.1 A summary of the contracts / purchases made above Rs 10.00 lakh will be posted on the Air-India website.
- 35.2 The details to be posted would be in the format as given at Annexure 'B'.



Materials Management Department

36. PURCHASE ORDER AMENDMENTS

- 36.1. The PO / Contract is to be amended whenever the period of contract is extended. Approval of the TC would not be required in such cases. Such amendments would require approval of the signatory of the original Purchase Order or an equivalent level officer.
- 36.2. The PO / Contract is to be amended whenever there is a change in the value of the PO due to a change of quantity / rate. Approval of the TC would be required in such cases
- 36.3. The PO / Contract is to be amended whenever there is any change in the terms and conditions. Approval of the TC would be required in such cases.
- 36.4. The PO / Contract is to be amended when there is an increase in or addition to the Government levies, taxes, surcharges, etc. – Approval of the TC would not be required in such cases.



Materials Management Department

37. GOVERNMENT LEVIES / TAXES, ETC

- 37.1 Government levies, taxes, surcharges, etc should not be avoided by changing the delivery locations.
- 37.2 If new taxes/ levies are introduced during the validity of the contract period, then the same shall be applicable at the time of availing of the services, or supply of an item.
- 37.3 The tender document should clearly state that the bidders must specify whether their quotation is inclusive or exclusive of taxes and levies. In the case of quote submitted exclusive of taxes, all applicable taxes, Government levies must be clearly spelt out.



Materials Management Department

38. PAYMENTS

- 38.1 Payments shall be effected through the Finance department.
- 38.2 Tenders should incorporate the standard payment terms of “Payment within 30 days of receipt of invoice or goods/ services whichever is later”.
- 38.3 Payment details are to be made available by the Finance Department to the Materials Management Department, user department and respective vendor/s as and when required.



Materials Management Department

39. ADVANCE PAYMENT

39.1 Advance payment should generally be discouraged. If payment of advance is unavoidable, efforts should be made for payment against delivery. However, if still the advance payment is to be made, then the same can be allowed. In such cases, the company's interest must be safeguarded by obtaining bank guarantee equal to the sum of the advance payment from the supplier with sufficient validity. Such advance payments, should be interest bearing. The amount of interest would be applicable at the rate of 15% per annum on the whole amount of advance and not part thereof. Advance payments should not generally exceed the following limits: (As per Ministry of Finance dated 31/08/2006)

39.1.1 Thirty percent of the contract value to private firms

39.1.2 Forty percent of the contract value to a state or central government agency, or to a Public Sector Undertaking.

39.1.3 In case of maintenance contracts, the advance amount should not exceed the amount payable for six months under the contract.

39.2 Depending on the merit of the case, the ceilings mentioned above may be relaxed by the competent authority at the level of Dy. General Manager – Materials Management and above.

39.3 The competent authority to authorize advance payment will be Senior Manager and above / Tender Committee as per Annexure A.

39.4 The payment terms must be clearly reflected in the PO.

39.5 Payment in respect of proforma / advance payment should be certified by the signatory of the PO subject to such terms of payment being reflected in the PO.



Materials Management Department

40. EXCHANGE RATE

- 40.1 IATA exchange rate prevalent on the day of the opening of the commercial bid would be taken as the valid exchange rate. IATA exchange rate as released on monthly basis by the Finance Department will be taken as the basis for comparative evaluation of price bids as well as for all other processes related to tenders.



Materials Management Department

41. STORES INSPECTION

- 41.1 For multi departmental stock items, the receipt sections of the Materials Management Department at HQ and all the regions, will undertake inspections.
- 41.2 For captive stores stock items such as In-flight, GSD, Engineering Tool stores, revenue items etc., the respective departments would be responsible for carrying out the inspection.
- 41.3 The Receipt Sections should ensure that the vendors submit the Quality Assurance Certificate (QAC), wherever so indicated under the terms of the PO.
- 41.4 For the inspection of items, assistance may be taken, if required, from other departments or specialized agencies.
- 41.5 Approved sample/s should be retained at LRS / NBRS till receipt of the last supply for the purposes of comparison.



Materials Management Department

42. PRE-DELIVERY INSPECTION

- 42.1 The requisitioning / user departments would be responsible for carrying out pre-delivery inspections.
- 42.2 If need be, representatives from other departments including from Materials Management and Finance may be co-opted for such inspections.



Materials Management Department

43. TOLERANCE LIMIT

- 43.1 To take care of any change in the requirements during the period starting from issue of tender till placement of the Purchase Order, a plus/minus tolerance clause should be incorporated in the tender document, reserving the purchaser's right to increase or decrease the quantity of the required goods up to that limit without any change in the terms and conditions and prices quoted by the bidders.
- 43.2 While awarding the Purchase Order, the quantity ordered may be increased or decreased, if necessary, within the prescribed plus/minus tolerance limits.
- 43.3 The tolerance limit should not be more than plus/minus fifteen percent. (As per Ministry of Finance dated 31/08/2006)



Materials Management Department

44. EXCESS SUPPLY

- 44.1 Maximum of 5% of the PO quantity can be accepted as excess supply against a PO. This would be applicable for those items which are specifically manufactured for NACIL.
- 44.2 A monthly review of such cases would be done by the competent authority in Materials Management Department as per the values laid down in Annexure 'A'.
- 44.3 Vendors' invoices for the excess quantity can be processed for payment by the Finance Department without a reference, or an amendment to the PO.



Materials Management Department

45. RECEIPT CERTIFICATION

45.1 For direct delivery

45.1.1 The Requisitioner / user shall acknowledge the party's / vendor's challan for having received the goods.

45.1.2 The Requisitioner / user shall generate receipt in the SMART system wherever available. The receipt number thus generated by the SMART system should be reflected on the delivery challan.

45.2 For stock items

45.2.1 Receipt certification will be done by the Local Receipt Section (LRS) of the Materials Management Department.

45.2.2 The LRS will acknowledge the party's / vendor's challan for having received the goods.

45.2.3 The LRS will update receipt in the SMART system, wherever implemented, based on which GRN will be generated.

45.3 For Services

45.3.1 The Requisitioner / User department / receiver of the services will acknowledge services received, through his signature on the service report. This service report should be forwarded to the invoice processing section of the Materials Management Department for further processing.

45.3.2 In addition to the above, the Requisitioner / User department shall acknowledge the services rendered in the SMART system, wherever implemented, based on which the service report will be generated in the system to facilitate further processing by the Finance department for payment.



Materials Management Department

46. INVOICE PROCESSING

- 46.1. Invoices should be submitted to the Materials Management Department. Invoices, GRN/ receipt nos. along with the Original challan duly signed and stamped by the receiver should be forwarded to the Finance Department by MMD under a covering letter for payment purpose. Finance department would acknowledge the receipt of the same.
- 46.2. For any reason, if the original challan or invoice is not available/ lost in transit then payment would be processed on the duplicate challan/ invoice, duly signed and stamped by the receiver. However an undertaking on the company's letter head should be submitted to NACIL as per Annexure N.
- 46.3. Wherever the SMART system is available and online Invoicing module is activated, the supplier would create/submit Advance shipment notice and invoice through the SMART system only. No physical copy of the Challan and Invoice would be submitted by the vendor. The certification of having received the goods and services would be carried out in SMART system only.
- 46.4. Wherever the SMART System is available, matching of PO, GRN and Invoice (3 way matching) shall be done through the system.
- 46.5. For service invoices, PO with invoice matching (2 way matching) shall be done by the Bill section through the SMART system, wherever available, based on the service report.
- 46.6. All invoices would be matched and forwarded to the Finance Department for validation and payment purposes.
- 46.7. No separate certification would be required from the Materials Management Department if the processing of the invoices has been carried out through the SMART system.
- 46.8. Wherever the SMART system is not available, certification of invoices, subject to Finance verification would be done by the officials of MMD as given below:

**Materials Management Department**

Authority	Invoice Value (Rs.)
Asst. Manager	Up to 2,00,000/-
Dy. Manager	Above 2,00,000/- and up to 5,00,000/-
Manager	Above 5,00,000/- and up to 10,00,000/-
Sr. Manager	Above 10,00,000/- and up to 25,00,000/-
Asst. General Manager / Chief Manager	Above 25,00,000/- and up to 50,00,000/-
Dy. General Manager	Above 50,00,000/- and up to 75,00,000/-
General Manager	Above 75,00,000/- and up to 1,00,00,000/-
Executive Director	1,00,00,001/- and above



Materials Management Department

47. STANDARDISATION

- 47.1. Some items like PCs, office equipments, furniture, etc. are used by multiple departments. In the interest of achieving economies of scale, Executive Director – Materials Management or any other Dept. Head may appoint a Committee for standardising a particular item.
- 47.2. The purchase of the items, so standardised, shall be processed in line with the recommendations of the Standardisation Committee.
- 47.3. The normal tender procedures would be followed for fixation of rates for standardized products. For placement of POs based on these rates further approval of the TC would not be required.
- 47.4. Standardisation will be for a defined period not exceeding three years.



Materials Management Department

48. BUDGET –MMD AUDIT

- 48.1. Budgeting will be done through the SMART system wherever available.
- 48.2. On release of Purchase Orders the system shall automatically debit the PO value from the allotted budget head.
- 48.3. Before release ,every Purchase order would be audited by the audit section of Materials Management Department , as per the value limits as given below

Authority	Value Rs.
Audit Staff	Rs. 5 Lacs
Asst. Manager	Rs. 10 Lacs
Dy. Manager	Rs. 20 Lacs
Manager	Rs. 40 Lacs
Sr. Manager	Rs. 1 Crore
Asst. General Manager/ Chief Manager	Rs. 3 Crore
Dy. General Manager	Rs. 6 Crore
General Manager	Above Rs. 6 Crores



Materials Management Department

49. CONTRACTS ADMINISTRATION

- 49.1. The contract administration would be the responsibility of the Requisitioner / user department.
- 49.2. The Requisitioner / user department would be responsible for submission of service reports along with the invoice to Bill Section of the Materials Management Department.
- 49.3. The Requisitioner / user department would intimate the Materials Management and Finance Departments in case any discrepancy / deviation has been observed from the deliverables as contracted for and appropriate action is to be taken in accordance with the terms of the PO / Contract.
- 49.4. The onus of informing MMD of the shortfall or under performance by the vendor would be on the user department. In the absence of any intimation to the effect from the user department during the course of the contract, MMD would advise Finance for the release of the Security Deposit/ Bank Guarantee, on completion of the warranty / contract period.
- 49.5. For items and services received directly by the users, the quantum of penalty to be levied will be determined by the competent authority in the user department, and the same advised to the Finance department through the Materials Management Department.
- 49.6. The Requisitioner/ user department would be responsible for compilation and submission to the concerned authorities the details of export obligations for goods imported against the licenses such as EPCG, etc.
- 49.7. In the context of facilitation of execution of contracts, the individual departments would be responsible for activities such as issuance of gate pass for items / equipments, entry pass for contractor's personnel, facilitation of issuance of BCAS / AAI passes, liaison with the Security Department for police clearance



Materials Management Department

certificate of the contractor's personnel wherever required,
provision of space and infrastructure, etc.



Materials Management Department

50. VENDOR REGISTRATION

50.1 New Vendors

The vendor registration process would be a three step process

50.1.1 Online registration through corporate website

All new vendors would be required to register themselves through the corporate website or the departmental website <http://mmd.airindia.co.in>. Vendors would be required to click on the vendors' link to register themselves. Once the vendors register through this website, the system will automatically send an e-mail to the e-mail address provided during registration, with the user name and password to access iSMART system. Vendors, at this stage, can view only the Public tenders on the website.

50.1.2 Submission of vendor data through iSMART system.

Once vendor(s) are provided with the user name and password, they would be required to log-in to the iSMART system and enter their details in the system. Vendors must attach scanned copies of all certificates valid at the time of registration. Once these details are entered in the system, the Vendor administrator would receive a notification in the system. Vendors, at this stage, would also be able to view only the Public Tenders. The Vendor administrator would compile the list of such registrations on monthly basis, refer Annexure L, and the same will be uploaded on the website. For such cases the status would be shown as "Under Process".



Materials Management Department

50.1.3 Vendor evaluation by the evaluation team.

Vendor evaluation team would primarily comprise of members from the Materials Management Department and the Finance Department. If required, members from other departments, say user department or medical or security, may be co-opted for evaluation of the vendors data. The representative of Materials Management Department would be the convener of this team. This team would meet once a fortnight to review the registration received. This team would scrutinize the details provided by the vendor. If required, the team can obtain more details from the vendors. After evaluation, the team would submit its report to the competent authority, not below the rank of DGM, in Materials Management Department for final approval of acceptance or rejection of the vendor registration process. Once the approval is granted, the vendor administrator would update the system accordingly. Now the vendor will have full access to the system and the vendor is eligible to participate in selective tenders also. Vendor administrator would also compile the list of vendors who have been accepted or rejected on a monthly basis, refer Annexure M, and upload the information on the website. The status for such cases would be shown as Approved or Rejected as the case may be. The Vender Evaluation Report is as at Annexure N.



Materials Management Department

50.2 Existing Vendors

50.2.1 Wherever implemented, all the existing vendors would be provided with a user name and password in the iSMART system. Once the access is provided to the vendors, they would be required to log-in to the system and provide details as mentioned in clause 51.1.2 and the evaluation would be carried out as per clause 51.1.3. All registered vendors would normally be registered for a period of 5 years unless and until specified during the registration process.

50.2.2 Wherever SMART is not yet rolled out, a committee would be set up at each region comprising one nominee from the Materials Management Department and Finance Department to evaluate the existing vendors. This committee would seek details from the vendors, if already not available

50.3 All new registrations would be compiled on monthly basis.

50.4 All the new registrations would be sorted according to the category of products and services.

50.5 Vendor Registration Team would be formed at HQ. In case the vendor has a regional presence only, a list of such vendors would be conveyed to the concerned regions subject to their having been found to be qualified by the Vendor Registration Team. If required, Vendor registration team can co-opt members from concerned regions during the evaluation/ verification process. The list of such vendors will be forwarded to concerned regions, till SMART system is rolled out to the regions. Once SMART system is rolled out, this data would automatically be made available to the concerned region.



Materials Management Department

- 50.6 The recommendations of the team would be approved by a competent authority.
- 50.7 The status of the registration process would be duly intimated to the vendors via e-mail through iSMART system.
- 50.8 The Approved Supplier List would be updated in the SMART system, with the new vendor.
- 50.9 If a new vendor participates in a public tender, vendor evaluation would be done by the Vendor Registration team. For this purpose, representative(s) from other department(s) may be co-opted. This team would submit its report to the competent authority for approval. However, this approval is only for the vendor. On receipt of this approval, other parameters of the bid, which are specific to the concerned tender, would be evaluated as per the laid down procedures.



Materials Management Department

51. PURCHASING AT REGIONS

- 51.1 Normal purchase procedure to be followed by the Station Tender Committee.
- 51.2 The Tender Committee will comprise officers at the appropriate level, as identified at Annexure A, from the Regional Materials Management Department, Regional Finance Department and the Regional User / Indenting Department. In case an officer at the designated level is not available in a given region, the participation in the tender committee from the concerned department would be decided by the ED of the region. The Executive Director- Region will exercise the same financial powers for purchase related activities as the Executive Director – Materials Management.



Materials Management Department

52. DELEGATION OF AUTHORITY

52.1 A senior officer in a given department may exercise all or any of the powers given to the officers subordinate to him / her in the same department in line with the Instrument of delegation of Financial Powers and Administrative Powers.



Materials Management Department

53. ANNEXURES

- A. Financial Powers
- B. Contracts Awarded
- C. Format for Bank Guarantee
- D. List of items reserved for purchase from Small Scale Industries.
- E. Loading for deviation
- F. Undertaking by Evaluation members
- G. Authorization letter for Bid opening
- H. Bid opening- attendance sheet
- I. Return of bids.
- J. Pre-Bid Meeting authorization letter
- K. Pre- Bid Meeting Attendance sheet
- L. Vendor Registration Report
- M. Vendor Evaluation Report
- N. Undertaking for payment against duplicate challan/ invoice
- O. Negotiation Sheet



Materials Management Department

Annexure A

FINANCIAL POWERS

Estimated Value of Contract in INR or its equivalent in any foreign currency	Composition of TC/ Negotiation Level and Approval of samples	Authority Level for Final Award	Authority Level for signing PO in MMD
Up to Rs. 50,000	No TC	Dy Manager	Asst Manager
Up to Rs.2.00 Lac	No TC	Manager	Dy Manager
Up to Rs.5.00 Lac	No TC	Sr Manager/AGM/ Chief Manager	Manager
Up to Rs. 10 Lac	MMD : Manager Finance : Dy.Manager/Manager User Deptt. Equiv. Level	Sr Manager	Manager
Up to Rs. 35 Lac	MMD : Sr. Manager Finance : Sr. Manager User Deptt. Equiv. Level	AGM/Chief Manager	Sr Manager
Up to Rs. 75Lac	MMD : AGM/Chief Manager Finance : AGM User Deptt. Equiv. Level	Dy.Gen Manager	AGM/ Chief Manager
Up to Rs. 100 Lac (Rs. 1 Crores)	MMD : DGM Finance : DGM User Deptt. DGM/ADGM	General Manager	DGM
Up to Rs. 600 Lac (Rs. 6 Crores)	MMD: GM Finance: GM User Deptt. Equiv. Level	Executive Director	GM
Up to Rs1200 Lac (Rs. 12 Crores)	MMD: ED Finance : ED Head of User Deptt.	Director - Finance / Functional Director	Executive Director
Above Rs 1200 Lac (Rs. 12 Crores)	MMD : ED Finance : ED - Head of User Deptt.	Concurrence by Director - Finance Approval by Chairman & Managing Director	Executive Director



Materials Management Department

Annexure B

**FORMAT FOR DETAILS OF CONTRACT AWARDED DURING THE MONTH
(ABOVE RS.10 LAKH)**

1	2	3	4	5	6	7	8	9	10	11	12	13
Tender No.	Item/ Nature of work	Mode of Tender Enquiry	Type of Bidding (Single/ Two Bid System)	Last date of receipt of tender	Nos. of tenders recd.	Nos. and names of parties qualified after technical evaluation	Nos. and names of parties not qualified after technical evaluation	Whether contract awarded to lowest tenderer/ evaluated L1	Contract No & date	Name of Contractor	Value of Contract	Scheduled date of completion of supplies



BANK GUARANTEE FORMAT FOR PERFORMANCE SECURITY

To
Executive Director - Materials Management
NACIL

WHEREAS (name and address of the supplier) (hereinafter called “the supplier”) has undertaken, in pursuance of contract no..... dated to supply (description of goods and services) (herein after called “the contract”).

AND WHEREAS it has been stipulated by you in the said contract that the supplier shall furnish you with a bank guarantee by a scheduled commercial recognized by you for the sum specified therein as security for compliance with its obligations in accordance with the contract;

AND WHEREAS we have agreed to give the supplier such a bank guarantee;

NOW THEREFORE, we Bank, hereby affirm that we are guarantors and responsible to you, on behalf of the supplier, up to a total of (amount of the guarantee in words and figures), and we undertake to pay you, upon your first written demand declaring the supplier to be in default under the contract and without cavil or argument, any sum or sums within the limits of (amount of guarantee) as aforesaid, without your needing to prove or to show grounds or reasons for your demand or the sum specified therein.

We hereby waive the necessity of your demanding the said debt from the supplier before presenting us with the demand.

We further agree that no change or addition to or other modification of the terms of the contract to be performed there under or of any of the contract documents which may be made between you and the supplier shall in any way release us from any liability under this guarantee and we hereby waive notice of any such change, addition or modification.



Annexure C

BANK GUARANTEE FORMAT FOR PERFORMANCE SECURITY

This guarantee shall be valid until the day of 20.....

.....
(Signature of the authorized officer of the Bank)

.....
Name and designation of the officer

.....
.....

Seal, name & address of the Bank and address of the Branch



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
S. No.	ITEM DESCRIPTION
1	AAC/ACSR Conductors upto 19 stand
2	Agricultural Implements -
3	Hand Operated Tools and Implements
4	Animal Driven Implements
5	Air/Room Coolers
6	Aluminium Builders and Hardware
7	Ambulance Stretcher
8	Ammeters/Ohm Meters/Volt meter (Electro magnetic upto Class I accuracy)
9	Ankles Web Khaki
10	Augur (Carpenters)
11	Automobile Head Lights Assembly
12	Badges Cloth, embroidered and metals
13	Bags of all types i.e. made of leather, cotton canvas & jute etc. including kit bags, mail bags, sleeping bags & water-proof bags.
14	Bandage Cloth
15	Basket cane, (Procurement can also be made from State Forest Corporation and State handicraft Corporation).
16	Bath Tubs
17	Barbed Wire
18	Battery Charger
19	Battery Eliminators
20	Bean Scales (upto 1.5 tons)
21	Belt Leather and Straps
22	Bench Vices
23	Bituminous Paints
24	Blotting Paper
25	Bolts and Nuts
26	Bolts Sliding
27	Bone Meal
28	Boot Polish
29	Boots and shoes of all types excluding Canvas shoes
30	Bowls
31	Boxes Leather
32	Boxes made of Metal Braces



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
33	Braces
34	Brackets other than those in Railways
35	Brass Wire
36	Brief cases (other than moulded luggage)
37	Brooms
38	Brushes of all types
39	Buckets of all types
40	Buttons of all types
41	Candle Wax Carriage
42	Cane Valves/stock valves (for water fittings only)
43	Cans metallic (for milk & measuring)
44	Canvas Products -
45	Water Proof Delivery Bags to Specn. No. IS-1422/7D
46	Bonnet Covers & Radiators Muff. To spec. Drg. Lv7/NSN/IA/130295
47	Caps Cotton & Woolen
48	Caps Waterproof
49	Castor Oil
50	Ceiling Roses upto 15 amps
51	Centrifugal steel Plate Blowers
52	Centrifugal Pumps-Section and Delivery 150mm. x 150mm.
53	Chaff Cutter Blade
54	Chains lashing
55	Chappals and sandals
56	Chamois Leather
57	Chokes for light fitting
58	Chorme Tanned leather (Semi-finished Buffalo & Cow)
59	Circlips
60	Claw Bars and Wires
61	Cleaning Powder
62	Clinical Thermometers
63	Cloth Covers
64	Cloth Jaconet
65	Cloth Sponge
66	Coir fibre and Coir yam
67	Coir mattress, cushions and matting
68	Coir Rope hawser laid
69	Community Radio Receivers
70	Conduit pipes
71	Copper nail
72	Copper Napthenate
73	Copper sulphate



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
74	Cord Twine Maker
75	Cordate Others
76	Corrugated Paper Board & Boxes
77	Cotton Absorbent
78	Cotton Belts
79	Cotton Carriers
80	Cotton Cases
81	Cotton Cord Twine
82	Cotton Hosiery
83	Cotton packs
84	Cotton Pouches
85	Cotton Ropes
86	Cotton Singlets
87	Cotton Sling
88	Cotton Straps
89	Cotton tapes and laces
90	Cotton Wool (Non absorbent)
91	Crates Wooden & Plastic
92	(a) Crucibles upto No. 200
93	Crucibles Graphite upto No. 500
94	Other Crucibles upto 30 kgs.
95	Cumbles & blankets
96	Curtains mosquito
97	Cutters
98	Dibutyl phthaiate
99	Diesel engines upto 15 H.P.
100	Dimethyl Phthaiate
101	Disinfectant Fluid
102	Distribution Board upto 15 amps
103	Domestic Electric appliances as per BIS Specifications :- - Toaster Electric, Elect. Iron, Hot-Plates, Elect. Mixer Grinders, - Room heaters & convectors and ovens.
104	Domestic (House Wiring) P.V.C. Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and upto 10.00 mm. sq. normal cross section.
105	Drawing & Mathematical Instruments
106	Drums & Barrels
107	Dust Bins
108	Dust Shield leather
109	Duster Cotton all types except the items required in Khadi
110	Dyes



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
111	Azo Dyes (Direct & Acid)
112	Basic Dyes
113	Electric Call bells/buzzers/door bells
114	Electric Soldering Iron
115	Electric Transmission Line Hardware like steel cross bars, cross arms clamps arching arm, brackets etc.
116	Electronic door bell.
117	Emergency Light (Rechargeable type)
118	Enamel Wares & Enamel Utensils
119	Enamel camouflate Bamboo support
120	Exhaust Muffler
121	Expanded Metal
122	Eyelets
123	Films Polythene-including wide film
124	Films spool & cans
125	Fire Extinguishers (well type)
126	Foot powder
127	French polish
128	Funnels
129	Fuse Cut outs
130	Fuse Unit
131	Garments (excluding supply from Indian Ordnance Factories)
132	Gas mantels
133	Gauze cloth
134	Gauze surgical all types
135	Ghamellas (Tasllas)
136	Glass Ampules
137	Glass & Pressed Wares
138	Glue
139	Grease Nipples & Grease guns
140	Gun Cases
141	Gun Metal Bushes
142	Gum tape
143	Hand drawn carts of all types
144	Hand gloves of all types
145	Hand Lamps Railways
146	Hand numbering machine
147	Hand pounded Rice (polished and unpolished)
148	Hand presses
149	Hand Pump
150	Hand Tools



ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
151	Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. And State Handicraft Corporation).
152	Harness Leather
153	Hasps & Staples
154	Haver Sacks
155	Helmet Non-Metallic
156	Hide and country leather of all types
157	Hinges
158	Hob nails
159	Hold all
160	Honey'
161	Horse and Mule Shoes
162	Hydraulic Jacks below 30 ton capacity
163	Insecticides Dust and Sprayers (Manual only)
164	Invalid wheeled chairs
165	Invertor domestic type upto 5 KVA
166	Iron (dhobi)
167	Key board wooden
168	Kit boxes
169	Kudali
170	Lace leather
171	Lamp holders
172	Lamp signal
173	Lanterns Posts & bodies
174	Lanyard
175	Lantex foam sponge
176	Lanthies
177	Letter Boxes
178	Lighting Arresters - upto 22 kv
179	Link Clip
180	Linseed Oil
181	Lint Plain
182	Lockers
183	Lubricants
184	L.T. Porcelain KITKAT & Fuse Grips
185	Machine Screws
186	Magnesium Sulphate
187	Mallet Wooden
188	Manhole covers
189	Measuring Tapes and Sticks



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
190	Metal clad switches (upto 30 Amps)
191	Metal Polish
192	Metallic containers and drums other than N.E.C. (not elsewhere classified)
193	Metric weight
194	Microscope for normal medical use
195	Miniature bulbs (for torches only)
196	M.S. Tie Bars
197	Nail Cutters
198	Naphthalene Balls
199	Newar
200	Nickel Sulphate
201	Nylon Stocking
202	Nylon Tapes and Laces
203	Oil Bound Distemper
204	Oil Stoves (Wick Stoves only)
205	Pad locks of all types
206	Paint remover
207	Palma Rosa oil
208	Palmgur
209	Pans Lavatory Flush
210	Paper conversion products, paper bags, envelops, Ice-cream cup, paper cup and saucers & paper plates
211	Paper Tapes (Gummed)
212	Papads
213	Pickles & Chutney
214	Piles fabric
215	Pillows
216	Plaster of paris
217	Plastic Blow Moulded Containers upto 20 litre excluding Poly Ethylene Terphthalate (PET) Containers
218	Plastic cane
219	Playing Cards
220	Plugs & Sockets electric upto 15 Amp.
221	Polythene Bags
222	Polythene pipes
223	Post picket (wooden)
224	Postal Lead Seals
225	Potassium Nitrate
226	Pouches
227	Pressure Die Casting upto 0.75 kg.



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
228	Privy pans
229	Pulley wire
230	PVC footwear
231	PVC pipes upto 110 mm.
232	PVC Insulated Aluminium Cables (upto 120 Sq. mm) (ISS:694)
233	Quilts, Razais
234	Rags
235	Railways carriage light fittings
236	Rakes Ballast
237	Razors
238	RCC Pipes upto 1200 mm. Dia
239	RCC Poles Prestressed
240	Rivets of all types
241	Rolling Shutters
242	Roof light fittings
243	Rubber Balloons
244	Rubber Cord
245	Rubber Hoses (Unbranded)
246	Rubber Tubing (Excluding braided rubbing)
247	Rubberised Garments Cap and caps etc.
248	Rust/Scale Removing Composition
249	Safe meat & milk
250	Safety matches
251	Safety Pins (and other similar products like paper pins, staple pins etc.)
252	Sanitary Plumbing Fitting
253	Sanitary Towels
254	Scientific Laboratory glassware (Barring sophisticated items)
255	Scissors cutting (ordinary)
256	Screws of all types including High Tensile
257	Sheep skin all types
258	Shellac
259	Shoes laces
260	Shovels
261	Sign Boards painted
262	Silk ribbon
263	Silk webbing
264	Ski boots & shoes
265	Sluice Valves
266	Snapfastner (Excluding 4 pcs. Ones)
267	Soap Carbolic



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
268	Soap Curd
269	Soap Liquid
270	Soap Soft
271	Soap washing or laundry soap
272	Soap Yellow
273	Socket/pipes
274	Sodium Nitrate
275	Sodium silicate
276	Sole leather
277	Spectacle frames
278	Spiked boots
279	Sports shoes made out of leather (for all sports games)
280	Squirrel Cage Induction Motors upto and including 100 KW 440 volts 3 phase
281	Stapling machine
282	Steel Almirah
283	Steel beds stead
284	Steel chair
285	Steel desks
286	Steel racks/shelf
287	Steel stools
288	Steel trunks
289	Steel wool
290	Steel & aluminium windows and ventilators
291	Stockinet
292	Stone and stone quarry rollers
293	Stoneware jars
294	Standard wire
295	Street light fittings
296	Student Microscope
297	Studs (excluding high tensile)
298	Surgical Gloves (Except Plastic)
299	Table knives (Excluding Cutlery)
300	Tack Metallic
301	Taps
302	Tarpaulins
303	Teak Fabricated round blocks
304	Tent poles
305	Tentage Civil/Military & Salitah jute for Tentage
306	Textile manufactures other than N.E.C. (not elsewhere classified)
307	Tiles



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
308	Tin Boxes for postage stamp
309	Tin can unprinted upto 4 gallons capacity (other than can (O.T.S.))
310	Tin Mess
311	Tip Boots
312	Toggle Switches
313	Toilets Rolls
314	Transformer type welding sets conforming to IS:1291/75 (upto 600 amps)
315	Transistor Radio upto 3 band
316	Transistor Insulation – Testers
317	Trays
318	Trays for postal use
319	Trolley
320	Trolleys - drinking water
321	Tubular Poles
322	Tyres & Tubes (Cycles)
323	Umbrellas
324	Utensils all types
325	Valves Metallic
326	Varnish Black Japan
327	Voltage stabilisers including C.V.T's
328	Washers all types
329	Water Proof Covers
330	Water Proof paper
331	Water tanks upto 15,000 liters capacity
332	Wax sealing
333	Waxed paper
334	Weighing Scale
335	Welded Wiremesh
336	Wheel barrows
337	Whistle
338	Wicks cotton
339	Wing Shield Wipers (Arms & Blades only)
340	Wire brushes and Fibre Brushes
341	Wire Fencing & Fittings
342	Wire nails and Horse shoe nails
343	Wire nettings of gauze thicker than 100 mesh size
344	Wood wool
345	Wooden ammunition boxes
346	Wooden Boards
347	Wooden Box for Stamps



Materials Management Department

Annexure D

ITEMS RESERVED FOR SSI / HANDICRAFTS SECTOR	
348	Wooden Boxed and cases N.E.C. (Not elsewhere classified)
349	Wooden Chairs
350	Wooden Flush Door Shutters
351	Wooden packing cases all sizes
352	Wooden pins
353	Wooden plugs
354	Wooden shelves
355	Wooden veneers
356	Woolen hosiery
357	Zinc sulphate
358	Zip Fasteners



Materials Management Department

Annexure E

CALCULATION OF LOADING CRITERIA

1. Advance Payment
2. Warranty
3. Delivery Period

1. Advance Payment (Prior to delivery): @ 12 % per annum calculated on pro-rata basis.

Basic Rate Rs. 1,00,000/-

Taxes applicable 4% VAT and 5.5 % Octroi

Delivery Period 4 Weeks

Payment due after 30 days of delivery

Loading for advance payment will be 2 Months i.e. 2% on the basic rate i.e.

Rs. 2,000/- on Rs 1,00, 000/-

Therefore the total landed cost would be calculated as follows

Basic Rate 1,00,000/-

VAT 4% 4,000/-

Octroi 5.5% 5,720/-

Loading 2,000/-

TOTAL 1,11,720/-

In case the payment is on delivery the loading will be

Basic Rate Rs. 1,00,000/-

Taxes applicable 4% VAT and 5.5 % Octroi

Payment due after 30 days of delivery

Loading for payment against delivery will be 1 Months i.e. 1% on the basic rate i.e.

Rs. 1,000/- on Rs 1,00, 000/-

Therefore the total landed cost would be calculated as follows

Basic Rate 1,00,000/-

VAT 4% 4,000/-

Octroi 5.5% 5,720/-

Loading 1,000/-

TOTAL 1,10,720/-



Materials Management Department

Annexure E

CALCULATION OF LOADING CRITERIA

2. Warranty: @ 10% per annum calculated on pro-rata basis

Basic Rate Rs. 1,00,000/-
 Taxes applicable 4% VAT and 5.5 % Octroi
 Warranty period 2 years as per tender
 Warranty quoted 1 year
 Loading for warranty period will be 12 Months i.e. 10% on the basic rate i.e. Rs. 10,000/- on Rs 1,00, 000/-
 Therefore the total landed cost would be calculated as follows

Basic Rate	1,00,000/-
VAT 4%	4,000/-
Octroi 5.5%	5,720/-
Loading	10,000/-
TOTAL	1,19,720/-

3. Delivery period

Basic Rate Rs. 1,00,000/-
 Taxes applicable 4% VAT and 5.5 % Octroi
 Delivery Period as per tender 4 Weeks
 Delivery Period quoted – 6 Weeks
 Loading for delivery period will be 1/2 Month i.e. 0.5% on the basic rate i.e. Rs. 500/- on Rs 1,00, 000/-
 Therefore the total landed cost would be calculated as follows

Basic Rate	1,00,000/-
VAT 4%	4,000/-
Octroi 5.5%	5,720/-
Loading	500/-
TOTAL	1,10,220/-



Materials Management Department

Annexure F

UNDERTAKING BY EVALUATION MEMBERS

Date : _____

Tender no. _____

Description :

We, the following committee members for the subject tender, confirm that none of us has any personal interest in the companies/ agencies participating in the subject tender process.

Signature	_____	_____	_____
Name	_____	_____	_____
Designation	_____	_____	_____
Signature	_____	_____	_____
Name	_____	_____	_____
Designation	_____	_____	_____



Materials Management Department

Annexure G

LETTER OF AUTHORISATION FOR ATTENDING BID OPENING
(ON COMPANY LETTER HEAD)

To

The DGM (Materials Management),
National Aviation Company of India Ltd,

.....

.....

Subject : Authorisation for attending bid opening

Tender No. _____ Closing Date: _____

Opening Date _____ Opening Time _____

The following person(s) are hereby authorised to attend the bid opening for the tender mentioned above on our behalf.

Sr. No	Name	E-Mail ID	Contact No.	Signature
--------	------	-----------	-------------	-----------

I.

II.

Authorised Signatory

Note : 1. Permission for entry to the hall where bids are opened, may be refused in case authorization as prescribed above is not received.

2. The authorized representatives, in their own interest, must reach the venue of bid opening well in time.

3. The authorized representatives must carry a valid photo identity.



Materials Management Department

Annexure H

BID OPENING – ATTENDANCE SHEET

DATE : _____

TENDER NO. _____

SECTION: _____

Subject : _____

The following vendors were present for tender opening.

Sr.No.	Company Name	Name of Rep	Tel No.	Email	Sign of Rep
1					
2					
3					
4					
5					
6					
7					



Materials Management Department

Annexure H

BID OPENING – ATTENDANCE SHEET

8					
9					
10					

Name & Signature of Tender Opening Committee members

(Name and signature)

(Name and signature)

(Name and signature)



Materials Management Department

Annexure I

RETURN OF BIDS

Part A : INTIMATION TO BIDDERS

To _____

Date: _____

Reference No. _____

Sub: Return of price bids

Sir/ Madam

Please refer to your price bid submitted against our tender no. _____ dated _____ .

In connection with the above tender, this is to advise that your price bid was not opened as your technical bid did not qualify in terms of compliance with the tender requirements. You are, therefore, requested to collect your price bid from the office of the undersigned within the next 30 days. Your representative must carry an authorization letter in order to enable us to hand over the same.

In case you do not collect the price bid within the stipulated 30 days, NACIL reserves the right to destroy the bid without any further intimation to you, and no communication whatsoever in this regard would be entertained subsequently.

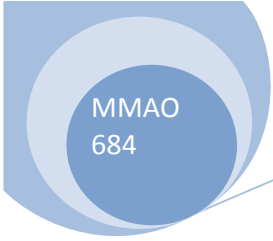
We thank you for having participated in the tender.

Name of the Materials Management official

Designation

Contact No

E-Mail ID



Materials Management Department

Annexure I

RETURN OF BIDS

PART B: ACKNOWLEDGEMENT OF RETURN OF PRICE BID

To

Date: _____

Tender No Tender Date Due Date

Vendor Name _____

We, hereby, acknowledge the receipt of our price bid against the above mentioned tender number. The same is in sealed condition and NACIL has no obligation with regard to this tender.

(Signature of Bidder Representative)

Encl: Price Bid



Materials Management Department

Annexure J

LETTER OF AUTHORISATION FOR ATTENDING PRE-BID CONFERENCE
(ON COMPANY LETTER HEAD)

(To reach DGM-Procurement on or before date of Pre-bid conference)

To

The DGM (Materials Management),
National Aviation Company of India Ltd,

.....

.....

Subject : Authorisation for attending Pre-bid Conference

Tender No. _____ Due Date: _____

Pre-Bid Conference Date _____

The following person(s) are hereby authorised to attend the pre-bid conference for the tender mentioned above on our behalf.

Sr. No	Name	E-Mail ID	Contact No.	Signature
--------	------	-----------	-------------	-----------

I.

II.

Authorised Signatory

Note : 1. Permission for entry to the hall where bids are opened, may be refused in case authorization as prescribed above is not received.

2. The authorized representatives, in their own interest, must reach the venue of bid opening well in time.

3. The authorized representatives must carry a valid photo identity.



Materials Management Department

Annexure K

PRE BID MEETING – ATTENDANCE SHEET

DATE : _____

TENDER NO: _____

SECTION: _____

Subject : _____

The following vendors were present for Pre-bid meeting.

Sr.No.	Company Name	Name of Rep	Tel No.	Email	Sign of Rep
1					
2					
3					
4					
5					
6					
7					



PRE BID MEETING – ATTENDANCE SHEET

8					
9					
10					

Name & Signature of Pre-Bid Committee members

(Name and signature)

(Name and signature)

(Name and signature)



Materials Management Department

Annexure M

VENDOR REGISTRATION REPORT

Following Vendors have been approved / rejected for the month of

Sr. No.	Company Name	Contact Person	Date of Registration	Date of Approval/ Rejection	Status



Materials Management Department

Annexure N

**UNDERTAKING FOR PAYMENT TO BE MADE AGAINST DUPLICATE
CHALLAN/ INVOICE**

To

The DGM (Materials Management),
National Aviation Company of India Ltd,

.....

.....

Subject : Undertaking for payment against duplicate challan/ invoice

Purchase Order No. _____ Purchase Order Date: _____

Invoice No. _____ Invoice Date: _____

Challan No. _____ Challan Date: _____

This is to state that this is a duplicate invoice / challan and no payment has been received by us against the above mentioned PO. However, if it is later found that payment has been received, the same will be refunded to NACIL.

Authorised Signatory
(with Stamp)



Materials Management Department

Annexure O

NEGOTIATION SHEET

RFI No. _____ RFI Date: _____

RFQ No. _____ RFQ Date: _____

Description:

A price negotiation meeting was held in the office of _____
On _____ at _____ am/pm. The following participants were present:

- | NACIL | Vendor |
|-------|--------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |

Following points were discussed and agreed upon:

Purchase Representative Finance Representative User Representative
Vendor (Authorised Signatory) _____
