

AMENDMENT

The amendments of Purchase Manual of Coal India Limited has been approved in the 223rd meeting of the CIL Board held on 29th September'2005.

The existing provisions of the purchase manual vis-à-vis the revised provisions are enclosed at Annexure-A.

All other provisions of the purchase manual shall remain unaltered.

(R. D. Mahto)
Chief General Manager(MM)

Enclosed: Annexure-A

Distribution

01. CMD, ECL/BCCL/CCL/SECL/MCL/WCL/NCL
02. CVO, CIL
03. Director(Tech),CIL
04. Director(Finance),CIL
05. TS to Chairman, CIL
06. CGM(MM), ECL/BCCL/CCL/SECL/MCL/WCL/NCL
07. CGM, NEC
08. DyCMM, CMPDI
09. All executives of MM division, CIL
10. Materials Manager, NEC

Sl	Clause Ref.	Existing clause of Manual	Revised clause of Manual
01	2.3(a) (v)	No existing provision	<p><u>Purchase through Depot Agreement.</u></p> <p>Depot Agreement will be concluded with the Original Equipment Manufacturer(OEM). In case OEM is not selling their spares directly to any other purchaser but through their authorized distributor/dealer, in that eventuality, Depot Agreement will be concluded with their authorized distributor/dealer.</p> <p>To conclude depot agreement, the list of items should be obtained from the OEM which are of proprietary nature. The list should be scrutinized at Subsidiary level by a committee constituted by CMD which will be headed by the Director In-charge of Materials Management Dept. The Committee will scrutinize the list and decide the items for which the depot agreement needs to be concluded</p>
02	2.4 2.4.1	<p><u>Advertised Tender</u></p> <p>The tender notices should also be published in the Web site. The complete bid documents along with application form shall be published on the Web site of the subsidiary/CIL.</p>	<p><u>Advertised Tender</u></p> <p>The tender notices should also be published in the Web site with downloading facility. The complete bid documents along with application form shall be published on the Web site of the subsidiary/CIL. A certificate to this extent may be obtained from the concerned dept. of the Company before opening of tender.</p>
03	2.5 2.5.3	<p><u>Limited Tenders</u></p> <p>“The number of tenderers to whom enquiries will be issued will depend on the value of the purchase. In no case the number of tenderers should be less than three. Issue of limited tender will be decided with approval of Head of MM department.”</p>	<p><u>Limited Tenders</u></p> <p>The number of tenderers to whom enquiries will be issued will depend on the value of the purchase. In no case the number of tenderers should be less than three. Issue of limited tender will be decided with approval of Head of MM department and the User department, which includes finalization of the name of the vendors, along with clear justification. If LTE is to be issued to less than 3 firms, approval may be obtained from Dir(T) of the Company.</p>

Sl	Clause Ref.	Existing clause of Manual	Revised clause of Manual
04	2.5.4	<p><u>LIMITED TENDERS FOR SAFETY ITEMS:</u></p> <p>...”List of DGMS approved firms for the items under consideration of procurement should be obtained directly from DGMS along with the validity of such approvals.”</p>	<p><u>LIMITED TENDERS FOR SAFETY ITEMS:</u></p> <p>...”List of DGMS approved firms for the items under consideration of procurement should be obtained directly from DGMS along with the validity of such approvals.”</p> <p>In case such list is not available from DGMS, Open tender may be issued with DGMS approval as a qualifying criteria.</p>
05	2.8.5 (i)	Repeat order should not be more than 25% of the original order quantity.	Repeat order should not be more than 25% of the original order quantity. If the repeat order quantity works out to be less than one, no repeat order should be placed.
06	2.10.1 (iv)	<p><u>Emergency Purchase :</u></p> <p>“.....Concurrence of finance should also be taken accordingly, but if a member from the finance department is included in the purchase Committee, no further concurrence will be required upto the purchase value of Rs.10 Lakh. For purchase value above Rs.10 lac, financial concurrence shall be needed.”</p>	<p><u>Emergency Purchase :</u></p> <p>“.....Concurrence of finance should also be taken accordingly.”</p>
07	4.6.6	Preference may be given to ‘A’ Group vendors, in distribution of order quantity, when orders are placed in terms of para 7.2.2.3 . The actual quantum of preference will be decided by the Tender Committee.	Preference may be given to ‘A’ Group vendors, in distribution of order quantity, when orders are placed in terms of para 7.22. The actual quantum of preference will be decided by the Tender Committee as per the guideline of CVC etc.

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
08	6.1 b(ii)	<p><u>Preparation of Tender Enquiry</u> "Excise Duty, if applicable, will be payable extra on Ex-works price only."</p> <p>"A domestic manufacturer shall be considered as an indigenous manufacturer, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This provision should be specifically mentioned in the tender document."</p>	<p><u>Preparation of Tender Enquiry</u> ."Excise Duty, if applicable, will be payable extra as per prevailing Excise rules. Refund/Credit, if any, obtained shall be passed on to the buyer which shall be certified by the auditor of the supplier"</p> <p>"A domestic manufacturer shall be considered as an indigenous manufacturer, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This is to be certified by the auditor of the manufacturer. This provision should be specifically mentioned in the tender document."</p>
09	6.1 c(ii)	<p><u>Preparation of Tender Enquiry</u> In case of imported stores other than direct import by Coal India Limited/Subsidiary Companies the following clause should be incorporated.</p> <p>The tenderer should indicated the actual rate of customs duty included in their quotation. They should also indicate in their tender where a concessional rate of customs duty is admissible and a lower duty is paid by them and the amount actually paid by them at the concessional rate of duty. A certificate from the Auditor of the firm, certifying the actual duty paid and that in case of any refund, the full refund of duty has been passed on to CIL/Subsidiary Company should be asked from the firm. Customs Duty will be reimbursed on submission of documentary evidence.</p>	<p><u>Preparation of Tender Enquiry</u> In case of imported stores other than direct import by Coal India Limited/Subsidiary Companies the following clause should be incorporated.</p> <p>The firm should quote FOR destination price and the firm shall give a certificate along with their offer of their Auditor certifying that they have paid Customs Duty as per prevailing Customs Rates and refund if any shall be passed on to the buyer</p>

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
10	6.2	<p><u>Price Variation Clause</u> It should be mentioned in the NIT that the prices quoted must be FIRM till delivery. Otherwise, the offer will be rejected. In case, however, it is decided to allow price variations, under special circumstances, with the approval of Head of Materials Management Department, the following details should be indicated in the NIT:</p>	<p><u>Price Variation Clause</u> a) It should be mentioned in the NIT that the prices quoted must be FIRM till delivery. Otherwise, the offer will be rejected. b) Under special circumstances, price variation clause based on a Standard formula may be stipulated in the NIT with the approval of CMD based on the recommendation of a Committee chaired by Director(T). In that case, the following details should be indicated in the NIT:</p>
11	6.3.1	<p><u>Two Part Tendering</u> <u>PART – II :</u>”Similarly commercial scrutiny of the techno-commercial bid shall be done by the M.M. department and shall be approved by the HOD of M.M. department.”</p>	<p><u>Two Part Tendering</u> <u>PART – II :</u>” Similarly commercial scrutiny of the techno-commercial bid shall be done by the M.M. department which shall be vetted by finance and shall be approved by the HOD of M.M. department.”</p>
12	6.5 (b)	<p><u>Earnest Money/Security Money</u> “The value of Security Money to be deposited by the successful tenderer in the form of Bank Draft shall be 10% of the value of the awarded contract without having any ceiling. For successful tenderer, EMD should be converted to Security Money which will be refunded to the firm within 30 days of satisfactory execution of the contract with the approval of HOD of MM/Head of the Area”</p>	<p><u>Earnest Money/Security Money</u> The value of Security Money to be deposited by the successful tenderer in the form of Bank Draft/Bank Guarantee of any Scheduled Bank shall be 10% of the value of the awarded contract without having any ceiling. For successful tenderer, Security Money will be refunded to the firm within 30 days of satisfactory execution of the contract with the approval of HOD of MM/Head of the Area”</p>
13	6.5 (e)	<p><u>Earnest Money/Security Money</u> No existing provision</p>	<p><u>Earnest Money/ Security Money</u> Security Money may be converted into Performance Bank Guarantee(PBG) wherever PBG is required. At the time of conversion of security money into PBG, it should be ensured that the amount of PBG should not be less than 10% of landed value of order.</p>

Sl	Cl. ref	Existing clause of Manual	Revised clause of Manual
14	6.5 (f)	<u>Earnest Money/Security Money</u> No existing Provision	<u>Earnest Money/Security Money</u> Wherever Security Money shall be treated as performance coverage of the contract, the operation of Security Money BG/ Performance BG shall be guided by clause 6.5.1 (A),(B),(C) and (D) of the manual.
15	6.5.1	<u>Performance Bank Guarantee</u> The Performance Bank Guarantee Clause must be stipulated in all the contracts for procurement of Capital Equipment. In case performance to be guaranteed can be defined, similar Performance Guarantee Clause should also be stipulated for supply of critical items viz. Wire Ropes, Belting, Tyres etc. as far as possible. Performance Bank Guarantee at the rate of 10% of the order value should be taken from the supplier. This Bank Guarantee format must be vetted by Legal Department of CIL/Subsidiary Company. For procurement of certain specialized items and/or for certain firms, if felt necessary, performance bank guarantee of more than 10% of the order value may be obtained. This is at the discretion of the purchasing Subsidiary Company & to be clearly mentioned in the tender enquiry.	<u>Performance Bank Guarantee</u> The Performance Bank Guarantee Clause must be stipulated in all the contracts for procurement of Capital Equipment. In case performance to be guaranteed can be defined, similar Performance Guarantee Clause should also be stipulated for supply of critical items viz. Wire Ropes, Belting, Tyres etc. as far as possible. Performance Bank Guarantee at the rate of 10% of the order value should be taken from the supplier as already detailed at clause 6.5(e) and 6.5(f) of the manual. This Bank Guarantee format must be vetted by Legal Department of CIL/Subsidiary Company.
16	6.5.1 (C)	<u>Performance Bank Guarantee</u> The Performance Bank Guarantee for the above case (A) & (B), shall be released after expiry of validity period if no claim is pending, with the approval of the concerned Director(T) of the subsidiary/CIL. However, in case there is no dispute pending & No Claim Certificate is not received in writing from the user within 6(six) months from the expiry of the validity period, the BG shall be released without further reference to the user, with the approval of Director(T) of the concerned subsidiary/CIL.	<u>Performance Bank Guarantee</u> The Performance Bank Guarantee for the above case (A) & (B), shall be released after expiry of validity period if no claim is pending, with the approval of the concerned HOD(MM) of the subsidiary/CIL. However, in case there is no dispute pending & No Claim Certificate is not received in writing from the user within 6(six) months from the expiry of the validity period, the BG shall be released without further reference to the user, with the approval of Director(T) of the concerned subsidiary/CIL.
17	6.7 (i).	<u>Submission of Tender</u> All envelopes containing the tenders shall be properly sealed ONLY by sealing wax embossed with the logo or monogram of the tenderers. Envelopes sealed by ONLY Gum Or Stapled shall not be accepted.	<u>Submission of Tender</u> All envelopes containing the tenders shall be properly sealed . Envelopes stapled shall not be accepted.

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
18	6.11	<p><u>Receipt of Tender</u> All the tenders received on a particular date shall be sorted out by the Receipt Section and handed over to the concerned Dealing Officer for safe custody.</p>	<p><u>Receipt of Tender</u> All the tenders received upto the due date & time of submission of offer shall be sorted out by the authorized officer and handed over to the concerned Dealing Officer for safe custody.</p>
19	6.12 (iii)	<p><u>Delayed or Late Tender</u> Tenders sent through Telegram, Telex, Fax or E-Mail will not be considered.</p>	<p><u>Delayed or Late Tender</u> Tenders sent through Telegram, Telex, Fax or E-Mail will not be considered except in case of single enquiry in which case post confirmation copy is to be obtained before competent approval.</p>
20	6.15	<p><u>Signing of all pages of Tender</u> Tenderers must be instructed in the NIT to sign with seal on all pages of their tender, including all enclosures submitted with the tenders except printed leaflets/ catalogues indicating the name of the manufacturer. In case the signature with seal is missing on any page of the Price bid, the firms should be told to comply with the same at the time of opening of the tender. The officials opening the Tender must sign on all pages and record this deviation so that the same can be complied with by the firms by 3 / 4 days of tender opening.</p>	<p><u>Signing of all pages of Tender</u> <u>Part-I (Techno-Commercial bid)</u> Tenderers must be instructed in the NIT to sign with seal on all pages of their tender, including all enclosures submitted with the tenders except printed leaflets/ catalogues. <u>Part-II (Price bid)</u> Offers received without signature and seal on all pages shall be rejected NB: In single tender system, the provision at Part-II shall apply.</p>
21	6.16	<p>In case the Tenderers submit self attested copies of registration certificate of DGS&D/NSIC, Licence from BIS and approval certificate issued by DGS&D/other Independent Statutory Bodies of Govt. of India, along with the tender, they must be asked to show the original copies of such documents to the concerned dealing officer for verification to satisfy about their authenticity. The concerned verifying authority should indicate its name ,designation, date of verification and sign on the verified documents.</p>	<p>In case the Tenderers submit self attested copies of registration certificate of DGS&D/NSIC, Licence from BIS and approval certificate issued by DGS&D/other Independent Statutory Bodies of Govt. of India, along with the tender, such documents should be duly attested by Notary Public which shall be accepted by the dealing officer as an authentic document without going for any further verification with the original document.</p>

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
22	6.17 (ii)	<p><u>Certain vital condition of NIT</u></p> <p>A domestic manufacturers shall be considered as an indigenous manufacturers, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This provision should be specifically mentioned in the tender document.</p>	<p><u>Certain vital condition of NIT</u></p> <p>A domestic manufacturer shall be considered as an indigenous manufacturer, if the equipment manufactured and offered by them against tender has indigenous material content cost plus labour content cost in excess of 30% of ex-works value of the equipment including all taxes and duties. This is to be certified by the auditor of the manufacturer. This provision should be specifically mentioned in the tender document.</p>
23	6.17 (iii)	<p><u>Satisfactory Performance</u> “...(as their life is 50 to 20 years)</p>	<p><u>Satisfactory Performance</u> “...(as their life is 15 to 20 years)</p>
24	6.17 (iv)	<p><u>Certain vital conditions of NIT</u></p> <p>The equipment to be offered by the tenderer shall be considered proven provided the type and model of the equipment offered must have supplied in the past to the Mining Industry and/or to the other Industries under PSU/Government (applicable for material handling equipment like Conveyors, Cranes etc. only) and performed satisfactorily for a period of not less than one year from the date of commissioning. High capacity equipment namely dumpers of 120T and above, shovels of 10 Cum. And above and Dragline shall be considered proven on consistent satisfactory performance for a period of minimum 3 /4 years from the date of commissioning. However, if the performance achieved during first two years is more than the availability guaranteed for the first year, a relaxation may be considered with the approval of the Competent Authority (CMD/Chairman, CIL) for declaring those high capacity equipment as proven. Before declaring the trial equipment proven for regular procurement, the performance of the equipment for the above said period (one year from the date of commissioning) will have to be examined along with the maintenance and operating cost involved for use of those trial equipment for a period of one year.</p>	<p><u>Certain vital conditions of NIT</u></p> <p>The equipment to be offered by the tenderer shall be considered proven provided the type and model of the equipment offered must have supplied in the past to the Mining Industry and/or to the other Industries (Private or Government/Public Sector Undertaking—Indigenous or Global) (applicable for material handling equipment like Conveyors, Cranes etc. also) and performed satisfactorily for a period of not less than one year from the date of commissioning. High capacity equipment namely Dumpers of 120T and above, Shovels of 10 Cum. and above and Dragline shall be considered proven only on consistent satisfactory performance for a minimum period of 3 years from the date of commissioning. However, if the performance achieved during first two years is more than the availability guaranteed for the first year, a relaxation may be considered with the approval of the Competent Authority (CMD of the company/Chairman, CIL) for declaring those high capacity equipment as proven. Before declaring the trial equipment proven for regular procurement, the performance of the equipment for the above said period (one year from the date of commissioning) will have to be examined along with the maintenance and operating cost involved for use of those trial equipment for a period of one year.</p>

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
25	7.1 (ix)	<p><u>Tabulation of comparative statement for one Cover System</u></p> <p>...”If date of last order is more than 36 months old or the item was not purchased earlier it will be mentioned that LPP is not available. In case the last order is more than 5 years old , LPP need not be searched for. However, for single offer received against tender, LPP of any date may be mentioned, if available.”</p>	<p><u>Tabulation of comparative statement for one Cover System</u></p> <p>...”If date of last order is more than 36 months old or the item was not purchased earlier it will be mentioned that LPP is not available. However, for single offer received against tender, LPP of any date may be mentioned, if available.”</p>
26	7.5	<p>The bidders are to be informed that CIL and/or its Subsidiaries are entitled to increase or decrease the quantities against any /all the items of the tender by not more than 20%(twenty percent) before opening of price bid.</p>	<p>The bidders are to be informed that CIL and/or its Subsidiaries are entitled to increase or decrease the quantities against any /all the items of the tender by not more than 20%(twenty percent) before opening of price bid. The latitude of 20% of tender quantity will be applied by exception only.</p>
27	7.8.i.b. E	<p>LEVEL V TENDER COMMITTEE</p> <p>Above Rs.3 crore—Rs 100 crore.</p> <p>i) A Technical Director of a Sub.Co. ii) Head of MM Dept. of rank not less than M3 iii) Head of Finance Dept. of rank not less than M3/Director(F) of a Sub.Co. iv)Head of concerned Technical Dept of rank not less than M3</p>	<p>LEVEL V TENDER COMMITTEE</p> <p>Above Rs.3 crore—Rs.100 crore.</p> <p>i) A Technical Director of a Sub. Co. ii) Head of MM Dept. of rank not less than M3. iii)Head of Finance Dept. of rank not less than M3. iv)Head of concerned Technical Dept of rank not less than M3.</p> <p>NB: Whenever Head of concerned dept. of M3 rank is not available, HOD of rank not less than M2 shall be the member of the Level-V Tender Committee.</p>

Sl	Clause Ref	Existing clause of Manual	Revised clause of Manual
28	7.8.i b.F	<p>LEVEL VI TENDER COMMITTEE</p> <p>For procurement of material and equipment valuing more than Rs.100 crore. TC may comprise of the following members.</p> <p>i) CMD of a Sub. Co. ii) Director(Technical) of a Sub. Co. iii) Director(Finance) of a Sub. Co. iv) Head of Finance Dept. of rank not less than M3. v) Head of concerned Technical Dept. of rank not less than M3 vi) Head of MM Dept. of rank not less than M3.</p>	<p>LEVEL VI TENDER COMMITTEE</p> <p>For procurement of material and equipment valuing more than Rs.100 crore, TC may comprise of the following members for subsidiaries.</p> <p>i) Director(Technical) of a Sub. Co. ii) Head of Finance Dept. of rank not less than M-3 iii) Head of concerned Technical Dept. of rank not less than M-3 iv) Head of MM Dept. of rank not less than M-3</p> <p>However, for CIL, the existing provisions of manual shall continue.</p> <p>NB 1- Whenever Head of concerned dept. of M-3 rank is not available, HOD of rank not less than M-2 shall be the member of the Level-VI Tender Committee.</p>

Consequent upon the above changes, the following amendments in Chapter-XI are also effected,

Clause Ref.	Activity	Manual Ref.	Existing Approving Authority	Amended Approving Authority
11.4.24	Release of Performance Bank Guarantee	6.5.1 C & D	Dir(T)/HOD of Area	HOD(MM)/HOD of Area/Dir(T)

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