



# PURCHASE MANUAL ISSUE - 1



Issue 1

NAINI AEROSPACE LIMITED

## PREFACE

This Purchase Manual broadly deals with the objectives and functions of Purchase department and the broad frame work of Purchase Policy and procedures to be followed for procurement of materials. Procurement is a Complex process and it is unique for different categories of items. During the procurement process certain unique situation may arise which has not been provided or addressed in the Purchase Manual. Since all such situations cannot be foreseen and laid down in the Purchase Procedure, Persons involved in the Procurement Process are expected to take decisions exercising normal commercial prudence and move forward considering first the total interest of the organization in all transactions without impairing the dignity and responsibility of one's office.

The Purchasing Groups and Users of this manual are expected to ensure fair, transparent, healthy competition and equitable treatment to all sources in the procurement process. They shall also take timely actions for planning, issuing RFQs, Placement of Purchase Orders, award of Contracts, administration and documentation of all Purchases I Contracts entered into by them. Manual has been prepared based on purchase manual of holding company. In case of any conflict in interpretation of rules and provisions, the interpretation held by holding company will prevail.

This Manual will aid those involved in the Procurement Process in making timely availability of materials on one hand and ensuring the Commercial and Financial interest of the Company.



**CEO (NAeL)**

**Naini, Prayagraj**

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## INTRODUCTION

### Duties and Responsibilities of Materials Management

#### Material Planning & Control:

- a) Timely provisioning of materials and raise demands in appropriate proforma (MPR/CPR's) considering production programme, bill of materials, available stock, dues in, production allowances, contingency, shelf life, procurement lead time based on stage of build/ structural breakdown and other factors like indigenisation plan etc.
- b) Follow up for progression of MPR/CPR's.
- c) Liaise with related departments like design, methods for updated documents.
- d) Authorise issue of materials
- e) Liaise with shop engineering for day-to-day production problems relating to materials.
- f) Inventory Control and analysis
- g) Review of slow moving / non-moving stocks and take corrective action including disposal.

#### Purchase

- a) Preparation of RFQ and tendering
- b) Receiving quotations/Tender opening, commercial, vetting, evaluation of quotes and compilation of comparative statement.
- c) Convening and coordinating PC/MPC meetings.
- d) Arrange for negotiations if any,
- e) Arrange for Long Term Business Agreement/Rate Contract if any.
- f) Issuance of Purchase order after coordination with Finance and approval of proposal at Company/ Board level as the case may be.
- g) Purchase order progression for ensuring availability of material in time.
- h) Ensure prompt payment to supplier after receipt of material.
- i) Follow up of replacement /rectification against any rejections and warranty claims.
- j) Vendor evaluations and directory.
- k) Coordinate with regards to contract management, licence agreement, co-production agreement etc.

- l) Resolve commercial dispute / arbitration.
- m) Preparation of Purchase Budget
- n) Tendering, evaluation and finalization of the Service Contract for Services as defined in DoP.

## **Stores**

### **Stock Control**

- a) Identification of Stock items.
- b) Raising of indents in appropriate forms (MPRs) based on fixing of stock levels/re-order levels, consumption data, supply lead time etc.
- c) Rationalization and variety reduction

### **Receiving**

- d) Arrange for custom clearance and collection of goods.
- e) Prefer claim on vendor/Insurance as the case may be in case of rejection/damage.
- f) Preparation of receiving report and arrange for clearance of goods from inspection.
- g) Arrange for storing of rejected material in a separate quarantine stores, advise purchase to take up with the supplier, organize periodical discrepancy. Review committee meeting for disposal of rejected items.

### **Dispatch**

- h) Arrange for all dispatch documents, packing of goods after inspection, custom clearance and handing over the consignment to carrier/consolidating agency. Inform vendor/customer of dispatch details.
- i) Coordinate with Finance, to finalize insurance policies and ensure continuity of coverage by prompt payment of premium.

### **Holding Stores**

- j) Proper storage / preservation of materials, issue against authorized material requisitions.
- k) Carry out perpetual stock/physical verifications.
- l) Review of slow-moving / non-moving lists and take appropriate disposal action.
- m) Ensure FIFO for lifed items and arrange for disposal of life expired items.

### **Tool Cribs**

- n) Proper storage / preservation of tools, issue against token.
- o) Keep up to date record of calibration status and arrange for periodical calibration/reconditioning of tools.

### **General**

- a) M.I.S. to various agencies
- b) Compilation of procurement / commercial data bank
- c) Commercial policies / policy matters
- d) Training & Development
- e) Computerization/E-Commerce.

## CHAPTER I

### PURCHASE OBJECTIVES, FUNCTIONS AND ORGANISATION

#### 1. Objectives.

1.1 The fundamental principle of procurement function is to ensure

- a) Efficiency, economy and transparency
- b) Competition wherever it is non-proprietary, non-licensor procurement and non-customer nominated source.

1.2 The purchase procedure outlined in this manual aims to fulfill the following objectives:

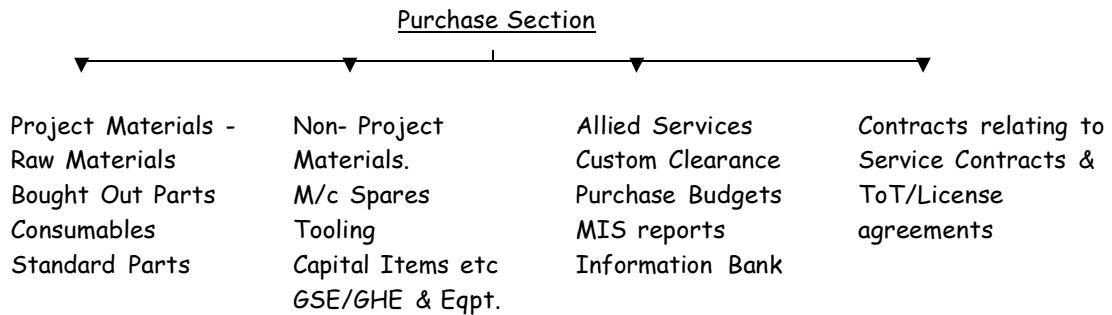
- a) To ensure uninterrupted/ timely flow of materials, equipment & services of goods of required quality to meet and support production plans and other requirements of internal and external customers.
- b) To buy competitively and wisely authorized supplies to desired specifications from approved / reliable sources at the available reasonable prices within the time schedule to support production plans and other requirements.
- c) To ensure that fair open and uniform purchase practices are followed to develop healthy and long term relationship with suppliers and to foster the commercial and technological interest of NAeL in the local, national and international market.
- d) To ensure timely formulation and commitment of purchase budget, including foreign exchange requirements.
- e) To serve as information center on materials knowledge prices, sources of supply, specifications etc. to all other departments.
- f) To ensure that investment made on inventory is at an optimum level and continuously strive for reduction in material costs, Capital costs and Overhead expenses. Develop sources of supply to maintain competition and sustained supplies.
- g) Training of purchase personnel in the latest techniques of Materials Management.
- h) To keep management apprised of the likely shortfalls in purchase performance by introducing appropriate reporting systems with a view to seek management's intervention in time.
- i) To adhere to commercial procedures & maintain cannons of financial propriety to safeguard economic, legal and other interests of NAeL. Commercial procedures cover the Purchase Manual as well as guidelines issued by way of Materials Management Circulars/ CVC guidelines/ MoD instructions etc. from time to time
- j) Maintain and improve the quality of materials procured. Lay emphasis on Quality Management.

1.3 Purchase Functions : Purchase Department is responsible for the following functions:

- a) Creation of a comprehensive and regularly updated directory of selected reliable vendors and exchange the same with HAL (PARENT COMPANY) to expand sources of supply.
- b) Maintenance of vendor evaluation and rating records.
- c) Carry out Market surveys with a view to establishing / developing new reliable and better sources of supply and keep updated with information on latest products / developments.
- d) Analysing bids / offers for decision-making by the Competent authority.
- e) Arranging negotiations with Vendors, when necessary.
- f) Issue of Purchase Orders in time.
- g) Follow-up of Purchase Orders till the arrival of materials and acceptance at destination and to ensure after sales service during warranty and post-warranty periods.
- h) To finalize the required rate contracts/ Long Term Agreements for regular stock items.
- i) To work out periodically procurement lead time for various categories of items from international and local markets and advise the same to user departments so, that they take timely action in initiating purchase requests. Maintaining a library of product catalogues and manufacturers/ distributor's price lists etc.
- j) Maintaining a library of product catalogues and manufacturers/Distributor's price lists etc.
- k) Maintaining up to date information regarding sales tax, excise and custom duty-rates etc.
- l) Submit MIS reports and other periodic returns.
- m) Entering into service contracts in line with the DoP.
- n) Entering into Transit Insurance agreements for goods in transit.
- o) Finalisation of Commercial Terms & Condition and operation of licence agreements in coordination with project/production engineering.
- p) To ensure that objectives of purchase are realized.
- q) To be alert about and responsive to the changes in production programme and change in requirements of material.
- r) Ensure timely payments to suppliers.

## 1.4 PURCHASE ORGANISATION

- 1.4.1 The Purchase Department shall be organised, depending on the work load at the Company in such a manner as to efficiently discharge the functions set out at para above.



- 14.2 Integration of the purchase function with other functions of materials management like planning, stores, transit etc at an appropriate level shall be based upon needs of the Company. An optimum balance between having as much centralization as possible and as much de-centralization as necessary will be implemented.
- 14.3 DoP defines the categories of procurements as "Goods", "Works" and "Services". Purchase Procedure is applicable for procurement of "Goods" and "Services".

## CHAPTER II

### CLASSIFICATION OF MATERIALS

2.1 For efficient purchasing, it is necessary that the relevant classifications of materials are properly understood, so that suitable purchasing methods may be adopted for the purchases in question. Broadly, the following classifications are pertinent to NAeL purchases:

#### 2.2 Capital Equipment

2.2.1 Capital equipment consists of machine tools, plant, office equipment, workshop / office furniture, vehicles etc. The requirements of capital items for the Company are sanctioned by the Board in the annual purchase budget. The Planning/Facility Department, in consultation with the Purchase Department, should draw up a detailed plan to meet the commitments.

2.2.2 Capital purchase requests are to be raised by the User Deptt / authorised officer / representative and on approval the same to be provided to Commercial.

2.2.3 A detailed procedure for Capital Procurement is given in Chapter VII.

#### 2.3 Direct Project Material/ Production Material

Direct Project Materials or Production Materials are those which form part of the end product and are either directly consumed in production/ Overhaul or are required for supply against indents/ RMS order/ Customers' orders. These are raw materials, consumables, components, spares and accessories, castings and forgings etc., which go into the manufacture / repair / overhaul of Aircraft / Engine and other Systems/ end products. The bulk of the production materials in the aircraft industry falls in the category of bonded / aero materials and is required to be purchased only from approved sources. (Refer Chapter III). Such stores are required to be covered by Release Note / Airworthiness certificate or any other document as prescribed by Quality, bearing the signature of an approved inspection authority. The requirement of production material is linked with production programme of the Company and Material Purchase Requests are to be raised by Material Planning/ Control Department.

#### 2.4 Overhead Materials/ Commercial Materials

All other types of materials which are not directly used in production but are required for the production process/ or functioning of the organisation are classified as overhead materials/ commercial materials. Such materials fall under two main categories:

2.4.1 Stock Items: These are regular consumption items where stock levels are maintained and procurement initiated based on re-order levels. Such items are required to be stocked for issue as and when required.

2.4.2 Non-stock Items: Demand for such items arise based on specific requirements of user departments as per – Material Purchase Requisition (MPR) raised by user departments and the same shall be got approved as per DoP. In such cases approved MPR to be provided by Indenting Department to Purchase Department for procurement. Such materials will generally be issued to respective users immediately upon receipt against MR.



#### 2.4.3 Tool and Gauges -

The material purchase request for these items shall originate from Tool Planning Department. This category of items includes hand tools, standard / special cutting tools, measuring gauges, jigs, fixtures, grinding wheels and honing stones. Quality and volume of production largely depends on timely supply of accurate tools and precision gauges. It is, therefore necessary that dealings are restricted to only reliable sources which should be approved after visiting the manufacturers, facilities and surveying their processes and quality assurance methods, financial soundness and commercial standing. MPRs for non-standard tools shall be approved as per DoP.

#### 2.4.4 Maintenance Spares Including Vehicle Spares

The supply of Maintenance spares is vital to keep the factory's capital equipment / machine tools / plant in serviceable condition. At the time of selecting plant and equipment, special care shall be taken to study in detail the after - sales services offered by the Supplier and Plant Maintenance Department shall undertake VED analysis in order to restrict purchases only to inescapable insurance items. Commonly available spares of general nature, like belts, bearings, lamp filaments etc. shall not be purchased in bulk and attempts shall be made to establish local reliable sources and where possible rate contracts shall also be finalised so that plant maintenance can avail of these facilities directly avoiding delay. Materials purchase Requests for these items shall be raised by Plant Maintenance Department. Head of Maintenance or his authorised representative to give approved MPRs to Commercial. The list shall be reviewed by Maintenance at least once in a year.

#### 2.4.5 Civil Engineering Requirements

- a. Material Purchase Requests for items of Civil Works like steel, Cement, Pipes, Sand, Bricks, Sanitary items etc. will be raised by Civil maintenance and approved by competent authority for provisioning as per DOP.
- b. Civil items of emergent nature may be purchased by Civil department directly through Imprest purchase, as given under heading "Imprest Purchases" in Chapter 6.
- c. Other Civil items of emergent nature/ small quantity/ occasional requirement may be purchased by forming Local purchase committee through Spot tendering. Local purchase committee will have representatives of Civil, Commercial and Finance.

#### 2.4.6 Welfare Items.

- a. HR Department shall raise Material Purchase Requests and approved as per competent authority for provisioning as per DoP for welfare items such as uniforms, personal utility items and requirement for running the canteen services etc.
- b. Generally non - provisioning / non - receipt of welfare items in time can create industrial unrest. Therefore, their timely availability even on short notice needs to be ensured. Welfare items of emergent nature may be purchased by HR department directly through Imprest purchase, as given under heading "Imprest Purchases" in Chapter 6.
- c. Other Welfare items of emergent nature/ small quantity/ occasional requirement may be purchased by forming Local purchase committee through Spot tendering. Local Purchase

committee will have representatives of HR, Commercial and Finance.

#### 2.4.7 Miscellaneous

In respect of items which are not covered above Material Purchase Requests shall be raised by the head of the user department as per the delegation of powers.

2.4.8 All Non Project stock's items MPRs will be raised by Store dept. and certified by user dept for qty and specification & any specific sources and approved by competent authority for provisioning as per DoP. Wherever more than one user department are involved, consolidated requirement to be certified by Stores Department.

#### 2.4.9 Services:

- a) "Services" will mean any subject matter of procurement other the "Goods" or "Works" and includes all Outsourced services such as Hiring & Maintenance of Transport, Canteen, Repair/AMC/Calibration of Machinery /Equipment/GSE/GHE/Computer including Medical & Office equipment, Repair of furniture, Operation & Maintenance Contracts, Performance Base Maintenance, Repair/Overhaul of Aircraft/Engines LRUs / Rotables outside NAeL, engagement of agency for recruitment of personnel, Freight Forwarder, IT implementation/support, Printing, Publication, Laundry, Binder or any other activities not covered under the "Works" as per Works Manual and the definition of "Works" as given in the DoP. For "Services" purchase procedure will apply. The guiding principle will be for Maintenance of Assets, the procedure i.e., Purchase or works, which is applicable for acquiring the subject assets will also be applicable for maintenance of such assets. After award of the contract by the Purchase Department, the monitoring of the execution / completion of the contract along with required certification and other technical and statutory compliance shall be the responsibility of the Indenting / User Department. Services involving deployment of Man power for full time will not be covered under Purchase Procedure. This will have to be covered under the category of Works Procedures e.g. AMC for machine maintenance, IT hardware maintenance, work packages involving full time deployment of manpower within the factory / office premises.
- b) User / Indenting Dept. responsible for various procurements are as indicated in Annexure-01.

#### 2.4.10 Approval for MPRs / CPRs:

MPRs / CPRs raised by various groups as identified above has to be coordinated by finance and approved for provisioning as specified in DoP by the user / indenter.

## CHAPTER III

### MARKET EXPLORATION AND SOURCE SELECTION

3.1 The main objective of the Purchase Department is timely procurement and supply of material to the indenting departments. Non-receipt of materials ahead of time would be a burden on the cash flow of the Company and add to inventory carrying costs. It is therefore important that right source is contacted. To achieve this aim Company should carry out intensive market survey and prepare a register/ Database of Approved Suppliers. The following procedure shall be followed in respect of market survey, source selection and registration of suppliers.

3.2 Market exploration, Vendor sourcing and registration of approved suppliers shall be the responsibility of the Head of the Commercial Department. For regular reference the Company shall maintain the list of approved suppliers in the format as prescribed (Annexure-02). Such database will be readily reproducible or printable as follows:

The vendor directory is required to be maintained with category and sub-categories of goods / services for which the vendor has been registered. This would help in selecting the correct supplier for sending enquiry for different categories of goods / services.

(a) Product wise suppliers with category/sub-category b) Alphabetically listed suppliers

3.3 The Company shall utilize the database of parent company NAeL for widening their source of supplies.

a) The databases shall be regularly updated, once in two years. It is recommended to have Press Advertisement once in every two years for Non-Project materials. Whenever a new vendor is approved, the details to be hosted in NAeL website on monthly basis.

b) A separate list of items proprietary in nature with details of vendor to be maintained by the Company and to be updated.

c) It is suggested to have a separate cell under commercial for the above.

#### 3.4 Vendor Sourcing

3.4.1 Potential Vendors will be identified from one or more of the following sources:

a) Design Documents:

- a. Proprietary sources as specified in the aeronautical products design documents.
- b. Sources identified in TOT agreements.

b) Published Sources:

A number of sources may be identified from published sources. The following is a representative list and not limited to-

- i) Vendor Directories
  - a. Kompass
  - b. ABC Inventory
  - c. Jane's Directory
  - d. SBAC
  - e. Gifas
  - f. World Aviation Directory
  - g. Internet and On-line Directories like ILS (Inventory Locator Service) etc.
  - h. Thomas's Register
  - i. Directory of Indian Industries
  
- ii) Industry Sources
  - a. Industry associations
  - b. Trade associations
  - c. Trade papers, Journals and Purchase Magazines
  - d. Professional Associations
  - e. Industry Buyer's Guides
  - f. Various Aeronautical Magazines
  - g. Sources from various embassies of foreign countries/ Indian Embassies in foreign Countries and Trade Consulates.
  - h. Classified telephone directories
  - i. Manufacturers' catalogs, sales literature and self-introductory letters.
  
- iii) Random Sources
  - a. Trade and Product Shows
  - b. Sources suggested by known, qualified agencies
  - c. Customer nominated sources/Customer web portal of approved vendor.
  - d. Responses received against regular open tenders.
  - e. Through pre-qualification advertisements issued by the Company.
  
- iv) Others:
  - a. Sources identified and approved by parent company NAeL.
  - b. Compendium of Registered Firms for Aeronautical Stores approved by DGAQA, DTD&P (Air), Ministry of Defence, and firms approved by DGCA.
  - c. OEM Sources identified from the information/ labels/ part numbering on products supplied by non-OEMs.
  - d. Converting OEM's part numbers to MIL standard or other aviation standards part numbers and identifying sources of supply.
  - e. OEM authorized distributors /stockist
  - f. Mill approved stockist.
  - g. OEM registered with the Federal Services for Military - Technical Co-operation (FSMTC, Russia)/ Ex-CIS Government.
  
- c) While vendor directory is required to be hosted on NAeL website.

- 3.4.2 Format as per Annexure-03 shall be used for suggestions to include a Vendor in the Directory. This form may be filled up by anyone in the concerned departments including Commercial.

### 3.5 Vendor Registration

- 3.5.1 NAeL may issue an advertisement for registration of suppliers in Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in). The advertisement is also be hosted in the NAeL's website. The advertisement should indicate NAeL web address from where the application can be downloaded/uploaded.
- 3.5.2 Firms who seek registration on their own may also be considered for registration. A party who has been registered as a Supplier / in any of the Divisions of HAL shall be considered for registration as approved supplier by NAeL for similar items of the same class / nature without resorting to the formality of application and scrutiny. Necessary records may be called for from the Division of HAL who have registered them. At any point of time during the validity of vendor registration if it has come to the knowledge of the Company, any change in the information with reference to the details provided at the time of registration, the same needs to be updated and/or independent verification by the Company may be carried out if considered necessary.
- 3.5.3 Firms seeking registration will be responsible for disclosing complete and correct information. Once registered, they will also be responsible for sending information updates on their own, within one month of any changes.
- 3.5.4 Firms desirous of registration shall be issued with Form at Annexure-04 (in case of indigenous suppliers) or Form at Annexure-05 in case of Foreign OEMs. Annexure-06 for stockist/distributors. The forms shall be issued free of cost. Though, as per the registration form, details of three years are being sought, the same should not be considered as eligibility criteria for registration as an approved vendor. In case vendors who are new or furnishing data for one to two years, depending upon commencement of their business/ establishment of facilities, committee may decide on merits for registration of the vendor considering their facilities and expertise.
- 3.5.5 It is observed that some of the manufacturers of repute / public sector undertakings normally do not apply for formal registration. In such cases, Commercial Deptt shall send the applicable form to prospective Vendors, informing them of NAeL's intentions to include their name on the approved supplier list and gather details about their products/ capabilities/ financial standing etc. Such firms may be registered with exceptions also (to be recorded) upon specific approval of Head of Company, even if they have not furnished the full details but they are considered potential vendors based on past transactions/ reputation of organization/ brand image/ leading position in market etc.
- 3.5.6 Vendors registered in other Defence PSUs will be considered as Deemed Registered. This Deemed Registration will enable the vendors to participate in all future tenders of NAeL for similar category of goods/services subject to fulfillment of other eligibility criteria indicated in the RFQ. However, Company shall ensure that procurement of material / Services are generally availed from vendors who have GST registration No.

### 3.6 a) Design Development

Press advertisements to be issued with broad scope of work, qualification requirements and the criteria of selection spelt out besides sending requests to known and likely source and source that hold current approval from CEMILAC/DGAQA for design and development. The press advertisement needs to be considered with full details/documentation available at

NAeL's Website.

b) Indigenisation: Source Selection

- i. If the value of procurement for next 5 years is more than Rs. 2 lakhs per annum but less than Rs. 10 lakhs/per annum, then the vendor can be chosen from indigenization compendium of HAL, sources prescribed in para-3.4 subject to meeting the qualifications requirement, with minimum of 3 vendors.
- ii. Press advertisement to be called for the value more than Rs. 10 lakhs per annum.
- iii. On single source basis for value upto Rs. 2 lakhs per annum.

**3.7** Based on above, a list of approved Vendors, identified for a product or a class of product, shall be prepared after taking into consideration their capabilities, capacity and other factors as given at next para.

**3.8** Approval

3.8.1 Registration of Vendors will be done based on recommendations of a committee consisting of representatives from Finance, Quality Control, Commercial, and, User Department where ever applicable. The committee shall consider one or more of following criteria :

- a. The Vendor is called up in Design Documents/ ToT agreement/ Technical documents of particular aeronautical product.
- b. The Vendor for Aeronautical items shall have necessary authorization to supply such items.
- c. Technical capability and production capacity
- d. Financial soundness / stability
- e. Quality assurance
- f. Past performance.
- g. Reputation of supplier's product
- h. After-sales service organisation and depth of service i.Details of major customers

3.8.2 The committee may obtain requisite details from concerned vendors to arrive at their recommendations. If required, the committee may visit/ inspect the works / business premises of the suppliers applying for registration.

3.9 It is to be ensured that the Vendor possesses the necessary professional, technical, financial and managerial resources and competence required. In case of stockist / distributors of proprietary items document evidencing OEM's authorization to be made available. In case of items of common use or standard specification items the information of stockist / distributors available in the OEM's web portal / catalogues can be considered.

3.10 The suggested parameters for scrutiny of application forms submitted by vendors shall be as per the format (Annexure-04, 05, 06):

3.10.1 In case of stockist /distributors of foreign OEMs located in foreign country, credentials to be established through information obtained vide Annexure-06. If required, credential to be established by a team visiting the stockist / distributors.

- 3.10.2 Based on the findings and recommendations of the committee, Head of Commercial Deptt shall recommend the vendor/s to CEO for formal approval with initial period for five years. After Head of Company's approval the vendor shall be allocated a registration number and advised the registration number allotted to them.
- 3.10.3 Vendors shall be allotted a registration number in format as prescribed. Commercial Dept. should re-register the vendors over a block of five years by obtaining information afresh as per vendor registration requirement, and update the records.
- 3.10.4 At any point of time during the validity of vendor registration if it has come to the knowledge of the Company any change in the information with reference to the details provided at the time of registration the same need to be verified and updated.
- 3.10.5 A concerted effort shall be made to update the vendor directory with detailed category of items against each vendor. This will help in selecting right vendors for tendering and to obtain competitive offers.
- 3.11 Removal of firm's name from the approved list
- 3.11.1 A firm/vendor may be removed from the list of approved suppliers, if on account of its performance or other disabilities, it is no longer considered fit to remain on the approved list. Orders, removing a firm/ vendor from the list of approved suppliers, will not be endorsed to Agencies/ Depts. other than NAeL.
- 3.11.2 A firm's name may be removed from the approved suppliers' list for one or more of the following reasons:
- a. Failing or neglecting to quote in response to invitation to tender for 10 successive enquiries, for their range of products.
  - b. Failing to execute the contract / order to NAeL's satisfaction, except in case of Force Majeure Conditions.
  - c. Failing to abide by the agreed terms and conditions under which contract was signed or purchase order placed.
  - d. Making a false declaration to NAeL.
  - e. Failure to meet Quality standards or when concerned Aeronautical Authorities have withdrawn, or denied renewal of, approval of the Vendor as supplier of aeronautical stores.
  - f. Scoring a vendor rating of less than 50 consecutively for over last 3 years.
  - g. When the required technical staff or equipment is no longer available or there is a change in the production line.
  - h. The firm is declared bankrupt or insolvent.
  - i. The Directors or officers of the firm are convicted of any criminal offence
  - j. The retention of the firm's name in the list of approved suppliers is not in public interest.
  - k. Any other reasons, which might disable the supplier from satisfactorily performing the execution of likely contracts or purchase orders.
  - l. Using corrupt or unfair means to gain advantage.
  - m. Recommendation of Vigilance duly approved and by an officer not below the rank of CEO of the Company.
- 3.11.3 Head of Commercial shall recommend removal of the firm from the Approved Suppliers List for any of the above reasons. In such a case an opportunity for representation by the vendor to be given to response within a time period of 10 working days. The firm's name shall be deleted from the vendor directory after obtaining CEO's approval in case the vendor

fails to provide justifiable reason for continuation. Orders removing a firm from the list of approved suppliers shall be communicated to it together with reasons thereof. Such an order shall also be endorsed to other Companies for their information and caution.

3.11.4 The firm shall not be considered for fresh registration for a minimum period of one year or for such extended period(s) as may be considered appropriate by CEO, based on Commercial's recommendations. Once removed, the name of a firm may not be restored on the approved list unless it satisfies the normal registration requirements and the competent authority is satisfied that the firm should be re-registered for which clear speaking orders must be attached by the Competent Authority. During such period(s), offers received from such firms against open tender shall not be considered.

3.11.5 If at any stage it is revealed that the proprietor or any of the partners of the firm whose name has been deleted from the approved list is a working partner in any other firm registered with NAEI or has managed to get the deleted firm registered with a new name, the name(s) of such firm(s) shall be deemed as deleted from the approved supplier's list.

### 3.12 Suspension

3.12.1 Suspension of business may be ordered where, pending full enquiry into the allegations, if it is considered undesirable that business with the firm should continue. Such an order may be passed: -

- a. If the firm is suspected to be of doubtful loyalty to India;
- b. If the Central Bureau of Investigation or any other investigating agency recommends such a course in respect of a case under investigation; and
- c. If the Company/ Ministry/ MoD is prima facie of the view that the firm is guilty of an offence involving moral turpitude in relation to business dealings which, if established, would result in business dealings with it being banned.

3.12.2 An order of suspension shall be passed by the Head of the Company. During suspension period, vendor will continue to execute the existing orders. No fresh enquiry needs to be issued to the vendor during suspension period by the Company.

3.12.3 Such an order shall also be endorsed to other Companies for their information and caution. Copy to be marked to CVO for information.

### 3.13 Banning of Business Dealings with Firms

3.13.1 Banning of business dealings with a firm shall be of two types:

- a) Banning by one Complex/Company including its attached and subordinate offices.
- b) Banning by the Company/ Ministry including their attached and subordinate offices.

#### 3.13.2 Banning of one Company

- a) An order of first type for banning business dealings with a firm shall be passed by CEO.
- b) Such an order may be passed in cases where the offence is not considered serious



enough to merit a banning order of the second type, but, at the same time, an order removing the name of the firm from the list of approved suppliers is not considered adequate.

- c) It shall be passed for a specified period.
- d) It shall be extended to allied firms also.
- e) It shall be circulated to all offices of the company for information and caution. However, the order shall cover all the attached/ subordinate offices, of the Company issuing the order.
- f) No contract of any kind whatsoever shall be placed with a banned firm including its allied firms by the Company issuing the order and its attached and subordinate offices after the issue of banning order. Contracts concluded before the issue of the banning order shall, however, not be affected by the banning order.

### 3.13.3 BANNING BY THE COMPANY/ MINISTRIES

An order for banning business dealings with a firm implies that all Departments/ Offices of the company are forbidden from dealing with that firm and its allied firms also.

#### 3.13.3.1 The grounds on which banning may be ordered are: -

- a. Government Order to that effect
- b. If security considerations including question of loyalty to the State so warrant
- c. If the proprietor of the firm, any of its partners or the Company itself is convicted by a court of law following prosecution by the Central Bureau of investigation or under normal process of law for offences involving moral turpitude in relation to business dealings
- d. If there is strong Justification for believing that the proprietor or employee, or representative of the firm has been guilty of malpractices such as bribery, corruption, fraud substitution of tenders, interpolation, misrepresentation/ misinformation/ poor or substandard quality of work/ evasion or habitual default in payment of any tax levied by law
- e. Gross negligence or default in dealing with NAeL enquiry/ Purchase Order.
- f. If the firm continuously refuses to return Company (Corporate Office, Complex/Company) dues without showing adequate cause, and is satisfied that this is not due to a reasonable dispute, which would attract proceedings in arbitration or court of law.
- g. If the firm/party employ a company servant, dismissed/ removed on account of corruption, or employs a non-official convicted for an offence involving corruption or abetment of such an offence, in a position where he could corrupt Company servants,
- h. If at any stage, it is discovered by the NAeL that a person, whose company/firm had been banned dealings earlier and again enters NAeL with a new/different name of his company or as a partner of another company,

3.13.3.2 The banning if required to be introduced at instance of requirement of Company of NAeL at company level, detailed reasons along with justification and recommendation to be forwarded through Complex Office to C.O. Commercial.

3.13.3.3 Such an order shall be endorsed to and automatically implemented by all of the company/ Complex/Company/Departments including their attached and subordinate offices.

3.13.3.4 A banning order shall specify

- a. The specific Period (permanent if required) for which it will be effective; and
- b. The names of all the partners, directors etc. of the firm and its allied concerns.

3.13.3.5 No contract of any kind whatsoever shall be placed with a banned firm, including its allied firms by all Departments/offices of the Company after the issue of a banning order. Contracts concluded before the issue of the banning order shall, however, not be affected by the banning order. Even in cases of risk purchase, no contract should be placed on a banned firm.

3.13.3.6 A banning order will be circulated to all Departments / offices. Copy to be marked to CVO for information.

3.13.3.7 Orders for banning a firm shall be passed by Chief of Commercial with approval of CEO, with a provision to appeal to Chairman. Banning and suspension orders shall be classified as "CONFIDENTIAL".

#### 3.14 Revocation of Orders for Banning/ Suspension of a Firm

- a) Suspension : Duration of suspension can be for a minimum period of 6 months and a maximum period of 2 years except for condition in 3.14.1 & 3.14.2.
- b) Banning : Duration of Banning for a minimum period of 2 years can be extended after review for additional period of 2 years or permanent if required except for condition in 3.14.1 & 3.14.2

3.14.1 An order for banning/suspension passed for a certain specified period shall be deemed to have been automatically revoked on the expiry of that specified period and it will not be necessary to issue a specific formal order of revocation, except that an order of suspension/banning passed on account of doubtful loyalty or security consideration shall continue to remain in force until it is specifically revoked.

3.14.2 An order of banning on grounds of conviction by Court of Law may be revoked if, in respect of the same facts, the accused has been wholly exonerated by a court of law.

3.14.3 Under exceptional circumstances, the authority (who has approved the suspension/banning) may on a review; revoke a banning/ suspension order if it is of the opinion that the disability already suffered is adequate in the circumstances of the case. Revocation order must be unambiguous and very clear.

#### 3.15 Communication to Firms regarding removal from registration / suspension/banning:

The decision regarding removal from Registration/ Suspension/Banning of business dealings taken after the issue of a show cause notice and consideration of representation, if any, in reply thereto should be communicated to the firm concerned. However, in the case of suspension of Business due to the reasons mentioned at para 3.11, the same will be communicated to the firm only if firm approaches the authorities seeking the reasons for suspension.

### 3.16 Review of Suspension / Banning Order :

The Complex/ Company, who originally suspended/ banned the firm or recommended for suspension/banning may, on representation or appeal from the firm or for any other well founded reasons, review and recommend revocation of banning/ suspension orders, for approval by the same authority who has originally approved the suspension/ banning.

### 3.17 Maintenance of Up-To-Date List of Firms issued with suspension/ Banning :

All the Company / Offices shall be responsible for keeping an up-to-date list of firms against whom orders of suspension/banning have been issued. Corporate Office (Commercial) will issue amendments to the "Directory of Firms with whom Business Dealings have been Banned" as and when additions/ deletions to the same take place. The directory of banned firms should be centrally accessible.

### 3.18 Definitions

- a. Firm: the term 'firm', used in the above para includes an individual or person, a company, a co-operative society, a Hindu undivided family and an association or body of persons, whether incorporated or not, engaged in trade or business.
- b. Proprietor: This term includes directors of a private limited company, members of a Hindu undivided family, a member of an association of persons and a Director of a Public Limited Company.
- c. Allied Firm: All concerns, which come within the sphere of effective influence of the banned/ suspended firms, shall be treated as allied firms. In determining this, the following factors may be taken into consideration:
  - i. Whether the management is common;
  - ii. Majority interest in the management is held by the partners or directors of banned/ suspended firm;
  - iii. Substantial or majority shares are owned by the banned/ suspended firm and by virtue of this, it has a controlling voice.

## CHAPTER IV

### **ASSESSMENT AND AUTHORISATION OF REQUIREMENTS FOR PURCHASE AND SCRUTINY**

#### 4.1 Purchase Request :

All purchase requirements are to be properly assessed and are to be formally authorised by the competent authority as per the delegation of powers in force. The provisioning of the stores needs to be done with utmost care taking into account the available stock, outstanding dues / supplies, the past consumption pattern, average life of the equipment/spares. The requirements also need to be consolidated so as to get the most competitive and best prices. Purchase request to be raised if practicable by grouping similar type of items. The requirement can also be consolidated vendor-wise taking into consideration the annual requirement. Any MPR which is issued for an item for a particular project in less than 6 months from the previous MPR for the same item under the same project will amount to splitting unless the same is necessitated due to additional orders received in the interim period or increase in production plan. Procurement for production hold up or AOG requirement is not considered as splitting. The requirements should not be bifurcated / split, without valid reasons or to avoid approval from higher authorities. Draft Supplementary Agreements (DSAs) negotiated against different indents/MPRs, if processed separately, shall not be considered as splitting. No purchase action is to be initiated without a valid written request. Purchase requests shall be raised as per details given below:

- a. MATERIAL PURCHASE REQUEST (MPR): Form Annexure-07 shall be used by indenting departments for all revenue items. MPR for Project Materials should accompany with Material adequacy statement / review sheet based on Production Programme /task (includes manufacturing and ROH programme). The bill of material certified by Production Engineering and amended from time to time is the base document. In respect of Repair /Overhaul programme for the Mandatory /Non mandatory spares along with P-factor to be certified by Production Engineering. For recurring requirements efforts should be made for entering into LTBA's/LTRA's. However where MoQ / Standard package size is involved the same can be considered.
- b. CAPITAL PURCHASE REQUEST (CPR): Form Annexure-08 shall be raised by the Head of Planning or any other officer/representative specifically authorised for purchasing the sanctioned capital equipment.
- c. URGENT PURCHASE REQUEST (UPR) : Form Annexure-09 shall be used.
- d. PETTY PURCHASE REQUEST UPTO Rs. 15000 (PPR): Form Annexure-10 shall be used.

#### 4.2 Estimates :

As the estimated rate is a vital element in establishing the reasonableness of prices, it is important that the same is worked out in a realistic and objective manner on the basis of prevailing market rates, last purchase Prices, economic indices for the raw material/labour, other input costs, wherever applicable and assessment based on Engineering estimates, intrinsic value etc. Preparation of estimated rates by merely extrapolating the last purchase price or by applying a uniform yearly compounded escalation over previous

price may not be sufficient. It should be ensured that the estimates are not accessible to outside agencies. Estimates which are more than one year old or where there is a drastic change in the market can be revised before the bid opening (technical bid in case of two bid system) with the approval of CEO where CFA for provisioning is CEO. Estimate once made shall not be revised after opening of commercial bids. In case it is found that due to assumptions adopted that estimates are not realistic, the same shall be brought to the notice of CEO at the time of approval of the purchase proposal.

#### **4.3 Purchase Committee (PC) / Material Provisioning Committee (MPC):**

PC/MPC meetings should be held regularly at the Company, at least once every week, with all members present. CEO may review/issue necessary directives to ensure compliance. The PC/MPC to be chaired by CEO with Head of Planning, Head of Finance, Head of Quality, Head of Design liaison, Head of Commercial as members and Head of Purchase as member secretary for PC and Head of Material Planning / user for MPC. Other members can be co-opted on need basis.

- 4.3.1 Secretary of the meetings (normally Head of Commercial/ his representative) shall ensure that Indenting Sections/ Material Planning have given all required documents like specifications, drawings, list of probable vendors in case of MPRs and copies of RFQ, Quote, comparative statement and other documents as prescribed by the "Purchase Proposal Formats" are available for discussion during the meetings of PC/ MPC. As per Chapter-II, various departments are authorized to raise the MPRs covering their requirements, and all such departments should ensure their MPRs are prepared on above lines and presented to MPC at the scheduled meetings for review / discussion / approval.
- 4.3.2 PC/MPC shall always refer to "adequacy Statement" prepared by Indenting Section, in accordance with enclosed format, and submitted with every proposal.
- 4.3.4 Formal minutes of every meeting recording MPRs/ PO proposals discussed, the discussions held and decision taken in each case, shall be issued by the secretary of the PC / MPC.
- 4.3.5 Approval by circulation shall be resorted to, only in exceptional cases, where the MPR/ Proposal cannot wait for next meeting to take place. In such cases, the movement of Proposal/ MPR shall be by hand.

#### **4.4 Registration of Purchase Requests**

All Purchase Requests shall be centrally registered in the Purchase Department in the Purchase Request Progression Register/ Database.

#### **4.5 Scrutiny of Purchase Requests**

- 4.5.1 Purchase requests are to be scrutinized preferably within 2 working days of their receipt by the concerned officer.
- 4.5.2 Scrutiny of purchase requisitions shall cover the following points:
  - a. Description of Part No., Code No., Specification, Quantity, etc., indicated appears to be correct.
  - b. Catalogue number is given against each item wherever required.

- c. Drawings, wherever applicable, are enclosed in sufficient number of sets.
- d. In case of repeat purchase, last purchase price, and source of supply is mentioned.
- e. Delivery requested is realistic.
- f. Price estimate is realistic and the basis of preparation is kept in record.
- g. Purchase request for imported capital items is supported with technical justification for import and catalogues / pamphlets describing the machine tools.
- h. CPR shall also make reference to item serial No. in the Capital Budget.
- i. The officer after scrutiny shall endorse clearly the tendering mode on the purchase requisition and send the same to purchase assistant for further progression.

#### **4.6 Provisioning for Repair Overhaul of Aircraft/Engine Components & Test equipments:**

- a) Ist time repair Overhaul (RoH): The charges for repair / overhaul are known only after OEM / or licensor examines the items. In such cases, the items can be despatched to the vendor on 'zero value' Purchase Order based on provisioning approval by CEO.
- b) Subsequent arisings of ROH: Un serviceable LRUs / Rotables / other items can be consolidated based on the estimate and previous ROH charges. Approval of CEO for provisioning is to be taken. Item can be dispatched to OEM / Licensors on Zero value PO.
- c) Amendment of the PO after receipt of repair charge will be approved by CEO as per DoP.
- d) Long Term Repair Agreement: Attempt should be made based on firm & forecast repair arising for next 3 - 5 years. LTRA can be entered with OEM & licensors.
- e) Item can also be repaired through OEM approved Repair Centers. In case of availability of more than one such centre, limited tendering procedure to be followed.

## CHAPTER V

### PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE

5.1 Tendering method should be flexible enough to accommodate different procurement methods. The most transparent method is to allow all the potential suppliers to participate in the tendering process without limitations. However limited tendering is justifiable wherever it is not feasible or efficient to consider and evaluate large number of potential suppliers. The limited tendering should be equally transparent and to be conducted in accordance with the procedures laid down in this manual. Selection of suppliers for tendering should ensure that items planned for procurement is in the supply range of the bidders. Procurement of non-project material through Proprietary / single tendering could be used only in exceptional circumstances since the selection criteria for suppliers are not available. Once in every two years review of the items procured on proprietary/single tender to be made and the scope for competition to be explored. A Committee needs to be constituted with the approval of CEO to carry out the review.

5.2 Purchase Enquiry:

The invitation to tender and instructions at enquiry stage are an important step as the vendor's offer is based upon these instructions. Any ill-conceived, indifferent and incomplete action at this stage will result in unnecessary delays, increase in paper work and rush purchases. The enquiry shall be carefully prepared indicating requirements in clear terms. Some suggested Conditions of Tender for inland and foreign enquiries are placed at Annexure-11 and Annexure-12 respectively.

I. Specification :

- a. The enquiry/ tender shall indicate full description and specifications of the required material. The user department to ensure that :
  - i. The specification should be such to meet the essential needs.
  - ii) To the extent practicable the specification should be objective, functional, generic and measurable.
  - iii) The specification should spell out the relevant technical, quality and performance related parameters.
- b. Drawings, wherever available, shall be sent along with the enquiry / tender.
- c. Enquiry / Tender must be invited to standard specifications as far as possible. Under no circumstances, terminology such as 'best quality', 'commercial quality' or 'as per previous supply' etc. shall be used. Wherever applicable and available a technical specification shall be in conformance with national/international standards.
- d. Where the specification cannot ensure required quality standard and there are prominent makes of such items in the market, if so considered appropriate, the makes / catalogue numbers of more than one manufacturer (not less than three) can be indicated along with the specifications. The makes / catalogue numbers, brand and models should be finalized by a Committee comprising of User and Planning with approval of CEO.

- e. In case where no drawing is available and which cannot be correctly described, a sample is to be shown to the vendors or they may be requested to submit their sample. The specific need of making trial/sample testing and other additional methods of technical evaluation of the offer shall be clearly mentioned in the tender documents. RFQ should have a clause for submission of samples along with the quotation (technical bid in case of two bid) wherever samples are required for evaluation. Samples should be submitted by the bidders on or before the due date and time of the tender failing which the offer will not be considered.
- f. In case of procurement of Capital equipment, Technical Committee will be responsible for preparing, finalizing and approving the technical specification of equipment, following the procedure as per para-7.10.
- g. Any change to specifications recommended after tendering shall be approved by the same committee/ authority that approved the specifications originally. Such changes will be notified in the same manner as the original tendering was done.
- h. Post tender (after opening of bids) changes in the technical specification, in case of competitive bidding, are not acceptable. In case the change in specification required then the same need to be justified and retendering action may be taken.

## II. Others

- a. In cases where NAeL reserves the option to supply material, the firms may be asked to give alternative offers with their own supply of materials and with NAeL supplied material.
- b. Indent Delivery Date:
- c. Delivery expected shall be realistic and specifically indicated. (Words like "Urgent" / "Immediate" etc are to be avoided). In order to meet the project requirement, it would be prudent to incorporate an acceptable range of delivery period with the stipulation that no credit will be given for earlier deliveries and offers with delivery beyond the acceptable range could be considered at discretion of NAeL.
- d. In case quantity required is not readily marketed, Minimum Order Quantity stipulation shall be requested in the tender enquiry. In case of raw materials and other such specific items where exact qty. cannot be supplied qty. tolerance of  $\pm 10\%$  for supply can be considered.
- e. Clauses relating to Earnest money, if called for, Delivery Schedule, Payment terms, Performance/Warranty Bank Guarantee, Pre-despatch inspection, Arbitration, Liquidated Damages/Penalty for the delayed supplies and Risk-purchase etc. must be incorporated in the bid/ enquiry documents. The mandatory, desirable or other conditions to be clearly specified in the bid documents. Clearly indicating that the offers not fulfilling the mandatory conditions shall be liable for rejections and the offers in variance to desirable condition shall be considered but with corresponding loading, in tender evaluation. All non priced evaluation should be objective and quantifiable and indicated in the tender document. Wherever applicable relative weight to be attached to each criterion should specified in the tender.
- f. Tender document should indicate whether the quote to be offered by the vendor is fixed price quote or escalation if any will be acceptable. Price escalation provisions are



not necessary in simple contract involving delivery of goods within 18 months. The tender document for contracts for longer duration may include price escalation.

- g. Bid received in different currencies should be converted to a single currency stated in the tender. The criteria for conversion of different currencies to single currency to be spelt out in the tender. The currency of payment and terms & method of payment to be spelt in the tender. Tender document should also specify if alternative payment method and terms are allowable and how this effect bid evaluation.
- h. All requests for quotations/ tender enquiry must specify "Last Date for submission of Quotes". The tender must also state "Tenders received after due date and time shall not be opened and shall not be considered." This should be prominently mentioned in the tender enquiry. In all cases of Open/Limited Tendering, in addition to specifying Date, Time & Place of opening of Tenders in the tender documents, the Tender shall make a specific mention that "Tenders shall be opened on stipulated date & time in presence of the intending Bidders and that Bidders or his authorised representative may attend the Tender Opening.
- i. A clause in the tender/ enquiry shall be included stating that NAeL will not be responsible for the loss or delay in receipt of tender documents/ tender in transit and NAeL reserves the right to reject Late / incomplete tenders.
- j. The exemptions/relaxations applicable to MSMEs / Start-ups should be specified in the tender notice (in line with prevailing / current Govt. directives). MSEs Public Procurement Policy 2012 is placed at Annexure-17. For definition & guidelines about startups, gazette notification no. 113 dt. 17th Feb 2016 from Ministry of Commerce and Industry, may be referred (and as amended from time to time). Wherever RFQ stipulates qualification / eligibility criteria to be met by bidders such as prior experience and/or prior turnover, the criterion shall be relaxed w.r.t to all startups and MSEs subject to meeting of quality and technical specifications stipulated in the tender. Also vendor shall furnish documentary proof for being MSEs/Startup as stipulated by the Ministry. However, for procurement of items related to public safety, health, critical security operations and equipments etc., where vendors with prior experience are preferred rather than giving orders to new entities, in such cases, wherever adequate justification exists, prior experience/turnover criteria to start-ups and MSEs may not be relaxed. Incase user / indenting department calls for qualification / eligibility criteria, accordingly RFQ shall stipulates the above clause.
- k. The RFQ/enquiry should indicate that bidders shall be required to submit bids/offers directly to NAeL either through post/courier/drop in tender box in sealed cover with clear marking of bidders' details. Response received, without bearing the bidder address not to be entertained. This does not apply to e-Tenders.
- l. Tender document / enquiry should specify the name of the Bank with respect to adoption of exchange rate for commercial evaluation purpose.
- m. Commercial evaluation criteria should be mentioned in RFQ/enquiry.
- n. Evaluation criteria whether on "package basis" or "line item basis" to be indicated in the tender based on recommendation of the User Department. In case the criterion is not spelt out in the tender then the evaluation will be on the line item basis.

- o. Option of seeking offers with or without High Sea sales provision if applicable to the particular procurement to be indicated in the RFQ. (Guidelines for High Sea sales and draft agreement is placed at Annexure-13). Supplier needs to provide / disclose the name and address of the OEM / Foreign Supplier to NAeL prior to supply. The goods to be Custom cleared and delivered on FOR NAeL Company basis by the supplier.
- p. Applicability of the taxes (GST etc) should be explicitly to be indicated by the vendor in his response either in percentage or in absolute terms. In the absence of this input the offer would be considered all inclusive. RFP should incorporate the above appropriately.
- q. No criteria or procedure other than those mentioned in the tender documents can be used in evaluation of tenders.
- r. Canvassing by tenderers in any form, including unsolicited letters on tenders submitted or post tender corrections shall render their tenders liable for summary rejection.
- s. A clause in the RFQ needs to be included indicating, in case of limited, single, proprietary tender, the tender received from authorized dealer / distributor / channel partner to whom RFQ was not sent, will not be accepted, if the tender is not accompanied with the authorization letter from the vendor to whom RFQ / tender enquiry was issued.
- t. While evaluating the bids covering a longer period (more than one year), the quoted prices pertaining to second year onwards (beyond 12 months from the last date for submission of bids), i.e. cash outflow from NAeL to the Vendor/Contractor/Service provider from 13<sup>th</sup> month onwards are to be discounted to the net present value (NPV) as per the procedure defined in Annexure-28 for comparing the bids on equitable basis and deciding the lowest evaluated responsive bid.
- u. Import Content: in case the item / product offered by Indian vendor has import content, then the value of import content shall be indicated in the quotation (in FE / INR as the case may be).
- v) Date of reckoning of Exchange rate variation:  
If the products/items/materials quoted by the Indian vendors involves import content, then the value of import content needs to be indicated in the offer (in FE). Further, vendor should indicate whether Exchange Rate Variation(ERV) is applicable on the FE content declared by the vendor. If ERV is applicable, ERV reckoning date shall be the last date of submission of commercial bids (i.e. due date of the tender).  
  
For purpose of making ERV payment, actual value of import (to be supported by BOE, etc) or declared value of import in bidders quote whichever is lower to be considered for calculation of ERV based on TT selling rate on the date of BOE.  
  
Exchange rate variation on the higher side, shall be paid by the NAeL and similarly any exchange rate variation on lower side i.e. price reduction, to be passed on to NAeL.
- w) While procuring furniture, where ever feasible, the option of buyback of used / old furniture by the vendors may be considered. Accordingly, the RFQ need to be framed.
- x) The system of hiring items like photocopiers on lease basis, with payment on per copy basis may be explored prior to initiating procurement action for the equipment.

5.2.1 Source Selection: In order to ensure that enquiries are sent to the right sources, the Purchase Groups shall use the Approved Supplier's List both for imported and indigenous purchases besides sources suggested by user / indenting department. Sources suggested by user / indenting department should be in the registered list of sources. It shall be the responsibility of the Head of Commercial Department to ensure periodical updating

of this list.

- 5.2.2 To generate adequate competition, it is necessary that sufficient number of sources is addressed. For this purpose, a system of calling tenders by giving equal opportunity to all approved suppliers should be followed.
- 5.2.3 The selection of vendors, communication details like postal address, E-mail ID, Fax No, Contact Person etc of RFQ with standard terms and conditions should be duly approved by Officer handling the respective procurement not below the rank of Asst. Manager, where CFA is CEO and the cases of procurement which require approval by Chairman / Board should be approved by Head of Commercial. RFQs for ToT / Co-development / Co-production programmes should be prepared by a Committee comprising of Project Planning, Commercial, Finance and other members as approved by the CEO.
- 5.2.4 Mode of Dispatch of Enquiry: Proof of dispatch of Enquiries to the prospective bidders must be placed in the respective purchase file. Depending upon mode of dispatch of enquiry, it could be Certificate of registration (dispatch by post), or Courier's receipt, or Fax Transmission record or a receipt acknowledgement or E-mail confirmation or E-Tender report. For this purpose, Central Registry shall be instructed to maintain separate folios for dispatch of each tender enquiry, paste the postal registration slips and forward to Commercial so as to file in the respective purchase files. This applies to normal mode of tender and not for e-tender.
- 5.2.5 Enquiries by E-mail may be resorted to only after having ensured that system provides for confirmation regarding dispatch of enquiries.
- 5.2.6 In case of purchases of highly technical stores, where, although technical requirements are fully established, specifications of the stores to be purchased are not defined to the last detail and there exists possibility of offer of alternative systems meeting the technical requirements listed in the enquiry, two-bid system shall be followed.
- 5.2.7 Two Bid System: In this system, the firms are requested to give two separate offers, both in sealed covers. Both the offers will be exactly the same, except the offer No. 1 will have all prices / rates/ values blanked out and will be called TECHNICAL Bid. The offer No. 2 will be PRICE Bid having the prices/rates. Each bid will be put in separate sealed covers, each marked with the Tender number, due date and as TECHNICAL Bid or PRICE Bid as the case may be. Both the sealed covers will be put in a single cover, which will be again sealed and super scribed with tender number and due date.
- 5.2.8 In order to ensure that the invitation to bid is extended only to those who have the capability, pre qualification of bidders can be considered if required. Tenders are issued only to pre qualified bidders.
- 5.2.9 On the opening date, only the Technical Bids are opened in the presence of representatives of the firms, who have quoted and choose to be present.
- 5.2.10 The offer No. 2 (PRICE Bid) will be opened only after the Technical Bids are technically evaluated. The Price Bids of only those firms, whose technical bids are found to be technically acceptable, will be opened with due notice to be present for the opening, if they choose to. However, when only one offer is found technically acceptable, this Price Bid may be opened without calling Firm's rep. for tender opening, so that the concerned firm will not get the information that only their offer is technically acceptable which may affect possible negotiations if required.

- 5.2.11 Firms which have not been accepted by Technical Committee shall be intimated of rejection along with the return of unopened price bid after placement of order.
- 5.2.12 For ensuring that only competent and financially sound parties are invited to quote in the case of time bound programme or for entering into long term rate contracts, the enquiry shall clearly spell out the basis on which parties offering their services will be selected and short listed for participating in the subsequent price tendering.
- 5.2.13 Tender Enquiry must clearly ask for Vendor's ability to arrange export License from his Govt and supply goods to India, in case an order is placed.
- 5.2.14 In general a period of three weeks for indigenous sources and four weeks for foreign sources may be given for submission of quotations. except, in cases of recorded emergent requirements/ proprietary/single tender, wherein also, a reasonable time should be permitted and tenders should be sent by faster means like speed post/ fax/ e- mail, after taking approval of Head of Commercial with recorded reasons.
- 5.2.15 The tender will be given free of cost.
- 5.3(I) Earnest Money: The primary objective of submission of Earnest Money Deposit is to establish the earnestness of the bidder so that he does not withdraw, impair or modify the offer within the validity of the bid. It also helps in restricting, if not eliminating 'speculative', 'frivolous' or 'wait and see' bids.

EMD is applicable in case of open tendering. Submission of EMD is exempted in the following cases:

- a) Proprietary/Single/Limited Tender
- b) Procurement of Project materials like Aircraft systems / raw materials and services.
- c) Design & Development Projects

However, based on the technical complexity, Project lead time, etc., NAeL may consider inclusion of EMD clause on case to case basis with the approval of CEO for Sl. No. (b) & (c) above.

In other cases where ever EMD is applicable, relaxation of conditions relating to EMD, for reasons to be justified, approval of competent authority as per DOP should be obtained based on merits of each case, prior to invitation of bid. The terms & conditions, where EMD has been asked, should clearly stipulate that the offers without Earnest Money Deposit would be considered as unresponsive and rejected.

5.3.1. The following guidelines may be observed while calling for EMD -

- a. Earnest Money Deposit (EMD) shall be specified in all cases of Open Tender.
- b. The EMD to be charged shall be a fixed amount, based on estimated value of stores as follows:

Estimated value of Tendered Equipment	EMD value in INR
Less than Rs. 10 Lakhs	nil
Rs. 10 - 25 Lakhs	20000
Rs. 25 - 50 Lakhs	40000
Rs. 50 - 100 Lakhs	75000
Rs. 100 - 250 Lakhs	175000
Rs. 250 Lakhs and above	300000

In case of foreign bidder, EMD to be submitted in any freely convertible currency of amount equivalent to the above EMD value.

- Minor variation (upto 5% of the stipulated amount) in the amount received due to reasons like; Exchange rate variation, Bank Charges etc. may be accepted at the discretion of Tender opening Committee.
  - Whenever EMD is submitted by bidder in Foreign Currency, received amount in the same currency shall be returned to the unsuccessful bidder.
  - Variation beyond 5% may be accepted with the approval of CEO with appropriate justification. (TT selling rate to be referred for such foreign currency exchange rate).
- c. For tenders of the value of rupees ten lakh or less, EMD need not be called for.
- d. The tender documents/ Notice inviting Tenders must clearly specify:
- i) The form in which EMD shall be acceptable (DD/Bankers Cheque/Pay order/Bank Guarantee). In case, EMD has been specified to be deposited in DD only, no other form of EMD should be accepted. In case EMD is specified as Bank Guarantee, the same is to be submitted in the form of irrevocable Bank Guarantee from the scheduled Banks (or, in case of foreign suppliers, from Bank of International Repute) valid for 28 days beyond the validity of the Bid. The EMD can also be paid through WIRE / SWIFT transfer, the proof of which shall accompany the bidder's offer.
  - ii) EMD needs to be submitted by participating bidder . However, the EMD remittance document, either in Indian currency or any other convertible currency of the specified amount, can be arranged by the Indian subsidiary/branch office in India of a foreign bidder which shall be submitted along with a certificate confirming the relationship of subsidiary/branch office in the bidder's offer. Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form shall be summarily rejected.
  - iii) That in case of two Bid system, EMD should be submitted along with Technical Bid/ Offer. EMD in original form will only be acceptable. Copies of EMD documents/instruments in Technical Bid not acceptable.
  - iv) In case technical bid does not contain original instrument towards EMD, offer will be considered as unresponsive and rejected.  
(In case pre qualification bid has been sought separately, in that case EMD should be called for in the original form along with pre qualification bid, instead of technical bid).
  - v) That, Vendors exempted from submission of EMD as per Govt. of India directives must submit certified copy of GOI's authority for such exemption in lieu of EMD.
  - vi) EMD will not carry any interest for the period it is retained with NAeL. EMD shall be forfeited if a tenderer withdraws, amends, impairs, and/or derogates from tender within validity.
  - vii) The Bidders should indicate the reference & details of submission of EMD in their technical offer. In case of e-tender, the EMD in the form of hard copy in original to be sent by post / courier / personal delivery to reach the concerned Company prior to the scheduled closing time for the tender. The copy of such documents/office should attach in the technical bid of the e-tender. In case the EMD document does not reach tender issuing authority by the time of closing of the tender, the offer will not be considered for evaluation. In case WIRE/SWIFT transfers the transaction code is to be mentioned in the technical

bid.

- e. EMD received along with tenders should be forwarded to the Finance Deptt within 3 working days of the opening of the Tenders with the details of the participating firms.
- f. EMD furnished by the successful bidder may be appropriated for security deposit or Performance Guarantee for the warranty period.
- g. Proper record of submission of EMD by vendors and its refund to be maintained and monitored.
- h. In respect of tenders issued where evaluation is on package basis, EMD to be received should be as per the value specified in the tender document. In case of tender where evaluation is on line item basis, the EMD applicable will be in accordance with the value quoted by the vendor. For this purpose, applicable EMD (as per para 5.3.1.b) for various values to be included in the tender document.
- i. Approval of Head of Company to be obtained for forfeiture or encashment of Bank Guarantee towards EMD with the recorded reasons.

5.3.2 Return of EMD: The EMD of unsuccessful parties should be refunded preferably within 15 working days from the date of order acceptance by the successful bidder. In case of re-tendering, EMD shall be refunded to all the vendors preferably within seven working days time from the date of approval for re-tendering. However, if re-tender is resorted due to withdrawal of L1 bidder, then EMD to the L1 bidder will not be refunded. It is to be ensured that the unopened price bid of unsuccessful bidders (i.e. technically not accepted offer) also to be returned along with the EMD.

5.3.2.1 Concerned department processing the tender duly concurred by Finance department shall maintain a proper record having details of EMDs submitted by the parties, & its refund / return and to monitor outstanding cases of non-refund / return of EMDs. Suggested format is placed at Reference-2. Record should primarily be maintained electronically and payments (dues in/out) be recorded in similar means.

#### 5.3 (II) Security Deposit:

- a. Security Deposit: Bidders will be required to submit the Security Deposit equivalent to 5% of the total value excluding taxes (If taxes and duties quoted separately otherwise total order value quoted) of the order within 15 days of issuance of purchase order by way of Demand Draft or Bank Guarantee in a prescribed format of NAeL from a scheduled Bank in India/Bank of International repute (for foreign vendors) which shall be valid up to 60 days after the completion of contract period / last supply. Security Deposit will bear no interest. In case the supply order / contract is not executed to the entire satisfaction of NAeL the Security Deposit will be forfeited besides initiation of risk purchase action. In case any claims or any other contract obligations (related to supplies excluding warranty) are outstanding, the bidder shall be required to extend the Security Deposit as required till such time the vendor settles all claims and complete such obligations.

The Security Deposit required to be obtained from the successful bidders for the procurement of following category of items:

- i. Capital items: Capital items of estimated value more than Rs. OneCr.
- ii. Services: Services procurement is through open tender.
- iii. Design, Development Projects: Estimated Value more than Rs. One Cr.

- b. Security Deposit will not be necessary for procurement or availing of services from Licensor / OEM / proprietary vendors and other Public Sector Undertaking. However, Indemnity Bond needs to be obtained of the equivalent amount from Public Sector Undertakings while procurement of items of as indicated at para-a above.
- c. Loading factor of 5% shall be considered while preparing Price Comparative Statement for bidders who have not agreed for submission of Security Deposit. This needs to be stipulated in the RFQ. In case loading factor has been considered in the CSQ due to non submission of security deposit, in such case approval for waiver is not required. However, this needs to be brought in the Purchase Proposal.
- d. Approval of Head of Company to be obtained for forfeiture or encashment of Bank Guarantee (BG) towards security deposit with the recorded reasons.

### 5.3 (III) Performance Bank Guarantee :

- a) Vendor shall furnish a Performance Bank Guarantee as per NAeL's format for 10% of the order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid up to end of the warranty period from a scheduled bank in India / Bank of International repute (for foreign vendor) from the date of acceptance / commissioning or otherwise equivalent amount shall be retained till completion of warranty period and other obligation of Purchase Order / contract.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the PBG to be sought on the composite value (including taxes & duties)

- b) i) Performance Bank Guarantee is applicable for Capital items and Design & Development orders, having estimated value more than Rs. 50 lakhs. Company may decide for incorporation performance bank guarantee requirement in case of estimated value less than Rs. 50 lakhs based on type of item.  
ii) For Design & Developmental, based on the technical complexity, Project lead time, etc., NAeL may consider for inclusion of Performance Bank Guarantee clause on case to case basis with the approval of CEO.
- c) In case vendor does not agree for Performance Bank Guarantee / retention of equivalent amount, the offer should be summarily rejected.
- d) Approval Of CEO to be obtained for forfeiture or encashment of Performance Bank Guarantee (PBG) with the recorded reasons.

### 5.4 Modes of Tendering

#### 5.4.1 Open Tendering

Open Tendering is the most preferred method to be followed. Open tendering is a system whereby even non-registered vendors are free to participate and allowed to quote against the tender advertised in Central Public Procurement Portal (CPPP). In case the procurement is intended to be on global basis then the tender to be advertised in the Indian Trade Journal/Indian Export Service Bulletin (IESB). In addition, copies of the tender documents may be made available to the Indian Embassies in potential vendor countries abroad for issuing to the tenderers besides making the documents available to the Trade Commissioners of Foreign Embassies in India as well as Indian embassies abroad. In open tendering all the known and possible sources for the supply of the particular material are made aware of the requirements by sending to them a copy of the Advertisement. The advertisement is also to

be hoisted in the NAeL's website.

Further, the complete tender documents should be posted on NAeL's Website & on CPPP till the date of opening of tenders. The advertisement should indicate NAeL web address from where the tender documents can be downloaded.

However, in case Nil response to a tender in the first instance and press advertisement is necessary for tendering, the same can be issued with the approval of respective authority as per CO Guidelines, as applicable. Even ab-initio, if it is considered press advertisement necessary for tendering, the same can be issued with the approval CEO, as applicable.

- a) The complete bid documents along with application form shall be published on NAeL web site. It should be ensured that, there is no necessity for prospective bidders to ask/ obtain some other related documents from the department manually for participation in the tender process i.e. all documents up to date are and remain available as equally legally valid for participation in the tender process as manual documents obtained from the department through manual process. Part Drawings, Lofts or quality documentation, which form part of tender documents but cannot be placed on web site, for reasons to be recorded, must be approved by CEO. A mention of such documents must be made on the web site notice and intending bidders be asked to obtain documents by a written request, by post/ by hand, before a specified date.
- b) The complete bid document should be available on the web site, till last date of submission of tenders, for purposes of downloading.
- c) Request for proposals for non-lethal items (i.e. items not connected with any warfare) will also be published on MoD Website [www.mod.nic.in](http://www.mod.nic.in) as well as Public Procurement Portal.
- d) The web site address must be given in the advertisement/ Notice Inviting Tender (NIT) published in the Central Public Procurement Portal (CPPP) at [www.eprocure.gov.in](http://www.eprocure.gov.in) along with e-mail address of the Office.
- e) In case, it is considered necessary to charge for the tender document downloaded from the computer then the bidding party may be asked on the Web-site to pay the amount by draft/ cheques etc. at the time of submission of the bid documents.

5.4.2 This system is not mandatory for purchase of production items from already approved / proprietary / developed sources and also where Licence Agreements / Long Term Contracts are in force besides such other items where prices are controlled / administered by the Government.

5.4.3 The open tender method as indicated above is adopted for all tenders whose estimated value is as per DoP for this mode of tendering. However, due to special circumstances of the purchase, for valid reasons to be recorded, the open tender procedure may be waived and limited tenders issued with prior approval of the Head of Company except in case of Plant and Machinery.

5.4.4 Tenders may be issued free of cost to Trade Commissioners of foreign countries, Govt. Undertaking, firms registered with DGS & D, DGTD, NSIC, Director (SSI) and ancillaries attached to other PSUs.

5.4.5 Open Tender method may also be followed in two stage tendering (refer para-5.12).

5.4.6 If considered necessary by the Indenter / User, a pre-qualification process can be followed through open tendering and invite bid from pre-qualified vendor.



5.4.7 Web Tender : Company can choose to host Tenders for non-project materials and services in NAeL website for tender value less than Rupees Fifty Lakhs if considered necessary, without press advertisement. Such tenders are also considered as open tender. The potential registered vendors shall also be communicated for their participation besides hosting in NAeL web-site for information.

5.5 Pre Qualification of Bidders :

In Open and Global Tendering Pre Qualification requirement for participating in the tender may be called for depending upon the requirement. This is to ensure that the invitation to bid is extended only to those who have adequate capabilities and resources. The pre qualification criteria, performance criteria and evaluation criteria should be spelt out in the tender document and these criteria should be objective and measurable including relevant general and specific experience, financial position.

5.6 Limited Tender

5.6.1 In limited tender, the likely and all suitable sources based on website search or market surveys, if so required and included in Vendor Directory, are addressed. The vendor directory should be periodically updated based on the vendor rating. The acknowledgement for receipt of tender enquiry is to be obtained if it is sent through Registered Post/Courier/Fax. In case of email, the tender enquires should seek the receipt of delivery of the mail while sending the mail or self generated automatic delivery report may also be considered.

5.6.2 In respect of limited tender procurement the number of sources to be considered is as per the following table :

Estimated value less than Rs. 5 lakhs	Five sources
Estimated value between Rs. 5 lakhs to 15 lakhs	Seven sources or registered sources whichever is less but not less than five
Estimated value between Rs. 15 lakhs to 50 lakhs	Ten sources or registered sources whichever is less but not less than five
Estimated value above Rs. 50 lakhs	All registered sources but not less than five

For this purpose, a system of calling tenders by rotation giving equal opportunity to all approved suppliers, other things, like rating etc., being equal, should be followed. Where the number of available sources of supply is less than five, the number of suppliers to be addressed may be reduced with the approval of the Head of the Company based on estimated cost.

5.6.3 It is mandatory to include the name of last supplier unless the performance in terms of delivery, quality etc has been recorded unsatisfactory or the objective of tendering is to seek parallel source.

5.6.4 The requirement of insurance cover such as Marine Insurance, Product Liability Insurance, Asset Insurance, Director Liability Insurance and other insurance shall only be tendered to Public Sector/Govt. Companies on limited tender basis.

5.6.5 For non-project materials where the estimated value is less than 5 lakhs, where registered sources are less than 5 in those cases Limited Tender can include unregistered sources based on Market survey / information available.

In case, if any, unregistered vendor participates and becomes L1 vendor against Limited tender, the order can be placed. In such case, vendor needs to be persuaded for registration

before next round tendering. In case the registration exercise is not completed for next round of tendering, prior approval of CEO to be obtained for inclusion of that unregistered vendor.

## 5.7 Proprietary Tender

5.7.1 An item is called proprietary in nature for which

- a) The requirement is for specific item and where no equivalent or near equivalent is available from any other source and/or all possible sources for the items quote only for the product of same manufacturer.
- b) Procurement from OEM/Licensor/Collaborator or vendor, sources listed by OEM/Licensor (other than agent/middle men).
- c) sources as per Design/Licensor document,
- d) product specifically developed by NAeL from the vendors through limited/open tender
- e) Items standardized by NAeL

5.7.2 Procurement of spares (including consumables like Cartridges/Tonnors etc. for Printers/Xerox/Fax machines) required for compatible with the existing equipment from OEM and procurement from manufacturer retail outlet/authorized distributors for an item of proprietary nature will also be covered under proprietary procurement. However, enquiry may be sent to number of out lets / distributors to facilitate procurement at best price, terms & conditions, unless OEM has nominated one of them for NAeL supplies.

5.7.3 For this tendering, Proprietary Certificate (Annexure-14) needs to accompany MPR. Proprietary certificate shall be signed by the competent provisioning authority as per DOP.

5.7.4 Purchases of spares, components, accessories, and other items used in the repair/overhaul of aircraft should be sourced as much as possible from Original Equipment Manufacturers (OEM) i.e. the primary suppliers to the Licensors or from the licensors themselves.

5.7.5 Items are selected / developed for Aircraft / Engine / Accessories at the Designs stage, based on specific technical requirement, tested and proved on the aircraft / engine / accessories and are certified for further use. The certification procedure generally takes 3 to 5 years. Selection of Vendors, in these cases, is done at the Design stage which is generally carried out through competitive bidding from multiple vendors. Having finalized the design of Aircraft / Engine / Accessories, these items are to be necessarily purchased from the same source on proprietary basis for subsequent serial production. Change in the source would require considerable investments in time and money and calls for extensive trials and recertification on Aircraft / Engine / Accessories.

5.7.6 Procurement from proprietary sources will not be considered as sourcing against single tender.

5.7.7 Vendor developed by NAeL through limited / open tender taking into consideration anticipated requirement of the project/ programme is considered as proprietary procurement. However, the developed source shall continue to be

proprietary for any further requirement beyond that anticipated.

## 5.8 Licensor /License Agreements

- 5.8.1 Tender is addressed to only Licensor/Licensor nominated sources, and designated sources based on inter Governmental Agreements and General Contracts approved by Government of India.
- 5.8.2 In case of License Manufacture, the licensors document invariably indicates the details of items and the specific OEMs / vendors from whom these items are to be procured.
- 5.8.3 Procurement from Licensor nominated sources will be treated as proprietary.

## 5.9 Single Tender

- 5.9.1 When the purchase is finalised on the basis of an offer from a single source is called a 'Single Tender Purchase'. It needs to be recognised that the competition is totally eliminated and the possibility of paying higher prices cannot be ruled out. It is imperative that the purchase on Single tender basis be made with the detailed justification in its support and with the approval of Competent Authority, including associated finance. In a number of cases, the specifications prepared are copied from a manufacturer's catalogue in such a detail as to exclude competition and result in a single source purchase. The specifications of the equipment need to be prepared in such manner as to give very essential requirements leaving other parameters as "desirable" or "preferred"
- 5.9.2 Occasions where single tender can be made are as given below :
  - a. When market research reveals that there is only one known reliable source of supply.
  - b. When the management in the interest of real long term economy and quality assurance and assured service standards of delivery etc. standardizes on a particular brand / make (like Shoes, Khaki drill from reputed manufacturers, Gauges from a reputed manufacturer etc.).
  - c. If after market survey, there is a single party ready to undertake the risk of provisioning / development of item required and the value of order is such that it is not economical to develop alternative sources of supply.
  - d. The manufacturer / Government has canalised the supply only through a single source.
  - e. The item is known to be in short supply and its stocks happen to be available only with one source at the time of purchase.
  - f. Purchase of items of common use which are available at more or less at standard prices from fair price shops, super bazars, retail chains.
  - g. Purchase from Government, PSU, Semi-Government, Co-operative undertakings and Welfare organizations.
  - h. Urgent / emergent requirement to meet the immediate needs which cannot be catered within the required time lines by engaging any other method of procurement.
  - i. Purchase of standard specification items of small quantities

- j. NAeL's Customer has specified in writing the specific item to be purchased from a specific source and the need has been originated by the customer.
  - k. Procurement of items from licensor / customer to take advantage of their long term agreement Pricing with their suppliers / where quantity to be procured are small and less than the minimum order value or order quantity suppliers willing to supply.
  - l. Vendors currently approved by NAeL even though not developed through limited / open tender would continue to be included until new source is developed through normal tendering process.
- 5.9.3 As far as possible offers shall be invited from the manufacturers / their authorized Distributor/stockist of repute.

#### 5.9.4 Single Tender (Nomination basis)

Single Tender (Nomination) refers to a case where a purchase enquiry is sent to only one source without calling for tender even though other sources may be available, due to various reasons. Some of the single tender cases are procurement from Joint Venture companies promoted by NAeL, sources specifically nominated by name by the customer. (If more than one source is nominated by Customers, limited tender will be followed) and procurement of strategic material from indigenized sources.

- 5.9.5 Tender enquires should be sent with the approval of CEO.  
The following requirement should be complied for approval of proposals on Single Tender (nomination basis):
- a) Reasons for not resorting to Open/Limited tender to be recorded in writing.
  - b) Justification to be provided on proposed source for price reasonability.
  - c) Pre Audit by System Audit for cases exceeding Rs.10 Lakhs each.
  - d) Quarterly Report on order placed on Single Tender basis be submitted to the Board as per CVC guidelines.

- 5.9.6 Items sourced on single tender/ single tender (Nomination basis) are to be reviewed by Company once in two years to explore additional sources including indigenous development.

#### 5.10 Spot Tendering

- 5.10.1 Spot tendering is to be resorted to i.Meet emergent requirements.
- ii. Procure limited quantities of readily available commercial off-the-shelf goods that are not specifically produced to a particular description and there is an established market Standard specification items of small value
  - iii. Procurement of items required for office consumption and shop consumables.
  - iv. Physical services that are readily available in the market
  - v. Procurement of goods or services for emergent repairs

- 5.10.2 A Purchase Committee comprises of officers / nominated representative by HOD in case officer is not available from the Purchase, Finance and the User Department accompanied by an Inspection Officer / representative, where necessary, shall proceed to the market and obtain spot offers from at least three vendors after physically verifying and inspecting the goods. The committee will be required to survey the market to ascertain the reasonableness of rates, quality and specification & identifying the supplier.
- 5.10.3 Prior approval from Company head is required for resorting to purchase through spot tendering and constitution of the committee. Approval for placement of order will be as per DOP provisions under limited tender with more than one offer.
- 5.10.4 The purchase under this tendering is limited to Rupees one lakh on each occasion. However, it is to be ensured that requirement is not split in any circumstances with the objective of circumventing of limit of Rs. one lakh.
- 5.10.5 Procurement on selection basis: Spot tendering procedure can be followed where there are varieties of makes / Products are available in the market and purchase is required to be made on selection basis. Office furniture, Consumer Durables, Standard Electronic and Electrical equipment's, Goods of common use, medical equipment's, Uniform material and sanitary / cleaning items / items of common use etc. are examples of items which would fall under this category. The committee constituted, after carrying out market survey would obtain spot offer and recommend the item that meet the requirement. Purchase order will be processed only for the item recommended by the committee as per the Delegation of power applicable for limited or single tender.
- 5.10.6 The purchase under this procurement on selection basis limited to Rupees five lakhs each occasion.
- 5.11 Procurement from Customer Nominated Source:
- This mode of single source procurement is resorted to from a specific source nominated by name in writing by the customer. The following shall be taken care of while resorting to this mode of purchase:
- a. Procurement from customer nominated source can be resorted to only in case the purchase order/contract with the customer provides for such nomination by the customer. The same shall be regulated in the following manner.
  - b. Reference of specific part numbers in the contract entered with customer should not be considered as basis for tendering on single source other than for airborne system.
  - c. In case of other than airborne system, customer to be consulted for acceptance of equivalent system / item also so as to resort to competitive mode of tendering. In case the customer still insists for a particular make, the same may be purchased as a customer nominated procurement.
  - d. When the customer has amended the contract so as to incorporate a specific item along with increase in contract price to compensate NAeL towards increase in procurement cost included in the contract due to procurement from single source/brand without competition.
  - e. In case the nominated vendor quotes unreasonable price / Terms and conditions and does

not agree for reduction and waiving of unreasonable conditions, the Company should take up the matter with the customer for their concurrence to accept price / terms and conditions of the vendor.

- f. It should be ensured that the customer nominated source essentially originates from the customer.
- g. Procurement from customer nominated single source/licensor shall not be classified as proprietary.
- h. In absence of specific written request from customer to procure from specific source, competitive tendering to be followed.

#### 5.12 Two stage tendering -

Two stage bidding of procurement is considered under the following circumstances:

- a. It is not feasible to formulate detailed specifications or identify specific characteristics for the subject procurement without receiving inputs on technical aspects from vendors
- b. Requirement to enter into the contract for the purpose of research, experiment, study or development
- c. The vendor is expected to carry out a detailed survey or investigation and undertake a comprehensible assessment of risks, costs and obligations associated with procurement.
- d. The Two stage bidding shall include the following :
  - i. In the first stage, the bids are invited containing the technical aspects and contractual terms and conditions of the proposed procurement without price.
  - ii. The response received are evaluated through Technical evaluation committee,
  - iii. The committee may hold discussion by giving equal opportunity to all bidders to participate.
  - iv. The relevant terms and conditions are modified by addition, amendment or deletion of any specification of item under procurement or criteria for evaluation without changing the fundamental nature of the procurement.
  - v. In the second stage of bidding process, bids are invited from all those bidders whose bids are not rejected in the first stage, final bid with bid prices in response to revised set of terms and conditions

#### 5.13 Sample Selection

##### 5.13.1 Bulk Procurement

For bulk procurement of clothing and other textile items such as uniform, Sweater etc., a committee need to be constituted with the approval of CEO to collect details about such items available in the production range of the manufacturers and finalize the generic specifications including the essential and desirable parameters if so required with the involvement of an independent external domain expert from Govt. organisation, on need basis. The tendering process may be initiated with the condition that the successful bidder (s) shall submit advance sample to evaluate the offer in line with the tender requirements.

#### 5.13.2 Low Volume Procurement

However, for low volume procurement of clothing, office furnishing requirements, decorative items, utility items, mementos etc, of the value of Rs. 5 Lakhs or so, a committee constituted with the approval of CEO shall make selection of the items based on market survey. Local Purchase Committee may be assigned the role of sample selection committee also, at discretion of CEO. If more than one sample is selected, price bid for such selected samples will also be collected in the sealed cover. Such samples/offers collected with the final recommendation will be submitted for processing the proposal.

#### 5.14 Procurement from OEMs, Distributors & Stockist

- a) For procurement of LRUs / SRUs / Systems / Sub-systems and any other item taken up for procurement on proprietary basis, the RFQ would be issued to OEM/Licensor and NAeL needs to source from OEMs/ Licensor for required qty. / or LTBA requirement.

NAeL to make efforts to persuade the OEM/Licensor to submit offer directly in case OEM/Licensor do not quote and have informed in writing about appointment of dealer/distributor/ Stockist.

If OEM/Licensor still insists, then enquiries can be sent to OEM's/ Licensor's authorised dealer / distributor/ Stockist with a clause that valid authorisation from OEM/ Licensor should be submitted along with the quotation. In this regard necessary verification of credentials of Dealers / Distributors/ Stockist should be obtained from OEM/Licensor. Specific statement to this effect should necessarily form part of the proposal put up to CFA.

If OEM/ Licensor has authorised multiple distributors/dealers/Stockist then RFQ to be issued on limited tender basis to all such Distributors/dealers/ Stockist with the approval of CEO and such procurements will continue to be treated as proprietary.

Further, OEM/ Licensor may authorise their Indian partner to manufacture on their behalf under ToT / license ensuring that OEM's/ Licensor's name is included in the Product label, OEM/Licensor shall take full responsibility for quality and performance of the product as well as full product support, for life time of the Helicopter / Aircraft.

- b) As regards procurement of raw materials, electronics equipment / components, standard parts / tools / tool grips / gauges / test equipment, commercial items (e.g., IT products / accessories, office equipment, vehicles, furniture, maintenance and other spares), obsolete items etc, where more than one manufacture exists, the Company shall identify OEM and authorized Distributors / Stockist. It can also be ascertained through internet, manufacturers, Industrial, Trade directory, yellow pages etc., that the distributorship / stockist arrangement is a standard channel for all such customers and not exclusively for NAeL transactions. Further, credentials of Distributor & Stockist need to be established. In case of inability to identify OEMs, this needs to be recorded with justification.
- c) For procurement of LRUs / SRUs / Systems / Sub-systems for development programme, bids should be invited from Manufacturers following laid down tendering procedure. It is preferred that Manufacturers only should respond against the tender. In case, if any Indian Industry / Company is authorised to manufacture under License from the respective Foreign Manufacturer, such Indian Industry / Company can participate in the Tender on behalf of Foreign Manufacturer and may submit the bid along with Manufacturer's authorization letter. The bid should accompany a formal letter from Manufacturer, stating that Manufacturer will

ensure that Manufacturer's name is included in the Product label, Manufacturer shall take full responsibility for quality and performance of the product as well as full product support, for life time of the Helicopter / Aircraft, in compliance with the Terms and Conditions of the RFQ. Further, Manufacturers would also provide detailed roles & responsibility of both i.e. Manufacturer (themselves) as well as Indian Industry / Company in execution of supplies.

Indian Industry/Company shall not act as trader/distributor/reseller/agent. It should be ensured that minimum 75% of total projected requirement as per tender shall be met out of production facility of Indian Industry/Company, produced through various phases under TOT from Foreign OEM (SKD/CKD/Raw Material phase etc).

Minimum value addition by Indian Industry /Indigenized content of 40%to be ensured under Raw Material phase of production (Which can vary based on type of product and needs to be decide by NAeL prior to issue of tender and same need to be included in the tender).

In case production facility under ToT from Foreign OEM is yet to be established/under establishment in India, then a clear Road map with timelines (meeting with NAeL project requirements) for setting up of required production facilities for tendered item under ToT, for absorbing Technology from OEM, training of its staff, compliance to required quality standards, Qualification /FAI of product in India etc to be provided in bid.

- 5.15     Formats for hosting of information with regard to "Administration by leveraging technology" are placed at reference-3.

- 5.16     It is advised to use only the dedicated E-mail facility of NAeL and their official E-mail IDs for all correspondence with outside parties. IT security guidelines need to be followed.

- 5.17     Procurement for Production holdup / Customer's AOGs requirement :

In case of stock out items resulting in production hold up (to be justified with approval of head of Company) and/or items are required to meet customer's AOG requirement, a part qty. as required to meet this immediate requirement may be purchased on emergent basis with justification (reasons to be recorded in writing), following Commercial procedures. However, procurement needs to be expeditiously carried out, and if required by reducing tendering time and MPC meeting may be called, with the approval Head of Company. If circumstances warrants, single tender may also be resorted to only for quantity required for immediate production or AOG requirement.

- 5.18     Development order

In the development order where technical inputs/assistance is provided to the vendors, the Intellectual Property Rights (IPR) to be held by NAeL and for the novel IP generated in course of execution of the project under Contract/PO and where development activities are taken up at the behest of NAeL, then for retaining the IPR the inclusion of suitable clause in Conditions of Tender (Foreign) or in General Terms & Conditions of Contract (local) to be considered.

In this regard Circular No. HAL/CD/Cont/Cir/2020/1 dated 05/08/2020 on the subject IPR also refers as further guidance

- 5.19     In case of urgency, at the discretion of Head-Commercial, where the total value of an indent does not exceed Rs. 30,000. Quote may be obtained & noted telephonically (using speaker phone) from minimum 3 firms in the presence of members from Commercial, Finance & user Deptt. Subsequently, Hard copy of email/fax to be obtained and filed.



## CHAPTER VI

### PURCHASE WITHOUT TENDERING

#### 6.1.1 DGS & D RATE CONTRACT

- a) Director General of Supplies and Disposal enters into rate contracts for various items to cater to the requirement of different Govt. organisations. List of stores on rate / running contract is published by DGS & D from time to time for the use of Direct Demanding Officers (DDO). This list is available on DGS&D website (<http://dgsnd.gov.in/>).
- b) It may be mentioned that running contracts are distinct from rate contracts. Running contracts provide for guaranteed quantity to be supplied by the contractors with an agreed percentage of variation. These contracts can be operated by DGS & D only.
- c) DGS&D has introduced Government e-Marketplace (GeM) portal to facilitate online procurement of common use Goods & Services required by various Government Departments / Organisations / PSUs.

NAeL is authorized to operate rate Contract of DGS&D can place online supply orders on DGS&D e-portal / GeM (Government e-Marketplace) portal against DGS&D Rate contracts. All supply orders against DGS&D Rate contract shall be placed online to treat such transactions under the purview of DGS&D rate contract. HoDs of Offices should register themselves in the GeM as primary users. Primary users shall have access to create secondary users from Commercial, Finance & stores who are the actual buyer, paying authority & receiving authority. General Terms & Conditions of purchase of goods & services in Government E-Marketplace (GeM) would be applicable.

- d) Pending Purchase Manual amendment by Holding Company in respect of GeM Procurement, guidelines issued from time to time from Ministry, needs to be followed. The current guidelines are as follows:
  - (i) Upto Rs 25,000 through any of the available suppliers on the GeM, meeting the requisite quality, specification, availability of service centres, past experience with the OEM and delivery period etc.
  - (ii) Above Rs 25,000 through the supplier having lowest price amongst the available suppliers on the GeM, meeting the requisite quality, specification, availability of service centres, past experience with the OEM and delivery period etc.
- e) In case the items of required specification if available under DGS&D Rate contract like IT Hard ware, Material Handling Equipments, Medical Equipments etc., tendering action to be considered only after recording the justifiable reasons for not considering the procurement through DGS&D Rate Contract.

- 6.1.2 **Online purchase for R&D Projects:** Online Purchase can be exercised for components / materials (i.e. electronic items, standard parts, off the shelf materials, fasteners, spares etc.,) other than LRUs required for R&D activities, which are readily available from Online-websites of reputed suppliers (i.e. OEM websites, online portals / internet, from international / local markets, etc) on best judgement basis with administrative approval of CEO for online purchase transactions as per values defined in DOP.

If required, division may identify various sources of online reputed suppliers and empanel them for future online procurement, with the approval of the CEO.

CEO may approve for obtaining Credit Card from the Bank with credit limit not exceeding the ceiling amount specified for Online Purchase in the DoP, which can be recoupable upto a pre-fixed ceiling amount periodically on need basis.

The offers from the websites of online vendors / empanelled / approved sources to be captured by screen shot / any other mode by a team comprising of members from Commercial, Finance and User department. After ascertaining the price reasonability with reference to estimate / earlier procurement, the team will conduct the online purchase & make online payment. Operating Modalities like; receipt, acceptance, accounting, etc., may be worked out by the division. A proper separate record need to be maintained for all Transactions / Purchases made on-line.

6.2 Purchase of standard specification items and items (non-capital) of common use : (procured by common people and industries) which are available at more or less at standard prices from fair price shops, super bazars, retail chains, Government, Semi- Government, Co-operative undertakings, Khadi village industries commission, handloom units of association of cooperation and Apex Society of handloom (ACASH), welfare organization not exceeding a value of Rs one lakh limited to annual ceiling of Rs five Lakhs.

6.3 Purchase without tendering will also be applicable for procurement of news papers, journals, books, magazines, periodicals etc.

6.4. NAeL Rate Contract

6.4.1 NAeL Corporate Office also enters into Rate Contracts for items which are commonly used in NAeL. The advantages of this arrangement are:

- a) Supplier is assured of expected volume of business and hence can offer better prices.
- b) NAeL is assured of continuous supply as per requirement.
- c) Assurance of sustained quality supplies.
- d) Effective controls on inventory buildup.
- e) Purchasing cost is kept low.

6.4.2 In respect of stock items for which NAeL Corporate Office has not finalised Rate Contracts, Company shall enter into Rate Contract for as many items as possible. Suggested draft format for entering into Rate Contract is enclosed at Annexure-15.

6.4.3 Except in case of purchase of production items from already approved/ proprietary/ developed sources and where License Agreements/ Long Term Contracts are in force, Rate / Running Contracts or other long supply agreements should be entered with reliable and established sources of supply after obtaining competitive offers through Open Tender/limited tender. Where Rate / running Contracts are entered into, based on single response to open/limited tender, report of such contracts should be made to the next higher authority.

6.5 NAeL Licence Agreements

At the time of finalisation of licence agreements Purchase Agreements are also entered

which enable NAeL to procure its requirements without calling for offers. The Purchase Agreement is valid for the period of main Licence Agreement and an agreed escalation clause governs the prices applicable on supplies to NAeL.

#### 6.6 Repeat Order

6.6.1 In this case also fresh tenders are not invited. Repeat Order refers to Purchase Order placed on the previous supplier (without obtaining fresh quotations) for the same items which were ordered on the firm as a result of Open / Limited Tender. Repeat Order may be placed up to 100% of the value of the original order after placement of the original order, but within 12 months from the date of completion of the original order unless, in the mean time, further market research has disclosed a cheaper source of supply. The prices, terms and conditions of the repeat order shall be the same as that of the original order. No price negotiation shall be held. Repeat order can be placed with the approval of CEO. No Repeat order where qty is one in original order. However, the statutory levies shall be paid as applicable.

6.6.2 Repeat order (single order or multiple orders totaling to 100% value of the original order) may be placed by other Company of NAeL including the Company which has originally placed purchase order. In order to exercise the control on the total value, the repeat order should be coordinated by the Company who originally placed order to ensure sum total of value does not exceed 100% of original order.

#### 6.7 Imprest Purchase System

The Department authorized for imprest cash shall arrange for cash purchase in case of urgency - as well as other items/services of low value. Here again no formal offers are invited. The indenting officer is authorised to record reasonableness of rates and approve the purchase. The value of each item will not exceed Rs. 5000 for each case for this type of purchases. Purchase -cum-receiving report format Annexure-16 is to be used. Annual ceiling for imprest amount should be prescribed for each imprest holder, and notified by the Company with the approval of CEO.

#### 6.8 Petty Purchases

Items / services of nominal value i.e. up to Rs. 15000 in each case can be indented and procured by various departments. This request shall be approved as per DoP Purchase up to a value Rs. 15000 could be made directly from the market without issuing a formal order. Receipt of such materials will be certified by the user department on the Cash Memo for accounting purpose. No receiving report shall be raised and the value shall be charged off as expense under appropriate head. Petty Purchase Request -Annexure-10 is to be used.

#### 6.9 Online Purchasing:

Online Purchase can be made ( for values as defined in para 6.8 above for petty purchase) from online websites (such as Amazon, Flipkart etc.) on best judgement basis with prior approval of CEO. CEO may approve for obtaining credit card from the Bank with credit not exceeding the annual ceiling specified for petty purchase in the DoP. Operating modalities like; receipt, acceptance, payment, accounting etc. may be worked out by NAeL. A proper separate record need to be maintained for all Transaction/Purchases made online.



## CHAPTER VII

### TENDER RECEIPT, OPENING AND EVALUATION

7.1 Proper care in the receipt, opening and sorting out of tenders is essential to avoid any suggestion of malpractice. The instructions to the suppliers for submitting their tenders should be comprehensive and clear. Suppliers shall be notified to submit tenders in sealed covers superscribed with Tender Number and Due Date etc.

#### 7.2 Tender Box

7.2.1 A locked and sealed Tender Box must be maintained in a prominent place for all tenders received against other than Proprietary/single tender enquiry. Tenders received by Post up to the prescribed closing date and time for the tender shall essentially be dropped into the Tender Box. This procedure is not applicable for the tenders issued through e-portal.

7.2.2 Individuals bringing tenders in person should be directed to drop them in the Tender Box.

#### 7.2.3 Receipt of Tender

Unsealed tenders or tenders received without any marking on them or through Fax/E-mail which get opened like other incoming mail shall be sealed by the Office of the Head of Commercial Department and the same shall be put in the tender box maintained for the purpose. An endorsement on the cover shall be made that tender was received without marking and got opened in the mail. The original cover of the tender is to be preserved as far as possible. Unsigned Fax / Manual quotations will not be considered in Limited / Open tender. E-Mail quotation received without signature can be considered. However, E-mail quotations can be considered only after verifying quote from the vendor by way of obtaining signed quote confirmation by email. The unsigned E- mail quote is to be rejected if the bidder confirms that the bid is not submitted by him/his authorised person or no confirmation is received within the stipulated time (In one week) before forwarding bids for technical evaluation. E-mail quotations received without signature from Proprietary source, Licensor, single tender & customer nominated sources can be considered.

The procedure for receiving the quotation through Fax/E-mail shall be followed as per existing Circular dtd.10.11.2008 (Reference No.5 of Purchase Manual).

7.2.4 In case the bid documents are bulky then the name & designation of two officers either of them can receive the bid is to be mentioned in the tender document.

#### 7.3 Opening of Tenders

7.3.1 All tenders must be opened by tender opening Committee at the specified place on the date and time specified for their opening.

7.3.2 Tender Box shall be opened by the Tender opening Committee. Only tenders due on that date shall be taken out and Tender Box shall be sealed thereafter. The tender envelopes shall be initialed by them and handed over to Tender cell, who shall enter the same in a register maintained for the purpose

7.3.3 The tender opening Committee is required to ensure the following:

- a) Each page of the offer shall be initialed, dated and numbered indicating the Serial Number of the Tender vis-à-vis the total number of tenders.
- b) Any alterations in rates, additions, deletions, cutting and overwriting shall be encircled, initialed and the same should be recorded in first page in Red ink including any other observation/deficiencies observed if any.
- c) Glaring abnormalities like striking similarities in text/language format, contents etc., from different sources/firms should be recorded. Their admissibility or otherwise should be decided by due diligence by PC/MPC. The decision of PC/MPC is final.
- d) Blank space, if any, is to be crossed out and initialed.
- e) All envelopes of tenders shall be initialed and shall carry the same markings as on the tender papers.
- f) Bidders or their representative (along with authorization letter from their OEM) who submit tenders are permitted to witness the tender opening. A record of the tenderers / representative present at the tender opening should be maintained. The officer opening the tender shall read out the important particulars regarding quality, price, etc., and shall prepare an abstract of the tenders received. Offers received should not, repeat not, be circulated amongst the bidders or their representatives present. No explanation should be sought from representative of bidders during opening of Tender.
- g) No amendments to the tenders shall on any account be permitted after the due date of submission of tender.
- h) Receipt of unsigned quotations to be dealt with as per para-7.2.3.
- i) Proper Record of EMD, Integrity Pact, Authentication / Authorisation letters need to be made. On the spot consolidated statement of tenders received, opened is to be prepared and signed by the tender opening committee.
- j). Further, in case of 'Two bid' system, after opening of the technical bids, the price bids, which are to be opened subsequently, will not be kept as loose envelopes. It is to be ensured that the tender opening officer/ committee has signed on the envelopes and the envelopes are placed in a bigger envelope/ box duly sealed and signed by the tender opening officer/ committee.

7.3.4 Offers received against Proprietary Tender or tender issued to a single party may be opened before the due date at the discretion of Head of Commercial.

7.3.5 Tender opening Committee shall not open unsolicited tenders. Unsolicited are defined at Para-7.5.

7.3.6 In two bid system, only the technical bid should be opened in the first instance. Purchase department would scrutinize the bids for their acceptability in respect of conformance to signing of Integrity pact, receipt of EMD etc., before forwarding the bids for technical evaluation. If bids are not meeting the tender conditions like EMD, signing

of IP, unsolicited bids, unsigned quotes will be rejected and returned to the vendor with the reasons for such returning along with the other not qualified bids after placement of order preferably within 15 working days. Commercial bids of only technically acceptable offers should be opened only after the evaluation of technical bids and recommendation of TEC. The commercial bids of other offers which are not found to comply with technical requirements will be returned to vendors in sealed and unopened condition as received.

7.3.7 In case of the quotations in the two bid system, if party is submitting only one bid with rates and technical details / Technical and commercial bids in open condition inside one envelope only shall not be considered. Further, in case of two bid system, if bidder submit price bid / indicate pricing aspects in technical bid either in manual tender or in the e-tender, the bid will not be considered for evaluation and will be rejected.

7.3.8 Members of the tender opening committee to give an undertaking that none of them have any personal interest in the vendors participating in the tender process. Any member having interest in any Company represented by the vendor should refrain from participating in the tender opening.

#### 7.4 Tender Opening Register

Tender Opening Register shall be maintained in the Tender Cell. Tender No., type of tender, name of tenderers - whose tenders have been opened and signature of the tender opening authority shall be recorded in the register. Signatures of tenderers / authorized representative present at the time of tender opening shall also be obtained on the same page. Concerned dealing Purchase Officer shall sign while receiving the tender offers for further processing.

#### 7.5 Unsolicited Tender:

Offers submitted by vendors to whom tender enquiries were not issued. However in case of Limited tender enquiry issued to registered vendors, a tender received from the authorized dealer/ distributor/ channel partner of the registered manufacturer along with authorization letter of the manufacturer to whom the enquiry was originally issued shall not be declared as unsolicited. Response received from branch offices/marketing offices/different divisions/subsidiary of the same company to whom tender issued is not to be declared as unsolicited. Such Tenders will be considered with the approval of Head of Commercial.

#### 7.6 Late Tender:

7.6.1 Any tender received after the prescribed date and time shall be marked as late tender.

7.6.2 Any bid received by the Company after the due date specified in tender/ RFQ must be kept intact, un-opened / sealed and not considered. The same will be retained in the concerned purchase file. Quotations/ bids, which are received late through Fax, shall also be treated in the same manner.

7.6.3 In case, the tender is against "Single Tender" enquiry (Proprietary / Customer nominated), a late tender may be considered after obtaining the approval of Head of Company.

## 7.7 Postponement of Due Date

- 7.7.1 In case of Open / Limited Tenders due date shall not be postponed normally. However, in case of change in the tender terms & conditions, specifications or tender opening date etc. is to be notified to all the bidders and posted on web site (in case the original tender was also published on web site) sufficiently in advance (minimum 3 working days).
- 7.7.2 In respect of complex procurements, development programme, refurbishing of equipments etc opportunity to be given to vendors to seek clarification in respect of tender documents. The period within which the vendor can seek clarification should be specified in the tender document. A pre-bid conference may be arranged for potential bidders to seek clarification.
- 7.7.3 In the event of a query from any vendor requiring clarification, the clarification if it is applicable to be issued to all the vendors to whom the tender was floated. At this stage if it is considered that available time to respond is inadequate, the due date can be suitably extended.
- 7.7.4 The due date can also be extended, if so requested by any of the bidders, with justifiable grounds. Any bidder who has submitted his bid in response to the original invitation will have the opportunity to re-modify or resubmit as the case may be. In that case the last bid submitted or the bid as modified by the bidder will be considered for evaluation.
- 7.7.5 The postponement/extension of due date shall be made after approval from Head of Company.

## 7.8 Authority for Tender Opening

- 7.8.1 Tender opening officers/committee shall be as follows :

### Tender Value

- a) Up to Rs 15 lakhs - Asst. Manager (Commercial) & Officer(Accounts).
- b) Above Rs 15 Lakhs - Manager & above each from Commercial & Finance

- 7.8.2 "Head of Company may authorise other officers / representative of lower or higher grade for tender committee in coordination with Head of Commercial and Finance where manpower of requisite grades are not available".

## 7.9 Tender Evaluation

- 7.9.1 Initiating Tender evaluation process (Either single bid or two bids) is the responsibility of the Purchase Department and shall be given due priority and care.
- 7.9.2 The Purchase Department shall study offers and prepare a statement for endorsing the offers that are prima facie suitable (that is the offer was received in time and is not an unsolicited, offer is accompanied with IP signed wherever applicable or qualified offer and the offer is accompanied by Earnest Money Deposit if required, as per the Tender Conditions). The file then is to be passed to Technical Evaluation Committee/ Production Engineering / Material Planning / User Department for the further study and their



recommendations.

- 7.9.3 Technical Evaluation (Single Bid) : In case of single bid tender, the technical evaluation and recommendation / acceptance of the offered items/materials in the quote shall be carried out by Material Planning/Production Engg./users deptt/facilities planning as applicable duly coordinated by officer authorized (as case may be) and approved by Group Head before preparation comparative statement. In case of 2 Bid System, the technical evaluation and recommendation / acceptance shall be carried out by TEC.

7.9.4 Technical Evaluation Committee (Two bid System)

Technical Evaluation Committee shall be constituted as follows:

- a. In case of CFA for approval of the proposal is Board, the Technical evaluation committee shall be headed by CEO with following members  
Head of Production Planning Deptt.  
Head of Quality Department  
Head of User Department

- b. In case of approval by CEO, the Technical evaluation committee shall be headed by the Senior most Executive of the Company in the Technical Discipline with following members

Representative of Production Planning Deptt.  
Representative of Quality Department  
Representative of User Department  
To be nominated by the respective Head of Departments.

- c. The Head of Technical Committee may co-opt other members from within &/or outside Company (HAL etc) based on expertise required.

- 7.9.5 If so required for technical evaluation, clarification on technical aspects shall be sought from the bidders only once consolidating all the requirements as far as possible. If response is incomplete further clarification can be sought. Any new clarification not originally covered will require approval of CEO.

- 7.9.6 In case where vendor's offer in their quote some alternate material / items against RFQ requirement, technical acceptance for such material / items needs to be carried out by User / Planning / Indenting Department or TEC if so desired by users / indenting dept.

- 7.9.7 The Technical Evaluation Committee's report in the existing Purchase proposal format shall bring out in detail compliance report of each technical feature of the RFQ, deviations if any, and the reasons for acceptance/ rejection of bids and should be signed by all members of the Committee. The report shall bring out acceptance or otherwise of the bids without any ambiguity and make clear recommendations.

- 7.9.8 Technical evaluation compliance report should be signed by all the members of the Technical Evaluation Committee after due verification of bid documents submitted by the bidders as per the eligibility criteria laid down in the tender.

- a) Relaxation of eligibility /prequalification criteria should be avoided.  
b) Technical clarification required from the bidders during technical evaluation should be sought through Purchase Department

- c) Introduction of new parameters which has not been indicated in the tender for evaluation is not accepted.
- d) Post tender changes in the technical specification are not acceptable. In case the change in specification required then the same need to be justified and retendering action may be taken
- e) Selection of optional items and accessories to be finalized before opening the commercial bid.

7.9.9 Commercial Evaluation : Following points shall be paid special attention while compiling information on the tender evaluation sheet :

- i. The offer was received in time and is not an unsolicited or qualified offer and the offer is accompanied by Earnest Money Deposit/Integrity Pact if required, as per the Tender Conditions.
- ii. Basic price and the quantities for which it is valid. Also whether the price is firm and/ or any escalation formula is offered. In respect of RFQ covering more than one year requirement, RFQ may include a clause for escalation formula with CAP. The evaluation is to be made with escalation CAP quoted by the vendor. This aspect of evaluation to be spelt out in the RFQ to bring clarity and transparency.
- iii. Goods & Services, Withholding tax, Cess and any other imposts / taxes that are payable.
- iv. Terms of delivery i.e. ex-factory, NAeL stores and other terms and conditions.
- v. Packing and Forwarding charges.
- vi. Firm's willingness to accept penalties / compensation for late delivery as well as NAeL's Standard Conditions of Contract.
- vii. Specifications offered are the same as demanded / alternative offered and benefits claimed for it. Tender not meeting the laid down specifications may not be ranked in consultation with Technical Department.
- viii. The terms of payment and request for advance payments / willingness to offer Bank Guarantee.
- ix. Assurance / Methods to replace defective supplies.
- x. After - sales - service arrangement and cost of such services, if any.
- xi. Samples if required are submitted with the offer or alternatively party agrees to submit samples as required in the enquiry.
- xii. Validity period is adequate. In case of vendor offering validity period less than what has been sought in the tender the same can be accepted subject to the following :
  - a) If the criteria for evaluation is lowest price conforming to the specification
  - and b) The validity period is adequate to process the tender.

If conformance to validity period sought by NAeL is a criterion for evaluation of tender then the same need to be specified in RFQ and the tenders not conforming to the requirement can be rejected.

- xiii. Due price preference to Public Sector Undertakings, Ancillaries, Small

scale Industries and Indigenous manufacturers as per Govt. Directives, issued from time to time.

- xiv. Foreign currency exchange rate as on date of bid opening stipulated in RFQ shall be considered for comparative price statement in Commercial evaluation. This aspect should be indicated in the RFQ. TT Selling rate to be considered for foreign currency exchange rate.
  - xv. In respect of responses from foreign and indigenous sources, the evaluation should be based on landed cost at the Company by including freight charges, applicable taxes, and duties to the base price quoted by the vendors.
  - xvi. Prices and applicable taxes indicated in the price bid shall only be considered.
  - xvii. In case, RFQ call for evaluation of Bids using discounted cash flow method (DCF), net present value to be calculated for arriving L1 vendor.
  - xviii. The percentage of freight & insurance to be adopted shall be based on the 'percentage of total freight & insurance paid to purchases during the preceding year'. This percentage will be forwarded by the Finance to the Commercial department of the Company and shall be applicable during the year for the evaluation purpose. These rates shall be announced once in a year in first week of financial year.
- 7.9.10 Taking into consideration the above factors, a net price comparison of the valid tenders only shall be prepared and tender evaluation sheet(s) shall be endorsed L1, L2, L3 etc., to indicate 1<sup>st</sup> lowest, 2<sup>nd</sup> lowest, 3<sup>rd</sup> lowest and so forth. In this tender evaluation statement, the tenders which are not meeting technical specification and where the tender formalities have not been complied with, and which were received late / delayed shall not be included.
- 7.9.11 An endorsement with reasons for non - consideration / non - inclusion of parties shall be separately made on the comparative price statement.
- 7.9.12 The Commercial Evaluation Statement shall be signed by the dealing officer and shall be vetted and countersigned by the next higher officer of the Purchase Department and it should also be checked and signed by Finance. The CFA is Chairman or above, the same needs to be countersigned by Head of Commercial and Finance.
- 7.9.13 Timely evaluation of bids within bids validity period shall be carried out in equitable, fair and transparent manner.
- 7.10 Tender Evaluation of Capital Equipment
- 7.10.1 Following procedure shall be followed for procurement of Capital Equipment:
- a) A Company Technical Committee (TC) is to be institutionalized which will be responsible for preparing, finalizing and approving the Technical Specifications of the Equipment. The committee is to be headed by Head of the planning functions of the Company and supported by the Head of Plant maintenance, Head of Quality and Head of Planning / Facility Planning who will be the secretary of the committee. Head/Deputy Head of the user department will be the co opted member. All capital items which require custom specification and cannot be sourced through standard specifications are to be finalized through Company Technical Committee.

- b) The TC should prepare a general brief on the scope of requirements. Initially, if so required, this should be sent by the TC to the various leading manufacturers of the equipment asking for detailed technical specifications/ features of their products to meet the requirements as a Request for Information (RFI). This data along with information available in the Company will form the basis for preparing the detailed specification of equipment. While approving the same, the TC should clearly identify the Essential and Desirable parameters of the equipment as detailed below.
  - c) Essential. These are the Essential requirements in the performance of the equipment, non-compliance of which will make the equipment technically not suitable. Accordingly the 'essential' classification to a requirement must result from an in-depth critical analysis of the necessity of requirement.
  - d) Desirable. All parameters other than essential will be classified as 'desirable'. This classification should be assigned to requirements corresponding to tasks that the machine is intended to fulfill but the same will however not affect the safety or functional performance in any way. The non-compliance of a requirement classified as 'desirable' is in itself not a sufficient reason to reject the tender.
  - e) The classifications of essential and desirable as above should be as per the recommendation of TC with reference to Technical Specifications whereas the same in respect of commercial terms and conditions should be as per the recommendation of Purchase Department and should be mentioned in the RFQ in clear terms indicating that the "offers not meeting essential requirements shall not be considered".
  - f) As such, the responsibility of approving the specification on the above lines rests with the TC.
- 7.10.2 On receipt of Technical Compliance Report from Bidders, The file is to be passed to TEC/ Production Engineering / User Department for the further study and Technical acceptance of offers. The TEC shall also carry out selection of accessories, special tooling, and maintenance requirements and spares, special civil works etc., if any, needed, in respect of technically acceptable offers. Some of the essential factors which shall be taken into consideration are:
- a) Estimated operation cost, maintenance cost, and the total cost over the probable life of equipment.
  - b) availability of service at the initial stage and regular after - sales - service
  - c) availability of spares on ex-stock basis or delivery at short notice
  - d) financial considerations including Foreign Exchange
  - e) the existence of similar - make machines in service
  - f) training of operators in case of special - purpose machine.
- 7.10.3 The concerned Purchase Officer shall make a note of specific points on which TEC/ Production Engineering/ user's comments are sought.
- 7.10.4 After technical study, a final price comparative statement shall be prepared in co- ordination with the TEC/ Production Engineering/ User Department to arrive at the ultimate price.
- 7.11 **Tender Evaluation for selection of Systems for Aircraft/ Helicopters/ Accessories**  
The following procedure is to be followed for selection of any system.

- a. RFQ for the system should clearly bring out the anticipated quantity and the period of requirement in addition to all other technical and commercial requirements.
- b. Quotes should be obtained for the prototypes and also for the subsequent series production requirements linked to an escalation formula based on recognized price indices.
- c. In case the quantity required is high, ToT for manufacture is to be sought. This aspect is to be decided before issue of RFQ based on the product and the likely investments required considering the technology. In case of strategic technologies, ToT is to be insisted upon, in case of foreign Vendors.
- d. In all cases, RFQ should specify the essential need for ToT for ROH in India. Quotes for the licence fee/ documentation cost/ Royalty is to be obtained along with the cost of facilities for ROH.
- e. Suppliers' commitment for technical assistance in setting up manufacturing / overhaul facilities is to be insisted upon.
- f. Supplier has to confirm that he would undertake defect investigation and repair/ overhaul, till the facilities are set up in India. Cost of DI/ROH is also to be quoted in his offer; with escalation formula similar to equipment supplies.
- g. The supplier has to confirm uninterrupted supply of spares for lifetime product support. List and norms of consumption of spares with their individual prices are to be quoted in his offer. In case of Standard Price Catalogues, copy of the same is to be attached.
- h. The lead-time for supply of spares is to be clearly defined to ensure timely procurement action
- i. The supplier has to confirm that any documents pertaining to up-gradation of the system during its course of exploitation will be forwarded
- j. In the event of the supplier not meeting the product support requirements, his offer is to be considered as technically invalid
- k. The proposal will be evaluated on the Life Cycle Cost basis

#### 7.12 Comparative Price Statement

Utmost care shall be exercised while preparing the Comparative Price Statement of tenders. Any deviations from the tendered specification, delivery period or normal terms and conditions and any special conditions, assistance etc., stipulated by the firm, shall be highlighted. It shall be the responsibility of the concerned Purchase Officer to ensure prompt preparation of price statements as well as finalisation of the tender papers. The statement shall be signed by Head of Commercial & Head of Finance where CFA is Board; and by respective officers as designated by Commercial & Finance Heads in case where CFA is CEO.

#### 7.13 Correspondence with Vendors:

Indenting departments should not carry out any correspondence with suppliers. While Methods Engg. / Facility Planning, responsible for preparing specifications etc may correspond with various manufacturers to firm up their specifications, once a demand has been raised and sent to Commercial for processing for any item/ equipment, all correspondence with Vendor/s, whether on technical or commercial points, has to be

carried out only by Commercial Deptt. It is to be ensured while seeking commercial clarification if any, there is no change in the price and L1 status.

#### 7.14 Acceptance of Tenders

##### 7.14.1 A bid is considered as successful

- a. when price is the only criteria, the bid with the lowest price conforming to the specifications
- b. When there are price and other award criteria, the most advantageous bid ascertained on the basis of criteria and procedure for evaluating bids as specified in the tender documents
- c. Where there are no financial criteria, the most advantageous bid ascertained on the basis of selected non-financial criteria or other parameters for evaluating bids as specified in the tender documents.

##### 7.14.2 Special care shall be taken to ensure proper scrutiny in the matter of financial soundness and technical capability of the firm. When, for valid reasons, it is necessary to accept a tender other than the lowest, the reason for overlooking the lowest offer must be clearly recorded in the file.

##### 7.14.3 Tenderers offering competitive prices but not accepting some of NAeL's standard tender conditions such as credit terms, penalty for delayed delivery, etc., may be accepted on merits by appropriate authorities delegated with Purchase Powers.

##### 7.14.4 As a matter of policy, the technically acceptable lowest offer shall be accepted. Lowest technically acceptable offer with variance in tender terms and conditions such as credit terms, delivery, penalty for late delivery etc. may be accepted on merits with the approval of CFA, after required loading towards such factors having direct financial impact in comparative price statement. In the normal course deviations from conditions such as SD/PBG shall not be agreed upon. The interest rate to be adopted in such cases shall be notified by Finance Department during March of the preceding year for the succeeding year.

##### 7.14.5 Quantity Distribution when L1 has not offered tendered qty :

In case, the L1 vendor has not offered full quantity, the L1 vendor may be asked to confirm supply of full quantity and the quantity so confirmed shall be ordered on L1 vendor. The balance quantity can be ordered on the next higher responsive bidder at the rates offered by the L1 vendor.

If the full quantity is still not covered at L1 price, the balance quantity can either be re-tendered or cancelled with the approval of the competent authority as per DOP.

##### 7.14.6 In case in the interest of securing continuity of supplies, it is so decided to split the orders on more than one vendor, a condition to this effect shall be stipulated in the RFQ specifying the basis of distribution of quantity provided bidders other than L1 agree to match up with L1 price. The basis for distribution shall be pre decided based on descending order with L1 getting highest share. The distribution pattern may be decided locally by the Company. The illustrative distribution pattern among the vendors is indicated below

- i) among two vendors: 70:30

ii) among three vendors : 60:25:15

7.14.7 Minimum Order Quantity : In case some of the bidders offer MOQ higher than the RFQ quantity for any item then the following to be considered;

- a. If the MOQ offered results in excess qty. less than or equal to 20% of tender qty. then L-1 to be determined based on the unit price in respect of tenders for single item.
- b. If the MOQ offered results in excess qty. more than 20% of tender qty. and the tender is for more than one item then the L-1 shall be determined by making comparison of the total price (MOQ x unit price) with the total price of other bidders for RFQ quantity separately for each line item. However, the Company may suitably take up the matter with the vendor for relaxation in MOQ. If not agreed by vendor, the Company shall go ahead in purchasing the quantity as per MOQ and make adequate efforts for utilization of the items including the shelf life item before life expiry.
- c. In case MOQ offered by the vendors for an item is a combination of less than 20% and more than 20%, then the evaluation of the bids to be done based on total price as per (b) above.

7.14.8 In case of bidder insisting on minimum order value against RFQ requirement, the offer of L1 vendor for those items to be compared with other vendors. If the total cost impact of placing the orders on other vendors is less than the minimum order value as specified by the L1, the orders for those items may be placed on other vendors suitably.

7.14.9 In a situation where two or more bids are same in figures along with other terms & conditions of the RFQ, an opportunity shall be given to the bidders for making a revised offer in a sealed envelope and shall be opened by the tender opening committee on a fixed day in presence of the tenderers/their representatives. In the event of tenderers not agreeing to revise their bids or become same again in all respect including price, order can be placed on any one of such vendors.

7.14.10 In a limited tender for procurement of Goods, if at the TEC stage, only one vendor is found complying with all the RFQ parameters and TEC after review of the single vendor situation, comes to the conclusion that the specification tendered in the original RFQ is the essential requirement and it cannot be reformulated, the reasons for the same should be recorded by the TEC. In these cases, approval CEO should be taken (before opening the commercial bid in case of two bid system) for processing the case for approval of CFA as per DOP.

7.14.11 A review of the procurement would also be carried out by the TEC who derives the causes of such single vendor situation at TEC stage and details should be brought out in its report.

7.14.12 TEC for evaluation of single bid tender is as per para 7.9.3 and in case of two bid system as per para 7.9.4.

7.14.13 On acceptance of a single offer in response to open/limited tender, reasons for single offer are to be analysed and recorded in the proposal for perusal of CFA. The single offer cases exceeding Rs. 1 crore each are required to be pre audited by a committee consisting of members of Finance and user department.

7.15 Validity Extension:

All efforts should be made to finalise and place the Purchase Order within the

validity period of the quote received from the vendor. Cases requiring extension of validity

should be rare. And in exceptional situation where the validity period is sought to be extended, it should be imperative to bring on record in real time, valid and logical grounds, justifying extension of the said validity.

In case validity extension is required, the same should be sought from the vendor before expiry of the quotes (preferably 3 days in advance). In case of two bid system, price bid of technically accepted offer should be opened for the offers having validity. Proposals put up for CFA's approval should have validity till approval is obtained.

**7.16 Price Preference – Public Sector Undertakings, Ancillaries, Small Scale Industries And Indigenous Manufacturers**

7.16.1 Government directives, issued from time to time, lay down policies regarding price preference to be given to Purchases from Public Sector Undertakings, Ancillaries, Small Scale Industries and Indigenous Manufacturers and these shall be taken note of while carrying out price comparisons. Where price preference to be given exceeds the prescribed limits in force, prior approval of Chairman shall be obtained.

7.16.2 In respect of MSME Govt. Policy is placed at Annexure-17 and shall be applicable as amended from time to time.

**7.17 Negotiations**

7.17.1 There should not be any negotiations, where there has been competitive bidding. Negotiations, if at all, shall be held with L-1 only. Counter offers tantamount to negotiations and should be treated at par with negotiations.

7.17.2 Negotiations can be recommended in exceptional circumstances only after due application of mind and recording valid, logical reasons justifying negotiations. The negotiations should not unnecessarily delay the award of work/ contract.

7.17.3 Negotiations may be resorted to, to arrive at a fair price in the case of purchase of Licensed / Transfer of Technology (ToT) / OEM / proprietary articles or where tendering has evoked limited response or where the items to be purchased are such that there is only one or two established sources of supply and where the parties appear to have over - quoted.

7.17.4 Procedure for Holding Price Negotiation with Vendor shall be as prescribed in DoP. PNC Chairman may decide for mode of negotiation ie teleconference, video conference, meeting across the table. Record of discussion /PNC minutes to be kept in file after getting signature of both parties. PNC recommendation should be prepared & coordinated by the members of PNC and approval of Chairman of PNC should be taken within a maximum period of one week of completion of PNC and the proposals for placement of orders are to be initiated only after finalisation of PNC recommendation.

7.17.5 MIS information on negotiation, which are in progress for more than 3 months with indication of no. of discussions / rounds held, to be forwarded to CEO by Commercial Head.

7.17.6 Price reduction taken up through correspondence shall not be treated as negotiation.

**7.18 Re-Tendering**



7.18.1 Re - tendering is not to be resorted to in the normal course. However, re-tendering shall be considered in the following exceptional cases:

- a. When the prices are considered high taking into consideration of quantity, Industrial price escalation, Obsolescence, Nature of Item, Value of the proposal etc., in comparison to assessed reasonable prices even after receipt of at least 3 offers and the negotiation has not resulted in desired outcome.
- b. When it is suspected that there is a ring / cartelization existing and price have been manipulated.
- c. Material change in the basic specification has been introduced after receipt of tenders. The re-tendering in such a case should be resorted to only after recording detailed reasons for post tender change in specifications and obtaining the approval of Head of Company.
- d. In situation where after opening of commercial bids, evaluation of tenders become difficult due to insufficient information available to objectively evaluate commercial bid.
- e. None of the offers meet the desired specifications.
- f. The L1 bidder withdraws the offer or fails to execute the order or do not agree for extension of validity when it becomes necessary.
- g. When there is a sudden slump in the market.
- h. No quote received from the bidder
- i. In case, after review, TEC comes to the conclusion that original specification can be reformulated to avoid a single vendor situation, the same should be recorded and fresh RFQ either Limited Tender / Open Tender based on the merits of the case should be issued with the approval of Commercial Head.

7.18.2 The enquiry on Re-tendering shall not be floated to the L-1 bidder of the previous tendering in case the L1 bidder withdraws the offer within validity or fails to execute the order and also appropriate action, if required, to be taken.

7.18.3 Re-tendering when resorted to shall be only after obtaining the approval of CEO when CFA for purchase is CEO / Board. For such re-tender proposal approval Finance concurrence is not required. In case of stock out resulting in production hold up, a part quantity may be purchased on an emergent basis with justifications (reasons to be recorded in writing) after approval of authority that is authorized for approval of re- tendering. In such cases, quantity for re-tendering to be correspondingly reduced.

7.18.4 In case of change of mode of tendering, proper justification needs to be brought out clearly at the time of seeking re-tendering approval.

7.18.5 Upon approval for re-tender, proceedings of previous tender are treated as closed and refund of EMDs if any, shall be done to the bidders.

**7.19 Time frame for processing :**

Each Purchase Proposal being unique, time frame for processing would vary depending upon the type of proposal, Number of items involved, Category of the item in the proposal and Number of proposal which are under processing. The time frame for processing should ensure that all efforts are made to place the Purchase Order within the validity of the offer. However, for guidance indicative time frame is placed at Annexure-18.

## CHAPTER VIII

### PURCHASE PROPOSAL, ORDER AND ORDER AMENDMENTS

#### 8.1 Purchase Approval

- 8.1.1 A purchase proposal for approval shall be comprehensive and self-contained. A standard proforma, as under, shall be used for putting up purchase proposals separately for Project Materials, Non-project Materials and Capital Items.

Purchase Format A (Annexure-19) - For procurement of Project Materials. Purchase  
Format B (Annexure-20) - For procurement of Non-project Materials. Purchase  
Format C (Annexure-21) - For procurement of Capital Items.

- 8.1.2 Guidelines for filling up these formats are endorsed in italics in the format. The dealing officer will ensure that all the points are answered clearly without any ambiguity.
- 8.1.3 The Company, while putting up the proposal for CEO's approval need to indicate only the routing of the Company and for obtaining the approval of Board, necessary routing can be added accordingly. (Refer Page 2 of the formats).
- 8.1.4 While in the Company the format/proposal can be put up along with the file, for obtaining the approval of Board Office only the format along with the necessary minimum enclosures as under are required to be forwarded:

Technical Evaluation Statement  
Comparative Statement of Prices  
Commercial Evaluation Statement  
Price justification  
Agenda / points for negotiation  
PNC Recommendation  
Draft Agreement wherever required

- 8.1.5 On approval of the proposal, one copy of the proposal with necessary sanction would be returned to the Company for taking further action.
- 8.1.6 The Company while putting up the proposal for Board approval should ensure to enclose the brief summary as per the format (Annexure-22) along with the Board note/brief for the approval.
- 8.1.7 Chronology of progression of purchase proposal, placed at Annexure-22A, to be enclosed along with all proposals.
- 8.1.8 The Purchase Section, on the basis of approved purchase proposals, shall release purchase orders at the earliest.
- 8.2 Purchase Order : The following instructions shall be followed, while preparing the purchase orders
- All purchase orders shall be typed and not handwritten.
  - Total No. of items must be mentioned in words to obviate any unauthorized alterations.

- c) Alterations, additions or amendments shall be avoided on Purchase Orders. Amendments if any are to be effected only by issuing Purchase Order amendments.
- d. Where CFA is Board only purchase proposals along with relevant annexures to be put up for approval. Draft Purchase Order to be cleared by the Company.
- e. Draft Purchase Orders shall be signed by head of commercial where CFA is Chairman/ Board and by an Officer at the level of Asst. Manager / Manager in other cases. Draft purchase order shall be signed in full duly indicating designation on two copies of the purchase orders, one of which shall be sent to Finance and other to be retained as master office copy in the purchase file. After approval of CFA the PO shall be signed by Head of Commercial where CFA is Chairman/Board and by an officer at the level of Asst. Manager / Manager in other cases. Where availability of Asst. Manager / Manager is not there in department, Commercial Head may decide the Lower rank officer for signing on PO.
- f. Regarding determination of CFA for the selected party, if there is considerable time gap in the date of preparation of comparative statement and submission of the proposal, the rate of foreign exchange as at the time of preparation of the purchase proposal to be considered if, there has been movement in the foreign exchange which is likely to affect the determination of CFA. This does not change the status of L1 as determined by the exchange rate at the time of tender opening.

8.3 Delegation of Powers: as approved by the Board of Directors shall apply.

8.3.1 Procurement action in the normal course should be processed based on the annual requirement of all items taken together for the ROH task and for other programme / task / project based on firm orders from customers, considering the lead time requirement and staggered delivery. Appropriate CFA for placement of order would have to be reckoned in line with the value of the annual requirement.

8.3.2 With regard to entering into LTBA/ LTRAs with Vendors for recurring requirement of Items the appropriate CFA for approval of LTBA/ LTRA would have to be reckoned in line with the value of total requirement during the period for which duration the LTBA is being finalised.

8.3.3 While processing orders for procurement of material(s) required in Design and Development / Limited Series Production (LSP), it is to be ensured that the CFA for its approval is determined appropriately taking into consideration, future requirements of such material(s) towards series production over the length of the project

8.4 Purchase Order / Database

All purchase orders including amendments should be processed through computer system.

8.5 Distribution of Purchase Order Copies

8.5.1 Purchase order copies would need to be sent to Finance (along with copy of approved purchase proposal), The original purchase order is sent to vendor while a copy is retained in the purchase file. Further, as a distribution of PO copies to other associated departments like Stores, Indenter, Quality and User department, Commercial department may provide hard copy against specific requirements.

## 8.6 Purchase Order Acknowledgement

8.6.1 One copy of purchase order shall be sent to the supplier with a request to send back the acknowledgement as a token of acceptance of the order.

8.6.2 While sending a copy of Purchase Order for acknowledgement by the supplier, a suitable mention must be made of the period within which the Vendor has to respond. In case the acknowledgement is not received within the stipulated period, the dealing officer should correspond with the supplier for an appropriate response

## 8.7 Purchase Order Amendment

8.7.1 Amendment to purchase orders may arise due to  
:

- a) Change in price / payment terms
- b) Change of delivery date
- c) Amendment to quantity
- d) Change in mode of transport
- e) Correction of errors and omissions
- f) Change in statutory requirements
- g) Change in terms & conditions

8.7.2 Amendment to purchase order/Contract shall be approved by

- a) The same authority, which approved the Purchase Order duly concurred by appropriate Finance, if it results in financial implication to the Company, subject to the amended value being within the financial powers of the delegatee. If the amended value exceeds the delegatee power, then the same to be approved by the CFA as per the amended value.
- b) CEO, where there is change in name, address of the firm, change in part no. for the same item, nomenclature, unit of measurement, delivery schedule amendment if LD is not leviable (LD not in PO or LD not applicable due to force majeure, delay not attributable to vendors / contractors etc.), amendments without any financial implication and also deletion of items where the original proposal was approved by Board.
- c) The same authority in cases of change in mode of transport with concurrence of Finance, if it results in financial implications to the Company
- d) The same authority which approved the Purchase Order, for corrections of errors and omissions.

The same authority which approved the Purchase Order, for corrections of errors and omissions.

## 8.8 Purchase Order Terms and Important Conditions

8.8.1 The terms & conditions in the purchase order, including payment terms, LD for delayed supplies and bearing the cost of LC confirmation/ extension etc, need to be very clear and may be amplified if necessary to avoid ambiguity/ mis-interpretation. No such condition, which has not been agreed and finalised with Vendor, should be incorporated unilaterally (Annexure-23).

8.8.2 Some of the important conditions of purchase orders are enumerated below :

### 8.8.2.1 Standard Terms and Conditions

Suppliers generally quote as per their standard terms and conditions of sales. These

conditions shall be examined and effort shall be made to bring round the supplier to agree to the standard terms and conditions of the Company. For any contract to be legally binding the acceptance of tender conditions in to is essential. If the tenderer has quoted his own terms and conditions he should either be persuaded to withdraw his terms and conditions or the same may be agreed to and incorporated in the order, depending upon the situation.

#### 8.8.2.2 Prices

As far as possible, orders shall be on firm prices. In certain cases, some firms quote and insist on prices ruling at the time of dispatch and there may be no other option. In such cases, the firms may be advised to intimate the ruling price and obtain concurrence before dispatch.

#### 8.8.2.3 Payment Terms

Payments on proof of dispatch shall be allowed only to approved suppliers and firms of repute. Under all circumstances, satisfactory proof of dispatch shall be insisted upon. The tender/ request for quotation should not indicate any advance in payment terms.

8.8.3 Advance Payment : For advance payment to vendors, guidelines issued from time to time needs to be followed. For MSMEs & Startups, 15% (of the basic price) interest free Advance shall be payable against BG of equivalent amount, balance 85% shall be paid within 30 days of receipt and acceptance at our stores. In case 15% Advance is not sought by vendor, 100% payment shall be made within 30 days of receipt and acceptance at our stores. However, in case of Global tenders, MSMEs & Startups may opt for payment through Letter of Credit.

#### 8.8.4 Risk Purchase

Risk purchase is only tenable, if made within six months of the cancellation of order and for the material to the same specifications.

#### 8.8.5 Arbitration Clause

A standard arbitration clause as recommended by the Indian Council of Arbitration (ICA) or International Centre for Alternative Dispute Resolution (ICADR) under the Arbitration Act shall be incorporated.

#### 8.8.6 Security Deposits and Performance Guarantees

8.8.6.1 The requirement of submission of interest free Security Deposit through Demand Draft or Bank Guarantee (BG) and Performance Bank Guarantee (PBG) covering the warranty period by the successful bidder may have to be incorporated in RFQ depending upon the nature and the merits of each case. In such a case, the Security Deposit (BG in lieu thereof) and PBG have to be obtained as per the prescribed schedule must be deposited by the firm within specified time.

8.8.6.2 Relaxation of condition relating to EMD/ Security deposits needs to be obtained prior to invitation of bid based on merit of each case, in line with DOP.

#### 8.8.7 Non-Involvement of Indian Agents

8.8.7.1 Following clause shall be incorporated in all enquiries, tenders, purchase orders, contracts/ agreements:

8.8.7.2 "The seller confirms and declares to the buyer that the seller is the original manufacturer/licensor/distributor/stockist/channel partner of the stores referred to in this contract and has not engaged any individual or firm, whether Indian or foreign whatsoever, to intercede, facilitate or in any way to recommend to NAeL or any of its functionaries, whether officially or unofficially, to the award of the contract to the

Seller; nor has any amount been paid, promised or intended to be paid to any such individual or firm in respect of any such intercession, facilitation or recommendation. The Seller agrees that if it is established at any time to the satisfaction of the Buyer that the present declaration is in any way incorrect or if at a later stage it is discovered by the Buyer that the Seller has engaged any such individual/firm, and paid or intended to pay any amount, gift, reward, fees, commission or consideration to such person, party, firm or institution, whether before or after the signing of this contract, the Seller will be liable to fund that amount to the Buyer. The Seller will also be debarred from entering into any supply Contract with NAeL for a minimum period of five years. The Buyer will also have a right to consider cancellation of the Contract either wholly or in part, without any entitlement or compensation to the Seller who shall in such event be liable to refund all payments made by the Buyer in terms of the Contract along with interest at the rate of 2% per annum above LIBOR rate. The Buyer will also have the right to recover any such amount from any contracts concluded earlier with NAeL or Government of India."

8.8.7.3 It should be ensured that the supplier confirms/responds to this clause at the time of registration as well as along with the offer.

8.8.7.4 Ministry of Defence has issued regulatory provisions in respect of Indian Authorised Representatives/ Agents, where permissible. (Ref: <http://mod.nic.in/newadditions/repagent.htm>)

8.8.7.5 Following additional clause shall be incorporated in all enquiries, tenders, purchase orders, contracts/agreements.

"NAeL has not appointed any agent in India or outside India for procurement of any items and deals directly with vendors. In case any individual or firm approaches you posing themselves as authorized agent of NAeL, it is requested that you should not entertain such claim and in addition inform immediately to NAeL". Designation of the officer to whom information to be sent should be indicated.

#### 8.8.8 Liquidated Damage Clause

8.8.8.1 Liquidated damages are remedies available to compensate for the financial loss suffered as the result of a proven breach of contract.

8.8.8.2 A clause for recovery of liquidated damages may be included. The percentage of liquidated damages shall be realistic and have a relationship to a predetermined loss which the Company may suffer on account of delayed supplies. The contract may include LD at the rate of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) and a maximum of 10% for the duration of delay, beyond the delivery schedule as per PO or the schedule acknowledged by the vendor. In case of tenderers not agreeing for LD clause, the maximum LD amount / to the extent not agreed LD value, to be loaded in the Comparative Statement, to determine the successful bidder.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the LD to be deducted on the composite value (including taxes & duties) of the delayed deliveries.

8.8.8.3 However, a careful watch shall be kept on agreed delivery schedule and the firm shall be

warned by sending reminders at appropriate time before the expiry of delivery date. Liquidated damages due as per agreed amount shall be recovered from the payments due to the supplier and shall not be postponed till the final payment becomes due. However, in case where the delay has occurred on account of Force Majeure situation at the end of the vendor or is not attributable to the vendor, the PO shall be amended without imposition of LD. In case the delay is attributable to the vendor, but in the interest of securing supplies/further supplies and maintaining long term business relationship with the vendor in the commercial and financial interest of the company, it is considered not to impose LD, the same shall be waived with the approval of Competent Authority as per DOP.

8.8.8.4 When it is determined that a liquidated damages clause will be included in the contract/ Purchase Order, the applicable clause and appropriate rate(s) must be contained in the RFQ.

8.8.8.5 Once liquidated damages are included in a contract, actual damages are not recoverable.

8.8.8.6 Contracts with liquidated damages clauses should also contain excusable delay clauses. These typically provide that if the contractor is delayed by certain specified causes that are beyond the contractor's control (e.g., supply of materials/ drawings/ tools/ specifications by NAEI, activities determining T<sub>0</sub> etc) then the resulting delay is excused and liquidated damages will not be assessed.

8.8.8.7 Liquidated damages are not assessed after the date on which the work/ supply is substantially completed. Substantial completion is usually defined as the time when the construction site or the supplies delivered are capable of being used for their intended purposes. There is no predetermined percentage that will establish substantial completion and the decisions place more emphasis on the availability of the work for its intended use than on the use of formulas as to the percentage of completion of the work.

8.8.8.8 Determination and extent of Liquidated damages to be recovered from a supplier shall be determined by User/ Commercial and advised to Finance. Document evidencing completion of Sellers obligation as per Incoterms indicated in para-20.27 or 20.28.5 (as the case may be Incoterm 2000 or 2010) will be the basis for determining LD.

8.8.9 Price Escalation Clause

Escalation clause, where agreed should have a fixed element and a variable element consisting of Labour and material. Price escalation clause, if agreed to, shall be clearly defined as to what extent and on what basis escalation is admissible. The clause should also specify cap on escalation. Price Escalation Clause needs to clearly define applicability of escalation up to point of ordering or point of delivery. Also, a sample copy of price escalation calculation (ie over a period of 3 to 4 years based on past indices) whether Point To Point or Year On Year basis should be incorporated in Purchase order.

8.8.10 Integrity Pact

- a) The system of signing of an Integrity Pact (IP) has been introduced in NAEI in line with Govt. directives for the Contract(s) / POs based on the threshold value notified from time to time.
- b) The IP essentially envisages an agreement between the prospective bidder(s) / seller(s) and the buyer committing the persons / officials of both the parties not to exercise any

corrupt practices / influence on any aspect of the contract.

- c) The main highlights of implementation of IP are as follows :
- (i) Vendors / bidders / sellers, only those who commit themselves to IP with the buyer would be considered competent to participate in the bidding process. In other words, entering into this pact would be a preliminary qualification. IP needs to be signed with all the bidders who have participated in a tender, IP format along with appropriate clause needs to be included in the RFQ if IP requirement arises based on NAeL's estimated value (inclusive of applicable taxes & duties).  
  
In case of competitive tender, if IP is not submitted along with the quotation / submitted with deviation by the bidder, the Company shall take-up with such bidders for submission of IP / submission of IP as per NAeL format. The duration for submitting the IP / revised IP as per NAeL format can be allowed up to a maximum period of 15 days from the date of opening of prequalification bid (three bid) / technical bid (two bid) and before opening of price bid. In case the IP is not received within the period specified above, the bid shall be rejected. However, 15 days period may be extended considering the merit of the case with approval of CEO with justification and before opening of price bid. It should be ensured that this extension should not delay the procurement process.
  - ii) In case of non submission of signed IP by licensor / OEM/ proprietary source / single tender basis, the offer received from such vendor should be considered for evaluation, however vendors will be insisted upon to submit the signed IP before finalization of the Purchase Order/Contract. In such case signed IP should be obtained before putting up to the proposal for CFA's approval.
  - (iii) It has to be ensured through an appropriate provision in the contract that IP is deemed as a part of the contract so that the parties concerned are bound by its provisions.
  - (iv) IP should cover all phases of the contract i.e. from the stage of Notice Inviting Tender (NIT) / Request for Quotation (RFQ) till the conclusion of the contract i.e. the final payment or the duration of warranty / guarantee.
  - (v) Name, email id and contact number of the concerned Independent External Monitor (IEM) should be invariably be cited in the NIT / RFQ.
  - (vi) A cross reference clause is required to be included in the Purchase Order / Contract to link and co-relate IP & Purchase Order/Contract accordingly.
- d) The standard format of NAeL's revised IP format is as per Annexure-24.
- e) On opening of the respective tenders, it should be ensured that all vendors / bidders / sellers have signed and submitted the IP before processing the bids further.
- f) Integrity Pact needs to be signed by the bidder as per the NAeL format. Signed IPs so received without any deviation (from NAeL's approved format) from the bidders, to be put up to Head of the Company for signature. A copy of the signed IP by the NAeL needs to be forwarded to the respective bidders preferably within 15 working days from the date of opening of first bid. In case bidder have signed IP with any material change / deviations (from NAeL's approved format) against competitive tendering, the bids of such bidders needs to be summarily rejected. In case of deviation in signed IP by licensors/proprietary source/OEM/single source basis, such IP with deviation necessarily should be signed only after approval of the Board for the deviation before putting up to



the Head of the Company for signature. After the signature, a copy of the IP to be forwarded to the bidder preferably within 7 working days. After approval of the deviation in the IP by the Board, the Head of the Company needs to forward the brief of the case to CVO, NAeL to enable CO-Vigilance to forward the same to CVC with a copy to MoD for information.

- g) A copy of the signed IP along with brief of the tender needs to be forwarded to Corporate Office within 15 days from the opening of first bid.
- h) RFQs which are issued with the requirement of IP, should be forwarded to the Independent External Monitor (IEM) along with copy of advertisement (wherever applicable), through e-mail only.

8.8.11 Immunity to Government of India:

Following clause on the subject shall be included in the Terms & Conditions of the Purchase Order/ Contract:

"It is understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that NAeL Design Complex is an independent legal entity with power and authority to enter into contracts solely in its own behalf under the applicable Laws of India and General Principles Contract Law. The vendor shall agree, acknowledge and understand that NAeL is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, vendor expressly waives, releases and foregoes any and all actions or claims against the Government of India arising out of this contract, not to sue the Government of India as to any manner, claim, cause of action or thing whatsoever arising out of or under this agreement."

8.9 Purchase Order Returns:

8.9.1 The Purchase Order returns should be submitted (as per Annexure-25), every month, for all categories of Purchase Orders placed by the Company.

8.9.2 The PO returns are to be submitted to Commercial-CO in Excel Sheets separately for imported & indigenous purchases, every month by 10th of the following month.

## CHAPTER IX

### SUB-CONTRACTING

- 9.1 Sub contracting is covered under HAL Sub Contracting Manual. However in respect of subcontracting to OEM or Foreign Vendors, the movement of material and finished goods is through customs and mode of payment will be through foreign currencies. Purchase procedure within the delegation of powers as per Subcontracting can be followed.
- 9.2 Outsourcing to licensor/OEM sources in case of exigencies due to constraint of technology absorption/capacity need to be approved by the Board.
- 9.3 Purchasing from Licensor/ OEM where manufacturing facilities have been planned / established is not considered as sub-contracting. However the provisions of DoP required to be followed.

## CHAPTER X

### IMPORT PURCHASE

#### 10. Custom Duties and System of classification of Goods

- 10.1 Customs duties are chargeable on the act of importation of Goods. On some goods, customs duties are also charged on the act of exportation. The nomenclature of goods form the basis for prescribing appropriate duty on goods imported / exported. The nomenclature combined with the duty rates is called the Tariff and 'Tariff Schedule'.
- 10.2 The Indian Customs Tariff has 21 sections and 99 chapters. A Section is a grouping together of a number of Chapters, which codify a particular class of goods. The Section notes explain the scope of chapters / headings, etc. The Chapters consist of chapter notes, brief description of commodities arranged at four digit and six digit levels. Every four-digit code is called a 'heading' and every six-digit code is called a 'subheading'.
- 10.3 "Classification of Goods" is determination of heading or sub-heading under which a particular item is covered is based on the Harmonized System of Nomenclature (HSN), which has been established by the World Customs Organization.
- 10.4 Goods are classified taking into consideration the scope of headings / subheadings, related Section Notes, Chapter Notes and the General Interpretative Rules (GIR).
- 10.4.1 The GIR is a set of 6 rules for classification of goods, to be applied sequentially:
- Rule 1: gives precedence to the Section notes / Chapter notes while classifying a product.
- Rule 2(a): applies to goods imported in assembled / unassembled condition. Such goods may be in incomplete or finished form.
- Rule 2(b): is applicable to 'mixtures' and 'composite goods'. Goods, which are not classifiable by application of Rule 2(b), will have to be classified by application of Rule 3.
- Rule 3: has three sub rules.
- Rule 4: states that goods, which cannot be classified by application of the preceding rules, may be classified under the heading appropriate to the goods to which they are most akin.
- Rule 5: applies to packing materials / articles in which the goods are carried.
- Rule 6: provides the general guideline for classification of goods under the appropriate sub heading.
- 10.5 The rate of duty specified in the Tariff Schedule is called 'Tariff rate of duty'. Goods which are not identified for concessional rate of duty / exemption from duty by issue of an exemption notification are levied to the tariff rate of duty. In the export tariff schedule, only the commodities on which export tariff is levied are stated which does not

involve the rigorous process of classification. In fact export duties are leviable only on listed 26 commodities but by exemption notifications, all but one set of item (i.e., leather items) are completely exempt from export duties.

- 10.6 The duty structure is subject to change by the Government, generally on presentation of annual Budget in the Parliament or otherwise and it is necessary for the Purchase Groups to keep abreast of such changes and refer to the latest provisions only.
- 10.7 Permissibility of import and export of Goods is governed by the nomenclature, ITC (HS) classification of import and export goods, published by the Directorate General of Foreign Trade (DGFT). In this nomenclature, goods are arranged as they are in the HS but are codified by ten digit numerical code to identify goods with more precision for purposes of import / export control.
- 10.8 Customs Valuation : The rates of customs duties leviable on imported goods (& export items in certain cases) are either specific or on ad-valorem basis (i.e., depending upon its value) or at times specific cum ad-valorem.
- 10.9 Clearance of Import Cargo & Demurrage Charges :
  - 10.9.1 To ensure timely receipt and forwarding of Shipment Documents viz. Bill of Lading / Airway Bill, Invoice, Packing List (s), Quality Certificate (s), Warranty / Guarantee Certificate, Certificate of Country of Origin, etc. to the clearing authorities well in advance along with copy of Purchase Order including its amendments.
  - 10.9.2 To co-ordinate in providing timely information such as Technical Write-up, Literature, Clarifications, etc. to the Clearing Authorities wherever required, to speed up clearance.
  - 10.9.3 A clause also is to be incorporated in the Purchase Order indicating that any demurrage charges paid by the clearing authority on account of delayed delivery of requisite documents or error in the documents provided by the Seller & attributes to Seller, the same will be to the account of the Seller.
  - 10.9.4 A Clause is required to be incorporated in the Purchase Order clearly indicating that the seller shall notify the ultimate consignee, the details of shipment within 24 hours of dispatch of items from the port of shipment in respect of Sea Cargo. One set of shipment documents including Bill of Lading, Invoice, Packing List (s), Quality Certificate (s), Warranty / Guarantee Certificate, Certificate of Country of Origin, etc. is to be sent by Air Courier to reach buyer, within seven days of Bill of Lading.
  - 10.9.5 Port of Discharge and Place of Delivery, to be clearly indicated in the Purchase Order, wherever Port of Discharge and Place of Delivery are not the same in respect of Sea Cargo.
- 10.10. Rights of appeal and CEGAT:
  - 10.10.1 Under the Customs Act, 1962, an importer can appeal against a decision on valuation to the Commissioner (Appeal) in the first instance. A second appeal lies to the CEGAT (The Customs Excise and Gold Control Appellate Tribunal), the apex tribunal for deciding appeals against the orders passed by the commissioners of customs and central excise. However, in reference to Settlement of disputes between one Government Deptt. and

another and one Govt. Deptt. and a Public Enterprise and Public Enterprises and another, the Govt. order no 3/3/91-PMA dated 5<sup>th</sup> May, 1993 specifies that -

- (i) Any litigation involving Ministries and public undertakings of Government of India before being taken up in courts or tribunal the matter be first examined by the Committee set up by Cabinet Secretary in order to get clearance for litigation. This Committee of Secretaries comprising of Cabinet Secretary, Secretary ID, Secretary DPE, Secretary Deptt. Of Legal Affairs, Finance Secretary and the concerned Secretary clear cases for litigation to be taken up with courts and tribunal.
- (ii) Any Public Sector Enterprises desiring to go for appeal to ITAT/CEGAT/ Railway claims Tribunal or courts should first get each case of dispute scrutinised carefully by their Board of Directors. The Board of Directors should clearly recommend after careful examination of all aspects of the case, whether it should be taken up to the Tribunal / Court. On the recommendations of the Board of Directors that the case should go to Tribunal or Court, it will again be scrutinised by the administrative Ministry / Department concerned. Secretary to the administrative Ministry / Department would then carefully scrutinise the case in order to decide whether an appeal before Tribunal or Court is necessary and worthwhile.
- (iii) Only such cases that are recommended for appeal to ITAT/CEGAT/Railway Claims Tribunal and court by the administrative Secretaries of Ministries / Departments should be put up to the aforesaid Committee of Secretaries for getting clearance for further litigation.

10.10.2 In case where disputes arise between two Central Govt. Dept. or Public Sector Undertaking, there is no requirement of obtaining approval of the Committee on disputes for pursuing litigations as was being done. Field formations may now pursue their appeals in the respective Tribunals / Courts without obtaining clearance from the Committee of disputes. (Instruction F No. 390/R/260/09-JC dtd. 24.3.11).

#### 10.11 Provisional clearance of imported goods:

10.11.1 Section 18 of the Customs Act, 1962 and Customs (provisional duty assessment regulation), 1963 [M.F. (D.R.) Notification No.181-Cus., dated 13<sup>th</sup> July, 1963], allows an importer to provisionally clear the imported goods from Customs pending final determination of value by giving a guarantee in the form of surety, security deposit or bank guarantee.

#### 10.12 Use of tariff to calculate Customs Duty

10.12.1 Following paragraphs are given as general guidance to calculate Customs Duty. However current Customs Valuation (Determination of Price of Imported Goods) Rules, 1988, need only be referred to, for exact determination of Customs duty.

#### 10.13 Customs Duties –Imports

10.13.1 There are several types of duties leviable on import and there are prescribed methods of computation of duties. It is useful to consider the following steps in determining the amount of duty payable.

- a) Obtain the Tariff Classification of goods.
  - i) The import invoice would indicate all items of purchase. If you wish to compute the total duty payable on each of the items, you have to first identify the various types

of duties leviable on each of the items. For this purpose, you are required to determine the classification of each of the items of import as given in the import invoice based on your understanding of the item description. The rules of to be followed while determining the classification have been given in the General Rules of Interpretation of the First Schedule to the Customs Tariff Act, 1975.

- b) Compute the
  - i. Basic Customs Duty
  - ii. Surcharge
  - iii. Additional Duty of Customs (equal to excise duty) and
  - iv. Special Additional Duty.
- c) Determine if there are any additional levies under different statutes
- d) Whether there are concessions and exemptions available on the item.

#### 10.14 Basic Customs Duty

10.14.1 Duty, which is specified against each Heading or Sub-Heading in the First Schedule to the Customs Tariff Act, 1975. This is usually referred to as Basic Customs Duty. There are different rates of duty for different commodities. These rates are found in column no. 4 (labeled as "standard rates") of the tariff. There is also a 5<sup>th</sup> column specifying the "preferential rates". These are different rates of duty for goods imported from certain countries in terms of bilateral or other agreements with such countries--which are called preferential rates of duties. The duty may be a percentage of the value of the goods (in such cases it is called ad-valorem duty) or at a specific rate, which is based on unit of measurement which is specified in the tariff entry. The rate of duty in percentage (in the case of advalorem duties) has to be applied on the Cost Insurance and Freight.

10.14.2 To ascertain the applicable rate of duty, refer to the Tariff rates of duties along with exemption notification, if any. Following sites are specifically useful for matters relating to Customs Procedures, Manual & Tariff:

Customs Deptt : <http://www.cbec.gov.in/>  
Customs Acts: <http://www.cbec.gov.in/cae/customs/cs-acts-main.htm> Customs  
Tariff: <http://www.cbec.gov.in/cae/customs/cs-tariff/cst-note.htm>  
Customs Forms: [http://www.cbec.gov.in/cae/customs/forms\\_pdf/forms\\_idx\\_final.htm](http://www.cbec.gov.in/cae/customs/forms_pdf/forms_idx_final.htm)  
Customs Notifications: <http://www.cbec.gov.in/cae/customs/cs-notfns-main.htm>  
Customs Manual: [http://www.cbec.gov.in/cae/customs/cs-manual/manual\\_idx.htm](http://www.cbec.gov.in/cae/customs/cs-manual/manual_idx.htm)

#### 10.15 Surcharge

10.15.1 A Surcharge at the rate of 10% of the Basic Customs Duty is leviable on imported goods under Section 90 of the Finance Act, 2000 (unless exempted by a notification), which reads-" In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as surcharge of Customs, an amount, equal to ten per cent of the duty chargeable on such goods calculated at the rate specified in the First Schedule, read with any notification for the time being in force, issued by the Central Government, in relation to the duty so chargeable".

10.15.2 The surcharge of Customs referred to above is in addition to any duties of Customs chargeable on such goods under the Customs Act or any other law for the time being in force.

10.15.3 The provisions of the Customs Act and the rules and regulations made there under, including those relating to refunds, drawbacks and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of surcharge of customs leviable under the section in respect of any goods as they apply in relation to levy and collection of the duties of customs on such goods under that act or those rules and regulations, as the case may be.

10.15.4 All goods falling within the First schedule of the Customs Tariff Act, 1975 have been exempted from whole of the surcharge of customs with effect from 1<sup>st</sup> March, 2001 vide notification No. 26/2001-Customs dt 1.03.01.

#### 10.16 Additional duty of customs

10.16.1 Additional duty of customs equal to the, excise duty leviable on like goods produced or manufactured in India. This is levied under Section 3 of Customs Tariff Act, 1975. This is usually referred to as "countervailing duty" (CVD). However, the correct description of this duty is Additional Duty of Customs. In order to determine the applicable rate, you have to obtain the correct classification of the goods under the Central Excise Tariff Act, 1986. The duties under the Central Excise Tariff are on ad-valorem basis. However, specific rates have been prescribed for some items. Importantly, the value for the purpose of computing additional duties of Customs is the total of the assessable value (generally the transaction value - roughly equal to the c.i.f. value) and the basic customs duty.

10.16.2 A manufacturer, who is importing goods to be used as inputs for manufacture of other goods, would be generally eligible for obtaining credit (called CENVAT credit) equal to the additional duty of customs paid on the imported goods. This duty amount is eligible for credit under input duty Central Excise Rules, 1944. This credit can be used for paying central excise duties on the manufactured goods.

#### 10.17 Special Additional Duty

10.17.1 A Special Additional Duty at a rate to be notified by the Central Government is leviable on any article imported into India. The maximum rate at which the Special Additional Duty can be levied is 8%. However, the Central Government has by Notification No. 18/2000-Customs, dated 1-3-2000 specified the rates of Special Additional Duties at different rates. The maximum rate specified under the said notification is 4% ad-valorem.

10.17.2 For details refer Section 3A of Customs Tariff Act, 1975 (51 OF 1975).

#### 10.18 Other Additional Customs Duties

10.18.1 Safeguard Duty (under Section 8B of the Customs Tariff Act, 1975) is applicable on certain goods at the time of import for specified periods in order to check their excessive imports which may be injurious to the Indian industry.

10.18.2 Some of the levies are commodity specific and would be applicable regardless of the time of import. These include cesses under various enactments as also Additional Duties on specified commodities for example Additional Duty on Stainless Steel Manufactures for household use, on Transformer Oil, on Motor Spirit (commonly known as petrol), on high speed diesel Oil etc. There are certain other levies, which are specific to the country of origin.

10.18.3 Countervailing Duty on bounty-fed articles is leviable under Section 9, of the Customs Tariff Act 1975. No such duty is however, being levied at present.

10.18.4 Anti-dumping Duty (under Section 9A, Customs Tariff Act 1975) on specified goods imported from specified countries to protect indigenous industry from injury resulting from dumping of goods. This is notified and published from time to time.

#### 10.19 Exemptions:

10.19.1 The Central Government may notify certain exemptions and concessions, which may be conditional or absolute. These include exemption of imports for promotion of exports, import by UN bodies, defence imports etc. There are also exemptions, which are unconditional and are applicable across the board. There are other exemptions based on conditions of end use.

10.19.2 Exemption to imports relating to Defence and internal security forces, vide Notification No. 39/96-Cus., dated 23-7-1996 is of special significance to NAeL. It exempts goods of the description specified there-in in column (2) of the Table, when imported into India, from the whole of the duty of customs leviable thereon which is specified in the First Schedule and from the whole of the additional duty leviable thereon under section 3 of the second Act, subject to the conditions, if any, specified in the corresponding entry in column (3) of the said Table.

10.19.3 Preferential rates of customs duty have been made applicable in respect of imports from certain countries such as Sri Lanka, Mauritius, Seychelles and Tonga provided certain conditions are satisfied. The goods in question must actually be manufactured or produced in such preferential areas. Rules have been framed in order to determine whether the goods have been manufactured or produced in such areas. Determination of origin of the goods is very essential in order to avail of the benefits of such concessional rates of duty.

#### 10.20 Note of Caution

10.20.1 All the acts, rule, procedures and thereby the quantum of duties etc are subject to change by notifications issued from time to time. Therefore it is necessary to refer to updated information only, before entering into any commitment.

#### 10.21 Customs Duties : Exports

10.21.1 Very few items are subjected to customs duties on their export. For details refer to the Second Schedule and the exemption notifications for exports. However, cesses are leviable on export of several commodities under various Acts.



## 10.22 Goods & Services Tax (GST)

10.22.1 GST is a destination based tax, an end user consuming any goods or services is liable to pay Goods & Services Tax. The tax is received by the state in which the goods or services are consumed and not by the state in which such goods are manufactured. In case of exports, the seller of the goods or services is exempted from paying the tax. GST removes the cascading effect of tax ie tax on tax. The Goods & services tax has been classified into following categories for goods which are either manufactured in India Or Imported:-

- i) IGST - Integrated Goods & Services Tax
- ii) SGST - State Goods & Services Tax
- iii) CGST - Central Goods & Services Tax

10.22.2 Intra State supply of goods or services is when the location of the supplier and the place of supply ie location of buyer are in the same state. In intra state transaction a seller has to collect both CGST & SGST from the buyer. The CGST gets deposited with the central government & SGST gets deposited with state government.

10.22.3 Inter State supply of goods or services is when the location of the supplier and the place of supply are in different states. Also, in cases of export or import of goods or services or when the supply of goods or services is made to or by a SEZ unit, the transaction is assumed to be interstate and seller has to collect IGST from the buyer.

10.22.5 Cess: Different items are subject to levy of Cess at varying rates under different enactments.

10.22.6 To ascertain the applicable rate of duty, refer to the Tariff rates of duties along with exemption notification, if any.

10.23 Custom Duty Exemption Certificate : An appropriate Clause with regard to applicability / issuance of Custom Duty Exemption Certificate, if applicable, for import of material needs to be clearly indicated in the RFQ/Purchase Order. In case the need arises to render the Duty Exemption Certificate for import of material by Contractor / Sub-contractor of NAeL against NAeL order, it is to be ensured that the same may be rendered within 6 weeks from the date of submission of complete documents by the sub- contractor, as required under Notification No.39/96.

10.24 Withholding Tax (If applicable appropriate clause needs to be included in the RFQ).

i. NAeL would be deducting at source applicable Income Tax as per Government of India Rules applicable at the time of making payments in respect of services rendered in India. (Generally on the amounts towards services like training, technical assistance offered by the bidder and license fees). As per the Rules, Income tax has to be borne by the

recipient of the Income and relevant certificate to this effect will be issued to the bidder on deduction of such amounts, if applicable.

ii. Bidder should bear the applicable withholding income tax in India. Tax would be deducted at source by NAeL as per DTAA where the bidder could claim the benefit of double taxation in their country as per the bilateral agreement between the two countries. Certificate to this effect would be issued by NAeL to enable the bidder to claim the benefit under DTAA.

iii. Bidder is required to indicate the PAN No. issued by Indian Income Tax Authorities.

## CHAPTER XI

### PURCHASE PROGRESSION

11.1 Monitoring is a vital part of any efficient managerial functioning. The efficiency of purchasing largely depends on a good and effective purchase progression system. The progression system should ensure the following in respect of each purchase request received by the Purchase Department :

- i) Enquiry is sent in time
- ii) offers are received in time
- iii) order is placed in time within the validity of offer
- iv) goods on order are received as per delivery schedule and bills / discrepancies are settled promptly.

11.1.1 For ensuring the above, a progression cell should be specially organised in the Purchase Department to operate directly under the Head of the Purchase Department. Care should be taken to ensure that the cell deals with real time information and does not become a postmortem cell to find faults with the other sub-departments of Purchase. The cell shall provide a positive service by providing timely warning signals where delays are occurring so that timely corrective action is initiated by the Buyer.

11.1.2 Computer facilities are now available within NAeL. It is therefore, in the prime interest of Purchase Department to plan timely input of purchase data to the computer for obtaining Purchase Progression Service from the Computer Center. In the intervening period, the cell shall monitor the progression of purchases with the help of

- i) Purchase Request / Indent Progression Register/ Database (Pre contract stage)
- ii) Purchase Order Progression Register/ Database (Post - contract stage)

#### 11.2 Purchase Request / Indent Progression Register/ Database

11.2.1 All indents received shall be entered in the Indent Progression Register/ Database. The register/ Database shall have the following columns:

- a) Serial Number
- b) Indent Number and Date
- c) Brief description of the item
- d) No. of items on the indent
- e) Estimated Value
- f) Date Indent received
- g) Date Enquiry issued
- h) Due date for receipt of offers
- i) Date of tender opening
- j) No. of tenders received
- k) Date comparative statement was prepared
- l) Date of putting up proposal for approval
- m) Purchase Order Number and Date
- n) No. of items in the Purchase Order

- o) Name of Supplier
- p) Value of the Purchase Order
- q) Remarks

Above details / information otherwise can also be maintained on computer system.

11.3 The Indent Progression Register/ Database shall be reviewed daily by the Purchase Officer/ Progress Assistant and a weekly report sent to the Senior Commercial Manager / Purchase Manager giving details of

- i) Indents where enquiries are not issued in time
- ii) Quotations not received as per due date
- iii) Price comparative statement not made within six (6) working days after tender opening
- iv) Purchase Proposals / Purchase Orders not raised for more than 10 working days
- v) Files pending for more than 7 working days with outside Department
- vi) Cases where Import Clearance has been received within 3 weeks

#### 11.4 Purchase Order Progression Register/ Database

11.4.1 All Purchase Orders issued shall be entered in the Purchase Order Progression Register/ Database. The register/ Database shall have the columns as given in Annexure-26.

11.4.2 The register/ Database shall be reviewed by concerned officer. Letters / Telex reminders shall be sent at least 8 weeks in advance of scheduled delivery date in the case of foreign suppliers and 4 weeks in advance in the case of indigenous suppliers. A report is to be sent to the Commercial Manager in respect of the following:

- a) Where Order Acknowledgements are not received within 30 days in respect of foreign suppliers and 15 days in respect of local suppliers.
- b) Where Letters of Credit require revalidation / extension
- c) If supplies are overdue by more than 2 weeks
- d) Inspection reports not finalised within 2 weeks after receipt of items
- e) Details of rejections / refund of amount paid for rejected materials
- f) Suppliers' bills outstanding for payment more than 15 days.

#### 11.5 Extension Of Delivery Period

If the supplies are not affected within 2 weeks after the delivery date or if the suppliers ask for extension of time, the attention of the authority who signed the order shall be drawn. Action for necessary Purchase Order Amendment shall be taken in accordance with para on "Purchase Order Amendment" (para 8.7). While granting extension of delivery time, financial implications shall be examined and financial concurrence obtained where it involves financial implications.

#### 11.6 Cancellation of Orders and Penalty

For cancellation of order the approval of the CFA shall be obtained. Before imposing any penalty less than what has been laid down in the General Terms and Conditions of Supply the approval of CFA shall be obtained.

#### 11.7 Settlement of Vendors Bills

In order to maintain credibility and project a proper image of the Company, it is of utmost importance that the bills of the vendors are paid in a reasonable time. Purchase Department being the sole contact point, it is necessary that the Purchase Department takes the responsibility of arranging timely payments by coordinating with Inspection, Stores and Finance Departments, for movement of the necessary documents for releasing the payments. A committee of finance, purchase and stores to review the pending bills and ensure payment by resolving all the issues. Payment can be made based on computer generated / scanned signed invoice. Ink signed invoice need not be insisted. Partial payment for accepted items / quantity can also be processed.

#### 11.8 Retirement of Documents through the Bank

11.8.1 The Purchase Department ensures that the advices such as FLSC, etc., are collected on a day-to-day basis from the bank, scrutinize with the Purchase Order and recommends payments to the Finance Department for preparing the cheques. The Purchase Department collects the cheques, hands over to the Bank, retires the documents and forwards the same to the Stores for collection of the goods from carriers such as Roadways / Railways / Airways. For a general guidance, the following time schedule may be followed for retirement of the documents:

- i) The Purchase Department will verify with reference to the terms of Purchase Order and issue amendment where necessary, and forward the LSCs to the Finance Department preferably within 3 working days.
- ii) Finance Department will send the cheque to the Purchase Department preferably within 2 working days.
- iii) The Purchase Department will retire the documents from the Bank within one day.
- iv) Purchase Department will forward documents such as LR / RR / AWB etc. to stores for collection of materials on the same day / next day.

#### 11.9 Direct Payments on Open Account and Balance Payments

11.9.1 It should be specified in the Purchase Orders that vendors should submit their bills to the Purchase Manager. The Secretariat Department should be advised to deliver all the vendors' invoices to the Purchase Department. If some bills are received in Finance direct, the same should be redirected immediately to Purchase Department.

- i) The bills received by the Purchase Department are scrutinised with reference to terms of Purchase Order and the Receiving Reports and then recommended for payment to the Finance Department preferably within 3 working days from the date of receipt of the bills / Receiving Report.
- ii) The Finance Department will release the payment preferably within 3 working days from the date of receipt of the recommendation from Purchase Department.

11.9.2 In case of any difficulty or delay in finalisation of Receiving Reports and for releasing payment by the Finance Department, the matter has to be sorted out by mutual discussion by officers of concerned Department. If the differences still persist, Commercial should discuss with the Finance and if necessary with the Head of Company so that the payment could be arranged without any delay. In order to achieve this, the Purchase Department may establish a system of having weekly or fortnightly meetings with Finance Department to resolve any outstanding problem.

11.10 Finalization of Receiving Reports :

It should be ensured that all the Receiving Reports are finalised within a period of fifteen (15) working days and Head of the Commercial shall monitor the same for effective implementation.

## CHAPTER XII

### VENDOR EVALUATION

12.1 It is an important responsibility of the Purchase Department to establish and deal with reliable vendors and this objective cannot be effectively met without a proper vendor rating system, the objective of which shall be to determine how well the suppliers are meeting the quality, delivery and price standards. Vendor rating provides the basis for comparing the performance of one vendor against the other and for eliminating vendors who repeatedly fail to meet minimum acceptable standards. For efficient rating of the supplier the relevant data has to be collected by Purchase, Inspection and Stores and collated by Purchase for final evaluation.

#### 12.2 Applicability

12.2.1 In the context of availability of limited resources, vendors shall be selected judiciously to derive the utmost benefit of the vendor rating technique. Areas where the vendor rating shall be made applicable:

- a) More than one source of supply for the same product where performances can be compared and the annual purchase value of a particular item are above Rs. 100,000.
- b) Items for which there are parallel rate / running contracts.

12.2.2 Areas like capital equipment, or purchase from licensors, proprietary purchases, purchase from Government agencies or monopoly dealers are not amenable to vendor rating.

#### 12.3 Frequency

Approved Vendors shall be rated at least once in a year as per their performance, based on Quality Audit Reports or Quality records and their performance on previous supplies. Vendor rating exercise may be carried out more often if necessary.

#### 12.4 Rating:

Vendor's actual performance after the orders have been placed shall be recorded. This shall include the quality of the product, delivery, after-sales-services, price, etc.

12.5 The responsibility of Vendor rating shall rest with Head of Commercial group. A committee comprising of members of Commercial, Quality Assurance, Finance and Production Engineering/Shop shall review vendor performance based on price, delivery, quality and after-sales service. The committee shall rate the performance level of each vendor on a scale of 100 considering weightage for each criterion as follows: -

Criteria	Weightage	
Price		25
Response to Enquiries	4	
Competitiveness of the Price	10	
Acceptance Of NAeL Terms and Conditions	4	
Terms Of Payment (Direct Payment/ Sight Draft/ Letter of Credit, confirmed or unconfirmed/ Advance)	2	
Relaxation In Period Of Validity Of Quotes	5	

<b>Delivery</b>		<b>25</b>
Promptness in Delivery as per Schedule	10	
Delivery without constant Follow Up	10	
Response To emergent requests	5	
<b>Quality</b>		<b>40</b>
Delivery Of Quality Goods; (i.e. conformity to Purchase Order in respect of Part No., Specifications, Standards etc.	30	
Completeness Of documentations especially Test Reports Etc.	10	
<b>After Sales Service</b>		<b>10</b>
Promptness In dispatching Quality Documents/ attending to complaints/ replacement Of Rejected Supplies	5	
General Attitude In assisting NAeL In settlement Of Queries, Problems raised during usage	5	

#### Vendor Rating System

- 12.6 The performance evaluation committee shall meet at least once in a year to review vendors' performance and rate them as per their recorded performances. The rating on each criterion shall be in percentage. Final gradation shall be arrived at by multiplying percentage obtained by a vendor on each criteria and weight-age assigned to the criteria. The records shall be maintained on computer. Vendors should be classified as Class 'A' (performance rating better than 80%), 'B' (performance rating better than 50%) and 'C' (performance rating less than 50%)
- 12.7 Areas needing improvement to be intimated to class 'B' vendors. Future enquiries shall not be sent to Class 'C' vendors. However, in case the number of approved suppliers is limited, Class 'C' vendors may also be contacted subject to approval of Head of Company.
- 12.8 The Purchase Officer shall watch the performance of the suppliers against each supply order.
- 12.9 The above are only guidelines. However vendor rating should be done based on the parameters which are measurable and accordingly program is to be designed to generate the report on vendor rating for a particular period.

## CHAPTER XIII

### BUDGETING

#### 13.1 Purchase Budget

Purchase Budget comprises of Capital Budget, Revenue Budget and Foreign Exchange Budget. Annual Budgets at the Company level shall be formulated by Finance in close co-ordination with Purchase and Planning Departments. The Budget shall normally be compiled on a three year time-frame by about November of each year, covering the revised estimate for current year, budget estimate for the ensuing year, and forecast for the year after. On the basis of forecasts given by the Planning, Design and other indenting departments, the Purchase Manager will consider the following factors for compiling the Purchase Budget and forwarded to Finance.

#### 13.2 Commitment Budget

- a) Value of indents pending at the beginning of the year, which would be converted into Purchase Order during the year and the following year.
- b) The quantum of commitment expected to be made during the year and the following year, on the basis of the forecast given by the indenting departments.

#### 13.3 Expenditure Budget

13.3.1 The expenditure portion of the budget shall be compiled taking into account the following factors:

- a) Suppliers that are likely to materialise during the year, the following year and the year after, out of the commitments already made at the beginning of the year.
- b) Suppliers that are expected against commitments to be made during the year, the following year and the year after.

13.3.2 Purchase Budget shall be prepared by Commercial/ Purchase and forwarded to the Finance, who shall arrange to send the same to Corporate Office.

#### 13.4 Capital Budget

13.4.1 This consists of three major heads viz. Plant, Machinery and Equipment, Civil Works and other Welfare items.

13.4.2 A detailed list of items proposed to be procured by the Company shall be submitted to the Corporate Office with full justification for approval. The approved Budget contains the list of all items ultimately approved for purchase. Where import of items is involved, the required Foreign Exchange provision shall be indicated against such items in the Budget. Capital Budget shall be prepared by the Finance in consultation with the concerned Departments and sent to Corporate Office.



### 13.5 Foreign Exchange Budget

This shall be derived on the basis of projections in the Capital and Revenue Budgets and shall indicate the quantum of Foreign Exchange, both Free Foreign Exchange and for Capital as well as Revenue requirements. The Budget so prepared shall be sent to the Corporate Office for consolidation and projection to the Ministry. Foreign Exchange Budget shall be prepared by the Finance in consultation with the concerned Departments and sent to Corporate Office.

### 13.6 Responsibilities of Purchase Department

13.6.1 As soon as the budget is finalised, the Purchase Department shall obtain a copy of the approved budget and the Head of Commercial shall ensure:

- i) that the purchase requests for the long lead items are received from the concerned department in time and timely action is initiated by Purchase simultaneously to obtain offers, technical clearance from import angle and processing of the application for foreign exchange release / issue of import licence wherever necessary.
- ii) to watch and take note of the progressive trends of Purchase Commitments and expenditure so that timely action could be taken to put budget revision proposals. In order to easily collect the commitment and expenditure data, the Purchase Manager shall carefully study the budget heads and shall arrange the purchase requests, purchase orders and incoming receipt information in line with the various budget heads. This would enable easy compilation of information for the timely guidance and action by the concerned officers / departments.

13.6.2 Purchase Department in co-ordination with Accounts shall prepare a monthly return which shall show the progress of commitments and expenditure vis-à-vis the projected budget estimates. The Head of the Purchase Department shall study these returns and plan out the Purchase Department's strategy to achieve the budget targets and cases of serious deviation shall be brought to the notice of the Head of Company and their intervention where necessary solicited.

## CHAPTER – XIV

### LEGAL ASPECTS OF PURCHASING

14.1.1 Purchase order is a legal contract between the buyer and the supplier and under this contract; both the parties have certain legal rights and obligations. Purchasing executives need to have a thorough knowledge of all the relevant laws pertaining to purchasing. This knowledge helps them to structure their agreement with the supplier properly. The main Acts but not restricted to the following are:

- i) The Sale of Goods Act, 1930.
- ii) The Indian Contract Act, 1872.
- iii) The Arbitration and Conciliation Act, 1996.
- iv) The Partnership Act, 1932.
- v) The Negotiable Instruments Act, 1881.
- vi) The Companies Act, 1956.
- vii) The Central Sales Tax Act, 1956.
- viii) The Sales Tax Acts and Rules of various States.

14.1.2 Unless a Buyer has basic knowledge of the legal aspects of purchasing he is likely to involve himself and the Company into legal complications which have to be avoided. The objective of this chapter is to make him familiar with some of the important legal aspects of purchasing.

#### 14.3 Application of Law of Agency

14.3.1 The basic authority for the acts of the Buyer is derived from the Law of Agency which gives him the authority to act for his Company. It is, therefore, necessary for the Buyer to know the amount of authority delegated to him for transacting business as the agent of the Company.

14.3.2 As in the case of the Buyer, Sellers and their staff similarly hold the status of selling agents for their firms. To ensure that a satisfactory contract has been executed, the Buyer must insist upon the acceptance of the offer by an authorised Company official.

14.3.3 While signing a contract, Buyer shall specially indicate on the document that he is acting in the capacity of agent for his firm and to avoid any possible misunderstanding between the Buyer and Seller as to who are the parties to the contract. Moreover, all information to be included as part of the contract shall appear above the agent's signature. It has been held by courts that the data appearing below the signature is for information only and therefore, does not form part of the contract.

#### 14.4 General Principles of Law of Contract

In Law, Contract is an agreement which is enforceable by Law. All contracts are agreements but all agreements are not contracts. For, an Agreement may be for an illegal object or may be between parties who are not capable of entering into it or it may be entered into through mistake common to both the parties.

14.4.1 "Consensus ad-idem" means that both the parties must understand the same thing in the same sense. This is an essential prerequisite of a valid contract. In order to determine

the existence of "Consensus ad-idem" it is usual to employ in a given contract the language of offer and acceptance.

#### 14.5 Purchase Contract

14.5.1 The Buyer's major responsibility is to ensure that Purchase Contract is properly drawn and is legally binding on the Supplier. To make it enforceable by Law, the Contract must contain the following four basic elements:

- a) Agreement (meeting of the mind) resulting from an offer from a Supplier and acceptance from the Buyer to be understood in the same sense.
- b) Consideration or obligation in the same form
- c) Parties shall be competent to enter into contract
- d) Purpose of the contract must be lawful

#### 14.6 Offer and Acceptance

14.6.1 When a Buyer sends a Purchase Order to a Supplier, this act constitutes legal offer to buy materials in accordance with the terms set out on the order. Agreement does not exist however, until the Supplier accepts this offer in terms of the order. In the event of the Buyer requesting for a quotation from the Supplier, the Supplier's quotation constitutes an offer. Agreement then exists when the Buyer accepts the quotation. Mere acknowledgement of offer does not constitute acceptance nor does silence constitute acceptance.

14.6.2 Under Sale of Goods Act, the Supplier has every right to revoke his offer at any time before it is accepted. The offer remains effective until it is rejected or the Supplier makes a counter - offer or until the period of offer is valid, and if that is not mentioned, until a reasonable period after the offer is made has elapsed (30 - 90 days).

14.6.3 When a Supplier accepts an order by using his own acceptance form which contains selling terms different from those in the order, legally it is considered as a counter - offer which terminates the Buyer's original offer and therefore, no agreement exists until the Buyer and the Seller agree upon terms which are mutually acceptable and incorporate them in a new offer and acceptance.

14.6.4 It has been seen that in practice such conflicts of terms frequently occur but are not resolved. Perhaps in most of the cases, the Supplier is able to deliver the materials according to the terms and conditions of the order. But if problem arises before dispatch against such an order, the Buyer may well find that in fact he has legally no valid contract with the Supplier.

14.6.5 If a problem arises after the Buyer receives and accepts the material, the Law considers the Buyer to have accepted the counter - offer when he has accepted the material. It is, therefore, necessary that every Buyer shall examine the Supplier's acceptance and try to reconcile with him any significant differences in contractual terms.

#### 14.7 Consideration

14.7.1 In addition to meeting of minds a valid contract must also contain an element of obligation. Most purchase contracts are bilateral. The Buyer promises to buy from the Supplier certain material at a stated price and the Supplier promises to deliver the material in accordance with the stated contract conditions. What is important is the mutuality of obligation. The contract must be drawn in such a way that each party is bound by the contract. In Law, even if one party is not bound, there is no contract. In a Purchase Order the Buyer must mention the quantity, price, delivery in a very specific language so as to bind the Supplier for proper performance of the contract.

#### 14.8 Competent Parties

14.8.1 A valid contract must be made by persons who are competent to contract. The Buyer exceeding his actual or apparent authority in making a contract shall absolve his company from the implications of the contract but he himself shall become liable for the consequences. The contract made by a minor or by an insane or intoxicant person is usually voidable under law.

#### 14.9 Legality of Purpose

14.9.1 A contract whose purpose is illegal is automatically void and not enforceable by law. A contract whose primary purpose is legal, but one of whose ancillary terms is illegal may be either void depending upon the seriousness of the illegality. For example, if a Buyer purchases material at a price which violated restraint of trade or price discrimination laws like Essential Commodities Act in India, the Contract would be legally void.

#### 14.10 Special Legal Considerations – Inspection Rights

14.10.1 If the Buyer has not previously inspected the material purchased to ensure that it conforms to the terms of the contract, the Law gives him a reasonable period of time to inspect the material after it is received. If the Buyer raises no objection to the material within a reasonable period of time (15 - 30 days) he is deemed to have accepted it.

#### 14.11 Right of Rejection

14.11.1 The Buyer has the right to reject material if it does not conform to the terms of the contract. If an excess supply is received, the Buyer can either reject the complete supply or he can reject the quantity in excess of the contract. When the Buyer does not wish to accept wrongly delivered material, he is required only to notify the Supplier and he is not legally bound to return the rejected material. If he neither returns the material nor notifies the Supplier of his rejection within a reasonable period of time, he is then obliged to pay for the material.

#### 14.12 Order Cancellation and Breach of Contract

14.12.1 If a Supplier fails to deliver the goods against an order by the delivery date agreed in the order or if he fails to perform in accordance with the contract conditions, he commits breach of contract. The breach generally gives the Buyers a right to cancel the order. The time of delivery can, however, be extended by the consent of both the parties and on such terms as agreed to by them. At the time of granting of such

extension of time for delivery, reservation could be made in respect of future increases in freight, custom duty, excise, sales tax, etc.

14.12.2 Where the order is cancelled, the Buyer can in addition sue the Supplier for the damages if he wishes. In case of delivery failure, if the Buyer subsequently purchases the material from elsewhere the damages are generally limited to the difference between the contract price and the price paid to the new supplier. Any or all damages recoverable under this head is only 'actual' damages suffered and not punitive or exemplary damages.

14.12.3 For re-purchase or risk purchase at the expense of defaulting Supplier the following conditions shall be fulfilled:

- a) The Stores re-purchased shall be identical with the stores originally ordered.
- b) The re-purchase shall be made within a reasonable time (6 months) after the date of breach or within the time stipulated in the contract.
- c) The defaulting Contractor shall be served with notice of re-purchase.
- d) The re-purchase shall be on the same terms as in the case of original contract.

Note: Risk purchase loss shall be recovered only after the re-purchase contract has been executed.

14.12.4 It may also happen in some cases that a Buyer is compelled to cancel the order before the material is supplied. In such a case the Buyer breaches the purchase contract. This act is called 'Anticipatory Breach' and it makes the Buyer liable for any resultant injury to the Supplier. However, if the cancellation does not harm the Supplier, he cannot collect any damages. There will be cases where the cancellation of the order is due to factors beyond the control of the Buyer like labour strike in the factory of the Buyer, act of God, war etc. In such cases, the Seller has to accept the cancellation.

14.12.5 It is evident at the time a major contract is drawn that breach of contract would severely injure one or both parties and that damage would be difficult to determine. It is wise to include in the contract itself a termination or liquidated damages provision. Such provisions stipulate in advance the procedures to be used in determining costs and damages.

#### 14.13 Patent Infringement

14.13.1 The Law gives a patent holder the exclusive right to manufacture, sell and use his patented item for a specified number of years. If an industrial purchaser engages in any of these activities during the period of patent protection without permission from the patent holder, he is guilty of patent infringement and can be sued for damages by the patent holder.

14.13.2 Buyers frequently have no way of knowing whether their Suppliers are selling patented materials with or without authorisation from the patent holder. If a Buyer unknowingly buys an item from a Supplier who has infringed the patent holder's rights, the Buyer is also guilty of infringement if he uses the item. To protect against such unintentional violations, most companies include a protective clause in their purchase orders which states that the Seller shall indemnify the Buyer for all expenses and damages resulting from patent infringement. Clauses of this type do not prevent the patent holder from suing the user. If properly stated, however, they can require the Seller to defend the

user in such legal proceedings and can give the user legal recourse to recover any resulting losses from the Seller.

#### 14.14 Honest Mistakes

14.14.1 When an honest mistake is made in drawing a Purchase Contract, the conditions surrounding such specific case determine whether the Contract is valid or void. As a general rule, mistakes made by only one party does not render the Contract void, unless the other party is aware of the mistake. For example, a quotation is submitted by a Supplier and he intends to quote a price of Rs. 260 per unit and through an error - may be typographical error - the price typed as Rs. 250 is transmitted to the Buyer. In such cases Courts have held that if the Buyer accepts the offer without knowledge of the error, a valid contract exists. On the other hand, if the price of Rs. 250 is incorrectly typed as Rs. 150 or Rs. 15 the Court would probably hold that a competent Buyer should recognise such an error and if one party knows or should know of other's error, the contract is void. However, a Buyer or Seller shall not assume that a mistake, however, innocent, will release him from a contractual obligation. In the majority of cases, it will not do so.

#### 14.15 Conclusion

14.15.1 The purpose of this chapter is to make the Buyer alert and alive to the legal responsibilities involved in his job. It is not necessary that a Buyer should be a legal expert. But at the same time, the Buyer should know as to when to seek sound legal advice whenever any legal problems arise. He is also supposed to know the legal aspects of purchasing to the extent that in his job he does not hurt himself or his company. The best thing for a Buyer is to avoid legal problems by using his skill in selecting sound, co-operative and reliable Suppliers. He shall also use his skill in settling disputes by negotiations.

## CHAPTER XV

### ETHICS OF PURCHASING

#### 15.1 Relationship with the suppliers

15.1.1 In all their dealings and transactions, the personnel of the Purchase Departments shall conduct themselves in an exemplary manner in keeping with the best interest, dignity and tradition of the Company and their profession. In this connection, the 'Code of Conduct & Ethics' adopted by the Indian Institute of Materials Management, which is reproduced below, shall serve to guide their actions.

- a) To consider first, the TOTAL interest of one's organisation in all transactions without impairing the dignity and responsibility of one's office.
- b) To buy without prejudice, seeking to obtain the maximum ultimate value for each Rupee of expenditure.
- c) To subscribe and work for honest and truth in buying and selling, to denounce all forms and manifestations of commercial bribery, and to eschew anti - social practices.
- d) To accord a prompt and courteous reception, so far as conditions will permit, to all who call upon a legitimate business mission.
- e) To respect one's obligations and those of one's organisation, consistent with good business practices.

#### 15.2 Filing System

15.2.1 The procurement files are very important and sensitive documents and thus there is a need to have a single file system with proper page numbering. In case of urgency, if opening of the part files is unavoidable, the same should thereafter be merged with the main file. The decisions and deliberations of the individuals or the Tender Committees also need to be properly recorded and well documented. The filing system must ensure accountability.

## CHAPTER XVI

### GREIVANCE REDRESSAL:

- 16.1 Any bidder or prospective bidder aggrieved by any decision, action or omission of the procurement process may within a period of 10 days or such other period specified in the pre-qualification documents, Vendor registration documents or Tender documents, from the date of such decisions, make an application for review to the concerned Company clearly giving the specific ground or grounds on which the vendor feels aggrieved. The application for review can be filed only by the bidder or vendor who has participated in the tender.
- 16.2 In case of two bid system, application for review related to the financial bid can be filed only by the vendor whose technical bid is found acceptable.
- 16.3 The official to whom the application for review has to be addressed shall be indicated in the pre-qualification documents, vendor registration documents or tender documents as the case may be. Based on this application for review, decision on whether the tendering process should be suspended pending disposal of the application should be decided by the procurement agency.
- 16.4 After examining the application and the available documents, procurement agency may decide on the relief to be considered appropriate to the applicant and communicate its decision to the applicant and to the other bidders or prospective bidders. The application for review should be dealt as expeditiously as possible.
- 16.5 The grievance application should be reviewed at a level of Head of Commercial or by an Officer not less than rank of Asst. Manager nominated by the CEO for proposals where CFA is CEO.
- 16.6 Incase of CFA is Board; the grievance application shall be reviewed by CEO.
- 16.7 Grievance redressal committee:
  - 16.7.1 If the grievance application is not disposed of within the allowed time, or if the bidder feels aggrieved by the decision, the bidder can file an application for redressal by the concerned procurement redressal committee within 15 Days of expiry of date of receipt of the decision., Redressal committee to be constituted at CEO level with Head of Finance, HR and Commercial head.
  - 16.7.2 The decision of the Grievance redressal committee is final.



## **CHAPTER XVII**

### **REQUIREMENT OF PROFESSIONAL STANDARDS AND TRAINING**

- 17.1 All personnel dealing with procurement are required to undergo training on the procurement procedures and guidelines issued by NAeL from time to time to achieve professional standard in their work. Only personnel who have undergone training are to be authorized deal with procurement process. Training of at least one week in be imparted to the personnel under the supervision of an officer of Commercial department nominated by Head of Department of Commercial of the Company, as may be applicable.

## CHAPTER XVIII

### INTERPRETATION OF PURCHASE PROCEDURES

#### 18.1 Action taken in good faith:

The procedure prescribed in the purchase manual is to enable the persons involved in the procurement process to have a fair and transparent procurement giving equal opportunity to all the vendors. Considering procurement is a complex process and every procurement being unique, all possible conditions cannot be foreseen and defined in the Purchase procedure. The Purchase Manual is for guidance and provides broad frame work of policy. Persons associated with procurement process are expected to take decisions in a given situation and move forward at the same time taking due care and attention in their action. All persons involved in procurement process shall be considered acting in good faith (done with due care and attention), unless proved otherwise, in discharge of procurement function. In such a case, they are not liable for any disciplinary proceeding for decision taken following the guidelines of the purchase procedure and material information available with an intent to make the items/service available to ensure uninterrupted production, meet the delivery commitments and in the interest of the company.

#### 18.1.1 Such decision taken by the persons associated with the procurement need to be recorded with appropriate reasons and justification.

#### 18.2 Interpretation for unique situations :

#### 18.2.1 Keeping the objective of timely procurement of items and services to enable timely delivery of companies' product in the most competitive price, there could be need for interpretation of the purchase procedures for peculiar situations faced during procurement process to meet urgent requirement. Under these circumstances the decision taken in good faith by the Material procurement committee and approved by Complex Head is considered as final. The material procurement committee at Company level to be constituted with CEO, Head of Finance, Head of Commercial, Head of Quality and Head of planning. Such interpretation / decision will have to be communicated to Commercial, Corporate office who in turn will review the interpretation for considering implementation with the approval of competent authority in case such interpretation found to be commercially and procedurally in order.

#### 18.3 Clarification on Procurement Procedure

Clarification to the laid down procurement procedure will have to be referred to Commercial, office along with clear recommendation for CO clarification. A Policy Monitoring Committee in Corporate Office under Commercial will review the clarifications and provide its recommendation. If any amendment to the Purchase procedure, if considered required the same will be put up to the Board.

#### 18.4 The manual is to be reviewed every five years.

## CHAPTER XIX

### GLOSSARY OF PURCHASE TERMS

1. **ABANDONMENT**  
Refusal to receive freight so damaged in transit as to be worthless and render carrier liable for its value.
2. **ABSORPTION**  
The assumption by a carrier of switching or other special charges without increasing the charge to the shipper.
3. **ACKNOWLEDGEMENT**  
A form used by a vendor to advise a purchaser that his order has been received. It usually implies acceptance of order.
4. **AD-VALOREM (ACCORDING TO VALUE)**  
Ad-valorem is usually applied to a customs duty charges upon the value only of goods that are dutiable, irrespective of quality, weight or other considerations. The ad-valorem rates of duty are expressed in percentage of the value of the goods, usually ascertained from the invoice.
5. **ADVICE OF SHIPMENT**  
A notice sent to purchaser advising that shipment has gone forward and usually containing details of packing, routing etc.
6. **AFFIDAVIT**  
A written statement sworn to before a notary.
7. **AFTER SIGHT**  
An expression used on bills of exchange and meaning "after presentation to the drawee for acceptance".
8. **AGENCY**  
The term "agency" signifies relations existing between two parties by which one is authorized to perform or transact certain business for the other; also applies to the office of the agent.
9. **AGENT**  
One acting for another, called principal, in dealing with third party.
10. **ANCILLARY INDUSTRIAL UNDERTAKINGS**  
An industrial undertaking which is engaged or is proposed to be engaged in the manufacture or production of parts, components, sub-assemblies, tooling or intermediates, or the rendering of services and the undertaking supplies or renders or proposes to supply or render not less than 50 per cent of its production or services, as the case may be, to one or more other industrial undertakings and whose investment in fixed assets in plant and machinery whether held on ownership terms or on lease or on hire-purchase, does not exceed Rs 10 million. Definition of Ancillary, Micro, Small and

Medium Industry may be referred at [www.dcmsme.gov.in](http://www.dcmsme.gov.in) of Ministry of MSM Enterprises, GOI.

**11. ARBITRATION**

The investigation and decision of a cause or matter between parties in controversies, by chosen persons.

**12. ARRIVAL NOTICE**

A notice sent by the carrier to the consignee advising of the arrival of the shipment.

**13. AS IS**

A term indicating that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the vendor for the quality or condition of the goods.

**14. ASSIGNED SIDING**

A side or team track owned by a carrier and assigned to one or several industrial concerns for loading or unloading.

**15. ASSIGNMENT**

Transference of some property right or title to another party. This term is frequently used in connection with bills of lading, which are endorsed (assigned) over, to another party (the assignee) by the owner of the bill (assignor). Such endorsement gives to the party named the title to the property covered by the bill of lading.

**16. ASTRAY FREIGHT**

Freight bearing marks indicating owner and destination, but separated from the waybill.

**17. AUTHORISED DEVIATION**

A permission to a supplier authorizing the production or delivery on a restricted basis of items not in conformance with the applicable drawings or specifications.

**18. BACK ORDER**

That portion of an order which the vendor cannot deliver at the scheduled time and which he has re-entered for a shipment at a later date.

**19. BID**

An offer, as a price, whether for payment or acceptance. A quotation specifically given to a prospective purchaser upon his request, usually in competition with other vendors. An offer, by a buyer to vendor, as at an auction.

**20. BILL**

A form used by a carrier as an invoice showing consignee, consignor, description of shipment, weight, freight rate, freight charges and other pertinent information about goods being transported.

**21. BILLED WEIGHT**

The weight on the basis of which charges are assessed by the carrier and shown in freight bill and way bill.

22. BILL OF ENTRY

The detailed statement by the importer of the nature and value of goods entered at the custom house and used for statistical purposes.

22.1 The straight bill of lading is a non-negotiable document and provides that a shipment is to be delivered direct to the party whose name is shown as consignee. The carriers do not require its surrender upon delivery except when necessary that the consignee be identified.

22.2 The order bill of lading is negotiable. Its surrender, endorsed by the shipper, is required by the carriers upon delivery, in accordance with the terms thereon. The object of an order bill of lading is to enable a shipper to collect for his shipment before it reaches destination. This is done by sending the original bill of lading, with draft drawn on the consignee, through a bank. The drawee, or the one to whom delivery is made, receives the lading upon payment of the draft and surrenders it to the carrier's agent for the shipment of goods. It is customary for shipper, when forwarding goods on this form of lading, to consign the shipment to himself to be delivered only upon his order, destination the person or firm to be notified of its arrival at destination.

22.3 An export bill of lading is one indicating that a damage or shortage existed at the time of shipment.

22.4 An ocean bill of lading is one issued by an ocean carrier for marine transport of goods.

22.5 Consignee to see goods before paying duties. Such inspection is made in the presence of a custom officer and is requested by an importer for the purpose of obtaining details which will enable him to prepare a correct Bill of Entry. This letter document must be completed within three days of the Bill of Sight; otherwise goods are removed to Government warehouse.

23. BONDED WAREHOUSE

Place owned by persons approved by the secretary of the Treasury and who have given guarantees or bonds for the strict observance of revenue laws. Such warehouses are used for the storage and custody of import merchandise, subject to duty, until the duties are paid or the goods reshipped without entry.

24. COST AND FREIGHT

A term used when goods are to be conveyed by ocean marine transportation and meaning that the price stated includes both the cost of the goods and the transportation charges to the named point of destination. The seller is liable for the ocean freight charges and for all risks and other charges until he has received a clean ocean bill of lading from the carrier (either a "received for shipment" or an "on board", as agreed between seller and buyer) at which point title passes to the buyer. The buyer is liable for all risks and charges, except ocean freight, after title has passed. The buyer is responsible for arranging for insurance on the goods from the point of ocean shipment.

25. CARGO

The freight transported in a vehicle. The load for transportation as differentiated from things carried as operating equipment and supplies for the conveyance.

- 25.1 **CARGO (MAINFEST)**  
A document listing all cargo consignments on board a truck, vessel, or aircraft, and giving the quantity, identifying marks, consignor and consignee of each item.
26. **CARTAGE**  
Drayage; a charge for local hauling.
27. **CARTON**  
This term is usually applied to the interior package commonly used to enclose cereals, dried fruit, sugar, soap etc. A carton is not normally a shipping container and is not intended by itself to meet shipping requirements and regulations.
28. **CASH IN ADVANCE**  
Same as "cash with order".
29. **CASH ON DELIVERY**  
Abbreviation-C.O.D. Payment due and payable upon delivery of goods.
30. **CASH WITH ORDER**  
Payment accompanies order when given to seller.
31. **CERTIFICATE OF COMPLIANCE**  
A supplier's certification to the effect that the supplies or services in question meet certain specified requirements.
32. **CERTIFICATE OF DAMAGE**  
A document issued by dock companies in regard to merchandise received or unloaded in a damaged condition.
33. **CERTIFICATION OF ORIGIN**  
A certified document as to the origin of goods.
34. **CERTIFICATE OF WEIGHT**  
An authoritative statement of the weight of a shipment.
35. **CERTIFIED BILL OF LADING**  
An ocean bill of lading certified by a consular officer to meet certain requirements of his country as to goods imported.
36. **CHANGE ORDER**  
The purchaser's document used to amend a purchase transaction previously formalized by a purchase order.
37. **COST, INSURANCE AND FREIGHT**  
Similar to C & F, except that the cost of ocean marine insurance is also for the account of the seller. "War Risk" insurance is not for the seller's account unless otherwise agreed upon between the parties.

38. **CLEARANCE**  
A customs house certificate that a ship is free to leave, all legal requirements above and beside tracks and highways, where they pass through tunnels, under the over-bridges and when published are known as "clearance tables".
39. **COMPETITIVE BIDDING**  
The offer of estimates by individuals or firms competing for a contract, privilege or right to supply specified services or merchandise.
40. **COMPROMISE**  
An agreement between two or more persons, to settle the matters of controversy without resort to litigation.
41. **CONCEALED DAMAGE**  
Damage to the contents of a package which is in good order externally.
42. **CONCEALED LOSS**  
A loss from a package bearing no indication of having been opened.
43. **CONDITIONAL SALE**  
A sale in which title is retained by the vendor as security for the purchase price, although possession is surrendered to the buyer.
44. **CONFIRMING ORDER**  
A purchase order issued to a vendor listing the goods or services and terms of an order placed verbally, or otherwise, in advance of the issuance of the usual purchase document.
45. **CONSIDERATION**  
Something of value given for a promise to make the promise binding of "binder", "earnest money".
46. **CONSIGNEE**  
The person or organization to whom a shipper directs the carrier to deliver goods. Such person or organization is generally the buyer of goods and is called a consignee on a Bill of Lading.
47. **CONSIGNEE MARKS**  
A symbol placed on packages for export generally consisting of a square, triangle, diamond, circle, cross etc. with designated letters and/or numbers for the purchase of identification.
48. **CONSIGNMENT**  
Goods shipped for future sale or other purpose, title remaining with the shipper (consignor), for which the receiver (consignee), upon his acceptance, is accountable. Consigned goods are a part of the consignor's inventory until sold. The consignee may be the eventual purchaser, may act as the agent through whom the sale is affected, or may otherwise dispose of the goods in accordance with his agreement with the consignor.
49. **CONSIGNOR**  
The person or organization who delivers freight to a carrier for shipment is called a consignor or shipper and is the one who directs the bill of lading to be executed by the

carrier. Such a person or organization may be the consignor - consignee, if the bill of lading is made to his own order.

50. CONTAINER

An item in which or around which another item or items are kept and maintained as an entity, mainly for shipping or issue purposes. Examples: barrel, bottle, can, drum, reel, spool etc.

51. CONTRACT

A deliberate agreement between two or more competent persons to perform or not to perform a specific act or acts. A contract may be verbal or written. A purchase order, when accepted by a vendor, becomes a contract. Acceptance may be either in writing or by performance, unless a purchase order requires acceptance thereof to be in writing, in which case it must be thus accepted. A unilateral contract is one where only one party promises performance, the performance being exchange for an act by the other. A bilateral contract is one where both parties promise performance, each promise being given in exchange for the other.

52. CONTRACT DATE

The date when a contract is accepted by all parties thereto.

53. CONTRACT

53.1 Any of the parties to a contract.

53.2 One who contracts to perform work or furnish materials in accordance with a contract.

54. CUSTOMS (DUTIES)

Customary taxes, tools, or duties levied upon goods which pass a frontier, generally upon goods imported.

55. CUSTOMS TARIFF

A schedule of charges assessed by the Government of imported or exported goods.

56. DAMAGES

Compensation, usually in money, for injury to goods, person, or property.

57. DELIVERY

The transfer of possession; as applied to shipping, it occurs when lading is surrendered and title to goods passes to the receiver or consignee.

58. DELIVERY SCHEDULE

The required for agreed time or rate of delivery of goods or services purchased for a future period.

59. DEMURRAGE

A charge, allowed in tariffs, or by contract, assessed against a consignor, consignee, or other responsible person for delays to transportation equipment in excess of "free time" for loading, unloading, reconsigning, or stopping in transit.

60. DEPRECIATION

Decline in value of capital asset through wear and tear, age, inadequacy, and obsolescence without loss of substance



61. DESICCANT

A material which will absorb relatively large amounts of water vapour and which is used to protect against deterioration items which are harmed by prolonged exposure to humid conditions, often placing the item and the desiccant in one protective container or wrapper.

62. DISCOUNT

62.1 An allowance or deduction granted by the seller to the buyer, usually when certain stipulated conditions are met by the buyer, which reduces the cost of the goods purchased. However, discounts may be granted by the seller without reference to stipulated conditions. An example of such use of discount is the application of discount to a nominal or "list" price to establish the "net" or actual price.

62.2 An arbitrary discount is one agreed upon between vendor and purchaser which have no relation to the vendor's usual basis for discount.

62.3 A broken discount is one applying on a quantity of goods less than the quantity contained in a vendor's regular package.

62.4 A cash discount is an allowance extended to encourage payment of invoices on or before a stated date which is earlier than the NET date. The percent of discount allowed is as agreed between buyer and seller and is often established by industry or trade custom. Usual discounts are  $\frac{1}{2}$ , 1, and 2 percent with occasional discount allowances to 10 per cent.

62.5 A quantity discount is an allowance determined by the quantity or value of a purchase.

62.6 A standard package discount is one applying to goods supplied in the vendor's regular package.

62.7 A trade discount is a deduction from an established price for items or services, often varying in percentage with volume of transactions, made by the seller to those engaged in certain business and allowed irrespective of the time when payment is made.

63. DISPOSAL

The act of getting rid of excess or surplus property, Disposal may be by, but not limited to, sale, donation, abandonment, destruction, or transfer to others.

64. DISTRIBUTOR

A purchaser who acquires goods for resale to a wholesaler, retailer, or ultimate consumer. A distributor may sell goods from his own inventory, from a consignment inventory in his possession, or may sell for shipment to be made directly from the manufacturer's stocks.

65. DIVERSION

A change made in the designation of consignee, destination, or route of a shipment while in transit, reconsignment.

66. DUE BILL

A bill rendered by carrier for under charges.

67. e. and o.e. (ERRORS AND OMISSIONS EXCEPTED)  
An abbreviation sometimes placed on a quotation or invoice by a vendor to reserve the right to correct the amount charges if later found to be incorrect.
68. EARNEST MONEY  
"Earnest Money" is a term used to describe money that one contracting party gives to another at the time of entering into the contract in order to "bind the bargain" and which will be forfeited by the donor if he fails to carry out the contract. Generally, in real estate contracts, such money is used as part payment of the purchase price of "binder".
69. EMBARGO  
An order issued by a carrier, or their agent, or by a government, prohibiting the acceptance of freight, in any kind or of a specific nature, for shipment; generally applying to certain areas, or to and from particular points, and resulting from congestion, labour troubles, etc., in marine usage, a detention of vessels in port, a prohibition from sailing.
70. EN ROUTE  
On the way; in transit.
71. ENTRY (CUSTOMS)  
A statement of the kinds, quantities, and values of goods imported together with duties due, if any, and declared before a customs officer or other designated officer.
72. ESCALATION  
An amount or per cent by which a contract price may be adjusted if specified contingencies occur, such as charges in the vendor's raw material or labour costs.
73. ESCROW  
An agreement under which a guarantor, promiser or obliger places a sum of money or the instrument upon which he is bound which a third person, called escrow holder, until the performance of a condition or the happening of an event stated in the agreement permits the escrow holder to make delivery of the money or instrument to the guarantee, promisee, or obligee.
74. EX  
A prefix meaning "out of" or "from". Used in conjunction with a noun of location, such as ex-mill, ex-mine, ex-warehouse. "Ex (named point of origin)" means that all charges for transportation and all risks of loss and damage are for the account of the buyer when the goods are delivered to a carrier at the "ex" location. Where local cartage costs are incurred between the "ex" location and a common carrier receiving point, such costs are for the buyer's account. On ocean marine shipments, the term "ex dock (named port of importation)" means all transportation costs, all insurances, risks of loss and damage, export and import duties, taxes, and levies, consular and entry fees are for the account of the seller. Title of passes to the buyer either when he takes possession of the goods at point of import or when the free time allowed on the dock at the point of importation expires, whichever occurs first.
75. EXCESS FREIGHT  
Freight in excess of amount billed; also called "over" freight.

76. **EXCISE TAX**  
A tax imposed on the manufacture, sale, or consumption of a product.
77. **EX PARTE (LATIN)**  
"From only one side or party".
78. **EXPEDITE**  
To hasten, or to assure delivery of goods purchased in accordance with a time schedule, usually by contract by the purchaser with the vendor.
79. **EXPORT**  
To send goods to a foreign country.
80. **EXPORT DECLARATION**  
A form required by the U.S. treasury Department and filled out by a shipper showing the value, weight, consignee destination etc. of shipments to be exported.
81. **EXPORT LICENCE**  
A certificate granting the holder permission to export goods.
82. **EXPRESS WARRANTY**  
When a seller makes some positive representation concerning the nature, quality, character, use and purpose of goods, which induces the buyer to buy and the seller intends the buyer to rely thereon, the seller has made an express warranty.
83. **FACTOR**  
A factor is an agent for the sale of merchandise. He may hold possession of the goods in his own or principal's name. He is authorized to sell and to receive payment for the goods.
84. **FAIR MARKET VALUE**  
The term f.a.s. must be qualified by a named port. The seller is liable for all charges and risks until the goods sold are delivered alongside a vessel at such port or are delivered to the port on a dock which will be used by the vessel. Title passes to the buyer when the seller has secured a clean dock or ship's receipt for the goods.
85. **FIFO:**  
First in, first out, the first put in is taken out first instead of the last in, especially in case of life items.
86. **FIRM OFFER**  
A definite proposal to sell something on stated terms, such offer binding the proposer up to stipulated time expiration. A "firm bid" is a similar proposal to buy something. Although both are referred to colloquially as "firm offers", the distinction between bids and offers is usually preserved in cable codes.
87. **f.o.b. (FREE ON BOARD)**  
The term means the seller is required to place the goods aboard the equipment of the transporting carrier without cost to the buyer. The term "f.o.b.," must be qualified by a name of location, such as shipping point, destination; name of a city, mill, warehouse, etc. The stated f.o.b. point is usually the location where title to the goods passes from the seller to the buyer. The seller is liable for transportation charges and the risks of loss or

damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title.

88. FOLLOW-UP

To review a transaction to determine its status. In connection with purchase transactions often synonymous with "expedite"

89. F.O.R. (FREE ON RAILS)

A term meaning that seller will make delivery as far as the railroad terminal named, or in case of overseas shipment, in harbour at port of departure, name of port stated. To avoid misunderstanding, equivalent of "f.o.b. vessel ( )", or "f.a.s. vessel ( )", the phrase is amplified further thus, "f.o.r. cartage to vessel extra".

90. FORWARDER (FREIGHT)

A commercial organization engaged in the business of consolidating less-than-carload, less-than-truckload or less-than-planeload shipments and making arrangements for their transportation in carload, truckload, or planeload lots under applicable tariffs.

91. FREE GOODS

Goods not subject to duty.

92. GOOD TITLE

A title free from encumbrances such as mortgages and liens.

93. GROSS NEGLIGENCE

The want of even slight care or "due care".

94. HEAVY-LIFT CHARGE

A charge by a transportation service for lifting articles of excessive weight. Heavy-lift charges are usually specified in carrier's tariffs.

95. HEDGE

Any purchase or sale transaction having as its purpose the elimination of profit or loss arising from price fluctuation; specifically, a purchase or sale entered into for the purpose of balancing, a sale or purchase already made, or under contract, in order to offset the effect of price fluctuation.

96. IMPORT

To receive goods from a foreign country.

97. IMPORTER

A buyer or merchant who imports goods.

98. IN BOND

The storage or transport of goods in the custody of a Warehouse or carrier from whom the goods can be taken only upon payment of taxes or duties to a governmental agency.

99. ENDORSEMENT

Writing one's name upon paper for the purpose of transferring the title. When a payee of a negotiable instrument writes his name on the back of the instrument, such writing is an endorsement.

100. INSTALMENT PAYMENT

A schedule of payment arranged in connection with a purchase transaction requiring periodic payment of a specific sum for each of a stated number of payments. The first payment is usually at the time of delivery of the purchase or soon thereafter. Installment payment terms may be either on an open account basis or on a secured account basis. Secured installment accounts are usually evidenced by a mortgage or a series of promissory notes or time drafts.

101. INSURANCE

By an insurance contract, one party, for an agreed premium, binds himself to another, called the insured, to pay to the insured a sum of money conditioned upon the loss or damage to the property of the insured.

102. IN-TRANSIT PRIVILEGES

Changes in degree of manufacture, treatment, and other accessorial services provided for in tariffs on commodities between points of origin and destination.

103. INVENTORY

103.1 The amount of property on hand at any given time:

103.2 An itemized listing of amounts of property indicated as on hand at a particular time. A "physical inventory" is one determined from records maintained in connection with day- to-day business activities.

104 INVITATION FOR BIDS

A request, verbal or written, which is made to prospective suppliers for their quotation on goods or services desired by the prospective purchaser.

105 INVOICE

A document showing the character, quantity price, terms, nature of delivery, and other particulars of goods sold or of services rendered; a bill.

106 JUNCTION POINT

A point at which two or more carriers interchange freight. This term is also applied to a point where a branch-line railroad track connects with the main-line track.

107 k.d. (KNOCKED DOWN)

An abbreviation meaning that the article described is supplied unassembled when an article is shipped "k.d." it must be reduced in size by one-third or as specified in the carrier's tariff, to secure the applicable freight rate.

108 LADING

That which constitutes a load, as the freight in a vessel or car.

109 LANDED PRICE

A price which includes the cost of the goods, transportation, and other costs incident to ultimate delivery to the location specified by the purchaser.

110. LANDING CERTIFICATE

A document requiring the oath of the foreign consignee, taken before an American consul or merchant or "two respectable foreign merchants" that goods described have actually been delivered to him.

111. LEAD TIME

The period of time from date of ordering to the date of delivery which the buyer must reasonably allow the vendor to prepare goods for shipment.

112. LEGAL TENDER

Currency or coin which a Government has declared shall be received in payment of duties or debts.

113. LEGAL WEIGHT

A foreign term denoting the weight of a shipment not including the container.

114. LETTER OF CREDIT

A letter containing a request that the party to whom it is addressed pay the bearer or person named therein money, sell him commodities on credit, or give him something of value, with the intention that the addressee later seeks payment from the writer of the letter. It is used by a buyer to secure goods without the necessity of having cash in hand.

115. LETTER OF INTENT

A preliminary contractual arrangement must merely be used in situations where the items, qualities, price and delivery dates are known, but where the principal contract provisions require additional time-consuming negotiations. It is used to enter into interim arrangement, pending a definite contract, so as to permit the start of construction, production, or delivery of the supplies or materials.

116. LICENCE

A certificate granting permission to do a specific act or acts. An export licence is granted by a government to ship goods out of the country; an import licence is granted to permit goods to be received into the country.

117. LIQUIDATED DAMAGES

A sum agreed upon between the parties to a contract, to be paid as ascertained damage by that party who breaches the contract.

118. l.s.

The letters are an abbreviation for the Latin phraselocus sigilli, meaning "place of the seal" of "seal"

119. LUMPSUM

The price agreed upon between vendor and purchaser for a group of items without breakdown of individual values; a lot price.

120. MACHINE TOOLS

An important class of production tools basis to many manufacturing industries; non-portable, power-driven, precision metal working machines which remove metal in the form of chips by cutting or grinding, such as lathes, drill presses, boring mills, planners, milling, shapers, and grinders.

121. **MANIFEST**  
See "Cargo (Manifest)".
122. **MANUFACTURER**  
One who (1) controls the design and production of an item, or (2) produces an item from crude or fabricated materials, or (3) assembles materials or components, with or without modification, into more complex items.
123. **MARKETABLE TITLE**  
A title of such character that no apprehension as to its validity would occur to the mind of a reasonable and intelligent person.
124. **MOCK UP**  
A model, usually full size and constructed of inexpensive material, made for the purpose of studying the construction and use of an article or mechanical device.
125. **MUTUAL ASSENT**  
In every contract each party must agree to the same thing. Each must know what the other intends; they must mutually assent to be in agreement.
126. **NEGLIGENCE**  
The failure to do that which an ordinary, reasonable, prudent man would do, or the doing of some act which an ordinary, prudent man would not do. Reference must always be made to the situation, the circumstances, and the knowledge of the parties.
127. **OPEN INSURANCE POLICY**  
A form of insurance covering shipment of a specified time or a stated value and not limited to a single shipment.
128. **OPEN-TO-BUY**  
A term used in retailing to designate the value of quantity of goods beyond which a buyer may not purchase; the value or quantity remaining to be purchased against a specific appropriation or requisition.
129. **ORIGINAL EQUIPMENT MANUFACTURER**  
A classification assigned by a seller to a purchaser who acquires goods for incorporation into a product which the manufacturer for sale, usually without changing the item which he acquires.
130. **OVER, SHORT AND DAMAGE REPORT**  
A report submitted by a freight agent showing discrepancies in billing received and freight on hand. For example, if he has freight not covered by billing, he is "over" if less freight than the amount billed, he is "short", and if freight is received in bad condition, he reports "damage", abbreviation : O.S & D. report.
131. **PACKAGING**  
The use of wrappings, cushioning materials, containers, markings, and related techniques to protect items from deterioration, to prevent loss or damage, to facilitate handling, and to identify the item packed. Packaging does not include that additional processing which may be required to prepare the packaged item for shipment.

132. **PACKING**  
The preparation of an item for shipment or storage; includes required bracing, cushioning, wrapping, strapping, placement in shipping container, and marking.
133. **PACKING LIST**  
A document which itemizes in detail the contents of a particular package or shipment.
134. **PALLET**  
A portable platform upon which goods are placed in unit loads to facilitate stacking and handling by mechanical equipment such as fork-lift trucks or "skid".
135. **PALLETIZING**  
The loading of supplies and equipment on a pallet
136. **PATENT**  
A grant made by the Registrar of Patents of the States under the authority of Government legislation to an inventor, which gives the patentee the exclusive right to make, use and sell the patented article.
137. **POLICY OF INSURANCE**  
In insurance law, the word "policy" means the format document delivered by the insurance company to the insured, which evidences the right and duties between the parties.
138. **PORT MARK**  
In marine shipping, a mark affixed to packages indicating the final destination not the port of entry except when such port is the final destination.
139. **PORT OF ENTRY**  
A port at which foreign goods and persons are admitted legally into the receiving country. Ports of entry are officially designated by the Government.
140. **PREPAID**  
A term denoting that transportation charges have been or are to be paid at the point of shipment.
141. **PRICE PREVAILING AT DATE OF SHIPMENT**  
An agreement between the purchaser and the vendor that the price of the goods ordered is subject to change at the vendor's discretion between the date the order is placed and the date the vendor makes shipment and that the then established price is the contract price.
142. **PRICE PROTECTION**  
An agreement by a vendor with a purchaser to grant the purchaser a reduction in price which the vendor may establish on his goods prior to shipment of the purchaser's order. Price protection is sometimes extended for an additional period beyond the date of shipment.



143. PRICE SCHEDULE PROFORMA INVOICE

An invoice prepared by a vendor in advance of a sale to show the form and amount of the invoice which will be rendered to the purchaser if the sale is consummated. Proforma invoices are often use in export transactions to support the purchaser's request to Governmental authorities for import permits and foreign exchange.

144. PROGRESS PAYMENTS

Payments arranged in connection with purchase transactions requiring periodic payments in advance of delivery for certain stated amounts or for certain percentages of the purchase price. The whole of the purchase price may be due in advance of delivery or partially in advance and partially after delivery. Progress payments are usually required in contracts for building construction and often for specially designed plant machinery and equipment. Purchases calling for progress payments may be either on open account or be secured usually by a contract between the buyer and seller.

145. PROPRIETARY ARTICLE

An item made and marketed by a person or persons having the exclusive right to manufacture and sell it.

146. PURCHASE

To procure property or services for a price; includes obtaining by barter.

147. PURCHASE ORDER

The purchaser's document used to formalize a purchase transaction with a vendor. A purchase order, when given to a vendor, should contain statements as the quantity, description, and price of the goods or services ordered; agreed terms as to payment, discounts, date of performance, transportation terms, and all other agreements pertinent to the purchase and its execution by the vendor.

148. PURCHASE REQUISITION

A form used to request the purchasing department to procure goods for services from vendors of "traveling purchase requisition".

149. QUOTATION

A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser; a bid. When given in response to an inquiry is usually considered an offer to sell. Also the stating of the current price of a commodity; the price so stated.

150. RATE

As applied to transportation or the movement and handling of goods and persons, the cost of, or charge for, service to be or which has been rendered.

151. REBATE

A sum of money returned by the vendor to a purchaser in consideration of the purchase of a stipulated quantity or value of goods, usually within a stated period.

152. REBILLING

Issuing a new waybill at junction point to which shipment has been billed by connecting line.

153. **RECEIVING REPORT**  
A form used by the receiving function of company to inform others of the receipt of goods purchased. Usually copies are distributed to the purchasing and accounting departments and the stores room.
154. **RETAILER**  
A purchaser who acquires goods for resale to an ultimate consumer.
155. **RETENTION**  
The practice of withholding a portion of the sum due a vendor until the purchase has been finally accepted as fully meeting specifications. The amount or percentage withheld is agreed between the parties at the time of purchase as is the period of retention. Retention is commonly agreed upon in the purchase of building construction, and occasionally in purchase of equipment which has to be "proved out" after delivery.
156. **ROYALTY**  
Compensation for the use of land, equipment, or process payable to the owner, vendor or lessor. Royalty payments are usually calculated as a percent of income derived by the user from the property or process, as a stated sum per unit produced there from, or a stated sum per period, such as a month of a year.
157. **SALES TAX**  
A tax imposed specifically on a sale made by a vendor.
158. **SALVAGE**  
(1) Property that has some value in addition to its value as scrap, but which is no longer useful as a unit in its present condition and whose restoration to usefulness as a unit is economically not practicable. (2) The act of saving or recovering condemned, discarded, or abandoned property in order to obtain useful parts and scrap there from.
159. **SAME AS**  
A term meaning that the classified ratings for such articles are identical.
160. **SAMPLE**  
A small portion of merchandise taken as a specimen of quality.
161. **SCRAP**  
Material that has no value except for its basic material content.
162. **SEAL**  
A seal is to show that an instrument was executed in a formal manner. At early common law sealing legal documents was of great legal significance. A promise under seal was binding virtue of the seal. Today under most statutes any stamp, wafer, mark, scroll, or impression made, adopted and affixed is adequate. The printed word "seal" or l.s. is sufficient.

163. **SELLER'S MARKET**  
A seller's market is considered to exist when goods cannot easily be secured and when the economic forces of business tend to cause goods to be priced at the vendor's estimate of value.
164. **SELLER'S OPTION**  
The right of seller to require the buyer to purchase merchandise, or other property at an agreed price and within a period of time.
165. **SHIPPING RELEASE**  
A form used by the purchaser to specify shipping instructions of goods purchased for delivery at an unstated future date or to an undisclosed destination. Also used to specify quantities to be shipped when the purchase was for an unspecified quantity or when delivery is to be made in partial lots at the purchaser's discretion.
166. **SHORT SALE**  
The sale of a commodity for future delivery which the seller does not possess but intends to purchase prior to the required delivery date, expecting that the market price will be no higher or will decline during the intervening period.
167. **SIGHT ENTRY**  
A procedure that must be put through to release goods from customs, occasioned by the use of incorrect invoice form.
168. **SMALL SCALE INDUSTRIAL UNDERTAKINGS**  
168.1 An industrial undertaking, which is registered with NSIC as SSI.  
168.2 NSIC registers industrial units as SSI in which the investment in fixed assets in plant and machinery whether held on ownership terms on lease or on hire purchase does not exceed Rs 10 million. (Subject to the condition that the unit is not owned, controlled or subsidiary of any other industrial undertaking)
169. **SMALL SCALE SERVICE & BUSINESS (INDUSTRY RELATED) ENTERPRISES (SSSBES)**  
SSSBES industry related service/ business enterprises with investment up to Rs 500,000 in fixed assets, excluding land and building, are called Small Scale Service/ Business Enterprises (SSSBES). This limit has been raised to Rs.1 million w.e.f. September 2000.
170. **SPECIFICATIONS**  
A clear, complete, and accurate statement of the technical requirements descriptive of a material, an item, or a service, and of the procedure to be followed to determine if the requirements are met.
171. **STATEMENT OF ACCOUNT**  
A detailed listing, usually prepared by the vendor, of transactions between vendor and purchaser for a stated period of time, usually a month, concluding with the open or unpaid balance.
172. **STOCK**  
A supply of goods maintained on hand at the storage points in a supply system to meet demands that it is anticipated will be made.

173. STORAGE
- 173.1 The act of storing; or state of being stored, in a designated storage place for safekeeping.
- 173.2 Space, or place for the safekeeping of goods.
174. STORE-DOOR DELIVERY
- The movement of goods to the consignee's place of business.
175. STRAPPING
- A technique of reinforcing containers by which metal straps, bands, or wires are placed around them at intervals, drawn taut, and fastened in place.
176. s.u.SET UP
- An abbreviation meaning that the article described is supplied fully assembled.
177. TALLY
- To count; the process of counting the pieces of an incoming or outgoing consignment and recording the particular date obtained by visual inspection, such as number of pieces determined by counting.
178. TARIFF (FREIGHT)
- A schedule containing matter relative to transportation movements, rates, rules and regulations. An alternative tariff is one containing two or more rates from and to the same points, on the same goods, with authority to use the one which produced the lowest charge. A commodity tariff is one containing only commodity rates. A class tariff is one containing rates applicable to classifications of goods as established by the carriers.
179. TERMS OF PAYMENT
- All purchase transactions require a payment for the goods or services received and, excepting an unusual exchange or barter deal, payment is made in negotiable funds in accordance with the terms agreed between buyer and seller. There are three basic payment terms; cash, open account and secured account.
180. TINY ENTERPRISES
- Investment limit in plant and machinery in respect of tiny enterprises is Rs 2.5 million irrespective of location of the unit.
181. TRADE TERMS
- The broad classification applicable to purchase transactions with the reference to understandings between buyer and seller either as to the meanings of certain abbreviations, words, or purchases, or to customs applicable to transactions as established by general usage. "Trade terms" include agreed or arbitrary classifications of buyers and sellers, or their agents; types and method of discounts, delivery terms, allowances; practices peculiar to an industry, etc.
182. TRADE MARK
- No complete definition can be given for a trade mark. Generally it is any sign, symbol, mark, work or arrangement of words in the form of a label adopted and used by a manufacturer or distributor to designate his particular goods, and which no other person has the legal right to use. Originally, the design or trade mark indicated origin, but today it is used more as an advertising mechanism.

183. **TRAVELLING PURCHASE REQUISITION**  
A purchase requisition designated for repetitive use. After a purchase order has been prepared for the goods requisitioned, the form is returned to the originator who holds it until a re-purchase of the goods is required. The name is derived from the repetitive travel between the originating and purchasing departments.
184. **TRUST RECEIPT**  
A document given by banks to exporters and importers in exchange for bill of lading.
185. **ULTIMATE CONSUMER**  
A purchaser who acquires and consumes the goods in their entirety and who converts them into another product, or one who secures the goods with no intention of resale.
186. **VENDOR**  
One who sells something; a "seller".
187. **VISUAL INSPECTION**  
A term generally used to indicate inspection performed without the aid of test instruments.
188. **VOUCHER**  
A written instrument that bears witness or "vouches" for something. Generally a voucher is an instrument showing services have been performed, or goods purchased, and authorizes payment to be made to the vendor.
189. **WAREHOUSE (BONDED)**  
A warehouse in which goods are held under bond to the Government subject in payment of customs duties or taxes on the goods.
190. **WAREHOUSE (PUBLIC)**  
A place of storage for use of the general public, usually embracing merchandise and/or household goods, or sometimes limited to certain commodities. In addition to the service of storage many public warehouses are performing the functions of distributing agent and forwarder.
191. **WAREHOUSE RECEIPT**  
An instrument showing that the signer has in his possession certain described goods for storage, and which obligates the signer, the warehouseman, to deliver the goods to a specified person or to his order or bearer upon the return of the instrument.
192. **WARRANTY**  
An undertaking, either expressed or implied that a certain fact regarding the subject-matter of a contract is presently true or will be true. The word should be distinguished from "guarantee" which means a contract or promise by one person to answer for the performance of another.

193. WAYBILL

A document prepared by a transportation line at the point of origin of a shipment showing the point of origin, destination, route, consigner, consignee, description of shipment and amount charged for the transportation service, and forwarded to the carrier's agent at transfer point or destination. An astray way bill is used for freight miscarried or separated from its proper waybill. A blanket waybill is one covering two or more consignments of freight. An interline waybill is one covering the movement of freight over two or more transportation lines.

194. WHARFAGE

A charge against a vessel for lying at a wharf. It is often used synonymously with "dockage" and "moorage".

195. WHOLESALE

A purchaser who acquires goods for resale to a retailer or a jobber.

196. WITHOUT ENGAGEMENT

A phrase incorporated in a quotation and used to avoid having to accept an order at the price quoted. A safeguard against prices fluctuating in the interval between the giving of the quotation and the order being placed.

197. WOMEN ENTREPRENEURS

A Small Scale Industrial Unit/ Industry related service or business enterprise, managed by one or more women entrepreneurs in proprietary concerns, or in which she/ they individually or jointly have a share capital of not less than 51% as Partners/ Shareholders/ Directors of Private Limits Company/ Members of Cooperative Society.

## Chapter XX

### INCOTERMS

- 20.1 Incoterms 2000 are a set of internationally recognised trading terms, defined by the International Chamber of Commerce (ICC), which are used for the purchase and shipping of goods in the international market place. There are a total of 13 such terms which are summarised below.
- 20.2 Full details can be found on the ICC website ([http://www.iccwbo.org/home/menu\\_ncoterms.asp](http://www.iccwbo.org/home/menu_ncoterms.asp))
- 20.3 Each INCOTERM refers to a type of agreement for the purchase and shipping of goods internationally. There are 13 different terms, each of which helps users deal with different situations involving the movement of goods. For example, the term FCA is often used with shipments involving Ro/Ro or container transport; DDU assists with situations found in inter modal or courier service-based shipments.
- 20.4 INCOTERMS also deal with the documentation required for global trade, specifying which parties are responsible for which documents. Determining the paperwork required to move a shipment is an important job, since requirements vary so much between countries. Two items, however, are standard: the commercial invoice and the packing list.
- 20.5 INCOTERMS were created primarily for people inside the world of global trade. Outsiders frequently find them difficult to understand. Seemingly common words such as "responsibility" and "delivery" have different meanings in global trade than they do in other situations.
- 20.6 In global trade, "delivery" refers to the seller fulfilling the obligation of the terms of sale or to completing a contractual obligation. "Delivery" can occur while the merchandise is on a vessel on the high seas and the parties involved are thousands of miles from the goods. In the end, however, the terms wind up boiling down to a few basic specifics:
- a. Costs: who is responsible for the expenses involved in a shipment at a given point in the shipment's journey?
  - b. Control: who owns the goods at a given point in the journey?
  - c. Liability: who is responsible for paying damage to goods at a given point in a shipment's transit?
- 20.7 It is essential for shippers to know the exact status of their shipments in terms of ownership and responsibility. It is also vital for sellers & buyers to arrange insurance on their goods while the goods are in their "legal" possession. Lack of insurance can result in wasted time, lawsuits, and broken relationships.
- 20.8 Inco-terms are grouped into four different categories
- 20.9 E-Terms: Where the seller makes the goods available to the buyer at the seller's own premises (Ex-Works). E-terms occur when a seller's responsibilities are fulfilled when goods are ready to depart from their facilities.

- 20.10 F-Terms: Where the seller is obligated to deliver the goods to the carrier appointed by the buyer (FCA). It refers to shipments where the primary cost of shipping is not paid for by the seller.
- 20.11 C-Terms: Where the seller contracts and pays for the transportation to a named port (CIF). Terms beginning with C deal with shipments where the seller pays for shipping.
- 20.12 D-Terms: Where the seller pays all costs and accepts all risks to deliver the goods to an agreed upon point (DDP). D terms cover shipments where the shipper/seller's responsibility ends when the goods arrive at some specific point. Because shipments are moving into a country, D terms usually involve the services of a customs broker and a freight forwarder. In addition, D terms also deal with the pier or docking charges found at virtually all ports and determining who is responsible for each charge.
- 20.13 Recently the ICC changed basic aspects of the definitions of a number of INCOTERMS, buyers and sellers should be aware of this. Terms that have changed have a star alongside them.
- 20.14 EX-Works (named place)  
One of the simplest and most basic shipment arrangements places the minimum responsibility on the seller with greater responsibility on the buyer. In an EX-Works transaction, goods are basically made available for pickup at the shipper/seller's factory or warehouse and "delivery" is accomplished when the merchandise is released to the consignee's freight forwarder. The buyer is responsible for making arrangements with their forwarder for insurance, export clearance and handling all other paperwork.
- 20.15. FOB (Free On Board) (named port of shipment)  
One of the most commonly used-and misused-terms, FOB means that the shipper/seller uses his freight forwarder to move the merchandise to the port or designated point of origin. Though frequently used to describe inland movement of cargo, FOB specifically refers to ocean or inland waterway transportation of goods. "Delivery" is accomplished when the shipper/seller releases the goods to the buyer's forwarder. The buyer's responsibility for insurance and transportation begins at the same moment.
- 20.16. FCA (Free Carrier) (named place)  
In this type of transaction, the seller is responsible for arranging transportation, but he is acting at the risk and the expense of the buyer. Where in FOB the freight forwarder or carrier is the choice of the buyer, in FCA the seller chooses and works with the freight forwarder or the carrier. "Delivery" is accomplished at a predetermined port or destination point and the buyer is responsible for Insurance.
- 20.17 FAS (Free Alongside Ship)\* (named port of shipment)  
In these transactions, the buyer bears all the transportation costs and the risk of loss of goods. FAS requires the shipper/seller to clear goods for export, which is a reversal from past practices. Companies selling on these terms will ordinarily use their freight forwarder to clear the goods for export. "Delivery" is accomplished when the goods are turned over to the Buyers Forwarder for insurance and transportation.
- 20.18 CFR (Cost and Freight) (named port of destination)  
This term formerly known as CNF (C&F) defines two distinct and separate responsibilities-one is dealing with the actual cost of merchandise "C" and the other "F"



refers to the freight charges to a predetermined destination point. It is the shipper/seller's responsibility to get goods from their door to the port of destination. "Delivery" is accomplished at this time. It is the buyer's responsibility to cover insurance from the port of origin or port of shipment to buyer's door. Given that the shipper is responsible for transportation, the shipper also chooses the forwarder.

20.19. CIF (Cost, Insurance and Freight) (named port of destination)

This arrangement similar to CFR, but instead of the buyer insuring the goods for the maritime phase of the voyage, the shipper/seller will insure the merchandise. In this arrangement, the seller usually chooses the forwarder. "Delivery" as above, is accomplished at the port of destination.

20.20 CPT (Carriage Paid To) (named port of destination)

In CPT transactions the shipper/seller has the same obligations found with CIF, with the addition that the seller has to buy cargo insurance, naming the buyer as the insured while the goods are in transit.

20.21. CIP (Carriage and Insurance Paid To) (named port of destination)

This term is primarily used for multimodal transport. Because it relies on the carrier's insurance, the shipper/seller is only required to purchase minimum coverage. When this particular agreement is in force, Freight Forwarders often act in effect, as carriers. The buyer's insurance is effective when the goods are turned over to the Forwarder.

20.22 DAF (Delivered At Frontier) (named point)

Here the seller's responsibility is to hire a forwarder to take goods to a named frontier, which usually a border crossing point, and clear them for export. "Delivery" occurs at this time. The buyer's responsibility is to arrange with their forwarder for the pickup of the goods after they are cleared for export, carry them across the border, clear them for importation and effect delivery. In most cases, the buyer's forwarder handles the task of accepting the goods at the border across the foreign soil.

20.23 DES (Delivered Ex Ship) (named port of destination)

In this type of transaction, it is the seller's responsibility to get the goods to the port of destination or to engage the forwarder to move cargo to the port of destination uncleared. "Delivery" occurs at this time. Any destination charges that occur after the ship is docked are the buyer's responsibility.

20.24 DEQ (Delivered Ex Quay)\* (named port of destination)

In this arrangement, the buyer/consignee is responsible for duties and charges and the seller is responsible for delivering the goods to the quay, wharf or port of destination. In a reversal of previous practice, the buyer must also arrange for customs clearance.

20.25 DDU (Delivered Duty Unpaid) (named point of destination)

This arrangement is basically the same as with DDP, except for the fact that the buyer is responsible for the duty, fees and taxes.

20.26 DDP (Delivered Duty Paid) (named point)

DDP terms tend to be used in intermodal or courier-type shipments. Whereby, the shipper/seller is responsible for dealing with all the tasks involved in moving goods from the manufacturing plant to the buyer/consignee's door. It is the shipper/seller's

responsibility to insure the goods and absorb all costs and risks including the payment of duty and fees.

## 20.27 Incoterms 2000 Wall Chart

The at-a-glance chart with illustration of the buyers' and sellers' obligations under each of the Incoterms is as follows:

	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAF	DES	DEQ	DDU	DDP
SERVICES	Ex Works	Free Carrier	Free Alongside Ship	Free Onboard Vessel	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered At Frontier	Delivered Ex Ship	Delivered Ex Quay Duty Paid	Delivered Duty Unpaid	Delivered Duty Paid
Packing	S	S	S	S	S	S	S	S	S	S	S	S	S
Loading Charges	B	S	S	S	S	S	S	S	S	S	S	S	S
Inland Freight	B	S	S	S	S	S	S	S	S	S	S	S	S
Terminal Charges	B	B	S	S	S	S	S	S	S	S	S	S	S
Insurance	B	B	B	B	B	S	B	S	S	S	S	S	S
Loading On Vessel	B	B	B	S	S	S	S	S	S	S	S	S	S
Freight	B	B	B	B	S	S	S	S	S	S	S	S	S
Arrival Charges	B	B	B	B	B	B	S	S	S	S	S	S	S
Duty & Taxes	B	B	B	B	B	B	B	B	B	B	S	B	S
Delivery To Dest'n	B	B	B	B	B	B	B	B	B	B	B	S	S

B : Buyer's Responsibility

S: Seller's Responsibility

## 20.28 INCOTERMS -2010

20.28.1 The revised rules, designated "INCOTERMS 2010", contain a series of changes, such as a reduction in the number of terms to 11 from 13. The DAF, DES, DEQ, and DDU designations have been eliminated, while two new terms, Delivered at Terminal (DAT) and Delivered at Place (DAP), have been added. INCOTERMS 2010 also attempt to better take into account the roles cargo security and electronic data interchange now play in international trade.

20.28.2 INCOTERMS 2010 are grouped into two classes:

### 20.28.3 TERMS FOR ANY TRANSPORT MODE

EXW -EX WORKS (...named place of delivery)

The Seller's only responsibility is to make the goods available at the Seller's premises. The Buyer bears full costs and risks of moving the goods from there to destination.

FCA -FREE CARRIER (...named place of delivery)

The Seller delivers the goods, cleared for export, to the carrier selected by the Buyer. The Seller loads the goods if the carrier pickup is at the Seller's premise. From that point, the Buyer bears the costs and risks of moving the goods to destination.

CPT -CARRIAGE PAID TO (...named place of destination)

The Seller pays for moving the goods to destination. From the time the goods are transferred to the first carrier, the buyer bears the risks of loss or damage.

CIP -CARRIAGE AND INSURANCE PAID TO (...named place of destination)

The seller pays for moving the goods to destination. From the time the goods are transferred to the first carrier, the Buyer bears the risks of loss or damage. The Seller, however, purchases the cargo insurance.

DAT -DELIVERED AT TERMINAL (...named terminal at port or place of destination)

The Seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the Buyer's disposal at a named terminal at the named port or place of destination. "Terminal" includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The Seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

DAP -DELIVERED AT PLACE (...named place of destination)

The Seller delivers when the goods are placed at the Buyer's disposal on the arriving means of transport ready for unloading at the named place of destination. The Seller bears all risks involved in bringing the goods to the named place.

DDP -DELIVERED DUTY PAID (...named place)

The Seller delivers the goods -cleared for import - to the Buyer at destination. The Seller bears all costs and risks of moving the goods to destination, including the payment of Customs duties and taxes.

### 20.28.4 MARITIME-ONLY TERMS

FAS -FREE ALONGSIDE SHIP (...named port of shipment)

The Seller delivers the goods to the origin port. From that point, the Buyer bears all costs and risks of loss or damage.

FOB -FREE ON BOARD (...named port of shipment)

The Seller delivers the goods on board the ship and clears the goods for export. From that point, the Buyer bears all costs and risks of loss or damage.

CFR -COST AND FREIGHT (...named port of shipment)

The Seller clears the goods for export and pays the costs of moving the goods to destination. The Buyer bears all risks of loss or damage.

CIF -COSTS INSURANCE AND FREIGHT (...named port of shipment)

The Seller clears the goods for export and pays the costs of moving the goods to the port of destination. The Buyer bears all risks of loss or damage. The Seller, however, purchases the cargo insurance.

## 20.28.5 Incoterms 2010 Rules–Chart of Responsibility

The at-a-glance chart with illustration of the buyers' and sellers' obligations under each of the Incoterms is as follows:

	Any Transport Mode		Sea / Inland Waterway Transport				Any Transport				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
Charges / Fees	Ex Works	Free Carrier	Free Alongside Ship	Free On board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid
Packaging	Buyer or Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/ Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty & Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading On Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller		Seller			
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery To Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
Import Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

## 20.29 INCOTERMS - 2020

20.29.1 ICC Incoterms 2020 has been released and is effective from 1<sup>st</sup> January 2020. Incoterms are fundamental to international trade, providing a set of contract terms for international freight

delivery. These clearly define the delivery point and the seller and buyers' responsibilities, risks and costs.

#### 20.29.2 7 Key changes to Incoterms 2020

1. DAT Incoterm changed to DPU
2. Insurance points are clarified in CIF and CIP incoterms rules
3. Costs and cost structures are now clarified
4. Security in relation to transport is now clearly detailed
5. Provisions to allow for own transport rather than assuming 3rd party transport
6. FCA, FOB and Bills of Lading
7. Presentation and design is much more user friendly

The substance of Incoterms 2020 has not changed considerably, but the small subtle changes are absolutely crucial for trade specialists.

##### 20.29.2.1. DAT Incoterm changed to DPU (Delivery at Place Unloaded)

Following on from several rounds of consultation, the Drafting Group made the choice of removing the word 'terminal' as it often caused confusion. DAT required Delivery at Terminal (unloaded), however, following on from feedback to the drafting committee, it was decided to change the term to DPU (Delivery at Place Unloaded), to broadly cover '**any place, whether covered or not**'.

##### 20.29.2.2. Insurance cover differs between CIF and CIP

Under CIF / CIP, the seller buys insurance for the buyer. In Incoterms 2010, insurance is required under clause C, but in Incoterms 2020, CIP requires insurance complying with Institute Cargo Clause (A) whereas CIF requires insurance under Clause C. Why? Because Clause A covers a more comprehensive higher level of insurance (e.g. for the manufactured goods), whereas a lower level of cover from Clause C would probably apply to the commodities world.

##### 20.29.2.3. The Listing of Costs

All costs are now listed in the 'Allocation of Costs' sections for each rule, to avoid confusions. Because the ordering of articles within the Incoterms 2020 rules have also changed, these now appear in the A9/B9 section of each rule.

Costs were a big issue in the 2010 Incoterms. Carriers often changed their pricing structure to deal with add ons and sellers were often surprised by being back charged terminal handling charges. The A9 sections in the Incoterms rules guide now collects together the costs, with the principle aim of clearly stating the costs to each party.

##### 20.29.2.4. Security Requirements

Cargo security has been particularly important since 9/11, and the 2020 rules now address many of the security-related requirements that became so prevalent in the early part of this century.

From a carriage requirements perspective, security related allocations have been added to A4 and A7 of each Incoterms rule, and the necessary costs associated have been added to A9/B9 (see 3).

#### 20.29.2.5. Own transport

Incoterms 2010 rules assumed that goods carried from the seller to the buyer were via a 3rd party. Incoterms 2020 allows for own means of transport by the buyer in the FCA rules and by the seller in the D rules.

#### 20.29.2.6. FCA and Bills of lading

According to FCA, part B4, 'The buyer must contract **or arrange** at its own cost for the carriage of the goods'.

There is a gap in delivery between FCA and FOB. If you're selling FCA, your delivery point is different to FOB. The difference between FCA and FOB to the seller is a significant cost and risk. In the 2010 Incoterms rules, exporters of goods in containers were encouraged to use FCA, which seemed best for both parties. However, many people were using FOB when they should've really been using FCA.

Even sophisticated sellers said they wanted to use FOB, because a standard Letter of Credit requires an onboard Bill of Lading to be presented. Therefore the sellers were often taking the risk and using FOB instead, because they wanted to get paid under the LC. The Incoterms 2020 FCA extra provision now states that if the parties have so agreed, the buyer must instruct the carrier to issue to the seller, at the buyers cost and risk, a transport document stating that the goods have been loaded (such as a Bill of Lading with an on board notation).

#### 20.29.2.7. Presentation and design

Incoterms 2020 rules have much more extensive explanatory notes, with better diagrams, a different structure for users and a reordering of rules to make delivery and risk more obvious. Maritime related rules still haven't changed and remain at the back of the rule book as they still might be used for bulk commodities.

## 20.29.2.8 Incoterms 2020 Rules–Chart of Responsibility

The at-a-glance chart with illustration of the buyers' and sellers' obligations under each of the Incoterms is as follows:

INCOTERMS 2020														
RULES ANY MODES (S) OF TRANSPORT			TERMS											
			Seller Location	Export formalities	Pre-Carriage Not Unloaded	Delivery at Named Place/ Port/ Terminal	Loading Alongside Vessel	Onboard Ship/ Aircraft	Main Carriage	Discharge at Port of Destination	Delivery at Named Place Port/ Terminal	Onward Carriage Not Unloaded	Import Formalities & Duties	Buyer Location Unloaded
EXW	Ex Works	Cost	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Free Carrier	Cost	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FAS	Free Alongside Ship	Cost	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FOB	Free on Board	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CFR	Cost & Freight	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Cost Insurance & Freight	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CPT	Carriage Paid To	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
DPU	Delivered at Place Unloaded	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer
DAP	Delivered at Place	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer
DDP	Delivered Duty Paid	Cost	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer
		Risk	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer

### Remarks:

- Seller is responsible for loading charges, if the terms state FCA at seller's facility.
- Where applicable the seller must provide the buyer, at the buyers request risk and expense assistance in obtaining any export licence or other official authorization necessary for security clearance of goods.
- Incoterm 2020 does not obligate the buyer nor the seller to insure the goods, therefore this issue should be addressed elsewhere in the sales contract.
- Goods and service (GST) and Value Added Tax (VAT) are excluded.



## **CHAPTER XXI**

### **CVC GUIDELINES**

- 21.1 CVC from time to time has issued various circulars based on its findings. The circulars issued stressed the need of proper framing of pre-qualification criteria, transparency, equity, proper publicity etc., in inviting and finalizing tenders.
- 21.2 The circulars related to procurement which are considered are placed in Annexure-27.

## CHAPTER XXII

### E-PROCUREMENT

#### SECTION-1

##### 22.1 Introduction:

NAeL will adopt e-Procurement system to improve the transparency in procurement process in line with the Directives of CVC and MoD for all types of tender's once company establishes e-procurement portal. Till such time procurement will be made through manual tendering procedure for which the Board has provided approval in its 9<sup>th</sup> meeting held on 16<sup>th</sup> July 2018.

The Main Objectives of e-Procurement are:

- To bring more transparency in the procurement system,
- To provide centralized unified platform for vendor registration
- To facilitate faster decision making
- To provide opportunity for wider participation
- To make submission of the Bids by the bidders/ suppliers easier
- To facilitate on-line provision of Addendums and changes to the tender documents to bidders / suppliers

22.1.1 E-procurement will bring more transparency, reduce cycle time, on-line provision of addendums and changes to documents to bidders/ suppliers and also on-line acknowledgement of bids. e-Procurement is an automated web based procurement process, where the complete end-to-end transactions from indent creation to payment can be performed.

22.1.2 E-Procurement Portal will be completely owned and managed by NAeL. e-Procurement Portal of NAeL may be visited at <https://eproc.nael.com> (proposed site).

22.1.3 The portal shall take care of key security concerns like 'Privacy', 'Authentication', 'Integrity of Data' and 'Non-repudiation' through the state-of-art technology. To strengthen 'Privacy' and 'Integrity of data', bids/ documents uploaded by bidders will be encrypted (through Digital Signature Certificate) and the same would be retrieved and decrypted only by authorized NAeL users through their Digital Signature Certificate(DSC).

22.1.4 To participate in e-Tenders of NAeL, vendors shall be required to get themselves registered with NAeL e- Procurement system at <https://eproc.nael.com> (proposed site). For registration, vendors are required to obtain DSC Class-III with the organization name from the empanelled Certifying Authorities (CA's) of India (<http://cca.gov.in> may be visited for further details).

22.1.5 Information with respect of Buyer/User detailed Help Manual, System Requirements, User Requirements & procedures for registration in the e-Procurement System will be hosted & updated time to time at e-Procurement Portal of NAeL.

## **SECTION - II**

### **22.2 System Requirement**

22.2.1 The minimum system requirements for e-Procurement operation have been mentioned in home page. However, the brief on the minimum hardware/ software requirements are given below:

- a. Supported Operating Systems:
  - Windows 10 and above
- b. Supported Office Tools (Word & Excel):
  - Microsoft Versions 2007 and above
- c. Supported Browser:
  - Microsoft Internet Explorer version 8 or above (IE 8 or above)
- d. Resolution:
  - Best viewed under 1024 x 768 pixels
- e. PKI (Public Key Infrastructure) e-Token Drivers:

To enable successful PKI based log-in with Digital Signature Certificate, the updated e-Token drivers has to be installed and configured in the Internet Browser as per detailed help available in the home page.

- f. Minimum Internet Connectivity:
  - 2 Mbps Broadband

The users and suppliers need to configure their IE Browsers for PKI security and also install latest updated version of JAVA tool from the site.

### **22.3 Users Requirements:**

#### **22.3.1 Digital Signature Certificate (DSC):**

- i) Digital Signature is an electronic signature that is used to authenticate the identity of the sender of a message or a document and to ensure that the content of the message or the document have not been tampered with. Digital Signature provides authenticity, integrity and non-repudiation to electronic documents. Please visit the web-site <http://cca.gov.in> for further details on usage of DSC.
- ii) The Digital Signatures require a key pair (asymmetric key pairs, mathematically related large numbers) called the Public and Private Keys. Just as physical keys are used for locking and unlocking, in cryptography, the equivalent functions are encryption and decryption. The private key is kept confidential with the owner whereas the public key is shared with other users / suppliers registered in the system.
- iii) DSC Class II or above with the organization name is a mandatory requirement for NAeL users to carry out e-Procurement activities. DSC may be obtained from any Certifying Authority (CA) in India licensed by the Controller of Certifying Authorities (CCA).
- iv) NAeL users may obtain DSC preferably, through National Informatics Centre (NIC) which is a Govt. agency.

- v) In the absence of NIC, DSC may be obtained through any of the empanelled Certifying Authorities (CAs) of India (visit <http://cca.gov.in> for further details).

#### 22.3.2 Encryption Key:

- a. Decryption key is a mandatory requirement for the Tender Opening Authorities (TOAs) who are primarily the custodian of Tender document viz. Commercial, Outsourcing & Works Dept for decryption of bids during the Tender opening process.
- b. The digital keys issued by M/s NIC are having signing and encryption certificates. The Tender Initiator and Tender Approving Authority (TAA) will be requiring only Signing Certificate during submission of Tender. However, the Tender Opening Authority (TOA) should have the encryption Key for decryption of bids during Tender Opening activity.
- c. Function / Usage of Encryption Key:
  - i. The system encrypts the information (bids) by the Public Key of TOA while submission of the bids by the suppliers.
  - ii. The bids will be stored in an encrypted form in an Electronic Secured Tender Box which shall be time stamped.
  - iii. The bids can be decrypted only by using the Encryption Key of TOA after the due date and time is elapsed.
  - iv. Both the Signature and Encryption Certificates shall be obtained in a e-Token.

#### 22.3.3 Bidders/ Suppliers Requirements:

**Digital Signature Certificate (DSC):** DSC Class III with organization name is a mandatory requirement for both Local & Foreign suppliers. DSC may be obtained from any of the licensed CA's for registration and to carry out e-Procurement activities. (Visit <http://cca.gov.in> for further details)

### SECTION - III

#### 22.4 Registration in the e-Procurement System:

##### 22.4.1 Registration of NAeL Users:

- a) Head of Commercial, Head of Contract section in case of Works and Head of IT will be considered as Coordinator and Administrator respectively.
- b) Format of Workflow / Hierarchy details indicating Departments, Groups and users are placed at **Annexure - A**.
- c) The Coordinator need to forward the Workflow / Hierarchy details along with the names of the DSC holders from NAeL in respect to Commercial, Outsourcing, Works, Maintenance, Finance and Planning involved in Tendering activities to the IT e-Procurement system Administrator for creation of Roles in the e-Procurement portal.
- d) In case of any change in the Workflow / Hierarchy details, the coordinator has to ensure updation of such change in the system through the System Administrator.

##### 22.4.2 The following are the Roles created against the activities:

- a) **Tender Initiator (TI)** : To create Tender, upload of documents, vendor selection, Tender modification and corrigendum. Subsequently, Tender will be moved to the next level i.e. Tender Authorizer.

- b) **Tender Authorizer (TA):** In addition to the role of Tender Initiator, Tender Authorizer will be able to qualify or disqualify the suppliers and authorize the Tenders. Only on authorization, the Tenders shall be issued in the e-Procurement Portal.
- c) **Tender Opening Authority (TOA):** The Tender Opening Authority (Commercial/ OS/ Works) shall have encryption key which will be used for decrypting the bids.
- d) **Tender Opening Committee (TOC):** The tender opening committee shall have DSC for tender opening. Opening will be done by Finance Office and by Commercial/ OS/ Works as per the existing procedure.

#### 22.4.3 Registration of Bidder/Supplier:

- a) The user interface of on-line registration module is in-line with the Purchase Manual of NAeL.
- b) The suppliers need to have a valid DSC Class III with the organization name for Registration in NAeL e-Procurement portal and for participation in NAeL Tendering activities. The suppliers may obtain DSC from the Certifying Authority (CAs) in India. DSC obtained from CA's other than India will not be accepted in the e-Portal.

#### 22.4.4 The following are the procedure involved in registration:

##### a) Web Registration:

The suppliers shall register under "New User Sign In" for web registration and obtain user ID and password for participating in Open Tenders. This is a one time activity and shall be valid for all Open tenders called by NAeL. The suppliers are required to register in the e-Portal and update their Digital Signature Certificates details during this activity. Hence, they should be advised to obtain DSC in advance as a mandatory requirement.

##### b) e- Registration & Vendor empanelment:

- i. To participate in Limited / Single / Proprietary Tenders, the web registered Suppliers have to complete their e-Registration activity by logging on to the portal with PKI and complete the e-Registration activity. They have to select the e-Registration tab under Log-in activity through their User ID and password. There is a separate e-Registration formats for Indian and Foreign Bidders.
- ii. The Vendors are required to upload their documents towards their experience / credentials under respective section.
- iii. The Head of Commercial / authorized personnel of NAeL shall verify the details and enable/ approve the Vendor, after taking necessary approval as per para 3.8 of the Purchase manual, by giving an Online code. Once NAeL approves the Vendor's e-Registration, vendor will be available in the Vendor's directory of NAeL.
- iv. Other than the empanelled vendors viz. sister concerns, Channel partners, agents, dealers etc. are not permitted to participate on behalf of registered and empanelled bidders/ supplier. However, OEM authorizes their channel partner to participate in tender on their behalf, OEM should give an authorization letter and their channel partners should get registered with NAeL e-Procurement Portal to participate in tenders.
- v. The use of PKI Digital Signature is mandated for all the suppliers. Only e-Registered suppliers can participate in the Limited Tenders.

c) Approved Suppliers List:

The List of Approved Suppliers (both web-registered and empanelled vendors/e-Registered) are available as MIS report in the e-Procurement Portal.

**SECTION - IV**

22.5 Help Manual:

22.5.1 The detailed procedure on carrying out e-Procurement activities along with the Screen Shots have been brought out in the Buyer / User detailed Help Manual, which is made available in the e-Procurement Portal and will be updated from time to time.

22.5.2 The other documents available in the home page under 'Guidelines to Bidders' are given below:

- Brief Help
- Detailed Help
- Procedure for obtaining DSC for foreign/ Indian vendors
- Digital signature Browser Settings
- e-Registration Help Manual

**SECTION - V**

**22.6 Scope of e-Procurement**

- 22.6.1 The implementation of e-Procurement system in NAeL is to streamline and automate its procurement process which can be effectively utilized to improve efficiency in the process, cut down the total time in procurement activities and enhance the database of suppliers.
- 22.6.2 e-Procurement is applicable to carry out e-tendering activities (Vendor Registration, Tender Creation, Approval through workflow, Online Bidding, generate Comparative Statement) for functions covering Commercial, Outsourcing & Works Departments for all types of Tenders of estimated value more than threshold value. However, NAeL may adopt e-Procurement for Tenders of value less than threshold value.
- 22.6.3 However, the following purchases are exempted from the ambit of e-Procurement:
- i) Purchases through License Agreement (LA)
  - ii) Purchases through World Wide Catalogue Price (WWCP)
  - iii) Purchases emanates out of Inter Governmental Agreements (IGA)
- 22.6.4 The following modes of Tendering / type of bids may be processed through e-Procurement System:
- a) Modes of Tendering:**
- i. **Open Tender:** For open tender press advertisement should be given stating that tender is available on <https://eproc.nael.com> (proposed site) and all the documents are available on the portal only.
  - ii. **Limited Tender:** In Limited Tender, only the most likely and suitable sources available in the vendor directory are addressed.
  - iii. **Single Tender:** When an offer from a single source is invited is called a Single Tender Purchase.
  - iv. **Proprietary Tender:** When an offer from a proprietary source only is called.
  - v. **Type of Bids:**
    - Single Bid
    - Two Bids
    - Three Bids
  - vi. The Bidder shall submit the responses in single stage for all the Bids. The tender opening of the Bids shall be done in sequential order, 1st Bid opening and short-listing, followed by 2nd Bid opening and short-listing, followed by final 3rd Bid opening.
  - vii. Example: The brief procedure on Two Bid Tendering to be followed is given below:
    - a. Purchaser has to select the type of Bids (Two Type).
    - b. Purchaser has to update relevant information of Tender as per the format.
    - c. Purchaser has to fill the Technical & Price Bid Opening Date and Time.
    - d. In case of non-availability of Price Bid Opening Date and Time, any day and time for the year 9999 may be given.
    - d. After the Technical Bid Opening Date and Time is reached, only the Technical Bids can be opened and downloaded.

e. After completion of technical evaluation of the offers received, purchaser has to update the qualified suppliers in the system for the opening of price bids.

f. In case of modifications in Price Bid Opening Date and Time, revised Price Bid Opening Date and time can be entered in the system against the subject Tender by issuing corrigendum.

g. The system will send e-mail / SMS alerts to the qualified suppliers about the Price Bid Opening Date.

h. Only after the Price Bid Opening Date and Time is reached, the Price Bids can be opened and downloaded for evaluation.

**b) Approvals:**

- i. Approvals for MPR/ MSR are needed to be taken outside of the e-Procurement system and existing procedure are required to be complied.
- ii. The existing procedure is required to be followed for obtained approval in case of Re-tendering/ single offer situation / negotiations.

**c) Exceptions:**

Waiver from e-Tendering, in special cases, for the tenders valuing above the threshold value for e-Tendering can be accorded by the CEO with recorded reasons.

**d) Creation of Tenders:**

- i. Tender shall be created and hosted in the e-Procurement portal by the user having the defined role of Tender Creator in the system. The template as a single part (Single Page NIT) containing all details of Header, Detail and Footer for Tender Creation.
- ii. The Tender No. is a mandatory field which is unique and to be maintained by NAeL in-line with the Indent / Contract No. In addition, other fields such as Name of Company, Type of Tender, No. of Bids, EMD (Refer Point 10 on EMD), Due Date, Opening Date etc to be updated by the Tender Creator in-line with the Indent / Contract.
- iii. A template of Technical and Price Bids to be hosted along with the Tender shall be pre-defined as per the requirements of the Indent / Contract. The template to be created in the excel format to allow bid submission as per the requirement of Indent / Contract. The cells of the template will be kept Locked (excel feature) where suppliers do not require to provide any Data, while cells where suppliers need to submit their offer, would be kept unlocked. NAeL should take care that cells in the Quote range should not be merged. Also, the blank bid must be prepared in MS Excel 2003 and higher versions. However, vendor can upload using MS Excel 2003 and higher version.
- iv. The pre-qualification documents, Standard Terms & Conditions shall be created, downloaded and attached as per the requirements of the Tender.
- v. Note: Integration of e-Procurement System and ERP is in-progress. After integration, tender can be created either through ERP or directly in e-Procurement system.

**e) Selection of Supplier:**

The Tender Creator has to select the supplier(s) already registered in the portal in case of Limited / Proprietary/single tenders. The suppliers who have completed e-Registration and enabled can be selected for Limited



`` Tenders. In case of Open Tender, the Tenders shall be viewed by all the suppliers registered in 'Tender free view' available in the Portal

Selection of supplier by name and Vendor Code is provisioned.

**f) Selection of TOA for Tender:**

NAeL has to finalize the TOAs on rotation (monthly) basis. The Tender Creator should be aware of the TOA before creation of the Tenders for the particular Tender.

The Tender Creator along with Tender has to select the authorized Tender Opening Authority (TOA) who will be responsible for opening the particular Tender. Once the Tender is submitted with TOA, it is mandatory that the same TOA with valid DSC to be present along with other Tender Opening Committee members during opening of the Tenders. Changing of TOA is not permitted after the tender has been authorized.

**g) Submission of Tender:**

The Tender created as above will be forwarded to approving authority as per the Workflow / Hierarchy as pre-defined in the system. The Approving authority may modify the contents of Tender Document, if required or otherwise approve and host the Tender.

Once the Tender is hosted, the system will generate e-mail / SMS alerts to the concerned suppliers in case of Limited Tender. In case of Open Tender, the information will be available to all registered suppliers.

If selected Tender opening authority is not available on the Tender opening day, the tender can be opened on the next working day. As the system is web based, the TOA/ TOC can be present virtually from any location and carry out Tender Opening activity from remote location using their DSC.

Tendering time may be given for submission of the quotation in-line with the existing procedure.

**Addendum / Corrigendum to Tender:**

The system has provision for issuance of Addendum / Corrigendum for modifications in tender Terms & conditions and extension of the due date & time before the due date & time of the tender. However, the system will not allow pre-ponement of the tender due date (except proprietary tender) in case of any hosted tender through e-Procurement Portal.

Pre-ponement of proprietary tenders may be done by giving service request (Official email / letter) to Administrator at [ephelpdesk@nael.com](mailto:ephelpdesk@nael.com). (proposed site)

In case of Open/ Global tender, addendum/ corrigendum about the tenders has to be published in newspapers, NAeL web-site, Trade Journals, etc. as per standard procedure.

**Bid Submission:**

The system has the functionality of online purchase of tender document by the bidder. It supports both off-line and on-line payment mechanisms of Tender Fee & EMD, wherever applicable.

The system allow the bidder to submit his bids only in the forms associated with the tender and only if the supplier fulfills the minimum criterion specified against each parameter.

The system will allow the bidder to submit pre-qualification, technical and commercial bids separately and upload relevant certificates and supporting documents. During submission, the bidder / system will encrypt the bids using public key of Tender Opening Authority (TOA) as per the instructions in tender to meet the highest standards of data security & confidentiality.

All the received bids shall be stored in an encrypted form in an Electronic Secure tender box. It is not possible to open and view the contents of the Electronic Secure Tender Box till the due date & time / specified time have elapsed.

The bidder is allowed for multiple submissions of bids till the closing date & time. However, the system will consider only the last bid submitted by the bidder. At the same time, system will not allow to know No. of bids received before the closing date & time to NAeL.

Bid clarification module is available in the e-Procurement portal to obtain clarifications on pre-bid queries and provide response to Bidder queries.

The system shall generate a submission acknowledgement with Token number for every successful bid submission.

#### **Closing of Bid Submission:**

The System will close the bid submission automatically in accordance with closing date and time specified in the tender. In cases of unexpected/ genuine server related decisions, Company can take a decision to extend the closing time in the form of corrigendum to the Tender.

The System will not allow bidder to submit any bids after the due date & time / where a tender is closed.

#### **Tender Opening / Evaluation:**

The System shall allow opening of Technical bids by the Tender opening committee through dual opening levels using DSC only after reaching the opening date & time. Bids will be opened initially by Level 1 i.e. Finance Officer and then by Level 2 i.e. TOA (Commercial/ OS/ Works).

The bids shall be decrypted only through private key of TOA indicated against that particular Tender. The same process shall be repeated for all the bids of different suppliers.

In case of two bid system, vendors can see only No. of vendors participated with name after opening of technical bids from their location and they need not to witness for the bid opening. After technical evaluation and recommendation, price bids of technically accepted vendors will be opened. On opening of Price bids, vendors can see each other's bids (Technical and Price bids). However, in single bid system, all the bidders can see each other's bids after bid opening.

The system will generate Technical / Price Comparison statement based on the pre-defined Technical / Price bid format. The comparison statement will map all supplier bids and display in tabular format as Supplier 1, Supplier 2, etc.

Procedure at para 7.9 of Purchase manual may be followed for tender evaluation.

The system will create log of all the tendering activities carried out by NAeL Users and Suppliers against the Tender with date & time stamp. The log will be available against each Tender for review as and when required.

#### **Hard Copies of the documents:**

All the documents such as Bid documents received from the bidders, compliance statement (Technical/ Price), Tender Logs, Vendor Logs of all activities pertaining to Tenders etc. will be available in the e-Procurement systems. Bid documents will be retained in the system as per the retention period defined in Purchase manual. Hence, print out of the bid document is not mandatory to promote paperless work.

#### **Bid Clarification Module:**

The facility is available for NAeL users to seek clarifications from the bidders after opening of bids. The NAeL user can select any / all the Vendors and ask for clarifications/ documents for scrutiny. The selected vendor shall provide the response to the said clarification within the stipulated date and time.

The Tender Creator / Tender Approving Authority can provide clarification to all or selected suppliers before bid submission in the e-procurement portal only. The audit of such correspondence is maintained in the portal. The DSC must be used by NAeL users/ suppliers for all such correspondence.

#### **EMD Payment :**

**Off-line EMD payment:** Currently Tender Fees and EMD will be submitted off-line and only the details of fee instruments will be entered during bid submission by the suppliers. After implementing on-line payment integration, it can be done online.

The following steps may be adopted:

- i. In the Tender, EMD value to be indicated.
- ii. EMD clause of the RFQ to be modified as follows:

Earnest Money Deposit (EMD) in the form as specified at para 5.3 of Purchase manual should be scanned and attached with the Pre-qualification/ Technical Bid. Original of the same shall be submitted to the Officer in-charge of the respective Office so as to reach on or before the closing date time. Offers where Earnest Money Deposit is not received before the due date and time would be considered as unresponsive and rejected.

NAeL will not be responsible for any transit/ postal delay in receipt of EMD.

Once the On Line Payment is introduced, both Indian and Foreign Suppliers can remit their payments accordingly.

In case of SSI/ NSIC suppliers, if they are exempted for submission of security deposit/ EMD, then they can select EXEMPTION option, enter the relevant reference and submit the tender. The relevant certifications should be scanned and uploaded with the technical bid. Offers without the relevant certificates would be treated as unresponsive and rejected.

#### **Acceptance of Samples:**

The following Off-line method may be adopted:

Respective Office shall indicate Name, Contact No. and address of the authority to receive samples in the Tender. The supplier has to give compliance in the Technical Bid for having submitted the samples. The samples

should reach on or before the closing date. If the supplier is required to enter the proof of producing the samples in the technical bid, he has to indicate the relevant declaration as a check-list in the technical bid. The bids shall be liable for rejection in case the samples are received after the closing date.

## SECTION - VI

### GENERAL

#### GUIDELINES

1. Procedures for modifying the approved/ empanelled vendors profile

Vendor shall be approved/ empanelled by the Company based on their credentials submitted in e-Procurement system and dealings. Vendor has rights to modify contact details in the profile only. To update other information like address, e- mail ID, product information, facilities available etc. can be modified on written request to NAeL by the vendor.

Company has to create service request to NAeL admin at [ephelpdesk@nael.com](mailto:ephelpdesk@nael.com) (proposed site) for updation of the vendor's profile.

Admin. will change the vendor status from "Approved" to "Submitted" for certain period. During this period, vendor has to update the information and contact the Company to approve the registration.

On approval by the Company, status of the vendor will be changed to "Approved".

2. Guidelines for updation of new DSC serial No. or resetting of Password

To update new DSC serial No. in the profile or resetting of Password, User/ vendor has to give request to [ephelpdesk@nael.com](mailto:ephelpdesk@nael.com)(proposed site) in writing by official mail/ scanned copy of letter to admin.

3. How to manage the bigger size files

Any number of files of size 5 MB (max.) can be uploaded with the tender .

High capacity files may be written in the CD/ DVD in write protected format and handed over to the prospective/ concerned vendor as per NAeL's procedure followed for manual tendering system.

4. Guidelines for remapping of the roles in case of transfer/superannuation

In case of transfer/superannuation, request may be given to NAeL admin to disable their current User IDs.

Revised work flow may be sent to admin by official mail/ scanned copy of letter for remapping of the roles, in case of transfer or change in approval hierarchy.

5. Encryption Key back up procedures

As per the Public Key Infrastructure (PKI) mechanism, bids can be opened by the key which was used for authorizing tender or defined for tender opening.

While Obtaining a DSC (with Encryption Key) two different software keys are provided, one for signing and other for Encryption.

The Encryption key needs to be kept in safe custody with Head of Department proper back up by the user to meet the situation such as absence of tender initiating officer, renewal of key, transfer, resignation, damage of token etc.

As per NIC guidelines, it is important to keep a back up of Encryption Key with Split control. The key need to be regenerated for this purpose by joining splitted parts of the original key.

Each user shall keep a safe back up of their Encryption key as explained in the Guidance for Backup of Encryption Key issued by NIC. (Detailed guidelines may be downloaded at <http://nicca.nic.in/pdf/EncrBack.pdf>)

If User has taken DSC from CAs other than NIC, Encryption key back up procedure of that CA may please be followed.

6. On-line Training

On-line training thro' Web-ex is made operational from April'12 for NAeL Users/ Indigenous/ foreign vendors. For training, a mail has to be sent to [eptraining@nael.com](mailto:eptraining@nael.com) (proposed site). Training schedule is published in e-Procurement Portal as well as NAeL's web- site.

7. Procedure to retrieve lost password

Current password of the user cannot be retrieved. However, request may be given for a new password by sending a mail to helpdesk at [ephelpdesk@nael.com](mailto:ephelpdesk@nael.com) (proposed site) indicating User name and User ID for easy and immediate reference. A new system generated password will be generated and sent to the email ID indicated in the request within 24 working hours.

8. Procedure to enable all the ActiveX controls in the browser to rectify "Authentication Failed" error during login

To use any of the digital signature certificates, you need to enable all the ActiveX controls in your browser. In internet explorer, go to Tools >> Internet options >> Security >> Internet >> Custom Level and enable all the ActiveX controls and submit. Close the browser and open once more and try to log in. Even then if not able to login, please call helpdesk to attend the same.

9. Additional General Terms and Conditions for e-Tender

- i. Bid must be submitted online through NAeL's "e-Procurement system" at <https://eproc.nael.com> (proposed site). Bidder shall submit both "Technical Bid" and "Price Bid" through NAeL's e-Procurement Portal only. Bids submitted in any other form, such as courier/ post/ in-person/ fax shall not be accepted against this Tender.
- ii Any change in bid after the "Due Date & Time of Bid-Submission" of Tender is not allowed.
- iii Bidders are advised, in their own interest, to ensure that their bids are

submitted well before the "Due Date & Time of Bid-Submission" of the Tender as NAeL's "e- Procurement System" at <https://eproc.nael.com> (proposed site) will not allow submission of bids once the closing date and time of the Tender (i.e. Due Date & Time of Bid- Submission) is reached. NAeL shall not be responsible if bidder is not able to submit the bid on account of failure in network / internet connection at bidder's end.

10. Procedure for handing over of DSC in case of resignation/ superannuation:
  - i. DSC (including Hardware/Token and Soft Copy of the key if any) issued to the officer is to be handed over to the Head of Dept
  - ii. An application from the respective Dept. to be sent to the Certifying Authority to revoke the user DSC.
  - iii. Further, his/ her user credentials in the e-Procurement System should be deactivated (disabled) by sending mail to [ephelppdesk@nael.com](mailto:ephelppdesk@nael.com) (proposed site) so that he/ she can no longer access the application while the certificate revocation is under process with the CA.

## SECTION- VII

### e-REVERSE AUCTION (eRA)

#### 1. INTRODUCTION

e-Reverse Auction is one amongst the several process involved in e-Procurement system. It replaces the conventional price negotiation with an electronic auction process enabling selection of the successful bidder. This not only facilitates price discovery but also allows participation of all technically qualified vendors without elimination.

eRA provides an opportunity to all the bidders qualified in technical evaluation to improve their price offered earlier dynamically and continuously throughout the "Auction time".

eRA is used in procurement of Goods, Services and Out-sourcing. The laid down procedure for works will be issued separately by the concerned.

#### 2. APPLICABILITY

- 2.1 eRA process can be adopted in both "Open & Limited" tenders.
- 2.2 Only for tenders involved with Indian bidders
- 2.3 eRA shall only be conducted in 2 or 3 bid system
- 2.4 eRA cannot be adopted in proprietary/ single tender case.
- 2.5 eRA cannot be implemented/ taken up in single offer/ single acceptable offer.

- 2.6 eRA can be considered where two or more bidders have technically qualified.

### 3. PRE-REQUISITES

- 3.1 Provision of eRA shall be pre-defined in NIT condition viz. "NAeL Reserves the right to conduct e-Reverse Auction, if it is considered necessary", in case Company intends to go for eRA. To conduct e-Reverse Auction, the Date and Time of commencement of eRA as also Duration of 'Reverse Auction Time' shall be communicated at least 3 working Days prior to such auction Date.
- 3.2 Prior to opening of price bids, CEO / Head of Commercial can decide whether eRA shall be conducted or not.

### 4. PROCESS

- 4.1 eRA requires selection of "Tender cum Auction" in the e-Procurement Portal, at the time of creation of tenders.
- 4.2 If eRA is decided as per para 3.2 above, after opening of the price bids, a Reverse Auction will be created where:
- 4.2.1 No indication will be available in the portal to anyone regarding names of the bidders.
- 4.2.2 All the bidders can view lowest bid (all inclusive) and also bid submitted by them.
- 4.3 Only vendors who are technically qualified as identified by the company can participate in e-Reverse Auction relevant to the procurement for which Tender/ RFQ is floated.
- 4.4 When tender has several items, vendors having offered for partial items or having offers partially accepted, will be allowed to participate in eRA for such acceptable items only. However, in case RFQ calls for package evaluation, vendors whose offers are accepted for all the items only will be considered and allowed to participate in eRA.
- 4.5 During the auction time, each bidder shall be able to view not only the lowest bid (all inclusive) but also the last bid made by them at any point of time.
- 4.6 Initially, closing time (scheduled time) of the auction shall be after a period of 120 minutes from commencement of auction. If a bidder places a bid in the last 10 minutes of closing of the Reverse Auction, then the auction's duration shall get extended automatically for another 10 minutes. Please note that the auto-extension will take place only if a bid comes in those last 10 minutes and if that bid gets acknowledged by the e-Procurement System. If the bid does not get acknowledged, the auto-extension will not take place even if that bid might have come in the last 10 minutes. In case, there is no bid in the last 10 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, vendors are being advised not to wait till the last minute or last few seconds to enter their bid during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.
- 4.7 Extension of the respective auction will be done on line item basis where multiple items are involved and evaluation criterion is on line item basis.

5. MASKING OF NAMES

- 5.1 Names of bidders/ vendors shall not be disclosed during the eRA process.
- 5.2 Names of bidders/ vendors shall be anonymously masked in the eRA process and they will be given suitable alias names by system.
- 5.3 System protects bid and bidder information till auction gets over and displays current L1 price to all the bidders during eRA process.
- 5.4 System provides bidder details along with bid documents at the end of eRA process.
- 5.5 The log details of the entire eRA process will be generated by the system once the process of eRA is completed.

6. START PRICE

- 6.1 The lowest bidder is evaluated considering the landed cost inclusive of all taxes, FOR buyer place delivery etc.
- 6.2 L1 evaluated price of initial e-Tender is considered as start price for eRA. The eRA however would not reveal the name of such bidder. Prices offered by respective bidder during normal e-tender will not be revealed to the other bidders. Suppliers can bid only lower than the start price/ or current L1 offer in e- Reverse Auctions.

7. DECREMENTAL BID VALUE

- 7.1 The vendors shall be able to bid only at a specified decrement value and not at any other fractions generally. The Bid decrement value will be 0.5% of the start bid price. The reduction shall have to be made as per decrement value or in multiple thereof.
- 7.2 In order to have ease of submission of eRA bid by the bidders, it is suggested that decrement value may be rounded off to the nearest value as under:
  - 7.2.1 For decrement values upto Rs. 10/-, rounding off may be made to nearest rupee.
  - 7.2.2 For decrement values from Rs. 11/- to Rs. 100/-, rounding off may be made to nearest 10.
  - 7.2.3 For decrement values from Rs. 101/- to Rs. 1,000/-, rounding off may be made to nearest 100.
  - 7.2.4 For decrement values from Rs. 1,001/- and above, rounding off may be made to nearest 1000.
- 7.3 For the sake of convenience of vendors, the web portal shall display the next possible decremental value of bid. It is not, however, obligatory on the part of vendors to bid at the next immediate lower level only. It may be 2 or 3 times of the decremental value or more.
- 7.4 Only the chronologically last bid submitted by the bidder till the end of the auction shall be considered as the valid price bid of that bidder. Any bid submitted earlier by the bidder prior to submission of his last bid will not be considered as the valid price bid.

- 8. Divisions have to enclose "GUIDELINES TO BIDDERS FOR e-REVERSE AUCTION" with each initial e-tender which mentions eRA option in NIT. (Annexure-A)



9. eRA should be conducted at least 30 days before expiry of initial validity of bids.
10. PURCHASE PREFERENCE FOR MSEs
  - 10.1 If any of the short listed bidders are eligible for such purchase preferences in terms of policy, such bidders would get opportunity to match the L-1 prices concluded after eRA. In such a case the extent of Qty to be reserved for them with remains in-line with RFQ stipulation.
  - 10.2 The RFQ need to clearly stipulate the MSE policy and quantity reserving to them. Before start of the Auction, the quantity proposed for auction would have to be mentioned. Post completion of Auction, if the lowest bidder is MSE, even the balance quantity will be offered to him.
  - 10.3 Post completion of Auction, if the successful bidder of Auction is not an MSE, then the reserved qty for MSE, will be offered off-line to MSEs to match with L1, if offer(s) received from MSE against the said tender. In case amongst the bidders, more than one MSE exist, then the opportunity would be given in sequence to the bidder who had offered lowest prices as part of Auction. In case no MSE bidder matches with L1, or no offer received from MSE, the reserved qty will also be considered for ordering on the successful eRA bidder.
11. EVALUATION OF L1 PRICE

Limited tender where participants from India only: FOR destination price inclusive of all taxes applicable, Freight, Insurance etc. as per RFQ terms & conditions. Subsequently during eRA, all the bidders will be offering the FOR destination prices. The successful bidder post completion of bidding, to provide the breakup of the prices in to line wise, unit price wise inclusive of insurance, freight taxes etc to match with the finalized price, as the case may be. This will be obtained through offline correspondence.
12. Check list for compliance of mandatory HAL commercial terms for vendors such as Bid validity, Payment terms, Earnest money Deposits (if called for), Delivery Terms (FOR), Delivery lead time, Performance Bank Guarantee, Liquidated Damages/ Penalty, Security Deposit, Warranty terms etc. need to be clearly indicated in the tender and this should be part of Technical bid zone. And taking compliance from the vendor as part of initial bid or through correspondence need to be completed and is mandatory for considering the vendor as qualified for inclusion in the auction. Hence, before the commencement of Auction as before seeking approval of Divisional head for taking up eRA this process need to be completed.

No loading factor should be mentioned in the RFQ.
13. If the lowest price received during eRA is unreasonable or it is unacceptable on ground of being too high when compared with estimated price, the management reserves the right to seek justification of the price from lowest bidder or call for conventional price negotiation. If the price is not considered reasonable, management may not accept such bid and can go for another tender process.
14. Auto bidding feature will be available to the Bidders. The auto bid feature allows Bidders to place an automated bid against other Bidders in an auction and bid without having to enter a new amount each time a competing Bidder submits a new offer. The bid amount that a Bidder enters is the minimum that the Bidder is willing to offer. Here the software bids on behalf of the bidder. Bidder should opt for "Auto bidding" option before start of eRA. For activating this mode, the Bidder will have option to opt for "Auto bidding" within 24 hrs. prior to the scheduled auction time.

## GUIDELINES TO BIDDERS FOR e-REVERSE AUCTION (eRA)

1. On-line reverse auction shall be conducted by HAL on a pre-specified date and time, while the vendors shall be quoting from their own Offices/ place of their choice. Internet connectivity shall have to be ensured by each participant themselves. There will be no participation fees for eRA.
2. Bidding currency and Unit of Measurement: Bidding and evaluation will be done in the currency defined in the tender. The price bid placed during "e-Reverse Auction" shall be the total price for each item.
3. Bid Price: The Bidder has to quote the total cost to HAL for the items specified wherever evaluation is on package basis. Calculation sheet to arrive at the "Total Cost to HAL" will be provided in the tender. At the end of eRA, bidder has to provide a detailed break up for his lowest offer.
4. The Bid Amount of the bidder for eRA shall be as per the terms & conditions of the tender which is inclusive of all taxes and delivered Cost as applicable. The net delivered cost is on the basis of the Basic Unit Rates quoted by the bidders and Loading factors considered as mentioned in the Price bid format of the tender document.
5. Procedure of e-Reverse Auction:
  - i. The bid decrement amount shall be specified by HAL before start of eRA. The bidder can bid lower than the prevailing Lowest Bid of any item at any time during the auction by one decrement or multiples of the Bid decrement.
  - ii. After the completion of eRA, the item-wise Closing Price (CP) of all participating bidders shall be available.
  - iii. The Closing Price(s) offered by the bidders at the conclusion of eRA shall be kept valid for a minimum period of one (01) month from the date of Reverse Auction or as per original offer whichever is later.
6. Duration of eRA shall be for a period of 120 minutes from commencement of auction. If a bidder places a bid in the last 10 minutes of closing of eRA, then the auction's duration shall get extended automatically for another 10 minutes. Please note that the auto-extension will take place only if a bid comes in those last 10 minutes and if that bid gets acknowledged by the e-Procurement System. If the bid does not get acknowledged, the auto-extension will not take place even if that bid might have come in the last 10 minutes. In case, there is no bid in the last 10 minutes of closing of Reverse Auction, the auction shall get closed automatically without any extension. However, vendors are advised not to wait till the last minute or last few seconds to enter their bid during the auto-extension period to avoid complications related with internet connectivity, network problems, system crash down, power failure, etc.

Extension of the auction will be done on line item basis where multiple items are involved and an evaluation criterion is on line item basis.

7. During eRA, if no bid is received within the specified time, HAL, at its discretion may decide the following action:
  - 7.1 To start the Reverse Auction once again
  - 7.2 To cancel the Reverse Auction and proceed with conventional mode of Price negotiations
8. All bidders will be able to view during the auction time the current lowest price in portal. Bidder shall be able to view not only the lowest bid but also the last bid made by him at any point of time during the auction time.
9. At the end of eRA, Portal will display the successful bidder, basis item-wise lowest delivered cost. HAL's decision on award of Contract shall be final and binding on all the Bidders.
10. HAL shall be at liberty to call the lowest bidder for negotiations/ need not to take up the reverse auction process/ cancel tender at any time, before ordering, without assigning any reason.
11. HAL shall not be responsible for any interruption or delay in access to the site irrespective of the cause.
12. All other terms and conditions and specifications shall be as per the tender and other clarifications issued by HAL till date.
13. All the bidders are required to submit an acceptance to HAL Terms & conditions such as Bid validity, Payment terms, Earnest money Deposits (if called for), Delivery Terms (FOR, FOB etc.), Delivery lead time, Performance Bank Guarantee, Liquidated Damages/ Penalty, Security Deposit, Warranty terms etc. and modalities of eRA along with technical bid. In non receipt of the same, vendor may not be allowed to participate in eRA. (Annexure-B)
14. If a bidder does not participate in the eRA, the price quoted by him in the price bid shall be considered as the valid price of that bidder.
15. If the lowest price received during eRA is unreasonable or it is unacceptable on ground of being too high when compared with estimated price, the management reserves the right to seek justification of the price from lowest bidder or call for conventional price negotiation. If the price is not considered reasonable, management may not accept such bid and can go for another tender process.
16. Other terms & conditions:
  - 16.1. **AUTO BIDDING** : Auto bidding feature is a pro-supplier feature to safe guard the supplier's interest of any Internet failure or to avoid last minute rush. The auto bid feature allows Bidders to place an automated bid against other Bidders in an auction and bid without having to enter a new amount each time a competing Bidder submits a new offer. The bid amount that a Bidder enters is the minimum that the Bidder is willing to offer. Here the software bids on behalf of the supplier. Bidder should opt for "Auto bidding" option before start of eRA.

The auto bid amount is the minimum amount that the Bidder is willing to offer. During the course of bidding, the Bidder cannot delete or change the amount of auto Bid.

Bids are submitted in decrements (decreasing bid amounts). The application automates bidding by processing Auto bids automatically, according to the decrement that the auction originator originally established when creating the auction, submitting offers to the next bid decrement

each time a competing Bidder bids, until the time the auto bid amount gets out-bided by another participating vendor.

In case more than one vendor is using the auto bid facility, then the vendor who first initiated the auto bid functionality would be considered the active bidder. In the event of auto bid feature when prices are equal, under such possibilities.

- 16.2. GENERAL TERMS & CONDITIONS: Bidders are required to read the "Terms and Conditions" of the respective tender by Login into e-Procurement Portal of HAL at <https://eproc.nael.com> (proposed site).
- 16.3. The Bidder shall not involve himself or any of his representatives in Price manipulation of any kind directly or indirectly by communicating with other suppliers / bidders who have participated in the tender.
- 16.4. The Bidder shall not divulge either his Bids or any other details pertaining to this tender to any other party.
- 16.5. HAL's decision on award of Contract shall be final and binding on all the Bidders.
- 16.6. Liquidated Damages (LD), Security Deposit (SD) and Bank Guarantee (BG) agreeing to NAeL payment terms, delivery or any other mandatory terms of NAeL are mandatorily to be complied by the vendors.
- 16.7. Maximum reduction of prices in eRA shall not be more than 10% of the start price at a time.
- 16.8. Purchase preference for MSEs: If any of the short listed bidders are eligible for such purchase preferences in terms of policy, such bidders would get opportunity to match the L-1 prices concluded after eRA. In such a case the extent of Qty to be reserved for them with remains in-line with RFQ stipulation.
- The RFQ need to clearly stipulate the MSE policy and quantity reserving to them. Before start of the Auction, the quantity proposed for auction would have to be mentioned. Post completion of Auction, if the lowest bidder is NISE, even the balance quantity will be offered to him.
- Post completion of Auction, if the successful bidder of Auction is not an MSE, then the reserved qty for MSE, will be offered off-line to the qualified MSEs to match with L1, if offer(s) received from MSE against the said tender. In case amongst the bidders, more than one MSE exist, then the opportunity would be given in sequence to the bidder who had offered lowest prices as part of Auction. In case no MSE bidder matches with L1, or no offer received from USE, the reserved qty will also be considered for ordering on the successful eRA bidder.
- 16.9 Vendor may send a training request at [eptraining@nael.co.in](mailto:eptraining@nael.co.in) (proposed site) with subject as "Training on e-Reverse Auction" to get training slot.

-- Sample Letter ---

(To be submitted along with Technical bid)

M/s Naini Aerospace Limited,  
Corporate Office,

#15/1, Cubbon Road, Bangalore-  
500 001 Karnataka, India.

Sub: Agreement to the Process related Terms & Conditions for e-Reverse Auction

Dear Sir,

**This has reference to the Terms & Conditions for e-Reverse Auction mentioned in the Tender document for Tender No. .... , Dtd: XX-XX-XXXX.**

**This letter is to confirm that:**

- 1) The undersigned is authorized representative of the company.
- 2) We have studied the Commercial Terms and the Business rules governing the Reverse Auction as mentioned in your letter and confirm our agreement to them.
- 3) We also confirm that we have taken the training on the auction tool and have understood the functionality of the same thoroughly.
- 4) We also confirm that we will email a scanned copy or fax the price confirmation & break-up of our quoted price as per the Annexure .....
- 5) We, hereby, confirm that we will honour the Bids placed by us during the tendering/ e- Reverse auction process as called as eRA.
- 6) We also confirm that we will accept our Rank / Position that will be displayed when the Bidding time is over of the Online Reverse Auction.

With regards,

Signature with company seal Name —

Company / Organization —

Designation within Company / Organization — Address of Company /  
Organization —

FAX or email scanned copy of this document to M/s. Hindustan Aeronautics Ltd.

## **CHAPTER-XXIII**

### **PROCUREMENT FROM RUSSIAN SOURCES**

#### **23.1 Introduction**

The various aspects of Purchase procedure has been elaborated in the preceding chapters. However in case of procurements with respect to Russian origin materials there are several peculiarities due to the stringent controls at Russia by their Government Agency which leads to single offer situations, delays in getting offers, subsequent delays in receipt of materials. The number of vendors registered at NAeL for procurement from Russian sources is very few and all of them are relevant for all categories of requirements. Keeping in view these constraints a separate chapter covering the aspects of procurements from Russian sources which is to be followed by the Company.

#### **23.1 Provisioning :**

The timely provisioning of materials and to raise demands in appropriate proforma (Indents/ MPR/PR's) considering production programme, bill of materials, available stock, dues in, production allowances, contingency, shelf life, procurement lead time based on stage of build/ structural breakdown and other factors like indigenization plan etc. is to be made by Material Control dept. In View of the Lead time involved the following methodology will be adopted.

#### **23.2 Planning of Indents:**

- 23.2.1 NAeL should issue Annual Indents keeping in view minimum lead time of 36 months covering all the production / task.
- 23.2.2 In case the firm/ forecast Task/ contract is available with NAeL the same should be considered. The requirement to be worked out for three year period after reducing the stock and dues in.
- 23.2.3 In case of non availability of firm/ forecast task/ contract the Indent quantity is to be worked out based on the likely arising for repair/ overhaul as per the annual loadings of the repair units/ aircraft/ engines etc. with justification.
- 23.2.4 LTBA/ LTRA should be entered for three to five years requirement of items for major projects likely to continue for a longer period.
- 23.2.5 In case of raw materials while arriving at the required qty the requirement of packing norms, MoQ, should be considered specially if the requirement is for longer duration and there is all possibility of liquidation of Inventory.

23.2.6 In case of Consumables while arriving at the required qty the requirement of packing norms, MoQ, Shelf life of items involved should be considered.

**23.3 Estimation:**

23.3.1 The estimated cost is to be arrived based on past procurement price of licensor M/s Rosoboronexport where ever available duly escalated to Year of Delivery (YOD) using escalation % as per mutually agreed Protocol / prevailing MoD escalation protocol for spares etc. other than license articles.

23.3.2 In case of non availability of past procurement price from Rosobornexport the past procurement prices from other vendors should be considered with escalation to the Year of Delivery (YOD) using escalation % as per prevailing MoD escalation protocol for spares etc. other than license articles.

23.3.3 Wherever the past procurement prices are not available, the estimates should be made by a technical committee based on the past procurement prices of similar components applying suitable % towards obsolescence, old reference prices, difference in project, variation in technical specifications, complexity of item etc.

**23.4 Approval of Annual Indents :**

The annual indents would be approved by the CEO with the concurrence of appropriate Finance. The Indents after approval of CEO should be sent to the Suppliers category wise, source wise before 1<sup>st</sup> January of every Year.

**23.4 Placement of Indents on Suppliers:**

23.4.1 The Indent will be sent to suppliers through Fax, e-mail, RM (Moscow), by International Courier. The Indent will contain Indent No and SI No of Items, Specifications/ Part Code and Qty reqd. Any particular terms and conditions which needs to considered for evaluation of bids. The Indent need not include the General Terms and Conditions of regular tendering.

23.4.2 The Terms and Conditions would be as per the General Contract signed with the suppliers and where there is no such General Contract the terms and conditions would be finalized before signing of the contracts/ supplement agreements with the Suppliers.

**23.5 Tendering :**

**23.5.1 Indent to Licensor:**

For the licensed items (Technical kits and DRE) which are specifically covered under the General Contracts with the Licensor, the indents to be sent only to the Licensor. For other project items/ repair requirements which are not covered under license, the Company may send on Single Tender basis to Licensor. The proposals to be processed for approval of

CFA under DoP.

### **23.5.2 Limited Tendering :**

#### **23.5.2.1 Limited Tendering (where only one approved source as per FSMTC is available)**

Indent to be sent to all sources registered for the particular Category of items. In case any source is not registered, NAeL can send the Indent and take up the process of vendor registration simultaneously and complete the process before placement of order. The issue of Limited tender enquiry to minimum five suppliers is not mandatory in case of Russian suppliers due to inadequate availability of sources. Where the number of available sources of supply is less than five, the number of suppliers to be addressed may be reduced with the approval of the CEO.

#### **23.5.2.2 Limited Tendering (where more than one approved source as per FSMTC is available)**

In case more than one supplier is registered, NAeL can forward Indent to relevant multiple FSMTC approved vendors in a staggered manner. However, the tender opening dates to be kept same.

### **23.5.3 Indent to OEM or Holding Company other than Licensor:**

- a) In case of procurement of Spares and repair/Overhaul requirement, where ever the OEM is known to NAeL & the OEM is registered with FSMTC (in case of Russian origin items) or is Ex-CIS Govt. approved source as well as these OEM's are registered, NAeL should send Indent on proprietary basis to OEM only instead of sending Indent to Licensor. The proposals to be processed for approval under DoP along with the proprietary certificate.
- b) In case the OEM is not registered with FSMTC and is not having Export license, the Holding Company of such OEM who has the Export License and registered with FSMTC should be considered as proprietary agency for sending indents for the items for which they have got license from FSMTC. The proposals to be processed for approval under DoP along with the proprietary certificate.

### **23.5 CFA for Proposals :**

- 23.5.1 The L-1 offer Vendor-wise should also include single acceptable items of that vendor. Since, Re-tendering in such cases will not yield any result and change in specification is also not applicable.



23.5.2 The proposal to be processed for the number of items for which offer is received even if offers are not received for all the items in the Indent. The CFA will be based on the DSA value.

23.5.3 For balance items to be re-tendered and proposal to be processed separately.

**23.6 Receipt of Offers/ Tender Opening :**

23.6.1 Offers received in open condition through FAX/ not through dedicated fax/ e-mail id / handed over during IRSA meetings / sent through diplomatic bag by RM (Moscow), may be considered as valid offers (till e-procurement is adopted).

23.6.2 Offers are received in staggered manner. Same to be processed without waiting for offers for entire Indented items.

23.6.3 This will not be treated as splitting of proposal. CFA based on each offer/proposal.

23.6.4 As far as possible offers received at different point of time against Limited tendering should be kept in sealed envelope and opened at one point of time.

**23.8 Negotiations and Conclusion of Contracts after Negotiations :**

23.8.1 The DSA's negotiated in IRSA meetings against different Indents should be processed separately (CFA as per each DSA) and this will not be treated as splitting.

**23.9 Preparation of Comparative Statements :**

**23.10 Offer of MOQ for Raw Materials/ Consumables**

23.10.1 In case of procurement of Raw Materials/ Consumables against limited tender, different MOQs are offered by different suppliers. In such cases, the L-1 vendor is to be decided based on unit price only provided the company is able to justify the higher MOQ quantity and items having shelf life. This is applicable to cases where the agreed unit price becomes the base price for future procurements.

23.10.2 Wherever, higher MOQ is not justifiable, the L-1 may be decided on cost to company basis i.e. after multiplying the MOQ QTY offered with the rate.

23.10.3 In case of Limited tendering, if the vendors specifies the minimum order value in their offers for placement of order on them and if the vendor becomes L1 for some items individually and the value of the total order to that vendor is far less than the minimum

order value specified in their offer and it is also not justified to increase the MOQ in line with minimum stipulated order value by the vendor, the offer of this vendor to be treated as technically rejected. In Russian procurement system re-tendering leads to extreme delay and increase in annual escalation.

#### **23.11 Vendor Registration :**

23.11.1 Suppliers already in the approved list of FSMTC (Federal Service of Military Co-Operation) to be considered for registration directly based on the export license and ability to supply the items.

23.11.2 Registration to be made by NAeL based on the Export License, other organizations to which the supplier is supplying the items, details of their financial status. However certain suppliers are not able to furnish their turnover certificate/ Balance sheet etc which is not feasible in such cases registration could be considered based on the assessment made by RM(Moscow) / Representative of NAeL after visiting the vendor's premises.

23.11.3 A directory of all vendors registered as per HAL MMC-29 and fresh vendor registered will be maintained by the Company. Corporate Office approval will not be required for registration of vendors.

#### **23.12 Payment to Suppliers :**

23.12.1 Payment after receipt within 30 days by electronic transfer.

23.12.2 Advance payment with/ without Bank Guarantee after taking one time approval of the Board for the General Contract and for subsequent Supplement Agreements with the approval of respective Managing Director.

23.12.3 LC Payment

23.12.4 Stage payments.

23.12.5 In all cases the bank charges incurred at respective country to be borne by Supplier/NAeL.

#### **24 Other Standard Terms and Conditions :**

The Following clauses if appearing the existing General Contract with the Russian suppliers than to be insisted upon and in case of new General Contracts same should be insisted upon. However in case of General Contracts signed earlier the subsequent supplementary agreements to be signed without insisting on these clauses.

- Liquidated damages

- Integrity pact
- Fall Clause
- Option Clause

## ANNEXURE-1

Indenting Dept / Functional Head responsible for various procurement activities as given below.

Type of Procurement	Indenting Dept Activities - Determination of needs of Procurement - Scope of work / services - Supplier Selection - Mode of Tendering - Value of Procurement - Specification - Raising of MPR/ Provisioning - Tender Evaluation (Technical) - Acceptance of delivery schedule	Functional Head to coordinate for approval as per DoP.	Processing Activities - Tendering - Correctness of the suppliers and no. of suppliers - Tendering opening - Tender Evaluation (Commercial)	Remarks
Project Material	Material Planning based on Bill of Material certified by Production Engineering.  Proprietary certificate to be originated by material planning and coordinated by user from Production Engineering / Methods (as applicable) and approved by CPA.	Commercial	Purchase	
Shop consumables- Stock items Stationeries for consolidated requirement	Stores based on review by User Dept.  Stores based on review by User Dept.	Commercial	Purchase	
Non stock items	Concerned dept	Concerned function Head	Purchase	Common items of different depts. to be consolidated.
Maintenance Spares	Maintenance	Function head to whom maintenance reports if it is not a independent function under head of Company	Purchase	
Tooling	Tooling dept	Functional head to whom tooling reports	Purchase	
Capital procurement	Facility Planning	Planning	Purchase	

IT infrastructure - computers and peripherals, Software Printer Cartridges	IT Dept	Functional head to whom IT reports if it is not a independent function under CEO	Purchase	
Services Hiring of Transport Canteen Engagement of Agencies for recruitment of personnel Engagement of consultants, Engagement of agencies for advertisement	HR Department	Functional head of HR	HR Department	
Maintenance of Transport	HR Department	Functional head of HR	HR Department	
Repair / AMC / Calibration of Machinery/ Equipment/GSE/ GHE/Medical / Office equipment / Repair of Furniture Laundry	Maintenance	Function head to whom maintenance reports if it is not a independent function under CEO	Purchase through Contract	Operation and monitoring of the contract by the indenting department
Computer Repair/ AMC for Computer IT Implementation/ Support	IT Department	Functional head to whom IT reports if it is not a independent function under CEO	Purchase through Contract	Operation and monitoring of the contract by the indenting department
Printing Publication Binding and others	Concerned Department	User Functional head of the concerned user department	Purchase through contract	Operation and monitoring of the contract by the user department

**B. Role of Indenting /Purchase /Finance Dept. in Procurement activity**

Type of Activity	Indenting Department	Purchase Department	Finance	
MPR	<p>Justification of requirement</p> <p>Authenticity of the input provided in the MPR.</p> <p>Acceptability of the specifications/ technical terms &amp; conditions and quality / inspection requirement.</p> <p>Acceptability of delivery schedule</p> <p>Acceptability of shelf life or life limitation of the product</p> <p>Mode of tendering proposed is as per guidelines issued.</p> <p>In case of the proposal for single/proprietary/ spot tender and single tender on nomination, justifiable reasons are indicated in the proposals and guidelines have been complied as per his wisdom</p>	Adequacy of the nos. of vendor proposed.	<p>Scrutiny of the MPR and concurrence covers /confirms the following unless otherwise stated :</p> <p>i. The provisioning of materials is based on the approved production programme and there is a firm order from the customer otherwise for anticipated future requirement not exceeding 2 years to be approved by concerned Complex Directors with concurrence of Complex Finance Head and technical head.</p> <p>ii. MPR is supported with an adequacy statement / review sheet is counter checked with respect to its arithmetical accuracy in arriving at the net quantity requirement proposed as per the guidelines issued.</p> <p>iii. Confirmation of inclusion of Integrity Pact (IP) clause in the RFQ in case of the estimated amount is more than threshold value (presently Rs. 5.00 Crs.) notified from time to time.</p> <p>iv. Correctness of reference to Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken.</p>	
Capital items	<p>Justification of requirement</p> <p>Mode of Tendering</p> <p>Authenticity of the input provided in the</p>	Adequacy of the nos. of vendor proposed.	<p>Scrutiny of the Capital Appropriation Request (CAR) and concurrence covers/confirms the following unless otherwise stated :</p> <p>i. Confirmation on the availability of the items in the approved Capital Budget.</p>	

	<p>CPR.</p> <p>Acceptability of the specifications/ technical terms &amp; conditions and quality / inspection requirement.</p> <p>Acceptability of delivery schedule.</p> <p>Reasonableness of the basis of the estimate made in the proposal considering the budgetary quotation received from the vendor with applicable duties and taxes. Acceptability of technical / engineering estimates in case of non availability of budgetary quotes.</p> <p>The mode of tendering proposed/time for response is as per the guidelines issued.</p> <p>In case of the proposal for single tender/ proprietary tender, justifiable reasons are indicated in the proposals as per his wisdom.</p> <p>For items of commercial nature such as IT Hardware, Material Handling and Medical Equipments etc. the</p>		<p>ii. Confirmation of the value of the proposal being within the budget provision.</p> <p>iii. The correctness of reference of Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken.</p> <p>iv. Confirmation of inclusion of Integrity Pact (IP) clause in the RFQ in case of the estimated amount is more than threshold value (presently Rs. 5 Crs) notified from time to time.</p> <p>v. For items not covered in the Capital Budget, justification for procurement with proper DOP reference, and cumulative value of such proposals concurred during the year are available in the proposal for capital sanction by the appropriate CFA.</p>	
	reference to			

	availability or otherwise in the DGS&D Rate Contract are recorded and valid reasons for cases, if any, for not proposing the procurement through the DGS&D Rate Contract is recorded in the file.			
Services	<p>Correctness of information provided in the proposal.</p> <p>Acceptability of scope of services.</p> <p>Acceptability of technical terms &amp; conditions and quality / inspection requirement.</p> <p>Acceptability of delivery schedule proposed.</p> <p>Availability of reasonable basis for the estimation of expenditure.</p> <p>The procedure for procurement of services proposed is as per the guidelines issued.</p> <p>In case of the proposal based on single source/spot/tendering on nomination basis, justifiable reasons are indicated in the proposals as per his wisdom.</p>	<p>Adequacy of sources proposed</p> <p>Confirmation of commercial terms and condition proposed in the proposal.</p>	<p>The services as defined in the Purchase Manual under para No. 2.4.10 is procured through the purchase procedure. The note sheets are proposed by the Plant &amp; Maintenance/Stores/HR/IT/User Department supported with Service Purchase Request (SPR) for the procurement of such services and submitted to Finance Department for concurrence.</p> <p>i. Confirmation of availability of funds under the respective heads in the performance budget.</p> <p>ii. The correctness of reference of Delegation of Power and in case deviation from originator of proposal, then concurrence of next higher level may be taken.</p>	
Draft Purchase Order/	Acceptability of the specification/scope of services	Address of the vendors and its composition.	SCOPE OF CONCURRENCE OF DRAFT PURCHASE ORDER/CONTRACT:-	



contract for procurement of Capital/ Project Material / Revenue items and Services	<p>Acceptability of the shelf life or life limitation of the products</p> <p>Acceptability of technical terms &amp; conditions and quality / inspection/ mandatory requirements</p> <p>Acceptability of delivery schedule proposed.</p> <p>Technical evaluation statement,</p> <p>Price justification statement,</p> <p>The Purchase Format is filled up by the Initiating Authority/ Recommending Authority with the material information for decision making.</p> <p>The procurement of the materials/services proposed is as approved in the CAR, MPR and Note Sheet w.r.t. items and quantity. In case of any variation, approval of CFA for amendment to CAR, MPR and Note Sheet is available.</p> <p>Marking/disposition of late tenders and</p>	<p>Authenticity of the offers / documents received from vendors.</p> <p>Reference of export / import formalities.</p> <p>Commercial evaluation statement,</p> <p>Agenda/points for Negotiation, were ever applicable,</p> <p>The procedure for tendering as approved in the CAR/MPR/Note Sheet has been followed.</p> <p>Evidence of RFQ sent to vendors is available in the file.</p> <p>Confirmation of authentication of Tender Summary Sheet by the members of authorised Tender Opening Committee indicating the RFQ sent to the No. of vendors, No of Response received, Number of quotations received, Number of nil</p>	<p>Confirmation of the proposal being put up in the appropriate Purchase Format supported with following documents unless the deviations are highlighted:</p> <ol style="list-style-type: none"> <li>Information checklist for purchase proposal.</li> <li>Draft Purchase Order (DPO)/contract,</li> <li>Comparative statement,</li> <li>PNC Recommendation, were ever applicable.</li> <li>The draft purchase order/ contract has been put up only based on the technically acceptable L1 offered price considering the tender conditions such as package price or item wise L1 price.</li> <li>Approval for re-appropriation obtained from the competent authority as per DOP, where ever proposal amount exceeds for procurement of capital items.</li> <li>Confirmation of inclusion of Security Deposit/Bank Guaranty against advance payment/ Performance Guarantee and Indemnity Bond in the Purchase Order, wherever applicable.</li> <li>Correctness of reference of Delegation of Power.</li> </ol>	
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	<p>Confirmation that the vendors have signed the IP as a pre bid qualification, as per requirement.</p> <p>The proposals are supported with the technical evaluation statement as per the given format duly approved by the Technical Evaluation Committee (TEC) / User department.</p> <p>Correctness of Comparative statement of quotations including the loading of offers and determination of L1.</p> <p>Reasonableness of the price of L1 offer considered in the proposal w.r.t. the previous procurement prices, where ever previous procurement prices are available, or based on the estimation made.</p> <p>Confirmation of proposal being in line with PNC recommendations/ Offer/Standard Terms and conditions with deviations, if any, highlighted.</p> <p>Confirmation of the following in case of the proposal on</p>	<p>quotations and the Number of vendors not responded.</p> <p>Confirmation of the tender submitted with the EMD amount in the form and the amount as indicated in the RFQ, where ever applicable.</p> <p>Confirmation of tender evaluation as indicated in the RFQ.</p> <p>Where two bid systems are proposed, commercial bids are opened only for the technically acceptable offers after the approval by the competent authority</p> <p>The draft purchase order/ contract has been put up only based on the technically acceptable L1 offered price considering the tender conditions such as package price or item wise L1 price.</p>	
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	<p>Repeat Order Basis.</p> <p>-The proposal is for the procurement of the same items/services.</p> <p>-The value of the proposal is within 100% of the original order placed.</p> <p>-Repeat Order proposed after placement of the original order, but within 12 months from the date of completion of the original order.</p>	<p>Constitution of the PNC at the appropriate level, where ever required.</p> <p>Repeat Order proposed after placement of the original order, but within 12 months from the date of completion of the original order.</p> <p>Confirmation of inclusion of Security Deposit/Bank Guaranty against advance payment/ Performance Guarantee and Indemnity Bond in the Purchase Order, wherever applicable.</p> <p>Correctness of reference of Delegation of Power.</p>		
Amendment to the Purchase Order / contract	<p>Acceptability of the amendment proposed on delivery schedule</p> <p>Acceptability of the modification in the specification / scope of service</p> <p>Acceptability of the modifications in the technical terms &amp; conditions and quality / inspection</p>	<p>The amendment to the purchase order/contract issued for procurement of capital/revenue items and services may arise due to the following reasons with or without financial implication. Such</p>	<p>AMENDMENT PROPOSED TO THE PURCHASE ORDER/CONTRACT WITH FINANCIAL IMPLICATIONS:-</p> <ol style="list-style-type: none"> <li>Change in price/payment terms.</li> <li>Change in statutory requirement.</li> <li>Change in Terms and conditions such as mode of transport, packing etc.</li> </ol>	

	<p>requirements</p> <p>Change of delivery schedule, if LD is applicable.</p> <p>Amendment to quantity.</p> <p>Errors and omission having financial implication.</p>	<p>amendments are proposed by the purchase department based on the request from the vendor/Company requirement.</p> <p>Authenticity of the document received from the vendor for amendment</p> <p>Change in price/payment terms.</p> <p>Change in Terms and conditions such as mode of transport, packing etc.</p> <p>Errors and omission having financial implication.</p>	<p>AMENDMENT PROPOSED TO THE PURCHASE ORDER / CONTRACT WITHOUT FINANCIAL IMPLICATIONS:-</p> <ol style="list-style-type: none"> <li>Change in name and address of the vendor.</li> <li>Change in part No. of the item without affecting form fit &amp; function.</li> <li>Change of nomenclature of the item.</li> <li>Change of unit of measurement without change in total quantity.</li> <li>Deletion of items.</li> </ol> <p>SCOPE OF CONCURRENCE FOR AMENDMENT:</p> <ol style="list-style-type: none"> <li>The correctness of the value</li> </ol>	
	<p>The proposal is put up with justifiable reasons for such amendment as per</p>	<p>Confirmation of no changes in the L1 status on account of the</p>		

	<p>his wisdom.</p> <p>Request for amendment has been initiated with back up documentation.</p> <p>Confirmation of amendment proposed not in violation of the conditions of tender.</p>	<p>change in price/other financial terms and conditions.</p> <p>Correctness of the DOP reference</p>	<p>ii. Confirmation of no changes in the L1 status on account of the change in price/other financial terms and conditions.</p> <p>iii. Correctness of the DOP reference.</p>	
<p>Papers put up for approval of the Board of Directors.</p>	<p>Technical parameters / issue associated with the proposal</p> <p>Approval for signing of MOU/Integrity Pact.</p> <p>Procurement of goods, services and works over and above DOP of CEO, subject to the conditions that the project/programme has the approval of the Competent Authority.</p> <p>Development orders/indigenisation programme for establishing a new source of supply over and above a threshold limit.</p> <p>Outsourcing to the Licensor/OEM sources in case of exigencies due to constraints of technology absorption/capacity.</p>	<p>Approval for placement of Purchase Orders/award of contract and amendment with financial implications for/on:</p>	<p>i. Approval for placement of Purchase Orders/award of contract and amendment with financial implications for/on:</p>	

Capital Equipment		Purchase Manual Reference
Provisioning	CAR, source selection, specification	Chapter:2, Para 2.2.1., 2.2.2, 2.2..3, 2.4.11, 5.2, 5.6.4, 7.10.1 Annexure-8
Procurement Without tendering	Procurement under DGS&D / NAeL Rate Contract, other sources	Chapter 6, Para 6.1
Single Source/Proprietary/Licensor/OEM approved Source	Only where the Technology or process is recommended by Licensor/Designers	Chapter 5, Para 5.7, 5.8, 5.9 Annexure-14
Limited Tendering	If value is less than Rs. One Cr. And sources are established in Vendor directory	Chapter 5, Para 5.6
Open Tender	If value is more than Rs. One Cr.	Chapter 5, Para 5.4.1, 5.4.7, 5.5 along with the Para 5.3 I, 5.3 II & 5.3 III for EMD, SG, PBG. Annexure 11. 11A
Spot Tendering	Procurement limited to Rs. Five lakh on each occasion where there are varieties of makes / products available in the market.	Chapter 5, Para 5.10
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Tenders are to be evaluated by the Spot Purchase Committee.	Chapter 7, Para 7.3 to 7.8
Technical Evaluation	By Technical Evaluation Committee in all Cases except Spot Tendering. In case of Spot Tendering offers to be evaluated by the Spot Purchase Committee.	Chapter 7, Para 7.9, 7.10
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Chapter 7, Para 7.9.8 to 7.9.13, 7.10.3, 7.10.4.
Purchase Approval		Chapter - 8

Procurement Guidelines for type of Material to be procured		Annexure- I B
Direct Project Materials		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Chapter:2, Para 2.3, 2.4.11, 3.4, 3.9, 3.10, 4.1, 4.2, 4.3, 5.2, 5.2.1, 5.6.4, 5.7.5, 5.9.2(I), 5.1 Annexure-7.
Procurement Without tendering	If item is available on NAeL Rate Contract	Chapter 6, Para 6.5, Para 6.6, 6.9
Single Source/Proprietary/Licensor/OEM approved Source	Only where the item is approved or recommended by Licensor/ recommended by OEMs/Customers/ Proprietary type/Available in SOP as recommended by Design centers.	Chapter 5, Para 5.7, 5.8, 5.9.1, 5.9.2, 5.9.3, 5.9.4, 5.9.5, 5.9.6, 5.11, 5.14, Annexure-14
Limited Tendering	Only to Approved sources	Chapter 5, Para 5.6
Open Tender	This is not mandatory for purchase of Project Materials from already approved / proprietary / developed sources/ license agreement / Long terms contract. If concerned Company perceives that their exists advantage for Procurement of Value more than Rs.1 Crs. then this can be considered.	Chapter 5, Para 5.4.1 along with the Para 5.3(I), 5.3 (II) & 5.3(III), 5.4.7, 5.5. Annexure 11, 11A
Spot Tendering	It can be applied provided the material is available in local market. In case of Project material, Limited scope is envisaged.	Chapter 5, Para 5.10
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Tenders are to be evaluated by the Spot Purchase Committee.	Chapter 7, Para 7.3 to 7.8
Technical Evaluation	Technical Evaluation to be done by Production Engineering/Planning.	Chapter 7, Para 7.9
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Chapter 7, Para 7.9.8 to 7.9.13, 7.10.3, 7.10.4
Purchase Approval		Chapter 8,

Procurement Guidelines for type of Material to be procured		Annexure- I C
Overhead / Commercial Materials		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Chapter:2, Para -2.4, 3.4, 4.1, 4.2, 5.2, 5.2.1, 5.9.2(L) Annexure-7
Procurement Without tendering	If item is available on DGS&D rate Contract/ NAeL Rate Contract and other sources.	Para-6.1, 6.2, 6.3, 6.4, 6.6 Annexure-9,10,16
Single Source/Proprietary/Licensor/OE M approved Source	Only one source is available, purchase from Government/Semi Government agencies, Item of standard specification, requirement of standardization.	Chapter 5, Para 5.7, 5.9, 5.9.4, Appendix-14
Limited Tendering	Sources approved in Vendor Directory, sample selection basis.	Chapter 5, Para 5.6, 5.12, 5.13.2
Open Tender	If Requirement is more than Rs.1 Crs, open tendering in two Bid may be followed. Web-tendering can also be followed in case of value less than Rs.1 Crs.	Chapter- 5, Para 5.4.1 along with the Para 5.3 I, 5.3 II & 5.3 III, 5.12, 5.13.1. Annexure 11, 11A
Spot Tendering	Value limited to Rs. One Lakh on each occasion	Chapter - 5, Para 5.10.1 to 5.10.4
Tender Opening	By Tender Opening Committee in all cases except Spot Tendering. In case of Spot Tendering, Tenders are to be evaluated by the Spot Purchase Committee.	Chapter 7, Para 7.3 to 7.8
Technical Evaluation	By Technical Evaluation Committee in all Cases except Spot Tendering. In case of Spot Tendering, Evaluation of offers (to be evaluated by the Spot Purchase Committee.)	Chapter 7, Para 7.9
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Chapter 7, Para 7.9.8 to, 7.9.13, 7.10.3, 7.10.4.
Purchase Approval		Chapter - 8



Procurement Guidelines for type of Material to be procured		Annexure- I D
Procurement for Design Development & Indigenisation		Purchase Manual Reference
Provisioning	MPR, source selection, specification	Para-3.4, 3.6, 4.1, 4.2, 5.2, 5.7.5, 5.9.2(I), 7.11, 7.10.
Procurement Without tendering	If item is available on NAeL RC and the same item is required for new development	Chapter VI, Para 6.4,6.6,
Single Source/Proprietary/Licensor/OEM approved Source	Item during design & research stage is selected from Proprietary Source/Licensor 's recommended OEM for other project and the same is selected for new development.	Chapter-5, Para 5.7.5, 5.8, 5.9.2(I), 5.9.3, 5.9.4, 5.11
Limited Tendering	In case of Indigenisation /import substitution or for Technology development to establish/sources, Limited tendering may be followed.	Chapter 5, Para 5.6
Open Tender	For selection of Systems for Aircraft/Helicopters/Accessories/ Indigenisation of items for large requirement	Chapter 5, Para 5.4.1, 7.11 along with the Para 5.3.I, 5.3 II & 5.3 III for EMD, SG, PBG and 5.12.
Spot Tendering		Chapter 5, Para 5.10.5
Tender Opening	Tender Opening procedures to be followed as defined in Purchase Manual.	Chapter 7, Para 7.3 to 7.8
Technical Evaluation	By Technical Evaluation Committee as defined in Purchase Manual	Chapter 7, Para 7.9, 7.10
Commercial Evaluation	Technically accepted offers only to be commercially evaluated.	Chapter 7, Para 7.9.8, 7.9.9, 7.10.3, 7.10.4, 7.12
Purchase Approval		Chapter 8,

## Annexure-1E

Guidelines for various mode of Tendering (for Reference only, details to be referred in the respective Chapter)

Mode of Tendering	Source Selection	Tendering	Tender Evaluation	Placement of Order	Remarks
Open Tender	Para 3.4.1 (i to vii), 3.9, 3.10 Para 5.5	Para 5.2, 5.2.7, 5.4.1, 5.4.7, 5.12	Para 7.9, 7.10, 7.11, 7.12, 7.13,	Chapter-8	Para 5.3 I for EMD, 5.3 II for SD, 5.3. III for PBG. Annexure-
Limited Tender	Para 3.8, 3.9, 3.10	Para 5.6	Para 7.9, 7.10, 7.11, 7.12, 7.13, 7.14	Chapter-8	Para 5.3 II for SD, 5.3. III for PBG. Annexure-11 & 12for Tender Terms & Conditions
Proprietary Tender	Para 3.4.1 [(i) a,(i) b, (vi) d, (vi) e, (vi) f, (vi) h]	Para 5.7	Para 7.9	Chapter-8	Para 5.3 II for SD, 5.3. III for PBG. Annexure-11 & 12for Tender Terms & Conditions
Single Tender	Para 3.4.1 (i a & I b)	Para 5.9.1 to 5.9.6	Para 7.9	Chapter-8	Para 5.3 II for SD, 5.3. III for PBG. Annexure-11 & 12for Tender Terms & Conditions
Customer Nominated	Para 3.4.1 (v) c	Para 5.11	Para 7.9.	Chapter-8	Para 5.3 II for SD, 5.3. III for PBG. Annexure-11 & 12for Tender Terms & Conditions
Spot Tendering	Local Sources	To be done by Committee as per Para 5.10.2 &	To be done by Committee as per Para 5.10.2 &	Chapter-8	Annexure-11 & 12 for Tender Terms & Conditions
Purchase without Tendering	Para 6.1 to 6.8	No Tendering Required for Petty purchase & imprest Purchase Para 6.7 & 6.8	No Tender evaluation Required for Petty purchase &	Chapter-8 except for petty purchase and imprest	No Formal Tender Terms & Conditions for imprest & Petty Purchase
Single response for Open/limited tender.			Para-7.14.10, 7.14.11, 7.14.13	Chapter-8	Single offer cases exceeding Rs. One Cr to be pre audited
Joint Venture	As per DoP for the product/ service covered by approved business plan of the JV and notified by	Para 5.9.4	Para-7.9	Chapter-8	For value exceeding Rs. 15 Crs. Board approval.

Suggested Structure for Vendor Directory File

Field	Field Name	Type	Width	Information
1	VENREGNO	Character	12	Code as per para 3.7
2	VENNAME	Character	60	Vendor's Name
3	DIVISION	Character	40	Vendor's Company
4	PARENT	Character	60	Vendor's parent Company
5	ADDRESS1	Character	60	Vendor's Address
6	ADDRESS2	Character	60	Vendor's Address
7	CITY	Character	25	
8	STATE	Character	10	
9	COUNTRY	Character	20	
10	POSTCODE	Character	20	Zip Code/ postal code
11	PHONE	Character	23	Land line
12	FAX	Character	23	
13	EMAIL	Character	45	Company 's E-mail
14	URL	Character	60	Vendor's Web site
15	SUBSID	Character	60	Vendor's subsidiary
16	SENEXEC	Character	30	Name of most senior executive
17	POSITION	Character	35	Design of most senior executive
18	CONTNAME1	Character	30	Dealing Contact - 1
19	CONTTITL1	Character	50	Designation of Contact -1
20	CONTPHON1	Character	23	Contact person Mobile/phone No.
21	CONFAX1	Character	23	Contact person Fax No.
22	EMAIL1	Character	45	Contact person E-mail ID
23	CONTNAME2	Character	30	Dealing Contact - 2
24	CONTTITL2	Character	50	Contact person Mobile/phone No.
25	CONTPHON2	Character	23	Contact person Mobile/phone No.
26	CONFAX2	Character	23	Contact person Fax No.
27	EMAIL2	Character	45	Dealing Contact E-mail ID
28	QUALITY	Character	40	Quality certification of Vendor
29	SALES	Character	30	Approx Annual sales
30	DESCRIPT	Memo	10	Additional Information
31	LASTUPDT	Date	8	Last date of this record's updation
32	FL	Character	1	Blank

Suggested Structure for Commodity File

Field	Field Name	Type	Width	Information
1	VENREGNO	Character	12	Code as per para 3.7
2	COMOCODE	Character	40	Item Details

MATERIAL GROUP CODES

MATERIAL GROUP	CODE
Direct project materials	
Raw Materials	110
Consumables	120
Bought out Finished Parts	130
Standard Parts - IS, MS, NAS, AGS, Gost and parts conforming to Standard Specifications.	131
Special Tools & Test Equipment (Specific to Project and forming part of DRE)	132
SACL, Ground Tools forming part of Aircraft/Engine/End Product Delivery	133
Overhead Materials	
Raw Materials for Jigs/Fixtures/Tooling	140
Consumables for Commercial Applications	141
Standard Parts for Jigs/Fixtures/Tooling and other commercial applications.	142
Maintenance Spares - Mechanical	143
Maintenance Spares - Electrical	144
Maintenance Spares - Electronic	145
Shop Supplies	146
Loose Tools & Equipment - Shop Tools, Gages and hand Tools	161
Loose Tools & Equipment - Cutting Tools	162
Welfare & Other items, incl stationery, medical, canteen supplies etc	170
Capital	
Construction Material	151
Plant & Machinery	152
Factory Equipment	153
Air-conditioning Equipment	154
Electrical & Electronics Equipment	155
Office Equipment & Furniture	156
Transport Vehicles	157
Compute & associated equipment	158

COUNTRY & CURRENCY CODES

This list states the country names (official short names in English) in alphabetical order as given in ISO 3166-1, the corresponding ISO 3166-1-alpha-2 country codes and the currency codes against country names (official short names in English) in alphabetical order of Country as given in ISO 4217 and corresponding currency names.

Country Code	Country	Currency Code
AF	Afghanistan, Afghanis	AFA
AL	Albania, Leke	ALL
DZ	Algeria, Dinars	DZD
US	America (United States of America), Dollars	USD
AS	American Samoa, United States Dollars	USD
AD	Andorra, Euro	EUR
AO	Angola, Kwanza	AOA
AI	Anguilla, East Caribbean Dollars	XCD
AG	Antigua and Barbuda, East Caribbean Dollars	XCD
AR	Argentina, Pesos	ARS
AM	Armenia, Drams	AMD
AW	Aruba, Guilders	AWG
AU	Australia, Dollars	AUD
AT	Austria, Euro	EUR
AZ	Azerbaijan, Manats	AZM
BS	Bahamas, Dollars	BSD
BH	Bahrain, Dinars	BHD
BD	Bangladesh, Taka	BDT
BB	Barbados, Dollars	BBD
BY	Belarus, Rubles	BYR
BE	Belgium, Euro	EUR
BZ	Belize, Dollars	BZD
BJ	Benin, Communauté Financière Africaine Francs	XOF
BM	Bermuda, Dollars	BMD
BT	Bhutan, India Rupees	INR
BO	Bolivia, Bolivianos	BOB
BA	Bosnia and Herzegovina, Convertible Marka	BAM
BW	Botswana, Pulas	BWP
BV	Bouvet Island, Norway Kroner	NOK
BR	Brazil, Real	BRL
IO	British Indian Ocean Territory, United States Dollars	USD
BN	Brunei Darussalam, Dollars	BND
BG	Bulgaria, Leva	BGL
BF	Burkina Faso, Communauté Financière Africaine Francs	XOF
BI	Burundi, Francs	BIF
KH	Cambodia, Riels	KHR

CM	Cameroon, Communauté Financière Africaine Francs	XAF
CA	Canada, Dollars	CAD
CV	Cape Verde, Escudos	CVE
KY	Cayman Islands, Dollars	KYD
CF	Central African Republic, Communauté Financière Africaine	XAF
TD	Chad, Communauté Financière Africaine Francs	XAF
CL	Chile, Pesos	CLP
CN	China, Yuan Renminbi	CNY
CX	Christmas Island, Australia Dollars	AUD
CC	Cocos (Keeling) Islands, Australia Dollars	AUD
CO	Colombia, Pesos	COP
KM	Comoros, Francs	KMF
CG	Congo/Brazzaville, Communauté Financière Africaine Francs	XAF
CD	Congo/Kinshasa, Francs	CDF
CK	Cook Islands, New Zealand Dollars	NZD
CR	Costa Rica, Colones	CRC
HR	Croatia, Kuna	HRK
CU	Cuba, Pesos	CUP
CI	Curaçao, Netherlands Antilles Guilders	ANG
CY	Cyprus, Pounds	CYP
CZ	Czech Republic, Koruny	CZK
DK	Denmark, Kroner	DKK
DJ	Djibouti, Francs	DJF
DM	Dominica, East Caribbean Dollars	XCD
DO	Dominican Republic, Pesos	DOP
TP	East Timor, Indonesia Rupiahs	IDR
EC	Ecuador, United States Dollars	USD
EG	Egypt, Pounds	EGP
IE	Eire (Ireland), Euro	EUR
SV	El Salvador, Colones	SVC
UK	England (United Kingdom), Pounds	GBP
GQ	Equatorial Guinea, Communauté Financière Africaine Francs	XAF
ER	Eritrea, Ethiopia Birr	ETB
EE	Estonia, Krooni	EEK
ET	Ethiopia, Birr	ETB
FK	Falkland Islands (Malvinas), Pounds	FKP
FO	Faroe Islands, Denmark Kroner	DKK
FJ	Fiji, Dollars	FJD
FI	Finland, Euro	EUR
FR	France, Euro	EUR
GF	French Guiana, Euro	EUR
PF	French Pacific Islands (French Polynesia), Comptoirs Français	XPF
TF	French Polynesia (French Pacific Islands), Comptoirs Français	XPF
GA	Gabon, Communauté Financière Africaine Francs	XAF
GM	Gambia, Dalasi	GMD

GE	Georgia, Lari	GEL
DE	Germany, Euro	EUR
GH	Ghana, Cedis	GHC
GI	Gibraltar, Pounds	GIP
xx	Gold, Ounces	XAU
UK	Great Britain (United Kingdom), Pounds	GBP
GR	Greece, Euro	EUR
GL	Greenland, Denmark Kroner	DKK
GD	Grenada, East Caribbean Dollars	XCD
GP	Guadeloupe, Euro	EUR
GU	Guam, United States Dollars	USD
GT	Guatemala, Quetzales	GTQ
GN	Guinea, Francs	GNF
GW	Guinea-Bissau, Communauté Financière Africaine Francs	XOF
GY	Guyana, Dollars	GYD
HT	Haiti, Gourdes	HTG
HM	Heard Island and McDonald Islands, Australia Dollars	AUD
VA	Holy See, (Vatican City), Euro	EUR
HN	Honduras, Lempiras	HNL
HK	Hong Kong, Dollars	HKD
HU	Hungary, Forint	HUF
IS	Iceland, Kronur	ISK
IN	India, Rupees	INR
ID	Indonesia, Rupiahs	IDR
xx	International Monetary Fund (IMF), Special Drawing Rights	XDR
IR	Iran, Rials	IRR
IQ	Iraq, Dinars	IQD
IE	Ireland (Eire), Euro	EUR
IL	Israel, New Shekels	ILS
IT	Italy, Euro	EUR
JM	Jamaica, Dollars	JMD
JP	Jan Mayen and Svalbard, Norway Kroner	NOK
JO	Jordan, Dinars	JOD
KZ	Kazakstan, Tenge	KZT
KE	Kenya, Shillings	KES
KI	Kiribati, Australia Dollars	AUD
KP	Korea (North), Won	KPW
KR	Korea (South), Won	KRW
KW	Kuwait, Dinars	KWD
KG	Kyrgyzstan, Soms	KGS
LA	Laos, Kips	LAK
LV	Latvia, Lati	LVL
LB	Lebanon, Pounds	LBP
LS	Lesotho, Maloti	LSL
LR	Liberia, Dollars	LRD

LY	Libya, Dinars	LYD
LI	Liechtenstein, Switzerland Francs	CHF
LT	Lithuania, Litai	LTL
LU	Luxembourg, Euro	EUR
MO	Macau, Patacas	MOP
MK	Macedonia, Denars	MKD
MG	Madagascar, Malagasy Francs	MGF
MW	Malawi, Kwachas	MWK
MY	Malaysia, Ringgits	MYR
MV	Maldives (Maldiv Islands), Rufiyaa	MVR
ML	Mali, Communauté Financière Africaine Francs	XOF
MT	Malta, Liri	MTL
MH	Marshall Islands, United States Dollars	USD
MQ	Martinique, Euro	EUR
MR	Mauritania, Ouguiyas	MRO
MU	Mauritius, Rupees	MUR
YT	Mayotte, Euro	EUR
MX	Mexico, Pesos	MXN
FM	Micronesia (Federated States of), United States Dollars	USD
MD	Moldova, Lei	MDL
MC	Monaco, Euro	EUR
MN	Mongolia, Tugriks	MNT
MS	Montenegro and Serbia, Yugoslavia New Dinars	YUM
MA	Morocco, Dirhams	MAD
MZ	Mozambique, Meticaïs	MZM
MM	Myanmar (Burma), Kyats	MMK
NA	Namibia, Dollars	NAD
NR	Nauru, Australia Dollars	AUD
NP	Nepal, Rupees	NPR
NL	Netherlands Antilles, Guilders	ANG
AN	Netherlands, Euro	EUR
NC	New Caledonia, Comptoirs Français du Pacifique Francs	XPF
NZ	New Zealand, Dollars	NZD
NI	Nicaragua, Gold Cordobas	NIO
NE	Niger, Communauté Financière Africaine Francs	XOF
NG	Nigeria, Nairas	NGN
NU	Niue, New Zealand Dollars	NZD
NF	Norfolk Island, Australia Dollars	AUD
MP	Northern Mariana Islands, United States Dollars	USD
NO	Norway, Kroner	NOK
OM	Oman, Rials	OMR
PK	Pakistan, Rupees	PKR
PW	Palau, United States Dollars	USD
PS	Palladium, Ounces	XPD
PA	Panama, United States Dollars	USD



PG	Papua New Guinea, Kina	PGK
PY	Paraguay, Guarani	PYG
PE	Peru, Nuevos Soles	PEN
PH	Philippines, Pesos	PHP
PN	Pitcairn Islands, New Zealand Dollars	NZD
PL	Poland, Zlotych	PLN
PT	Portugal, Euro	EUR
PR	Puerto Rico, United States Dollars	USD
QA	Qatar, Rials	QAR
RE	Réunion, Euro	EUR
RO	Romania, Lei	ROL
RU	Russia, Rubles	RUR
RW	Rwanda, Francs	RWF
SH	Saint Helena, Pounds	SHP
KN	Saint Kitts and Nevis, East Caribbean Dollars	XCD
LC	Saint Lucia, East Caribbean Dollars	XCD
PM	Saint Pierre and Miquelon, Euro	EUR
VC	Saint Vincent and The Grenadines, East Caribbean Dollars	XCD
WS	Samoa (American), United States Dollars	USD
SM	Samoa, Tala	WST
ST	San Marino, Euro	EUR
SA	Saudi Arabia, Riyals	SAR
SN	Senegal, Communauté Financière Africaine Francs	XOF
SC	Seychelles, Rupees	SCR
SL	Sierra Leone, Leones	SLL
SG	Singapore, Dollars	SGD
SK	Slovakia, Koruny	SKK
SI	Slovenia, Tolars	SIT
SB	Solomon Islands, Dollars	SBD
SO	Somalia, Shillings	SOS
ZA	South Africa, Rand	ZAR
GS	South Georgia, United Kingdom Pounds	GBP
ES	Spain, Euro	EUR
LK	Sri Lanka, Rupees	LKR
SD	Sudan, Dinars	SDD
SR	Suriname, Guilders	SRG
SJ	Svalbard and Jan Mayen, Norway Kroner	NOK
SZ	Swaziland, Emalangeni	SZL
SE	Sweden, Kronor	SEK
CH	Switzerland, Francs	CHF
SY	Syria, Pounds	SYP
TW	Taiwan, New Dollars	TWD
TJ	Tajikistan, Russia Rubles	RUR
TZ	Tanzania, Shillings	TZS
TH	Thailand, Baht	THB

TG	Togo, Communauté Financière Africaine Francs	XOF
TK	Tokelau, New Zealand Dollars	NZD
TO	Tonga, Pa'anga	TOP
TT	Trinidad and Tobago, Dollars	TTD
TN	Tunisia, Dinars	TND
TR	Turkey, Liras	TRL
TM	Turkmenistan, Manats	TMM
TC	Turks and Caicos Islands, United States Dollars	USD
TV	Tuvalu, Tuvalu Dollars	TVD
UG	Uganda, Shillings	UGX
UA	Ukraine, Hryvnia	UAH
AE	United Arab Emirates, Dirhams	AED
GB	United Kingdom, Pounds	GBP
UM	United States Minor Outlying Islands, United States Dollars	USD
US	United States of America, Dollars	USD
UY	Uruguay, Pesos	UYU
UZ	Uzbekistan, Sums	UZS
VU	Vanuatu, Vatu	VUV
VE	Venezuela, Bolivares	VEB
VN	Viet Nam, Dong	VND
VI	Virgin Islands (American), United States Dollars	USD
VG	Virgin Islands (British), United States Dollars	USD
WF	Wallis and Futuna Islands, Comptoirs Français du Pacifique	XPF
EH	Western Sahara, Morocco Dirhams	MAD
YE	Yemen, Rials	YER
YU	Yugoslavia, New Dinars	YUM
ZM	Zambia, Kwacha	ZMK
ZW	Zimbabwe, Zimbabwe Dollars	ZWD

Suggestion for inclusion of a Source of Supply in Vendors  
Directory  
(To be given by User/Functional Group)

Vendor's Name:	
Vendor's Parent Company	
Vendor's Address  City State & Postcode Country	
Phone  Fax  E-mail  URL	
Products for which recommended (Broad category ex. Raw material / Proprietary / Standard Parts etc. and sub-category ex. Aluminum billets / Steel rods / Titanium sheets/ Sealants / Lubricants etc.)	
Whether vendor is OEM / authorized distributor / dealer / stockist (please indicate if possible)	
Quality Certification	
Annual Sales of vendor	
Additional Information, if any.	
Submitted by:	
Designation :	
Date :	
Source of information:	

Format for Vendor Directory

Registration Number	Date of Registration	Date of last update/ Renewal	Vendor's Name	Postal Address	City	Country	Telephone No.	Fax No.	E-mail	Contact Person (s)			Category / Sub-category of items
										Name/s	Designation	Phone	
1	2	3	4	5	6	7	8	9	10	11	12	13	14

Commercial Department  
Application for Registration as Approved Supplier (Indian Suppliers)

Ref:  
(Office Use Only)

Complete all sections of the form, sign the declaration and send the completed form and attachments in an envelope marked 'Application for Registration as Approved Supplier':

Head of Commercial Deptt  
Naini Aerospace Limited  
.....Company  
.....  
.....

The columns in this form may be filled up. No column should be left blank. If applicant has no information to give in a particular column, "Nil" may be mentioned. In case, information not relevant in your case, please indicate "Not Applicable" in such column

**Section 1: Applicant Particulars**

Registration Category	<input type="checkbox"/> Original Equipment Manufacturer (OEM) <input type="checkbox"/> Stockist/ Distributor <input type="checkbox"/> Small Scale Industry <input type="checkbox"/> Public Sector Unit <input type="checkbox"/> Govt. Deptt. <input type="checkbox"/> Consortium / State/ Govt. Agencies <input type="checkbox"/> Others (Please mention)				
Name of the Individual/ Firm/ Company:					
Constitution or Legal status					
Registration Number:		Registering: Authority		Date of Registrat ion	
Registered Address Office:					
E-mail ID :					
URL					

Address of Factory			
Senior Most Executive Name : Designation :			
Contact / Dealing Person Name : Designation :			
Address for Correspondence:			
Tel. No.		Fax No.	
Mobile No (Contact / Dealing person)		Email ID :	

## Section 2: Applicant profile

### 2.1 Type of Ownership:

- ☐ Individual / Proprietary      ☐ Partnership      ☐ Ltd. Company (Pvt./ Public)  
☐ PSU/ Govt. Undertaking      ☐ Research Institute      ☐ Trust  
☐ Joint Venture or other tie-up for technology, equipment, financial backing and/or Project Management (Please specify.....)  
☐ Other, please specify .....

Enclose copies of Income Tax Return (in case of individual)/Partnership Deed/Articles & Memorandum of Association/ JV Agreement/ Certificate of incorporation/ Certificate of Registration etc as applicable, duly certified by Chartered Accountant.

### 2.2 (a) Are you a Small Scale Industry registered with the N.S.I.C? Yes / No

If yes, please enclose copy of NSIC Competency/ Capacity certificate.

### (b) Do you have ISO 9001-2008/QMS Certification (AS 9100B/C)/ISO 14001 Certification etc? Yes / No

If yes, please specify & indicate validity:

### (c) In case of certification by other accredited institutions, please give details :

Institution	Type of Certification	Valid up to (date)

(d) Give details of registration, if any, with NAeL or (Specify Company)/ DGS & D/ PSUs/ Central/State Govt. /Major Private Institutions/ Others (Specify) :

Company	Registration Number	Dated	Validity	Class/ Type of Registration

Attach necessary certificates from the registering authorities.

2.3 Give the floor area of your factory and Offices. If you own more than one factory, please give separate details for each unit:

Factory or Office	Location	Area in Square Meters

2.4 Give a list of your major products / services, you intend to offer as a supplier:

Sl. No.	Major Products / Services	Are you Original Equipment Manufacturer for listed product
		Yes / No
		Yes / No
		Yes / No
		Yes / No
		Yes / No
		Yes / No

Please enclose your Company/ Product Catalogues  
(In case of Stockist / Distributor please enclose relevant authorization from respective OEM/ Manufacturer /Principals)

2.5 Give a List of your major Customers

Sl. No.	Customer's Name & Address	Serial No. of the Product/ Service (from para 2.3) provided to the Customer

Please attach Proof in the form of Purchase Order copies/ Invoice etc

2.6 List the names of Owners/ Partners/Promoters and Directors/ Company Secretary/ Holder of Power of Attorney, as applicable, in the format detailed below:

Name of Owners/ Partners/ Promoters and Directors/ Company Secretary/ Holder of Power of Attorney	Relationship of the person with the firm

2.7 List the names & addresses of all associated, subsidiary & holding companies, including trusts

Company Name	Address	Nature of Business	Relationship with Applicant

Section 3: Financial details

3.1 Annual Turnover in the past 3 years:

Year			
Annual Turn-over (Rs. Lakhs)			
Profit/ Loss (Rs. Lakhs)			

Attach the audited Balance sheet and Profit & Loss Account the above.

3.2 IMPORTANT NOTE -Financial Assessment:

Before the assessment of this application can be completed, a representative from NAeL may contact you concerning the financial and technical information that you provide. Your co- operation is required to assist in the assessment process. Failure to co-operate may affect registration.



The assessment report is specifically for use by NAeL for the purpose of assessing Suppliers for registration, and will be treated as strictly confidential.

### 3.3 Bank(s) details:

Will you authorise your Bank/s to provide information to

NAeL with a reference as to your financial position, if required?	YES / NO
Name of Bank	
& Branch	
Name and	
Designation of Contact Person:	
Address:	
Tel No:	

### 3.4 Details of Income Tax assessed, as per clearance Certificate, in the last 3 years :

YEAR			
Amount Assessed (Rs. Lakhs)			
Amount paid/ payable (Rs. Lakhs)			

### 3.5 Sales/Service Tax Details:

Central sales Tax Registration No.:.....

State sales Tax registration No.:.....

Service Tax registration No.:.....

(Copies of Sales Tax registration certificate shall be attached)

Details of Sales Tax assessed, as per clearance Certificate, in the last 3 years:

YEAR			
Amount Assessed (Rs. Lakhs)			
Amount paid/ payable (Rs. Lakhs)			

Attach copies of Sales Tax Clearance Certificates for the past 3 years.

- 4 In the last 3 years, has your firm, or any firm with which any of your company's owners, officers or partners were associated, been debarred, disqualified, removed, business dealings banned or otherwise prevented from bidding ?

YES / NO

If yes, State the reference to Customer and their orders and the basis for the action.

5 Please provide any additional information, which will help you in securing registration with NAeL.

6 DECLARATION:

(This declaration should be completed by Proprietor/ Partner/ Director or other Senior Manager who has the authority to do so.)

I/We declare and confirm that -

- a. The NAeL Conditions of Registration are acceptable.
- b. All information and attachments submitted in this application are true and correct.
- c. I/We are aware that any false information provided herein will result in the rejection of my application and cancellation of any registrations granted.
- d. I/We shall be bound by the acts of duly constituted attorney who has signed this application and of any other person who in future shall be appointed by us in his place to carry on business of the concern whether or not an intimation of such changes is given to NAeL.
- e. I / We have read and understood NAeL's General Conditions of Contract and agree to abide by the same in all respects,
- f. I/We undertake to communicate promptly to NAeL any changes in condition or working of the firm.

Signed: .....

Name: .....

Position: .....

Date: .....

Details of person holding the Power of Attorney (If different from above)

(attach attested copy of Power of Attorney)

Name ..... Tel. No. ( ... ) ... Mobile

No..... Position .....Fax No. ( ... )

.....

Official Seal

Note: Vendor is requested to get e-registered on line at NAeL E-Portal.

Visit <http://eproc.nael.com> (proposed site) or [www.nael.co.in](http://www.nael.co.in)

ANNEXURE-4A

## Check List for filling up the Vendor Registration Form

Check list for Indian vendors

Sl	Details Required as per Form	Proof Required	Yes/No
1	Company Registration/ Address:	(As applicable to your company)	
a.	For Proprietary firm - where firm registration is not mandatory	☐ Notary certified affidavit for Proof of Company address	[   ]
b.	For Partnership firm - where firm registration is not mandatory	☐ Copy of Registration with Registrar of Firm (In case of Partnership Firm) ☐ Partnership Deed ☐ Notary certified affidavit for Proof of Company address	[   ] [   ] [   ]
c.	For companies registered under Company Act 1956	☐ Memorandum of Association ☐ Certificate of Incorporation ☐ Certificate of Registration	[   ] [   ] [   ]
2	Income Tax registration	☐ PAN	[   ]
3	Registration Category	☐ If Stockist / Distributor - Authorized Distributor Certificate / Copy of Agreement with Principal/ OEM.	[   ]
4	Registration with N.S.I.C. (In case of SSI only)	☐ N.S.I.C. Certificate	[   ]
5	Quality Certification	☐ ISO Certificate/ Any Other Certificate	[   ]
6	Registration with other HAL Divisions / Organizations	☐ Registration Certificate	[   ]
7	List of Major Products/ Services	☐ Product Catalog/ Service Catalog	[   ]
8	List of Major Customers	☐ Past Purchase Orders Copy ☐ Any other proof	[   ]
9	Annual Turnover (of Past 3 yrs)	☐ Audited Balance Sheet of FY... last three years ☐ Audited Profit / Loss A/C of FY... last three years	[   ] [   ]
10	Bank(s) Details (In enclosed ECS format)	☐ ECS Format duly certified by Bank	[   ]
11	Income Tax Assessed (of Past 3 yrs)	☐ Copy of ITR Acknowledgment for AY... last 03 years.	[   ]
12	Tax Details (CST / VAT / TIN/ Service Tax/ Excise)	☐ Copy of Registration under CST/ VAT/ TIN/ Service Tax / Excise (As applicable to your company)	[   ]
13	Details & Mandatory document uploaded on NAeL e-proc portal for 'e-Registration'		[   ]
	Note – Kindly provide all current documents as above, tick mark and send back along with		

No.

Dated:

To,

.....  
.....

Sub: Vendor Registration

Dear Sir,

Reference is made to your application for Vendor registration dt.....

2. We are pleased to inform you that M/s.\_\_\_\_\_ have been registered as approved supplier/ contractor/ service provider as per details given below:

1	Vendor Code	
2	Date of Registration	
3	Validity of Registration	__ years
4	Registration category	OEM/ Authorized distributor/ Stockist
5	Registration granted for	Stores/ Services
6	Category of Stores/ services for which registered	

3. Your registration at NAeL will be governed by NAeL rules, directives etc. for Vendor Registration.

4. This registration will be renewed after the validity period at the discretion of NAeL

5. Please note that this registration does not guarantee your firm/company, award of any/ all the orders/contracts or inclusion on a particular tender list. Further, this registration shall not be a binding on NAeL to float the enquiries only to the registered vendors.

6. You are required to keep confidential all trade / business / technical information etc. received from NAeL.

7. You will not resort to any publicity / advertisement of registration with NAeL, without prior permission of NAeL.

8. NAeL reserves the right to remove your firm/company's name from registered list at any time any of the following grounds / or will render registration in valid :

- Failing or neglecting to quote in response to invitation to tender on ten successive occasions.
- Failing to abide by the agreed terms & conditions of signed contract/ order
- Failure to execute the contracts/orders to NAeL's satisfaction.
- Making a false declaration to NAeL.
- Failing to meet quality services

- f) Scoring a vendor rating of less than 50 consecutively for over last 03 years
- g) The firm is declared bankrupt or insolvent
- h) In the opinion of the NAeL, retention of firm's name in registered list is not in public interest.
- i) Any other reason, which might disable your firm from satisfactorily performing the execution of likely contracts
- j) Using corrupt or unfair means to gain advantage

9. Any of the following will also render registration in valid :

- a) In case, it comes to our notice that you have rendered of false information / Misrepresentation/suppression/distortion of facts in the application for registration/ at time of assessment, it will result in cancellation of your registration and NAeL

\_\_\_\_\_Company shall reserve the right to take suitable action.

- b) Any other ground, which in the opinion of NAeL renders the retention of the registration undesirable in the interest of the Company.

10. You will be responsible for informing NAeL immediately (within 30 days) in case of any change in information furnished by you for the registration.

Please acknowledge the receipt.

Yours faithfully,  
For Naini Aerospace Ltd.,

( )  
Vendor Registration Cell

Commercial  
Department  
Application for Registration as Approved Supplier (Foreign Suppliers –  
Manufacturer)

Ref:  
(Office Use Only)

1	Name of the Firm	
2	Parent Company	
3	Address	
	City	
	State & Zip Code	
	Country	
4	Contact Name	
5	Phone	
6	Fax	
7	E-mail	
8	Web site	
9	Category	<input type="checkbox"/> Original Equipment Manufacturer (OEM) <input type="checkbox"/> Consortiums/ State/ Govt. Agencies <input type="checkbox"/> Others
10	Company Type	<input type="checkbox"/> Limited Company <input type="checkbox"/> Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Educational or Research Institute <input type="checkbox"/> Trust <input type="checkbox"/> Others
11	Capital Employed	
12	Annual Sales	
13	Quality Certifications/ Accreditation	
14	Employees (Total)	

15	Products / Services	
16	Major Customers	
17	Address of Liaison office /Branch office/subsidiary in India if any with details of necessary clearance from Reserve Bank of India	
18	Details of authorised Stockist/ Distributor/ Service Centers if any to manage NAeL supplies	

19      Company's Catalogue/ Brochure enclosed.                      Yes                      No

Date.....

Name.....

Position.....

Note: Vendor is requested to get e-registered on line at NAeL E-Portal.  
Visit [http://eproc.nael.com \(proposed site\)](http://eproc.nael.com (proposed site)) or [www.nael.co.in](http://www.nael.co.in)

Commercial Department  
Application for Registration as Approved Supplier (Foreign Suppliers Stockist  
/Distributor)

Ref:  
(Office Use Only)

1	Name of the Firm	
2	Name of OEM(s) represented by the firm	
3	Address for communication	
	City	
	State & Zip Code	
	Country	
4	Contact Name	
5	Phone	
6	Fax	
7	E-mail	
7A	Address of Registered office with proof thereof  (Certified copy of Charter, Memorandum of Association and Articles of association, Income tax, sales Tax registration as per law of country of registration and Country of Business operation if different from country of registration to be enclosed)	



8	Document proof of OEM authorization for Stockist/ distributor	
9	Web site	
10	Category	<input type="checkbox"/> Stockist <input type="checkbox"/> Distributor <input type="checkbox"/> Others
11	Company Type	<input type="checkbox"/> Limited Company <input type="checkbox"/> Partnership <input type="checkbox"/> Individual <input type="checkbox"/> Educational or Research Institute <input type="checkbox"/> Trust
12	Capital Employed	
13	Annual Sales	
14	Equipment	
15	Facilities (sq. mtr)	
16	Quality Certifications/ Accreditation	
17	Employees (Total)	
19	Key Sector	
20	Products / Services	
21	Major Customers	

22      Company's Catalogue/ Brochure enclosed.                      Yes                      No

Date.....

Name.....

Position.....

Company'

Note: Vendor is requested to get e-registered on line at NAeL E-Portal.  
Visit <http://eproc.nael.com> (proposed site) or [www.nael.co.in](http://www.nael.co.in)

Check list for Foreign vendors/stockist/Distributors

Sl.No.	Details Required	Proof Required	Yes/ No
1	Details of Business Establishment	A certified copy of the charter, statutes, or Memorandum and Articles of the company or other instrument constituting or defining the constitution of the company; and if the instrument is not in the English language, a certified translation thereof	[ ]
2	Full address of Registered office of the company/ firm & proof thereof	Notary certified affidavit for Proof of Company address	[ ]
3	OEM/ Distributor/ Stockist category and OEM authorizations	If Stockist / Distributor - Authorized Distributor Certificate / Copy of Agreement with Principal/ OEM.	[ ]
4	Sales Tax Registration as per law of the country of registration	Copy of Sales Tax Registration	[ ]
5	Income Tax Registration as per law of the country of registration	Copy of Income Tax Registration	[ ]
6	Certification from reputed Accreditation agencies	Certificate of accreditation	[ ]
7	Major customers list	Past Purchase Orders or any other suitable document	[ ]
8	Product Details	Product catalogs/ Brochures	[ ]
9	Annual Sales	Audited Balance Sheet of FY ..... Last 03 years	[ ]
10	Any other important detail		[ ]
11	Details & Mandatory document uploaded on NAeL e-proc portal for 'e- Registration'		Yes/ No
	Remarks	Kindly provide all current documents as above, tick mark and send back along with form.	

Note - In case of distributors of foreign OEMs located in foreign country, NAeL reserves the right to take up the matter of verifying your credentials (with Indian Embassy abroad or any other agency as deemed suitable).

FORMAT FOR MATERIAL PURCHASE REQUEST

NAeL	MATERIAL PURCHASE REQUEST								Priority	
	MPR No. (Col 6 -15)			Date (Col 16-21)		Project			Emergency      1	
									Program          2	
									AD-HOC          3	
Sl. No	Part No./ Stock No./ Specifications	Nomenclature Description	Qty Reqd (mtr/ Kg/ No. etc)	Delivery Date	Material Code	Unit Code	Estimated Value	Currency Code	Source Code	Amend Code
23-25			26-33	34-37	38-55	56-57	58-65	66-67	68	80
1	2	3	4	5	6	7	8	9	10	11
Hash Total Quantity				Hash Total Value						
Indenting Deptt				Prepared by (Sign & Date)			Concurrence by Finance			
							Approved by			
FOR PURCHASE DEPARTMENT Open Tender/ Single Tender/ Spot Tender/ Rate Contract/ Limited Tender M/s..... .....										

NAeL		MATERIAL PURCHASE REQUEST (Contd)									Page 2	
Sl No	Store	Qty in Stock	Average Monthly Consumption	Pending PO/ MPR Reference		Previous PO Reference			Qty Per A/c	Batch No./ Order No	Suppliers' Name & Address	Remarks
				No.	Qty	No.	Date	Rate				
1	2	3	4	5	6	7	8	9	10	11	12	13
REFERENCE				F.E. REFERENCE			SPECIAL NOTES					
Sl No	Purchase Order No.	Supplier			No. of Items	Value		Delivery Due		Remarks		

ANNEXURE-7A

Company:		Service Purchase Request (SPR)											
Type of Service	For Example: Transport Services	EMD	Applicable/ Not Applicable	Security Deposit	Applicable/ Not Applicable	DoP Reference		Priority	Normal / Urgent				
SPR No.:-				Date:		User Department:-							
Sl No.	Description of Service			Itemized Unit Rate	Estimated Cost	Duration of Service	Service (New/Renewal)	Present Status of Service			Last Service Details		
1								SPR No.	Period	Value	SPR No.	Period	Value
2													
3													
	Sub Total in INR												
	Extra Charges @												
	Total Value in INR												
BUDGET PROVISION								Sl. No.	Type of Tendering		Remark		
Sl. No.	FINANCIAL YEAR:-2012-13				Amount (In Lakhs)	Budget Coordinated By:-							
1	Sanction Budget (Rs.)							1	Open Tender				
2	Committed Budget (Rs.)							2	Limited Tender				
3	Available Budget (Rs.)							3	Proprietary Tender				
4	Proposed Budget (Rs.)							4	Single Tender / By Nomination				
5	Balance Budget (Rs.)							5	Spot Tender				
PROBABLE SOURCE OF SERVICE PROVIDER													

Sl. No.	Supplier Online Code	Name	Address	Category of Supplier (OEM / Registered)	E-mail	Fax No.	Phone No.	PAN No.	S. Tax No.		Remark
1											
2											
3											
4											
5											
Approval Committee Signature Name Designation		Prepared By	Checked By	Proposed By	Concurred by Finance			Approved by CFA			

Note:-

- (1) All the fields shall be filled up by user department.
- (2) Scope of work should be annexed by user along with SPR.
- (3) Estimated Cost shall have proper justification with SPR supported by Budgetary offers or Market justified rates.

## CAPITAL PURCHASE REQUEST

C.P.R. No.....

Date.....

DESCRIPTION  QTY. (Sketch/Blue Print No.....attached)	Estimated cost in Rs			Last Purchases Reference
	CIF	Duty	Total	
Basic Machine/Equipment				
Initial spares				
Essential Accessories (Details are to be attached)				

2. Total estimate for details attached
3. Estimated life.....years
4. Date required.....
5. To be supplied by.....
6. Chargeable to.....

Compensation on Request: Programme/ Project/ Express/ Emergent

Give full explanation justifying need for this request.

7. Special maintenance and repairs
8. Additional facilities and extension
9. Alteration and Re-arrangement of facilities
10. Replacement of facilities
11. Identification No.....cost Rs.
12. Supplement to previously approved  
CAR No. \_\_\_\_\_ For \_\_\_\_\_

CEO \*

## 13. BUDGET REFERENCE

Year		Planning \$
Account Head/ Category		
Budget Provision		
Already appropriated		
Commitment now proposed		Finance \$
Balance after this		

CEO \*

14. Budget Control Section \_\_\_\_\_

15. P.O.NO. \_\_\_\_\_

\* As per DoP

\$ One level below the approving Authority

1. Proposed procurement action:
  - a) Bazar Purchase
  - b) Local Bazar Purchase on best of .....quotations by hand
  - c) Proprietary purchase from .....
  - d) Advertised Tender
  - e) Indent against DGS & D/ISM
  - f) Indent against Rate/Running Contract
  - g) Limited Tender-firms to whom limited tenders are to be issued:
    - (i) .....
    - (ii) .....
    - (iii) .....
    - (iv) .....
    - (v) .....
    - (vi) .....
    - (vii) .....
    - (viii) .....
    - (ix) .....
    - (x) .....
    - (xi) .....
    - (xii) .....
  - h) Issue Foreign Enquiries to firms as indicated as above
  - i) Place order against existing price/period agreements

2. Move for Import clearance

3. Time allowed

SR. MANAGER (Commercial)/PURCHASE MANAGER



## URGENT PURCHASE REQUEST

NAeL		U.P.R. No.				Date		
Sl. No.	Code No. (if Available)	Full Description of Material required (with substitute, if any)	Qty Reqd.	Approximate Cost	Unit	Reasons for Request	Ref of Old Supply	Special Instructions
						<p>CERTIFIED THAT:</p> <p>(i) the item is ordered and delivery is overdue; hence part qty demanded</p> <p>(ii) could not be projected earlier</p> <p>(iii) alternate item for trial to meet PHU</p> <p>Department Requesting</p>		
Prepared By		Date		MATERIAL PURCHASE ACTION			Name of the Officers / representative nominated For spot tendering	
Checked By		Date						
Recommended By		Date						
Audited By		Date						
Financial Concurrence		Head of Finance						
				Purchase manager/ Head of				

PETTY PURCHASE REQUEST

Date.....

Nomenclature.....

Quantity.....

Estimated cost..... Nature of request: Stock/Non-Stock

Item (Strike out which is not applicable)

For Stock Item please mention reason for request.....

.....

For Non-Stock Item please give reason of not being recommended as a stock

Item .....

.....

Certified that item being procured is one time requirement and may not be required for another 2 months.

(Head of Department)

Approved by :

(CEO \*)

\* As per DoP

ACTION TAKEN

Note: -

1. For stock item, request is to be routed through Stores Manager who will coordinate for availability of stock and Commercial shall coordinate for dues in if any.
2. Original Copy will be sent to accounts along with Cash Memo/ Bill (to be endorsed by User Department).

Conditions of Tender (Indigenous)

PART-I

1. Naini Aerospace Ltd., \_\_\_\_\_ (Name of the Company) Company located in \_\_\_\_\_ (Place) intends to procure the items specified below for \_\_\_\_\_ (Project).

2. The offer is invited for supply of the items specified as given below

: A. Specification

i. Description :

ii. Technical Specification : (if the evaluation of bid is required to be done based on meeting the essential Parameters then the following may be indicated in the tender document additionally)

iii. Essential parameters (If applicable)

iv. Desirable parameters (If applicable)

v. Quality requirement :  
(Certificate to accompany the supply,  
conformance to any other specific requirement)

vi. Performance Parameter :

vii. Applicable National / International Standard

viii. Drawing reference (wherever applicable) :

ix. Equivalent make / Catalogue No. /  
Manufacturer (wherever applicable)

x. NAE's Sample reference  
(wherever applicable) :

B. Quantity :

C. Delivery Schedule required : \_\_\_\_\_ (days / weeks / months / date as applicable).  
[If applicable staggered delivery requirement  
to be indicated]

D. Delivery Terms :  
[FOR (Place name)/Ex-works etc.]

- E. Packing Conditions if any :
- F. Mode of Transport :
- G. Acceptance of Goods : (Conditions of acceptance of goods be clearly spelt out including supply of samples in advance, testing before acceptance)
- H. Others : i) Supply of Raw Material / Components by NAeL if applicable to be specified.  
ii) Testing facilities if planned to be provided by NAeL, same to be specified.  
iii) Other Technical requirements if any.  
iv) Acceptance of offer with High Sea Sales provision to be indicated, if desired.

## Conditions of Tender (Indigenous)

A Draft of Conditions of tender for Indigenous procurement is listed below. Company may use the Draft Conditions for reference purpose and suitably customise/incorporate the clause as per the case.

### PART-II

#### 1) Price :

The bidder is required to indicate prices against individual items.

- a) In case Bidder has entered into Rate Contract with DGS&D, the Rate Contract Reference to be sent to NAeL along with the quotation. Bidder is required to certify that prices quoted are the same as applicable to DGS&D and other Government Departments. DGS&D Rate Contract holders should state whether they are agreeable for supply at DGS&D Rate Contract Rates in the event of placement of order by us on NAeL 's own order form.
- d) Price quoted should be on F.O.R. Destination basis, for delivery at NAeL Stores inclusive of all charges including transit insurance.
- e) In case of imported item is quoted by bidder, the prices quoted should be in the currency of the country of supply. NAeL reserves the right to avail Custom duty exemption on imported item. To avail the exemption, NAeL will provide Custom duty exemption certificate (if applicable) to the Bidder. Bidder shall submit the invoice of foreign supplier prior to release of custom duty exemption certificate by NAeL. Bidder is advised to quote both the rates (with custom duty exemption and without custom duty exemption). NAeL reserves the right to select any of the option for commercial evaluation and ordering.
- d) Tenderers should clearly mention whether the prices hold good when the full quantity of enquiry is not ordered but only a part of it. Unless otherwise mentioned, it would be assumed that the rates hold good even when lesser quantities than those enquired of are ordered. Any increase in prices at a later date for ordering lesser quantities will not be agreed to.

#### 2) Taxes :

- a) Sales Tax: Rate of Sales Tax or any other Tax chargeable should be clearly indicated in the offer / bid as inclusive in the price quoted or extra. If not indicated, NAeL will assume that the rates quoted are inclusive of taxes.
- b) Excise Duty: Excise Duty will be paid only on production of sufficient documentary evidence or a certificate from the Supplier for having paid the Excise Duty at actual. The present rate and tariff details should be indicated.

#### 3) Quantity :

- a) The quotation must be in the unit in which the quantity is indicated in the enquiry. If it is otherwise, conversion data must be furnished.
- b) NAeL reserves the right to order quantity less than indicated in the enquiry /quoted for by bidder, at the prices quoted, without any reference to the bidder.

- c) For the Raw materials (in forms of bar, sheet, wires etc) (applicable for RFQs for raw material) Qty. tolerance  $\pm 10\%$  acceptable.

4) Supply of Alternative Item :

In case bidder is quoting for an alternative part number it should be confirmed that the offered part is fully interchangeable with the required part. Applicable descriptive literature/catalogue if any may please be enclosed by the bidder with offer (at least two copies).

5) Shelf Life :

Where stores offered have a limited shelf-life, kindly indicate the life involved and confirm that in the event of an order from us, only newly manufactured stores with the maximum possible shelf-life at the time of dispatch will be offered for shipment. In respect of rubber items such as seals etc., having care date, the item should not have been manufactured earlier than 6 months of dispatch.

6) Validity of the Quotation :

Price quoted should be net and unless otherwise specified should remain valid for our acceptance for a minimum of 120 days from the closing date of enquiry and the materials of offered should be kept under provisional reservation for this quotation.

7) Tender Due Date :

The due date for submission of quote is \_\_\_\_\_ (date / time) at \_\_\_\_\_ (postal address & place to be informed). Submission of tender can also be done through e-mail ID \_\_\_\_\_ (to be specified) and Fax No. \_\_\_\_\_ (to be specified).

8) Submission of Tender :

- a) The bidder is required to submit bids directly to NAeL either through post/courier/drop in sealed cover with clear marking of bidder details. The cover should be marked with tender no., due date and bidders postal address. Response received, without bearing the bidder address will not be entertained. Bid submitted by bidder's authorized dealer / distributor/channel partner should accompany with ink signed authorization letter of the bidder to whom tender has been originally issued. In the absence of authorization letter, the bids submitted shall be considered an unsolicited.
- b) The bid submitted through E-mail will be accepted subject to the same being sent to the specified e-mail ID indicated in the tender document. However, unsigned fax / manual offers will not be considered in Limited / Open Tender.
- c) In case of bid documents are bulky and cannot be dropped in the tender box, the same can be handed over to \_\_\_\_\_ (name) \_\_\_\_\_ (designation).
- d) Submission of tender in two bid system:

In response to tender in two bid system, the bidders are required to submit technical bid and commercial bid separately. Each bid will be put in separate sealed cover marked

with tender No., due date and indicated as technical bid or commercial bid as the case may be. Both sealed covers will be put in a single cover, which will again be sealed and superscribed with tender no. and due date.

- e) The technical bid should also include EMD in original form and Integrity Pact (if applicable). Technical bid without EMD in original form will be rejected. In case of EMD sent by SWIFT / Wire Transfer, Transaction Code should be indicated along with the technical bid. The technical bid will be accepted only after confirmation of receipt of EMD in time.
  - f) Bid received with technical bid and commercial bid in open condition inside one envelope will be rejected.
  - g) Submitting only one bid with rates and technical details as a single bid will be rejected.
- 9) Late Tender :
- a) Bid received after the due date and time specified in the tender shall be considered as late tender and will not be considered.
  - b) NAeL will not be responsible for loss or delay in receipt of tender documents / tender in transit.
  - c) NAeL reserves the right to reject late or incomplete tender.
- 10) Opening of Tender :
- a) Tender will be opened on \_\_\_\_\_ (date / time) at \_\_\_\_\_ (postal address & place to be indicated). Bidders or their authorized reps. who are desirous to attend the tender opening may forward written confirmation with name of authorized person and designation prior to tender opening.
  - b) During tender opening only the important particulars like price, payment and delivery terms will be read out.
- 11) Tender Evaluation:
- a) (Conditions to be included if required)  
The tender will be evaluated on \_\_\_\_\_ (package-wise or line item basis to be indicated by NAeL).
  - b) Bid with lowest price conforming to the specification will be considered for placement of order.
  - c) (Conditions to be included if required)  
In addition to price any other criteria if to be adopted the most advantageous bid ascertained on the basis of criteria specified in the enclosure \_\_\_\_\_ will be considered. To be indicated by NAeL.
  - d) If the bidder considers that tendered quantity is small, the bidder may quote for Minimum Ordering Quantity (MoQ). Commercial evaluation in this case will be done

on MoQ x unit price, if MOQ offer beyond 20% of RFQ quantity.

- e) If two or more bidders quote the same price, NAeL reserves the right to seek revised offer from the same bidders and placing order on revised L-1 offer. If same situation prevails then NAeL reserve the right to place order on any of them.

- f) (Conditions to be included if required)  
If the lowest bidder has not offered full quantity, for the balance quantity NAeL reserves the right to source from other bidders on L1 price.

- g) (Conditions to be included if required)  
To have parallel source of supply the order may be spilt to 2 or 3 sources subject to other bidders agreeing for L-1 price. The distribution of quantity among the bidders will be as per the proportion (to be decided by the tenderer) given below :

Qty. distribution among L-1 : L-2 in proportion x% : y%

or

Qty. distribution among L-1 : L-2 : L-3 in proportion x% : y% : z%

- h) Conditional discounts will not be considered in evaluation of tender.
- i) Applicability of the Taxes (Sales Tax, Excise duty, Octroi etc) should be explicitly indicated by the bidder in his response either in percentage or in absolute terms. In the absence of this input the offer would be considered all inclusive.
- j) In respect of two bid system, technical bid will be opened on the tender opening date. After technical evaluation, the Commercial bids of those bidders who are technically acceptable will be opened.

## 12) Supply of Samples

Samples submitted for any reasons shall be supplied without charge and freight paid and without any obligation on the Purchaser as regards safe custody. All samples submitted must be clearly labeled with the contractor's name and address and tender number. If the contractor submits the samples with his tender the same shall not govern the standard of supply except when it has been specifically stated in the Purchase Order that it is accepted instead of any sealed pattern. Should certified samples be lent to a contractor by NAeL the contractor is responsible for the return in perfect order of all certified samples with the labels intact.

## 13) Others

- a) Please indicate approximate net weight of each of the item and gross weight and dimension of the package to enable NAeL to determine the mode of dispatch.
- b) Please indicate in your tender, whether stores newly manufactured are offered. Where newly manufactured stores are offered and on inspection it is found that reconditioned stores or parts have been used, such stores will be rejected at the contractor's risk and expense.
- c) For the Raw materials (in forms of bar, sheet, wires etc) (applicable for RFQs for raw



material)

- i. Release note/ OEM certificate of conformity with physical and chemical test report is required along with the supply.
  - ii. Requested to include the Box Charges / Packing Charges / Phytosanitary regulation Charges in the unit quoted price if any. (otherwise indicate separately charges for each item)
- d) Manufacturer's name and country of origin of the materials offered must be clearly specified. Complete details and illustrated literature must accompany all quotations.
- e) Vendors should clearly indicate similar equipment supplied on global basis to Aircraft manufacturing industry, to any Company of NAeL and other reputed/Govt customers and anywhere in India with customer's full address, telephone/telefax No., P.O. No., value and year of supply.
- f) Quotation should be free from correction, over-writing, using correcting fluid etc.
- g) All drawings (photo/sketches) sent by NAeL should be returned with quotations, if bidder is unable to quote NAeL drawings/photos/sketches should also be returned immediately along with regret letter.
- h) NAeL is not bound to accept the lowest or any quotation and reserves the right of accepting the whole or any part of the quotation or part of the quantity offered and bidder must supply the same at the rate quoted.
- i) Vendor shall not be entitled without NAeL's consent to assign or transfer to a third party all or part of the benefits or obligations under this contract.
- 14) Integrity Pact : (If applicable, at present estimated order value exceeding Rs 20 Crs.)
- a) Bidder shall submit duly signed Integrity Pact in original, strictly as per the format (without any deviation) enclosed with the RFP. Bidders not complying with this are liable for rejection and their bids will not be considered for evaluation.
  - b) In case of two bid system, the bidder is required to submit the signed pre-contract IP as part of technical bid, failing which offers are liable for rejection.
- 15) Earnest Money Deposit (If applicable):
- a) EMD for a value of Rs. \_\_\_\_\_ to be submitted in the form of DD/Banker's Cheque/Pay Order/Bank Guarantee of Scheduled Bank (to be specified). EMD should be valid for 28 days beyond the validity of the bid. EMD can be sent through SWIFT / Wire Transfer to NAeL Account No. \_\_\_\_\_ (to be indicated).
  - b) Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form in original shall be summarily rejected.
  - c) EMD will not carry any interest for the period it is retained with NAeL. EMD will be forfeited if a bidder withdraws, amends, impairs and / or derogates within validity period.
  - d) Bidders exempted from submission of EMD as per Govt. of India directives must submit

certified copy of Govt. of India authority for such exemption in lieu of EMD.

- e) EMD of unsuccessful bidder will be returned after order acceptance by the successful bidder.
  - f) In case of two bid system EMD in original form should be enclosed along with the technical bid. Technical bid without EMD in original form will be rejected.
- 16). Security Deposit : (Optional applicability if RFQ calls for)
- a) Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of NAeL from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of NAeL.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

- b) In case the contract is not executed to the entire satisfaction of NAeL, the security deposit shall be forfeited, besides initiation of risk purchase action.
  - c) No claim will be entertained against NAeL either in respect of interest, if any due on the security deposit or depreciation in value.
  - d) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, on presentation of absolute "No Demand Certificate" and upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.
- 17). Warranty :\_Warranty shall be 12 months after the goods have been taken over by NAeL against any defective design, workmanship, materials and non-conformance to intended performance. (Optional Clause : During warranty minimum uptime of 95% shall be ensured failing which warranty period shall deemed to be proportionately extended). During warranty period equipment shall be replaced/ repaired free of cost including any to & fro freight/insurance involved. Supplier shall attend to warranty calls within 48 hours notice.
- 18). PERFORMANCE BANK GUARANTEE\_(Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per NAeL's format for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid till end of the guarantee / warranty period from a scheduled bank in India.
- 19). POST-WARRANTY SERVICE Arrangements for after sales service and maintenance (authorized service centre) in India on site during warranty & post warranty period should be clearly indicated providing with name, address, phone, fax, contact person, infrastructure along with spare parts inventory held by your Authorized Technical Service Center. The vendor to indicate the validity period of authorization for the technical service center.

- 20). Liquidated Damages : In the event of an order, we reserve the right to collect a sum of 0.5% per week ( on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted ) of delay or part thereof, subject to a maximum of 10% as our claim- towards liquidated damages on the undelivered part of the order.
- 21) Delivery : Deliveries quoted should be firm (or as per the schedule indicated).
- 22) Inspection :
- 23) Terms of Payment: In the event of an order, 100% payment will be made within 30 days of receipt and acceptance at our stores by RTGS or any other latest Electronic Payment remittance mode. However, incase of Global tenders, domestic vendors may opt for payment through Letter of Credit. Applicable for MSMEs & StartUps: 15% (of the basic price) interest free Advance will be payable against BG of equivalent amount and balance 85% will be paid within 30 days of receipt and acceptance at our stores. In case advance is not sought, 100% payment will be made within 30 days of receipt and acceptance at our stores.
- 24) Any order, resulting from the enquiry, shall be governed by the General Terms and Conditions of Contract of NAeL and any party quoting against this enquiry shall be deemed to have read and understood these terms and conditions and to have quoted subject to these terms and conditions (Enclosed).
- 25) When counter terms and conditions have been offered by a tenderer, NAeL shall not be deemed to be governed by such terms and conditions unless specific written acceptance thereof has been given by NAeL.
- 26) Any terms & conditions which has not been the part of the bid or Purchase Order, if put forward in subsequent correspondence, shall not be considered by NAeL.
- 27) Disregard of any instructions, may result in your offer being ignored.
- 28) Canvassing by tender form, including unsolicited letter on tender submitted or post tender corrections shall render their tenderers liable for rejection.
- 29). BRIBES AND GIFTS  
Any bribe, commission, gift or advantage given, promised or offered by or on behalf of the contractor or his parties, agent or servant or any one on his or their behalf to any officer, servant, representative or agent of NAeL or any person on his or their behalf in relation to the obtaining or to the execution of this or any other contract with NAeL shall in addition to any criminal liability which the contractor may incur, subject the contractor to the cancellation of this and all other contracts with NAeL and also to payment of any loss or damage resulting from any such cancellation under clauses-8 and 10 thereof. Any question or dispute as to the commission of any offence under the present clause shall be settled by NAeL in such manner and on such evidence or information as they may think fit and sufficient and their decision shall be final and conclusive.
- 30). CONFIDENTIALITY  
The Supplier shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Supplier or on behalf of the Supplier and shall not reproduce any such technical data or information or divulge the same to any third party without prior written consent of the Supplier except as far as may be necessary for either party to carry out its obligations under this Contract.
- 31). In the development orders, where technical inputs/assistance is provided to the vendors, the Intellectual Proprietary Rights (IPR) will rest with NAeL. Vendor will not directly deal with NAeL's customer for these items.

32). EXIT CLAUSE

Exit criteria: The contract/order may be terminated under the following circumstances:

- i. In the event of unsatisfactory performance by the Seller during the contract period, or any of the information provided by the Seller is found to be untrue, or Seller is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with ----- month's advance notice without any financial implication to Buyer. Notwithstanding the foregoing, in cases where it is found that a Seller is engaged in unethical practices, they shall be barred from participating in the future contracts for a period of \_\_\_ years.
- ii. If there is change in Buyer requirement, contract shall be terminated with -----months advance notice. The liability of Buyer in this case will be agreed mutually. In the event of termination of contract by either party the Seller shall ensure the following:
  - a) IPR's are transferred to Buyer to enable Buyer to proceed on the work with other Seller. Seller also will render all assistance till the other Seller fully take over the balance work.
  - b) Transfer title and deliver all or any part thereof of the supplies, materials, work-in-progress, finished Products, Tooling, drawings and data produced or acquired by Seller specifically for the Product being terminated.
  - c) Supply of products and its components / spares at least for a period of \_\_\_years from the date of such termination.
- iii. The Seller is declared bankrupt or becomes insolvent.
- iv. The delivery of material is delayed due to causes of Force Majeure by more than (\_\_\_\_\_ months).
- v. Based on the decision of the Arbitration Tribunal.

33. Import Content: in case the item / product offered by Indian vendor has import content, then the value of import content shall be indicated in the quotation (in FE / INR as the case may be).

- 34). Relaxation of Prior Experience & Prior Turnover criteria for Micro & Small Enterprises (MSEs) & Startups:

Wherever RFQ stipulates qualification / eligibility criteria to be met by bidders such as prior experience and/or prior turnover, the criterion will be relaxed w.r.t to all startups and MSEs subject to meeting of quality and technical specifications stipulated in the tender. Also vendor shall furnish documentary proof for being MSEs/Startup as stipulated by the Ministry.

- 35). Date of reckoning of Exchange rate variation:

If the products/items/materials quoted by the Indian vendors involves import content, then the value of import content needs to be indicated in the offer (in FE). Further, vendor should indicate whether Exchange Rate Variation(ERV) is applicable on the FE content declared by the vendor. If ERV is applicable, ERV reckoning date shall be the last date of submission of commercial bids (i.e. due date of the tender).

For purpose of making ERV payment, actual value of import (to be supported by BOE, etc) or declared value of import in bidders quote whichever is lower to be considered for calculation of ERV based on TT selling rate on the date of BOE.

Exchange rate variation on the higher side, shall be paid by the NAeL and similarly any exchange rate variation on lower side i.e. price reduction, to be passed on to NAeL.

RATE CONTRACT – CONDITIONS OF TENDER

1. In case you have entered into Rate Contract with DGS&D, please quote the Rate Contract Reference and also send us a copy of Rate Contract along with your quotation. Please also certify that prices quoted are the same as applicable to DGS&D and other Government Departments. DGS&D Rate Contract holders should state whether they are agreeable for supply at DGS&D Rate Contract Rates in the event of placement of order by us on NAeL's own order form.
2. Price quoted should be on F.O.R. Destination basis, for delivery at our Stores inclusive of all charges including transit insurance.
3. Any order, resulting from the enquiry, shall be governed by the General Terms and Conditions of Contract of NAeL and any party quoting against this enquiry shall be deemed to have read and understood these terms and conditions and to have quoted subject to these terms and conditions.
4. When counter terms and conditions of business have been offered by a tenderer, NAeL shall not be deemed to be governed by such terms and conditions unless specific written acceptance thereof has been given by NAeL.
5. No condition and terms, notice of which has not been given in this enquiry by parties submitting quotations, will be considered by NAeL, if put forward in subsequent correspondence, after acceptance of orders etc.
6. Manufacturer's name and country of origin of the materials offered must be clearly specified. Complete details and illustrated literature must accompany all quotations.
7. Price quoted should be net and unless otherwise specified should remain valid for our acceptance for a minimum of 120 days from the closing date of enquiry and the materials of offered should be kept under provisional reservation for this quotation.
8. Quotation should be free from correction, over-writing, etc.
9. All drawings (photo/sketches) sent by us should be returned with your quotations, if you are unable to quote our drawings/photos/sketches should also be returned immediately along with your regret letter.
10. Deliveries quoted should be firm and in the event of an order, we reserve the right to collect a sum of 0.5% per week ( on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted ) of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.
11. **TERMS OF PAYMENT:** In the event of an order, 100% payment will be made within 30 days of receipt and acceptance at our stores by RTGS or any other latest Electronic Payment remittance mode. However, incase of Global tenders, domestic vendors may opt for payment through Letter of Credit. Applicable for MSMEs & StartUps: 15% (of the basic price) interest free Advance will be payable against BG of equivalent amount and balance 85% will be paid within 30 days of receipt and acceptance at our stores. In case advance is not sought, 100% payment will be made within 30 days of receipt and acceptance at our stores.

12. Security Deposit :

- a) Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of NAeL from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of NAeL.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

- b) In case the contract is not executed to the entire satisfaction of NAEL, the security deposit shall be forfeited, besides initiation of risk purchase action.
- c) No claim will be entertained against NAeL either in respect of interest, if any due on the security deposit or depreciation in value.
- d) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, on presentation of absolute "No Demand Certificate" and upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.

13. Tenderers should clearly mention whether the prices hold good when the full quantity of enquiry is not ordered but only a part of it. Unless otherwise mentioned, it would be assumed that the rates hold good even when lesser quantities than those enquired of are ordered. Any increase in prices at a later date for ordering lesser quantities will not be agreed to.

14. SALES TAX: Rate of Sales Tax or any other Tax chargeable should be clearly indicated in the offer / bid as inclusive in the price quoted or extra. If not indicated, NAeL will assume that the rates quoted are inclusive of taxes.

15. EXCISE DUTY: Excise Duty will be paid only on production of sufficient documentary evidence or a certificate from the Supplier for having paid the Excise Duty at actual. The present rate and tariff details should be indicated.

16. NAeL is not bound to accept the lowest or any quotation and reserves the right of accepting the whole or any part of the quotation or part of the quantity offered and you must supply the same at the rate quoted.

17. Disregard of any instructions, may result in your offer being ignored.

18. CONFIDENTIALITY

The Supplier shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Supplier or on behalf of the Supplier and shall not reproduce any such technical data or information or divulge the same to any third party without

prior written consent of the Supplier except as far as may be necessary for either party to carry out its obligations under this Contract.

- 19). Relaxation of Prior Experience & Prior Turnover criteria for Micro & Small Enterprises (MSEs) & Startups:

Wherever RFQ stipulates qualification / eligibility criteria to be met by bidders such as prior experience and/or prior turnover, the criterion will be relaxed w.r.t to all startups and MSEs subject to meeting of quality and technical specifications stipulated in the tender. Also vendor shall furnish documentary proof for being MSEs/Startup as stipulated by the Ministry.

- 20). Import Content: in case the item / product offered by Indian vendor has import content, then the value of import content shall be indicated in the quotation (in FE / INR as the case may be).

CONDITIONS OF TENDER (FOREIGN)

PART-I

1. Naini Aerospace Ltd., \_\_\_\_\_ (Name of the Company) Company located in \_\_\_\_\_ (Place) intends to procure the items specified below for \_\_\_\_\_ (Project).

2. The offer is invited for supply of the items specified as given below

: A. Specification

i. Description :

ii. Technical Specification :  
(if the evaluation of bid is required to be done based on meeting the essential Parameters then the following may be indicated in the tender document additionally)

iii. Essential parameters (If applicable)

iv. Desirable parameters (If applicable)

v. Quality requirement :  
(Certificate to accompany the supply, conformance to any other specific requirement)

vi. Performance Parameter :

vii. Applicable National / International Standard

viii. Drawing reference (wherever applicable) :

ix. Equivalent make / Catalogue No. / Manufacturer (wherever applicable)

x. NAEL's Sample reference (wherever applicable) :

B. Quantity :

C. Delivery Schedule required : \_\_\_\_\_ (days / weeks / months / date as applicable).  
[If applicable staggered delivered requirement to be indicated]

D. Delivery Terms :  
[FCA/CIF/FOR (Place name)/Ex-works etc.]



- E. Packing Conditions if any : (If applicable, confirmation from NAeL prior to dispatch of Over Dimension Cargo (ODC) to be indicated).
- F. Mode of Transport :
- G. Acceptance of Goods : (Conditions of acceptance of goods be clearly spelt out including supply of samples in advance, testing before acceptance)
- H. Others : i) Supply of Raw Material / Components by NAeL if applicable to be specified.  
ii) Other Technical requirements if any.

## Conditions of Tender Foreign

A Draft of Conditions of tender for Indigenous procurement is listed below. Company may use the Draft Conditions for reference purpose and suitably customise/incorporate the clause as per the case.

### PART-II

#### 1. Price :

- a) The bidder is required to indicate prices against individual items. Prices quoted should be in the currency of the country of supply or any other convertible foreign currency (to be specified by NAeL in line with RBI / FEMA rules).
- b) NAeL being manufacturers, bidders to indicate in the quotation manufacturers discount if any.
- c) Bidders to confirm that : (As applicable)
  - i. The prices quoted are the lowest export price and is the same as they would normally quote to Govt. Department.
  - ii. The price is in terms of the appropriate clause of the License Agreement. (Where License Agreement is in vogue).
- d) Price quoted should be net FOB / FCA, export packed / FAS Vessel with no extra charge whatsoever.
- e) (Optional Clause : Bidder should indicate separately cost of services rendered in India if any.)
- f) If, for special reasons, bidder prices are Ex-Works or F.O.B. plant, bidder must prepay inland transportation's. Port dues and shipment charges up to F.O.B. vessel at port of shipment and claim this amount of actual along with the price of the goods through bank. Bidder's quotation should indicate clearly the extent of such charges.
- g) Tenderers should clearly mention whether the prices hold good when the full quantity of enquiry is not ordered but only a part of it. Unless otherwise mentioned, it would be assumed that the rates hold good even when lesser quantities than those enquired of are ordered. Any increase in prices at a later date for ordering lesser quantities will not be agreed to.
- h) Preference will be given to firm prices. But should quoted prices be subject to variation, bidder is requested to give the following information:
  - i. The portion of the contract price which will be subject to such variation
  - ii. A breakdown of this variable figure into i) labour ii) materials
  - iii. An escalation formula linked to indices with a Cap should be given and escalation in price established with supporting documents. Price variation may be considered only if it occurs within the contractual delivery period.
  - iv. A further break down of materials giving the main classes of material involved i.e. steel, nonferrous metal etc.

#### 2) Taxes :

- a) In respect of Foreign bidders, bidders has to bear all taxes, duties and levies payable in their country and NAeL will bear all statutory levies, other than withholding tax and service tax, payable in India.

b) Withholding Tax (If applicable appropriate clause needs to be included in the RFQ).

i) NAeL would be deducting at source applicable Income Tax as per Government of India Rules applicable at the time of making payments in respect of services rendered in India. (Generally on the amounts towards services like training, technical assistance offered by the bidder and license fees). As per the Rules, Income tax has to be borne by the recipient of the Income and relevant certificate to this effect will be issued to the bidder on deduction of such amounts, if applicable.

ii) Bidder should bear the applicable withholding income tax in India. Tax would be deducted at source by NAeL as per DTAA where the bidder could claim the benefit of double taxation in their country as per the bilateral agreement between the two countries. Certificate to this effect would be issued by NAeL to enable the bidder to claim the benefit under DTAA.

iii) Bidder is required to indicate the PAN No. issued by Indian Income Tax Authorities.

3) Quantity :

a. The quotation must be in the unit in which the quantity is indicated in the enquiry. If it is otherwise, conversion data must be furnished.

b. NAeL reserves the right to order quantity less than indicated in the enquiry /quoted for by bidder, at the prices quoted, without any reference to the bidder.

c. For the Raw materials (in forms of bar, sheet, wires etc) (applicable for RFQs for raw material) Qty. tolerance  $\pm 10\%$  acceptable.

4) Supply of Alternative Item :

Applicable descriptive literature/catalogue if any may please be enclosed by the bidder with offer (at least two copies). In case bidder is quoting for an alternative part number it should be confirmed that the offered part is fully interchangeable with the required part.

5) Shelf Life :

Where stores offered have a limited shelf-life, kindly indicate the life involved and confirm that in the event of an order from us, only newly manufactured stores with the maximum possible shelf-life at the time of dispatch will be offered for shipment. In respect of rubber items such as seals etc., having cure date, the item should not have been manufactured earlier than 6 months of dispatch.

6) Validity of the Quotation :

Price quoted should be net and unless otherwise specified should remain valid for our acceptance for a minimum of 120 days from the closing date of enquiry and the materials of offered should be kept under provisional reservation for this quotation.

7) Tender Due Date :

The due date for submission of quote is \_\_\_\_\_ (date / time) at \_\_\_\_\_ (postal

address & place to be informed). Submission of tender can also be done through e-mail ID \_\_\_\_\_ (to be specified) and Fax No. \_\_\_\_\_ (to be specified).

8) Submission of Tender :

- a. The bidder is required to submit bids directly to NAeL either through post/courier in sealed cover with clear marking of bidder details. The cover should be marked with tender no., due date and bidders postal address. Response received, without bearing the bidder address will not be entertained. Bid submitted by bidder's authorized dealer / distributor/channel partner should accompany with ink signed authorization letter of the bidder to whom tender has been originally issued. In the absence of authorization letter, the bids submitted shall be considered an unsolicited.
- b. The bid submitted through E-mail will be accepted subject to the same being sent to the specified e-mail ID indicated in the tender document. However, unsigned fax / manual offers will not be considered in Limited / Open Tender.
- c. The bid to be addressed to \_\_\_\_\_(name) \_\_\_\_\_(designation).
- d. Submission of tender in two bid system:
- e. In response to tender in two bid system, the bidders are required to submit technical bid and commercial bid separately. Each bid will be put in separate sealed cover marked with tender No., due date and indicated as technical bid or commercial bid as the case may be. Both sealed covers will be put in a single cover, which will again be sealed and superscribed with tender no. and due date.
- f. The technical bid should also include EMD in original form and Integrity Pact (if applicable). Technical bid without EMD in original form will be rejected. In case of EMD sent by SWIFT / Wire Transfer, Transaction Code should be indicated along with the technical bid. The technical bid will be accepted only after confirmation of receipt of EMD in time.
- g. Bid received with technical bid and commercial bid in open condition inside one envelope will be rejected.
- h. Submitting only one bid with rates and technical details as a single bid will be rejected.

9) Late Tender :

- a. Bid received after the due date and time specified in the tender shall be considered as late tender and will not be considered.
- b. NAeL will not be responsible for loss or delay in receipt of tender documents / tender in transit.
- c. NAeL reserves the right to reject late or incomplete tender.

10) Opening of Tender :

- a. Tender will be opened on \_\_\_\_\_ (date / time) at \_\_\_\_\_ (postal address

& placed to indicated). Bidders or their authorized reps. are desirous to attend the tender opening may forward written confirmation with name of authorized person and designation prior to tender opening.

- b. During tender opening only the important particulars like price, delivery terms will be read out.

11) Tender Evaluation:

- a. Bid received in different currency will be converted to Indian Rupees. The TT selling rate for foreign currency exchange rate for conversion will be adopted as per the \_\_\_\_\_ Bank \_\_\_\_\_ Branch in India as on date of tender opening.
- b. (Conditions to be included if required)
  - i. The tender will be evaluated on \_\_\_\_\_ (package-wise or line item basis to be indicated by NAeL).
- c. Bid with lowest price conforming to the specification will be considered for placement of order.
- d. (Conditions to be included if required)
  - i. In addition to price any other criteria if to be adopted the most advantageous bid ascertained on the basis of criteria specified in the enclosure \_\_\_\_\_ will be considered. To be indicated by NAeL.
- e. If the bidder considers that tendered quantity is small, the bidder may quote for Minimum Ordering Quantity (MoQ). Commercial evaluation in this case will be done on MoQ x unit price, if MOQ offer beyond 20% of RFQ quantity.
- f. If two or more bidders quote the same price, NAeL reserves the right to seek revised offer from the same bidders and placing order on revised L-1 offer. If same situation prevails then NAeL reserve the right to place order on any of them.
- g. (Conditions to be included if required)

If the lowest bidder has not offered full quantity, for the balance quantity NAeL reserves the right to source from other bidders at L-1 price.
- h. (Conditions to be included if required)

To have parallel source of supply the order may be spilt to 2 or 3 sources subject to other bidders agreeing for L-1 price. The distribution of quantity among the bidders will be as per the proportion (to be decided by the tenderer) given below :

Qty. distribution among L-1 : L-2 in proportion x% : y%  
or  
Qty. distribution among L-1 : L-2 : L-3 in proportion x% : y% : z%
- i. Conditional discounts will not be considered in evaluation of tender.
- j. In respect of two bid system, technical bid will be opened on the tender opening date. After technical evaluation, the Commercial bids of those bidders who are technically acceptable will be opened.

12) Supply of Samples

Samples submitted for any reasons shall be supplied without charge and freight paid and without any obligation on the Purchaser as regards safe custody. All samples submitted must be clearly labeled with the bidder's name and address and tender number. If the bidder submits the samples with his tender the same shall not govern the standard of supply except when it has been specifically stated in the Purchase Order that it is accepted instead of any sealed pattern. Should certified samples be lent to a bidder by NAeL the bidder is responsible for the return in perfect order of all certified samples with the labels intact.

13) Others

- a. In the case of airborne material, the same should be covered by a Release Note or Airworthiness Certificate countersigned by person/s authorized by Government Airworthiness Certifying Authority.
- b. Please indicate approximate net weight of each of the item and gross weight and dimension of the package to enable NAeL to determine the mode of dispatch.
- c. Please indicate in your tender, whether stores newly manufactured are offered. Where newly manufactured stores are offered and on inspection it is found that reconditioned stores or parts have been used, such stores will be rejected at the contractor's risk and expense.
- d. Please furnish list of similar equipments supplied in \_\_\_\_\_ or anywhere in India with customer's full address, value and telephone/telex etc. (if applicable)
- e. Please indicate if any training arrangements for item/system in India and factory acceptance test if required. (if applicable)
- f. Please also indicate necessary onsite technical support during installation of the system at no extra cost.
- g. Vendors should ensure the availability of spares of the offered products for a period of 10 years.
- h. Two sets of operation manuals/maintenance manual should accompany the system at no extra cost. (if applicable)
- i. Please also indicate status of export permit based on the present rules/regulations of your country and normal time frame for obtaining such export permission if an order is placed on you in near future and the same should be covered within the delivery schedule indicated.
- j. Vendors while submitting the proposal should categorically declare that items quoted by them are their own manufactured products and are not resold (2nd sale). Offers without such declaration are likely to be ignored.
- k. Quotation should accompany the detailed catalogues and literature.
- l. Vendor should confirm that they are the original manufacturer of the stores referred

to in this contract and has not engaged any individual or firm whether Indian or foreign whatsoever, to intercede, facilitate or in any way to recommend to the Government of India or any of its functionaries, whether officially or unofficially, the award of the contract to the seller nor has any amount been paid or intended to be paid to any such individual or intended to be paid to any firm in respect of any such intercession, facilitation or recommendation, vendor accepts that if it is established that the present declaration is in any way incorrect and if at any later stage it amount/commission to such individual/firm, vendor will be liable to pay the similar amount to NAeL for engaging such individual/firm and making the payment as commission. In addition, vendor will also be debarred from entering into any supply contract with the Ministry of Defence, Government of India for a minimum period of 5 years. Vendors shall also consider cancellation of the contract without any entitlement or compensation to vendors who shall also be liable to refund all payments made by NAeL in terms of the contract along with the interest at the London inter bank offer rate (LIBOR)

- m. The Harmonized System of tariff nomenclature against the items for which quotation is rendered should be indicated.
  - n. For the Raw materials (in forms of bar, sheet, wires etc) (applicable for RFQs for raw material)
  - i. Release note/ OEM certificate of conformity with physical and chemical test report is required along with the supply.
  - ii. Requested to include the Box Charges / Packing Charges / Phytosanitary regulation Charges in the unit quoted price if any. (otherwise indicate separately charges for each item)
  - o. Manufacturer's name and country of origin of the materials offered must be clearly specified. Complete details and illustrated literature must accompany all quotations.
  - p. Vendors should clearly indicate similar equipment supplied on global basis to Aircraft manufacturing industry, to any Company of NAeL and other reputed/Govt customers and anywhere in India with customer's full address, telephone/telefax No., P.O. No., value and year of supply.
  - q. Quotation should be free from correction, over-writing, using correcting fluid etc.
  - r. All drawings (photo/sketches) sent by NAeL should be returned with quotations, if bidder is unable to quote NAeL drawings/photos/sketches should also be returned immediately along with regret letter.
  - s. NAeL is not bound to accept the lowest or any quotation and reserves the right of accepting the whole or any part of the quotation or part of the quantity offered and bidder must supply the same at the rate quoted.
  - t. Vendor shall not be entitled without NAeL's consent to assign or transfer to a third party all or part of the benefits or obligations under this contract.
- 14) Integrity Pact : (If applicable, at present estimated order value exceeding Rs 20 Crs.)
- a. Bidder shall submit duly signed Integrity Pact in original, strictly as per the format (without any deviation) enclosed with the RFP. Bidders not complying with this are liable for rejection and their bids will not be considered for evaluation.

- b. In case of two bid system, the bidder is required to submit the signed pre-contract IP as part of technical bid, failing which offers are liable for rejection.

15) Earnest Money Deposit (If applicable):

- a. EMD for a value of Rs. \_\_\_\_\_ to be submitted in the form of DD/Banker's Cheque/Pay Order/Bank Guarantee of Scheduled Bank (to be specified). EMD should be valid for 28 days beyond the validity of the bid. EMD can be sent through SWIFT / Wire Transfer to NAeL Account No. \_\_\_\_\_ (to be indicated).
- b. Offers not accompanied with requisite amount of EMD or EMD not submitted in the specified form in original shall be summarily rejected.
- c. EMD will not carry any interest for the period it is retained with NAeL. EMD will be forfeited if a bidder withdraws, amends, impairs and / or derogates within validity period.
- d. Bidders exempted from submission of EMD as per Govt. of India directives must submit certified copy of Govt. of India authority for such exemption in lieu of EMD.
- e. EMD of unsuccessful bidder will be returned after order acceptance by the successful bidder.
- f. In case of two bid system EMD in original form should be enclosed along with the technical bid. Technical bid without EMD in original form will be rejected.
- g. EMD remittance document, either in Indian currency or any other convertible currency of the specified amount, can be arranged by the Indian subsidiary/branch office in India of a foreign bidder which shall be submitted along with a certificate confirming the relationship of subsidiary/branch office in the bidder's offer.

16 Security Deposit : (Optional applicability if RFQ calls for)

- a) Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of NAeL from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of NAeL.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

- b) In case the contract is not executed to the entire satisfaction of NAEL, the security deposit shall be forfeited, besides initiation of risk purchase action.
- c) No claim will be entertained against NAeL either in respect of interest, if any due on the security deposit or depreciation in value.
- d) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, on presentation of absolute "No



Demand Certificate" and upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.

17. Warranty : Warranty shall be 12 months from the date of acceptance of items at NAeL or more as per bidders policy. Warranty is after the goods have been taken over by NAeL against any defective design, workmanship, materials and non-conformance to intended performance. (Optional Clause : During warranty minimum uptime of 95% shall be ensured failing which warranty period shall deem to be proportionately extended). During warranty period equipment shall be replaced/ repaired free of cost including any to & fro freight/insurance involved. Supplier shall attend to warranty calls within 48 hours notice.
18. PERFORMANCE BANK GUARANTEE\_(Optional applicability if RFQ calls for) Vendor shall furnish a Performance Bank Guarantee as per NAeL's format for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid till end of the guarantee / warranty period from a bank of international repute.
19. POST-WARRANTY SERVICE Arrangements for after sales service and maintenance (authorized service centre) in India on site during warranty & post warranty period should be clearly indicated providing with name, address, phone, fax, contact person, infrastructure along with spare parts inventory held by your Authorized Technical Service Center. The vendor to indicate the validity period of authorization for the technical service center.
20. Liquidated Damages :  
In the event of an order, we reserve the right to collect a sum of 0.5% per week (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of delay or part thereof, subject to a maximum of 10% as our claim-towards liquidated damages on the undelivered part of the order.
21. Delivery :
  - i. Deliveries quoted should be firm (or as per the schedule indicated).
  - ii. Please confirm whether the item/equipment quoted/ offered is of-the-shelf or to be manufactured specific-to-type. If the items/equipment is manufactured specific-to-type, bidder to quote firm delivery schedule taking into consideration of the period actually required based on the complexity of the equipment. In the event of an order, NAeL reserve the right to claim towards liquidated damages on the undelivered part of the order. This clause will be strictly followed by NAeL. Therefore your delivery schedule should be firm and definite.
  - iii. If installation and commissioning of the equipment is required to be done by bidder at NAeL site, bidder to indicate the period required for the above job from the date of intimation of readiness of site at our premises.
  - iv. Bidder to note that the delivery schedule should be for:
    - i) Period required for the delivery/dispatch of equipment and
    - ii) Period required for installation and commissioning of the subject equipment after intimation from NAeL about readiness of the site.

22. Inspection :

23. Terms of Payment:

- i) In accordance with our standard practice, payment against any order materializing out of your offer, will be against presentation of documents through the State Bank of India.....(mention NAeL's Banker), India.
- ii) As a matter of policy NAeL arrange payments to the extent of 80%, through SIGHT DRAFTS presented through our Bankers. 20% after delivery and acceptance and fulfillment of all contract obligations and on the submission of Performance Bank Guarantee for 10% of the order value to cover the warranty period.
- iii) If under unavoidable situations payment has to be made through Letter of Credit, the same can be established for 80% of the order value before three months from the date of dispatch. All bank charges are to be borne by the vendor. Balance 20% will be paid directly through bank after delivery and acceptance and fulfillment of all contract obligations and on the submission of Performance Bank Guarantee for 10% of the order value to cover the warranty period.

24. Export License:

Vendors should categorically confirm the availability of export license from their government for exporting the system. Vendor shall be required to obtain and maintain all Export/Import licences and permits etc., as the case may be, required for performing supplies against this tender. Obtaining export licence shall be entire responsibility of the vendor.

25. Settlement of Disputes and Arbitration:

All disputes arising out of the contract shall be settled as per Laws of India/ Rules of Arbitration of ICA/ICADR.

26. Immunity to Government of India:

It is understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that NAeL is an independent legal entity with power and authority to enter into contracts solely in its own behalf under the applicable Laws of India and General Principles Contract Law. The vendor shall agree, acknowledge and understand that NAeL is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract. Accordingly, vendor expressly waives releases and foregoes any and all actions or claims against the Government of India arising out of this contract, not to sue the Government of India as to any manner, claim, and cause of action or thing whatsoever arising out of or under this agreement.

27. Fall Clause:

- a) The price charged for the stores supplied under the contract shall be in no event exceed the lowest price at which the contractor sells the stores or offers to sell stores of identical description to any persons/organizations including the purchaser of any department of the Central Govt. or any Dept. of the State Govt. or any statutory undertaking of the Central or State Govt., as the case may be during the period till the performance of the supply order placed and during currency of the contract is completed.
- b) If at any time during the said period, the contractor reduces the sales price, sells or offers to sell such stores to any person/organization including the purchaser or any

department of Central Govt. or any Dept. of State Govt., or any statutory undertaking of the Central or State Govt., as the case may be at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction/sale or offer to sale to the Naini Aerospace Limited and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer to sale shall stand correspondingly reduced.

28. **Involvement of any Agent and Middlemen:**

No involvement of Agents or Middlemen in India or abroad in any capacity whatsoever is permitted at any stage in relation with this tender and the resultant contract. Vendor shall confirm that he has not appointed any agent in India to promote this contract and that no commission etc. is payable to any such agent in connection with this contract. Vendor shall also confirm that he has neither paid nor will pay any commission, fee or any such charges to any agent in connection with the award and execution of this contract. Should it be subsequently proved that such a commission, fees or charge has been paid, contrary to the foregoing, buyer shall be entitled to terminate this contract forthwith. The buyer shall also be entitled to recover from the seller an amount equal to the commission, fees or any such charge proved to have been paid.

NAeL has not appointed / authorized any person / agent to deal with the vendors in respect of the said contract. In case, if someone claims and interacts with the vendors it shall be duty of the vendors to bring such instances to the notice of NAeL Management

29. **Off-set: (If applicable appropriate clause needs to be included in the RFQ).**

For contracts value exceeding 300 crores selected Bidder shall provide business off-set, if applicable.

30. **NAeL conditions of contract will govern any resultant order arising out of the enquiry (copy on application) and bidders quotation will be subject to the said conditions.**

31. **Bidder is required to send REGRET REPLY, in case the subject item is not covered in bidders range of products.**

32. **CONFIDENTIALITY**

The Supplier shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Supplier or on behalf of the Supplier and shall not reproduce any such technical data or information or divulge the same to any third party without prior written consent of the Supplier except as far as may be necessary for either party to carry out its obligations under this Contract.

33. **Part-A:**

**IPR Clause for Development Activities taken up at the behest of NAeL:**

a) Seller agrees that NAeL shall be the sole owner of all Intellectual Property (IP) generated in the performance of this Contract by or on behalf of Seller with the aid of either funding and/or technical inputs from HAL (hereinafter referred to as 'Foreground IP'). If applicable and to the extent that Seller sub-contracts performance of any part of the Contract, the Seller shall ensure that any Foreground IP arising from such work of its sub-contractor /s shall be assigned to HAL absolutely. Seller hereby assigns and agrees to assign all rights and interest in the Foreground IP to NAeL. Seller shall share with NAeL, all documentation necessary for NAeL to exercise its rights to Foreground IP. If required by NAeL, Seller shall assist NAeL in registering the Foreground IP in favour of NAeL.

b) Seller grants to NAeL an irrevocable, non-exclusive, world-wide, royalty-free license to sell, offer for sale, use, execute, release, disclose, and distribute the developed Supplies/Services/Products, which may contain Background IP. Background IP shall mean and include all pre-existing inventions and IP necessary for NAeL to exercise its rights to Foreground IP.

c) Seller shall indemnify and protect at its own cost, NAeL in respect of cost/claims/liabilities (including attorney's fees and associated costs of legal proceedings) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Seller. If NAeL or NAeL's customer /s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Seller shall within reasonable time at Seller's own cost either,  
(i) procure for HAL and HAL's Customer/s the right to continue using the Supply/Service or,  
(ii) replace or modify the Supplies/Services so that it becomes non-infringing or,  
(iii) compensate NAeL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to seller and damages suffered by NAeL arising due to inability to put to use the supplies/ services or a portion thereof.

d) In case the supplier receives a requirement/ request for supply or repair of deliverables of this contract directly from any third party including HAL's customers, such request shall be forwarded to NAeL.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software(including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

#### **Part- B:**

IPR Clause for indemnification of HAL in case of Infringement of Third Party/PR:

a) NAeL shall have the right to use the Supplies/Services procured under the contract that may contain any Intellectual Property/ Intellectual Property Rights. Seller shall indemnify and protect at its own cost, NAeL in respect of cost/claims/ liabilities (including attorney's fees) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Seller. If NAeL or NAeL's customer/s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Seller shall within reasonable time at Seller's own cost either,  
(i) procure for NAeL and NAeL's Customer/s the right to continue using the Supply/Service or,  
(ii) replace or modify the Supplies/Services so that it becomes non-infringing or,  
(iii) compensate NAeL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to seller and damages suffered by NAeL arising due to inability to put to use the supplies/ services or a portion thereof.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software(including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

34). EXIT CLAUSE

Exit criteria: The contract/order may be terminated under the following circumstances:

- i. In the event of unsatisfactory performance by the Seller during the contract period, or any of the information provided by the Seller is found to be untrue, or Seller is found to have attempted to influence any person involved with the contract through unethical means, the contract shall be terminated with ----- month's advance notice without any financial implication to Buyer. Notwithstanding the foregoing, in cases where it is found that a Seller is engaged in unethical practices, they shall be barred from participating in the future contracts for a period of \_\_\_ years.
- ii. If there is change in Buyer requirement, contract shall be terminated with -----months advance notice. The liability of Buyer in this case will be agreed mutually. In the event of termination of contract by either party the Seller shall ensure the following:
  - a) IPR's are transferred to Buyer to enable Buyer to proceed on the work with other Seller. Seller also will render all assistance till the other Seller fully take over the balance work.
  - b) Transfer title and deliver all or any part thereof of the supplies, materials, work-in-progress, finished Products, Tooling, drawings and data produced or acquired by Seller specifically for the Product being terminated.
  - c) Supply of products and its components / spares at least for a period of \_\_\_years from the date of such termination.
- iii. The Seller is declared bankrupt or becomes insolvent.
- iv. The delivery of material is delayed due to causes of Force Majeure by more than (\_\_\_\_\_ months).
- v. Based on the decision of the Arbitration Tribunal.

Guidelines for High Sea Sales

1. High Sea Sales (HSS) is a sale carried out by the carrier document consignee to another buyer while the goods are yet on high seas or after their dispatch from the port / airport of origin and before their arrival at the port / airport of destination.
2. HSS contract /agreement should be signed after dispatch of goods from origin & prior to their arrival at destination. The agreement should be on stamp paper.
3. On concluding the HSS agreement, the B/L should be endorsed in favour of the new buyer, in respect of air shipment, HSS seller should write to the consol agent informing that a HSS agreement has been established with the HSS buyer and that the carrier document should therefore be considered and endorsed in favour of the HSS buyer and further the IGM should be filed by the carrier in the name of the HSS buyer.
4. In HSS contracts the HSS seller may not like to disclose the import value to the HSS buyer. However, NAEI should insist to get the import value. In case the same is not agreed to HSS seller should take on the responsibility of custom clearance and site delivery and the price quoted should be the CIF value.
5. HSS is considered as a sale carried out outside the territorial jurisdiction of India. Accordingly, no sales tax is levied in respect of HSS. The customs documents (B/E) is either filed in the name of HSS buyer or such B/E has an endorsement indicating HSS buyer's name.
6. The title of goods transfers to HSS buyer prior to entry of goods in territorial Jurisdiction of India. The delivery from customs is therefore on account of HSS buyer.
7. HSS goods are entitled to classification, rates of duty and all notification benefits as would be applicable to similar import goods on normal sale.
8. HSS is also applicable to goods imported by air. As long as the sale is formalized after dispatch from airport / port or origin and before arrival at the first port of discharge / airport at destination, such sale is considered as HSS.
9. Sometime HSS buyers buy goods after their arrival, such sale are not HSS. The stamp paper on which the HSS agreement is executed must not bear the stamp paper purchase date as being post cargo arrival date.

### HIGH SEA SALE AGREEMENT FORMAT

Purchase Order reference :

Name of the foreign supplier / country :

Sales Tax : No sales tax will be charged as the goods are being delivered to the buyer on High Sea Sales basis. But if at a later date the local sales tax authority assesses sales tax and other levies, such as interest if any on this sale, the same shall be borne by the buyer.

Payment : As per purchase order.

Sales /Delivery : The goods are sold on the "High Seas Sale" basis and the above price is (incoterms) The freight and freight clearing charges ----- The buyer is responsible for payment of customs duties and / licensing matter / provide exemption certificate for customs duties for the import, if any, by the Government. (Optional)

The seller shall retain one copy each of the signed High Sea sales agreement, the exchange control copy of the Bill of Entry / Bill of Lading / Airway bill and a copy of the clearing agent's bill after customs clearance. This is to enable the seller to complete RBI formalities for making foreign exchange / currency payment to M/s..... (Name of the OEM/Source supplier) which is the supply source abroad.

IN WITNESS THEREOF Seller and Buyer hereto have set their respective hands on the mentioned above.

Dated:

Buyer: For Naini Aerospace Limited

Seller: For (M/s..... .)

Witness:

- 1.
- 2.

TERMS AND CONDITIONS OF CONTRACT (CANTEEN AND GROCERIES)

1. Duration of the agreement:

This agreement is valid for a period of .....years with effect from .....to.....

2. Prices:

The rates quoted by the Supplier are for delivery at NAeL premises and shall be valid for a period of ..... year/s and shall be maintained throughout the contract period. Under no circumstances request for price increase will be entertained except in case of change in Govt. /Statutory levies against proof of payment.

3. Taxes:

The prices are to be quoted at nett payable by NAeL exclusive of all duties and taxes. Taxes/duties as applicable should be indicated in the quote, and separately in the bill, which are payable extra.

4. Quantity:

NAeL will place Purchase Orders directly on Monthly/Quarterly/Half Yearly/Annual basis depending on their requirement. Items are to be delivered to NAeL at places mentioned in their order as per their Monthly requirement.

NAeL does not assure any particular quantity for procurement against this agreement.

If required, the SUPPLIER shall agree to supply additional quantity at the same rate and terms & conditions during the contract period.

5. Quality of supply:

The supplies shall be of Agmark quality wherever applicable, free from all impurities or of specified quality wherever Agmark is not applicable. NAEL. reserves the right to check the quality in any approved laboratory at any time.

If the quality so supplied is found to be defective, the same should be replaced immediately at Supplier's cost including to and fro transportation and other charges. In case of repeated rejections for the same reasons, NAeL shall have the right to terminate the Contract and impound the EARNEST MONEY DEPOSIT.

6. Delivery:

The supplies are to be effected to the respective Company against their orders at no extra cost. No transportation charges or incidental charges are payable by NAeL against this agreement. The Company while placing the order will indicate the time for delivery and the Supplier has to ensure timely supplies.



7. Inspection:

The supply made against respective orders will be subject to NAeL inspection at Company's stores. The supplier shall remain owner of the supplies and responsible for items supplied till the same have been inspected and accepted by NAeL. NAeL reserves the right to get the supplies examined by a Govt. approved laboratory. The Supplier agrees to supply free of cost replacement of items not supplied in conformity with the Purchase Order, even if partially utilized and agrees to bear the cost of testing such supplies.

8. Terms of payment:

The Company concerned who places order is responsible for arranging payment within 30 days from the date of supply and acceptance. The Supplier will submit Invoices to the Company against their orders and obtain payment directly from the concerned.

In case of items not supplied in conformity with the Purchase Order and detected so later, the Company will have the right to deduct an amount equal to the cost of ordered items and will consider making this payment after the supplier replaces the same.

9. Security Deposit:

Wherever applicable the successful vendor, shall have to deposit 5% of the estimated value of this agreement as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) by way of crossed Demand Draft in favour of NAeL. This amount will be returned without any interest only after the successful completion of the contract. This amount is likely to be forfeited in the event of failure to execute the contract as per the terms and conditions laid down in the agreement.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

10. Risk purchases:

The Supplier will supply quality items as per approved sample and also the quantity intended by the concerned Company in full as per terms and conditions of respective orders. In case the Supplier fails to execute the order either in terms of quality or in quantity, NAeL reserves the right to procure from elsewhere at the risk and cost of the Supplier and any extra expenditure incurred due to this purchase is payable by the Supplier.

11. Termination of contract:

NAeL reserves the right to cancel the order with 15 days notice without any financial liability in the event of any of the following -

- a) Repeated rejection for the same reasons/ grounds.
- b) Repeated delays in delivery of items as specified in the Purchase Order.
- c) Adulterated supplies as determined according to Prevention of Food Adulteration Act, 1954 and Rules, 1955 as amended from time to time.
- d) Supplies inferior to the specified quality e.g. steamed rice or boiled rice in place of raw rice etc.
- e) Unbranded/ deceptively branded / spurious supplies against branded items in the Purchase order.
- f) Time expired supplies

12. Parallel contract:

NAeL shall reserve the right for entering into parallel contracts with the other firms/vendors for the same item if it is found necessary

13. Settlement of disputes:

In case of any dispute arising from this agreement, the final authority to decide the matter will be Head of concerned Company or their authorized Officers.

In the event of disagreement with the decision of Head of respective Company, the courts in the City of the Company alone shall have the jurisdiction to deal with and decide any matter or dispute whatsoever arising out of this Contract including those arising under Arbitration Act.

14. Force Majeure: (For reference only, to be included only if insisted by Supplier)

Neither party will be liable to the other for any act done or prevented from so doing by virtue of the occurrence of force majeure conditions such as war, general mobilization of troops, strikes, lockouts in factories, fire, earthquakes and floods, embargoes or stoppage of deliveries by Government.

PROPRIETARY CERTIFICATE

1. Item Nomenclature
2. Part No./ Description/ Qty
3. To be Procured From
4. Previous ordering  
Information (if available)
5. Project
6. Nature
7. Budget Reference
8. Sub-Clause under which the procurement is proposed  
(Tick the applicable one and score out ones not applicable)

- 
- a) OEM / Licensor Collaborator or sources listed by them
  - b) Product specifically developed by NAeL from Vendors through limited / open tender.
  - c) Item standardized by NAeL
  - d) Manufacturers retail outlet / authorised distributor for an item proprietary nature.
  - e) Procurement of spares compatible with the existing equipment from OEM.
  - f) Sources as per Design / Licensor documents.

9. Reasons for resorting to proprietary procurement
- 

(User Deptt)

Signature

Name

Designation

Date

Approving Authority:

Competent Provisioning Authority

(Originating Deptt)

Signature

Name

Designation

Date

Through:

RATE CONTRACT - DRAFT AGREEMENT

THIS AGREEMENT executed on the \_\_\_\_ day of \_\_\_\_ 20\_\_ BETWEEN M/S. NAINI AEROSPACE LIMITED, having its Registered Office at #15/1, Cubbon Road, Bangalore - 560 001, represented by Shri \_\_\_\_, \_\_\_\_ at Corporate Office, and hereinafter referred to as 'NAeL' which term shall cover its successors and assigns: AND

M/S. \_\_\_\_\_, a Company incorporated under the Companies Act having its Registered Office at \_\_\_\_\_ represented for the present by Shri \_\_\_\_\_ of \_\_\_\_\_

hereinafter referred to as '\_\_\_\_\_' which terms shall cover its successors and assigns :

I. WHEREAS \_\_\_\_\_ have desired to enter into a Contract with NAeL for supply of \_\_\_\_\_ manufactured at their works in \_\_\_\_\_ under the name of and NAeL are desirous of purchasing said items required by them and the terms and conditions of sale as herein contained have been agreed upon between the parties.

NOW THIS AGREEMENT WITNESSETH ASFOLLOWS :

1. The Agreement shall be designated by the Number NAeL/CD/\_\_\_/20\_\_ dated \_\_\_\_\_ 20\_\_, which will be referred to in all correspondence.

2. The duration of this Agreement shall be initially for a period of \_\_\_\_ years commencing from \_\_\_\_\_ 20\_\_ with an option to extend further periods on mutual consent. This Contract may be terminated at any time by either of the parties by giving \_\_\_\_ months notice to the other in writing.

3. OBLIGATION TO SUPPLY :

3.1 During the continuance of this Agreement, \_\_\_\_\_ will sell to NAeL, Standard and

Special/Non-Standard items of \_\_\_\_\_ in accordance with the indents placed by NAeL from time to time. No liability will arise on NAeL in respect of indents placed by any one other than the authority named herein OR any person duly authorised in writing by such authority. The indenting Authority is CEO, NAeL, Naini, Allahabad

3.2 '\_\_\_\_\_' shall make every endeavor to quote for Special/Non-Standard items required by NAeL, subject to feasibility for manufacture and availability of capacity.

3.3 For the purpose of this Agreement, the expression 'Standard Items' means various types of \_\_\_\_\_ as detailed in the Price List attached as Annexure-I to this Agreement.

3.4 All Standard Items supplied by \_\_\_\_\_ shall be as per specification in force at their \_\_\_\_\_ works at the time of indenting.

3.5 The term 'Special/Non-Standard' items means \_\_\_\_\_ special products as per NAeL drawings.

#### 4. PRICES :

##### 4.1 STANDARD ITEMS

4.1.1 The prices payable to \_\_\_\_\_ by NAeL for Standard Items supplied to NAeL shall be as per the Standard Price List No. \_\_\_\_\_ dt. \_\_\_\_\_ 20\_\_ attached at Annexure-I to this Agreement. The prices applicable on the Price List for certain Special are given at Annexure-II. The prices are FOR Destination basis and are inclusive of Excise Duty at \_\_\_\_\_ %. The base price shall remain firm and fixed for a period of \_\_\_\_ years from \_\_\_\_\_ 20\_\_. Thereafter, the price shall be mutually discussed and agreed to. If no agreement is reached on prices, NAeL reserves the right to terminate the Contract.

4.1.2 The Standard/Special Items covered in the Price List kept at Annexure-I shall be subject to Discounts as provided in Clause-12.

4.1.3 During the currency of this Agreement, if \_\_\_\_\_ enters into a Rate Contract with DGS&D for items covered under this Agreement, the DGS&D prices for such items shall be made applicable to NAeL wherever they are lower. Copies of the Rate Contract with DGS&D shall be made available by \_\_ to all the indenting authorities of NAeL mentioned in Clause-3.

4.2 The prices for the Special/Non-Standard \_\_\_\_\_ shall be quoted by \_\_\_\_\_ against specific enquiry from NAeL. The prices shall be on FOR Destination basis and are subject to Discounts as provided in Clause-12.

#### 5. TAXES:

The prices in Clause-4.1 & 4.2 are exclusive of Govt. (Central, State or Local) Taxes and Levies. Such Taxes/Levies as applicable at the time of delivery shall be to NAeL's account. However, the prices in Clause- 4.1 & 4.2 are inclusive of Excise Duty at \_\_\_\_%. Revision if any, in the rate of Excise Duty shall be to NAeL's account.

#### 6. CHARGES FOR PACKING, FREIGHT, INSURANCE & DELIVERY:

The charges for Packing, Freight & Delivery to the concerned NAeL Company for which the items are indented shall be borne and paid by \_\_\_\_\_. \_\_\_\_\_ shall insure the

goods-in- transit at their own cost.

7. DELIVERY:

7.1 Generally, for the Standard Items, the delivery shall be 12 to 18 weeks from the date of receipt of indents from NAeL. However, \_\_\_\_\_ will make every effort to supply as many stocked Standard Items as possible from stock. For Special/Non-standard Items, the deliveries will be as per \_\_\_\_\_ specific quotations submitted from time to time against NAeL enquiries. The despatch shall be effected to the Railhead/Road Transport Contractor's Warehouse nearest destination, packed, insured and freight prepaid to NAeL as provided in each indent.

7.2 MINIMUM ORDERING VALUE:

7.2.1 For \_\_\_\_\_, the minimum ordering should be for each size, whichever is higher.

7.3 QUANTITY TOLERANCE:

For Special Items as well as Non-Stocked Items, the quantity ordered shall be deemed to have been completed, if supplied quantity is within minus 10% of the ordered quantity. \_\_\_\_\_ also reserves the right to deliver and charge for up to a maximum of 10% over the ordered quantity.

8. INSPECTION:

Inspection of all goods shall be done by the Inspectors of NAeL at NAeL's works and their decision as to the acceptability shall be final. The Inspection Standard shall be based on IS/BS/DIN/American Specification or any other specification as applicable.

9. PAYMENT:

9.1 As and when the goods are despatched, \_\_\_\_\_ shall draw on NAeL, a Bill for 100% value of the goods at the applicable prices and the same will be presented to NAeL through State Bank of India, or any other Bank specified by the indenting authority. Such Bills shall be accompanied by the Invoices and Railway/ Lorry Receipt/Air Consignment Note/Postal Receipt/Other Documents for title to the goods. \_\_\_\_\_ shall allow 2% Cash Discount to \_\_\_\_\_ on the nett Invoice value. If payment is made by NAeL within 15 days from the date of receipt of Bank intimation. The Bank charges shall be borne by \_\_\_\_\_.

9.2 As and by way of security for the due performance of obligations towards NAeL under this Contract and as an insurance against the value of rejections or short receipts, shall furnish a Bank Guarantee for Rs.20,000/- in the form prescribed by NAeL from a scheduled Bank which shall be valid for the duration of this Contract.

10. WARRANTY:

10.1 \_\_\_\_\_ warrants that Design, Workmanship and quality of material of the Standard Items shall conform to the IS/BS/DIN/American Standards or any other Specifications and be such as to ensure that they are free from defects of manufactured and quality and are suitable for the purpose intended. Further, for Special/Non-Standard items, \_\_\_\_\_ warrants that the workmanship and material shall conform to NAeL drawings and specifications and are suitable for the purpose intended. Any claim under Warranty should be preferred within Twelve months from the date of despatch of stores from \_\_\_\_\_ factory. \_\_\_\_\_ shall replace, repair or recondition free of charge, the rejected or defective stores and shall also bear the cost of transportation involved in the rejection/replacement.

10.2 This warranty shall not apply in case of improper handling or improper storage and in case of repairs or alterations carried out without written instructions. This warranty shall not extend to normal wear and tear.

11. REPLACEMENT TRANSIT DAMAGES:

Any claim on the ground of alleged shortage or damage or breakage of the stores in transit and dimensional errors shall be made in writing not later than Thirty days from the date of arrival of stores at NAeL's end. \_\_\_\_\_ shall replace such damaged items on priority within the standard delivery period from the date of receipt of written complaint thereof.

12. DISCOUNTS:

For Standard items, NAeL shall be entitled to the following Trade Discounts in the prices chargeable by \_\_\_\_\_ as given in their Price List mentioned in Clause-4 and as amended from time to time:

Sl.No.	Description of items	Discount
1		
2		
3		

13. FORCE MAJEURE: (For reference only, to be included only if insisted by supplier)

Neither party will be liable to the other for any act done or prevented from so doing by virtue of the occurrence of Force Majeure Conditions such as but not restricted to any event or chain of events which prevents either party from carrying out its engagements such as War, General Mobilisation of Troops, Strikes, Lockouts in Factories, Fire, Earthquakes and Floods, Embargoes or stoppage of deliveries by Government, refusal or non-receipt of Import Licence for Raw materials from suppliers.

14. DAMAGES FOR FAILURE TO SUPPLY:

14.1 In the event of failing or neglecting to supply the items within the stipulated delivery period (which expression does not include the grace period allowed by NAeL) for any reason whatsoever as mentioned in Clause-7 above, or any extension thereof granted by NAeL, NAeL at its discretion, shall be entitled to impose Liquidated Damages and not by way of penalty a sum of ....% (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of the price of any stores which has failed to deliver as aforesaid, for each week or part of a week during which the delivery of such stores may be in arrears subject to a maximum of .....% of value of goods undelivered against the supply order.

14.2 Notwithstanding anything contained in this Agreement, NAeL is under no obligation to purchase any \_\_\_\_\_ Standard or Special/Non-Standard Items from . This is only a Rate Contract and accordingly its terms apply only in respect of indents which NAeL may place on \_\_\_\_\_ during the continuance of this Agreement.

15. PARALLEL AGREEMENTS:

Nothing in this Agreement shall debar NAeL from entering into any agreement for supply of any kind of \_\_\_\_\_ now or hereafter parallel with any other suppliers or manufacturers.

16. JURISDICTION:

The Courts in the city of \_\_\_\_\_ alone shall have Jurisdiction to deal with and decide any matter or dispute whatsoever arising out of this agreement including those arising under the Arbitration Act.

17. ARBITRATION:

All disputes or differences whatsoever arising between the parties out of or relating to the construction, meaning and operation or effect of this Contract or the breach thereof shall be settled by Arbitration in accordance with the Rules of Arbitration of the ICA/ICADR and the award made in pursuance thereof shall be binding on the parties. The provisions of the Arbitration and conciliation Act 1996 or any statutory modifications thereof shall apply to such conciliation.

IN WITNESS WHEREOF the parties hereto have executed these presents in the presence of the Witnesses attesting hereunder:

For and on behalf of  
NAINI AEROSPACE LTD.,

For and on behalf of

(-----)

(-----)

-----

-----

WITNESS:

WITNESS:

1)

1)

2)

2)



RECEIVING CUM DISCREPANCY REPORT

IMPREST PURCHASES

FORM P-7

FOR PURCHASES UPTO RS.5,000 ONLY								Date.....											
Indent Number .....  Date.....		Offer from M/s. .....  Rate.....						No.....		Batch									
								No.....											
								Posted		Store									
								Posted		Accounts									
NOMENCLATURE		Taxes.....																	
SPECIFICATION OF ITEM		<p>Certified that the rates have been taken and recorded by the undersigned in person only, from the suppliers who have the stock on date.</p> <p>It is decided to procure the item from M/s.....against cash payment/30 days credit.</p>																	
		Signature of the Officer / representative.																	
		Unit		Qty		Qty		Qty		Accepted		Rate		Total		Allocated		Purchase	
QUANTITY REQUIRED		Description	Supplier	Stock	Advised	Received	Short	Over	Rejected	Supplier	Stock	Unit Rs.	P	Value	Value	Rate			
Estimated Cost																			
Past Purchase Price																			
Indenting Dept.																			
NOTE:Items procured against Urgent Purchase Request(UPR) shall not be credited to the Stores but to																			

Unit

Rs.

P.  
Rs.

P.

The purchase was made on the manufacturer's  
Price list/most economical terms available

Purchase approved

APO/PO

(Imprest Holder)

Ministry of Micro, Small and Medium Enterprises

S.O.581(E).- Whereas, the Central Government Ministries, Departments and Public Sector Undertakings shall procure minimum of 20 per cent of their annual value of goods or services from Micro and Small Enterprises:

And whereas, the Public Procurement Policy shall apply to Micro and Small Enterprises registered with District Industries Centers or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation or Directorate of Handicraft and Handloom or any other body specified by Ministry or Micro, Small and Medium Enterprises:

And whereas, the Public Procurement Policy rests upon core principles of competitiveness, adhering to sound procurement practices and execution of orders for supply of goods or services in accordance with a system which is fair, equitable, transparent, competitive and cost effective; and

And whereas, for facilitating promotion and development of micro and small enterprises, the Central Government or the state Government, as the case may be, by order notify from time to time, preference policies in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries or Departments, as the case may be, or its aided institutions and public sector enterprises.

Now, therefore, in exercise of the powers conferred in section 11 of the Micro, Small and Medium Enterprises Development (MSMED) Act 2006, the Central Government, by Order, notifies the Public Procurement Policy (hereinafter referred to as the Policy) in respect of procurement of goods and services, produced and provided by micro and small enterprises, by its Ministries, Department and Public Sector Undertakings.

2. Short title and commencement:-

(i) This Order is titled as 'Public procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012'.

(ii) It shall come into force with effect from 1<sup>st</sup> April 2012.

3. Mandatory procurement from Micro Small and Enterprises.-

(i) Every Central Ministry or Department or Public Sector Undertaking shall set an annual goal of procurement from Micro and Small Enterprises from the financial year 2012-13 and onwards, with the objective of achieving an overall procurement of minimum of 20 per cent, of total annual purchases of products produced and services rendered by Micro and Small Enterprises in a period of three years.

(ii) Annual goal of procurement also include sub-contracts to Micro and Small Enterprises by large enterprises and consortia of Micro and Small Enterprises formed by National Small Industries Corporation.

(iii) After a period of three years i.e. from 1<sup>st</sup> April 2015, overall procurement goal of minimum of 20 per cent shall be made mandatory.

(iv) The Central Ministries, Department and Public Sector Undertakings which fail to meet the annual goal shall substantiate with reasons to the Review Committee headed by Secretary (Micro, Small and Medium Enterprises), constituted in Ministry of Micro, Small and Medium Enterprises, under this Policy.

4. Special provisions for Micro and Small Enterprises owned by Scheduled Castes or Scheduled Tribes. % Out of 20 per cent target of annual procurement from Micro and Small Enterprises, a sub-target of 20 per cent (i.e. 4 per cent out of 20 per cent) shall be earmarked for procurement from Micro and Small Enterprises owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs. Provided that, in event of failure of such Micro and Small Enterprises to participate in tender process or meet tender requirements and L1 price, 4 per cent sub-target for procurement earmarked for Micro and Small Enterprises owned by Scheduled Caste or Scheduled Tribe entrepreneurs shall be met from other Micro and Small Enterprises.

5. Reporting of targets in Annual Report. % (i) The data on Government procurements from Micro and Small Enterprises, is vital for strengthening the Policy and for this purpose, every Central Ministry or Department or Public sector Undertaking shall report goals set with respect to procurement to be met from Micro and Small Enterprises and achievement made thereto in their respective Annual Reports.

(ii) The annual reporting shall facilitate in better understanding of support being provided by different Ministries or Departments or Public Sector Undertakings to Micro and Small Enterprises.

6. Price quotation in tenders. % (i) tender participating Micro and Small Enterprises quoting price within price band of L1+15 per cent shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation where L1 price is from someone other than a Micro and Small Enterprises and such Micro and Small Enterprises shall be allowed to supply up to 20 percent of total tendered value.

(ii) In case of more than one such Micro and Small Enterprises, the supply shall be shared proportionately (to tendered quantity).

7. Developing Micro and Small Enterprises vendors -The Central Ministries or Departments or Public Sector Undertakings shall take necessary steps to develop appropriate vendors by organizing Vendor Development Programmes or Buyer-seller Meets and entering into Rate Contract with Micro and Small Enterprises for a specified period in respect of periodic requirements.

8. Annual Plan for Procurement from Micro and Small Enterprises on websites. - The Ministries or Departments or Public Sector Undertakings shall also prepare Annual Procurement Plan for purchases and upload the same on their official website so that Micro and Small Enterprises may get advance information about requirement of procurement agencies.

9. Enhancing participations of Micro and Small Enterprises, including those owned by Scheduled Castes or Scheduled Tribes in Government procurements. % For enhancing participation of Schedule Castes or Scheduled Tribes in Government procurement, the Central Government Ministries. Department of Public Sector Undertakings shall take following steps, namely:-

(a) Special Vendor Development Programmes or Buyer-Seller Meets shall be conducted by Departments/Public Sector Undertakings for Scheduled Castes or Scheduled Tribes;

(b) Outreach programmes shall be conducted by National Small Industries Corporation to cover more and more Micro and Small Enterprises from Scheduled Castes or Scheduled Tribes under its schemes of consortia formation; and

(c) National Small Industries Corporation shall open a special window for Scheduled Castes or Scheduled Tribes under its Single Point Registration Scheme (SPRS).

10 Reduction in transaction cost. % To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of earnest money, adopting e-procurement to bring in transparency in tendering process and setting up a Grievance Cell in the Ministry of Micro, Small and Medium Enterprises.

11. Reservation of specific items for procurement. % To enable wider dispersal of enterprises in the country, particularly in rural areas, the Central Government Ministries or Departments or Public Sector Undertakings shall continue to procure 358 items (Appendix) from Micro and Small Enterprises, which have been reserved for exclusive purchase from them. This will help in promotion and growth of Micro and Small Enterprises, including Khadi and village industries, which play a critical role in fostering inclusive growth in the country.

12. Review Committee:- (i) A Review Committee has been constituted under the Chairmanship of Secretary, Ministry of Micro, Small and Medium Enterprises for monitoring and review of Public Procurement Policy for Micro and Small Enterprises vide order No.21(1)/2007-MA dated the 21<sup>st</sup> June 2010 (Annexure).

(ii) This Committee shall, inter alia, review list of 358 items reserved for exclusive purchase from Micro and Small Enterprises on a continuous basis, consider requests of Central Ministries or Departments or Public sector Undertakings for exemption from 20 per cent target on a case to case basis and monitor achievements under the Policy.

13. Setting up of Grievance Cell. % In addition, a 'Grievance Cell' will be set up in Ministry of Micro, Small and Medium Enterprises for redressing grievances of Micro and Small Enterprises in Government procurement. This cell shall take up issues related to Government procurement raised by Micro and Small Enterprises with Departments or agencies concerned, including imposition of unreasonable conditions in tenders floated by Government Departments or agencies that put Micro and Small Enterprises at a disadvantage.

14. Special Provisions for Defence Procurements. % Given their unique nature, defence armament imports shall not be included in computing 20 per cent goal for Ministry of Defence.

In addition, defence equipments like weapon systems, missiles, etc. shall remain out of purview of such Policy of reservation.

15. Monitoring of Goals. % The monitoring of goals set under the Policy shall be done, in so far as they relate to the Defence sector, by Ministry of Defence itself in accordance with suitable procedure to be established by them.

16. Removal of difficulty. % Any difficulties experienced during the course of implementation of the above Policy shall be clarified by Ministry of Micro, Small and Medium Enterprises through suitable Press releases which would be kept on the public domain.

(S.O.581(E) dtd. 23<sup>rd</sup> March 2012)

(List of 358 items is at Reference-7)

## ANNEXURE-18

TIME FRAME FOR PROCUREMENT  
[UNDER SINGLE AND TWO-BID SYSTEMS]  
RECEIPT OF INDENT

Sl. No.	Activity	Under	
		Single Bid	Two Bid
1	Vetting and Registration of Indent	1 week	1 week
2	Vendor Selection and preparation of RFP	1 week	1 week
3	Issuance of RFP	2 weeks	2 weeks
PROCUREMENT ACTION			
4	Time allowed for submission of offers	3 weeks for indigenous / 4 weeks foreign suppliers	3 weeks for indigenous / 4 weeks foreign suppliers
5	Opening of technical bid and technical evaluation by TEC and recommendation	NA	3 weeks
5A	Opening of commercial bids, preparation of CST and vetting etc.	2 weeks	2 weeks
5B	Technical recommendation if required	1 week	-
6	Approval for holding negotiation if required	2 weeks	2 weeks
6A	Preparation of brief for the PNC, issuing notice for the PNC and actual conduct of PNC meeting	4 weeks	4 weeks
6B	Preparation of the minutes of the PNC meeting and obtaining of signatures of the members / chairman of the PNC	1 week	1 week
7	Approval of the purchase proposal - For CEO CFA For Board CFA	2 weeks + 4 weeks +	2 weeks + 4 weeks +
8	Preparation and dispatch of the Purchase Order /	1 week	1 week
	Total : For CEO CFA For Board CFA	13 to 20 weeks 17 to 24 weeks	15 to 23 weeks 19 to 26 weeks

In case the proposal calls for Board approval at Corp. Office then additional 4 weeks are required.

This time frame indicated is only a guideline and could vary from case to case depending on the type of procurement as well as the concerned CFA.

## PROJECT MATERIALS, PURCHASE PROPOSAL FORMAT

### Purchase Format - A

NAeL, Naini		PROPOSAL FOR APPROVAL FOR PROCUREMENT OF PROJECT MATERIALS	PROJECT:
REF. NO:			DATE:
1	Proposal	<ul style="list-style-type: none"> <li>- Proposal for Placement of Order on.....for supply of ..... for a total value (Foreign Currency - on FOB/Ex-works etc.)..... (i.e. Rs..... on CIF basis @ exchange rate of....., Freight &amp; Insurance @....., at EC ..... Level)</li> <li>OR</li> <li>- Proposal is for holding negotiation for .....</li> <li>OR</li> <li>- Proposal is for issue of Order amendment for .....</li> </ul>	
2	Back ground	<ul style="list-style-type: none"> <li>- Explain how the need for procurement has arisen in case of requirements for other than approved projects /</li> </ul>	
3	Provisioning	<ul style="list-style-type: none"> <li>- Confirm that the quantities proposed are based on norms of consumption/ provisioning relating to the approved programme / task and that quantity in stock / WIP / pipeline have been taken into account.</li> <li>- Indicate year-wise Programme /Task considered : Year Task</li> <li>- Indicate feasibility of indigenisation</li> <li>- Confirm if Long Term Agreement (LTA) has been considered</li> <li>- If TOT/Co-Production is considered for the items, please provide details</li> <li>- If items proposed to be ordered are within the production range of the Company, reasons for procurement rather than production need to be justified.</li> </ul>	
4	Tendering	<p>§ Specify:</p> <ul style="list-style-type: none"> <li>- Procedure followed for Sourcing / Vendor selection</li> <li>- Mode of Tendering: Open /limited/single/proprietary - in case of proprietary items, enclose Proprietary Certificate. Certificate to be signed by Head of Company for proposals sent to Complex/Corp. Office.</li> <li>- Authority approving Mode of Tendering</li> <li>- Analysis of responses: No. of firms contacted/offers received, time given for receiving offers etc.</li> <li>- Whether two bid system followed (wherever required)</li> <li>- Confirm that Commercial Bids of only technically acceptable offers have been opened after completion of technical evaluation in case of 2 bid system.</li> </ul> <p>§ Confirm that laid down tendering procedures have been followed</p>	



5	Technical Evaluation	<ul style="list-style-type: none"> <li>- Indicate summary of Technical Evaluation Committee Recommendation.</li> <li>- Provide Technical Evaluation Statement of offers w.r.t. specifications as per RFQ and recommendations / comments, duly vetted by technical committee, wherever applicable in support of the recommendation as per details at Encl-1.</li> </ul>
6	Commercial Evaluation	<ul style="list-style-type: none"> <li>- Indicate summary of Commercial Evaluation of Bids.</li> <li>- Provide Comparative Statement of Prices duly checked and verified by Company, as per the format at Encl-2.</li> <li>- Provide Commercial Evaluation of complete Terms and Conditions of the Bids vis-a vis the RFQ, duly checked and verified by Company, as per the format at Encl-3.</li> <li>- Level prices correctly &amp; confirm.</li> <li>- Indicate whether the prices are firm &amp; fixed or subject to escalation. If so indicate details.</li> <li>- Consider life cycle cost / operating cost also wherever necessary</li> </ul>

7	Price Reasonability	Price Justification	Recommendation
		<ul style="list-style-type: none"> <li>- In case of single / proprietary tender, comparison of prices to be made with past procurement prices or on the basis of technical estimates. Details to be placed at Encl-4</li> </ul>	<ul style="list-style-type: none"> <li>- Indicate acceptability of leveled prices or negotiation</li> </ul>
8	Negotiation <u>If required</u>	<ul style="list-style-type: none"> <li>- Provide points / agenda for negotiation w.r.t. comments in the technical/commercial evaluation statements at Encl-5.</li> <li>- Provide justification if negotiations are proposed with other than Technically acceptable lowest Bid.</li> <li>- Constitution of PNC as per DOP</li> </ul>	
9	PNC Recommendation	<ul style="list-style-type: none"> <li>- Provide summary of recommendations of PNC</li> <li>- Enclose the Report of the PNC duly signed by all members and approved by the chairman of PNC, clearly bringing out the improvements due to negotiations and recommendations as per the format at Encl-6</li> </ul>	
10	Delivery / Lead Time	<ul style="list-style-type: none"> <li>- Indicate the delivery lead-time and confirm whether it meets programme requirements.</li> <li>- Confirm staggered delivery in case of procurement exceeding 12 months requirement.</li> <li>- If LD Clause is not provided, indicate reasons for same.</li> </ul>	
11	Payment Terms	<ul style="list-style-type: none"> <li>- Indicate payment terms.</li> <li>- In case of advance payments, confirm that Bank Guarantee covering the payment will be obtained.</li> </ul>	

12	Price Recoverability	<ul style="list-style-type: none"> <li>- Confirm that the proposed price is within the price projected in the quote to the customer and is recoverable from the customer</li> <li>- In case of new projects / D&amp;D / Indigenisation programmes confirm that the proposal is covered within the approval of the Govt. / Board / CEO (as the case may be) in respect of material estimates included in the approved Project Report/ sanction (as applicable) for the relevant phase of production.</li> </ul>			
13	Performance Budget Reference	Year	To be Indicated		
		Head/category	To be Indicated		
		Budget Amt. Approved	To be Indicated		
		Committed so far	To be Indicated		
		Commitment now proposed	To be Indicated		
		Balance after this	To be Indicated		
14	Validity of Offer	<ul style="list-style-type: none"> <li>- Indicate validity of offer.</li> <li>- Send proposal to reach Corp. Office at least 3 weeks before expiry of the validity of offer.</li> </ul>			
15	Reference to DOP	- Indicate DOP reference correctly.			
16	Recommendation	- Indicate clear recommendations for which approval of CFA is requested.			
		- In case of LTA / TOT / Co-Production, enclose copy of Draft Purchase Order / Agreement at Encl-7			
		- If approval is sought for other than technically acceptable L1 offer, indicate reasons for same.			
NAEL, Naini	Routing	Dealing Officer	Head of Commercial	Head of Finance	CEO
	Signature Name/Designation Date:				
CORPORATE OFFICE	Routing	Sanctioned			
	Signature Name/Designation Date:				
		Chairman			
Date					
<b>Note :</b> For addl information/comments, if any, please attach separate sheets					

**Purchase Format - B**

## NON-PROJECT MATERIALS, PURCHASE PROPOSAL FORMAT

<b><u>DIVISION/ COMPLEX</u></b>	<b>PROPOSAL FOR APPROVAL FOR PROCUREMENT OF</b>	<b><u>CATEGORY:</u></b> Indicate material category viz. Maintenance items, Welfare
<b>REF. NO.:</b>		<b>DATE:</b>
1	<b>Proposal</b>	<ul style="list-style-type: none"> <li>- Proposal for Placement of Order on..... for supply of ..... for a total value of (Foreign Currency - on FOB/Ex-Works etc.)..... (Rs..... on CIF basis @ exchange rate of....., Freight &amp; Insurance @ ....., at EC .... level)</li> <li>OR</li> <li>- Proposal is for holding negotiation for .....</li> <li>OR</li> <li>- Proposal is for issue of Order amendment for .....</li> </ul>
2	<b>Back ground</b>	(if required).
3	<b>Provisioning</b>	<ul style="list-style-type: none"> <li>- Confirm that the quantities proposed are based on norms of consumption/ provisioning relating to the approved programme / task and quantities in stock/WIP &amp; pipeline have been considered.</li> <li>- Indicate feasibility of indigenisation / import substitution</li> <li>- Confirm if Long Term Agreement (LTA) has been considered.</li> </ul>
4	<b>Tendering</b>	<ul style="list-style-type: none"> <li>Specify :</li> <li>- Procedure followed for Sourcing / Vendor selection</li> <li>- Mode of Tendering: Open /limited/single/proprietary - in case of proprietary items, enclose Proprietary Certificate. Certificate to be signed by GM for proposals sent to Complex/Corp.Office.</li> <li>- Authority approving Mode of Tendering</li> <li>- Analysis of responses: No. of firms contacted/offers received, time given for receiving offers etc.</li> <li>- Whether two bid system followed (wherever required)</li> <li>- Confirm that Commercial bids of only technically acceptable offers have been opened after completion of technical evaluation in case of 2 bid system.</li> </ul>
5	<b>Technical Evaluation</b>	<ul style="list-style-type: none"> <li>- Indicate summary of Technical Evaluation Committee Recommendation.</li> <li>- Provide Technical Evaluation Statement of offers w.r.t specifications as per RFQ and recommendations / comments, duly vetted by Technical Committee, wherever applicable, in support of the recommendation as per details at Encl-1.</li> </ul>

6	<b>Commercial Evaluation</b>	<ul style="list-style-type: none"> <li>- Indicate summary of Commercial Evaluation of Bids.</li> <li>- Provide Comparative statement of Prices duly checked and verified by Company, as per the format at <b>Encl-2</b>.</li> <li>- Provide Commercial Evaluation of complete Terms and Conditions of the Bids vis-à-vis the RFQ, duly checked and verified by Company, as per the format at <b>Encl-3</b>.</li> <li>- Level prices correctly and confirm.</li> <li>- Indicate whether the prices are firm &amp; fixed or</li> </ul>	
7	<b>Price Reasonability</b>	<u>Price Justification</u> <ul style="list-style-type: none"> <li>- In case of single / proprietary tender, comparison of prices to be made with past procurement prices or on the basis of technical estimates. Details to be placed at <b>Encl-4</b></li> </ul>	<u>Recommendation</u> <ul style="list-style-type: none"> <li>- Indicate acceptability of levelled prices or negotiation</li> </ul>
8	<b>Negotiation</b> (If required)	<ul style="list-style-type: none"> <li>- Provide points / agenda for negotiation w.r.t. comments in the technical./commercial evaluation statements at <b>Encl-5</b>.</li> <li>- Provide justification if negotiations are proposed with other than Technically acceptable lowest Bid.</li> <li>- Constitution of PNC as per DOP.</li> </ul>	
9	<b>PNC Recommendation</b>	<ul style="list-style-type: none"> <li>- Provide summary of recommendations of PNC</li> <li>- Enclose the Report of the PNC duly signed by all members and approved by the Chairman of PNC, clearly bringing out the improvements due to negotiations and recommendations as per the format at <b>Encl-6</b></li> </ul>	
10	<b>Delivery / Lead Time</b>	<ul style="list-style-type: none"> <li>- Indicate the delivery lead-time and confirm whether it meets programme requirements.</li> <li>- Confirm staggered delivery in case of procurement exceeding 12 months requirement.</li> </ul>	
11	<b>Payment Terms</b>	<ul style="list-style-type: none"> <li>- Indicate payment terms.</li> <li>- In case of advance payments, confirm that Bank Guarantee covering the payment will be obtained.</li> </ul>	

## Purchase Format - B

12	<b>Performance Budget Reference</b>	<b>Year</b>		<i>To be Indicated</i>	
		<b>Head/category</b>		<i>To be Indicated</i>	
		<b>Budget Amt. Approved</b>		<i>To be Indicated</i>	
		<b>Committed so far</b>		<i>To be Indicated</i>	
		<b>Commitment now proposed</b>		<i>To be Indicated</i>	
		<b>Balance after this</b>		<i>To be Indicated</i>	
13	<b>Validity of Offer</b>	<ul style="list-style-type: none"> <li>- Indicate validity of offer.</li> <li>- Send proposal to reach Corp.Office atleast 3 weeks before expiry of the validity of offer.</li> </ul>			
14	<b>Reference to DOP</b>	<ul style="list-style-type: none"> <li>- Indicate DOP reference correctly.</li> </ul>			
15	<b>Recommendation</b>	<ul style="list-style-type: none"> <li>- Indicate clear recommendations for which approval of CFA is requested.</li> <li>- In case of LTA / TOT / Co-Production, enclose copy of Draft Purchase Order / Agreement at Encl-7</li> </ul>			
<b>NAeL, Naini</b>	<b>Routing</b>	Dealing Officer	Head of Commercial	Head of Finance	CEO
	Signature Name/Designation Date :				
<b>CORPORATE OFFICE</b>	<b>Routing</b>	Sanctioned			
	Signature Name/Designation Date:				
		Chairman			
<b>Date</b>					
<b>Note :</b> For addl information/comments, if any, please attach separate sheets					

**Purchase Format - C**CAPITAL ITEMS, PURCHASE PROPOSAL FORMAT

<b>NAeL,</b> <b>Naini</b>	<b>PROPOSAL FOR APPROVAL FOR PROCUREMENT OF CAPITAL ITEMS</b>	<b>PROJECT</b> Indicate the Project for items other than those under, Improvements/ replacements, welfare,
<b>REF. NO:</b>		<b>DATE:</b>
<b>1</b>	<b>Proposal</b>	- Proposal for Placement of Order on ..... for supply of / Re-Conditioning of..... for a total value of (Foreign Currency - on FOB/Ex-Works etc)... .. (Rs.....on CIF basis @ exchange rate of....., Freight & Insurance @ ....., at EC ..... level) OR - Proposal is for holding negotiation for ..... OR - Proposal is for issue of Order amendment for .....  - Indicate the price break-up viz. cost of basic eqpt., Accessories, Maintenance Spares, Installation & Commissioning
<b>2</b>	<b>Back ground/ necessity for requirement</b>	- Furnish how the need for procurement has arisen and also confirm that the procurement of the item is re-assessed with reference to its expected utilization vis-à-vis programme/task on hand. - For items under Replacement, confirm PRC's recommendation and also disposal off old equipment after commissioning of new equipment. - Confirm that location, civil/mechanical/electrical facilities
<b>3</b>	<b>Finalisation of Specifications for the item</b>	- Confirm that the Technical Committee has approved the specifications of the equipment for procurement.
<b>4</b>	<b>Tendering</b>	Specify : - Procedure followed for Sourcing / Vendor selection - Mode of Tendering: Open /limited/single/proprietary - in case of proprietary items, enclose proprietary certificate. Certificate to be signed by CEO for proposals sent to Board. - Authority approving Mode of Tendering - Analysis of responses: No. of firms contacted/offers received, time given for receiving offers etc - Whether two bid system followed- That Commercial bids of only technically acceptable offers have been opened after completion of technical evaluation in case of 2 bid system. - Confirm that laid down tendering procedures have been

5	<b>Technical Evaluation</b>	<ul style="list-style-type: none"> <li>- Indicate summary of Technical Evaluation Committee's Recommendation.</li> <li>- Provide Technical evaluation statement of offers w.r.t specifications as per RFQ and recommendations / comments, duly vetted by Technical Evaluation Committee wherever applicable, as per format at <b>Encl-1</b>.</li> </ul>	
6	<b>Commercial Evaluation</b>	<ul style="list-style-type: none"> <li>- Indicate summary of Commercial Evaluation of Bids</li> <li>- Provide Comparative statement of Prices duly checked and verified by Division, as per the format at <b>Encl-2</b>.</li> <li>- Provide Commercial Evaluation of complete terms and conditions of the Bids vis-à-vis the RFQ, duly checked and verified by Division, as per the format at <b>Encl-3</b>.</li> <li>- Level the Prices correctly and confirm.</li> <li>- Consider Life cycle cost/operating cost wherever necessary.</li> </ul>	
7	<b>Price Reasonability</b>	<b><u>Price Justification</u></b> <ul style="list-style-type: none"> <li>- In case of single tender, indicate justification for the prices. Details to be placed at</li> </ul>	<b><u>Recommendation</u></b> <ul style="list-style-type: none"> <li>- Indicate acceptability of levelled prices or negotiation</li> </ul>
8	<b>Negotiation (If required)</b>	<ul style="list-style-type: none"> <li>- Provide points / agenda for negotiation w.r.t. comments in the technical / commercial evaluation statements at Encl-5.</li> <li>- Propose constitution of PNC as per DOP</li> </ul>	
9	<b>PNC Recommendation</b>	<ul style="list-style-type: none"> <li>- Indicate summary of recommendations of PNC</li> <li>- Report of the PNC duly signed by all members and approved by the chairman of PNC, clearly bringing out the improvements due to negotiations and recommendations to be placed as per</li> </ul>	
10	<b>Delivery / Lead Time</b>	<ul style="list-style-type: none"> <li>- Indicate the delivery lead-time and confirm whether it meets programme requirements.</li> <li>- Whether LD Clause is provided, if not reasons thereof.</li> </ul>	
11	<b>Payment Terms</b>	<ul style="list-style-type: none"> <li>- Indicate payment terms.</li> <li>- In case of advance payments, confirm that Bank Guarantee covering the payment will be obtained.</li> <li>- Confirm that Performance Bank Guarantee will be obtained before final payment.</li> </ul>	
12	<b>Recoverability for Customer Funded items</b>	<ul style="list-style-type: none"> <li>- Confirm that receipt of funds from Customers will be as per the expected cash flow indicated at Sl.No:13 below</li> </ul>	

## Purchase Format - C

13	<b>Capital Budget Reference</b>	Year	RE	BE	FC	
		Indicate the following w.r.t approved Capital Budget :				
		Budget Head/ Category	New/Existing Projects/ Improvements/ Replacement/ Welfare/ Computers/ D & D/ Indegenisation/ Customer Financed items			
		Item Sl.No:				
		Commitment Approved				
		Commitment proposed				
		Expenditure Approved				
		Expenditure proposed				
14	Re-appropriations of Capital	- Indicate re-appropriation if any.				
15	Validity of Offer	- Indicate validity. - Send Proposal to reach Corp.Office at least 3 weeks before expiry of the validity of offer.				
16	Reference to DOP	- Indicate DOP reference correctly				
17	Recommendation	- Indicate clear recommendations for which approval of CFA is requested - Enclose copy of Draft Purchase Order with complete terms & conditions <b>Encl-7</b> . - If approval is sought for other than technically acceptable L1 offer indicate reasons for same				
<b>NAeL, Nainital</b>	<b>Routing</b>	Dealing	Head of	Head of	CE	
	Signature Name/Designation on Date:					
<b>CORPORATE OFFICE</b>	<b>Routing</b>	Sanctioned				
	Signature Name/Designation on Date:					
		Chairman				
Date						

**Note** : For addl information/comments, if any, please attach separate sheets



(Annexure 21A to 21F are Common to Annexure 19, 20 and 21)

Format for TECHNICAL EVALUATION STATEMENT & RECOMMENDATION

ANNEXURE-21A

Enclosure -1

**TECHNICAL EVALUATION STATEMENT & RECOMMENDATION**

SL.	AS PER RFQ	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	REMARKS
	<b>A) <u>SPECIFICATION</u></b>  -  -  -					
	<b><u>B) TECHNICAL RECOMMENDATION:</u></b>  I) <b><u>REJECTED OFFER</u></b> <u>RS</u> : VENDOR  REASONS  II) <b><u>ACCEPTED OFFER</u></b> <u>S</u> : VENDOR  Confirmation whether the Vendor meets all RFQ spec					
<b>Signatures of Members of Technical Evaluation Committee</b>		Signature				
		Designation				

## Enclosure- 2

## COMPARATIVE STATEMENT OF PRICES

(price comparison of Technically acceptable offers)

SL.	DETAILS	QUANTITY	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	REMARKS
1	<b>PRICING :</b>  <b>Quoted Price</b> : (in Foreign Currency) Less discount if any.  <b>Exchange Rate:</b> Rs.  <b>Loadings for Price Levelling :</b> - For price variation (Escalation) - Packing - Forwarding - Freight & Insurance - Financing charge for payment  <b>Evaluated Price :</b>  <b>Vendor's relative price position</b> L1, L2, L3 etc.						
2	<b>TERMS &amp; CONDITIONS :</b> - Pricing Terms (FOB/Ex-Works etc) - Firm / variable - escalation formula - Payment Terms (Bank Guarantee if required) - Delivery						
<b>Signature :</b> <b>Designation :</b> <div style="display: flex; justify-content: space-around; width: 100%;"> <span>Commercial</span> <span>Finance</span> </div>							

COMMERCIAL EVALUATION

STATEMENT (RFQ Clauses)

SL.	CLAUSES AS PER RFQ	VENDOR-1	VENDOR-2	VENDOR-3	VENDOR-4	REMARKS
	<div>CLAUSES :</div> <div><div>-</div><div>-</div><div>-</div><div>-</div><div>-</div><div>-</div><div>-</div><div>-</div><div>-</div></div>					
<div>Signature :</div> <div>Designation :</div> <div>Prepared by :Checked by:</div>						

SL.NO.	DESCRIPTION OF ITEMS WITH PART NO.	QTY	LAST PURCHASE			CURRENT PURCHASE			% INCREASE	NO. OF YEARS BETWEEN LAST PURCHASE & CURRENT PURCHASE	% INCREASE PER YEAR
			P.O. & DATE	LAST PRICE*	YEAR OF DELIVERY	PRICE BEFORE NEGOTIATION *	PRICE AFTER NEGOTIATIO N*	YEAR OF DELIVERY			
	TOTAL										
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p>Signature _____</p> <p>Name/Designation _____</p> <p>Date : _____</p> </div> <div style="width: 38%; text-align: right;"> <p>Commercial _____</p> <p>Finance _____</p> </div> </div>											

NOTE: 1. (\*) INDICATE THE TOTAL VALUE FOR THE PRESENT QUANTITY.  
2. INCASE PREVIOUS ORDER IS NOT AVAILABLE & ITEM IS BEING PROCURED FOR THE FIRST TIME, COMPARISON TO BE MADE WITH THE ESTIMATES.  
3. FOR CAPITAL ITEMS, JUSTIFICATION TO BE GIVEN BASED ON BUDGETARY ESTIMATES/MARKET INFORMATION/ COST OF SIMILAR EQUIPMENT PROCURED AT NaEl . (IF REQUIRED BY CONTACTING HAL DIVISIONS)  
4. TO BE SIGNED BY HEAD OF COMMERCIAL / FINANCE WHERE CFA OF THE PROPOSAL IS Chairman/BOARD.

**AGENDA FOR  
NEGOTIATION**

SL.	TERMS & CONDITIONS AS PER RFQ	TERMS & CONDITIONS AS PER VENDOR'S	COMMENTS OF NAeL
Signature Name/Designation Date :			

**PNC RECOMMENDATION**

SL. NO.	NAeL, Naini	PROJECT / NON-PROJECT: TYPE OF ITEM		
1	Item Description			
2	Approval reference of PNC and Members			
3	Background of Proposal / Analysis of quoted			
4	Progresses of Negotiation (various rounds)			
5	Final Offer after Negotiation			
6	Observations on final offer/ reasons for acceptance of Proposal			
7	Savings/achievements of Negotiations			
8	Recommendation of PNC (clear and pointed)			
Signature Designation				
PNC	MEMBER	MEMBER	MEMBER	CHAIRMAN

## INFORMATION CHECK LIST FOR PURCHASE

## PROPOSALS CAPITAL ITEMS

	Proposal Ref: For Purchase / PO Amendment	Validity	
	Vendor.....		
	Item/s.....		
	Value (FE).....FOB/ Ex-works Duties & Taxes: Rs. Lakhs ..... Value Rs. Lakhs.....@CIF.....% &Ex. Rate.....(Prevailing on the date of bid opening stipulated in the RFQ)		
	Mark Yes or No, if following is given in the Proposal	<input type="checkbox"/> Yes x No	
1a	Confirmation of need for procurement		
1b	Confirmation of PRC's recommendations for replacement proposals		
2	Confirmation of availability of site and facilities for installation on receipt		
3.	Approval of Specifications by the Technical Committee.		
4a.	Procedure followed for Sourcing / Vendor selection given		
4b	Mode of Tendering: Open / limited/ single		
4c	Specific reasons in case of procurement from a single source without calling for tenders recorded.		
4d	In cases of procurement from Customer nominated sources, availability of specific request from Customer suggesting single source		
4e	In case of more than Rs.100 lakhs & limited tender, approval of CFA is taken or not		
4f	Whether Analysis of responses, given or not (No. of firms contacted, offers received, Time given for receiving offers etc.)		
4g	Confirm that Commercial bids of only technically acceptable offers have been opened after completion of technical evaluation in case 2 bid system has been followed.		
4h	Confirmation that laid down tendering procedures / CVC guidelines have been followed is provided.		
5a	Whether summary of Technical Evaluation Committee Recommendation provided		
5b	Availability of Technical evaluation statement in support of recommendation as per format enclosed to DOP duly approved by Head of Company		

6	Availability of Comparative statement of Prices duly checked and verified by <del>Company, as per format enclosed to DOP</del>		
7	Availability of Commercial Evaluation of complete terms and conditions of the Bids vis-a vis the RFQ, duly checked and verified by Company, as per format enclosed to DOP		
8a	In case of single offer, comparison of prices with technical estimates		
8b	Has clear recommendation been made for placement of order.		
9	PNC recommendation duly signed by all members and approved by the chairman of PNC as per format enclosed to DOP		
10	Are the reasons recorded if LD Clause is not provided?		
11a	Are payment terms indicated?		
11b	In case of advance payments, is the clause for Bank Guarantee covering the payment been included?		
11c	Clause on Performance Bank Guarantee before final payment included.		
11d	Where payment is through LC whether the terms for LC opening, validity and whether Vendor will bear the cost of LC charges both in India and elsewhere and its subsequent amendments if any etc. are clearly spelt out.		
11e	Whether terms include installation and commissioning by the Vendor		
11f	Whether time frame has been indicated for installation and commissioning and penalty for delays attributable to the Vendor		
11g	Commitment from the Vendor for training of NAeL employees at NAeL. Details should also include areas covered and their duration		
11h	In case of multiple deliveries / Services, pattern of payments specified.		
11i	Whether the scope of supply includes supply of spares to be ordered along with main equipment		
11j	Whether the scope of supply includes supply of tooling and accessories		
11k	Whether terms of includes NAeL participation in pre-dispatch inspection / machine proving. (Details should also indicate number of employees and duration of the stay)		
11l	Are there any other special terms/conditions specified by the vendor.		
12	Whether status of availability of funds sanctioned by the customer for customer funded procurement recorded.		
13	Whether the relevant Capital Budget information has been duly filled-in for both commitment and expenditure.		
14	Whether re-appropriation of Capital Budget is required. If so, has it been recorded?		
15	Is there a minimum of 3 weeks before expiry of the validity of offer on the date of forwarding the proposal to CO		



16a	Is the DOP reference correctly indicated?		
16b	Does this (DOP) corresponds to the mode of tendering followed		
16c	Availability of brief agenda, if the proposal is to be cleared by Board		
17	Is the recommendation for which approval of CFA is requested, clear and pointed?		

Confirmation is required whether following documents are enclosed with the proposal

18	Copy of RFQ / Tender and finally agreed L1 offer		
19	Technical evaluation statement where applicable, duly approved by Head of Company		
20	If PNC is held, PNC recommendation duly approved by Chairman of PNC		
21	Comparative statement of RFQ terms and conditions vis-à-vis proposed terms and conditions		
22	Comparative statement of prices		
23	Price reasonability analysis worksheets		
24	Draft PO with proposed terms and conditions		
25	In cases of procurement from Customer nominated sources, Specific request from Customer suggesting single source		

Head of Finance

Head of Commercial

## INFORMATION CHECK LIST FOR PURCHASE

## PROPOSALS PROJECT /NON-PROJECT

NAeL, Naini

	Proposal Ref: .....	Validity	
	Vendor.....		
	Items.....		
	Value (FE).....FOB/ Ex-works		
	Value Rs. Lakhs.....@CIF.....% &Ex. Rate.....(Prevailing on the date of tender opening i.e. Bid opening date for single bid tender and technical bid opening date in case of two bid)		
	Mark Yes or No, if following is given in the Proposal	<input type="checkbox"/> Yes x No	
1.	Need for procurement, in case of requirements for other than approved projects/ program, explained.		
2a	Confirmation that the quantities proposed are based on norms of consumption/ provisioning relating to the approved programme / task and that quantity in stock /		
2b	Considered year-wise Programme /Task(Project)		
2c	Availability of firm order from customer for sales requirements		
2d	Feasibility of indigenisation		
2e	Confirmation if Long Term Agreement (LTA) has been considered		
2f	Details, If TOT/ Co-Production is considered for the items (Project)		
2g	Reasons for procurement rather than production, If items are within the production range of the Company (Project) of NAeL.		
3	Availability of a brief for reporting to the Board if the procurement covers more than 24 month's requirements.		
4a.	Procedure followed for Sourcing / Vendor selection given		
4b	Mode of Tendering: Open /limited/single/proprietary		
4c	Specific reasons in case of procurement from a single source without calling for tenders recorded.		
4d	In case of more than Rs.5 Crs. & limited tender, approval of CFA is taken or not		
4e	Proprietary Certificate enclosed, in case of proprietary tendering		

4f	Is prescribed format signed by Head of Company for proprietary tendering		
4g	In cases of procurement from Customer nominated sources, availability of specific request from Customer suggesting single source		
4h	Whether Analysis of responses, given or not (No. of firms contacted, offers received, Time given for receiving offers etc.)		
4i	Confirmation that Commercial bids of only technically acceptable offers have been opened after completion of technical evaluation in case 2 bid system has been followed..		
4J	Confirmation that laid down tendering procedures/CVC guidelines have been followed is provided.		
4i	Whether reasons for procurement of project material from other than OEM / Licensor / Proprietary source, stated		
5a	Whether summary of Technical Evaluation Committee Recommendation provided		
5b	Availability of Technical evaluation statement in support of recommendation as per format enclosed to DOP duly approved by Head of Company		
6a	Availability of Comparative statement of Prices duly checked and verified by <del>Company, as per format enclosed to DOP</del>		
6b	Availability of Commercial Evaluation of complete terms and conditions of the Bids vis-a vis the RFQ, duly checked and verified by Company, as per format enclosed to DOP.		
7	Has escalation/formula been included in proposal, if prices are not firm & fixed		
8	In case of single / proprietary tender, comparison of prices with past procurement prices of at least two immediate preceding procurements / technical estimates Indicated as per format enclosed to DOP.		
9	PNC recommendation duly signed by all members and approved by the chairman of PNC as per format enclosed to DOP where PNC was held.		
10a	Are payment terms indicated?		
10b	In case of advance payments, is the clause for Bank Guarantee covering the payment been included?		
10c	Where payment is through LC whether the terms for LC opening, validity and whether Vendor will bear the cost of LC charges both in India and elsewhere and its subsequent amendments if any etc. are clearly spelt out.		
11a	Has staggered delivery been indicated in case of procurement exceeds 12 months requirement.		
11b	Whether the delivery schedule is commensurate with the task requirement.		
11c	Are the reasons recorded if LD Clause is not provided?		
11d	Whether stipulated Warranty / Shelf life is available covering the last delivery by NAEI to its Customers.		
11e	Details of documents such as release notes, manuals etc to be supplied along with material		

11f	Are there any other special terms/conditions specified by the vendor.		
12a	Recoverability of price in full from the customer w.r.t agreed price/FPQ /RMSO		
12b	In other cases, are the prices confirmed to be within the material estimates included in the approved Project Report/sanction.		
12c	Whether status of availability of funds sanctioned by the customer for customer funded procurement recorded.		
13	Whether the relevant Performance Budget information has been duly filled-in w.r.t purchase commitments		
14	Is there a minimum of 3 weeks before expiry of the validity of offer on the date of forwarding the proposal to CO		
15a	Is the DOP reference correctly indicated		
15b	Does this (DOP) corresponds to the mode of tendering followed		
15c	Availability of brief agenda if the proposal is to be cleared by Board		
16	Is the recommendation for which approval of CFA is requested, clear and pointed		

Confirmation is required whether following documents are enclosed with the proposal

17	Approved MPR		
18	Copy of RFQ / Tender and finally agreed L1 offer		
19	Proprietary certificate in case of proprietary tendering		
20	Technical evaluation statement where applicable, duly approved by Head of		
21	If PNC is held, PNC recommendation duly approved by Chairman of PNC		
22	Comparative statement of RFQ terms and conditions vis-à-vis proposed terms and conditions		
23	Comparative statement of prices		
24	Price reasonability analysis worksheets		
25	Draft PO with proposed terms and conditions		
26	In cases of procurement from Customer nominated sources, Specific request from Customer suggesting single source		

Head of Finance

Head of Commercial

## BRIEF SUMMARY OF THE PROPOSAL FOR PPROVAL

BY BOARD OF DIRECTORS

NAeL, Naini

PROJECT :

1	Introduction		
2	Provisioning & year of requirement		
3	Vendor / Value	Name of vendor & country	Value of the proposal
			Value in FE:  Incoterm :  CIF Value :  Ex. Rate :  EC :
4	Tendering (Open / Limited / Proprietary/ Customer nominated / Licensor/ Single)		
5	Negotiation if done	(Rs. in Crs.)  Price before negotiation: Price after negotiation : Savings achieved : (_____ %age)	
6	Price reasonability	Previous procurement price / : NAeL estimate price Proposed procurement price : %age of increase : Justification for price increase :	
7	Price recoverability	Justification for under recovery, if any.	
8	Payment terms		
9	Delivery / Lead time		
10	Integrity Pact (Fully Compliant)		
11	Other major terms & conditions including escalation (if any).		
12	Remarks, if any		

Chronology of Progression of Purchase Proposal

	Company :			
	Proposal:			
Sl. No.	Activity	Date	No. of days taken	Remarks
1	MPR Initiated		-	
2	MPR approved			
3	RFQ issued			
4	RFQ due date			
5	Technical Bid opened			
6	TEC Recommendation			
7	Price bid opened			
8	PNC proposal initiation			
9	PNC held			
10	PNC recommendation initiation			
11	PNC recommendation approved			
12	Purchase proposal initiated			
13	Purchase proposal signed by Head of			
14	Purchase proposal pre-audited by Company SYA			
15	Purchase proposal concurred by Company Finance			
16	Purchase proposal cleared by cleared by CEO/ED			
17	Purchase proposal sent to Complex Office			
18	Purchase proposal received at Complex office			
19	Purchase proposal cleared by Complex Finance			
20	Purchase proposal cleared by MD/FD			
21	Purchase proposal sent to CO			
22	Purchase proposal received at CO			
23	Query sent from Proposal Cell			
24	Query received from Complex Office			
25	Purchase proposal initiated by Proposal Cell			
26	Purchase proposal cleared by Head of Commercial			
27	Purchase proposal cleared by Head of Planning			
28	Purchase proposal pre-audited by CFO (SYA)			
29	Purchase proposal concurred by CFO			
30	Purchase proposal cleared by D(CP&M)			
31	Purchase proposal cleared by DF			
32	Purchase proposal cleared by CH			
33	Purchase proposal sanction date			

NAINI AEROSPACE LIMITED  
COMMERCIAL DEPARTMENT

## GENERAL TERMS &amp; CONDITIONS OF CONTRACT

QUALITY & WORKMANSHIP

1. Generally the stores shall be of the best quality and workmanship. Contractor shall comply with the contract in all respects be to the satisfaction of NAeL. Where tenders are called for in accordance with 'particulars', the contractor's tenders to supply in accordance with such 'particulars' shall be deemed to be an admission on his part that he has fully acquainted himself with the details thereof and no claim on his part which may arise on account of non-examination or insufficient examination of the 'particulars' will in any circumstances be considered. The contractor shall supply the stores in accordance with the 'particulars' unless any deviation is authorised as an exception expressly specified in the Purchase Order.

The Stores/ Goods supplied shall conform to the standards, if mentioned in the Technical Specifications, or, where no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the concerned institution.

SHELF LIFE

2. Where stores offered have a limited shelf life, kindly indicate the life and confirm that such stores shall have a minimum of \_\_\_\_\_% (to be specified by the Company) of shelf life at the time of despatch. In respect of rubber items such as Seals etc. having cure date, the item should not have been manufactured earlier than 6 months of despatch

WARRANTY

3. For a period of twelve calendar months, after the goods have been taken over by NAeL, the contractor shall be responsible for any defects that may develop due to faulty materials, design or workmanship and shall remedy such defects at his own cost when called upon to do so by NAeL who shall state in writing in what respect the portion is faulty. If it becomes necessary for the contractor to replace or renew any defective portion of the goods the contractor shall make such replacement or renewal without any extra cost to NAeL.

During warranty minimum uptime of 95% shall be ensured failing which warranty period shall deem to be proportionately extended. During warranty period equipment shall be replaced/ repaired free of cost including any to & fro freight/insurance involved. Supplier shall attend to warranty calls within 48 hours notice.

SUPPLY OF SAMPLES

6. Samples submitted for any reasons shall be supplied without charge and freight paid and without any obligation on the Purchaser as regards safe custody. All samples submitted must be clearly labeled with the contractor's name and address and tender number. If the contractor submits the samples with his tender the same shall not govern the standard of supply except when it has been specifically stated in the Purchase Order that it is accepted instead of any sealed pattern. Should certified samples be lent to a contractor by NAeL

the contractor is responsible for the return in perfect order of all certified samples with the labels intact.

#### PACKING

5. The contractor will be held responsible for the stores being sufficiently and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or injury on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the Contractor. Each package shall contain a Packing Note quoting Purchase Order number and date showing its contents in detail. Each shall be properly marked with Purchase Order No., Consignee's name & address, package-handling instructions etc. The package shall have adequate provision for handling during transit.

#### RECEIPT & DESPATCH

6. The Contractor is responsible for obtaining a clear receipt from the Transport Authorities specifying the goods dispatched. He will not book any consignment on a 'said to contain' basis. If he does so, he does it on his own responsibility. NAeL will take no responsibility for short deliveries or wrong supply of goods when the same are booked on 'said to contain' basis. NAeL shall pay for only such stores as are actually received by them in accordance with the contract.

#### FIRM PRICES

7. The contract prices will be firm as fixed as per contract terms till execution of contract and exclude subsequent claims or price increases of any kind.

#### SALES TAX & EXCISE DUTY

8. Sales Tax, Local or Central Excise Duties, wherever leviable and intended to be claimed from NAeL should be distinctly shown along with the prices quoted. Where this is not done, no claim for Sales Tax/Excise Duty will be admitted at a later stage on any ground whatsoever. Sales Tax is payable only when sales tax registration number is given in your bill with certificate that the sales tax charges from us shall be paid to authorities concerned.

#### DELIVERIES, CONSEQUENCES OF BREACH

9. The date of delivery stipulated in the Purchase Order shall be deemed to be the essence of the Contract, and delivery must be completed on or by the dates mentioned in the Purchase Order or the tender. Should the contractor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, NAeL shall be entitled at their option:
  - a) To recover from the Contractor as per liquidated damages, and not by way of penalty, a sum of 0.5% of the price (on basic cost only excluding taxes & duties, if such details are furnished separately in the bid submitted) of any stores which the contractor has failed to deliver as aforesaid, for each week or part thereof during which the delivery or such stores may be in arrears subject to a maximum of 10% of the price of the stores in default.

OR



- b) To purchase elsewhere, without notice to the Contractor on the account and at the risk of the contractor, the stores not delivered or others of a similar description (where other exactly complying with the particulars are not available), NAeL's decision in this respect will be final,

OR

- c) To terminate the contract

10. In the event of action being taken under para-a & b above, the Contractor shall be liable for any loss which NAeL may sustain on the account but the Contractor shall not be entitled to any gain on repurchases made against default.

#### EXTENSION OF TIME

11. If an extension is desired by the supplier, contractor shall apply for extension of time to NAeL at least 15 days prior to the date of delivery without prejudice to the rights of NAeL, mentioned in Clause-9, then NAeL may grant extension of time for any cause which NAeL may deem proper and the decision of NAeL in this respect to be final and binding and cannot be questioned in any manner whatsoever.

#### INSPECTION, CONSEQUENCES OF REJECTION

12. The goods on receipt in NAeL will be subject to inspection and tests, if necessary and NAeL inspector's decision as regards acceptance/rejection of goods shall be final and binding on the parties. (In case of Plant & Machinery, goods shall be finally inspected & accepted only after successful commissioning) If any stores are rejected, NAeL shall be at liberty to:
- a) Now the contractor to re-submit stores in replacement of those rejected within a time specified by NAeL, the contractor bearing the cost of freight in such replacement without being entitled to any extra payment,

OR

- b) Buy the quantity of stores rejected or other of a similar nature elsewhere at the risk and cost of the contractor without effecting the contractor's liability as regards the supply of any further consignments due under the contract,

OR

- c) Terminate the contract and recover from the contractor the loss NAeL may thereby incur. The contractor shall not be entitled to any gain on the repurchase,

OR

- d) Any stores rejected by NAeL's Inspector must be removed by the contractor within 14 days from the date of receipt of intimation of rejection and at his own cost, failing which the contractor shall be liable to pay storage charges at 1% for each day of delay on the invoice value of the stores. If the stores are not removed within a month from the date of intimation of rejection, the stores will be liable, to be sold by NAeL at the contractor's risk and responsibility and the proceeds adjusted towards storage charges.

In case any payment is made against delivery and it is found that the supplied item is rejected during inspection/commissioning, contractor will be required to choose any one of the following options to collect the rejected item for replacement.

Refund the amount paid and collect the item for replacement.

Submit a Bank Guarantee for the amount already paid and collect the item for replacement. Bring the replacement item to NAeL and collect the rejected item.

#### PLANT AND MACHINERY SUPPLIES

13. In case of contracts for Plant and Machinery, requiring inspection and test after erection at site if the completed plant or any portion thereof before it is taken over is defective or fail to fulfill the requirements of the contract, NAeL shall give the contractor notice setting from details of such defects or failures and the contractor shall forthwith make the defective plant good to make it comply with the requirements of the contract. Should he fail to do so within a reasonable time, NAeL may reject and replace at the cost of the contractor the whole or any portion of the plant, as per the requirements of the contract. Such replacement shall be carried out by NAeL, within a reasonable time, at reasonable price and where reasonably possible, to the same particulars under competitive conditions.

#### APPROPRIATION

14. Whenever under this contract any sum of money is recoverable from any payable by the contractor, NAeL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the contractor in this or any other contract entered by NAeL as a whole and Branch Offices etc., held by him alone or in partnership with others. Should this sum be not sufficient to cover the full amount recoverable, the contractor shall pay to NAeL on demand the remaining balance due.

#### PAYMENT FOR STORES

15. Unless otherwise agreed to between the parties, NAeL will effect payment for the delivery of the stores by Electronic Bank Transfer (ECE/RTGS) to the suppliers bank account as notified to NAeL on submission of bills in triplicate. Payment for the stores on each delivery will be made to the contractor after goods are received and passed by inspection. Normally 30 days will be allowed for inspection after receipt of goods.

#### PAYMENT FOR PLANT AND MACHINERY

16. In case of contracts, for Plant and Machinery requiring inspection and test after erection at site only 80% of the contract price of each consignment delivered to NAeL will be made after preliminary inspection. The balance 20% of the contract price plus the cost of erection (if the erection is undertaken by the contractor) will be paid on final inspection and test and furnishing of Performance Bank Guarantee. Test will be carried out within one month of the completion of erection. Should the result of these tests not come up within the margin specified the tests shall, if required, be repeated within one month from the date the plant is ready for retest.

#### TERRITORY

17. This contract shall be governed by and subject to and interpreted and construed in accordance with the Laws of Republic of India, as may be in force from time to time.

#### INDEMNITY

18. The contractor shall at all times indemnify NAeL against all claims which may be made in respect of the stores for infringement of any right protected by patent, registration of design or trade mark.

#### BRIBES AND GIFTS

19. Any bribe, commission, gift or advantage given, promised or offered by or on behalf of the contractor or his parties, agent or servant or any one on his or their behalf to any officer, servant, representative of NAeL or any person on his or their behalf in relation to the obtaining or to the execution of this or any other contract with NAeL shall in addition to any criminal liability which the contractor may incur, subject the contractor to the cancellation of this and all other contracts with NAeL and also to payment of any loss or damage resulting from any such cancellation under clauses-8 and 10 thereof. Any question or dispute as to the commission of any offence under the present clause shall be settled by NAeL in such manner and on such evidence or information as they may think fit and sufficient and their decision shall be final and conclusive.

#### SUB-CONTRACT

20. Neither of the parties of this contract shall be entitled without the other party's consent to assign or transfer to a third party all or part of the benefits or obligations of this contract.

#### ARBITRATION

21. All disputes or differences whatsoever arising between the parties out of or relating to the construction meaning and operating or effect of this contract or the breach thereof shall be settled by arbitration in accordance with the rules of arbitration of the ICA/ICADR and the award made in pursuance thereof shall be binding on the parties.

#### WORK AND PAYMENT DURING ARBITRATION

22. Work under the contract shall if reasonably possible continue by mutual agreement during the arbitration proceedings and no payment due to or payable by NAeL will be withheld without reasonable cause and merely on account of the pendency of such proceedings.

#### JURISDICTION

23. The Court at \_\_\_\_\_ only shall have jurisdiction to deal with and to decide any legal matter whatsoever arising out of this contract.

#### SECURITY DEPOSIT

24. Security Deposit :

- a) Wherever applicable the successful vendor, shall have to deposit 5% of the value of the order as Security Deposit (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) within 15 days of receipt of the purchase order, by demand draft or bank guarantee in a prescribed format of NAeL from a scheduled bank in India / bank of international repute (for Foreign vendors), valid up to 60 days after the completion of contract period/last supply. This Security Deposit will bear no interest and will be returned only after the contract is completed to the entire satisfaction of NAeL.

In case, quotes received without indicating the break-up details of GST, ED, VAT, Sales Tax etc. and order placed subsequently on composite value (without indicating break-up details of taxes & duties) then the Security deposit to be sought on the composite value (including taxes & duties)

- b) In case the contract is not executed to the entire satisfaction of NAEL, the security deposit shall be forfeited, besides initiation of risk purchase action.
- c) No claim will be entertained against NAeL either in respect of interest, if any due on the security deposit or depreciation in value.
- d) On due performance and completion of the contract in all respects, the security deposit will be returned to the vendor, without any interest, on presentation of absolute "No Demand Certificate" and upon return in good condition of any specifications, drawings, samples or any other property belonging to the purchaser, which may have been issued to the vendor.

#### PERFORMANCE BANK GUARANTEE

25. Vendor shall furnish a Performance Bank Guarantee as per NAeL's format (enclosed) for 10% of order value (to be calculated only on basic cost excluding taxes & duties, if such details are furnished separately in the bid submitted) valid till end of the guarantee / warranty period from a scheduled bank in India / Bank of international repute (for foreign vendors) from the date of acceptance.

#### POST-WARRANTY SERVICE

26. The supplier shall supply spare parts to NAeL under reasonable conditions throughout the period of the usual technical lifetime, but in any case for a period of ten years after the last delivery. If the supplier discontinues the delivery of goods after expiration of the period set forth above or during that period, he shall provide NAeL with the opportunity for a last order under reasonable conditions.

Arrangements for after sales service and maintenance in India (authorized service centre) on site during warranty & post warranty period should be clearly indicated providing with name, address, phone, fax, contact person, infrastructure along with spare parts inventory held by your Authorized Technical Service Center. Supplier to indicate the validity period of authorization for the technical service centre.

#### TRAINING /FACTORY ACCEPTANCE TEST :

27. Vendor shall impart free training to NAeL's Personal in the area of programming, operation, mechanical maintenance and electronic/electric maintenance at Vendor's work and also during

commissioning. Boarding, lodging & travel of NAeL's personnel shall be borne by NAeL.

#### FALL CLAUSE

28. The price quoted shall be in no event exceed the lowest price at which you sell the stores or offer to sell stores of identical description to any person(s) / organization including the purchases by any department of the Govt. of India, the State Govt. or any statutory undertaking of the Govt. of India / State Govt., as the case may be during the period till the completion of the performance of the order placed and during currency of the order.

If at any time during the said period, the contractor reduces the sales price, sells or offers to sell such stores to any person/organization including the purchaser or any department of Central Govt. or any Dept. of State Govt., or any statutory undertaking of the Central or State Govt., as the case may be at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction/sale or offer to sale to the Naini Aerospace Limited and the price payable under the contract for the stores supplied after the date of coming into force of such reduction or sale or offer to sale shall stand correspondingly reduced.

#### EXPORT LICENSE

29. Foreign Vendors making proposals should ensure availability of export licence as per their Govt. regulations for export to India. Vendor shall be required to obtain and maintain all Export/Import licences and permits etc., as the case may be, required for performing supplies against this tender. Obtaining export licence shall be entire responsibility of the vendor.

#### INVOLVEMENT OF ANY AGENTS AND MIDDLEMEN:

30. No involvement of Agents or Middlemen in India or abroad in any capacity whatsoever is permitted at any stage in relation with this tender and the resultant contract. Vendor shall confirm that he has not appointed any agent in India to promote this contract and that no commission etc. is payable to any such agent in connection with this contract. Vendor shall also confirm that he has neither paid nor will pay any commission, fee or any such charges to any agent in connection with the award and execution of this contract. Should it be subsequently proved that such a commission, fees or charge has been paid, contrary to the foregoing, buyer shall be entitled to terminate this contract forthwith. The buyer shall also be entitled to recover from the seller an amount equal to the commission, fees or any such charge proved to have been paid.

NAeL has not appointed / authorized any person / agent to deal with the vendors in respect of the said contract. In case, if someone claims and interacts with the vendors it shall be duty of the vendors to bring such instances to the notice of NAeL Management.

#### Immunity to Government of India:

31. It is expressly understood and agreed by and between supplier & purchaser that purchaser is entering into this contract solely on its own behalf and not on behalf any other person or entity. In particular, it is expressly understood and agreed that Government of India is not a party to this contract and has no liabilities, obligations or right hereunder. It is expressly understood and agreed that purchaser is an independent legal entity with power and authority to enter into contracts solely on its own behalf under the applicable laws of India and general principles contract law. Supplier expressly agreed acknowledges

and understand that purchaser is not an agent, representative or delegate to the Government of India. It is further agreed and understood that Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the contract.

Accordingly, supplier hereby expressly waives releases and foregoes any and all actions,

including counterclaims, impleader claims or counter claims against the Government of India arising out of this contract and covenants as to any manner, claim cause or action or this whatsoever arising out of or under this contract.

#### CONFIDENTIALITY

32. The Supplier shall hold confidential technical data and information supplied by the Purchaser or on behalf of the Purchaser and shall not reproduce any such technical data or information or divulge the same to any third party without the prior written consent of the Purchaser. The Purchaser shall hold confidential technical data and information supplied by the Supplier or on behalf of the Supplier and shall not reproduce any such technical data or information or divulge the same to any third party without prior written consent of the Supplier except as far as may be necessary for either party to carry out its obligations under this Contract.

33. In the development orders, where technical inputs/assistance is provided to the vendors, the Intellectual Proprietary Rights (IPR) will rest with NAeL. Vendor will not directly deal with NAeL's customer for these items.

34. **Part-A:**

IPR Clause for Development Activities taken up at the behest of NAeL:

a) Seller agrees that NAeL shall be the sole owner of all Intellectual Property (IP) generated in the performance of this Contract by or on behalf of Seller with the aid of either funding and/or technical inputs from HAL (hereinafter referred to as 'Foreground IP'). If applicable and to the extent that Seller sub-contracts performance of any part of the Contract, the Seller shall ensure that any Foreground IP arising from such work of its sub-contractor /s shall be assigned to HAL absolutely. Seller hereby assigns and agrees to assign all rights and interest in the Foreground IP to NAeL. Seller shall share with NAeL, all documentation necessary for NAeL to exercise its rights to Foreground IP. If required by NAeL, Seller shall assist NAeL in registering the Foreground IP in favour of NAeL.

b) Seller grants to NAeL an irrevocable, non-exclusive, world-wide, royalty-free license to sell, offer for sale, use, execute, release, disclose, and distribute the developed Supplies/Services/Products, which may contain Background IP. Background IP shall mean and include all pre-existing inventions and IP necessary for NAeL to exercise its rights to Foreground IP.

c) Seller shall indemnify and protect at its own cost, NAeL in respect of cost/claims/liabilities (including attorney's fees and associated costs of legal proceedings) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Seller. If NAeL or NAeL's customer /s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Seller shall within reasonable time at Seller's own cost either,  
(i) procure for HAL and HAL's Customer/s the right to continue using the Supply/Service or,

- (ii) replace or modify the Supplies/Services so that it becomes non-infringing or,
- (iii) compensate NAeL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to seller and damages suffered by NAeL arising due to inability to put to use the supplies/ services or a portion thereof.

d) In case the supplier receives a requirement/ request for supply or repair of deliverables of this contract directly from any third party including HAL's customers, such request shall be forwarded to NAeL.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software(including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

#### Part- B:

IPR Clause for indemnification of HAL in case of Infringement of Third Party/PR:

a) NAeL shall have the right to use the Supplies/Services procured under the contract that may contain any Intellectual Property/ Intellectual Property Rights. Seller shall indemnify and protect at its own cost, NAeL in respect of cost/claims/ liabilities (including attorney's fees) arising from any violation of Intellectual Property Rights of any third party with respect to Supplies/Services provided by Seller. If NAeL or NAeL's customer/s are unable to put to use the Supplies/Services or a portion thereof as a result of violation of the Intellectual Property of any third party, Seller shall within reasonable time at Seller's own cost either,

- (i) procure for NAeL and NAeL's Customer/s the right to continue using the Supply/Service or,

- (ii) replace or modify the Supplies/Services so that it becomes non-infringing or,
- (iii) compensate NAeL the amount equivalent to the cost of supplies procured/ to be procured, development cost already paid to seller and damages suffered by NAeL arising due to inability to put to use the supplies/ services or a portion thereof.

Intellectual Property for the purpose of this clause includes inventions, discoveries and improvements; know-how, works of authorship, technical data, drawings, specifications, process information, reports and documented information; and computer software(including without limitation, source code, object code, source code listings and object code listings that would enable the software to be reproduced or recreated), topology of integrated circuits, databases or any other such results of intellectual activity.

Format of Bank Guarantee for Advance Payment

1. In consideration of the NAINI AEROSPACE LTD., \_\_\_\_\_ Company

(hereinafter called as "NAeL") having agreed to make advance payment to [hereinafter called "the said Contractor/ Supplier(s)"], under Agreement/ Contract/ Order No. \_\_\_\_\_ dated \_\_\_\_\_ (hereinafter called "the said Agreement the said Contract said Order"), made between \_\_\_\_\_ and \_\_\_\_\_ for \_\_\_\_\_ (indicate the scope of supply), for the due fulfillment of the terms and conditions contained in the said Agreement/Contract/Order, on production of a bank Guarantee for

\_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) ( \_\_\_\_\_ Only),  
We,

\_\_\_\_\_, (hereinafter referred (indicate the name of the bank) to as "the Bank") at the request of \_\_\_\_\_ [Contractor/supplier(s)] do hereby undertake to pay to NAeL

an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency)

against any loss or damage, costs, charges and expenses, claims caused tot suffered or would be caused tot suffered by NAeL by reason of any breach by the said Contractor/supplier(s) of any of the terms or conditions contained in the said Agreement / Contract/ Order.

2. We, \_\_\_\_\_ (indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay the amounts due and payable under this guarantee without any demur, merely on demand from NAeL within fifteen (15) days of such demand stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by NAeL by reason of breach by the said Contractor/Supplier(s) of any of the terms or conditions contained in the said Agreement/Contract/Order or by reason of the contractor/Supplier(s)' failure to perform the said Agreement/Contract/Order. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency).

3. We undertake to pay to NAeL an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the contractor(s)/supplier(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, Our liability under this guarantee being absolute and unequivocal.

4. We, \_\_\_\_\_ (indicate the name of bank) further agree with NAeL that NAeL 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 Agreement/Contract/Order or to extend time of performance by the said Contractor/Supplier(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by NAeL against the said contractor/Supplier(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/ Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Supplier(s) or for any forbearance, act or omission on the part of NAeL or any indulgence by NAeL to the said Contractor/ Supplier(s) 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 us.

5. We, \_\_\_\_\_ (indicate the name of bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of NAeL in writing and agree that any change in the constitution of the said contactor(s)/Supplier(s) or Bank shall not discharge the Bank of its liability under this deed.
6. The validity of Bank Guarantee shall be up to \_\_\_\_\_(dd/mm/yy) and such date shall be 60 days after the last delivery/Services against the contract. The Bank Guarantee shall continue to be enforceable till all the dues of NAeL under or by virtue of the said Agreement / Contract/Order have been fully paid and its claims satisfied or discharged or till NAeL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said contractor/supplier(s) and accordingly discharges this guarantee.
7. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.
8. Dated the \_\_\_\_\_day of \_\_\_\_\_for \_\_\_\_\_(indicate the name of the Bank).

Format of Bank Guarantee for Security Deposit

1. In consideration of the NAINI AEROSPACE LTD., \_\_\_\_\_ Company (hereinafter called as "NAeL") having agreed to exempt \_ [hereinafter called "the said Contractor/Supplier(s)"] from the demand, under Agreement/Contract/Order No. \_\_\_\_\_ dated \_\_\_\_\_ (hereinafter called "the said Agreement" said Contract/ said Order), made between \_\_\_\_\_ and \_\_\_\_\_ for \_\_\_\_\_ (indicate the scope of supply) of security deposit for the due fulfillment by the said Contractor/Supplier(s) of the terms and conditions contained in the said Agreement/ Contract/ Order, on production of a bank Guarantee for \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency)( , Only),  
We, \_\_\_\_\_, (hereinafter referred (indicate the name of the bank) to as "the Bank") at the request of \_\_\_\_\_ [contractor/supplier(s)] do hereby undertake to pay to NAeL an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) against any loss or damage, costs, charges and expenses, claims caused to/ suffered or would be caused to suffered by NAeL by reason of any breach by the said Contractor/supplier(s) of any of the terms or conditions contained in the said Agreement/ Contract/ Order.
2. We, \_\_\_\_\_ (indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay the amounts due and payable under this guarantee without any demur, merely on demand from NAeL within fifteen (15) days of such demand stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by NAeL by reason of breach by the said contractor(s)/supplier of any of the terms or conditions contained in the said Agreement./Contract/Order or by reason of the contractor(s)' failure to perform the said Agreement/ Contract/ Order. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency).
3. We undertake to pay to NAeL an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the contractor(s)/supplier(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, Our liability under this guarantee being absolute and unequivocal.

4. We, \_\_\_\_\_ (indicate the name of bank) further agree with NAeL that NAeL 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 Agreement/ Contract/ Order or to extend time of performance by the said contractor/supplier(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by NAeL against the said Contractor(s)/supplier and to forbear or enforce any of the terms and conditions relating to the said agreement/contact/order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/supplier(s) or for any forbearance, act or omission on the part of NAeL or any indulgence by NAeL to the said Contractor/supplier(s) 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 us.
5. We, \_\_\_\_\_ (indicate the name of bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of NAeL in writing and agree that any change in the constitution of the said contractor(s)/Supplier(s) or Bank shall not discharge the Bank of its liability under this deed.
6. The validity of Bank Guarantee shall be up to \_\_\_\_\_ (dd/mm/yy) and such date shall be 60 days after the last delivery/Services against the contract. The Bank Guarantee shall continue to be enforceable till all the dues of NAeL under or by virtue of the said Agreement/contact/order have been fully paid and its claims satisfied or discharged or till NAeL certifies that the terms and conditions of the said Agreement/contact/order have been fully and properly carried out by the said contractor(s)/supplier and accordingly discharges this guarantee.
7. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.
8. Dated the \_\_\_\_\_ day of \_\_\_\_\_ for \_\_\_\_\_ (indicate the name of the Bank)

FORMAT OF PERFORMANCE BANK GUARANTEE

1. NAINI AEROSPACE LTD., \_\_\_\_\_ Company (hereinafter called as "NAeL") have entered into Agreement/Contract/Order \_\_\_\_\_ (hereinafter called "the said Agreement/ the said Contract/ the said Order'/), with \_\_\_\_\_[hereinafter called "the said Contractor / Supplier(s)"], for \_\_\_\_\_ (indicate the scope of supply).
2. Where as under the terms of the said Agreement/ Contact/ Order, the contractor/ Supplier is required to furnish a Performance Bank Guarantee for (indicate the amount in Rs / Foreign Currency) \_\_\_\_\_ (Only) towards the due fulfillment of the terms and conditions during the agreed time period or extension thereof, and also satisfactory performance of the items supplied to NAeL during warranty period as per the warranty terms stipulated in the Agreement/ Contract/Order.
3. Accordingly We, \_\_\_\_\_, (hereinafter referred (indicate the name of the bank) to as "the Bank") at the request of [Contractor/supplier(s)] do hereby undertake to pay to NAeL an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) on the failure of Contractor/Supplier in performance of their obligations as per the terms and conditions of the Agreement/Contract/Order including the satisfactory performance of the item during warranty period as per the warranty terms stipulated in the Agreement/ Contract/Order.
4. We, \_\_\_\_\_ (indicate the name of the bank) do hereby unreservedly, irrevocably undertake to pay the amounts due and payable under this guarantee without any demur, merely on demand from NAeL within 10 days of such demand stating that the amount claimed is due by way of non performance / unsatisfactory performance by the contractor with respect to the terms and conditions of the Agreement / Contract/ Order including failure in satisfactory performance of the items supplied / services rendered under the warranty terms stipulated in the Agreement/ Contract /Order. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency).
5. We undertake to pay to NAeL an amount not exceeding \_\_\_\_\_ (indicate the amount in Rs / Foreign Currency) so demanded notwithstanding any dispute or disputes raised by the contractor(s)/supplier(s) in any suit or proceeding pending before any Court or Tribunal relating thereto our liability under this guarantee being absolute and unequivocal.
6. We, \_\_\_\_\_ (indicate the name of bank) further agree that the guarantee herein contained shall remain in full force and effect, during the period that would be taken for the performance of the said Agreement/Contract / Order and that it shall continue to be enforceable till all the dues of

NAeL under or by virtue of the said Agreement / Contract/Order have been fully paid and its claims satisfied or discharged or till NAeL certifies that the terms and conditions of the said Agreement/Contract/Order have been fully and properly carried out by the said Contractor/supplier(s) and accordingly discharges this guarantee.

7. We, \_\_\_\_\_ (indicate the name of bank) further agree with NAeL that NAeL 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 Agreement or to extend time of performance by the said contractor/Supplier(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by NAeL against the said contractor/Supplier(s) and to forbear or enforce any of the terms and conditions relating to the said Agreement/Contract/Order and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor/Supplier(s) or for any forbearance, act or omission on the part of NAeL or any indulgence by NAeL to the said Contractor/Supplier(s) 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 us.
8. We, \_\_\_\_\_ (indicate the name of bank) lastly undertake not to revoke this guarantee during its currency except with the previous consent of NAeL in writing and agree that any change in the constitution of the said contractor(s)/Supplier(s) or the said Bank shall not discharge the Bank of its liability under this deed.
9. The validity of Bank Guarantee shall be up to \_\_\_\_\_ (dd/mm/yy) and such date shall cover the period of warranty of all the supplies and also the period of defect liability/ warranty period for last batch of supplies. The validity of Bank Guarantee will be for a period up to which the contractor is obliged for due performance of the said Agreement/Contract/Order including the warranty period.
10. This Bank Guarantee shall be governed by and constitute in accordance with Indian Law and shall be subject to exclusive Jurisdiction of Indian Courts.
11. Dated the \_\_\_\_\_ day of \_\_\_\_\_ for \_\_\_\_\_ (indicate the name of the Bank)

Format of Bank Guarantee towards Earnest Money

- 1 In consideration of the NAINI AEROSPACE LIMITED Company (hereinafter called as "NAeL") on the first part and M/s of \_\_\_\_\_ (hereinafter referred to as "Bidder") on the Second part, having agreed to accept the Earnest Money Deposit of Rs \_\_\_\_\_ (Rupees \_\_\_\_\_) in the form of Bank Guarantee for the Request for Proposal for procurement of \_\_\_\_\_
2. We \_\_\_\_\_ (Name of the Bank), (hereinafter referred to as the "Bank"), do hereby undertake to pay to NAeL on demand within 3 (three) working days without any demur and without seeking any reasons whatsoever, an amount not exceeding \_\_\_\_\_ (Rupees \_\_\_\_\_) and the guarantee will remain valid upto a period \_\_\_\_\_. It will, however, be open to NAeL to return the Guarantee earlier than this period to the Bidder(s), in case the Bidder (s) does not/do not qualify for the negotiation by the Price Negotiation Committee (PNC) as constituted by NAeL.
3. In the event of the Bidder withdrawing the tender before the completion of the stages prior to the Price negotiations or during the Price negotiation or during validity of offer, as the case may be, the Guarantee deposited by the Bidder stands forfeited to NAeL. We also undertake not to revoke this guarantee during this period except with the previous consent of NAeL in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the said tender and we shall be deemed to have agreed to any such variation.

No interest shall be payable by NAeL to the Bidder (s) on the guarantee for the period of its currency.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2012

For the Bank of \_\_\_\_\_  
(Agent /Manager)

Integrity Pact

Whereas Naini Aerospace Ltd. ("NAeL") having its registered office at 15/1, Cubbon Road, Bangalore - 560 001, India, acting through its .....Company, represented by General Manager/ Executive Director hereinafter referred to as the Buyer and the first party, proposes to procure (Name or category of the Equipment, like Aircraft Parts/ Avionic Items/ Accessories etc),hereinafter referred to as Stores.

And

M/s....., represented by....., Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignee), hereinafter referred to as the Bidder/ Seller and the second party, is willing to offer/ has offered the stores.

2. Whereas the Bidder / Seller is a private company/public company /partnership/ registered export agency, constituted in accordance with the relevant law in the matter and the Buyer is a Public Sector Undertaking and registered under Companies Act 1956.

3. Preamble

The Buyer has called for tenders under laid down organizational procedures intending to enter into contract/s for supply / purchase / etc of.....and the Bidder / Seller is one amongst several bidders/Proprietary Vendor/Customer Nominated Source/Licenser who has indicated a desire to bid/supply in such tendering process. The Buyer values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness / transparency in its relations with its Bidder(s) and / or Seller(s).

In order to achieve these goals, the Buyer will appoint Independent External Monitor(s) (IEM) in consultation with Central Vigilance Commission, who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

4. Commitments of the Buyer.

4.1 The Buyer commits itself to take all measures necessary to prevent corruption and to observe the following principles:-

- i) No employee of the Buyer, personally or through family members, will in connection with the tender, or the execution of a contract demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
- ii) The Buyer will during the tender process treat all Bidder(s) / Seller(s) with equity and reason. The Buyer will in particular, before and during the tender process, provide to all Bidder(s) / Seller(s) the same information and will not provide to any Bidder(s) / Seller(s) confidential / additional information through which the Bidder(s) / Seller(s) could obtain an advantage in relation to the process or the contract execution.
- iii) The Buyer will exclude from the process all known prejudiced persons.

4.2 If the Buyer obtains information on the conduct of any of its employees which is a criminal offence under the Prevention of Corruption Act 1988 or if there be a substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer and in addition can initiate disciplinary action.

## 5. Commitments of the Bidder(s) / Seller(s).

5.1 The Bidder(s)/ Seller(s) commit himself to take necessary measures to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

- i) The Bidder(s)/ Seller(s) will not, directly or through any other persons or firm, offer promise or give to any of the Buyer's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he / she is not legally entitled to, in order to obtain in exchange any advantage during the tendering or qualification process or during the execution of the contract.
- ii) The Bidder(s)/ Seller(s) will not enter with other Bidders / Sellers into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non submission of bids or any other actions to restrict competitiveness or to introduce cartelization in the bidding process.
- iii) The Bidder(s)/ Seller(s) will not commit any offence under the Prevention of Corruption Act 1988: further the Bidder(s)/ Seller(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Buyer as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.

5.2 The Bidder(s)/ Seller(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.

## 6. Previous Transgression

6.1 The Bidder /Seller declares that no previous transgressions have occurred in the last three years with any other company in any country conforming to the anti corruption approach or with any other Public Sector Enterprise in India that could justify bidder's/ Sellers' exclusion from the tender process.

6.2 If the Bidder / Seller makes incorrect statement on this subject, Bidder / Seller can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason without any liability whatsoever on the Buyer.

## 7. Company Code of Conduct

Bidders / Sellers are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.



8. Sanctions for Violation (Disqualification from tender process & exclusion from future contracts and Criminal charges against violation by Bidders / Sellers)

8.1 If the Bidder(s)/ Seller(s), before award or during execution has committed a transgression through a violation of Clause 5, above or in any other form such as to put his reliability or credibility in question, the Buyer is entitled to disqualify the Bidder(s)/ Seller(s) from the tender process or take action as per the procedure mentioned herein below:

- i) To disqualify the Bidder / Seller with the tender process.
- ii) To debar the Bidder / Seller from entering into any bid from Buyer for a period of five years.
- iii) To immediately cancel the contract, if already signed / awarded without any liability on the Buyer to compensate the Bidder/Seller for damages, if any. However, any lawful payment due to the Bidder/Seller for supplies affected till date of termination would be made in normal course.
- iv) To encash EMD / Advance Bank Guarantees/ Performance Bonds /Warranty Bonds, etc. which may have been furnished by the Bidder / Seller to the extent of the undelivered stores.

8.2 If the Buyer obtains knowledge of conduct of a Bidder/ Seller or of an employee or a representative or an associate of a Bidder / Seller which constitutes corruption, or if the Buyer has substantive suspicion in this regard, the Buyer will inform to its Chief Vigilance Officer.

9. Compensation for Damages

9.1 If the Buyer has disqualified the Bidder(s) / Seller(s) from the tender process prior to the award according to Clause 8, the Buyer is entitled to demand and recover the damages equivalent to Earnest Money Deposit in case of open tendering.

If the Buyer has terminated the contract according to Clause 8, or if the Buyer is entitled to terminate the contract according to Clause 8, the Buyer shall be entitled to encash the advance bank guarantee and performance bond/ warranty bond, if furnished by the Bidder / Seller, in order to recover the payments, already made by the Buyer for undelivered stores.

10. Independent External Monitor(s)

10.1.1 The Buyer has appointed Independent External Monitors for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors to be given in RFQ).

10.2 As soon as the Integrity Pact is signed, the Buyer shall provide a copy thereof, along with a brief background of the case to the Independent External Monitors.

- 10.3 The bidder(s) / seller (s), if they deem it necessary, may furnish any information as relevant to their bid to the Independent External Monitors.
- 10.4 If any complaint with regard to violation of the IP is received by the buyer in a procurement case, the buyer shall refer the complaint to the Independent External Monitors for their comments / enquiry.
- 10.5 If the Independent External Monitors need to peruse the records of the buyer in connection with the complaint sent to them by the buyer, the buyer shall make arrangement for such perusal of records by the Independent External Monitors.
- 10.6 The report of enquiry, if any, made by the Independent External Monitors shall be submitted to Chairman, NAeL for a final and appropriate decision in the matter keeping in view the provision of this pact.
11. Law and Place of Jurisdiction
- This pact is subject to Indian Law, The Place of performance and Jurisdiction is Allahabad
12. Other Legal Actions
- The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.
13. Pact Duration
- 13.1 This pact begins when both parties have legally signed it. It expires for the successful Bidder / Seller 10 months after the last payment under the contract, and for all other Bidders / Sellers within 6 months from date of placement of order / finalization of contract.
- 13.2 If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Chairman, NAeL.
- 13.3 Should one or several provisions of this pact turn out to be invalid, the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.
14. Other Provisions
- 14.1.1 Changes and supplements need to be made in writing. Side agreements have not been made.
- 14.1.2 In case vendor has already signed any IP with MoD for any of their Contracts, the same shall be disclosed and shall sign the Integrity Pact in the same format with NAeL also.

- 14.1.3 In view of the nature of this Pact, this Pact shall not be terminated by any party and will subsist throughout its stated period.
- 14.4 Nothing contained in this Pact shall be deemed to assure the Bidder/Seller of any success or otherwise in the tendering process.
15. This Integrity Pact is signed with NAeL exclusively and hence shall not be treated as precedence for signing of IP with MoD or any other Organization.
- 16 The Parties hereby sign this Integrity Pact at \_\_\_\_\_ on \_\_\_\_\_

BUYER

Executive Director/General Manager  
Naini Aerospace Ltd.,

Witness

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

BIDDER / SELLER

Chief Executive Officer  
.....Company

Witness

1. \_\_\_\_\_  
\_\_\_\_\_

2. \_\_\_\_\_  
\_\_\_\_\_

## PURCHASE ORDER RETURNS FOR THE MONTH OF ..... 2012

Sl No .	Mode of Tender - ing	Purchase Order Details											Planning Data		Proje ct/ Non- proje ct	Pay- ment Term s	Pay- ment Due MM/Y Y	
		PO No.	Dat e	DoP Refer - ence	Materia l Group Code	Desc ription of Item	Value in FE		Value in INR (Rs.i n Lakh s)	Supplier/Ve ndor		Cate- gory of Vendor	Deliv ery Due MM/ YY	Req d. for Proj ect				Reqd. for Produ c- tion Year
							Cur- renc y	Valu e		Na me & Add ress	Coun try							

Code

Manufacturing Task		Repair & Overhaul Task	Upgrade Programs		Mode of Tendering		Category of Vendor		
Material Type	Code	Material Type	Code	Material Type	Code	Type of Tender	Code	Category	Code
Raw Materials	11	Raw Materials	21	Raw Materials	31	Limited Tender (Competitive Tendering)	LT	Out- sourcing (including Sub-Contracting)	1
Consumables	12	Consumables	22	Consumables	32	Customer Nominated (including OEM)	CN	Foreign	1(a)
BOI / BOF / LRU	13	BOI / BOF / LRU	23	BOI / BOF / LRU	33	Licensor / License Agreement	LA	Indian	1(b)
Standard Parts	14	Standard Parts	24	Standard Parts	34	Joint Venture	JV	Prop.	2
Tools & Test Equipment (Specific to Project & part of DRE)	15	Tools & Test Equipment (Specific to Project & part of DRE)	25	Tools & Test Equipment (Specific to Project & part of DRE)	35	Proprietary Tender	PT	Foreign	2(a)
						Single Tender	ST	Indian	2(b)
GSE/GHE/SA CL (forming part of end delivery)	16	GSE/GHE/S ACL (forming part of end delivery)	26	GSE/GHE/SA CL (forming part of end delivery)	36	Open Tender (including Global Tender)	OT	NAeL-JV	3
								MSME Govt./PSU Others	4 5 6

FORMAT FOR PURCHASE PROGRESSION

Sl. No	Code				Vendor		Type of Vendor Code	Material Group Code	Payment Terms Code	Delivery Due Date mm/yy	Order ack Date	Reminder Date	Revised Delivery Date mm/yy	Despatch Date	Date of Receipt	Payment Details	Remarks
	No.	Date	No. of Items	Value	Full Name	Country Code											

Compliance Reference of CVC's Circulars

Sl. No.	CVC Circular Sl.No	Office Order No.	File No.	Date of Issue	Subject	Remarks	Purchase Manual Reference
1	36	18-03-2005	000/VGL/161	24-03-2005	Banning of business dealing with firms	Covered under MARKET EXPLORATION AND SOURCE SELECTION (Banning of Business Dealings with Firms)	Para 3.13.3 and para 3.13.8
2	3		No 12-02-1-CTE-6	17.12.2002	Prequalification criteria (PQ).	Covered under vendor registration and Tender evaluation	Para 3.2 & 3.3 & Para 7.10
3	2		No 12-02-1-CTE-6	07.05.2002	Pre-qualification Criteria (PQ).	Covered under vendor registration and Tender evaluation	Para 3.2, 3.3 & Para 7.10
4	78	19-05-2010	005/CRD/019	19-05-2010	Transparency in works/purchase/consultancy	Covered under PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE (Single Tender (Nomination basis)	Para 5.9.5

5	55	23-07-2007	005/CRD/19	05-07-2007	Transparency in Works/Purchase/Consultancy contracts awarded on nomination basis (Office Order No 23-7-07)	Covered under DoP and PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE (Single Tender /Nomination basis)	Para 5.9.5
6	47	15-05-2006	005/CRD/19	09-05-2006	Transparency in Contracts awarded on Nomination Basis	Covered under DoP and PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE (Single Tender /Nomination basis)	Para 5.9.5
7	23	10/2/2004	98/ORD/1	11.02.2004	Increasing transparency(Tender process)	Covered under Purchase enquiry and selection of appropriate purchase mode (Open Tender)	Para 5.4.1
8	22	9/2/2004	98/ORD/1	09.02.2004	Increasing transparency(Sale)	Covered under Purchase enquiry and selection of appropriate purchase mode (Open Tender)	Para 5.4.1
9	21	-----	98/ORD/1	18.12.2003	Improving Vigilance Administration: Increasing Transparency in Procurement/Sale etc.	Covered under Purchase enquiry and selection of appropriate purchase mode (Open Tender)	Para 5.4.1
10	54	13-04-2007	006/VGL/117	13-06-2007	Improving vigilance administration by leveraging technology	Covered under PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE	Para 5.15,Format as per Reference-3
11	53	14-04-2007	98/VGL/25		Use of products with standard Specifications	Covered under PURCHASE ENQUIRY AND SELECTION OF APPROPRIATE PURCHASE MODE(Specifications)	Para 5.2 I(c)



12	29	47/7/04	98/ORD/1	13.07.2004	Commission's Directives on use of Website in Public Tenders	Covered under Purchase enquiry and selection of appropriate purchase mode (Open Tender)	Para 5.4.1
13	28	43/7/04	98/ord/1	02.07.2004	Improving Vigilance Administration:	Covered under Purchase enquiry and selection of appropriate purchase mode (Open Tender)	Para 5.4.1, Chapter XXII Section-1
14	19	-----	2EE-1-CTE-3	15.10.2003	Tender sample Clause	Covered under Purchase enquiry and selection of appropriate purchase mode (purchase specification)	Para 5.2 section I(e)
15	17	44/9/03	98/ORD/1	04.09.2003	Irregularities in the award of contracts	Covered under Purchase enquiry and selection of appropriate purchase mode (purchase specification and Purchase without tendering)	Para 5.2 & Para 6.8
16	16	33/7/03	98/ORD/1	09.07.2003	Short-comings in bid documents	Covered under Purchase enquiry and selection of appropriate purchase mode(purchase specification)	Para 5.2 & Para 5.5
17	14	-----	98/ORD/1(Pt.IV)	12.03.2003	Use of web-site in Govt. procurement or tender process	Covered under Modes of Tendering	Para 5.4.1(a),5.4.1(d)& para 5.4.7
18	71	17-07-2009	005/VGL/4	14-07-2009	Posting of details on award of tenders/contracts on websites	Covered under Purchase enquiry and selection of appropriate purchase mode	Para 5.15,Reference 3A
19	48	31/09/06	005/vgl/004	01-09-2006	Posting of details on award of tenders/contracts on websites/bulletins	Superseded by circular dtd:17.07.09.Covered under Purchase enquiry and selection of appropriate purchase mode References	Para 5.15,Reference 3A

20	42	57/09/05	005/VGL/4	20-09-2005	Details on award of tender	Supereceded by circular dtd:17.07.09.Covered under Purchase enquiry and selection of appropriate purchase mod References	Para 5.15,Reference 3A
21	41	46/07/05	005/VGL/4	28-07-2005	Details on award of tenders/contracts Publishing	Supereceded by circular dtd:17.07.09.Covered under Purchase enquiry and selection of appropriate purchase mod References	Para 5.15,Reference 3A
22	37	13-03-2005	005/VGL/4	16-03-2005	Details on award of tenders/contracts...	Supereceded by circular dtd:17.07.09.Covered under Purchase enquiry and selection of appropriate purchase mod References	Para 5.15,Reference 3A
23	83	01-02-2011	011/VGL/014	01-02-2011	Transparency in Tendering System	Covered under tender receipt, opening and evaluation (Tender Evaluation of Capital Equipment)	Para 7.10.1(b)
24	32	72/12/04	004/ORD/9	10.12.04	Transparency in tendering system-Guidelines regarding	Covered under tender receipt, opening and evaluation (tender box)	Para 7.3.6
25	80	01-01-2010	005/CRD/012	20-01-2010	Tendering Process Negotiations with L1	Covered under tender receipt, opening and evaluation (Negotiations)	Para 7.17.1 and 7.17.2
26	67	31/11/08	008/VGL/083	06-11-2008	Time bound processing of procurement	Covered under TENDER RECEIPT, OPENING AND EVALUATION (Validity Extension)	Para 7.15 & Para 7.19 and Annexure 18
27	51	04-03-2007	005/CRD/12	03-03-2007	Tendering process - negotiations with L-1	Covered under tender receipt, opening and evaluation(Negotiations)	Para 7.17.1 and 7.17.2, para 7.18.1 (f)

28	43	68/10/05	005/CRD/12	25-10-2005	Tendering Process negotiation with L-1	Covered under tender receipt, opening and evaluation(Negotiations)	Para 7.19,Annexure-18
29	9	-----	8(1)(h)/98(1)	18.11.1998	Improving Vigilance Administration (L1) (L1)	Covered under tender receipt, opening and evaluation(Negotiations)	Para 7.17.1
30	11	-----	98/ORD/1	24.08.2000	Improving Vigilance Administration-Tenders	Covered under tender receipt, opening and evaluation(Re-tendering)	Para 7.18.1(f)
31	7		No.98/ORD/1	15.03.1999	Improving vigilance administration-Tenders	Covered under tender receipt, opening and evaluation (Quantity distribution)	Para 7.14.5, 7.16
32	45	71/12/05	005/VGL/66	09-12-2005	Undertaking by Members of Tender Committee	Covered under TENDER RECEIPT, OPENING AND EVALUATION (Opening of Tender)	Para 7.3.8
33	35	15-03-2005	OFF-1-CTE-1(Pt)V	24-03-2005	Notice inviting tenders	Covered under TENDER RECEIPT, OPENING AND EVALUATION (Tender Evaluation)	Para 7.9.11
34	26	-----	05-04-1-CTE-8	08.06.2004	Receipt and Opening of Tenders	Covered under tender receipt, opening and evaluation (tender box)	Para 7.2.1 & 7.2.4
35	88	03-01-2012	12-02-6-CTE-SPI(1)	13-01-2012	Consideration of Indian Agents	NAeL does not deal with agents.Same is covered under purchase proposal, order and order amendments(Advance Payment (Non-Involvement of Indian Agents)	Para 8.8.7.5

36	25	25-04-2004	12-02-6-CTESPI(1)2	21.04.2004	Consideration of Indian Agents	NAeL does not deal with agents. Same is covered under purchase proposal, order and order amendments(Advance Payment (Non-Involvement of Indian Agents))	Para 8.8.7.5
37	13	-----	12-02-6-CTESPI(1)2	07.01.2003	Consideration of Indian Agents	NAeL does not deal with agents. Same is covered under purchase proposal, order and order amendments(Advance Payment (Non-Involvement of Indian Agents))	Para 8.8.7.5
38	70	10-05-2009	008/CRD/013	18-05-2009	Adoption of Integrity Pact-Standard Operating Procedure-reg-	Covered under IP format	Para 8.8.10, Annexure 24
39	66	24-08-2008	007/VGL/033	05-08-2008	Adoption of Integrity Pact in major Government procurement	Covered under purchase proposal, order and order amendments (Integrity Pact)	Para 8.8.10
40	58	41/12/07	007/VGL/033	04-12-2007	Adoption of Integrity Pact in major Govt. Procurement Activities	Covered under purchase proposal, order and order amendments (Integrity Pact)	Para 8.8.10
41	57				Modified Integrity Pact	Covered under NAeL IP	Para 8.8.10, Annexure 24
42	61	05-02-2008	4CC-1-CTE-2	05-02-2008	Mobilisation advance	Covered under purchase proposal, order and order amendments(Advance Payment)	Para 8.8.3
43	52	10-04-2007	4CC-1-CTE-2	10-04-2007	Mobilization advance	Covered under purchase proposal, order and order amendments(Advance Payment)	Para 8.8.3.

44	27	-----	4CC-1-CTE-2	08.06.2004	Mobilization Advance	Covered under purchase proposal, order and order amendments(Advance Payment)	Para 8.8.3
45	8		No.UU/POL/19	08.10.1997	Grant of interest free mobilization advance.	Covered under purchase proposal, order and order amendments(Advance Payment)	Para 8.8.3
46	15	-----	98/ORD/1	05.05.2003	Purchase of Computers by Govt .Departments/ Organisations	Covered under purchase enquiry and selection of appropriate purchase mode.	Para 5.2 (I) d
47	50	40/11/06	006/VGL/117	22-11-2006	Improving vigilance administration by leveraging technology	Covered under mode of tendering	Para 22.4, 5.4.1(a), 3.2, 3.3(a)
48	30	68/10/04	98/ORD/1	20.10.2004	Leveraging Technology - e-payment and e-receipt	Covered under GENERAL TERMS & CONDITIONS OF CONTRACT (payment of Stores)	Para 8.8, Annexure23A
49	24	20-04-2004	98/ORD/1	06.04.2004	Eliminating Delays by e-payments and e-receipt by Govt. Organisations	Covered under GENERAL TERMS & CONDITIONS OF CONTRACT (payment of Stores)	Para 8.8, Annexure23A
50	49	37/10/06	005/crd/012	03-10-2006	Tendering process - negotiation with L1.	Covered under INTERPRETATION OF PURCHASE PROCEDURES	Para 18.2.1

55	1		No. 98/VGL/25	16.05.2005	Intensive Examination of works by CTE's Organization- Submission of Quarterly Progress Report	MIS information being provided separately	
56	44		98/VGL/25	10-11-2005	Intensive Examination of works by CTE's Organisation	MIS information being provided separately	
57	4		No. 3L - IRC 1	10.01.1983	Appointment of Consultants.	Covered vide Personnel circular no. 685 dtd 04.02.2010	
58	5		No.3L PRC 1	12.11.1982	Irregularities/lapses observed in the construction works undertaken by Public sector undertakings/banks.	Covered vide Personnel circular no. 685 dtd 04.02.2010	
59	6		No.OFF1 CTE1	25.11.2002	Appointment of Consultants	Covered vide Personnel circular no. 685 dtd 04.02.2010	
60	10	-----	3(v)/99/9	01.10.1999	Applicability of CVC's instruction No.8(1)(h)/98(1) dated 18/11/98 on post-tender negotiations to Projects of the World Bank & other international funding agencies	Related to World Bank Projects and International Funding.	
61	12	-----	98/ORD/1	03.08.2001	Improving Vigilance Administration- Tenders (H1)	Related to tender for sale	
62	20	-----	06-03-02-CTE-34	20.10.2003	Back to back tie up by PSUs	Related to works	
63	31	69/11/04	004/ORD/8	03.11.2004	Turnkey contracts for net-working of Computer Systems	Specific for turnkey projects. Specification in general is covered. This circulars to be used as additional reference while procurement turnkey project.	Para-5.2(I)

64	33		98/DSP/3	24-12-2004	Participation of consultants in tender	Covered vide Personnel circular no. 685 dtd 04.02.2010	
65	56				Common irregularities/lapses observed in stores/purchase ...	General Instructions on Purchase Procedure	
66	60	01-01-2008	02-07-01-CTE-30	31-12-2007	Acceptance of Bank guarantees...	Covered under separate circular issued by Finance ref.no. NAeL/FIN/BG/2012-13 dtd:Oct10,2012	Reference 5
67	62	07-02-2008	007/CRD/008	15-02-2008	Measures to curb the menace of	Specific for IT products. Specification in general is covered. This circular to be used as additional reference while procuring IT products.	Para-5.2(I)

### DISCOUNTED CASH FLOW METHOD

1. Evaluation of bids by DCF technique (Note - This clause is to be included only if there is different cash outflows in successive years)
  - 1.1. Net Present Value (NPV) is a variant of DCF method, which will be used by the Buyer for evaluation of Bids. The Net Present Value of a Bid will be equal to the sum of the present values of all the cash flows associated with it. The following formula will be used for calculating NPV of a bid -
 
$$NPV_n = \sum_{t=0}^n A_t / (1 + r)^t$$

Where,  
 NPV = Net Present Value  
 A<sub>t</sub> = Expected cash flow occurring in year 't' as mentioned in the Payment schedule of Bid  
 n = Duration of cash flow stream  
 r = Discounting Rate  
 t = The period after which payment is done

The bid with the lowest NPV would be selected.
  - 1.2. The Discounting rate will be ---%". (Note-This will be State Bank of India Prime Lending Rate (PLR) at the beginning of the bid opening month).
  - 1.3. Structuring Cash Flows for Tenders/ Bids Received in the Same Currency - The cash outflows as shown in price bids will be taken into consideration. NPV of different bids will be calculated using the formula given above and the one having lowest NPV will be selected as L-1.
  - 1.4. Structuring Cash Flows for Tenders/ Bids Received in Different Currencies - Where bids are received in different currencies/combination of currencies, the cash outflow will be brought to a common denomination in rupees by converting foreign currency bids into rupees as defined in para 7.9.9 (XIV) on Commercial Evaluation of the Purchase Manual. Thereafter, the procedure as described above in Para 1.3 will be applied to arrive at NPV.
  - 1.5. All bidders are required to indicate year-wise and currency-wise amount required as per their price bid in format given below. In case a bidder does not provide year-wise cash flow details in price bid, the amount quoted in their price bid will not be discounted for comparison purposes.

Year	Dollars	Euros	Pound Sterlings	Rupees	Total Cash-Flow



Reference-1

LIST OF RECORDS/DOCUMENTS TO BE RETAINED AND THE PERIOD OF THEIR RETENTION

	NATURE OF RECORD	PERIOD OF RETENTION
1.	Files relating to policy matters, contracts, Licence Agreements, replies to the Questionnaires issued by the recommendations of the Committee on Public Sector Undertakings. Administrative Reforms Commissions, National Commission on Labour and Parliamentary Committees.	Permanent
2.	Stock registers, stock reports, stock journals and ledgers	Twelve Years
3.	Copies of Telegrams and Overtime request	Until Audit check is completed and six months thereafter.
4.	Files, Registers, Issue Registers, Receipt Registers	Three Years
5.	Periodical Returns to Government and Reports under the	Three Years
6.	Spare Copies of correspondence and telex messages etc., attendance registers, delivery books and other routine Registers.	One Year
7.	Stock-taking note-rough sheets (Stock Verification Notes).	Eight Years.
8.	Timber Statements	Two Years
9.	Requisitions(Material Requisitions)	Twelve Years
10.	A.R.M.(Stores Credits)	Twelve Years
11.	NAeL Way Bills	Twelve Years
12.	Statement showing the disposal to salvage stores	Twelve Years
13.	Auction Sale Lists	Twelve Years
14.	Ordinary correspondence	Five Years
15.	Personal cases of Contractors (Stores)	Ten Years
16.	Receiving Reports	Twelve Years
17.	Circulation Memoranda	One Year
18.	Correspondence regarding supply of stationery	One Year
19.	Forwarding memos, reminders and acknowledgements	One Year
20.	Register of sale accounts including correspondence of customers	Twelve Years
21.	Register of sale vouchers	Twelve Years

	NATURE OF RECORD	PERIOD OF RETENTION
22.	Gate, Leave and Material Passes	Five Years
23.	Purchase Orders and connected correspondence/records	Twelve Years
24.	Sales orders and connected correspondence/records	Twelve Years or till final claims are settled
25.	Register of approved vendors	Permanent
26.	M.P.R. Registers	Three Years
27.	Tender Registers	Three Years
28.	Register maintained in Mail Receipt and Dispatching Branch of purchasing Department for receipt and disposal of Bank	One Year
29.	M.P.R./indent Files	Three Years
30.	I.S.M. Contract Files	Three Years
31.	Tender Committee and material Purchase	Three Years
32.	Purchase Order Master Files	One Year
33.	IAF Records(Receiving Department)	Five Years
34.	Overseas P.Os and Contracts in Receipt Department	Three Years
35.	Local P.O.s after completion	One Year
36.	Bills of Entry	Five Years
37.	Records pertaining to NAeL's claims outstanding payments	Till settlement in full final claims
38.	CVC-1, CVC-2,CVC-3 Registers of furnishing returns to M of D	Permanent
39.	Telephone Call Entry Register	One Year
40.	Material Gate Pass Register	Five Years
41.	Material Gate Pass sent to 'M'	Five Years
42.	Visitors Register	Five Years
43.	Railway Empty Wagon Register	One Year
44.	Key Register	Five Years
45.	Inventory Register	Permanent

Note: Numbers of years for retention to be reckoned from the date on which last action on the respective files has been/completed. The periods mentioned above are subjected to change as per statutory regulations/orders issued by govt/management from time to time.

RETURN OF EARNEST MONEY DEPOSIT (EMD) RECEIVED AGAINST OPEN TENDER.

Sl. NO.	Tender Ref. No. & date	Vendor details	Details of EMD submitted				Reference of intimation forwarded to Finance for refund of EMD (letter no. & date)	Detail of EMD refunded			Remark
			Mode (DD / Cheque, BG with Bank details	Instruments No. & Date	Amount	Validity		Mode (DD / Cheque, etc)	Instruments No. & Date	Amount	

Summary of Enquiries Released during a Month (Rs. 25 Lakhs and above)

Company  Complex  Month & year

Sl. No.	Enquiry No. and Date	Mode of Enquiry *	Number of items	General Description of item (s)	Whether Single / Two Bid	Last date for submission of offers	Remarks
1							
2							
3							
4							
5							

\*: Open / Limited Enquiry

Reference-3A

Format -3(A)

Summary of Purchase Orders Released during a Month

Company  Complex  Month & year

Sl. No.	Enquiry No. and Date	Basis for ordering *	Purchase Order No. and Date	No. of items	General Description of item (s)	Value of Purchase order (Rs. Lakhs)	Name of Supplier / Vendor	Scheduled Delivery Date	Remarks
1									
2									
3									
4									
5									

\*: L1 / Technically Acceptable (Single Party)

Format - 5(A)

## Summary of Payments made during a month - Against Purchase Orders

Company  Complex  Month & year

Sl. No.	Purchase Details	Order	No. of items		Invoice Details (Rs.)		Amount Paid		Remarks / Reasons for Non - payment of Balance Amount
	No. & Date	Value	Involved	Accepted (Cum)	Recd up to beginning of the month	Recd during the month	During Month	Cumulative	
1									
2									
3									
4									
5									

Sample Templates (PRICE BID FORMAT)

Naini Aerospace Limited							
Commercial Bid							
Tender No:							
PRICE SHEET FORMAT							
A)	Cost of Equipment including warranty period of 12 months :						
Sl No.	Description	CURRENCY OF QUOTE:					
		Qty	Unit of Meas.	Unit Rate	Delivery Schedule	Total Amount	REMARK
A1.1	Basic Equipment						
A1.2	Standard Accessories						
A1.3	Mandatory Spares/ Spares of consumable nature not covered under warranty BUT required for normal operation of equipment during the warranty period						
A1.4	Taxes & Duties on (A1.1 + A1.2 + A1.3) (every tax elements to be shown separately)						
A1	Sub-Total A1(= A1.1 +A1. 2 + A1.3 + A1.4)						
A2.1	Erection & Commissioning						
A2.2	Service Taxes & Duties on (A2.1) (every tax elements to be shown separately)						
A2	Sub-Total A2(=A2.1 + A2.2)						
A3.1	Training (if not Free of Cost)						
A3.2	Taxes & Duties on A3.1						
A3.3	Freight, if any						
A3.4	Packing Charge, if any						
A3.5	Forwarding Charge, if any						
A3	Sub-Total A3(=A3.1 + A3.2+ A 3.3+A3.4+A3.5)						
A4	Total Cost (A = A1 + A2 + A3)						

B)	Cost of CAMC for 04 years after expiry of Warranty period (if applicable):						
Sl No.	Description	CURRENCY OF QUOTE:					
		1st year Rate	2nd Year Rate	3rd Year Rate	4th Year Rate	Total Amount	REMARK
B1.1	CAMC including spares covered under this						
B1.2	Taxes & Duties on CAMC - Services						
B1.3	Taxes & Duties on CAMC - Spares						
B1	Sub-Total B1(= B1.1 +B1. 2 + B1.3)						
B2.1	Mandatory Spares/ Spares of consumable nature not covered under CAMC BUT required for normal operation						
B2.2	Taxes & Duties on Mandatory Spares						
B2	Sub-Total B2(= B2.1 +B2. 2)						
B3	Sub-Total (B = B1 + B2)						
C)	Total Cost = (A + B)						



TO BE WORKED OUT BY NAeL (only for internal use - not be part of the tender document)							
D)	LOADING FACTORS (Please refer attached sheet for loading factors).						
D1	DT FACTOR						
D2	PT FACTOR						
D3	DL FACTOR						
D4	LD FACTOR						
D5	SD FACTOR						
D6	WA FACTOR						
D7	TOTAL FACTOR (D1+D2+D3+D4+D5+D6)						
E	LANDED COST TO NAeL (C+D)						
Notes:							
1. ADDITIONAL SHEET may be used for giving detailed break-up for taxes, spares, accessories etc.							

### Loading Factors Details

(If required for evaluation appropriately to be included in the tender documents)

#### PROPOSED FACTORS FOR LOADING IN COMPARATIVE PRICE

#### STATEMENT

ITEM	WEIGHTAGE FACTOR	AMOUNT TO BE ADDED ON BASIC PRICE			REMARK
BASIC PRICE	ACTUALS				
(DT FACTOR) DELIVERY TERM(FOR NA&L)	ACTUALS	$Q \cdot a/100 + Q \cdot a/100 = 0.03 \cdot Q$ (EX-WORKS (INLAND) QUOTED WITHOUT PACKING)	$Q \cdot 0.5/100 + Q \cdot 1.5/100 + Q \cdot 1.5/100 = 0.045 \cdot Q$ (EX-WORKS (FOREIGN) QUOTED WITHOUT PACKING)		a % OF QUOTED PRICE CONSIDERED AS PACKING CHARGE. FACTOR TO BE REDUCED IF PACKING IS QUOTED
(PT FACTOR) PAYMENT TERM 100% WITHIN 30 DAYS OF RECEIPT AND ACCEPTANCE OF MATERIAL	2%	$((X/100) \cdot Q \cdot R/12) \cdot 0.02$ (X% AGAINST DELIVERY)	$((X/100) \cdot Q \cdot R/12) \cdot 0.02 + (\%BC \text{ OR } LC/100 \cdot (X/100) \cdot Q)$ (X% AGAINST DELIVERY THROUGH BANK/LC/SIGHT DRAFT)	$[(Y/100) \cdot Q \cdot ((R+2)/12) \cdot T] \cdot 0.02 + ((X/100) \cdot Q \cdot R/12) \cdot 0.02 + (\%BC \text{ OR } LC)/100 \cdot ((X+Y)/100) \cdot Q$ (Y% ADVANCE+ X%AGAINST DELIVERY)	
(DL FACTOR) DELIVERY LEAD TIME (AS PER RFQ)	1%	$Q \cdot (TQ - TR) \cdot 0.01/12$			
(L.D. FACTOR) (L.D. @ 0.5% PER WEEK OF DELAY MAXIMUM UPTO 10%	2%	$0.02(10 - L) \cdot Q/10$			

OF PO VALUE)					
(SD FACTOR) SBG (5% OF PO VALUE VALID UPTO 60 DAYS FROM LAST DELIVERY)	5% of quoted value	5% OF QUOTED VALUE  (SBG NOT AGREED)			
WA FACTOR (WARRANTY)	2%	$0.02 * Q * (WR - WO) / 12$			
Abbreviations					
QUOTED PRICE	Q	<p>Note:</p> <p>1) MONTHLY PLR/ LIBOR RATE TO BE CONFIRMED BY FINANCE.</p> <p>2). BANK CHARGES/LC CHARGES TO BE CONFIRMED BY FINANCE.</p>			
PLR/LIBOR PER ANNUM	R				
AMOUNT TO BE PAID AGAINST DELIVERY	X				
AMOUNT TO PAID IN ADVANCE	Y				
DELIVERY TIME IN MONTHS AS PER PO	T				
MAXIMUM RATE OF LD AGREED	L				
DELIVERY REQUIRED AS PER RFQ	TR				
DELIVERY QUOTED	TQ				
WARRANTY IN MONTHS AS PER RFQ	WR				
WARRANTY OFFERED IN MONTHS	WQ				
% BANK CHARGES	BC				
% LC CHARGES	LC				

Reference Web sites for Custom Notifications,  
exchange rates, Labour and Material Indices  
etc

<a href="http://www.cbec.gov.in/">http://www.cbec.gov.in/</a>	Customs Deptt
<a href="http://www.cbec.gov.in/cae/custo">http://www.cbec.gov.in/cae/custo</a>	Customs Acts
<a href="http://www.cbec.gov.in/cae/customs/cs-tariff/cst-note.htm">http://www.cbec.gov.in/cae/customs/cs-tariff/cst-note.htm</a>	Customs Tariff
<a href="http://www.cbec.gov.in/cae/customs/forms_pdf/forms_idx_final.htm">http://www.cbec.gov.in/cae/customs/forms_pdf/forms_idx_final.htm</a>	Customs Forms (BE etc)
<a href="http://www.cbec.gov.in/cae/customs/cs-notfns-main.htm">http://www.cbec.gov.in/cae/customs/cs-notfns-main.htm</a>	Customs Notifications
<a href="http://www.cbec.gov.in/cae/customs/cs-manual/manual_idx.htm">http://www.cbec.gov.in/cae/customs/cs-manual/manual_idx.htm</a>	Customs Manual
<a href="http://www.statistics.gov.uk/statbase/Product.asp?vlnk=2207&amp;More=N">http://www.statistics.gov.uk/statbase/Product.asp?vlnk=2207&amp;More=N</a>	Price indices in UK
<a href="http://www.bls.gov/home.htm">http://www.bls.gov/home.htm</a>	USA, Bureau of Labor Statistics Data
<a href="http://www.bls.gov/ppi/">http://www.bls.gov/ppi/</a>	USA, Producer Price Indexes
<a href="http://www.insee.fr/en/home/home_page.asp">http://www.insee.fr/en/home/home_page.asp</a>	French Indices
<a href="http://europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=Eurostat">http://europa.eu.int/comm/eurostat/Public/datashop/print-catalogue/EN?catalogue=Eurostat</a>	Euro Statistics
<a href="http://www.wadaviation.com/index.html">http://www.wadaviation.com/index.html</a>	World Aviation Directory and Buyer's Guide
<a href="http://www.kompass.com/">http://www.kompass.com/</a>	Worldwide business purchasing and marketing directory
<a href="http://www.ilsmart.com">www.ilsmart.com</a> (id: ay6zu01 Pwd: csrfay6z)	Inventory Locator Service (subscription necessary)
<a href="http://www.partsbase.com">www.partsbase.com</a> (id: nmyadav Pwd: nmyadav)	Search by part number, NSN, NIIN and
<a href="http://www.iccwbo.org/home/menu_incoterms.asp">http://www.iccwbo.org/home/menu_incoterms.asp</a>	INCOTERMS
<a href="http://cvc.nic.in/rajins.htm">http://cvc.nic.in/rajins.htm</a>	CVC Instructions
<a href="http://www.dti.gov.uk/exportcontrol">http://www.dti.gov.uk/exportcontrol</a>	UK Export Control
<a href="http://www.hmce.gov.uk">www.hmce.gov.uk</a>	for UK Customs & Excise Tariff
<a href="http://mod.nic.in/dpm/dpp2006.pdf">http://mod.nic.in/dpm/dpp2006.pdf</a>	Defence Procurement Procedure

LIST OF ITEMS RESERVED FOR PURCHASE FROM SMALL SCALE INDUSTRIAL  
UNITS INCLUDING HANDICRAFT SECTOR

1. AAC/and ACSR Conductor up to 19 strands.
2. Agricultural Implements
  - a. Hand Operated tools and implements
  - b. Animal driven implements
3. Air/Room Coolers
4. Aluminum builder's hardware
5. Ambulance stretcher
6. Ammeters/ohm meter/Volt meter (Electro magnetic up to Class 1 accuracy)
7. Anklets Web Khaki
8. Augur (Carpenters)
9. Automobile Head Lights Assembly
10. Badges cloth embroidered and metals
11. Bags of all types i.e. made of leather, cotton, canvas and jute etc, including kit bags, mail bags, sleeping bags and water-proof bag.
12. Bandage cloth
13. Barbed Wire
14. Basket cane (Procurement can also be made from State Forest Corpn. And State Handicrafts Corporation)
15. Bath tubs
16. Battery Charger
17. Battery Eliminator
18. Beam Scales (up to 1.5 tons)
19. Belt leather and straps
20. Bench Vices
21. Bituminous Paints
22. Blotting Paper
23. Bolts and Nuts
24. Bolts Sliding
25. Bone Meal
26. Boot Polish
27. Boots and Shoes of all types including canvas shoes
28. Bowls
29. Boxes Leather
30. Boxes made of metal
31. Braces
32. Brackets other than those used in Railways
33. Brass Wire
34. Brief Cases (other than moulded luggage)
35. Brooms
36. Brushes of all types
37. Buckets of all types
38. Button of all types
39. Candle Wax Carriage
40. Cane Valves/stock valves (for water fittings only)
41. Cans metallic (for milk and measuring)
42. Canvas Products:
  - a. Water Proof Deliver, Bags to spec. No. IS-1422/70
  - b. Bonnet Covers and Radiators Muff. To spec. Drg. Lv7/NSN/IA/130295
43. Capes Cotton and Woolen

44. Capes Waterproof
45. Castor Oil
46. Ceiling roses up to 15 amps
47. Centrifugal steel plate blowers
48. Centrifugal Pumps suction and delivery 150 mm x 150 mm
49. Chaff Cutter Blade
50. Chains lashing
51. Chappals and sandals
52. Chamois Leather
53. Chokes for light fitting
54. Chrome Tanned leather (Semi-finished Buffalo and Cow)
55. Circlips
56. Claw Bars and wires
57. Cleaning Powder
58. Clinical Thermometers
59. Cloth Covers
60. Cloth Jaconet
61. Cloth Sponge
62. Coir fibre and Coir yarn
63. Coir mattress cushions and matting
64. Coir rope hawserlaid
65. Community Radio Receivers
66. Conduit pipes
67. Copper nail
68. Copper Naphtenate
69. Copper sulphate
70. Cord Twine Maker
71. Cordage Others
72. Corrugated Paper Board and Boxes
73. Cotton Absorbent
74. Cotton Belts
75. Cotton Carriers
76. Cotton Cases
77. Cotton Cord Twine
78. Cotton Hosiery
79. Cotton Packs
80. Cotton Pouches
81. Cotton Ropes
82. Cotton Singlets
83. Cotton Sling
84. Cotton Straps
85. Cotton tapes and laces
86. Cotton Wool (Non absorbent)
87. Crates Wooden and plastic
88. a) Crucibles up to No. 200  
b) Crucibles Graphite up to No. 500  
c) Other Crucibles up to 30 kgs.
89. Cumblies and blankets
90. Curtains mosquito
91. Cutters
92. Dibutyl phthalate
93. Diesel engines up to 15 H.P
94. Dimethyl Phthalate

95. Disinfectant Fluids
96. Distribution Board up to 15 amps
97. Domestic Electric appliances as per BIS Specifications:
  - Toaster Electric, Elect. Iron, Hot Plates, Elect. Mixer, Grinders, Room heaters and convectors and ovens
98. Domestic (House Wiring) P.V.C Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and up to 10.00 mm sq. nominal cross section
99. Drawing and Mathematical Instruments
100. Drums and Barrels
101. Dust Bins
102. Dust Shield leather
103. Dusters Cotton all types except the items required in Khadi
104. Dyes:
  - a. Azo Dyes (Direct and Acid)
  - b. Basic Dyes
105. Electric Call bells/buzzers/door bells
106. Electric Soldering Iron
107. Electric Transmission Line Hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc
108. Electronic door bell
109. Emergency Light (Rechargeable type)
110. Enamel Wares and Enamel Utensils
111. Equipment camouflage Bamboo support
112. Exhaust Muffler
113. Expanded Metal
114. Eyelets
115. Film Polythene - including wide width film
116. Film spools and cans
117. Fire Extinguishers (wall type)
118. Foot Powder
119. French polish
120. Funnels
121. Fuse Cut outs
122. Fuse Unit
123. Garments (excluding supply from Indian Ordnance Factories)
124. Gas mantels
125. Gauze cloth
126. Gauze surgical all types
127. Ghamellas (Tasllas)
128. Glass Ampules
129. Glass and Pressed Wares
130. Glue
131. Grease Nipples and Grease guns
132. Gun cases
133. Gun Metal Bushes
134. Gum tape
135. Hand drawn carts of all types
136. Hand gloves of all types
137. Hand Lamps Railways
138. Hand numbering machine
139. Hand pounded Rice (polished and unpolished)
140. Hand presses
141. Hand Pump

142. Hand Tools of all types
143. Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
144. Harness Leather
145. Hasps and Staples
146. Haver Sacks
147. Helmet Non-Metallic
148. Hide and country leather of all types
149. Hinges
150. Hob nails
151. Holdall
152. Honey
153. Horse and Mule Shoes
154. Hydraulic Jacks below 30 ton capacity
155. Insecticides Dust and Sprayers (Manual only)
156. Invalid wheeled chairs.
157. Inverter domestic type up to 5 KVA
158. Iron (dhobi)
159. Key board wooden
160. Kit Boxes
161. Kodali
162. Lace leather
163. Lamp holders
164. Lamp signal
165. Lanterns Posts and bodies
166. Lanyard
167. Latex foam sponge
168. Lathies
169. Letter Boxes
170. Lighting Arresters - up to 22 kv
171. Link Clip
172. Linseed Oil
173. Lint Plain
174. Lockers
175. Lubricators
176. L.T. Porcelain KITKAT and Fuse Grips
177. Machine Screws
178. Magnesium Sulphate
179. Mallet Wooden
180. Manhole covers
181. Measuring Tapes and Sticks
182. Metal clad switches (up to 30 Amps)
183. Metal Polish
184. Metallic containers and drums other than N.E.C. (Not elsewhere classified)
185. Metric weights
186. Microscope for normal medical use
187. Miniature bulbs (for torches only)
188. M.S. Tie Bars
189. Nail Cutters
190. Naphthalene Balls
191. Newar
192. Nickel Sulphate
193. Nylon Stocking



194. Nylon Tapes and Laces
195. Oil Bound Distemper
196. Oil Stoves (Wick stoves only)
197. Pad locks of all types
198. Paint remover
199. Palma Rosa Oil
200. Palmgur
201. Pans Lavatory Flush
202. Paper conversion products- paper bags, envelops, Ice-cream cup, paper cup and saucers and paper Plates
203. Paper Tapes (Gummed)
204. Pappads
205. Pickles and Chutney
206. Piles fabric
207. Pillows
208. Plaster of Paris
209. Plastic Blow Moulded Containers up to 20 litre excluding Poly Ethylene Terphthalate (PET) Containers
210. Plastic cane
211. Playing Cards
212. Plugs and Sockets electric up to 15 Amp
213. Polythene bags
214. Polythene Pipes
215. Post Picket (Wooden)
216. Postal Lead seals
217. Potassium Nitrate
218. Pouches
219. Pressure Die Casting up to 0.75 kg
220. Privy Pans
221. Pulley Wire
222. PVC footwears
223. PVC pipes up to 110 mm
224. PVC Insulated Aluminium Cables (up to 120sq. mm) (ISS:694)
225. Quilts, Razais
226. Rags
227. Railway Carriage light fittings
228. Rakes Ballast
229. Razors
230. RCC Pipes up to 1200 mm. dia
231. RCC Poles Prestressed
232. Rivets of all types
233. Rolling Shutters
234. Roof light Fittings
235. Rubber Balloons
236. Rubber Cord
237. Rubber Hoses (Unbranded)
238. Rubber Tubing (Excluding braided tubing)
239. Rubberised Garments Cap and Caps etc
240. Rust/Scale Removing composition
241. Safe meat and milk
242. Safety matches
243. Safety Pins (and other similar products like paper pins. staples pins etc.)

- 244. Sanitary Plumbing fittings
- 245. Sanitary Towels
- 246. Scientific Laboratory glass wares (Barring sophisticated items)
- 247. Scissors cutting (ordinary)
- 248. Screws of all types including High Tensile
- 249. Sheep skin all types
- 250. Shellac
- 251. Shoe laces
- 252. Shovels
- 253. Sign Boards painted
- 254. Silk ribbon •
- 255. Silk Webbing
- 256. Skiboots and shoes
- 257. Sluice Valves
- 258. Snapfastner (Excluding 4 pcs. ones)
- 259. Soap Carbolic
- 260. Soap Curd
- 261. Soap Liquid
- 262. Soap Soft
- 263. Soap washing or laundry soap
- 264. Soap Yellow
- 265. Socket/pipes
- 266. Sodium Nitrate
- 267. Sodium Silicate
- 268. Sole leather
- 269. Spectacle frames
- 270. Spiked boot
- 271. Sports shoes made out of leather (for all sports games)
- 272. Squirrel Cage Induction Motors up to and including 100 K W 440 volts 3 phase
- 273. Stapling machine
- 274. Steel Almirah
- 275. Steel beds stead
- 276. Steel Chair
- 277. Steel desks
- 278. Steel racks/shelf
- 279. Steels stools
- 280. Steel trunks
- 281. Steel wool
- 282. Steel and aluminum windows and ventilators
- 283. Stockinet
- 284. Stone and stone quarry rollers
- 285. Stoneware jars
- 286. Stranded Wire
- 287. Street light fittings
- 288. Student Microscope
- 289. Studs (excluding high tensile)
- 290. Surgical Gloves (Except Plastic)
- 291. Table knives (Excluding Cutlery)
- 292. Tack Metallic
- 293. Taps
- 294. Tarpaulins
- 295. Teak fabricated round blocks
- 296. Tent poles

297. Tentage Civil/Military and Salitah Jute for Tentage
298. Textiles manufactures other than N.E.C, (not elsewhere classified)
299. Tiles
300. Tin Boxes for postage stamp
301. Tin can unprinted up to 4 gallons capacity (other than can O.T.S.)
302. Tin Mess
303. Tip Boots
304. Toggle Switches
305. Toilet Rolls
306. Transformer type welding sets conforming to IS:1291/75 (up to 600 amps)
307. Transistor Radio up to 3 band
308. Transistorised Insulation - Testers
309. Trays
310. Trays for postal use
311. Trolley
312. Trollies - drinking water
313. Tubular poles
314. Tyres and Tubes (Cycles)
315. Umbrellas
316. Utensils all types
317. Valves Metallic
318. Varnish Black Japan
319. Voltage Stablisers including C.V.T's
320. Washers all types
321. Water Proof Covers
322. Water Proof Paper
323. Water tanks up to 15,000 litres Capacity
324. Wax Sealing
325. Waxed paper
326. Weighing Scale
327. Welded Wiremesh
328. Wheel barrows
329. Whistle
330. Wicks cotton
331. Wind Shield Wipers (Arms and Blades only)
332. Wire brushes and Fibre Brushes
333. Wire Fencing and Fittings
334. Wire nails and Horse shoe nails
335. Wire nettings of gauze thicker than 100 mesh size
336. Wood Wool
337. Wooden ammunition boxes
338. Wooden Boards
339. Wooden Box for Stamps
340. Wooden Boxes and Cases N.E.C. (Not elsewhere classified)
341. Wooden Chairs
342. Wooden Flush Door Shutters
343. Wooden packing cases all sizes
344. Wooden Pins
345. Wooden Plugs
346. Wooden Shelves
347. Wooden Veneers
348. Woolen hosiery
349. Zine Sulphate

### 350. Zip Fasteners

#### Handicraft Items

Sl. No.	Item Description	Source of Supply
351.	Cane furniture Handloom -	North Eastern Handicrafts and Development Corporation Assam Govt. marketing Corpn. Craft Society of Manipur Nagaland Handicrafts and Handlooms Development Corpn.
352.	Bamboo file tray, Baskets, Pencil stand,- - do- Racks etc.	
353.	Artistic Wooden Furniture -	Rajasthan Small Industries Corpn., U.P. Export Corporation.
354.	Wooden paper weight, racks etc. - - do-	
355.	Glass covers made and grass jute of wood - - do-	
356.	Jute furniture	- West Bengal Handicrafts Dev. Corpn. Jute Mfg. Development Corporation Orissa State Handicrafts Dev. Corpn.
357.	Jute bags, file cover -	- do-
358.	Woolen and silk carpets -	U.P. Export Corporation J and K Sale Export Corporation.

## Reference -7

### ARBITRATION

1. Arbitration is a procedure wherein a dispute is submitted by an agreement between parties, to one or more arbitrators who make a binding decision on the dispute. In choosing arbitration, parties opt for a private settlement procedure instead of going to court directly. It is governed by the Arbitration and Conciliation Act, 1996.

The principal characteristics of arbitration are:

- a. Arbitration is consensual - Arbitration can only take place if both parties have agreed to it. In case a dispute arises, parties can incorporate an arbitration clause in the relevant contract. An existing dispute can be referred to arbitration by means of a submission agreement between the parties.
  - b. The parties choose an arbitrator - The parties appoint a sole arbitrator together. In choosing a three member arbitral tribunal, each party appoints one arbitrator, and the two arbitrators will appoint a presiding arbitrator.
  - c. Arbitration is neutral - In addition to appointment of arbitrators, parties are also free to choose important elements like applicable law, language and venue of the arbitration.
  - d. The decision of arbitral tribunal is final and binding upon both parties.
2. Arbitration and Conciliation is a widely recognized alternative dispute mechanism. It is an alternative to litigation before Courts of law and is given binding sanctity by statutory enactments. The process of arbitration exists as a parallel system of dispute resolution with the established judicial process. It is squarely based on consent and written agreement between parties. The object of arbitration is to provide fair and impartial resolution of disputes without causing unnecessary delay. With due regard to advantages of arbitration, it is considered as an ideal method for speedy disposal of cases and has proved to be effective in commercial disputes. It is pertinent to mention that arbitrators in principle have more flexible schedules than judges and have greater control over the process and schedule. As a result of this, arbitrators are expected to spend more time on a case than judges.

This is valuable in complex matters and will result in better decisions. In addition to this, arbitration is a less formal dispute resolution as opposed to litigation which is more adversarial and time consuming. Therefore, in terms of convenience, arbitration has proved to be a useful tool for settling disputes in an amicable manner.

3. Arbitration can be classified into two categories :

- i) Ad Hoc Arbitration:

In this category of arbitration, parties agree upon a form of arbitration that is specific to a particular contract or dispute, without referring to an arbitral tribunal. In other words, when parties agree to arbitrate but do not refer to institutional rules, they have an ad hoc arbitration clause.

ii) Institutional Arbitration:

In institutional arbitration, proceedings are conducted according to the rules of an arbitral institution like ICA/ICADR.

4. An arbitration agreement may be in the form of an arbitration clause in the form of a contract or in the form of a separate agreement and it shall be done in writing. It should be simple and effective. There should not be any ambiguity. It has to demonstrate a consensus between parties to refer the dispute to arbitration. An arbitration clause that is present in a contract will be viewed as a separate and distinct agreement between parties.
5. The following factors have to be borne in mind while drafting an arbitration clause:-
  - a. Manner of appointment of arbitrators.
  - b. Place of arbitration.
  - c. Applicable law and language.
  - d. Procedure agreed upon between parties to the contract.
6. In case the parties want to invoke an ad hoc arbitration clause, the following procedure can be mutually agreed upon between parties.

a) For appointment of sole arbitrator:

"In case a dispute arises between parties in connection with the agreement and all/any terms and conditions hereof, the matter should be resolved through mutual discussion and negotiations."

However, if the parties are not able to resolve their dispute through mutual discussion and negotiations, such dispute should be resolved through arbitration by a sole arbitrator. The provisions of the Arbitration and Conciliation Act, 1996 shall apply to such dispute, The Place of arbitration shall be \_\_\_\_\_. The language of arbitration shall be English.

b) For appointment of 3 arbitrators:

"In case a dispute arises between parties in connection with the agreement and all/any terms and conditions hereof, the matter should be resolved through mutual discussion and negotiations."

However, if the parties are not able to resolve their dispute through mutual discussion and negotiations, such dispute should be resolved through arbitration by a panel of three arbitrators, Each party shall appoint one arbitrator, and the two appointed arbitrators shall in turn appoint a presiding arbitrator, The provisions of the Arbitration and Conciliation Act, 1996 shall apply to such dispute, The Place of arbitration shall be \_\_\_\_\_. The language of arbitration shall be English.

In the event it is desirous of invoking an institutional arbitration clause, the following procedure can be followed:

"In case a dispute arises between parties in connection with the agreement and all/any terms and conditions hereof, the matter should be resolved through mutual discussion and negotiations."

However, if the parties are not able to resolve their dispute through mutual discussion and negotiations, the dispute can be resolved amicably through arbitration. The provisions of Arbitration and Conciliation, 1996 shall apply to such dispute.

The appointing authority will be \_\_\_\_\_  
[Name of Institution/arbitrator}.

The place of arbitration will be \_\_\_\_\_

The language agreed upon parties will be \_\_\_\_\_

The award passed by the arbitral tribunal will be final and binding upon both parties.

7. Settlement of disputes between Public Sector enterprises and or Government department will be as per Government guidelines issued from time to time.