

मनोज मिश्रा
अध्यक्ष एवं प्रबन्ध निदेशक
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सीमेन्ट कॉरपोरेशन ऑफ इंडिया लि०
(भारत सरकार का उद्यम)
Cement Corporation of India Ltd.
(A Government of India Enterprise)



Foreword

Cement Corporation of India Ltd. (CCI), which was incorporated on 18th January, 1965 to manufacture and sale of cement and after a dull period of sickness, the Company has risen and now making profits.

In operating the plants, we spend crores of rupees each year on procurement of material and services in its operating plants/units/offices. Thus it is of utmost importance that simple and transparent processes/procedures are adopted. Equally important is that it must contain latest guidelines for maintaining fairness and transparency and also achieve the organisation's requirement in competitive market.

The purchase policy of the Corporation was in the form of compilations and very old. To maintain the smooth flow of production procurement process must focus on timely, efficient and cost effective supply of materials/services. The focus should also on the transparency by way of complying the various guidelines issued including that by CVC.

I am happy to see that Material Management Department has updated the Purchase Policy, incorporating the latest provisions like Integrity Pact and Independent External Monitor and dispensing with the requirement of publication of advertisement in newspapers.

I congratulate the team of Materials Management Department of Corporate Office for their sincere involvement, commitment and dedication in updating the Purchase Policy and I am sure that this will be a good guide for executives dealing procurement of materials or services.

(**Manoj Misra**)

Date: 28th August, 2018
New Delhi

CONTENTS

Clause	Purchase policy	Page
1.0	Scope of Purchase Policy	3
2.0	Purchase objective	3
3.0	Purchase policy	3
4.0	Supplier registration	3
5.0	Estimates	4
5.1	Expression of interest	4
6.0	Procurement through tender system	5
6.1	Open tender	5
6.2	Limited tender	5
6.3	Single tender	6
7.0	Integrity Pact	9
8.0	e-procurement& reverse auction	9
9.0	Quotations and Opening of Tenders	10
9.1	Type of bids	10
9.2	Submission time	10
9.3	Offers by fax/ e-mail or other digital modes	10
9.4	Loading Criteria	11
9.5	Price bids (in two bid system)	11
9.6	Safe custody of bids	12
9.7	Return of un-opened bids	13
10.0	Late tenders	13
11.0	Cost evaluation	13
12.0	Tender processing and committee approach	14
13.0	Splitting the order	15
14.0	Re-tendering	16
15.0	Repeat orders	17
16.0	Emergency Local Purchases through personal enquiry	18
17.0	Purchases through rate/running contracts	19
18.0	Capital procurements, sub-contracting by manufacturing units	19
19.0	Price variation	20
20.0	Penalty/LD for delayed delivery and extension of delivery/ contract	21
21.0	Material budget	21
22.0	Certification of funds	22
23.0	Financial concurrence	22
24.0	General	23
25.0	Miscellaneous instructions	25



Clause	Purchase policy	Page
26.0	Sharing of information	26
27.0	Norms for procurement	26
28.0	Guidelines/instructions	26
29.0	Interpretation/ clarifications/ deviations to purchase policy	26
30.0	Explanation of terms used in the purchase policy	27
30.1	Materials	27
30.2	Stock items	27
30.3	Proprietary item	28
30.4	Customer contract requirement	29
30.5	Source standardisation	29
30.6	Developmental/trial orders	29
30.7	Educational Orders	30
31.0	Earnest money deposit	30
31.1	Submission of EMD	30
31.2	Return of EMD	31
32.0	Security deposit	31
33.0	Power to amend	32



1.0 SCOPE OF PURCHASE POLICY

Purchase Policy shall cover all procurement of service/purchase of stores, spares and raw materials including PP bags, gypsum, coal etc.

2.0 OBJECTIVE:

The objective of procurement activity shall be to purchase the required materials, equipment and related or associated services at the right time, at an optimum price, consistent with quality requirements, in a transparent and fair manner in line with extant guidelines and Government directives, to meet Customer commitments. The Purchase Policy shall be applicable for all purchase Enquiries/ NITs/ Tenders floated on or after the date of issue of this Policy.

3.0 PURCHASE POLICY:

- 3.1 CCI Ltd. should procure only from suppliers committed to Quality on long term basis, so as to improve quality, reduce cost and procurement lead time also.
- 3.2 Emphasis shall also be on process control of the manufacture alongwith end inspection of the product.
- 3.3 CCI Ltd. shall maintain goodwill of registered suppliers, treating them as its business partners.
- 3.4 Bulk buying & bunching of materials shall be done, to the maximum extent possible, to derive price advantage. However, it should be ensured that the inventory is not blocked for more than a year through such bulk quantity purchase, by following statistical method.
- 3.5 There shall be continual effort to regulate inventory levels at the units.

4.0 SUPPLIER REGISTRATION:

- 4.1 Supplier evaluation and registration shall be a continual and dynamic process with provision to induct new competent suppliers and to weed out non performing suppliers from time to time and also for finding out the alternate sources of the OEM and suppliers supplying on single tender basis.
- 4.2 The criteria shall be based on process and organizational capability, requisite facilities, financial soundness, quality



- systems, quality/ delivery/ service performance etc. of the supplier.
- 4.3 Publication on the website of the Company (indicating approx. annual procurement value) shall be resorted to for registration of suppliers, wherever necessary and especially where there are less than four suppliers for any item. The Publication shall also be advertised in at least two newspaper of repute (One Hindi and one vernacular (local)) apart from publications on website alongwith relevant details.
- 4.4 The Corporate Office alongwith units shall maintain the lists of registered suppliers.
- 4.5 Based on certification from the user departments, MM Head of the unit shall at the start of every financial year, ensure that the supplier list is reviewed and updated.
- 4.6 Procedure for suspension of suppliers shall be as per the extant Company's defined procedures.

5.0 ESTIMATES:

While forwarding indent for procurement or admin approval of any item or for taking the administrative approval for any Works, Services, Estimates shall be prepared in proper manner and be indicated in the indent.

The estimated rate is a vital element in establishing the reasonableness of prices and it is important that it is worked out in an objective manner on the basis of indicative market rates/ budgetary offers/ trend of last or previous purchase prices (LPP)/ rates at which procurements were made by sister unit(s) / economic indices for the raw material/ labour/ other input costs/ LME price trends/ relevant industry formula, as applicable/ demand supply situation, etc. Local environmental factors or specific site conditions or any other factor affecting the cost of the proposed purchases may also be considered.

Accordingly, the price reasonability by the indenter/Purchase Committee, as applicable, to be established as part of their recommendations.

5.1 Expression of Interest :

For items where specifications/requirement are not very clear or items which are not frequently procured, 'Expressions of Interest' (EOI) may be published in the website of CCI/CPP



Portal/National daily, as mentioned at Open Tender. EOI should include in brief, the broad scope of the requirement, eligibility and the pre-qualification criteria to be met by the prospective suppliers, their past experience etc. The prospective suppliers may also be asked to send their comments on the scope of work projected in the EOI. Adequate time should be allowed for getting responses from the prospective suppliers. The purpose of EOI is to:

- a) Arrive at uniform specification parameters meeting technical requirements, and
- b) Shortlist interested parties.

The suppliers meeting the finalized specifications shall be short-listed for further process of issuing Open Tender, or Limited Tender with recorded reasons.

6.0 PROCUREMENT THROUGH TENDER SYSTEM:

Tender system is adopted to procure materials at the most competitive rates. Three kinds of tenders are in vogue viz., Open Tender, Limited Tender and Single Tender.

6.1 OPEN TENDER:

6.1.1. Open tender shall generally be resorted for Purchases above Rs 20 Lacs. This can also be resorted to in the following cases:

- i.) Cases where adequate number of registered suppliers are not available.
- ii.) Procurement from Limited tender is considered not desirable /may not produce effective result.

6.1.2. The text of NIT along with tender documents and drawings etc. are to be uploaded on CCI website as well as on websites of CPP/GeM Portal.

6.1.3. Besides the above, all known sources are addressed directly about the requirement of the particular material by sending copy of the text of NIT.

6.1.4. For high value capital items the advertisements shall be made in newspapers with the approval of the C & MD.

6.2 LIMITED TENDER:

6.2.1. Limited tender shall be addressed to all registered/known supplier apart from displaying in the website of CCI



(Unit/CO) with approval of competent authority as per DoP. However, specific approval may be sought from the head of MM (in case of corporate office)/Head of Unit for the following cases with proper justification.

- i.) For not addressing Limited tender enquiry to any of the registered supplier/s.
- ii.) For addressing Limited tender enquiry to registered suppliers with low performance rating.
- iii.) If any party other than registered ones, who fulfils all the criteria will also be considered for participation. The tender committee shall decide

The suitability of the party, after verifying credentials like balance sheet/ plant & machineries and orders executed etc., to be submitted by the party in a separate bid (techno-commercial bid). In this case the party has to submit two bids (techno-commercial and price bid).

The procurement proposal should be processed with minimum 3 offers. In the event of poor response, the processing requires prior approval of head of unit/head of MM (CO), with proper justification.

The list of vendors registered by the units is to be hosted on the website of that unit and should be accessible to other units. In case the performance of any suppliers is found unsatisfactory by any unit, they should not be contacted for supply by other units. As a rule limited tender enquiry should be resorted upto Rs.20 lacs. In case purchases above Rs.20 lacs is require to be made through limited tender due to urgency or any other valid reasons. The officers authorized for the purpose, should record the reasons for resorting to limited tender system in preference to open tender.

6.2.2. In case of a single acceptable offer, if it is considered necessary to proceed further in the same tender enquiry (reasons to be recorded), the Limited tender shall be treated as Single tender for further processing as per Delegation of Power.

6.3 SINGLE TENDER:

6.3.1. Every effort should be made to avoid purchase on single tender basis. The Single tender route shall be resorted to only in exceptional cases. Single tender may be invited from the registered/ other supplier due to any of the following reasons, duly certified by the Head of the Indenting department. All



the cases of procurement through single sources may be reported to Corporate Office at the end of every quarter for putting up to the AUDIT COMMITTEE.

- a. Proprietary in nature;
- b. Purchases from collaborators or from their recommended suppliers;
- c. Customer's contract requirement;
- d. Urgency of requirement (to be certified by Head of Indenting department/Product/Project Manager/Site-in-charge, with recorded reasons underlying the urgency); this should be limited to Rs. 5000/- only and to be procured by the head of the indenting department.
- e. Source standardisation; (To be done with the approval of Corporate Office).
- f. Developmental/Trial orders; (As per the guidelines and power given thereunder)
- g. Availability of Pattern/ Die/ Special Toolings with a single supplier;
- h. Spares from Original Equipment Manufacturer (OEM).
- i. Counter Trade arrangements with the approval of the Board;

6.3.2. For processing the cases on single tender basis or items of proprietary nature the following documents shall be attached:

- i) Latest Proprietary Article Certificate from the manufacturer in original or notarized in the following format:-

“This is to certify that (Name of Product) is/are our proprietary product and manufactured only by us”.

- ii) Sole Authorized Distributor Certificate from the Manufacturer in original or notarized in cases where manufacturer is not supplying the product directly but through a distributor.
- iii) A certificate from the supplier that the item has not been sold at price lower than quoted to PEC during that financial year. Reasonability of price may be ensured in single tender purchase.



iv) Proprietary Article Certificate as per Rule 154 of GFR is to be given by the concerned HOD in the following format:

- (a) The indented goods are manufactured by _____.
- (b) No other make or model is acceptable for the following reasons.

6.3.3. Guidelines regarding procurement against Single Tender by Units:

- (a) For procurement of raw material i.e. coal, iron ore, gypsum etc. directly from PSU/Govt. Sector, the unit is authorised to procure upto Rs.50.00 lakh in each case.
- (b) For procurement of spare parts from PSU/Govt. Sector, the unit is authorised to procure upto Rs.1.0 lakh in each case. However, it should be ensured that the inventory of such spares is not increased.
- (c) For procurement of spare parts from Sector other than PSU and Govt., on single tender and OEM basis, the unit is authorised to procure upto Rs.50,000/- in each case, subject to completion of necessary formalities for procurement against single tender basis, as per GFR guidelines, as communicated earlier. However, the number of procurement cases from these sectors with value more than Rs.10,000/-, may be restricted to only two cases in a month. In case, the cases exceed more than two in a month, the approval of Corporate Office, shall be required.
- (d) In case of advance payment, except for procurement of raw material from PSU/Govt. Sector, all cases shall be required to be forwarded to Corporate Office for approval.

6.3.4. Purchases upto Rs.50,000/- can be made through single tender at the unit. However, where purchases above Rs.50,000/- through single tender required it should satisfied the conditions as stated above.

6.3.5. Process of educational and developmental order should be continuous process and must not be limited to one. The list of the suppliers developed through such process shall be maintained separately. The proposal of developmental /educational orders is to be approved by head of unit/head of



MM (CO) upto Rs.5 Lacs. The quantity should be restricted to 20% of annual/normal requirement.

7.0 Integrity Pact (IP)

The nature of the procurement/contracts and the threshold value above which the integrity pact will be used, shall be decided by management. The present threshold limit is Rs 10 Lacs (Rupees Ten Lacs). This threshold limit shall be fixed from time to time. For such tenders/contracts valuing above threshold limit as decided from time to time, the tenderer /bidder has to enter into an “Integrity Pact” with Cement Corporation of India Limited. A copy of the integrity pact duly signed by the authorised signatory on behalf of CCIL has to be enclosed with the tender/bid document. Non-signing of the integrity pact shall disqualify the offer/bid. Following instructions shall be included in the tender/bid document for such value as per the approved limit and above.

- 7.1 The bidder/tenderer is required to enter into an “Integrity Pact” with Cement Corporation of India Limited. The integrity pact has to be signed by the proprietor/owner/partner/director or their duly authorised signatory. In case of failure to return the integrity pact along with the offer/bid, duly signed by the authority as mentioned, will disqualify the offer/bid.
- 7.2 In the tender documents, it should be specified that the bidder/tenderer, if feel aggrieved, may raise complainants/pass on information, if any, to the competent authority/operating authority of the tender or to the Chief Vigilance Officer (CVO) CCIL, Nehru Place, New Delhi-110019
- 7.3 Independent External Monitors:- Independent External Monitors has been appointed by the CVC for monitoring all the tenders , with value above Rs. 10 lacs, for which IP is an integral part.

8.0 E-PROCUREMENT & REVERSE AUCTION:

All Procurement process above prescribed limit to be approved by CMD, shall be through electronic mode (E-Tender), within the provisions of the Purchase Policy and relevant acts, where bidding, contracting and payments etc. are accomplished electronically improving the process time and thus efficiency. In the case of E-Procurement also a small clipping is to be published in the Newspaper, as per norm, apart from forwarding copy of NIT to the registered vendors through E-mail.



9.0 QUOTATIONS AND OPENING OF TENDERS :

9.1. TYPE OF BIDS :

- (a) Generally, two-part bid system is preferred where bids are invited in two parts viz. Techno-commercial (Part-I) and Price (Part-II) bids. Techno-commercial bids are opened first, evaluated and only then the price bids of techno-commercial qualified suppliers are opened.
- (b) Single-part bid system may be followed where technical specifications and requirements are clear and no deviations are acceptable. No post-tender opening clarifications are allowed in single-part bids. The evaluation/ exclusion criteria for commercial terms shall be stated in the NIT. Bids not meeting the evaluation/ exclusion criteria stated in the NIT will be rejected. However, in Limited tender single-part bids, retendering (two-part bidding) shall be resorted to in the event of L-1 bidder getting rejected on technical grounds.

9.2. SUBMISSION TIME :

Adequate notice should be given to suppliers for submission of offers which should not be less than three weeks for Open tenders from the date of publication of small clipping in all approved newspapers, two weeks for Limited Tenders from the date of forwarding of enquiry from the Corporation and two weeks for E-procurement from the date of forwarding of enquiry through e-mail.

This time limit may be reduced or extended for recorded reasons, with the approval of next higher authority competent for inviting tenders (limited to Unit Head/MM Head - C.O).

9.3. OFFERS BY FAX/ E-MAIL or OTHER DIGITAL MODES:

Offers received through Fax/E-Mail shall be considered when such offers are complete in all respects.

Tender documents are normally mailed through ordinary posts under certificate of posting. However, when situation does not permit to give 30/45 days' time to the bidders from the date of mailing of the tender documents, the same should be sent through courier services/Speed Post. In urgent limited tender cases, tender documents may be sent through fax/e-mail.



However, on rare occasions, the case of extreme urgency only, hand quotations shall be obtained subject to approval of concerned GM (in case of unit) or C&MD (in case Corporate Office).

9.4. LOADING CRITERIA :

The list of permissible technical/ commercial deviations and the loading criteria thereof shall be informed in the NIT through tender conditions. In respect of any additional technical deviations for which loading criterion is required to be framed after opening of techno-commercial bid, the Engineering/ Indenting head shall be authorized to accept any loading criteria thereof. As regards any additional commercial deviations for which loading criteria is required to be framed after opening of techno-commercial bid, approval of the authority competent to accept the tender (Unit Head for unit/ MM Head for C.O) shall be obtained for accepting such deviations and framing the loading criteria thereof. Such additional deviations and the loading criteria shall be communicated to all the qualified bidders before the price bid opening.

9.5. PRICE BIDS (IN TWO BID SYSTEM) :

9.5.1. Any discount/ revised offer submitted by a bidder on its own shall be accepted provided it is received on or before the due date and time of the opening of the tender as specified in NIT.

Unsolicited discounts/ revised offers given after opening due date of opening of tender shall not be accepted. However, such discounts shall be kept separately and be dealt separately after evaluation of lowest bidder, based on the quoted rate, so as to get maximum benefit for the Corporation. The discount, if given by the lowest bidder, shall be taken into consideration for placement of order.

9.5.2. In case there is minor change in the technical scope/ specifications which affects the price of the tender all the bidders shall be given opportunity for submission of revised price bids. Even though any bidder do not want to change their price bid due to such change, they should submit so in writing. However, for major change in the technical specifications affecting price, the case should be retendered in fair and transparent manner.


25/3/18

In case there is no change in the technical scope and/ or specifications and/ or commercial terms & conditions, the bidder/s shall not be allowed to change his/ their price bids after the due date, within the validity period of the tender.

- 9.5.3. In case of changes in scope and/ or technical specifications and/ or commercial terms & conditions, having price implications, techno-commercially acceptable bidders shall be asked (after freezing the scope, technical specifications and commercial terms & conditions) to submit the impact of such changes on their price bid. A suitable cut-off date and time should be given to all the techno-commercially acceptable bidders to submit the impact on their price bids.

In such cases, the estimates prepared may be re-examined with respect to the changes in specification/terms & conditions.

In the event of any bidder, after finalizing the technical specification & scope of supply, opting to revise and submit their latest price bid instead of submitting impact on their price bid, then their original price (i.e. the previous bid) shall also be opened to know the price impact.

- 9.5.4. All the techno-commercially acceptable bidders shall be informed of the date and time of opening of price bids. The price bids shall be opened on the due date and time by representative of Purchase and Finance Departments in the presence of representatives of suppliers who would like to be present.

9.6. SAFE CUSTODY OF BIDS :

After tender opening, the price bid of the tender shall be enclosed in a sealed envelope that should be duly signed by the tender committee and kept in safe custody of MM Department while opening the price bid the committee should ensure that the seal of envelope is intact. In case of e-tendering, the service agency (M/s MSTC) will be responsible for safe custody of bids on their service portal, as per procedure approved in this regard.



9.7. RETURN OF UN-OPENED BIDS:

After release of letter of intent/ purchase order, the un-opened bids (including price bids) shall be returned to the respective bidders along with reasons for not opening the bids. In case, the tenders are cancelled, the bids of the parties who have submitted the tender, shall be returned immediately, when such decision for cancellation of tender, is taken.

10.0 LATE TENDERS:

In case of Open/Limited tenders, offers received after the specified time of their 'Submission' are treated as Late Tenders and shall not be considered.

In case of Single tender enquiry, late offers may be considered with the prior approval of next higher authority competent to invite/accept the tenders (limited to Unit Head). In case of poor response/limited response, wherever is felt, that the late offers (more than one) can add to the competitions, such late offers can be considered for opening with approval for accepting authority as per DOP.

11.0 COST EVALUATION :

- 11.1. Evaluation shall be on the basis of total landed cost to the unit/C.O where the material/service is to be delivered, taking into considerations the loading criteria as mentioned in the tender or fixed by the tender committee prior to opening of Price bid.
- 11.2. For evaluation, the exchange rate (TT selling rate of SBI) shall be taken as under:-

Single part bids	Date of tender opening
Two part bids	Date of opening of techno commercial bid
Reverse Auction	Date of opening of techno commercial bid

If the relevant day happens to be a bank holiday, then the for ex rate as on the previous working day (of SBI bank) shall be taken.

All the above shall also be stated in the tender conditions.

- 11.3. Ranking (L-1, L-2 etc.) shall be done only for the techno-commercially acceptable offers (for single bid system).



12.0 TENDER PROCESSING AND COMMITTEE APPROACH :

12.1. Technical evaluation of the offers shall be done by the indenter and should be endorsed by the head of that technical department, if the value involved is high, approval for technical evaluation may be taken for the unit head.

Evaluation of the offers on commercial terms/financial capability shall be done by the respective MM/Finance executives/ Purchase Committee.

12.2. PURCHASE COMMITTEE

Subsequent to price bid opening and vetting of the comparative statement, the proposal shall be processed accordingly by the dealing MM executive/ Purchase Committee. The Purchase Committee shall be formed as per the extant, provision, guidelines and delegation of powers.

However, following actions shall be taken before a decision is taken:

- a. The bidder shall be informed with reasons that the quoted price gives rise to concerns on the ability of the bidder to execute the order/ contract and a reply shall be sought within a stipulated time frame.
- b. The Purchase Committee shall take into account the reply provided by the bidder, consider the case appropriate and submit its recommendations.
- c. In case the bidder does not reply within the stipulated time, the bid can be rejected.

The recommendations of the Purchase Committee shall be duly recorded and put up to the Competent Authority who will decide regarding acceptance / rejection of such bid. In case the bid is rejected, the reasons shall be promptly communicated to the bidder concerned.

Upon rejection of the abnormally low bid as above, only the remaining bids available for reckoning shall be considered and ranked.

12.3. The Purchase Committee is empowered to make, and is accountable for their final recommendation to the Competent Authority.



The Committee in their recommendations should state whether the prices are reasonable or not, keeping in view of the consideration given in estimates, submit recommendations and clearly indicate further course of action to be adopted.

Recommendations of the Committee shall be submitted for approval of the Competent Authority.

- 12.4. In the decisions of the Committee(s), the responsibility of individual members will be confined to their specific area/function with collective responsibility for the final recommendations.

13.0 SPLITTING THE ORDER :

- 13.1. In case the order is desired to be split amongst more than one tenderer, the same should be disclosed in the NIT. The order can be split between more than one supplier in fair & transparent manner at the landed cost (the cost to the company inclusive of all taxes but excluding the set-off from ED, Cess on ED and VAT) of the lowest bidder. However, the Corporation reserves the right to get more quantity indicated in the Tender. The distribution ratio between L-1, L-2 etc. (depending on the number of parties to whom order to be distributed) has to be clearly mentioned in the Tender document. The distribution is guided by the order of tender rankings. In case of distribution between two parties, the ratio should be 70:30, in case of distribution between three parties, the ratio should be 50:30:20 and in case of distribution between four parties, the ratio should be 50:25:15:10. However, the splitting of the tender is to be done as per CVC guidelines, if any.
- 13.2. While distributing the quantity, it should be observed that the landed cost at which the orders are awarded is same for all the parties, which is to be done through taking counter offers from them in sequence (L-2, L-3 etc.).

In case of single-part bid, if the distribution of quantities is not envisaged in the NIT, and if, after due processing, it is discovered that the quantity to be ordered is far more than what L-1 alone is capable of supplying and since there was no prior decision to split the quantities, the balance quantity should be allocated to L-2 party. In case L2 do not have capacity to supply (this should be verified from the documents submitted by the party) the balance quantity, the remaining quantity after



fulfilling the capacity of L-2 shall be allocated to L3 and so on. Efforts should be made to keep the landed cost same for entire quantities to be order.

Wherever the numbers of qualified responses (N) are three or more, the distribution shall be limited to (N-1) qualified responses. Distribution in case of two qualified bidders shall require approval of Unit Head (not below the rank of GM).

13.3 L-1 rates, as finalized, shall be counter offered to the other bidders in case of splitting of order. In case any bidder(s) do not accept the L-1 rates, the counter-offer may be extended to other bidders.

13.4 However, capability, capacity and past performance will be kept in view for the allocation of quantity to multiple sources. In case, more than one party has the same rank, then the quantity shall be distributed equally to them.

For example; in case of distribution to two parties, if two parties stand L-1, the quantity shall be distributed in the ratio 50:50. In case of distribution to three parties, if the ranks are L-1, L-2 and L-2 (2 parties stand L-2), the distribution shall be 50:25:25 i.e. $(30+20)/2 = 25$ etc.

14.0 RE-TENDERING :

Re-tendering may be resorted to only after the administrative approval of the Competent Authority (as per DOP) for acceptance of tender, under following circumstances -

- (a) The response is poor to create completion in the tender.
- (b) Whenever the price is unreasonable high or low prices.
- (c) Whenever it is suspected that there is formation of cartel among the bidders.
- (d) There is sudden slump in market prices after invitation/submission of bids.
- (e) Negotiation has not yielded desired results;
- (f) Major changes in scope and/ or pre-qualification requirement in a tender.
- (g) In case L-1 bidder backs out, re-tendering shall be done (without including the L-1 bidder who had backed out). Also he should not be considered for 1 year in any tender of the corporation.



15.0 REPEAT ORDERS :

- 15.1. Normally as per lead time prior to expiry of running supplies/job contract, the indenter has to process fresh indent proposal. However, repeat orders for the same item(s), without calling for fresh tenders, may be resorted to with recorded reasons and approval of Competent Authority as per DOP, provided :
- (a) There is no downward price trend (with supporting data/rationale),
 - (b) It should give benefit in delivery – In case resorting to fresh tender causes production loss etc.
- 15.2. The Repeat order has to be placed within one year from date of the completion of supply or two years from the date of order.
- 15.3. Any order, if it is for continuous requirement should have provision for repeat order. While placing repeat order, it should be observed that the supplier had executed the original order successfully as per schedule and their performance of product/services is found satisfactory.

Repeat ordering is not permitted –

- (a) By a unit against order of other units. However in case of exigency, prior approval of C&MD may be sought.
 - (b) For individual item(s) of the package, if the original order was evaluated on total package basis,
 - (c) In case the order was placed on single tender basis, except proprietary item.
 - (d) In case the original order was placed under limited tender by exception.
 - (e) The original order was placed on Single acceptable response basis, against open/limited tender.
 - (f) The tenders were awarded with pre-qualification criteria for early delivery.
 - (g) Capital items.
 - (h) The procurement is made through committee under emergency purchases.
- 15.4. In case of repeat order in package, even though individual quantity may vary, however the total value of the repeat order



should be restricted to the value of original order. Repeat order will be placed for one time only upto the period of one year.

- 15.5. In case original orders were placed on two or more suppliers at L-1 rate after splitting, the repeat order quantities should be split in same ratio; and if not possible, the quantities should be split in a transparent and fair manner, also taking into account the suppliers' performance in supplies against the original orders.

16.0 EMERGENCY LOCAL PURCHASES THROUGH PERSONAL ENQUIRY:

- 16.1. Small value items and petty purchases, for which the parties may not feel convenient to submit offers and items that may be required urgently to avoid the any stoppage of operation of the plant, can be done under the following provisions.
- 16.2. However, Units shall issue suitable work instructions/ Purchase order to the party from where purchase is done for the purpose of accounting and maintenance of records.
- 16.3. For purchases through personal enquiry under this clause, registration of suppliers is not mandatory as such purchases are to be done after the contacting the suppliers personally.
- 16.4. The purchases through Personal enquiry shall require the prior approval of the Head of MM Department (in case of C.O) /GM of the unit.
- 16.5. In case of emergency purchases of regularly required items, the status of stores/regular indent should be recorded in writing.
- 16.6. Petty purchases without obtaining any quotations/bids (including purchases with less than three quotations) can be made by the concerned department. For such purchases a certificate will be recorded by the concerned executive in the following format.
- "I, _____, am satisfied that these goods have been purchased at a reasonable price, under the given circumstances."
- 16.7 The purchases in the spot or committee or miscellaneous cases shall be done as per procedure approved alongwith DOP in this regard.



17.0 PURCHASES THROUGH RATE/RUNNING CONTRACTS:

- 17.1. Rate contracts are those contracts where only rates are fixed for specified period while Running contracts are those contracts in which rates as well as quantity are fixed for the specified period.
- 17.2. Rate contract can also be entered into as per the rate of DGS&D after obtaining approval of the Competent Authority. The items for which more than one DGS&D rates are available order should normally be placed at lowest of the available DGS&D rates.
- However, if the material is available in the local market at lesser rate than DGS&D, then material be procured from the local market by following procurement rules.
- 17.3. Annual Rate/Running contract can be entered into with the suppliers in respect of regular consumable items such as gypsum, PP bags, Grinding media, Casting, firebricks, or all such other items / components or maintenance stores/ spares where it is considered necessary in the interest of the company to have steady source of supply and to avoid unnecessary building of inventories.
- 17.4. For entering into such contracts the value of the contract is to be decided and prior approval of the head of the unit / head of MM department (in case of CO) or the authority as per DOP is to be taken. For all such contracts the open tender system is to be followed. However, for rate contacts for spares which are proprietary in nature or manufacture by OEM, rate contact can be entered on single tender basis with area authorized dealer on the recommendation of the original manufacturer/principal suppliers on the basis of manufacture price list and after settling the discount on such price list, supported by manufactures tax invoice (Excise).
- 17.5. Procurement through GeM (Govt. e-marketing):- Subsequent to introduction of Govt. e-marketing, the procurements of the available products on GeM platform are to be made through GeM as per the guidelines.

18.0 CAPITAL/PROJECT PROCUREMENTS:

In addition to the guidelines in this Policy, the following provisions shall be applicable:



- i) The specification of the equipment to be procured shall be finalized based on functional requirements and may be guided by the following criteria:
 - a) Pre-bid meeting with prospective suppliers, in cases where considered necessary, may be done to have better clarity.
 - b) For all projects, pre-bid meeting shall mandatorily be held.
 - c) Efforts shall be made for obtaining budgetary offers from two or more suppliers to enable better preparation of generic specification.
 - d) Assimilation of market information/ experience of other Units may be taken into consideration.
- ii) The proposal for purchase of capital equipment should indicate that the commitments are within the approved budget.
- iii) Bank Guarantee/s of appropriate value/s are to be ensured from the suppliers for the performance against 'contract' and 'equipment'. However, value of BG should not be less than 5%.

19.0 PRICE VARIATION :

- 19.1. Purchases shall normally be made on the basis of firm prices.
- 19.2. In cases where material cost depends upon statutory regulations or otherwise controlled/administered prices or in cases where material costs are liable to wide fluctuations due to marketing conditions which can be quantified and prescribed by a third party like minimum wages prescribed by appropriate authority, RBI price index, fuel supply companies etc. Price variation clause shall be incorporated with scientific methodologies and supported by an implementable formula.
- 19.3. The above variations shall be allowed for those items (labour, fuel, granules for PP bags etc.) which has an effect of more than 30% of its procurement price.
- 19.4. The above clause shall be part of the administrative approval for procurement of such an item through tender. The clause to be made as part of the price variation clause and be mentioned in BOLD letters.



20.0 PENALTY/LIQUIDATED DAMAGE (LD) FOR DELAYED DELIVERY AND EXTENTION OF DELIVERY/CONTRACT:

- 20.1 Liquidated damages be levied against suppliers/contractors in case of delay in supply of materials/execution of contract beyond the date of delivery/completion of the job, specified in purchase order/contract.
- 20.2 Units should incorporate proper penalty/Liquidated Damages (LD) clause in the NIT. Normally the LD to be recovered is 0.5% per fort night or part thereof, subject to maximum limit of 5% of the total value of the order.
- 20.3 Extension of delivery/contract period requires the due analysis and justification for concurrence of Finance and approval of the competent authority as per DOP. The extension of delivery/contract period when granted shall be subject to the following conditions:
- i.) No increase in price shall be granted if the same takes place during extended period, despite a variation clause in the order/contract but reduction, if any, shall be availed of.
 - ii.) Any increase/decrease in taxes and duties on account of statutory increase/decrease/fresh imposition of any duty or taxes which takes place during the extended period shall be admissible/availed of, provided it is CENVATABLE/set off is admissible against these levies.
- 20.4 If the delay in completion of supply/execution of job is not attributable to the supplier/contractor or Force Majeure, competent authority may consider waiving of Liquidated Damage as per the DOP/Competent authority.

21.0 MATERIAL BUDGET :

- 21.1 Budget estimates for the next financial year in respect of both revenue and capital items & schemes shall be submitted by the Units/Projects in the month of December every year.
- 21.2 The revised budget estimate for the previous financial year indicating budget provided, budget used and balance shall be submitted by the unit/ project in the month of April.
- 21.3 The procurement from PSU mentioned in clause 23.4 shall be procured directly.



22.0 CERTIFICATION OF FUNDS :

With a view to ensure purchases within the approved budget as well as linking them up with the cash resource position, it is necessary to get funds certifications on the proposals for procurement. Necessary format shall be issued by Corporate Finance.

23.0 FINANCIAL CONCURRENCE :

- 23.1 Financial concurrence implies a second check to ensure that purchase policy, DOP and administrative approval/instructions are complied with, apart from thorough checking of calculation.
- 23.2 The authority for according for financial concurrence shall be one rank lower than the approving authority, with full power to Head of Finance. In absence of Finance Executive of required rank, the higher rank shall concur the proposal.
- 23.3 The financial concurrence shall be required for the followings:-
- i) Provision for advance payment including activity linked payment i.e. design, engineering, documentation etc. in stages.
 - ii) Vetting of comparative statement for ordering proposal, requiring financial concurrence.
 - iii) Proposal for negotiation/counter offer (matching rate), if any.
 - iv) Proposal for ordering against Single Tender for value more than Rs.5,000/-and for other modes of tender for value more than Rs 20,000. The limits 5,000 & 20,000 shall include for total items procured for that financial year by the indenting Dept. The certificate to that effect by the indenting dept. shall be made a part of the approval.
 - v) Proposal for repeat ordering.
 - vi) Apart from Bank Guarantee towards –
 - Advance payment to PSU/Govt. Dept.
 - Towards safe custody and return of equipment after repairs etc.
 - vii) Proposal in respect of validity extension of work agreement and additional cost implication for which the approval was not taken for finalization of work agreement.



- viii) Reduction/Waival of Penalty/LD.
- ix) Cancellation of contract/order.
- x) Ex-gratia payment to supplier.
- xi) Settlement of commercial issues.
- xii) Proposal for delivery extension including those effecting financial implication.

23.4 No financial concurrence will be necessary in the following cases:-

- i.) Proposal for stock transfer from operating sister units.
- ii.) Release of delivery order/individual purchase within the approved value of the order.
- iii.) In connection with the amendment to the purchase orders other than those effecting price.
- iv.) Except those affecting price or total economics, i.e., value of contracts in terms of delivery FOB, FOR, CIF etc. Amendment regarding delivery will also not be referred to finance unless order was placed at a higher rate for earlier delivery considerations.
- v.) For steel purchases from M/s SAIL/ RINL.
- vi.) For Coal purchases from Coal India & its subsidiaries as per the FSA.
- vii.) For purchase of Oil & lubricants from IOCL/HPCL/BPCL.
- viii.) For furnace oil from Oil India or any other PSU.

24.0 GENERAL:

- a) The consultant/ firm (and any of its affiliates) shall not be eligible to participate in tender/s for the related goods or works or services for the same project, if they were engaged for the consultancy services.
- b) Procurement directly from the manufacturers/ suppliers shall be preferred.

However, if the OEM/ Principal insists on engaging the services of an agent, such agent shall not be allowed to represent more than one manufacturer/ supplier in the same tender. Moreover, either the agent could bid on behalf of the manufacturer/ supplier



or the manufacturer/ supplier could bid directly but not both. In case bids are received from both the manufacturer/ supplier and the agent, bid received from the agent shall be ignored.

The extant guidelines issued by Corp. MM for regulation of Agents of foreign principals shall be followed.

- c) Head of MM, wherever mentioned in the Purchase Policy/ DOP, shall include Head of Purchase department unless otherwise specifically mentioned.
- d) Wherever specific committee has not been constituted, rejection of a bid on technical/ commercial grounds shall be with the approval of concerned Section Head of Indenting/ Purchase group, not below the rank of DGM.
- e) Next higher authority, wherever mentioned in the Purchase Policy/DOP, shall mean the authority one step higher than the authority competent to approve that action, but limited to the Unit Head. Next higher authority shall be from the same department/ function.
- f) A senior level officer shall always deemed to have and can exercise the powers of lower authority.
- g) In the absence of an authority competent to approve an action, a senior level officer may approve that action. However, such approval by the senior officer shall not vitiate the powers of the original authority and all future processing/ approvals shall be with reference to the original authority that was competent to approve that action.
- h) Notice Inviting Tenders, Letters of Intent/ Purchase Orders, Amendments, FAs etc., after due approvals, shall be signed by an executive of minimum E1 level. Any deviation shall be with the specific approval of the Unit Head.
- i) All tender enquiries (except E-procurement) addressed to suppliers shall be sent through Registered Post/ Courier Service/ Speed Post/ FAX / E-Mail/ Hand delivered (with due receipt having signature, name and date).
- j) To deal with tenders having offers of short validity or cut-off date/s for acceptance of Repeat Orders, urgency etc., offer acceptance/ LOI/Purchase Orders/Amendments can be given through E-mail/ Fax followed by the post confirmation copy.
- k) If all or group of the items have to be necessarily procured as a package from a single/ common source (due to reasons like



design and compatibility, customer requirement, kitting, etc.), it shall be indicated in the purchase Indent. Such conditions shall be incorporated in the tender enquiry and evaluation of prices and ranking in the comparative statement shall be done accordingly.

Wherever felt necessary, MM may also decide to bunch and package small/ancillary/ sundry items.

- l) When both Supplier and Purchaser meet their respective obligations as per the contract, payments are settled, Bank Guarantees etc. returned/ discharged, the contract shall be closed.

All tender documents/ purchase files shall be retained as per Departmental Procedures/Work Instructions of the respective Unit.

- m) Wherever approval is indicated, it implies written approval of the Competent Authority.

25.0 MISCELLANEOUS INSTRUCTIONS:

25.1. Concentration should be made on procurement of materials required for production/operation purposes. For other items efforts should be made to enter into annual rate / running contracts. Rate/running contracts for a longer period, based on price list-cum-discount basis may also be finalised wherever possible. For the items to be, procured by the Units, the mechanism of purchase may be decided by the Units taking into account their circumstances and prevailing conditions.

25.2. All hospital requirements should be dealt with by Chief Medical Officer/ Medical Officer Incharge except the items of capital in nature. All office requirements like stationery, furniture, uniform, batteries, locks, oil, umbrellas, gur etc. should be purchased by Head of Admn.

25.3. Rate/running contracts should be entered into as far as possible, especially in case, of grinding media, gunny bags, gypsum, castings, fire bricks & other difficult supplies of repetitive nature.

25.4. It is desirable that the purchase activities relating to the following may be assigned to the respective Functional Heads:

- i.) Township requirements.
- ii.) Administrative requirement such as office equipment, stationery and consumables etc.



- ii.) Medical equipment and hospital/ dispensary requirement (including medicines);
- iii.) Welfare items, Requirements of Canteen, Guest House and Publicity, Public Relations & CSR related items.

Unit Heads may consider de-centralisation of the above-mentioned purchase activities, keeping in view the Purchase Policy, and may issue necessary instructions in respect of DoP.

26.0 SHARING OF INFORMATION:

The list of registered suppliers shall be uploaded on the respective intranet for access of all Units/ Regions. The list of banned suppliers shall be sent to Corp. MM for uploading on the intranet.

Units may share the information with sister Units relating to the performance of suppliers, delisting/ banning of suppliers, price trends of common materials, etc.

27.0 NORMS FOR PROCUREMENT:

Unit should evolve and fix norms for purchase lead time (i.e. from the date of indent, raising enquiry, order placement and receipt of material) for different types of materials/ components depending on the complexity of the product. Summary analysis shall be reviewed by the Unit Head every quarter.

28.0 GUIDELINES/ INSTRUCTIONS:

- 28.1. Guidelines/ Instructions issued by Government from time to time relating to Purchase activities, which are mandatory and have the force of Law (such as CVC instructions, Presidential directives, MSMED Act 2006 etc.) shall be adhered to without waiting for formal amendment to the Purchase Policy document.
- 28.2. Any sub-level guidelines on matters related to the Purchase Policy shall be issued with the approval of Director (E,R&D), and these guidelines shall not be repugnant to the provisions of this Policy.

29.0 INTERPRETATIONS/CLARIFICATIONS/ DEVIATIONS TO PURCHASE POLICY:

- 29.1. A Committee comprising officers one each from Corp. MM (nominated by Director/ O/P, C&MD), Corp. Finance (nominated by Director/ Finance) and Head MM of a major Manufacturing Unit i.e Tandur (nominated by Director) shall be



constituted every year for deliberations on interpretations/ clarifications for implementation on matters covered in this policy.

- 29.2. Any issue needing clarification/ interpretation can be referred by Unit's MM Head along with views of the Head of Finance for due consideration by the Committee.
- 29.3. Based on the decisions of this committee, necessary clarifications shall be issued by Corp. MM.
- 29.4. Any deviation, which is not in conformity with the Purchase Policy and the DOP thereto, shall require recommendation of the concerned Functional Director, financial concurrence of Director/ Finance and approval of CMD.

30.0 EXPLANATION OF TERMS USED IN THE PURCHASE POLICY

30.1 MATERIALS:

The term 'Materials/Services', wherever used in this policy shall mean and include raw materials, consumables, tools, castings, forgings, components, sub-assemblies, assemblies, equipment or plants, including Balance of Plants (BOPs), and machinery, capital goods, vehicles, instruments and spares etc. purchased or otherwise acquired. It also includes Computer Software/ Software package along with AMC (if any) or licenses, indirect materials, non-production and welfare items, articles, commodities, etc.

This would also be applicable for CCIL/ Customer supplied materials on free issue or chargeable basis or with supplier's own materials.

Works and Services which are incidental or consequential to supply of materials/equipment shall be covered by this Policy.

30.2 STOCK ITEMS :

These are the regularly used items/ components/ sub-assemblies having multiple/ multiproduct usage, identified based on past consumption, either manually or through computer system, having low value and high volume yearly requirements. Consumables, low/ medium value items regularly used and likely to be used for a longer period are also chosen for stocking. Such of the raw materials like steel, etc. in sizes/ sections having recurring/ multi- product/ project usage (against



D. Khara
27/8/18

firm Customer orders) with remote risk of obsolescence can also be considered under this category. Those high value items which have single project usage or bear potentially higher risk of becoming slow/ non-moving shall not be covered under this category.

Units to formulate their own system for the identification, indenting/ procurement support and stocking of items falling under this category. In a computerised system, details such as following are normally maintained for each of such items depending upon their product profile and their manufacturing/ delivery cycles:

Maximum stock level

Minimum stock level

Safety stock level (to cater to the extreme contingencies) Re-order level

Re-order point time (depends upon the ordering lead time vs. consumption) Replenishment time

Lot size, as applicable (minimum order quantity (MOQ)/ standard packing quantity (SPQ) etc.)

Above system shall include the item-wise review mechanism (at least once in a year) and also address technological obsolescence issues, slow/ non-moving items and alternate use strategies.

Stock Items are included in the annual revenue budget for materials and inventory is limited to the approved budget level.

Project based indents are not raised for such identified Stock Items in the current list.

30.3 PROPRIETARY ITEM:

These are items for which there is only one manufacturer and no equivalents are acceptable (for recorded reasons) from any other source and, at times, due to patent/copy right limitations too. Proprietary items need to be certified by the Head of the Indenting/ Engineering Department.

The list of proprietary items may be reviewed from time to time for exploring the possibility of alternatives, at least after every two years by the Head of Design/ indenting department and shall be approved by the Unit Head.



Such list shall be maintained and updated by the Unit on the intranet. Corp. MM shall provide a link on its intra net to the lists of all such Proprietary Items maintained by the Units.

30.4 CUSTOMER CONTRACT REQUIREMENT :

Tenders/ contracts with customers may contain provisions wherein the approval of customer is required for suppliers of certain materials/ packages. Such provisions may also specify that the procurement of materials/ packages should be of a particular make/ type or from specified source(s). These requirements are termed as Customer Contract Requirement.

30.5 SOURCE STANDARDISATION:

Decision to purchase from a particular source due to design, for considerations of harmonization/ uniformity/ contract requirement, although equivalent or near-equivalent makes which could serve the purpose are available with the alternate sources.

As this has to be preceded with the standardization of equipment the case has to be decided by the head of the operation department of the Corporate Office. In all other cases of spares, Head of unit/project has to decide in consultation with the indenting department after according the reasons for standardization of the source and highlighting the benefits to be derived thereon.

Standardisation of source shall be approved by the Unit Head, in consultation with Design/ Indenting department.

Such lists shall be reviewed annually by the Head of Indenting department for approval of the Unit Head, in regard to the advantage from the source standardization and for exploring the possibility of alternatives.

30.6 DEVELOPMENTAL/ TRIAL ORDERS:

When CCI determines the technical or commercial need in order to develop local capability or to judge supplier's capability to enhance the existing supplier base, it may place:

(i) Developmental orders:

(A) If an item or product is developed by the supplier for the particular unit of CCI with or without CCI assistance.

(B) If the Developmental Order is based on CCI own design, a condition of exclusivity of design may be placed on



the supplier in such case MOU may be signed with the supplier for non-disclosure of the drawing/design.

(ii) Trial order/educational order:

For judging supplier's Capability/suitability to perform the job assign to him. For regularly supplied items, trial order can be placed on **established parties** (parties who have supplied same product to other reputed cement manufacturers and submit the performance certificate of the product having supplied to them), provided they agree to supply the material at or below the last purchase rate/existing rate at which the product is being supplied to the unit/Corporate Office.

In case of **non-established parties** (the parties who have not supplied such items to any reputed cement manufacturers and are new to the Corporation or the parties who have started the business afresh and are not established in the market), the rate should be less than 90% of the last purchase rate or existing rate, at which the product is being supplied to the unit/Corporate Office.

The payment of trial order shall be released to the party only after receipt of performance certificate from the user department, stating that the quality of the product is at par or above the quality being supplied by the existing sources/sources who have supplied in the past. Any variation in the payment, shall require the approval of C&MD.

The quantity for which the trial/developmental is to be placed, shall not be more than 10% of the annual consumption.

30.7 EDUCATIONAL ORDERS:

Orders which are placed on a supplier for judging the suitability for performing the job assigned to him is called an "Educational Order."

31.0 EARNEST MONEY DEPOSIT:

31.1. SUBMISSION OF EMD:

With a view to ensure that the tenderers do not refuse to execute the contract after it has been awarded to them, the earnest money is required to be deposited along with the Tender.



Earnest Money Deposit should normally be restricted to 2% of the estimated value subject to maximum of Rs. 2,00,000/-. The following cases are exempted from depositing EMD alongwith the Tender:

- (a) All order value up to Rs. 5 lakhs.
- (b) All tenders received from the firms/suppliers registered with NSIC.
- (c) All public sector undertakings (Central/State).

The Earnest Money deposited by the tenderer can be forfeited if the tenderer revokes the tender within its validity period or increases its earlier quoted rates or fails to submit Security Deposit within the specified time limit or the tenderer fails to supply the goods within the delivery period.

Any relaxation can be decided by the Authority for acceptance of tender as per DOP, in each case if it is warranted.

For the projects, the EMD is to be fixed @ 2% subject to maximum limit of Rs.1.0 crore.

31.2. RETURN OF EMD:

EMD provided by the tenderers alongwith the tender should be returned to the unsuccessful tenderers within 30 days from the date of opening of price bid. However, in case of splitting of orders, the EMD will be released to the unsuccessful bidders within 7 days of placement of LOI/Order.

In the event of rejection of tender of any party during the course of techno-commercial scrutiny and evaluation, the EMD should be returned to such tenderers within 7 days from the date of rejection of their tender.

32.0 SECURITY DEPOSIT:

All firms irrespective of their nature (whether regd. with NSIC or public sector undertakings) are necessarily required to deposit security deposit @ 5% of the order value in respect of all orders exceeding Rs.5 lakhs, either in form of cash/DD/FDR/BG, in the prescribed format of CCI. The deposit of security should be made within 7 days of acceptance of order.

Any variation in this respect should be done with the prior and specific approval of the competent authority.

For the projects, the Security Deposit is to be deposited @ 10% of the value of the Project/Work Order.



33.0 POWER TO AMEND:

- 33.1 In case the modifications are to be carried out in the policy, as and when required, such modifications may be carried after recording the reasons in writing, by the committee of Directors (Full Time) headed by C&MD. Subsequently such modifications shall be put up to the Board for information.
- 33.2 C&MD is sub-delegated the power to approve the deviations on case to case basis. This power lies with C&MD and cannot be sub-delegated.
- 33.3 C&MD shall be the final authority in interpretation of this policy and his decision shall be final and binding.

PROCEDURES:

All cases above Rs.1.0 lakh shall invariably be processed by Purchase Committee consisting of one executive member of MM, Finance and Indenting Dept. The level of executives shall be as under:-

Value of tender	Level of committee
Up to Rs.5.00 lakhs	E-2
From 5 lakhs to 25 lakhs	E3
From 25 lakhs to 50 lakhs	E4
From 50 lakhs to 1.5 crore	HODs of Concerned Dept.
Above 1.5 crore	The committee should be constituted by the Competent Authority.

