



Materials Management Department

AMENDMENTS

1. Clause 39 – Advance Payment
2. Clause 9.16 – Validity of Quotation



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1. AMENDMENT TO CLAUSE 39 - ADVANCE PAYMENT

This has reference to circular NO.02/02/11 dated 17th February 2011 issued by Chief Technical Examiner of Central Vigilance Commission on Mobilization Advance. Based on CVC's guidelines, amendment to clause 39 of MMAO 684 is being released.

AMENDED CLAUSE:

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 **atleast 110% 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.



2. CLARIFICATION TO CLAUSE NO.9.16 – VALIDITY OF QUOTATION

It has been brought to our notice that there exists some ambiguity with regard to certain procedural aspects of MMAO 684. The following clarification will bring in better clarity to all concerned.

1. **Validity of quotation** : As per Clause No.9.16 of MMAO 684, it has been stated that :

Quote “ **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.**” Unquote.

Clarification : It is hereby clarified that the validity of the quotation asked for should be 90 days from the date of the close date for a selective tender and 120 days from the date of the close date for public tenders. All efforts should be made to ensure that the PO is released within the validity of the quotation.



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2. **Repeat Orders** : Clarifications have been sought with regard to the level of the competent authority who will give the decision regarding repeat orders i.e. whether the repeat order can be approved by the “Authority level for signing the PO in MMD” or whether it should be approved by “Authority level for final award” as per Annexure ‘A’ of the financial powers of MMAO 684.

Clarification : The competent authority for approving / awarding repeat order will be “Authority level for final award” as per Annexure 'A'.

3. It has been observed that while incorporating the sample evaluation clause many a time the tender document does not clearly specify as to whether a bidder is free to submit one sample or can submit more than one sample from different source.

Clarification : If samples are being called for in a tender then the sample evaluation clause should clearly state that “The bidder is free to submit more than one sample for evaluation”.

The above is to be taken for incorporating in the tender document.
