

# PROCUREMENT AND CONTRACTING PROCEDURE

FEBRUARY 2005  
(FIFTH REVISION)



**IFFCO**

INDIAN FARMERS FERTILISER COOPERATIVE LIMITED

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## 1. SCOPE

The procedure outlined below shall be followed by the Plants in construction and operation, Head Office, Central Marketing Office, State Marketing Offices and Area Offices for procurement of equipment/materials and services and shall cover, but not be limited to items listed below:

- (a) Capital Items - like plants and machinery, office equipment, furniture and fixtures, mobile equipment, electrical equipment, communication equipment, vehicles etc.
- (b) Raw materials and semi-finished goods.
- (c) Consumable items required for the plant and office like tools, catalysts, chemicals, oils, lubricants, office stationery and sanitary items.
- (d) Spare Parts.
- (e) Items required for repairs and maintenance of buildings, plant & machinery and office equipment.
- (f) Contracts/agreements for repair/maintenance of buildings, plant & machinery, office equipment etc.
- (g) Contracts/agreements for clearing, handling, loading and transportation of incoming/outgoing materials.
- (h) Rate contracts for engagement of casual labour.
- (i) Rate contracts for maintenance of plant and township buildings.
- (j) Contracts for civil works, structural, fabrication and erection of equipment, mechanical, electrical, instrumentation, insulation and painting etc.
- (k) Contracts for hiring of vehicles.
- (l) Contracts for running of canteen/Guest House.
- (m) Rate contract for procurement of laboratory glasswares/ chemicals.

The referred procedure shall not be applicable for procurement of Natural Gas; Naphtha; Phos. Acid; Ammonia; Fuel Oil; LSHS; Coal; Bags for packing fertilisers; Potash; liveries including complementary items; Library Books, Journals & Publications; direct import of fertilisers and intermediates; seeds for multiplication; medicines; appointment of architects/ interior decorators/ consultants; Award of personalise Services i.e. Travel Agents, Catering, Cleaning; Repair & Servicing of official Petrol/Diesel vehicles etc.

However, for these items/services separate procedures are being followed as approved from time to time based on market conditions.



## **2. RESPONSIBILITY FOR PURCHASE - FUNCTIONS**

All purchase functions shall be the responsibility of the In-charge of Materials Department posted in the plants. The purchase functions in other offices shall be handled by one single officer nominated/designated for the purpose. The indentors from various departments should refrain from issuing enquiries, inviting bids, entering into correspondence or negotiation with vendors/contractors. All requisitions for purchase duly processed in accordance with the procedure laid down, hereinafter should be forwarded to Chief Manager (Materials)/Designated officer for necessary action.

## **3. REGISTRATION OF VENDORS/CONTRACTORS**

- A.** A Vendor Development Cell to be created in each Unit (in Technical Department), Marketing Central Office and Head Office which will be responsible for developing and updating a list of Approved Vendors (AVL) for various type of equipment, materials and services. Addition/ Deletion of Vendors in any Unit/Zonal Office may be exchanged among other Units/Zonal Offices with the reason for the same. At the time of registration of any Vendor/ Contractor in the AVL for any work, their Bank Solvency limit based on estimated value of work to be ascertained on case to case basis. An advertisement should be issued in the leading newspapers specified under Clause No.6 of this procedure inviting applications in the prescribed proforma for registration of suppliers and contractors listing out various types of purchases and services that are likely to be made during the next four years. The proforma for issue of press tender for vendor registration/contractors shall state the information/ data required from vendors/contractors. The proforma for vendor/ contractor registration should be similar as far as possible for all units/HO/Mktg. The applications received should be scrutinised by a Committee consisting of a representative each from Technical, Finance and Materials/Purchase Department (nominated by the Director/Sr. ED/ED/Unit Head/Sr. GM) for ascertaining the resources, capacity and quality of workmanship of the vendor.

Pre-qualification should be based entirely upon the capability of the prospective bidders to perform the particular job/supply of equipments/contract satisfactorily, taking into account, inter-alia their (i) experience and past performance on similar jobs; (ii) capabilities with respect to personnel, equipment and plant; (iii) financial position; and (iv) EPF Registration No. While updating the vendor list the past performance of existing vendors/contractors shall be taken into consideration. For this purpose proper record keeping of performance of all vendors/contractors, on whom orders/contracts were earlier placed, shall be maintained by the purchase/material department with obligatory inputs from user department. The Committee can also call the vendors and contractors for personal discussions and seek clarifications on the applications and obtain such other information as may be considered necessary by the Committee. Wherever, felt necessary, Committee can visit the vendors' works also. In case the bidder is considered technically unsuitable for registration, detailed reasons of the same be recorded. For fabrication of equipment or major repairs to plant and machinery or supply of bulk items, prequalified list should also include major fabricator repair shops/manufacturers, after obtaining their consent. Vendors/Contractors registered in the previous list, and have not responded to the press

tender, may also be considered, after obtaining their consent, for subsequent pre-qualification by the Committee after taking into account their past performance and criteria listed above along with other factors.

The list of approved vendors and contractors shall be updated by all Plant / HO / Mktg. every four years by issuing a press advertisement with the approval of the Managing Director.

If no approved Vendor list is available for particular item, Press Advertisement for developing Vendor list shall be made for purchases exceeding Rs. 50 lakh. If approved Vendor list is not available and the estimated value of enquiries is less than Rs.50 lakh, the Vendor list shall be as per the recommendation of designated Committee consisting of Head of respective discipline (indentor), Material/Purchase & Finance Department duly approved by the Competent Authority as per Powers of Officers. Subsequent addition/deletion to the Approved Vendor List shall be approved by Competent Authority as per Powers of Officers on the recommendation of Committee.

In case any new project is coming up in between the prescribed duration the Vendor List may be updated earlier with the prior approval of the Managing Director.

The Vendor list for cement and steel to be developed based on quantity and value i.e. for high value requirement (more than 10 MT for Steel and 50 MT for cement) only reputed manufacturer/their authorized dealer may be pre-qualified. However, for smaller value requirements, local dealer may also be pre-qualified. In case of manufacturer viz SAIL, TISCO, RINL & IISCO, offer delivery of steel from stock yard, payment against proforma invoice may also be considered on case to case basis.

For Port Operation and Stevedoring, enquiry to be issued only to the parties registered with respective Port Authority. Similarly, enquiry for Custom Clearance at Port may be issued only to the parties registered with respective Custom Authority.

Based on the recommendation of Zonal Manager, on Zonewise standardization of brands of seeds, pesticides and Chemicals, Vendor list may be approved by Marketing Director. Thereafter, addition/deletion may be approved as per the Powers of Officers.

## **B. Holiday/De-registration of Vendors/Contractors**

Necessity may arise for deletion of the name of an approved Vendor/Contractor for number of reasons, mainly among which are:

- a) Unsatisfactory operating experience/performance.
- b) Fall in credit rating of Vendors/Contractors.
- c) Litigation involving the supplier, arbitration proceeding against or by the vendor. Any party which has gone into arbitration will be de-registered for future supplies/contracts till such time the dispute has been finally settled.
- d) Death of the Proprietor, in case of single proprietary firm/Bankruptcy/Insolvency of the supplier.

- e) Splitting/Merger/Closure of the vendor/supplier's company.
- f) As per directive of Board/Govt. Deptt./Financial Institution/Court.

In such event, a proposal for de-registration shall be processed by the Materials/Purchase Department and got approved from the Competent Authority.

Under the following circumstances, vendors/ contractors may be put on holiday with the approval of competent authority:

- a. In case of problems such as labour, financial, legal etc.
- b. In cases of poor performance with respect to delivery schedule, quality & workmanship as under:

<b>S.No.</b>	<b>Type of Fault</b>	<b>Period of Holiday/de-listing</b>
1	Refused to work on quoted rates before placement of order	<ul style="list-style-type: none"> <li>● 6 months for non-EMD Vendors.</li> <li>● In other cases 6 months and forfeiture of EMD.</li> </ul>
2	Vendor modifies rates after opening of price bids.	<ul style="list-style-type: none"> <li>● 6 months for non-EMD Vendors.</li> <li>● In other cases 6 months and forfeiture of EMD.</li> </ul>
3	Vendor accepts order/contract but does not execute the job.	1 Year plus forfeiture of EMD.
4	Vendor supplies material of inferior quality and makes no replacement.	2 years plus forfeiture of PBG (If applicable).
5	Vendor supplies the material, but lot is rejected and vendor does not make replacement of rejected lot.	3 years plus forfeiture of PBG (If applicable).
6	After taking the order asks queries and does not execute the order i.e. delay tactics to gain time and not to execute the job.	3 years plus forfeiture of PBG (If applicable).
7	Vendor does not respond to the enquiries continuously for five times.	Deletion from Approved Vendor List.
8	Raises false bills or duplicate bills after receiving payment of original bills.	Blacklist/de-listing for 5 years.
9	Vendor is either Bankrupt or undergoing with Arbitration.	De-listing upto 6 months after Arbitration award.
10	Punishment for other than above, for small value items.	6 months.

Any vendor/contractor de-registered/placed on holiday should be informed to Plants/Head Office/all Marketing Offices so that his name is deleted/put on holiday from the pre-qualified list of the Society.

The approved list of vendor be circulated by each unit to the other units for reference. Where a vendor has been disqualified by any unit, it is to be ensured that he is not qualified by other Unit without reference to the Unit which has disqualified and ascertaining the reasons therefore. While seeking approval to the pre-qualified list a confirmation be recorded that no disqualified vendor has been included in the list.

#### **4. REQUISITION TO PURCHASE**

The indentors from various departments will raise a requisition called the "Materials Purchase Request" for purchase/"Work Indent" for work/contract in the prescribed proforma. It should be ensured that the requisition for purchase/work indent should be completed in all respects with regard to:

- a) Each item of purchase/work shall have a precise, complete and unambiguous identification. Indenting Departments are responsible for identification of items in their requisition/indents. Identification shall include the generic name of the material as recognised commercially and physical dimensions (weight, size, volume, chemical composition, capacity and other technical specifications) and code number as relevant.
- b) Required date of delivery.
- c) Name of the Vendor/Party in case of proprietary item/Services.
- d) Estimated value and approved budget head.
- e) Whether the item is a stock item/non-stock item/capital item.

The requisitions for purchase of materials which have been declared as stock item will be raised by the Stores Section after the quantity in stock has reached the 'Re-order Level' as determined for the respective items. Such requisition amongst other particulars should also indicate the 'Maximum', 'Minimum' and 'Re-order Level', the date on which last supply was received and the average consumption per month since last purchase.

The requisition for purchase of non-stock items will be invariably routed through the Stores Section which will endorse on the requisition the availability/non-availability. In case the item is available, the quantity thereof be indicated on the purchase requisition so that the quantity to be purchased can be adjusted by the Incharge of Materials/Purchase Department in consultation with the Indentor.

Before raising the purchase requisition, the indentor and/or Material/Purchase Department should check the availability of indented material in the list of surplus material of other operating Unit/Plant. For this purpose lists of surplus material in every Unit to be prepared by respective

Unit and the same be circulated to other Units. The list of surplus material should be updated every year.

The requisition of purchase of capital items/indent for award of civil works, erection contracts, contracts for repairs of plant machinery & equipment, handling & transportation of materials, repair/ servicing of equipment, hiring of casual labour, selection of contractors for repair/ maintenance of township & plant buildings, mechanical, electrical, insulation, provision of other services and painting jobs on a Schedule of Rate (SOR) valid for two years, will be sent to the Incharge of Materials/Purchase Department, after the same are approved by the competent authority as per "Powers of Officers". Wherever there is no Stores Section such as Head Office and Marketing, MPR for stock items should be raised by the concerned Department.

In case of procurement through Consultant raising of MPR is not necessary. However, the budget provision has to be ensured by the concerned Department. **"The Purchase Procedure for purchases through Consultants has been detailed in Chapter-II".**

All requisitions for purchase of equipments / materials or for award of work as described above will be raised by the respective departments. The Finance & Accounts Department would ensure that the purchase requisitions must indicate :

- a) the budget provision,
- b) the amount utilised/committed upto the previous requisition,
- c) the estimated value of the present requisition (by Departmental Head) and
- d) the balance available under the budget head after booking the present requisition.

The requisition after filling the above information will be submitted to the competent authority for in principle approval as per Para 1.2/ 2.2 of the "Powers of Officers". After the requisition has been approved in principle, the same shall be passed on to the Materials/Purchase Department for inviting the bids.

## **5. RECORD AND NUMBERING OF REQUISITIONS**

All purchase requisitions received in the Materials/Purchase Department shall be entered Department-wise in the computer using materials management system module. The Indenting Department shall allot a number to each requisition and endorse the same on all copies of the requisition. The numbering procedure should be such that the requisitions can be identified department-wise. The Materials/Purchase Department will issue a report by 15th of the following month listing out the requisitions received during the previous month and their current status and mail the same to the respective indenting departments including the Finance Department. A copy of this report will be put up to the Unit Head for his information. The indenting departments will review the report received from the Materials/Purchase Department and shall ensure that the missing requisitions are traced and are handed over to the Materials/ Purchase Department promptly.



## 6. ENQUIRIES/INVITATION TO BID

On receipt of the requisitions from the various indenting departments, enquiries shall be issued by the Materials/Purchase Department through Courier/Registered AD (in addition enquiry may also be sent through e-mail alert/ web-site wherever possible) as per the procedure detailed below:

Enquiries shall be issued in the prescribed proforma(e). The enquiry document should be suitably modified to conform to the equipments and materials/services proposed to be procured. It is important that the enquiry documents should describe in detail the description of the material/service, the technical specifications, preferred delivery time, various general and special terms and conditions governing the purchase/work. The enquiry documents should stipulate that :

- a) IFFCO reserves the right to accept or reject any/all bids without assigning any reason.
- b) IFFCO shall have the right to place the order/award the work to one or more vendor/contractor.
- c) The contractor registered under the Employees Provident Fund (EPF) and (Misc. Provisions) Act, 1952 and having his own/his associate's EPF and Employees Pension Scheme (EPS) code number shall be preferred.
- d) The contractor's contribution and worker's contribution towards PF and EPS shall be deposited by the contractor with the concerned authority. The contractor shall submit alongwith his monthly bill a statement regarding deductions against each employee for Provident Fund (PF) and Employees Pension Scheme (EPS) at the rates made applicable by the government from time to time of the wages rates/amount specified under PF Act, deducted by the contractor from the payment made to the workers who are eligible for PF and EPS deductions. The employer's matching contribution towards PF shall be solely borne by the contractor.

In case of failure on the part of the contractor in this regard, the contractor's contribution and worker's contribution towards PF shall be deducted from the contractor's monthly bill and deposited with the authority concerned.

- e) The contractor shall have to deposit 0.5% (half percent) or the prevalent percentage rate of the prevalent rates of the aggregate of wages in respect of the employees who are members of Provident Fund, as the contribution to the Deposit Linked Insurance Scheme with the concerned RPFC.
- f) At the time of submission of bid, the bidders shall be requested to furnish a self declaration that they have not been banned or delisted by any Govt. Deptt./Financial Institution/Court.
- g) Firm which have been hired to provide consultancy services for preparation or implementation of a project will be disqualified from subsequently providing goods or works or services related to the assignment of the same project. Conversely, a firm engaged to provide goods or works will be disqualified from providing consultancy services for that unit/office.

While issuing the enquiry it should be ensured that enquiry should not be issued to the vendors/contractors de-registered or put on Holiday. When the enquiry is floated for obtaining bids for a civil work or for clearing, handling, loading and transportation of materials or provision of services, Draft Contract proposed to be entered alongwith special terms and conditions, if any, should be got approved from the Competent Authority as per para 1.2/2.2 of the Powers of Officers before issue of enquiry. Enquiries shall be issued to all pre-qualified vendors as per particular category and minimum three bids should be opened. In case enquiry is to be issued to vendors appearing in different category, approval of competent authority to be obtained.

The idea in prescribing the minimum number of enquiries and bids to be obtained is to create a healthy competition amongst the bidders, so that the Society is able to procure materials and services at the most economical price.

In case Society receives less than three bids in limited tendering even after one time extension and due effort, and/or EMD is to be waived, the Tender Committee/Material Department will record the proper justification to seek prior approval of Unit Head/Sr. GM/Divisional Head/ZM for going ahead with procurement/work for value upto Rs. 150 lakh. In such cases approval of Competent Authority to approve Single Tender (as per para 1.4/2.4 of Powers of Officers)/ Next Higher Authority (as per para 1.3/2.3 of Powers of Officers) to be obtained for placement of order/award of work. However, in case the proposed procurement/work value is more than Rs. 150 lakh, approval of Director/Sr. ED/ED would be obtained for going ahead while approving authority in such cases will be Competent Authority as per existing norms for placement of order/award of work.

In case against limited tendering, for procurement of number of items, minimum of three bids are received, but for some of the items covered in the enquiry the bidders do not quote, the proposal to be processed based on normal procedure. However, for deciding the approving authority for the complete packages it is to be ensured that such authority is also competent to approve the proposal based on less than three bids for the value of items where less than three quotes have been received as detailed above.

If no approved vendors list is available for a particular item, press tender shall be invited for purchases exceeding Rs. 50 lakh. If approved vendor list is not available and the estimated value of enquiry is less than Rs. 50 lakh, the vendors list shall be developed with the approval of Competent Authority as per Powers of Officers on the recommendations of nominated Committee.

Notwithstanding the foregoing, invitation of bids by press tenders will not be necessary in respect of purchase of :

- (a) Proprietary items such as equipment/services/spares from Original Equipment Manufacturer (OEM),
- (b) Standardised Item,

- (c) Items, from vendor developed for import substitution.
- (d) Items, the prices of which are fixed by the Government, and
- (e) Items, if any, the import or purchase of which is canalised through a Government Department or Public Sector Undertaking.

However, all purchases of proprietary items and such other items, the prices of which are fixed by Government, will require prior approval of Competent Authority as per Powers of Officers.

While inviting application for pre-qualification/vendor list updating, and where bids have to be invited for pre-qualification through issue of press advertisement, the following newspapers of wide circulation may be selected.

<b>UNIT</b>	<b>For pre-qualification of vendors at the duration of four (4) years</b>	<b>For items where no AVL is available and estimated value is more than Rs. 50 lakh and for other cases where press advertisement becomes necessary.</b>
Kalol & Kandla	<ul style="list-style-type: none"> <li>i) Two English National Dailies.</li> <li>ii) One Hindi National Daily.</li> <li>iii) One local language newspaper.</li> </ul>	<ul style="list-style-type: none"> <li>i) One English National Daily.</li> <li>ii) One Hindi National Daily.</li> <li>iii) One local language newspaper.</li> </ul>
Phulpur, Aonla, HO & MKCO	<ul style="list-style-type: none"> <li>i) Two English National Dailies</li> <li>ii) One Hindi National Daily</li> </ul>	<ul style="list-style-type: none"> <li>i) One English National Daily</li> <li>ii) One Hindi National Daily.</li> </ul>
Marketing Offices	<ul style="list-style-type: none"> <li>i) One English/Hindi National Daily</li> <li>ii) One local language newspaper widely circulated in a particular state.</li> </ul>	<ul style="list-style-type: none"> <li>i) One English/Hindi National Daily.</li> <li>ii) One local language newspaper widely circulated in a particular state.</li> </ul>

The Managing Director, if satisfied, may waive the advertisement of tenders for purchases/contracts where no pre-qualified vendor list is available. The Unit Heads will obtain prior approval of the Managing Director for waiving advertisement for purchases/works, where the value exceeds Rs. 50 lakh. The Unit Heads may, however, waive advertisement of tenders in excess of their delegated authority if the purchase is required to be made to meet an emergency in the plant. In such cases post facto approval of the Managing Director may be obtained later. Normally such waivers may be resorted to in the case of purchase of proprietary items or to cater to an emergency in the plant. Wherever the Competent Authority waives the advertisement in the press for inviting bids, reasons should be recorded in writing before the proposal is put-up for approval. A report on such waivers should be submitted to Managing Director from time to time.

Normally, bids shall be asked in two envelopes in case of single stage bidding as below:

Envelope I	Earnest Money Deposit
Envelope II	Base price bid as per the terms and conditions of ITB and alternate price bid, if any. Alternate bids shall be based on alternative designs, materials, completion schedule, payment and other terms and conditions. The alternate bid shall not be considered, if not accompanied with base bid.

Single stage bidding should be avoided as far as possible and should be issued only where subsequent changes in the specifications and/or terms and conditions are not expected.

However, in case of turnkey contracts, complex contracts involving design and engineering work, the cases of purchases/services in which it may be undesirable or impracticable to prepare complete technical specifications in advance or wherever it is deemed necessary, two stage bidding procedure shall be followed i.e. first inviting technical and un-priced commercial proposal alongwith priced bids. These shall be subject to clarifications and adjustments to be followed by the submission of revised priced bids/add-on or take-off price before price bid opening in the second step, if required. In this case bids shall be asked in three envelopes as detailed hereunder:

Envelope I	EMD
Envelope II	Technical and Commercial - Un-priced Bid.
Envelope III	Base Price Bid as per the terms and conditions of ITB and Alternate Price Bid, if any. In case of alternate bids, based on alternative designs, materials, completion schedule, payment and other terms and conditions a list of deviations should be given separately. The alternate bid shall not be considered, if not accompanied with base bid.

Envelopes shall be opened in seriatim and if conditions of the preceding envelope are not satisfied then the succeeding envelope shall not be opened. The date of opening of Priced Bid should be fixed later than the Un-priced Bid. The envelope containing price bid may be kept in file.

## **7. TIME ALLOWED FOR SUBMISSION OF BIDS**

Normally three weeks time should be given to the vendors for submitting their bids. However, for procurement of cement, steel, proprietary item, standardized items, proprietary services and items for import substitution the requirement of three weeks period may not be necessary and suitable time period (less than three weeks) may be fixed with the approval of Unit Head on case to case basis. For other cases, the time limit for submission of bids may be increased/ decreased with due consideration of the particular circumstances with the approval of

Competent Authority. The intimation to this shall be sent to all the vendors whom the enquiry has been sent. The bidders should be advised to indicate on the envelope containing the bid, the enquiry number, the date and time of opening the bid. The bids shall be addressed to the Incharge of Materials/Purchase Department of the respective units or such other officer nominated to perform purchase functions.

## **8. VALIDITY OF BIDS**

The bidders should be advised to submit their bids valid for 60 days from the bid opening date in case of single stage bidding and 90 days from the technical bid opening date in case of two stage bidding. The requirement of bid validity, in case of procurement of cement, steel, proprietary item, standardized items, proprietary services and items for import substitution, may be fixed with the approval of Unit Head (in case of deviation from above) on case to case basis. It should be ensured by the Materials/Purchase Department that the orders are placed on the successful bidders within the validity period of the bids. Under no circumstances, purchase order be issued against a bid which has not been revalidated after expiry of the initial validity period of the bid.

If after opening of the bids, it is inevitable to change the specification of material / work, the revised specifications shall be circulated to all the bidders, who responded against the original enquiry and bids will be obtained afresh from all the bidders in case of minor changes. However, in case of major changes in specification of Material/Work the revised specification to be circulated to all the pre-qualified parties and bids will be obtained afresh.

However, occasions for changing specifications and asking bidders to quote afresh shall be very rare and in all such cases prior approval of the concerned Unit Head/ Sr.General Manager/ Divisional Head must be obtained.

The enquiry documents should stipulate that no bidder would be allowed to revise/alter his bid after the opening of the bids and within the validity period. In case any bidder revises/ alters his bid, the same shall be rejected and EMD shall be forfeited even though the revised bid may conform to specification and be the lowest.

## **9. OPENING OF BIDS**

The bids received against the open tender should be dropped in a separate sealed Tender Box and Tender Box itself should be opened on the date and time stipulated in the tender document. In case of limited tender, the bid may be received by Purchase Department and opened on the date & time stipulated in the document. The bids should be opened as under:

- a) Bids where estimated value is more than Rs. 10.0 lakh, shall be opened publicly.
- b) For bids whose value is less than Rs. 10.0 lakh, public opening is not a must but the representatives of some bidders, who wish to be present, may be allowed.



All the bids received will be opened by Materials/Purchase Department in the presence of representatives from the indenting department and finance department.

The original copy of bids opened will be initialed and dated on all pages by the representatives of respective Department, who attend the bid opening. In case there is any cutting or alteration in the rates quoted or to the prescribed terms and conditions, the same will also be attested by all the persons attending the bid opening. A record should be kept of the names of representatives, who attended the bid opening. All the persons including the bidders should sign against their names in token of having attended the bid opening. Salient features of the bids opened should be read out to the vendors who attend the bid opening.

Where the bids have been invited in two parts, i.e. technical & un-priced and priced bids, the technical & un-priced bids will be opened first. A Technical Comparative Statements (TCS) may be prepared by indenter, all parameters must be frozen. Any clarifications/additional information required by the Tender Committee shall be sought in writing from the bidders. In case after techno-commercial discussions/clarification there is a need to revise the prices, the vendors/contractors may be asked to submit revise price bid/add-on or take-off prices before opening the original price bids, on case to case basis as decided by the Tender Committee. Only after ascertaining the technical acceptability of bidders, price bids is to be opened. Rejection of pre-qualified bidders for technical reasons may not be permitted after opening of the price bids, in case of two stage bidding procedure. The commercial bid alongwith any revisions will be opened on the appointed day and time in the presence of bidders' representatives, who wish to be present.

#### **10. LATE, INVALID AND UNSOLICITED BIDS AND EMD**

Any bid received after the prescribed deadline for submission of bids may be rejected. Bids which are not accompanied by the prescribed Earnest Money Deposit (EMD) will be treated as 'Invalid Bids' and will be endorsed as such. The tender documents should stipulate that earnest money can be deposited by a Bank Draft or in the form of Bank Guarantee issued by any State Bank of India & its associates/Nationalised/Scheduled Commercial Bank/Cooperative Bank who are members of IFFCO's Consortium of Banks (except other Cooperative and Gramin Banks) having branch in India, in the prescribed proforma attached to the tender document. EMD in any other form will not be accepted. However, EMD in cash may be accepted upto a maximum value of Rs. 20,000/-. Indemnity Bond towards EMD from Public Sector Undertakings/Government Organisations and also from Apex Federations, who have equity & reciprocal arrangement with IFFCO may be accepted. The validity of Bank Guarantee should be atleast for a period of 30 days beyond the validity period of the bids to provide reasonable time for the Society to act if the Security is to be called. Bid Security shall be released to unsuccessful bidders once it is determined that they will not be awarded the contract. Unsolicited bids even though they may be the lowest will not be entertained.

The value of Earnest Money Deposit shall be as under: (except for H&T Contracts).

S.No.	Description	Proposed EMD amount (in Rs.)
1	Proprietary Items	Nil upto estimated value of Rs. 15 lakh
2	Other Items	Nil upto estimated value of Rs. 10 lakh
3	Procurement above Rs.10 lakh and upto Rs. 50 lakh (15 lakh for proprietary)	Rs. 10,000/- (fixed)
4	Above Rs. 50 lakh upto Rs. 1 crore	Rs. 50,000/- (fixed)
5	Above Rs. 1 crore to Rs. 5 crore.	Rs. 1.0 lakh (fixed)
6	Above Rs. 5 crore to Rs. 10 crore.	Rs. 2.5 lakh (fixed)
7	Above Rs. 10 crore.	Rs. 5.0 lakh (fixed)

The requirement of EMD shall be waived for Government Department, foreign supplier, Public Sector and Small Scale Industries for procurement/work valuing upto Rs. 25.0 lakh and EMD amount shall be restricted to 50% for Cooperative Societies.

However, for each enquiry, the value of EMD shall be fixed and the amount for the same shall be incorporated in the NIT. In exceptional cases, if required, Competent Authority may waive calling of EMD for that particular enquiry after recording the reasons thereof. The cases for defaulter of EMD may be reviewed for black listing of parties.

#### 11. QUOTATION COMPARISON STATEMENT (QCS)

After the tenders are opened a Quotation Comparison Statement (QCS) of all the bids opened, shall be prepared by the Materials/Purchase Department. Invalid bids will be listed in a separate statement and attached to the QCS. The QCS will be checked by an official of the Materials/ Purchase Department (not below Grade 'G1') and both the persons who prepared and checked the QCS will sign the same.

After the opening of bids, information relating to the examination, clarification, evaluation and recommendations concerning awards shall not be disclosed to the bidders or other persons not officially concerned with this process until the award of the contract is announced i.e. the process is to be kept confidential.

The Materials/Purchase Department shall ascertain whether the bids (i) meet the requirement of NIT; (ii) have been properly signed; (iii) have any error in computing; and (iv) are otherwise generally in order. A bid which contains material deviations from or reservations to the terms,

conditions and specifications from the NIT, may not be considered. The bidder shall not be permitted to correct or withdraw material deviations or reservations on his own once bids have been opened. The bids which are determined to be substantially responsive on examination will be evaluated and compared. Only technically and commercially acceptable bids are subjected to detailed price evaluation and comparison. The criteria for evaluation and comparison of bids shall be indicated in the bidding documents and same shall be strictly followed.

The purpose of bid evaluation is to determine the cost of each bid to the Society in a manner that will permit a comparison of bids on the basis of their evaluated cost. The bid with the lowest evaluated cost but not necessarily the lowest quoted price, may be selected for award. For the purpose of evaluation adjustments shall be made for cost to the Society of any quantifiable non-material deviations or reservations. Materials/Purchase Department shall ensure that NIT specifies the relevant factors in addition to the price to be considered in bid evaluation, and the manner in which they will be applied for the purpose of determining the lowest evaluated bid. Factors, which may be taken into consideration, include inter-alia, the cost of transportation upto each unit alongwith other expenditures incidental to the transportation, the payment schedule, the delivery or time of completion, the operating costs, the efficiency, the compatibility of equipment, the availability of services and spare parts, the reliability of the proposed construction method etc., wherever applicable. The factors (other than price) to be used for determining the lowest evaluated bid should, to the extent practicable, be expressed in monetary terms or given a relative weightage in the evaluation. The requirements of special factors such as operating costs, the efficiency etc. shall be specified by Indenting Department in consultation with Finance Department.

For supply of goods, the QCS is to be prepared on the basis of landed cost. The NIT should clearly specify provisions of all duties, taxes and other levies.

Under the Works Contract, Contractors are to be made responsible for all duties, taxes and other levies with a provision of suitable adjustment for their variations, if any, during the contractual period.

An extension of bid validity shall be asked in writing from all bidders, if justified by exceptional circumstances. Bidders should not be permitted to change the price or other conditions of their bid due to extension. A suitable extension of EMD, if it is in the form of Bank Guarantee, is also to be obtained alongwith extension of bid validity. Bidder shall have the right to refuse to grant such an extension without forfeiting their EMD.

The bids conforming to the specifications and lowest in evaluated value will be rated in the QCS as lowest (L-1), second lowest (L-2), third lowest (L-3) etc.

After the QCS has been checked and rated, the Materials/Purchase Department Incharge shall forward the same alongwith bids in original to the indenting department for review of the bids and making recommendation for purchases.

## **12. TENDER COMMITTEE**

All Purchase Orders or Contracts, whose individual value does not exceed Rs. 10.0 lakhs (Rs. One lakh in case of Single Tender), will be finalised on the basis of the recommendation of the Indentor and the Materials/Purchase Department after obtaining the concurrence of the Finance Department by circulation of file. However, in case of purchase order or contracts, whose individual value exceed Rs. 1.0 lakh but are proposed to be finalised on single tender basis, will be decided by a Tender Committee as per the procedure stipulated hereunder.

The review of QCS and selection of successful bidder in respect of all Purchase Orders and Contracts, whose individual value is above Rs. 10 lakhs, (Rs. 1.0 lakh in case of single tender basis) will be done by a Tender Committee specifically constituted for the purpose in each case, constituted by the Competent Authority as defined in "Powers of Officers".

The Tender Committee shall be constituted consisting members from following departments:

- i) Indenting Department - Department from where the requirement has come up and for which action is required to be taken.
- ii) Finance Department.
- iii) Materials/Purchase Department. (In case of Mktg. Division/HO the 3rd representative shall be nominated by the competent authority)

Materials/Purchase Department will forward the relevant papers/file, prior to the meeting, to the members of the Tender Committee, if so required by them for review. The Tender Committee shall keep a written record of their discussions on the QCS as and when they meet. The Tender Committee may obtain any clarification from the bidder as may be necessary. All clarifications will be sought through the Materials/Purchase Department only. The Indenting Department shall not enter into direct correspondence with the bidders. The recommendation of the Tender Committee shall be placed before the Competent Authority for approval of the selection of bidder. Also the proposals for purchases detailed below shall be referred to the Tender Committee for review and making recommendations.

- a) All proposals for selecting contractors to work on Schedule of Rates (S.O.R.)
- b) All proposals for local cash purchase involving expenditure as stipulated in the "Powers of Officers."

## **13. SELECTION OF SUCCESSFUL BIDDER**

Normally the lowest bid which conforms to the specifications will be accepted. However, where the lowest bid even though conforms to the specifications is not accepted, full justification for accepting other than the lowest bid shall be recorded in writing and approval of the Competent Authority will be obtained.

While forwarding the recommendation for award of work, the recommending authority/Tender Committee, as the case may be, must ensure the reasonability of the prices on which the

order/contract is proposed to be placed/awarded. In case the bid of the successful bidder is far from the estimated cost, full justification to be given in the recommendation. Particularly for cases where the prices offered are substantial lower than the estimated cost and no proper reasons could be ascertained, **the amount of the performance security may be increased.** It shall also be ensured that bidders other than the awarded contractor are prohibited to work as sub-contractor for the same job.

In case of items which are commonly purchased by other units like chemicals, catalysts etc., the price be compared with other units and reasons for variations should be recorded. The present bid also be compared with the prices on which purchase order was placed earlier with reasons for variations.

Wherever the enquiry is issued for number of items (pipe, pipe fittings, cables, structural steel, stationery, etc.), normally the order is placed on itemwise L-1 bidder which result into number of orders to various parties. To optimise the cost of procurement following action may be taken:

- i) Efforts be made to discuss with overall L-1 bidder to match with item wise L-1 prices for items where he is not L-1 and place single order.
- ii) In case L-1 does not agree to match as above and the saving by placing number of order is not substantial, order may be placed on overall L-1 bidder with the approval of next higher authority as per "Power of Officers."
- iii) In case the saving in placing orders on item wise L-1 is substantial order may be placed on item wise L-1 basis.

The Tender Committee while forwarding the recommendation for award of the order should certify the following:

- a. that the bids have been evaluated in accordance with the set criteria mentioned in the enquiry document.
- b. that all deviations sought by the bidders has been suitably loaded on the bid wherever required for arriving at evaluated cost .
- c. that other deviations that have been sought have no cost implications and will not render the bid technically non-responsive.
- d. that the past performance of the bidder has been found generally satisfactory (wherever possible).

The Tender Committee for cases requiring approval of MD/PSC/Executive Committee/Board, will prepare a check list as detailed below to facilitate decision making. The list may vary from contract to contract. The check list shall be prepared by materials/concern department vetted by Finance Department and signed by all the members of the Tender Committee.



**CHECK LIST**  
(To be filled for cases requiring approval of MD/EC/Board)

<b>MPR approval by :</b>		<b>Estimated value :</b> Rs. lakh	
Budget : Capital/Revenue		Year	Amount Rs. lakh
Limited Tender Enquiry Issued to vendors from approved vendor List : Yes/No		<b>If No</b> , approval obtained. Yes/No	
Time allowed for submission of bids (3 weeks) : Yes/No		<b>If No</b> , approval obtained. Yes/No	
Enquiry issued as per General Terms & Conditions: Yes/No		<b>If No</b> , approval obtained. Yes/No	
Enquiry Stage		Single Stage / Two Stage	
Opening of bids (Public)		Yes/No	
Enquiry issued to (No. of vendors) ____	Bid received Nos. ____	Bids Accepted Nos. ____	Bids Rejected Nos. ____
EMD Yes/No/N.A.		<b>If No</b> , approval for waiver obtained. Yes/No	
BG wherever asked for		Is it as per Society's proforma If no approval obtained. Yes/No Yes/No	
Single Tender		Justification and Reasonability: Yes/No	
Proprietary		Justification and Reasonability: Yes/No	
Repeat Order		Is there downward trend? Yes/No	
Rate Contract Present period being extended? Yes/No		<b>If Yes</b> , is there any downward trend?	
Bid Evaluation Criteria as per NIT		Yes/No	
Provision of Split Order as per NIT		Yes/No	
Quotation Comparison Statement		Signed and checked. Yes/No	
L-1 Offer		More than estimate	Less than Estimate
Negotiations with bidders Yes/No		<b>If Yes</b> , only with L-1 bidder Yes/No	
Revised QCS, if any Yes/No		<b>If Yes</b> , checked and signed Yes/No	
Indian Agency Commission Yes/No		<b>If Yes</b> ..... (%) of FOB/CIF	
Recommendation signed by all concerned		Yes/No	

#### **14. SINGLE TENDER**

Where in response to the enquiry issued to more than one vendor, only one bid is received and the purchase order is proposed to be finalised on a single tender basis, the committee should record the full justification for recommending the purchase on single tender basis for the approval of the Competent Authority as per "Powers of Officers".

Further, for procurement of the proprietary items such as spares from Original Equipment Manufacturer (OEM), Standardised Equipment, Proprietary services such as AMC from OEM and Vendor Developed for Import Substitution will also be finalized on single tender basis as above. However, a single tender purchases shall be discouraged to the extent possible.

#### **15. NEGOTIATIONS**

Post tendering negotiations are to be discouraged. However where the lowest acceptable bid received against the enquiry is considered higher and where there is scope for reduction in price in the opinion of the Tender Committee and/or Consultant, if any, which is to be necessarily recorded and negotiations are considered necessary, then the Managing Director or the Competent Authority, as per 'Powers of Officers', may decide for negotiations to be carried out with L-1 bidder by the nominated Tender Committee. The recommendation to hold negotiation with other than L-1 bidder may be considered for exceptional cases with prior approval of Managing Director or the Competent Authority as per Powers of Officers.

If the work to be awarded is intended to be split and awarded to more than one contractor/vendor or it is proposed to split in Supply and Erection, it should be clearly indicated in the enquiry document. In cases, where the enquiry document does not contemplate splitting of the work, the committee, before price bid opening, with the reasons recorded in writing and approval of Competent Authority, may propose to split and award the work to more than one contractor/vendor. Following procedure is to be adopted:

For splitting of work to more than one parties, price negotiations may be held, with the approval of Competent Authority as per the requirement, commencing with the second lowest bidder onward, depending upon the number of splits, to bring them at par with the prices of the lowest bidder. Any bidder who does not agree to match the prices of L-1 bidder during negotiation, shall not be given second chance for matching the prices (e.g. in case any work is to be split into four parties, three bidders starting from L-2 to L-4 bidders may be invited for negotiations. In case L-3 bidder does not agree to match the prices of L-1 bidder then L-5 bidder should be called for negotiations and L-3 bidder shall not be given second chance.

The Tender Committee shall keep a written record of their discussions with the bidders and amongst themselves and this record of discussions shall be signed by all the members of the Tender Committee and the bidders.

Wherever it appears to the Tender Committee during the course of negotiations that a ring is suspected and the bidders have considered to be having some mutual arrangement, the Tender Committee may resort to re-bidding after reviewing the pre-qualified list of vendors/contractors,

or alternatively give its recommendations for selection of the bidder to the Competent Authority as stipulated in the "Powers of Officers". Revised bids after closure of negotiations should not be entertained if not asked for.

If a single bid is received against the enquiry, the same can be accepted, if the rates are considered reasonable. Otherwise, negotiations should be held with the bidder and a decision be taken either to accept the single bid or to resort to re-bidding.

If a single bid is received against a limited enquiry, normally it should be rejected and re-bidding resorted to. However, the Approving Authority, if he is satisfied that it would be in the interest of IFFCO, to accept the single bid received, he may do so after obtaining concurrence of the Finance Department and record reasons in writing.

## **16. RATE CONTRACTS**

Where it is proposed to enter into rate contracts for procurement of material or services, the tender shall be advertised or enquiries shall be floated to all the vendors/contractors who are held on the 'Approved Vendors' list depending on the estimated annual value of purchases/work. In any case for entering into a rate contract at least three bids should be obtained.

Rate contracts should normally be entered into for a period not less than one year and can be extended for a further period of one year, on same terms and conditions, with mutual consent provided there had been no downward trend of prices in respect of materials/services covered in the rate contract.

Provided further that the extension of contract as above is given only when the suppliers/contractor has complied with the conditions of provisions of contract in respect of quantities of supplies/services. Before entering into a fresh contract through the extension, it has to be ensured that the supplier/contractor completes the remaining part of supplies/services as per the original contract on the rates agreed therein.

After the bids have been received against tenders, their processing and placement of order should be done as per the procedure laid down for procurement of other materials.

## **17. PURCHASE ORDER**

The recommendations of the Tender Committee shall be routed through the respective Finance Department to enable them to record the value of commitment in the budget records, confirm availability of funds under the approved budget and also accord financial concurrence.

As soon as the recommendations of the Indentor/Tender Committee are approved by the Competent Authority, the Materials/ Purchase Deptt. shall arrange to issue purchase/work order to the approved successful bidder duly vetted by the Finance Department (for the value exceeding Rs.1.0 lakh). The JO/PO/ WO/Contract shall be signed by the Incharge of the Materials/Purchase Department. In case the Materials/Purchase Department does not exist, it will be signed by the Incharge of Division/ Department/Officer concerned in the hierarchical

order. As far as possible, no Letter of Intent (LOI) should be issued where it is feasible to issue a formal Purchase Order/Contract. Materials/Purchase Deptt. shall keep the draft of Purchase Order ready to reduce the time. Where preparation of formal Work Order/Contract is likely to take time, a Letter of Intent (LOI) may be issued to bind the bidder, but it should be ensured that a written agreement is obtained from the bidder of his having accepted the various terms and conditions. The Purchase/Work Order shall be issued in the prescribed proforma and shall be accompanied by all Annexures/Enclosures, as may be necessary. The proforma for Bank Guarantee for advance payment and performance shall also be attached, whenever required. The Purchase Order/Contract must be complete in all respects including quantities, rates per unit and total value of the Purchase Order/Contract.

In case of emergency expenditure of capital/revenue nature, the regularising PO/Contract should be issued with the approval of Unit Head/Divisional Head within one month.

Procurement on consignment basis, where the ownership of the material lies with supplier until it is sold/used, may be encouraged.

For high value procurements, details of successful bidders and order value may be displayed on website wherever possible.

### **Purchase Order Distribution**

The Purchase/Work Order shall be raised by the Materials/Purchase Department in six copies and shall be numbered in the same manner as Purchase Requisition. All Purchase/Work Orders issued shall be entered in the register/computerised system against the relevant purchase requisition before issue. The monthly report to various Indenting Department, referred in Clause 5 above, shall indicate the number and date of the Purchase Orders. The distribution of the purchase order copies shall be as under. More number of copies may be raised and distributed as may be required to suit the local needs.

Original + 1st & 2nd copy to the	Vendor with a request to return 1st and 2nd copy duly signed as a token of his acceptance.
3rd copy to the	Materials/Purchase Deptt.
4th copy to the	Stores Section
5th copy to the	Accounts Deptt.
6th copy to the	Indenting Deptt.

As soon as the 1st and 2nd copies are received from the vendor duly accepted, they will be distributed as under:-

1st copy to the	Accounts Deptt.
2nd copy to the	Materials/Purchase Deptt.

## 18. GUARANTEES

The designated Department will obtain Bank Guarantee from the vendors/contractors in prescribed proforma and duly confirmed by the issuing bankers against the following:

- a Advance payments
- b Contract Performance
- c Free issue materials.
- d Earnest Money Deposit (EMD)
- e Retention Money

The Guarantee towards Contract Performance to be obtained for order/contract value more than Rs.15.0 lakh. However, in case of order/contract value equal to/less than Rs. 15.0 lakh, respective Unit Head/Sr.GM/ZM may decide to seek the Guarantee towards Performance Bond on case to case basis.

The Bank Guarantee in respect of free issue materials may be waived by the Approving Authority in such cases where he is satisfied that the material issued to the Vendor/Contractor will not be moved out of the factory's/housing colony's secured work site. No Bank Guarantee shall be required, if materials are moved out for repair purposes.

In respect of Public Sector Undertakings/Govt. Departments/Apex Federations having equity participation and reciprocal arrangement with IFFCO, following guidelines shall be used:-

- a. Indemnity Bond shall be accepted towards EMD, advance payments and Security Deposits.
- b. Approval of Competent Authority to be obtained for waiver of Bank Guarantee for Advance/ Security Deposit for cases of Advance Payments and Retention Money.
- c. Bank Guarantee or Indemnity Bond shall be furnished by the Public Sector Undertakings, Govt. Departments and Apex Federations for the satisfactory performance of the equipment and/or contract, i.e. in lieu of Performance Bond.
- d. Bank Guarantee or Indemnity Bond shall be furnished by the Public Sector Undertakings/ Govt. Deptt./Apex Federations for free issue of materials being moved out for executing the order other than repairs.

The Bank Guarantee shall be issued by any Nationalised/Scheduled Bank/ (except Cooperative and Gramin Banks) or any branch of Foreign Bank in India. The Bank Guarantees which are directly delivered by the Vendor/Contractor, a direct confirmation from the issuing bank has to be obtained. In case of Bank Guarantee issued by foreign bank out side India (except for EMD), confirmation of the same by any Nationalised bank in India is required. The Bank Guarantee received is to be checked by Finance Deptt. prior to acceptance.

The place of jurisdiction for settlement of dispute relating to Bank Guarantee shall be clearly laid down.



The Finance and Accounts Department shall be responsible for safe custody of Bank Guarantees received from Vendors/Contractors. The Bank Guarantee register shall be maintained and reviewed every month to ensure that all the guarantees obtained are valid. Such of the Bank Guarantees which are found to be maturing/expiring will be reviewed in consultation with the respective department to ascertain, if any further revalidation would be required to conform to the dates of completion of work/delivery of material.

Normally the validity of Bank Guarantee should be as under:-

**a. Bank Guarantee for advance payment**

From the date of payment until the advance is liquidated.

**b. Bank Guarantee for Contract Performance**

From the date of payment of advance or commencement of work, whichever is earlier until expiry of maintenance period plus claim period or within the stipulated period given in the order and shall remain valid till warranty period plus claim period as the case may be.

**c. Bank Guarantee for Free issue material**

From the date of issue of material, until settlement of quantitative account of material issued or delivery of fabricated equipment, whichever is later.

**d. Bank Guarantee for Earnest Money Deposit**

Beyond 30 days from the validity period of bids as given in the Tender and further period of six months for claim purpose.

**e. Bank Guarantee for Retention Money**

As stipulated in the Purchase/Work Order

The Finance Department shall issue instructions to the vendor/contractor for obtaining the extension of the existing Bank Guarantees before expiry of the claim period. A suitable system should be introduced by the Finance and Accounts Department to ensure that a regular follow up is done with the respective vendors/contractors until the extension to Bank Guarantees are received. Finance and Accounts Department will also ensure that until extension to Bank Guarantees are received from vendors/contractors, an equivalent amount is withheld from running/final payment due to the vendors/contractors. The Bank Guarantee for advance payment can be discharged by the Finance and Accounts Department after ensuring that the advances paid have been liquidated/ recovered from running/final payment. Where the Vendor/ Contractor does not respond to the communication issued for extending the validity of the Bank Guarantee and there are no pending running/final bills, the Finance & Accounts Deptt. will invoke the Bank Guarantee before expiry of the claim period after consulting the respective department and obtaining the approval of the Competent Authority.

## **19. AMENDMENT TO PURCHASE ORDER**

Any change/amendment to the Purchase Order/Work Order shall be issued in writing after the same has been approved by the Competent Authority as per the provisions stipulated in the "Powers of Officers". The amendment to Purchase Order shall be issued in the prescribed proforma and shall be numbered serially. All change orders where the terms and conditions are altered and/or which have financial implications will be routed through respective Finance Departments for concurrence and budget control before the same is approved by the Competent Authority. The amendments to the Purchase Orders will also be raised in six copies and will be distributed in a similar manner as the original Purchase Order.

## **20. EXTENSION OF DELIVERY/COMPLETION TIME**

Normally request for extension of time beyond the delivery period stipulated in the Purchase Order should be considered, if received before the expiry of the stipulated delivery/completion period and may be granted, if approved by the Competent Authority. Practice for obtaining post-facto approvals should be discouraged.

The extension granted should be issued in the form of an amendment to Purchase Order/Work Order with the concurrence of the indenter and respective Finance Department. However, if the Competent Authority is satisfied that the vendor/contractor was prevented from making a request for extension of time before the expiry of delivery period, for reasons not attributable to the vendor/contractor, the Competent Authority may grant extension of delivery/completion period "post facto".

The amendment should clearly specify that any increases in the statutory taxes/levies beyond the original contractual delivery period shall be to the account of vendor/contractor except for force majeure conditions or reasons attributable to the Society. It should be ensured that such extension does not result in any extra expenditure to the Society.

## **21. REPEAT ORDERS**

Repeat orders without calling for fresh bids may be placed against previous orders within one year from the date of issue of original order. No repeat order shall, however, be placed against a Purchase Order which was placed at higher prices in the interest of early delivery. The quantity and value of the repeat order should not exceed the quantity and value stipulated in the original order and should not be resorted to more than once in any case. While placing the repeat order, it should be ensured that there has been no downward trend in price since the original order was placed. Repeat Orders shall be placed with the concurrence of the Competent Authority. In case the value of original plus the repeat order exceeds the powers of original Approving Authority, the repeat order in such cases shall be approved by the Authority as stipulated in the "Powers of Officers".

No repeat order to be placed in case of civil works. For erection, maintenance and material handling contracts repeat order to be avoided as far as possible.

## **22. FOLLOW UP OF PURCHASE ORDERS**

The Materials/Purchase Department shall receive all the mail from the vendors and shall reply to them in consultation with other departments, wherever necessary. The Materials/Purchase Department shall keep the Indenting Department informed of the status of supplies through periodical/monthly reports.

The Materials/Purchase Department shall be responsible for following up of the Purchase Order/Contract with vendors and transporters until the material is received at the plant.

## **23. INSPECTION OF MATERIAL**

The Materials/Purchase Department shall coordinate with other departments and arrange for inspection of material at vendor's shops prior to despatch, wherever stipulated in the Purchase Order. Inspection of materials in other cases shall be carried out on receipt of materials at site. Only materials those cleared by the inspection, as conforming to purchase order specifications, will be taken on charge in stores. The person inspecting the material will sign on the "Stores Receipt Voucher" in token of having inspected and accepted the material.

The purchase order specification to clearly indicate the acceptance norms against which supplies of equipment/materials are to be accepted. Specifications must indicate among other things the following:

- That the inspection will be carried out by the Department to establish conformance to the acceptance criteria specified.
- That in case equipment and materials do not conform to acceptance norms, they will be summarily rejected unless the deviations in this regard have, for good and sufficient reasons to be recorded in writing, been accepted by the Department.
- The cost implications as a result of deviations in such cases will invariably be taken into account.
- That the contractor will offer materials/equipments complete in all respect for inspection by the Department and the same will not be despatched unless inspected and cleared for despatch by the representative of the Department. The Department may, in exceptional cases, waive this requirement for good and sufficient reasons (to be recorded in writing) with price adjustments, wherever required.

Pre-despatch inspection in case of spares from Original Equipment manufacturer shall be exempted.

## **24. CLEARING AND TRANSPORTATION OF MATERIAL**

The Stores Section will be responsible for clearance of materials from the railway/road carriers and their transportation to the plant/site. As soon as the despatch documents are received, the Stores Section shall enter the same in the 'Carrier Receipt Register' and hand them over to the handling contractors for collecting the material.

On receipt of materials at the plant/site, the Stores Section shall fill up the 'Stores Receipt Voucher' form, and arrange the inspection from the Inspection Department or Indentors, as may be necessary. It should be ensured that the material received are inspected within three days of their arrival at the plant/site and the goods accepted are taken on charge.

Where the packages received at the railway station or road carriers godown are broken, open delivery should be obtained. The Stores Section shall ensure that a suitable endorsement is obtained on the carriers receipt of the damages/shortages of the material at the time of delivery.

## **25. DAMAGED/SHORT/REJECTED MATERIALS**

The Stores Section shall be responsible for sending suitable intimations to the:-

- i. Vendors for materials rejected, if the same do not conform to the specifications mentioned in the purchase order;
- ii. Vendors and insurance company for materials received short or damaged.

Where the delivery offered by the vendor was ex-works, the intimation for damaged/short receipt of materials will be sent only to the Insurance Company.

The intimation to the vendors and the Insurance Company for material received short or damaged or rejected should be sent as early as possible after the material is inspected but in any case not later than a week from the date of their receipt at plant/site. A copy of the intimation issued by the Stores Section will be endorsed to:

- i. Finance and Accounts Departments for lodging the insurance claim or making suitable recovery from the vendor:
- ii. Materials/Purchase Department for following up the replacement supplies or obtaining the non-delivered quantity.

The Materials/Purchase Department shall be responsible for following up with the vendor, the replacement of materials rejected or short supplied by him. The Materials/Purchase Department shall evolve a suitable system so that suitable communication is issued to the vendor until the replacement supply is received, or quantity short delivered is made good by him.

The Stores Section shall issue a report by 7th of the following month, to the Materials/Purchase and Accounts Department listing out various intimations issued to the vendors and underwriters during the preceding month. On receipt of this report, the Materials/Purchase and Accounts Departments, will ensure that they possess copies of all letters issued and will arrange to collect such copies which had not reached them.

## **26. INSURANCE CLAIM**

The Accounts Department on receipt of a copy of the letter issued by Stores Section make an entry in a register maintained for the purpose and shall lodge suitable insurance claims. The Accounts Department shall coordinate with other department, wherever necessary, and collect the details of materials and other costs as may be required for processing a claim.

## **27. LOCAL/CASH PURCHASES**

Local/cash purchases of materials should be avoided as far as possible. Such purchases should be resorted to only meet the plant's emergencies or where it would not be economical to call for quotations owing to the small value of purchases.

The limit of cash purchases through personal inquiry and sanctioning of imprest fund to make cash purchases of items in order to meet the urgent day-to-day needs of the plant/divisions shall be as specified in "Powers of Officers".

## **28. PURCHASE OF CONSUMABLE ITEMS FOR PLANT, OFFICES AND GUEST HOUSES THROUGH COOPERATIVE STORES**

Separate guidelines have already been issued for purchase of consumable items required for use in plants and Guest Houses through Employees Consumer Cooperative Stores, Super Bazar, Kendriya Bhandar, NCCF for amounts not exceeding Rs. 1,00,000/- at one time and Rs. 12 lakh in a year. A copy of the guidelines issued is placed at Annexure "L" to this procedure.

## **29. TERMS AND CONDITIONS OF PURCHASE ORDER**

The standard terms and conditions for purchase order are attached at Annexure-A.

## **30. PROFORMA**

The various proforma to be used are attached to Annexures shown against each:-

- |  |            |
|--|------------|
| 1. Purchase Requisition  | Annexure-B |
| 2. Purchase order  | Annexure-C |
| 3. Amendment/Change Order  | Annexure-D |
| 4. Bank Guarantee for Advance Payment  | Annexure-E |
| 5. Bank Guarantee for Contract Performance   | Annexure-F |
| 6. Bank Guarantee for free issue material  | Annexure-G |
| 7. Bank Guarantee for Earnest Money  | Annexure-H |
| 8. Bank Guarantee for retention Money  | Annexure-I |
| 9. Indent for Work/Contract  | Annexure-J |
| 10. Work Order/Contract  | Annexure-K |
| 11. Guidelines for purchase of consumable items of plant and Guest House through Cooperative Stores. | Annexure-L |

## CHAPTER-II

### Purchase Procedure for Purchases Through Consultants

- 1.0 The new project and for special complex work undertaken by IFFCO may involve one or more agreements with Consultants. The responsibility of the Consultants usually include design, engineering and procurement. Under such circumstances, the agreements, made with the Consultants shall detail the procedures for purchase of plant, machinery etc. and these procedures will accordingly be adhered to. Such procedures generally define methods for obtaining bids, classification and scrutiny of the bids, recommendation, standard terms and conditions of purchase order/contract etc. However, the approval of purchases will be governed by the provisions of IFFCO's By-Laws and "Powers of Officers".
- 2.0 The bid recommendations and draft Purchase Orders/Contracts received from the Consultants will be processed by the concerned Department and scrutinised by Finance before approval of Competent Authority is obtained.
- 3.0 Purchases requiring approval by Financing Institutions, pursuant to loan agreements with such Institutions, shall be made according to the procedures prescribed in the loan agreements with such Financial Institutions.
- 4.0 For purchases of Plant and Machinery, not covered by the scope of work of Consultants as defined above, or agreements with the Financial Institution, shall be in accordance with the Purchase Procedure mentioned in **Chapter-I**.

## **ANNEXURES**

- A. General Terms and Conditions of Purchase Order
- B. Proforma for Purchase Requisition
- C. Proforma for Purchase Order
- D. Proforma for Amendment to Purchase Order
- E. Proforma of Bank Guarantee for Advance Payment to the Vendors/Contractors
- F. Proforma of Bank Guarantee for Contract Performance
- G. Proforma of Bank Guarantee for Free Issue Materials to the Vendor/Contractors
- H. Proforma of Bank Guarantee for Earnest Money Deposit
- I. Proforma of Bank Guarantee for Release of Retention Money
- J. Proforma of Bank Guarantee for Indent for Work/Contract
- K. Proforma of Bank Guarantee for Work Order
- L. Guidelines for Purchase of Consumable Items for Offices, Plants and Guest House



## **GENERAL TERMS AND CONDITIONS OF PURCHASE ORDER**

### **1.0 DEFINITIONS**

'PURCHASER' shall mean Indian Farmers Cooperative Limited.

'SELLER' shall mean the person, firm or corporation to whom this purchase order is issued.

'ORDER' shall mean this Purchase Order and all its attachments and exhibits. 'GOODS' and/or 'MATERIALS' shall mean the articles, materials, machinery, equipment, supplies, drawings, data and other property and all services-including design, delivery, installation, inspection, testing and commissioning specified or required to complete the order.

### **2.0 ACCEPTANCE OF ORDER**

This order is expressly conditioned on Seller's acceptance of all the terms and conditions hereof. The Seller shall sign and return two acceptance copies of the order within 10 days of the receipt of the Purchase Order by him.

### **3.0 DEVIATIONS**

This Order shall be subject to these General Terms and Conditions and any additional/specific conditions referred to in the order, and no deviation shall be made from the requirements of the Order or from the General Terms and Conditions unless such deviations are approved in writing by the Purchaser.

### **4.0 ASSIGNMENT AND SUBLETTING**

Except with the prior permission of the Purchaser, the Seller shall not assign or sublet this Order or any part thereof or any money due hereunder to any other manufacturer/vendor. Such permission if granted by the Purchaser will not, however, in any way relieve the contractual obligations of the Seller on whom the order has been placed.

### **5.0 PRICE REDUCTION CLAUSE**

5.1 If for reasons not attributable to the Owner or due to conditions constituting force majeure, the supply of Equipment and/or materials is not completed in accordance with the provisions hereof, within and in accordance with the Delivery as indicated in the terms and conditions of the Purchase Order, it is agreed that the Owner shall be entitled to recover and/or the Supplier shall pay to the Owner, without prejudice to any other right or remedy available to the Owner, the following amount as mutually agreed compensation;

5.1.1 A sum equivalent to 0.5% of the Purchase Order price for every complete week or part thereof, for delay in delivery, completion and handing over the Plant/Equipment to the Owner by the supplier, subject to a maximum 5% of total Purchase Order Price inclusive of escalation and contingencies, if any;

Notwithstanding anything contained above in sub-clause-5.1.1, in the event of delay beyond 10 weeks in delivery/completion, the Owner reserve the right to either.

- i) Cancel the Purchase Order wholly or partly and/or make alternative arrangements at the risk and cost of Supplier with a notice of 30 days to the Supplier.
- ii) Return the Equipment delivered after expiry of the stipulated delivery period or extension thereof or 30 days notice period.

5.1.2 A sum equivalent to 0.1% of the Purchase Order price for every complete week are part thereof, for delay in supply of Technical documents and Drawings, subject to a maximum of 0.5% of total Contract Price / Purchaser Order Price inclusive of escalation and contingencies, if any.

5.1.3 The obligation of supplier under sub-clause 5.1.1 and 5.1.2 are independent of each other and accordingly the maximum limit of price reduction set out under each of sub-clause 5.1.1 and 5.1.2 are separately provided.

5.2 In the event that the consumption figures exceed the figures guaranteed by the Supplier, it is agreed that the Owner shall be entitled to recover and / or the Supplier shall pay to the Owner, without prejudice to any other right or remedy available to the owner, the following amount as mutually agreed compensation.

5.2.1 A sum equivalent to 0.5% of the Purchase Order price for over consumption of utility for every 1 % or part thereof subject to a maximum of 2.5% of the Purchase Order price inclusive of escalation and contingency, if any.

5.2.2 A sum equivalent to 0.5% of the price for reduction in output for every 1% and part thereof subject to a maximum of 2.5% of Purchaser Order Price inclusive of escalation and contingency, if any.

5.2.3 The obligation of the Supplier under the above sub-clauses 5.2.1 and 5.2.2 are independent of each other and accordingly the maximum limit of price reduction set out under each of the said sub clauses 5.2.1 and 5.2.2 are separately provided. Provided, however, that the aggregate liability of the Supplier pursuant to sub-clauses 5.2.1 and 5.2.2 shall be limited to 5% (five percent) of the total of the Purchase Order price inclusive of all contingencies and escalation payable, if any, payable by Owner to the Supplier/Contractor hereunder.

5.3 The amounts, as set in clauses 5.1 and 5.2 are agreed upon and fixed by the parties due to difficulties in ascertaining, on the date hereof, the exact amount that will be actually incurred by the Owner in such event, and parties hereby agreed that amount specified herein are a genuine pre-estimate made by the parties of the loss and damage which the Owner would have suffered and as by way of mutually determined reasonable compensation payable to the Owner and without the Owner required to established and prove the actual loss/ damage suffered by the Owner, not in the nature of penalty and shall be applicable regardless of the amount of such deduction in value actually sustained by the Owner.

- 5.4 The parties agree and acknowledge that the amount set of in clauses 5.1 and 5.2 above may be recovered by the Owner to be paid to the supplier and the Purchase Order Price shall stand reduced by such amount.
- 5.5 If the consumption of utilities is more than 105% of the guarantee figure or the out put is less than 95% of the guaranteed figure, the supplies would stand rejected and Owner will be free to obtain replacement at the risk and cost of Supplier/Contractor.

## **6.0 FORCE MAJEURE**

The terms and conditions mentioned herein below shall be subject to the Force Majeure which shall mean and be limited to the following:

- a) any war or hostilities;
- b) any riot or civil commotion;
- c) any earthquake, flood, tempest, lightning or other natural physical disaster, impossibility of the use of any Railway, Port, Airport, Shipping services or other means of transport;
- d) any strike or lock-out (only those exceeding 10 continuous days in duration) affecting the performance of the Seller's/Purchaser's obligations.

## **7.0 TERMS OF PAYMENT**

Unless otherwise specified in the Purchase Order, the terms of payment will be within 30 days of the receipt and acceptance of the material at site.

## **8.0 MODE OF DESPATCH**

Unless otherwise specified in the Purchase Order, the material shall be despatched by rail/road and the despatch documents along with a copy of the invoice will be mailed directly to the Purchaser for the attention of the Chief Manager (Materials).

## **9.0 INSPECTION**

If the Purchase Order specifically requires Purchaser's inspection, the Seller shall advise the Purchaser in writing at least 15 days in advance of the date when the materials will be ready for inspection. The inspection or its being dispensed with by the Purchaser will however in no manner absolve the Seller of his responsibility of quality and workmanship of the materials covered under the order.

## **10.0 PATENT RIGHTS**

The Seller shall fully indemnify the Purchaser, its customers and users, against any action, claim or demand, costs of expenses, arising from or incurring by reason of any infringement or alleged infringement of letters, patent, trade mark or name, copyright or other protected rights in respect of any materials supplied. All royalties and the like payment shall be paid directly by the seller.

## **11.0 SPECIFICATIONS**

All materials or equipments shall be supplied strictly in accordance with the specifications, drawings, data sheets, other attachments and conditions stated on the order. No deviations from such specifications or alterations of these conditions shall be made without the Purchaser's agreement in writing which must be obtained before material is placed on manufacture or any work commenced.

## **12.0 TAXES, DUTIES ETC.**

Unless otherwise specified in the Purchase Order, all taxes, duties and octroi will be borne by the Seller.

## **13.0 TRANSIT RISK INSURANCE**

The transit risk insurance from the Seller's Workshop or place upto the time of delivery to the Purchaser's site of office shall be covered by the Seller unless otherwise specified in the Purchase Order.

## **14.0 GOVERNING LAW AND JURISDICTION**

All actions at law or suits out of, or in connection with this order or the subject matter thereof and whether as to construction or otherwise shall be instituted in a court of competent jurisdiction in which concerned plant/office of IFFCO exists. Governing Law shall be the Laws of India.

## **15.0 RESOLUTION OF DISPUTES/ARBITRATION**

The OWNER/PURCHASER and the SELLER shall make every effort to resolve amicably by direct informal negotiations any disagreement or dispute arising between them under or in connection with the purchase order.

- i) If after thirty (30) days from the commencement of such informal negotiations, the OWNER / PURCHASER and the SELLER have been unable to resolve the dispute amicably, either party may require that the dispute be referred for resolution to the formal mechanisms as specified hereunder.

### **15.1 ARBITRATION**

- a) Any dispute or differences whatsoever arising between the parties out of or relating to the construction, meaning, scope, operation or effect of this contract or the validity or the breach thereof shall be settled by arbitration in accordance with the provisions of the Arbitration & Conciliation Act, 1996 and the award made in pursuance thereof shall be binding on the parties.

- b) The performance under this contract shall not stop for any reason whatsoever during the said dispute / proceedings, unless the contractor/supplier is specifically directed by owner/buyer to desist from working in this behalf.
- c) The venue of arbitration shall be New Delhi.
- d) The language of proceedings shall be English.
- e) The law governing the substantive issues between the parties shall be the Laws of India.

#### **16.0 CORRESPONDENCE**

All correspondences concerning the Order shall state the Order number and shall be submitted in duplicate addressed to the concerned Office/Unit/Project of Indian Farmers Fertiliser Cooperative Limited for attention of Chief Manager (Materials)/Authority signing the order.

#### **17.0 DOCUMENTATION**

Documentation shall be submitted as called for in the order.

#### **18.0 ORIGIN AND TEST CERTIFICATE**

The Seller will supply copies of Test Certificates for materials and equipments, as called for in the order. Such certificate shall clearly state the Purchaser's Order number, Item and Equipment number.

#### **19.0 FIXED PRICE**

All prices shall be fixed for the duration of the order including the period of any extension thereof and shall not be subject to escalation of any description during the said duration including any extension thereof, notwithstanding any change in the cost of materials and/or labour, which may take place while the order is being executed, even though it might be necessary for the seller for any reason whatsoever to take longer delivery period than indicated in the order.

#### **20.0 PACKING AND DESPATCH**

All packing, boxing, crating and protection shall conform to the specifications or requirements of the order. The seller shall be held liable for damage or breakage to the goods due to defective or insufficient packaging. Marking as specifically advised in the Order or Despatch Instructions shall be done by Seller in delible paint and in such manner to ensure that the same is clearly visible.

## **21.0 DESPATCH/DELIVERY**

All goods shall be despatched by rail/road/air freight to pay/freight paid and the Railway Receipt/Lorry Receipt/Air Consignment note shall be posted to the concerned Incharge (Stores) of Indian Farmers Fertiliser Cooperative Ltd.

All local deliveries shall be made to the Incharge (Stores) for his order at our factory site/city godown.

## **22.0 SHIPPING/DESPATCH DOCUMENTS**

The shipping/despatch documents will consist of:

- i) Challan 3 copies
- ii) Packing list 3 copies
- iii) Test Certificates 3 copies
- iv) Invoice 4 copies
- v) Railway/lorry Receipt in Original

The original and two copies of the despatch documents shall be posted on the day of despatch to the Purchaser for the attention of Chief Manager (Finance & Accounts).

## **23.0 INVOICES**

Three copies of each invoices made out in the name of the Purchaser shall be posted to the concerned Unit of Indian Farmers Fertiliser Cooperative Limited for the attention of Chief Manager (Finance & Accounts) immediately after despatch has been made.

The invoice shall show clearly whether they cover 'part order', 'balance order' or 'complete order' and shall include the item number as well as the order number. Net prices shall be shown on invoices. Cash discounts shall be described as such and each invoice shall show advance and progress payments which have been previously received by the Seller.

## **24.0 DEFAULT**

In the event of the default of SELLER to comply with any of the provisions or requirements hereof, PURCHASER shall have the right to terminate and cancel PURCHASE ORDER with or without notice and without prejudice to any other rights, elections, or remedies PURCHASER may have, and PURCHASER shall be relieved from any further obligations to SELLER hereunder. In the event of such cancellation of PURCHASE ORDER, PURCHASER shall be entitled to arrange for the procurement of equipment, materials and services from alternate suppliers at the risk and cost of the SELLER. The waiver of one default shall not be considered an automatic waiver of any other default.

## **25.0 TERMINATION**

IFFCO reserves the right to terminate or cancel this order in whole or in part by written or fax/e-mail notice to SELLER at any time prior to shipment from SELLER's premises. IFFCO shall pay SELLER his actual out of pocket costs including reasonable termination expenses in connection with cancellation as approved by IFFCO less previously paid progress payments upto the date of notifications. Upon settlement of cancellation costs, title to all affected goods, both completed and uncompleted, shall pass to IFFCO and SELLER shall safely hold the same for a reasonable time subject to receipt of IFFCO's written shipping instructions or other disposition instructions. However, this article shall not be applicable in case of termination by IFFCO due to default of SELLER.



**INDIAN FARMERS FERTILISER COOPERATIVE LIMITED**  
**PURCHASE REQUISITION**  
**FOR NORMAL STOCK ITEMS/NON-STOCK ITEMS**

UNIT: \_\_\_\_\_  
 Number: \_\_\_\_\_  
 Date: \_\_\_\_\_  
 Indenting Deptt. \_\_\_\_\_

Sl. No.	Material Code	Description and Specification	Quantity	Budget Provision			Inventory Levels		Quantity in stock as on date	Consumption during months preceding	Quantity of order	Particulars of last work/purchase order with reference of its No.		
				For the Year	Utilised to date	This Requirement	Balance	Max. Level					Min. Level	Reorder Level
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

**BRIEF JUSTIFICATION OF REQUIREMENT**

**DELIVERY REQUIRED**

**REMARKS, IF ANY**

ORIGINATING DEPARTMENT  
 MANAGER/SR. MANAGER

DEPARTMENTAL HEAD

CHIEF MANAGER (F&A)

APPROVED BY GM

**NOTES:**

1. Score out words not applicable.
2. The budget provision, the amount spent till the previous purchase requisition and balance funds available should be filled in invariably by the Indentor.
3. In case of non-stock items, column 1 to 8 will be filled by the Indentor and the rest by Incharge (Stores).
4. Indentor will allot a number to the requisition.

**INDIAN FARMERS FERTILISER COOPERATIVE LIMITED**  
\_\_\_\_\_ UNIT

PHONE:  
FAX:  
ADDRESS:

**PURCHASE ORDER**

M/s

ORDER NO.  
DATE  
YOUR QUOTATION NO.  
DATE  
ENQUIRY NO.  
DATE

Sirs,

Please arrange to supply the following as per your quotation referred above subject to the general/special terms and conditions and specifications/drawings/sketches enclosed. The following may also be noted for information and guidance.

1. Our State & Central Sales Tax registration No. are \_\_\_\_\_ dated \_\_\_\_\_. Declaration form will be issued, if applicable, only on receipt of your invoice which should be sent in advance to our Chief Manager (Finance & Accounts).
2. Our bankers are the Indian Overseas Bank. Bank charges in respect of payments through bank will be to supplier's account.
3. Consignment should not be booked to `Self`.

**Price: FOR/Ex-GODOWN\_\_\_\_\_**  
**: Free delivery at**  
**our stores**

**Sales Tax @:**

**Insurance:**

**Delivery Period:**

**Test/Guarantee/**

**Warrantee/Sample:**

**Mode of Despatch:**

**Terms of Payment:**

ITEM NO.	DESCRIPTION	QTY.	UNIT	RATE RS.	AMOUNT RS.
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**SPECIAL INSTRUCTIONS**

Two copies of the Purchase Order must be returned duly signed by the Seller in token of his acceptance of the P.O. within 10 days of the receipt of the Purchase Order by the Seller.

Yours faithfully,  
for Indian Farmers Fertiliser Coop. Ltd.

INDIAN FARMERS FERTILISER COOPERATIVE LIMITED  
UNIT

PHONE:

FAX:

Address:

AMENDMENT TO PURCHASE ORDER

M/s (Name of the Supplier)

Our Ref. No.

Date

Purchase Order No.

Date

Amendment No.

Date

Your Ref. No.

Date

Dear Sirs,

With reference to the above, the following amendments to the subject Purchase Order are hereby authorised:

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EXISTING ENTRIES

AMENDED ENTRIES

---

This Revision Value: \_\_\_\_\_

Original P.O. Value \_\_\_\_\_

Revised Total P.O. Value \_\_\_\_\_

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All other terms and conditions of Purchase Order shall remain unaltered.

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Two copies of the amendment must be returned duly signed by the Seller in token of his acceptance within 10 days of this receipt of amendment.

Yours faithfully,  
for Indian Farmers Fertiliser Coop. Ltd.

**PROFORMA OF BANK GUARANTEE FOR ADVANCE PAYMENT**

(To be stamped in accordance with Stamp Act)

In consideration of Indian Farmers Fertiliser Cooperative Limited (\_\_\_\_\_ (*unit address*) \_\_\_\_\_) having its Registered Office at 34, Nehru Place, New Delhi - 110 019 (hereinafter referred to as the 'Owner' which expression shall unless repugnant to the context or meaning thereof include its successors, administrators and assigns) having awarded to M/s. \_\_\_\_\_ (hereinafter referred to as the 'Contractor' which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns), a Contract by issue of Owner's Letter of Intent No. \_\_\_\_\_ dated \_\_\_\_\_ and the same having been unequivocally accepted by the Contractor, resulting in a Contract \_\_\_\_\_ (scope of contract) \_\_\_\_\_ and the Owner having agreed to make an advance payment to the Contractor for performance of the above Contract amounting Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) as an advance against Bank Guarantee to be furnished by the Contractor.

We \_\_\_\_\_ (name of the bank) \_\_\_\_\_ having its Head Office at \_\_\_\_\_ (hereinafter referred to as the 'Bank', which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay the Owner, immediately on demand any or, all money payable by the Contractor to the extent of \_\_\_\_\_ as aforesaid at any time upto \_\_\_\_\_ @ \_\_\_\_\_ without any demur, reservation, context, recourse or protest and/or without any reference to the Contractor. Any such demand made by the Owner on the Bank shall be conclusive and binding notwithstanding any difference between the Owner and the Contractor or any dispute pending before any Court, Tribunal, Arbitrator or any other authority. We agree that the Guarantee herein contained shall be irrevocable and shall continue to be enforceable till the Owner discharges this guarantee.

The guarantee herein contained is not revocable by notice during the currency and will remain in full force until (a) payment has been made to the owner by the Bank of the aggregated amount payable herein under or (b) the said advance has been fully adjusted and extinguished, as hereafter set forth, whichever is earlier.

The Owner shall have the fullest liberty without affecting in any way the liability of the Bank under this guarantee, from time to time to vary the advance or to extend the time for performance of the Contract by the Contractor. The Owner shall have the fullest liberty without affecting this guarantee, to postpone from time to time the exercise of any powers vested in them or of any right which they might have against the Contractor and to exercise the same at any time in any manner, and either to enforce or to forbear to enforce any covenants, contained or implied with Contract between the Owner and the Contractor or any other course or remedy or security available to the Owner. The bank shall not be released of its obligations under these presents by any exercise by the Owner of its liberty with reference to the matters aforesaid or any of them or by reason of any other act or forbearance or other acts of omission

or commission on the part of the Owner or any other indulgence shown by the Owner or by any other matter or thing whatsoever which under law would but for this provision have the effect of relieving the Bank.

The Bank also agrees that the Owner at its option shall be entitled to enforce this Guarantee against the Bank as a principal debtor, in the first instance without proceeding against the Contractor and notwithstanding any security or other guarantee that the Owner may have in relation to the Contractor's liabilities.

Notwithstanding anything contained herein above our liability under this guarantee is limited to \_\_\_\_\_ and it shall remain in force upto and including \_\_\_\_\_ @ \_\_\_\_\_ and shall be extended from time to time for such period (not exceeding one year), as may be desired by M/s. \_\_\_\_\_ on whose behalf this guarantee has been given.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_\_\_ at \_\_\_\_\_

**PROFORMA OF BANK GUARANTEE FOR CONTRACT PERFORMANCE**

(This guarantee should be executed on non-judicial stamp paper of appropriate value)

In consideration of Indian Farmers Fertiliser Cooperative Limited (\_\_\_\_\_ (*unit address*)) having its Registered Office at 34, Nehru Place, New Delhi - 110 019 (hereinafter referred to as the 'owner' which expression shall unless repugnant to the context or meaning thereof include its successors, administrators and assigns) having awarded to M/s. \_\_\_\_\_ with its registered/Head Office at \_\_\_\_\_ (hereinafter referred to as the 'Contractor' which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns), a Contract by issue of Owner's Letter of Intent No. \_\_\_\_\_ dated \_\_\_\_\_ and the same having been unequivocally accepted by the Contractor, resulting in a contract \_\_\_\_\_ (scope of contract) \_\_\_\_\_ and the Contractor having agreed to provide a Contract Performance Guarantee for the faithful performance of the entire Contract equivalent to Rs. \_\_\_\_\_ (%) \_\_\_\_\_ per cent) of the said value of the Contract to the Owner.

We \_\_\_\_\_ (name and address) \_\_\_\_\_ having its Head Office at \_\_\_\_\_ (hereinafter referred to as the 'Bank' which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns) do hereby guarantee and undertake to pay the Owner, on demand any and all money payable by the Contractor to the extent of \_\_\_\_\_ as aforesaid at anytime upto \_\_\_\_\_ (days/month/year) without any demur, reservation, context, recourse or protest and/or without any reference to the Contractor. Any such demand made by the Owner on the Bank shall be conclusive and binding notwithstanding any difference between the Owner and the Contractor or any dispute pending before any Court, Tribunal, Arbitrator or any other authority. The Bank undertakes not to revoke this guarantee during its currency without previous consent of the Owner and further agrees that the guarantee herein contained shall continue to be enforceable till the Owner discharge this guarantee.

The Owner shall have the fullest liberty without affecting in any way the liability of the Bank under this guarantee, from time to time to extend the time for performance of the Contract by the Contractor. The Owner shall have the fullest liberty, without affecting this guarantee, to postpone from time to time the exercise of any powers vested in them or of any right which they might have against the Contractor, and to exercise the same at any time in any manner, and either to enforce or to forbear to enforce any covenants, contained or implied, in the contract between the Owner and the Contractor or any other course or remedy or security available to the Owner. The bank shall not be released to its obligations under these presents by any exercise by the Owner of its liberty with reference to the matters aforesaid or any of them or by reason of any other act of omission or commission on the part of the Owner or any other indulgences shown by the Owner or by any other matter or thing whatsoever which under law would, but for this provision have the effect of relieving the Bank.

The Bank also agrees that the Owner at its option shall be entitled to enforce this Guarantee

against the Bank as a principal debtor, in the first instance without proceeding against the Contractor and notwithstanding any security or other guarantee the Owner may have in relation on to the Contractor's liabilities.

Notwithstanding anything contained herein above our liability under this guarantee is restricted to Rs. \_\_\_\_\_ and it shall remain in force upto till \_\_\_\_\_. Unless a demand or claim under this performance bond is filed against us within six months from the expiry date of this Guarantee, i.e. on or before \_\_\_\_\_ all the rights under this performance bond shall be forfeited and we shall be relieved and discharged from all liability thereunder.

IN WITNESS, the Principal and surety have executed this performance bond and have affixed their seals on the date set forth.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 200 \_\_\_\_ at \_\_\_\_\_.

PRINCIPAL

CORPORATE SURETY



**DRAFT OF BANK GUARANTEE FOR FREE  
ISSUE MATERIALS TO THE VENDOR**

Note: This Guarantee should be executed on non-judicial stamp paper of appropriate value.

WHERE AS Indian Farmers Fertiliser Cooperative Limited ( \_\_\_\_\_ (*unit address*) \_\_\_\_\_) having its Registered Office at 34, Nehru Place, New Delhi - 110 019 (hereinafter referred to as the 'Purchaser' which expression shall unless repugnant to the context include legal representatives, successors and assigns), have placed a Purchase Order no. \_\_\_\_\_ for the work/equipment and/or materials for the Plant (hereinafter referred to as 'Purchase Order') with M/s \_\_\_\_\_ (hereinafter referred to as the 'Vendor') which expression shall unless repugnant to the context, include its legal representatives, successors and assigns based on the terms and conditions contained in the Purchase Order.

AND WHEREAS one of the conditions of Purchase Order to be entered into between the Purchaser and the Vendor is that the Purchaser has agreed to supply to the Vendor raw materials (hereinafter referred to as the said 'Materials') for the purpose of fabrication and delivery of equipment at Vendors works by Vendors as aforesaid and pending fabrication and delivery at on sites of the completed fabricated work(s) incorporating the said material, the said material shall be under the custody and charge of the Vendor and shall be kept, stored, altered, worked upon and/or fabricated at the sole risk and expenses of the Vendor.

AND WHEREAS the Purchaser has asked the Vendor for adequate security for the raw materials to be supplied under the Purchase Order.

AND WHEREAS, at the request of the Vendor the Purchaser has agreed to accept a Bank Guarantee from M/s \_\_\_\_\_ with registered office at \_\_\_\_\_ (hereinafter called the 'Bank').

Now, this Guarantee witnesseth that in consideration of the Purchaser having at the request of the Vendor agreed to accept a Bank Guarantee of the Bank in respect of the said material amounting to Rs. \_\_\_\_\_ issued to the vendor for the work/supplying equipment and/or materials for the plant, which figure shall become reduced and stand ultimately extinguished as hereinafter set forth any and all against loss, damage and destruction but not limited to any and all loss or damage of destruction of the said material or any item or part thereof by theft, pilferage, fire, flood, storm, tempest, lightening, explosion, storage chemical or physical action or reaction, bending, warping, exposing, rusting, faulty workmanship, faulty fabrication or faulty method of technique of fabrication, strike, riot, civil commotion, another act of omission whatsoever within or beyond the control of the vendor, misuse and misappropriation by the Vendor and the Vendor's servants, and/or agents whatsoever in the said material or any part or item thereof, supplied to the Vendor upto and until the date of return to the purchaser of the said material or relative part of item thereof, or completed/fabricated work(s) incorporating

said material, the Bank shall indemnify and pay without protest or demur without recourse to the Vendor, the said Purchaser upto and not exceeding altogether a sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) on demand, being the value of the said material. The decision of the Purchaser as to any loss or damage under the terms and conditions of this Guarantee shall be final and binding on the Bank.

THIS GUARANTEE herein contained is irrevocable and will remain in full force until:

(a) the payment has been made to the Purchaser by the Bank of the aggregate amount payable hereunder.

OR

(b) the said material upto the completion of the work as specified in the Purchase Order has been delivered to the Purchaser; whichever is earlier.

OUT OF THE GROSS AMOUNT OF THE VALUE OF THE SAID MATERIAL the value of the Bank Guarantee will be correspondingly decreased at each stage of satisfactory completion of the work as agreed to between the Vendor and Purchaser. The residual balance outstanding at any time shall represent the value of the said material remaining to be worked upon. Our liability under this Guarantee is restricted to Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only).

UNLESS PREVIOUSLY CANCELLED BY THE PURCHASER, this Indemnity will remain in force upto \_\_\_\_\_ months from the date of issue of the Guarantee i.e. upto \_\_\_\_\_ and will stand automatically cancelled on the expiry of the said period unless mutually agreed upon that the Guarantee shall continue for a period longer than contemplated hereunder. Unless demand or claim under this Guarantee, all the rights of the Purchaser against us hereunder shall be forfeited and we shall be relieved and discharged from all liabilities hereunder.

The bank declares that it has the power to issue this Guarantee under Regulations, 1959 and the undersigned has full powers to do so on the Gazette of India.

Dated:

This \_\_\_\_\_ day of \_\_\_\_\_

**DRAFT FOR BANK GUARANTEE FOR EARNEST MONEY DEPOSIT**

Note: To be executed on a non-judicial stamp paper of appropriate value.

IN CONSIDERATION of Indian Farmers Fertiliser Cooperative Limited ( \_\_\_\_\_  
(unit address) \_\_\_\_\_) having its registered office at 34, Nehru Place, New Delhi  
(hereinafter called 'the Society' which expression shall unless repugnant to the subject or  
context includes its successors and assigns) having agreed to exempt \_\_\_\_\_  
(hereinafter called 'the said Tenderer(s)' which expression shall unless repugnant to the subject  
or context includes his successors and assigns) from the demand under the terms and  
conditions of tender No. \_\_\_\_\_ for \_\_\_\_\_ hereinafter called 'the said Tender' of such  
Earnest Money for the due fulfillment by the said Tenderer(s) of the terms and conditions  
contained in the said tender \_\_\_\_\_ for \_\_\_\_\_ on production of Bank  
Guarantee for Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) We \_\_\_\_\_  
Bank hereinafter referred to as 'the Bank' do hereby undertake to pay to the company an  
amount not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) against any loss or damage  
caused to or suffered or would be caused to or suffered by the said Society by reason of any  
breach by the said tenderer(s) of any of the terms and conditions contained in the said tender  
(the decision of the Society as to any such breach having been committed and loss suffered  
shall be binding on us).

2. WE \_\_\_\_\_ Bank do hereby undertake to pay the amounts due and payable  
under this Guarantee without any demur merely on a demand from the Society stating that  
the amount claimed is due by way of loss or damage caused to or would cause to or suffered  
by the Society by reason of any breach by the said Tenderer(s) of any of the terms and  
conditions contained in the said tender or by reason of the said Tenderer's failure to keep the  
tender open. Any such demand made on the Bank shall be conclusive as regards amount due  
and payable by the Bank under this Guarantee. However, our liability under this guarantee  
shall be restricted to an amount not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only).
3. WE \_\_\_\_\_ (Bank) further agree that the guarantee herein contained shall remain  
in full force and affect during the period that would be taken for the finalisation of the said  
tender and that it shall continue to be enforceable till the said tender is finally decided and  
order placed on the successful tender(s) and/or till all the dues of the Society under/or by  
virtue of the said tender have been fully paid and its claims satisfied or discharged or till a  
duly authorised officer of the Society certified that the terms and conditions of the said tender  
have been fully and properly carried out by the said Tenderer(s) and accordingly discharges  
the guarantee. Unless a demand or claim under this guarantee is made on us in writing on  
or before the \_\_\_\_\_, we shall be discharged from all liability under this guarantee  
thereafter.

4. WE \_\_\_\_\_ Bank, lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Society in writing.

Dated \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_\_\_\_

CORPORATE SEAL FOR BANK

**Note:** To include 6 months claim period over and above the period mentioned in the paragraph for the validity of the Bank guarantee in the tender.

**DRAFT OF BANK GUARANTEE FOR RELEASE OF RETENTION MONEY**

Note: To be executed on a non-judicial stamp paper of appropriate value.

WHEREAS Indian Farmers Fertiliser Cooperative Limited ( \_\_\_\_\_ (unit address) \_\_\_\_\_) having its registered office at 34, Nehru Place, New Delhi (hereinafter referred to as the "Owner") which expression shall unless repugnant to the context, include its legal representatives, successors, and assigns entered into a Contract No. \_\_\_\_\_ for \_\_\_\_\_ ( scope of contract ) \_\_\_\_\_ with M/s \_\_\_\_\_ (hereinafter referred to as the "Contractor") which expression shall unless repugnant to the context, include its legal representatives, successors and assigns, based on the terms and conditions contained in the Contract.

AND WHEREAS by the said Contract, the Owner has agreed to pay the Contractor for the works carried out by the said Contractor in terms of the said Contract.

AND WHEREAS, in accordance with the terms of the contract, the Contractor has to guarantee the quality, workmanship, design and firmness of the Works and further covenanted with the Owner to replace/repair/maintain the works so as to fulfill in all respects the purpose for which the Contract is awarded and in accordance with their operating and other conditions specified and to meet all the requirements specified in regard thereto in the Contract for the period/ periods stipulated in the Contract.

NOW, by this guarantee, we, the Contractor (as principal) \_\_\_\_\_ the Insurance Company \_\_\_\_\_ Bank \_\_\_\_\_ having their Registered Office at \_\_\_\_\_ and place of business at \_\_\_\_\_ (hereinafter called the "Surety") are held and firmly bound unto the Owner in the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ only) for the payment of which the principal and the Surety bind themselves their successors, legal representatives and assigns, jointly and severally by these presents.

NOW the conditions of this bond/guarantee is such that if the Principal shall duly perform and observe all the terms, provisions, conditions and stipulations of the Contract including the covenants concerning guarantees/ warrantees/maintenance stipulated therein, on the part of the Principal to be performed and observed according to the true purpose, intent and meaning thereof or if on default of the Contractor, the Surety shall satisfy and discharge the damage sustained by the Owner thereby upto the amount of the bond guarantee herein then the obligation herein shall be null and void but otherwise shall be in full force and effect for a period of \_\_\_\_\_.

But no alteration in the terms of the said Contract made by agreement between Owner and the Contractor or in the extent or the nature of the Works to be constructed, supplied, completed and maintained thereunder and no allowance of time by the Owner under the Contract nor any forbearance in respect of any matter or thing concerning the said Contractor on the part of the Owner shall in any way release the Surety from any liability under the Bond Guarantee herein.

We do hereby undertake to pay the amount due and payable under this guarantee without any demur merely on demand from the owner stating that the amount claimed is due by way of the loss or damages caused to or suffered, would be caused to or suffered by the Owner by reason of any breach by the said principal of any of the terms and conditions contained in the said Contract or by reason of the said Principal's failure to comply with any of the conditions with regard to the Contract set out in this Bond. Any such demand made on us shall be conclusive as regards the amount due and payable by us under this Bond. However, our liability under this Bond shall be restricted to an amount not exceeding Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_ Only).

We further covenant that the guarantee contained shall remain in full force and effect and that it shall continue to be enforceable till all dues of the Owner under or by virtue of the said Contract have been fully paid and Owner's claim satisfied or discharged and Owner certifies that the terms and conditions of the said Contract have been fully and properly carried out by said Principal and discharged the Bond.

We, the Sureties, further covenant with the Owner that the Owner shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Contract from time to time, to postpone for any time from time to time any of the powers exercisable by the Owner against the said principal and forbear or enforce any of the terms and conditions relating to the said Contract and we shall be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor or for any forbearance, act of omission on part of the Owner or any indulgence by the Owner to the said Principal or by any such matter or thing whatsoever which under the law relating to Sureties would but for this provision have effect of so relieving.

We, \_\_\_\_\_, lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Owner in writing.

This guarantee will remain in force upto \_\_\_\_\_ and will stand automatically cancelled on the expiry of the said period unless extended by mutual agreement. Unless a claim under this guarantee, is filed or demand made before the expiry of this guarantee, all Owner's rights shall be forfeited and the Bank shall be relieved and discharged from all liabilities hereunder.

N WITNESS WHEREOF, the Principal and Surety(ies) have executed this Performance Guarantee and have affixed their seal on this \_\_\_\_\_ day of \_\_\_\_\_ 200\_\_\_\_.

CORPORATE SEAL ETC. OF THE BANK

Date: \_\_\_\_\_ BANK

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**Note:** The period herein shall be the period for which this Guarantee is required plus 6 (six) months for the purpose of claim.

**INDENT FOR WORK/CONTRACT**

**DEPARTMENT/SECTION :** Requisition No.....Date.....

1. Works required for Prepared by.....

**PLANT/ TOWNSHIP/PROJECT** Requisition by .....Design .....

2. Work to be completed/commenced by: Approved by.....Design.....

3. Budget Cost Code Center:

SL. NO.	DESCRIPTION	QTY.	UNIT	ESTIMATED RATE	ESTIMATED VALUE	REMARKS

**Attached:** 1. Schedule of quantity \_\_\_\_\_ pages. Recommended vendors:

2. Specification \_\_\_\_\_ pages.

3. Terms and Conditions \_\_\_\_\_ pages.



**INDIAN FARMERS FERTILISER COOPERATIVE LIMITED**  
\_\_\_\_\_ UNIT

PHONE:

FAX:

Address

**WORK ORDER**

The copy of the Work Order enclosed must be returned duly signed by the Contractor in token of his acceptance of the W.O. within 3 weeks of the receipt of the Work Order by the Contractor.

W.O. No. :  
Date :  
Enq. No. :  
Date :  
Your Quote :  
Date :

Please supply/carry out the following work subject to the general and special terms and conditions and enclosures (such as specification/drawings/sketches).

Item No/ Sl. No.	Description	Qty.	Unit Rate	Amount
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Total W.O. Value Rs.....

FOR Site.....

Please clearly mark in all your correspondence Work Order No. and Date.

Please submit your bills in triplicate to Chief Manager (Finance & Accounts), IFFCO, \_\_\_\_\_  
(unit name) \_\_\_\_\_, within a week of completion of work.

for Indian Farmers Fertiliser Coop. Ltd.

**Signature of Vendor**

INCHARGE (MATERIALS DEPTT.)

## **GUIDELINES FOR PURCHASE OF CONSUMABLE ITEMS FOR OFFICES, PLANT AND GUEST HOUSE**

Normally all purchases have to be made by inviting bids as prescribed in the purchase procedure. It has been experienced that for items of consumable nature that are required for use in office or Guest House at plant site, it is not always feasible to collect competitive bids. Most of the time purchases are made either from the nearest shop or by deputing a purchase committee. The procedure involves avoidable wastage of time and is uneconomical too.

It is understood that some of our requirement of consumable items can be procured from Employees Cooperative Stores running at our respective plant township since they are dealing in them in their normal course for sale to their members. It has been decided to make purchases of consumable preferably from the Employees Cooperative Stores, wherever it exists. The value of such purchases, however, should not exceed Rs. 1,00,000/- at one time.

Where there is no Employees Cooperative Stores purchases may be made by following the procedure laid down in para - 27 of the procedure **(Chapter-1)**.

The procurement of consumable items for offices can be done from Super Bazar, Kendriya Bhandar, NCCF on competitive basis as per the guidelines given para - 28 of the procedure **(Chapter-I)**.

# PROCUREMENT AND CONTRACTING PROCEDURE

February, 2005

(Fifth Revision)

**IFFCO**

**INDIAN FARMERS FERTILISER COOPERATIVE LTD.**

34, NEHRU PLACE, NEW DELHI - 110019

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## **CHAPTER-I**

Procurement and Contracting Procedure  
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Head Office, Marketing Central Office,  
Zonal Offices, State Offices,  
Area Offices etc.

## **CHAPTER-II**

Purchase Procedure for  
Purchases Through  
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**ANNEXURES**



