

क्रय संबंधी दिशा-निर्देश

PROCUREMENT GUIDELINES

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REC Limited



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1. Glossary of terms

- i) **"Bid"** (including the term 'tender', 'offer', 'quotation' or 'proposal' in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers;
- ii) **"Bidder"** (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts, 'supplier', 'seller') means any eligible person or firm or company, including a consortium (that is an association of several persons, or firms or companies), participating in a procurement process with a procuring entity;
- iii) **"Bid security"** (including the term 'Earnest Money Deposit'(EMD), in certain contexts) means a security from a bidder securing obligations resulting from a prospective contract award with the intention to avoid: the withdrawal or modification of an offer within the validity of the bid, after the deadline for submission of such documents; failure to sign the contract or failure to provide the required security for the performance of the contract after an offer has been accepted; or failure to comply with any other condition precedent to signing the contract specified in the solicitation documents.
- iv) **"Class-I local supplier"** means a supplier or service provider, whose goods, services or works offered for procurement, meet the minimum local content as prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017 ;
- v) **"Class-II local supplier"** means a supplier or service provider, whose goods, services or works offered for procurement, meets the minimum local content as prescribed for 'Class-II local supplier' but less than that prescribed for 'Class-I local supplier' under the Public Procurement (Preference to Make in India), Order 2017.
- vi) **"Competent authority"** means the officer(s) who finally approves the decision.
- vii) **"e-Procurement"** means the use of information and communication technology (specially the internet) by the procuring entity in conducting its procurement processes with bidders for the acquisition of goods (supplies), works and services with the aim of open, non-discriminatory and efficient procurement through transparent procedures;
- viii) **"Goods"** includes all articles, material, commodity, livestock, medicines, furniture, fixtures, raw material, consumables, spare parts, instruments, machinery, equipment, industrial plant, vehicles, aircrafts, ships, railway rolling stock assemblies, subassemblies, accessories, a group of machines comprising an integrated production process or such other categories of goods or intangible, products like technology transfer, licenses, patents or other intellectual properties (but excludes books, publications, periodicals, etc., for a library), procured or otherwise acquired by a procuring entity. Procurement of goods may include certain small work or some services, which are incidental or consequential to the supply of such goods, such as transportation, insurance,

installation, commissioning, training and maintenance; Procurement of new product along with Installation, commissioning, training, AMC/CMC should be handled as procurement of Goods. **In case of composite contracts for Goods and Services**, if the procurement value of Goods is substantial and rendering of Service is incidental then such procurement should be handled as procurement of Goods.

- ix) “Indenter”** (or the term ‘User (Department)’ in certain contexts) means the entity and its officials initiating a procurement indent, that is, a request to the procuring entity to procure goods, works or services specified therein.
- x) “Local Content”** means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all customs duties) as a proportion of the total value, in percent.
- xi) “Non-consultancy services”** includes services of physical and procedural nature and are bid and contracted on the basis of performance of a measurable physical output, and for which performance standards can be clearly identified and consistently applied such as drilling, aerial photography, satellite imagery, mapping and similar operations. It may include small works or supply of goods which are incidental or consequential to such services.
- xii) “Non-Local supplier”** means a supplier or service provider, whose goods, services or works offered for procurement, has local content less than that prescribed for ‘Class II local supplier’ under the Public Procurement (Preference to Make in India), Order 2017.
- xiii) “Prospective bidder”** means anyone likely or desirous to be a bidder.
- xiv) “Rate contract”** (or the term ‘framework agreement’ in certain contexts) means an agreement between a Central Purchase Organization or procuring entity with one or more bidders, valid for a specified period of time, which sets out terms and conditions under which specific procurements can be made during the term of the agreement and may include an agreement on prices which may be either predetermined or be determined at the stage of actual procurement through competition or a predefined process allowing their revision without further competition.
- xv) “Reverse auction”** (or the term ‘Electronic reverse auction’ in certain contexts) means an online real-time purchasing technique utilized by the procuring entity to select the successful bid, which involves presentation by bidders of successively more favorable bids during a scheduled period of time and automatic evaluation of bids.
- xvi) “Service”** means any subject matter of procurement other than goods or works, except those incidental or consequential to the service, and includes physical, maintenance, professional, intellectual, training, consultancy and advisory services or any other service classified or declared as such by a procuring entity but does not include appointment of an individual made under any law, rules,

regulations or order issued in this behalf. Procurement of Repair, Maintenance, Overhauling, AMC/CMC or similar work for existing Electrical or Mechanical assets should normally be handled as procurement of Services. **In case of composite contracts for Goods and Services**, if the procurement value of Services is significant and supply of goods is incidental to the contract then such procurement can be handled as procurement of Services.

- xvii) "Works"** refer to any activity, sufficient in itself to fulfil an economic or technical function, involving construction, fabrication, repair, maintenance, overhaul, renovation, decoration, installation, erection, excavation, dredging, and so on, of Civil assets. The term "Works" includes (i) civil works for the purposes of roads, railway, airports, shipping ports, bridges, buildings, irrigation systems, water supply, sewerage facilities, dams, tunnels and earthworks; and so on, and (ii) mechanical and electrical works involving fabrication, installation, erection, repair and maintenance of a mechanical or electrical nature relating to machinery and plants.
- xviii) "Other services"** (including the term 'Non-consultancy services' in certain contexts) are defined by exclusion as services that cannot be classified as Consultancy Services. Other services involve routine repetitive physical or procedural non-intellectual outcomes for which quantum and performance standards can be tangibly identified and consistently applied and are bid and contracted on such basis. It may include small works, supply of goods or consultancy service, which are incidental or consequential to such services. Other services may include transport services; logistics; clearing and Forwarding; courier services; upkeep and maintenance of office/ buildings/ Estates (other than Civil & Electrical Works etc.); drilling, aerial photography, satellite imagery, mapping and similar operations etc.
- xix) "GeMAR&PTS"** GeM Availability Report and Past Transaction Summary report is generated based on the product/service specification searched by the Buyer. The specification may be modified appropriately for searching relevant categories on GeM. For procurement of goods and services, that are not available on Government e-Marketplace (GeM), it is mandatory for a buyer to generate a "GeM Availability Report and Past Transaction Summary" (GeMAR&PTS) with a unique ID on GeM portal for procurement outside GeM (hereinafter referred to as "Not-Av-GeM" procurements).

2. Introduction

- 2.1** These guidelines are for procurement of goods and services within the overall framework of REC's Purchase Procedure and Delegation of Powers issued from time to time.
- 2.2** The guidelines will be applicable in respect of all procurement of services and goods in the Corporate Office, Regional Offices, State/Sub Offices and RECIPMT. These guidelines will also be applicable to REC subsidiary companies also till such time their own guidelines on the subject are framed.
- 2.3** In case of discrepancy between these Procurement Guidelines and the provisions of REC Delegation of Powers (DOP), the latter shall prevail. Further, while the REC Procurement Guidelines 2016 shall stand superseded by these Procurement Guidelines, in case of discrepancy between these Procurement Guidelines and the provisions of the orders/ circulars regulating procurement issued in REC prior to the coming into force of these Procurement Guidelines, these Procurement Guidelines shall prevail except where otherwise specified.
- 2.4** The Orders/ Instructions/ Circulars/ Inter Office Memorandum, or any other document, enclosed/ attached with these Procurement Guidelines or which may be issued from time to time after these Procurement Guidelines coming into force, with the approval of CMD, in connection with or related to procurement, broadly in conformity with the general policy contained herein, shall be deemed to form integral part of these Procurement Guidelines.
- 2.5** Govt. of India has notified from time to time that common use Goods and Services available on GeM are required to be procured mandatorily through GeM (as per prevailing GeM Terms & conditions/guidelines). However, for procurement of goods and services, that are not available on Government e-Marketplace (GeM) then it is mandatory for a buyer to generate a “GeM Availability Report and Past Transaction Summary” (GeMAR&PTS) with a unique ID on GeM portal for procurement outside GeM (hereinafter referred to as “Not-Av-GeM” procurements).
- 2.6** Any item, required to be purchased from outside GeM, has to be approved by CMD.

3. Calling of Tenders

- 3.1** On finalization of bidding documents, indenting division will process the proposal for obtaining the approval of Competent Authority as per prevailing DOP for calling of the Tenders. The proposal shall contain the mode of Tendering, Bidding Program, Text of NIT, amount of

EMD/ Bid Security and cost of documents etc.

- 3.2** Two bid system i.e. technical and price bids (two packet system in case of GeM) preferably would be followed in respect of open tenders and limited tenders. For technical bid, a detailed pre-qualification criteria has to be incorporated in the tender document.

4. Modes of tendering / bidding:

The mode of tendering is dependent on the cost estimate of the goods/ works/ services to be procured and the urgency. The different modes of tendering procedure that can be adopted for the purpose of procurement are discussed below:

A. Procurement through GeM portal

An online Government e-Marketplace (GeM) for common use goods and services/works has been hosted under the aegis of the Govt. of India. The Procurement of goods and services by REC through GeM will be mandatory for goods or services/ works available on GeM. The credentials of suppliers/sellers on GeM shall be certified by GeM SPV. The GeM portal shall be utilized by REC for on-line purchases as per latest/ prevailing GeM terms & conditions/guidelines at the time of procurement, which are presently as under :-

- a) **Direct Procurement without Quotation:** Up to Rs.25,000/- through any of the available suppliers/sellers on the GeM, meeting the requisite quality, specification and delivery period.
- b) Above Rs.25,000/- and up to Rs.5,00,000/- through the GeM Seller having lowest price amongst the available sellers (excluding automobiles where the limit shall be Rs. 30 lakhs), of at least three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. Similar procedure may be adopted in case of services/consultancy. The tools for online bidding and online reverse auction available on GeM can be used by the Buyer even for procurements less than Rs. 5,00,000.
- c) Above Rs.5,00,000/- through the supplier/sellers having lowest price meeting the requisite quality, specification and delivery period after mandatorily obtaining bids, using online bidding or reverse auction tool provided on GeM (excluding automobiles where the limit shall be Rs. 30 lakhs).
- d) The invitation for the online e-bidding/ reverse auction will be available to all the existing Sellers or other Sellers registered on the portal and who have offered their goods/services/ works under the particular product/service category, as per terms and conditions/guidelines of GeM.
- e) The above-mentioned monetary ceiling is applicable only for

purchases made through GeM. For purchases, if any, outside GeM, REC Procurement guidelines and relevant circular/orders notified by PCM division from time to time shall apply as per prevailing DOP.

- f) For open tenders, a minimum number of 3 responsive bids would be required for opening of bids. However, if even after bid submission time extended twice (atleast for 3 days for each extension), still single bid/response is received, the same can be considered responsive for opening the technical bids subject to the bidder meeting the minimum eligibility criteria specified in the tender document and duly approved by the authority competent to approve the proposed procurement as per prevalent DOP.

B. Procurement outside GeM portal (In case the items are not available on GeM)

For procurement of goods and services, that are not available on Government e-Marketplace (GeM), it is mandatory for a buyer to generate a “GeM Availability Report and Past Transaction Summary” (GeMAR&PTS) with a unique ID on GeM portal for procurement outside GeM (hereinafter referred to as “Not-Av-GeM” procurements).

(i) Open Tender Invitation (for more than Rs. 2.5 Lakh)

- a) Under this procedure of tender invitation, the invitation for bids/tenders shall normally be published at Central Public Procurement Portal (CPPP) and at REC website besides hosting the same on the website of agency providing the e-Tendering services. Publishing of tender notice in newspaper is to be decided on case-to-case basis depending on the total value of procurement.
- b) A minimum period of 15 days from the date of issuance of Tender/bidding document shall normally be allowed for submission of bids and opened on the last date of submission itself. The bid document should be available for sale from the date of commencement and upto 2 hrs before closing time of submission of bids.
- c) The cost for issue of Tender Document shall be decided by indenting Division and if it is nominal, may be kept free of charge.
- d) For open tenders, a minimum number of 3 responsive bids would be required for opening of bids. However, if even after bid submission time extended twice (atleast for 3 days for each extension), still single bid/response is received, the same can be considered responsive for opening the technical bids subject to the bidder meeting the minimum eligibility criteria specified in the tender document and duly approved by the authority competent to approve the proposed procurement as per prevalent DOP.

Note: Complete bidding document will be posted on the REC website and the bidder will be permitted to make use of the tender document downloaded from the website. If the downloaded bidding document is priced, the bidder party will be instructed to pay the amount by draft/ cheque at the time of submission of the application form and bid documents.

(ii) Limited Tender Invitation (LTI)

- a) Under this procedure, direct invitation to a bid through e-Tendering process to a particular package is extended to certain bidders/parties. Selection of bidders/parties is done based on either the pre-qualified / empaneled agencies or from a list of item/service providers drawn from available information within the office or drawn from web browsing. In case of non-empaneled agencies, pre-qualification criteria will form part of the tender document. Number of bidders to whom invitation of bid under LTI is considered, should be more than 3.

- b) The limited tender inquiry will be placed on REC website clearly specifying

“Limited to listed bidders / parties” fulfilling pre-qualification criteria. In case the limited tender is drawn from the information within office and/or drawn from web browsing, the Letter of Invitation will be through e-Tender and would be titled “Limited to listed bidders” fulfilling pre-qualification criteria.

- c) The minimum no. of responsive bids required for opening, evaluation and award will be three for limited tenders. In case of inadequate response against limited tender, re-tendering will normally be resorted to. In exceptional cases, however, such tenders may be accepted but the reasons thereof may be recorded and approval of competent authority as per DOP obtained thereon.
- d) Panel of Contractors are to be prepared for different categories, monetary limits, regions, in a transparent manner clearly publishing the eligibility criteria etc. The above panel is to be updated every year.
- e) LTI shall normally be followed where
- The estimated cost of the package is small (less than Rs. 25 lakh) only or
 - There are only a limited number of contractors/ suppliers/sellers for the procurement in question or
 - Other reasons justifying departure from open tender's procedures including expediency to be approved by CMD.
 - In all cases where LTI is resorted to, bids shall be invited from more than 3 firms. However, the list of firms for LTI should be

- broad enough to ensure competitive prices.
- v. The list of firms for LTI shall be approved as per DOP. The note in this regard shall be put up by indenting division.
 - vi. A minimum period of 7 days from the date of issuance of Bidding document shall normally be allowed for submission of bids and opened on the last date of submission of bids. The bid document should be available for sale from the date of commencement and upto 2 hours before closing time of submission of bids.

(i) Single Tender /Nomination basis

- a) Award of contracts on nomination basis, which is also called a single tender is to be resorted to only under exceptional circumstances such as natural calamities and emergencies or where no bids were received despite repeated tenders or where only one supplier/seller has been licensed (proprietary item) in respect of goods/ services sought to be procured. However, in exceptional cases of time constraint or qualitative aspects or for any other justified reasons, a committee of 3 senior officers may consider and recommend procurement on single tender basis, which will require approval of CMD.
- b) Under this procedure, procurement from a single source is undertaken without competition by extending the tender invitation to a single firm.
- c) Procurement through single tender invitation may be appropriate only under the following circumstances:
 - i. The required item/ equipment is proprietary and can be obtained only from one source.
 - ii. Requirement of compatibility with the existing equipment may justify additional purchase from original supplier/seller. A certificate to above effect supported by adequate reasons and justification there to shall be furnished by indenter duly approved by the CMD.
- d) All works awarded on nomination basis should be brought to the notice of the Board for information.
- e) The reports relating to such awards will be submitted to the Board every quarter.
- f) The audit committee may be required to check at least 10% of such cases.

(ii) Procurement through rate contract of NIC/NICSI/Other Government of India organizations & establishments

In case the indented/required goods and/or services are available on valid rate contract/order with NIC/ NICS/Other Govt. of India organizations & establishments, procurement can be made by placing work order directly on these organizations/ institutions or their registered/ empaneled vendor having such contract and terms & condition of the rate contract shall be applicable to such work order. However, in case the rate contract / empanelment is with NIC/NICS/ Other Govt. of India organizations & establishments such registered/empaneled vendor shall submit an undertaking before placement of any such work order clearly indicating the acceptance of applicability of rate contract along with terms & conditions contained therein to REC.

(iii) Direct purchases

a) Petty purchases up to Rs. 25 Thousand:

Petty purchases / services involving expenditure up to Rs. 25,000 at a time shall be made by respective divisions in the Corporate Office / Regional Offices, State/Sub offices/ RECIPMT after taking approval of CMD and after ascertaining competitiveness of rates from the open market/e-commerce portals (like flipkart, amazon, etc.) and recording the statement on the body of the bill.

b) Direct purchase by Purchase Committee - up to Rs. 2.5 Lakh:

This mode of procurement is used for procurements valued above Rs. 25,000/-(Rupees Twenty-five Thousand) and upto Rs. 2,50,000 (Rupees Two Lakh Fifty Thousand) only on each occasion. It is made by a local purchase committee in case when a certain item is not available on the GeM portal of required specification or within required delivery period etc. This mode of procurement is described in parlance of procurement of goods; however, in principle, it is equally applicable to contingency expenditure on small works/services also. The purchase committee should consist of three officers including one nominated by Finance Division in Corporate Office / Finance Executive in the Regional Offices, State/Sub offices, RECIPMT after taking approval of CMD. The committee shall ascertain competitiveness of rates from the market/ e- commerce portals based on 3-5 quotations.

c) Procurements through Kendriya Bhandar(KB):

Purchases of all item required for office consumption upto Rs. 5 lakh on each occasion can be made directly from Kendriya Bhandar without calling for quotations. The responsibility for ensuring the reasonableness of rates, quality, specification etc. will be equally that of the purchasing unit and KB. Further, the reasonableness of rates / quality specification etc. should be certified by the purchase committee. It shall be ensured that supply orders are not split under any circumstances with the objective of circumventing the limit of Rs. 5 lakh”

(iv) E-Procurement

- a) All procurement of goods and services with estimated value of Rs.2.5 lakh and above/ value as notified by Govt. of India from time to time will be done through e-tendering process on e-procurement software implemented in REC. However, any procurement outside GeM shall require specific approval of CMD.
- b) IT division shall ensure compliance of e-procurement system to quality requirements notified by the Department of Electronics & Information Technology (DeitY) and placed on the website www.egovstandards.gov.in. In case the e-procurement system is outsourced from a third party, IT Division shall ensure compliance of the above quality requirements by that third party.

5. E-Reverse Auction

- a) e-Reverse Auction(e-RA) should be used as a strategic tool rather than applying it as a routine pre-mediated manner. e-RA may be carried out in procurements of goods and/or services where no weightage is given to technical qualification, where the technical specifications of the goods and/or services are clearly identified/ defined. The indenting division can opt for e-RA, if required.
- b) The tender document shall clearly specify the applicability of the e-RA in line with (a) above.
- c) The Tender document shall clearly indicate the process of e-Reverse Auction.
- d) E-reverse auction for Non-GeM procurement shall be carried out as per GeM e-reverse guidelines only.

6. Publication of Tender Enquiries on Central Public Procurement Portal

All the tenders of the Corporation shall be published in the Central Public Procurement Portal and REC Website through IT division within 2 days of issuance of tender document in respect of Open, Limited as well as Single bids.

7. Pre-qualification criteria

Whatever pre-qualification criteria, evaluation/ exclusion criteria etc. should be made explicit in the tender documents so that basic concept of transparency and interests of equity and fairness are satisfied.

The pre-qualification criteria are a yardstick to allow or disallow the firms to participate in the bids. A vaguely defined PQ criteria results in stalling the process of finalizing the contract or award of the contract in a non- transparent manner.

The following points must be kept in view while fixing the eligibility criteria:-

7.1 For Civil/Electrical Works

- i. Average Annual financial turnover during the last 3 years, ending 31st March of the previous financial year, should be atleast (*) 70% of the estimated cost, and;
- ii. Experience of having successfully completed similar works during last 7 years ending last day of month previous to the one in which / bids are invited should be either of the following:
 1. Three similar completed works costing not less than the amount equal to 40% of the estimated cost.
or
 2. Two similar completed works costing not less than the amount equal to 50% of the estimated cost.
or
 3. One similar completed work costing not less than the amount equal to 80% of the estimated cost.

Note: Definition of “similar work” should be clearly defined.

- iii. In addition to above, the criteria regarding satisfactory performance of works, personnel, establishment, plant, equipment etc. may be incorporated according to the requirement of the Project.

7.2 For procurement of Goods

Pre-qualification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their:

- i. Average Annual financial turnover during the last 3 years, ending 31st March of the previous financial year, should be atleast (*) 70% of the estimated cost, and;
- ii. Experience and past performance on similar contracts for supplying/implementation, warrantee support etc., for last 3 years ending last day of month previous to the one in which / bids are invited should be either of the following :
 1. Three work order/ supply order costing not less than the amount equal to 40% of the estimated cost for supplying the similar products.
or
 2. Two work order/ supply order costing not less than the amount equal to 50% of the estimated cost for supplying the similar

products.

or

3. One work order/ supply order costing not less than the amount equal to 80% of the estimated cost for supplying the similar products

Note: Definition of “similar products” should be clearly defined.

The quantity, delivery and value requirement shall be kept in view, while fixing the PQ criteria. No bidder should be denied pre-qualification for reasons unrelated to its capability and resources to successfully perform the contract.

7.3 For Procurement of Services and Consultancy.

For procurement of services and consultancy, the qualitative aspect is of prime consideration. The pre-qualification criteria should specifically contain:

- i. Average financial turnover of the bidder during the last three years ending 31st March of the previous financial year should be atleast (*) 70% of the estimated cost.
- ii. Qualitative capabilities with regard to desired qualification and experience of the manpower proposed to be deployed for the specified services
- iii. Desired experience in handling similar contracts as main contractor during the last three years ending last day of month previous to the one in which / bids are invited should be either of the following:
 1. single work order of 80% value of services
 - or
 2. two work orders each of 50% value of services.

The contractor must submit the successful completion certificate while claiming the experience.

Note:

(*) Turnover should be atleast 70% of the estimated value but whenever required it may be kept more than 70%.

Relaxation in qualifying requirements - No relaxation in the qualifying requirements regarding experience, turn over etc. would be allowed (except for MSE/Startups as per GoI guidelines). In cases of exigencies, approval shall be taken of competent authority for inviting the bids afresh.

8. Various Selection Methods of Procurement:

The nomenclature of various selection methods are given below :

- i) Price based System - Least Cost Selection (LCS);
- ii) Quality and Cost Based Selection (QCBS);
- iii) Direct Selection: Single Source Selection (SSS)

Unlike Procurement of Consultancy Services, procurement of other services is done by a simpler process akin to those of procurement of Goods and Works. In procurement of other (non-consultancy) services normally system of selection used is lowest price (L-1) basis as in procurement of Goods/ works for technically responsive offers. Under very special circumstances Single Source Selection may also be used. However, in highly technical and complex services, where quality is important (say in studies like seismic surveys, airborne data acquisition etc) where use of QCBS system appears to be called for, it may be better handled as a consultancy contract.

8.1 Price based System - Least Cost Selection (LCS) - (For goods / Works/ Consultancy services)

In this method of selection, consultants/ service providers submit both a technical proposal and a financial proposal at the same time. Minimum qualifying marks for quality of the technical proposal are prescribed as benchmark (normally 75 (seventy five) out of maximum 100 (hundred)) and indicated in the RfP along with a scheme for allotting marks for various technical criteria/ attributes.

Alternatively, since in LCS selection, technical offers do not require to be ranked (or adding of weighted technical score to financial score – as in QCBS selection), it would suffice in appropriately simple cases, if the evaluation criteria is only a fail/ pass criteria prescribing only the minimum qualifying benchmark. For such assignment technical evaluation can be carried out by following a simplified procedure for evaluation of technical quality and only a Simplified Technical Proposal (STP) may be called for and indicated in the data sheet of the RfP document. STP should be used when the assignment is: (i) unlikely to have significant downstream impact; (ii) of a routine nature where ToR already defines details of tasks to be performed and required output and approach, methodology, organisation and staffing could be evaluated without use of sub criteria; and (iii) that characteristics of work do not require further detailed evaluation of the consultant's experience (e.g. engagement of accountants, auditors, consultant engineers etc). STP reduces the time and cost required to prepare the proposal and could be evaluated faster by the Evaluation Committee. For example following parameters can be used:

- i) Minimum experience including number of assignments handled by the firm similar to the area of assignment;
- ii) Turnover and other financial parameters of the firm, if required;
- iii) Minimum educational qualifications of each of the key professionals;
- iv) Minimum requirement of experience of the key professionals in an area similar to the proposed assignment.

All the firms which meet the minimum qualifying standards/ criteria

so prescribed will stand technically qualified for consideration of their financial bids.

The technical proposals are opened first and evaluated and the offers who are qualifying as per these technical evaluation criteria will only be considered as technically responsive, and the rest would be considered technically nonresponsive and would be dropped from the list. Financial proposals are then opened for only eligible and responsive offers (Financial bids of other unresponsive bidders are returned unopened) and ranked. L-1 offer out of the responsive offers is selected on price criteria alone without giving any additional weightage to marks/ranking of Technical proposal. *This system of selection is roughly the same as the price based selection of L-1 offer (among the technically responsive offers) in procurement of Goods/ Works.* LCS is considered suitable for recruiting consultants/ service providers from firms in most assignments that are of a standard or routine nature (such as engineering design of noncomplex works) where well established practices and standards exist. It is the simplest and the quickest system of selection and under normal circumstances, this method of evaluation shall be used as default since it allows for minimum satisfactory technical efficiency with economy. Justification must be provided if a selection method other than LCS is to be used.

8.2 Quality and Cost Based Selection (QCBS) – (For Consultancy services)

In QCBS selection, minimum qualifying marks (normally 70-80 (seventy – eighty) out of maximum 100 (hundred) marks) as benchmark for quality of the technical proposal will be prescribed and indicated in the RfP along with a scheme for allotting marks for various technical criteria/ attributes.

During evaluation of technical proposal, quality score is assigned out of the maximum 100 (hundred) marks, to each of the responsive bids, as per the scheme laid down in the RfP. The consultants/ service providers who are qualifying as per the technical evaluation criteria are considered as technically responsive, and the rest would be considered technically nonresponsive and would be dropped from the list. Financial proposals are then opened for only eligible and responsive offers and other financial offers are returned unopened to bidders. The Financial Proposals are also given cost-score based on relative ranking of prices, with 100 (hundred) marks for the lowest and pro-rated lower marks for higher priced offers. The total score shall be obtained by weighting the quality and cost scores and adding them. The weight given to the technical score may not be confused with the minimum qualifying technical score (though they may in some case be equal). For example, the weightage given to cost score may be 30% (thirty percent) and technical score may be given weightage of 70% (seventy percent, but should never be more than 80%).

The ratio of weightages for cost and Technical score could also be 40:60 (forty:sixty) or 50:50 (fifty: fifty) etc. However, the weight for the “cost” shall be chosen, taking into account the complexity of the assignment and the relative importance of quality. The proposed weightings for quality and cost shall be specified in the RfP. Proposal with the lowest cost may be given a financial score of 100 (Hundred) and other proposals given financial scores that are inversely proportional to their prices w.r.t. the lowest offer. Similarly, proposal with the highest technical marks (as allotted by the evaluation committee) shall be given a score of 100 (Hundred) and other proposals be given technical score that are proportional to their marks w.r.t. the highest technical marks. The total score, both technical and financial, shall be obtained by weighing the quality and cost scores and adding them up. On the basis of the combined weighted score for quality and cost, the consultant shall be ranked in terms of the total score obtained. The proposal obtaining the highest total combined score in evaluation of quality and cost will be ranked as H-1 followed by the proposals securing lesser marks as H-2, H-3 etc. The proposal securing the highest combined marks and ranked H-1 will be invited for negotiations, if required and shall be recommended for award of contract. In the event two or more bids have the same score in final ranking, the bid with highest technical score will be H-1 In such a case, an Evaluated Bid Score (B) will be calculated for each responsive Bid using the following formula, which permits a comprehensive assessment of the Bid price and the technical merits of each Bid:

$$B = \frac{C_{low}}{C} X + \frac{T}{T_{high}} (1 - X)$$

where

C = Evaluated Bid Price

C_{low} = the lowest of all Evaluated Bid Prices among responsive Bids

T = the total Technical Score awarded to the Bid

T_{high} = the Technical Score achieved by the Bid that was scored best among all responsive Bids

X = weightage for the Price as specified in the BDS

The Bid with the best evaluated Bid Score (B) among responsive Bids shall be the Most Advantageous Bid

8.3 Direct Selection: Single Source Selection (SSS)

Under some special circumstances, it may become necessary to select a particular consultant/ service provider where adequate justification is available for such single-source selection in the context of the overall interest of Procuring Entity. The selection by SSS/ nomination is permissible under exceptional circumstance such as:

- i) tasks that represent a natural continuation of previous work carried out by the firm;

- ii) in case of an emergency situation, situations arising after natural disasters, situations where timely completion of the assignment is of utmost importance;
- iii) situations where execution of the assignment may involve use of proprietary techniques or only one consultant has requisite expertise;
- iv) At times, other PSUs or Government Organizations are used to provide technical expertise. It is possible to use the expertise of such institutions on a SSS basis;
- v) Under some special circumstances, it may become necessary to select a particular consultant where adequate justification is available for such single-source selection in the context of the overall interest of the Ministry or Department. Full justification for single source selection should be recorded in the file and approval of the competent authority obtained before resorting to such single-source selection.

Procuring Entity shall ensure fairness and equity, and shall have a procedure in place to ensure that:

- a) the prices are reasonable and consistent with market rates for tasks of a similar nature; and
- b) the required consultancy services are not split into smaller sized procurement.

All works/purchase/ consultancy contracts awarded on nomination basis should be brought to the notice of the Board of directors for information.

The report relating to such awards on nomination basis shall be submitted to the Board every quarter and the audit committee or similar unit in the organization may be required to check at least 10% of such cases.

8.4 Fixed Budget – based Selection (FBS) for consultancy services:

GFRs 2017 provide three methods for selection/evaluation of consultancy proposals viz. Quality and Cost Based Selection (QCBS), Least Cost System (LCS) and Single Source Selection (SSS). The Fixed Budget Based Selection (FBS) method is hereby also allowed for selection of consultants. Under this method, cost of the consulting services shall be specified as a fixed budget in the tender document itself. FBS may be used when :

- (i) the type of consulting services required is simple and/or repetitive and can be precisely defined; and
- (ii) the budget can be reasonably estimated and set based on credible cost estimates and/or previous selections which have been successfully executed; and
- (iii) the budget is sufficient for the consultant to perform the assignment.

Under FBS, the selection of the consultant shall be made by one of the following two methods :

- (i) By a competitive selection process, based only on quality, using specific marking criteria for quality in the manner indicated in Rule 192(i) of the GFR. The proposal with the highest technical score that meets the fixed budget requirement shall be considered for placement of contract.
- (ii) In cases of repetitive or multiple assignments, by empaneling suitable quality criteria. Thereafter, selection of a specific consultant for a specific assignment from such panel shall be based on overall considerations of public interest including timeliness, practicability, number of other assignments already given to that consultant in the past, etc. In such cases the budget for each assignment shall also be fixed by the procuring entity.

8.5 Quality-cum-cost based Selection (QCBS) for Works and Non-Consultancy Services

Procuring entities are hereby allowed to use QCBS for procurement of works and non-consultancy services in the following cases:

- (i) Where the procurement has been declared to be a Quality Oriented Procurement (QOP) by the competent authority or
- (ii) for procurement of Non-Consulting Services, where estimated value of procurement (including all taxes and option clause) does not exceed Rs 10 crore.

Note: In cases where estimated value was less than Rs 10 crore, but on tendering, following QCBS process, it is proposed to place contract for more than Rs 10 crore, the following procedure shall be adopted:

- (a) In case the difference between estimated value (including taxes etc as above) and value of the proposed contract (including taxes etc) is less than 10% of the estimated value, there will be no bar on placement of contract.
- (b) In all other cases, the procurement process is to be scrapped and restarted either as QOP or on non QCBS basis

The principles of QCBS shall be as stated above. However, the maximum weight of the non-financial parameters shall in no case exceed 30%.

The Competent Authority for allowing QCBS shall be as follows:-

- (i) For declaring a procurement as QOP - Board of Directors.
- (ii) For Non-consulting Services not exceeding Rs.10 crore in value - the authority or officer two levels above the officer competent to finalize

the particular procurement, or the Board of Directors whichever is lower.

In all cases of QOP, a Special Technical Committee (STC) shall be constituted with the following composition:-

- (ii) Two or more persons who have expert knowledge and/or long experience relevant to the procurement in question;
- (iii) One or more persons with extensive experience in handling public projects and/or public finance in the Government or State/Central Public Sector;
- (iv) One or more persons with experience in financial management/ financial administration/audit/accountancy;
- (v) Not more than one member representing the procuring entity who may inter alia provide administrative support to the Committee.
- (vi) Any person who is a member of the STC shall not associate himself in any manner with any bidder for the procurement concerned.
- (vii) The persons referred to in sub paras (i) to (iii) shall be persons not working under the Competent Authority specified as above and shall not belong to any organization under the control of, or receiving funding from, the procuring entity or the Ministry/ Department to which such procuring entity belongs.

The names of members of the Special Technical Committee shall be decided either by the Competent Authority specified as mentioned above or by any other authority to whom such power is delegated by the competent authority; however, powers shall not be delegated to the officer or authority competent to finalize the particular procurement. Sitting fee may be paid to the members of the STC. Incidental costs including travel shall be paid by the procuring entity.

The STC shall make specific recommendations on the following matters:-

- (i) The weight to be given to non-financial parameters (not exceeding 30%).
- (ii) The specific quality/ technical parameters, their weights, their scoring methodology, the minimum qualification score etc. and other relevant criteria necessary for ensuring fair and transparent quality/ technical evaluation of the bids.

The recommendations of the STC shall be followed except where there are special grounds in public interest for deviating from them. However, every case of deviation from the recommendations of the STC shall require approval of the Competent Authority specified above who approved the declaration of the procurement as QOP.

In respect of QCBS for Non-Consultancy Services not exceeding Rs.10 crore, a Technical Committee shall be constituted to carry out functions mentioned above in lieu of the STC. The composition of the Technical Committee shall follow the provisions (i) to (v). The provisions of (vi) shall however not be applicable in such cases.

9. **Validity period of tender**

- a. A reasonable time for the bids to remain valid should be fixed while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking the approval of the competent authority etc. The tender should be finalized within the stipulated original validity.
- b. Cases requiring extension of validity should be rare and in the exceptional situations 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.
- c. A model time frame for according approval for completion of the entire process of award of tenders should not exceed one month from the date of submission of recommendations. In case the file has to be approved at the next higher level a maximum of 15 days may be added for clearance at each level. The overall time frame should be within the validity period of the tender / contract.

10. **Earnest money**

- a. There should be a condition in the NIT regarding Earnest money so that only the serious parties quote/bid.
- b. Earnest money deposit (EMD) of the requisite amount can be in the form of Demand Draft in favour of "REC Ltd.", payable at Gurugram / Bank Guarantee (bid bank guarantee) in the prescribed format (Refer **Annexure – 1**) from a Commercial Bank, shall be submitted along with the tender.
- c. The broad parameters for earnest money can be fixed on the basis of estimated cost of supplies/ works or services as the case may be. The estimated value of the contract shall be worked out by indenting division. The various categories that can be considered are given in **Annexure – 2**.
- d. In case of inadequacy or non-submission of the prescribed EMD, the tender shall be deemed to be disqualified and shall be summarily rejected in the technical evaluation.
- e. No interest is payable on Earnest Money deposit.

- f. EMD of unsuccessful bidders shall be released on finalization of the tenders and placement of orders.

11. **Payment terms**

Payment terms should be clearly laid down as follows:

- a) Normally no advance payment is made for the supplies. However, where there is no alternative but to make advance payment, such advance payment should not normally exceed the following limits:
 - i. Thirty per cent of the value of the contract to private firms
 - ii. Forty percent of contract value to a State / Central Govt. agency

Note: For cases exceeding these limits, advance payment may be made against the bank guarantee. The Bank Guarantee should be in the format (Refer **Annexure – 3**) to be supplied by REC Ltd. and should be from any of the Commercial Banks, having its branch at Delhi/Gurugram.

- b) For balance payment also terms should be clearly laid down in the tender documents by the user division.

12. **Mobilization Advance:**

In case of grant of mobilization advance, the following guidelines would be followed :

- i. The Bank Guarantee etc. taken towards security of 'Mobilization Advance' should be at least 110% of the advance so as to enable recovery of not only principal amount but also the interest portion, if so required.
- ii. The mobilization advance should not be paid in less than two installments except in special circumstances for the reasons to be recorded. This will keep check on contractor mis-utilizing the full mobilization advance when the work is delayed considerably.
- iii. A clause in the tender enquiry and the contract of cases providing for interest free mobilization advances may be stipulated that if the contract is terminated due to default of the contractor, the 'Mobilization Advance' would be deemed as interest bearing advance at an interest rate of 12%

13. **Price**

The price indicated in the schedule shall be inclusive of all taxes, excise duty, transit insurance, freight, octroi etc. The prices quoted by the bidder shall remain firm during the entire period of the Contract and shall not be subject to variation on any account. The bid submitted with a variation clause (unless asked by the Purchaser) will be treated as non-responsive and rejected. If price variation is warranted in a procurement, then the tender document should include a clause to this effect by clearly specifying the

methodology/formula.

14. **Variation in quantities**

In case the user department feels that there can be variation in quantities to be ordered than those mentioned in the tender documents, then a clause may be put in the tender documents to this effect, that the purchaser reserves the right at the time of award of the contract to vary the quantities (upto a maximum of 25%) of the supplies and services specified in the schedule of requirements without any change in unit price of the ordered quantity.

15. **Delivery period**

The delivery period to be adhered to by the selected bidder should be clearly laid down in the tender documents, this being the essence of the contract.

16. **Performance Guarantee**

1. Performance Guarantee may be prescribed keeping in view the requirement of the procurement on case-to-case basis. On acceptance of tender, the successful bidder is required to submit the prescribed Performance Guarantee of prevailing percentage of performance security notified by Govt. of India from time to time. At present, following PBG shall be applicable of the value of work order to be submitted within 10 days (or within the period as specified in tender document or Letter of Award/Intent/ Work Order etc.) of intimation of acceptance of tender for due and proper fulfillment of contract.

S.N.	Goods/Works/Services	Tender Value (Lacs.)	PBG %
1.	WORKS	Irrespective of Tender value	10
2.	OTHER THAN WORKS	Upto Rs.10 Lacs	3
3.		Above Rs. 10 Lacs	5

2. The Performance Guarantee can be by way of Bank Guarantee in the prescribed format (Refer **Annexure – 4**) to be provided to REC Ltd. It should be by a Commercial Bank having its branch at Delhi/ Gurugram or in the form of Bank Draft in favour of REC Ltd. drawn on a scheduled Commercial Bank, payable at Gurugram.
3. In case, the supplier/seller is called upon to deposit the Performance Guarantee and if the supplier/seller fail to furnish the same within the prescribed period, such failure will constitute a breach of the conditions and REC Ltd. shall be entitled to forfeit the EMD without prejudice to any other right to damage that the company may have in the matter.

17. **Liquidated damages**

To ensure that the supplier/seller supply the material / services within the stipulated delivery period, Liquidated Damages (LD) clause is invariably given in the terms of purchase as under:

- i. **For the supply:** as LD a sum equal to 1% of the price of any material / store/ services not delivered or total value in case where part delivery is of no use to the REC Ltd., for a week or part of week subject to maximum limit of 10% of the total order may be recovered from the supplier/ sellers. In such cases, REC Ltd. also reserves the right to cancel the order and forfeit the Performance Guarantee and/or may also debar the supplier/seller from future purchases. On placement of order, Performance Guarantee will be submitted or EMD will get converted/ adjusted in Performance Guarantee and as such on default it gets forfeited as Performance Guarantee.
- ii. **For Works:** If the works are not completed within the specified period, a Liquidity Damage (LD) equal to 0.5% of the contract value per week or part thereof subject to maximum of 5% of the contract value may be levied from the bill of the contractor.
- iii. **For Services:** If the services are not completed within the specified period, a Liquidity Damage (LD) equal to 0.5% of the contract value per week or part thereof subject to maximum of 5% of the contract value may be levied from the bill of the contractor.
- iv. LD can be recovered from any dues of the party.

18. **Splitting of supplies**

In case where the indenter/ department/ division decides to have more than one source of supply (due to critical nature or vital nature of the item) then the condition regarding the same should be put in tender documents, pre-disclosing the ratio of splitting the supply or the intention to do the same. In case it is decided to split the supplies to more than one supplier/seller at the lowest received rates, preference of supplies will be given to the agency which quoted the lowest rates in response to tender inquiry.

19. **Post-tender negotiation**

There should normally be no post tender negotiations. If at all negotiations are warranted under exceptional circumstances, then it can be with LT (Lowest tenderer) only if the tender pertains to the award of work / supply orders etc. where the Government or the Government company has to make payment. In case the L-1 bidder backs out, there should be a re-tender.

20. **Annulment of bidding process and re-tendering**

1. Bidding document shall contain a provision that REC reserves the

right to annul the bidding process at any time prior to award of Contract including rejection of any or all bids after the same have been received, without assigning any reason and without thereby incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders on the ground of REC's action.

2. In case circumstances warrant annulment of bidding process, before the deadline for bid submission, a "general notification" to this effect shall be issued through press advertisement (in case of open tender invited through press advertisement) and bidders, who have been issued the bidding documents, shall also be intimated separately and bids, if any, received by that time shall be returned.
3. In case circumstances warrant annulment of bidding process, after deadline for submission of bids but before opening of the bids, the bidders who have been issued the bidding documents shall be intimated accordingly, the recourse under the provision to reject all the bids and to go for re-tendering will be justified only as the last resort, recording adequate justification for such action.
4. If the bidder, whose bid has been found to be the lowest evaluated bid withdraws or whose bid has been accepted, fails to sign the procurement contract as may be required or fails to provide the security as may be required for the performance of the contract or otherwise withdraws from the procurement process, the Procuring entity shall **re-tender the case**.

21. Snap tendering

In case of open or limited tenders, snap biddings would normally not be resorted to. However under exceptional circumstances listed below, snap bidding by way of re-inviting bids from bidders who had earlier submitted their offer through initial bidding may be resorted to in following conditions:

- a) Shortage of time where fresh tendering process cannot be initiated;
- b) Ambiguity in the bidding conditions / specifications;
- c) Revised requirements arising out of opening of bids necessitating significant changes in the technical specifications, all the bids received found to be non- responsive.

The reasons for snap bidding should be recorded while seeking approval on decision for snap bidding from the competent authority.

22. Evaluation criteria

The evaluation criteria incorporating the conditionalities inclusive of criteria and process of evaluation in a transparent manner leaving

no room for any ambiguity will be prepared and incorporated in the limited and open tenders.

23. Rate Running Contract

For procurement of goods and services phased during the year, the limited or open tenders may be invited based on the value at the beginning of the financial year. In cases where the estimation of quantity can be worked out for the year, the rates may be invited and evaluation of bids done based on item-wise weighted average cost of procurement. In other cases where estimation of quantity is not possible, item-wise rates may be invited and evaluation done on per unit cost basis.

24. Any other condition

The indenting division may incorporate any other condition as it may deem fit keeping in view the facts and circumstances of the case with the approval of Competent Authority.

25. Micro & Small Scale Units

The following facilities are extended to Micro & Small Scale Units registered with National Small Industries Corporation: -

- a. Issue of Tender Sets free of cost
- b. Exemption from payment of Earnest Money
- c. In case the participating MSEs quoted price is within the band of L1 + 15%, by allowing such MSE to supply up to 25% of the tendered value by bringing down their price to L-1 price.
- d. The 25(twenty five) per cent quantity is to be distributed proportionately among these bidders, in case there are more than one MSEs within such price band. Within this 25% (Twenty Five Percent) quantity, a purchase preference of four (4) per cent is reserved for MSEs owned by Scheduled Caste (SC)/ Scheduled Tribe (ST) entrepreneurs and three (3) percent is reserved for MSEs owned by women entrepreneur (if they participate in the tender process and match the L1 price). However, in event of failure of such MSEs to participate in tender process or meet tender requirements and L1 price, four percent sub-target for procurement earmarked for MSEs owned by SC/ST entrepreneurs and three (3) percent earmarked to women entrepreneur will be met from other MSEs.
- e. In case of tender item cannot be split or divided, etc. the MSE quoting a price within the Band L1+15% may be awarded for full/ complete supply of total tendered value to MSE, if the MSE matches the L-1 price considering the spirit of the Policy for enhancing Govt. Procurement from MSEs.

- f. Exemption from Prior Turnover and Prior Experience Criteria:
- Except for procurement of selected categories of Goods and Services that are decided by Competent Authority, if any, the MSE and Startups [whether MSEs or otherwise] will be exempted from conditions of prior turnover and prior experience subject to meeting of quality and technical specifications.
 - In case the indent estimates being upto Rs. 10 Lakhs, the following procurement items are reserved for being Purchased from MSE Vendors only :
 - i. Procurement of all Printing, stationaries, IT/Common Consumable services etc.
 - ii. Procurement of all vehicle leasing/hiring services, Taxies and related services.
 - iii. Procurement of all Housekeeping and Security items/ services etc.
 - iv. Procurement and AMCs of all IT/Office Equipment/ Other hardware and related infrastructure/ networking Items/Services etc.
 - v. Procurement and AMCs for Standard Software Applications / Solutions etc.
- g. All procurements valuing up to Rs.10 Lakh will be reserved 100% for Women and SC/ST vendors. In case no such supplier/seller is available or no valid response is received, after recording the same, the same may be procured from other MSEs.
- h. Vendor Profile Form to be included in all tender forms (online as well as Offline): In order to capture the profile of Vendors, the Profile Form (**Annexure 5**) as may be modified by the indenting division as may be required and approved by Authority competent to approve proposed procurement as per prevalent DOP, must be included in all tender documents irrespective of vale and nature.

26. Preference to Make in India

To encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, Department of Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India, issued Public Procurement (Preference to Make in India), Order 2017. The Order is applicable on the procurement of Goods, Works and Services. For the purpose of this Order:-

- a) '**L1**' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender

or other procurement solicitation.

- b) **‘Margin of purchase preference’** means the maximum extent to which the price quoted by a “Class-I local supplier” may be above the L1 for the purpose of purchase preference. It has been fixed as 20 (twenty) percent.
 - c) **‘Nodal Ministry’** means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services or works.
 - d) **‘Procuring entity’** means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.
 - e) **‘Works’** means all works and will also include ‘turnkey works’.
- i) **Eligibility of ‘Class-I local supplier’/ ‘Class-II local supplier’/ ‘Non-local suppliers’ for different types of procurement**
- a) In procurement of all goods, services or works in respect of which the Nodal Ministry/ Department has communicated that there is sufficient local capacity and local competition, only ‘Class-I local supplier’, shall be eligible to bid irrespective of purchase value.
 - b) Only ‘Class-I local supplier’ and ‘Class-II local supplier’, shall be eligible to bid in procurements undertaken by procuring entities, except when Global tender enquiry has been issued. In global tender enquiries, ‘Non-local suppliers’ shall also be eligible to bid along with ‘Class-I local suppliers’ and ‘Class-II local suppliers’. In procurement of all goods, services or works, not covered by sub-para (i)(a) above, and with estimated value of purchases less than Rs. 200 Crore, Global tender enquiry shall not be issued except with the approval of competent authority as designated by Department of Expenditure.
 - c) For the purpose of this Order, works includes Engineering, Procurement and Construction (EPC) contracts and services include System Integrator (SI) contracts.
- ii) **Purchase Preference**
- a) Subject to the provisions of the Order and to any specific instructions issued by the Nodal Ministry or in pursuance of the Order, purchase preference shall be given to ‘Class-I local supplier’ in procurements undertaken by procuring entities in the manner specified here under.

- b) In the procurements of goods or works, which are covered by para (i)(b) above and which are divisible in nature, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:
1. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract for full quantity will be awarded to L1.
 2. If L1 bid is not a 'Class-I local supplier', 50 (fifty) percent of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the 'Class-I local supplier' will be invited to match the L1 price for the remaining 50 (fifty) percent quantity subject to the Class-I local supplier's quoted price falling within the margin of purchase preference, and contract for that quantity shall be awarded to such 'Class-I local supplier' subject to matching the L1 price. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price or accepts less than the offered quantity, the next higher 'Class-I local supplier' within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on Class-I local suppliers, then such balance quantity may also be ordered on the L1 bidder.
- c) In the procurements of goods or works, which are covered by para (i)(b) above and which are not divisible in nature, and in procurement of services where the bid is evaluated on price alone, the 'Class-I local supplier' shall get purchase preference over 'Class-II local supplier' as well as 'Non-local supplier', as per following procedure:
1. Among all qualified bids, the lowest bid will be termed as L1. If L1 is 'Class-I local supplier', the contract will be awarded to L1.
 2. If L1 is not 'Class-I local supplier', the lowest bidder among the 'Class-I local supplier', will be invited to match the L1 price subject to Class-I local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such 'Class-I local supplier' subject to matching the L1 price.
 3. In case such lowest eligible 'Class-I local supplier' fails to match the L1 price, the 'Class-I local supplier' with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the 'Class-I local supplier' within the margin of purchase preference matches the L1 price, the contract may be awarded to the L1 bidder.

4. “Class-II local supplier” will not get purchase preference in any procurement, undertaken by procuring entities.

iii) **Applicability in tenders where contract is to be awarded to multiple bidders**

In tenders where contract is awarded to multiple bidders subject to matching of L1 rates or otherwise, the ‘Class-I local supplier’ shall get purchase preference over ‘Class-II local supplier’ as well as ‘Non-local supplier’, as per following procedure:

- a. In case there is sufficient local capacity and competition for the item to be procured, as notified by the nodal Ministry, only Class I local suppliers shall be eligible to bid. As such, the multiple suppliers, who would be awarded the contract, should be all and only ‘Class I Local suppliers’.
- b. In other cases, ‘Class II local suppliers’ and ‘Non local suppliers’ may also participate in the bidding process along with ‘Class I Local suppliers’ as per provisions of the Order.
- c. If ‘Class I Local suppliers’ qualify for award of contract for at least 50 (fifty) percent of the tendered quantity in any tender, the contract may be awarded to all the qualified bidders as per award criteria stipulated in the bid documents. However, in case ‘Class I Local suppliers’ do not qualify for award of contract for at least 50 (fifty) percent of the tendered quantity, purchase preference should be given to the ‘Class I local supplier’ over ‘Class II local suppliers’/ ‘Non local suppliers’ provided that their quoted rate falls within 20 (twenty) percent margin of purchase preference of the highest quoted bidder considered for award of contract so as to ensure that the ‘Class I Local suppliers’ taken in totality are considered for award of contract for at least 50 (fifty) percent of the tendered quantity.

First purchase preference has to be given to the lowest quoting ‘Class-I local supplier’, whose quoted rates fall within 20 (twenty) percent margin of purchase preference, subject to its meeting the prescribed criteria for award of contract as also the constraint of maximum quantity that can be sourced from any single supplier. If the lowest quoting ‘Class-I local supplier’, does not qualify for purchase preference because of aforesaid constraints or does not accept the offered quantity, an opportunity may be given to next higher ‘Class-I local supplier’, falling within 20 (twenty) percent margin of purchase preference, and so on.

To avoid any ambiguity during bid evaluation process, the procuring entities may stipulate its own tender specific criteria for award of contract amongst different bidders including the procedure for purchase preference to ‘Class-I local supplier’ within the broad

policy guidelines stipulated in sub-paras above.

iv) **Exemption of small purchases:**

Notwithstanding anything contained in paragraph (i), procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from the Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order

v) **Minimum local content:**

The 'local content' requirement to categorize a supplier as 'Class-I local supplier' is minimum 50 (fifty) percent. For 'Class-II local supplier', the 'local content' requirement is minimum 20 (twenty) percent. Nodal Ministry/ Department may prescribe only a higher percentage of minimum local content requirement to categorize a supplier as 'Class-I local supplier'/ 'Class-II local supplier'. For the items, for which Nodal Ministry/ Department has not prescribed higher minimum local content notification under the Order, it shall be 50 (fifty) percent and 20 (twenty) percent for 'Class-I local supplier'/ 'Class-II local supplier' respectively.

vi) **Government E-marketplace:**

In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.

vii) **Concurrent application of PPP for MSE order 2012 and preference to MII order 2017**

The Class-I local suppliers, under PPP-MII Order, participating in any government tender, may or may not be MSEs, as defined under the MSME Act. Similarly, MSEs participating in any government tender, may or may not be Class-I local suppliers. Suppliers may be categorized in following four broad categories for consideration or applicability of purchase preference.

Category	Terminology
Supplier is both MSE & Class-I local supplier.	"MSE Class-I local supplier"
Supplier is MSE but not class-I local supplier.	"MSE but non-Class-I local supplier"
Supplier is not MSE but is Class-I local supplier.	"Non-MSE but Class-I local supplier"
Supplier is neither MSE nor Class-I local supplier.	"Non-MSE non-Class-I local supplier"

The details regarding applicability of PPP-MSE Order and PPP-MII Order in various scenarios, involving simultaneous purchase preference to MSEs and Class-I local suppliers under PPP-MSE Order and PPP-MII Order respectively, is attached at **Annexure-6**

- viii) ***All latest circulars/orders notified by Govt. of India/PCM Division from time to time on Make in India (MII) shall prevail and applicable.***

27. Repeat Orders

Repeat orders will be avoided normally. If this is resorted to, the decision in this regard will be taken by the authority who is competent to place the original order and he will have to satisfy himself that the market prices of the items being purchased on this basis have not come down owing to any reason such as drop in raw material cost, increased competitions, increased production and reduction of taxes and duties etc. The period within which and the exact percentage of quantity over and above the original order for which such repeat orders can be placed will vary depending on the items/services to be procured. Repeat orders should not exceed 50% (Fifty percent) of the original value or the order. Though quantities of various items may vary but the value or order should be limited to 50% of the original purchase order value. Repeat orders should be resorted to only once in each case after recording reasons for the same and on being satisfied about fulfillment of the conditions laid down in this para also after obtaining the approval of the same from the Competent Authority. No repeat order will be placed, if the earlier order was given on delivery preference basis.

The above shall not be operated in case of earlier order placed on single tender other than on proprietary basis and also in case of earlier order placed under Limited Tender by exceptions.

28. Ineligibility of firms for participation in the bidding process

- i. If REC has declared a firm ineligible, for a stated period of time, to be awarded a Contract, after determining that the firm has engaged in corrupt or fraudulent practices during award or execution of a REC Contract, such firms shall not be issued the bidding documents for any package for which the bidding documents are on sale either on or after the communication of the firm's ineligibility is issued by REC till such time as may be specified in the said communication.
- ii. If REC has declared a firm ineligible, for a stated period of time, to be awarded a Contract, after determining that the firm has repeatedly failed in the past in successful performance of Contracts awarded on it and that continuing business relationship with such firm will be prejudicial to REC's interest, such firms shall not be issued the bidding documents for any package for which the bidding documents are on sale either on or after the communication of the firm's ineligibility is issued by REC till such time as may be specified

in the said communication.

- iii. If REC has declared a firm ineligible, for a stated period of time, to be awarded a Contract after determining, either during execution stage or O&M stage, that the equipment/ material supplied by the firm or the works performed by the firm are sub-standard in quality with regard to the specification requirements and continuing business relationship with such firm will be prejudicial to REC's interest, such firms shall not be issued the bidding documents for any package for which the bidding documents are on sale either on or after the communication of the firm's ineligibility is issued by REC till such time as may be specified in the said communication.

29. **Black Listing/ Debarring of Firms**

- i. A bidder shall be debarred if it has been convicted of an offence-
 - (a) under the Prevention of Corruption Act, 1988; or
 - (b) the Indian Penal Code or any other law for the time being in force, for causing any loss of life or property or causing a threat to public health as part of execution of a public procurement contract.
- ii. A bidder debarred under sub-section (i) or any successor of the bidder shall not be eligible to participate in a procurement process of any procuring entity for a period not exceeding three years commencing from the date of debarment. Department of Commerce (DGS&D) will maintain such list which will also be displayed on the website of DGS&D as well as Central Public Procurement Portal.
- iii. A procuring entity may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity. The Ministry/Department will maintain such list which will also be displayed on their website.
- iv. The bidder shall not be debarred unless such bidder has been given a reasonable opportunity to represent against such debarment.

The detailed guidelines on debarment of firms is as per **Annexure-7**.

- v. Depending upon the nature or problem the proposal for suspension of business relations with a contractor/ supplier/ seller shall emanate from concerned department or corporation. Such a proposal shall be initiated by the concerned executive at a level, not below Chief Manager, giving full details and justifications thereof. The proposal, which will inter-alia contain the proposed period of banning/business suspension, shall be routed through the concerned HOD before being cleared by the concerned ED. After the

proposal is cleared by the concerned ED, the same shall be forwarded to ED(PCM).

- vi. On receipt of the proposal in PCM Division, the proposal shall be processed by PCM Division for the approval of competent authority in association with Law and Finance in two stages. CMD shall be the competent authority to approve all such proposals.
- vii. In the first stage the approval for issuing show cause notice (to be replied within 15 days by the Contractor/Supplier/seller etc.) shall be sought. On receipt of such approval, PCM Division shall issue the 'Show Cause' notice to be replied by the contractor/supplier/sellers, etc. within 15 days.
- viii. The reply received from the contractor/supplier/seller etc. shall be forwarded to the concerned Deptt. who had originated the proposal. The concerned Deptt. shall analyze the reply and send their clear opinion to PCM Division, in regard to action to be taken against the concerned agency, through the concerned ED within 5 days.
- ix. Based on the above, further processing will be carried out by PCM Division for approval of the competent authority through Law and Finance for final action on the matter.
- x. In case no reply from the Contractor/Supplier/seller etc. is received within 1 month of the date of issue of show cause notice (which shall be served by fax/e-Mail/any other communication mode with post confirmation copy of Regd.A/D, Speed post), suo-moto action for second stage approval shall be initiated.
- xi. On receipt of the approval, the final decision shall be duly communicated by the PCM Division to the firm and appropriate circular shall be issued within the organization and other PSUs to refuse any future dealing with the particular vendor.

30. Nomination of Tender Committee for Opening and Evaluation of bids

- a) Based on value of Cost Estimate, a Tender Evaluation Committee detailed in **Annexure- 8** shall be constituted.
- b) The Tender Evaluation Committee (TEC) shall adhere to schedule of activities, reckoned from date of bid opening, leading to the award of the contract. Comparative statement report of technical and financial bids will be prepared by indenting/PCM division and put up to the TEC. TEC shall place its recommendations to the competent authority as per Delegation of Powers for approval. Acceptance of Technical Bids can be approved by an officer one level lower to the competent authority to approve the financial bids.

- c) The members of the tender committee once nominated, normally shall not be changed except in case of transfer, prolonged leave, medical exigencies, or other justifiable reasons. In such a case, a note bringing out the circumstances for change of tender committee member shall be put up by the indenting division to the Competent Authority, as per Para above, for nomination of an alternative member. The tender committee, once nominated, shall remain valid till finalization of the contract or conciliation of tenders/ annulment of bidding process.
- d) Immediately after the approval of the Competent Authority, the tender committee members shall be informed of their nomination by the concerned procurement coordinator. The schedule for award shall also be informed to the member of Tender Committee.

31. Bid Receipt and opening

- a) The last date for submission of bids shall be as per Tender Document and shall normally be received upto 15.00 Hrs on specified day and shall be opened after gap of an hour, i.e. 16.00 Hrs on the same day.
- b) Technical bids of only those bidders, who fulfil the condition of Earnest Money (except for MSEs and startups) will only be opened.
- c) Tenders/ bid accompanied with EMD/ Bid Security/ Bid Guarantee submitted in the form of Bank Guarantee with its contents deviating from that given in the bidding documents. While such a Bank Guarantee with value and validity different from the prescribed may not be accepted, it would not be prudent to reject a Bank Guarantee with changed text but otherwise meeting the intent and purpose, as well as other important parameters such as value and validity etc. Accordingly, such cases need to be dealt with as described below:

32. Acceptance of Bank Guarantee

The Bank Guarantee shall not be accepted and shall be rejected if:

- i. The name of the tender mentioned in the Bank Guarantee is different for which the bids have been invited.
- ii. The firm/ proprietor, on whose behalf the Bank Guarantee has been furnished, is different from the bidder.
- iii. The Bank Guarantee is not of the prescribed value.
- iv. The validity of the Bank Guarantee is less than the stipulated period. However, the short fall, if any, up to a period of 7 (seven) days, shall be acceptable.

- v. If the text of the Bank Guarantee furnished by the bidder is at variance from that given in the bidding documents, the Bank Guarantee shall not be rejected merely on that ground. It shall be examined by the tender committee so as to ascertain whether it meets the required intent and purpose of bid security. If the Bank Guarantee is not found acceptable, the bid shall be treated as non-responsive. If the Bank Guarantee is found to meet the intent and purpose of bid security, despite the variance in the text, the tender committee shall obtain the approval of the Competent Authority for acceptance of the Bank Guarantee. The proposal for the acceptance of Bank Guarantee shall be processed separately (when price bid and EMD are opened together), bringing out all the relevant aspects, through the indenting, Finance and Law division. The Competent Authority for approval shall be same as the authority competent to approve the award of contract.

33. Verification of Bank Guarantee:

On receipt of any bank Guarantee, it shall be got verified for ensuring its genuineness from the concerned bank before release of any payment either by writing letter giving details of BGs to the verification officer of the concerned bank or getting confirmation through digitally signed secured email from issuing Banks or by deputing REC officials from CO/nearby RO for confirmation.

34. Evaluation of Bids and submission of Evaluation Report with Recommendations

The Bids received and opened as described in paras above shall be taken up for evaluation by the Tender Evaluation Committee constituted in accordance with the provisions of bidding documents. Bid evaluation committee shall give their recommendation along with reasonableness of rates quoted by L-1 bidder if the same is varying from the estimated price.

Undertaking by the members

The committee should include the following undertaking while signing the TEC minutes for awarding the work:

“We hereby undertake that we don’t have any personal interest in the Companies/Agencies participating in the tender process.”

35. Integrity Pact:

In line with CVC directions an integrity pacts has to be entered into between REC and the bidder in respect of tenders of value Rs. 1.0 crore and above. The copy of Standard Operation Procedure issued by CVC and Pre-Contract integrity Pact issued by Ministry of finance for compliance is at **Annexure-9**. Names of Independent External Monitors (IEMs) duly approved by CVC shall be posted at REC website. Names of Independent External Monitors (IEMs) with their Email-IDs also be mentioned in the tender document.

In the cases of Single/ Nomination/ Proprietary Article tenders –

- i. Valuing Rs. 1 Crore & above - the IP Form with the following undertaking shall be obtained from Vendors along with their price quote/offer.

"The VENDOR undertakes that it has not supplied / is not supplying similar product / systems or subsystems at a price lower than that offered in the present bid in respect of any other Department of the Government of India or PSU and if it is found at any stage that similar product/ systems or sub systems was supplied by the VENDOR to any other Ministry/ Department of the Government of India or a PSU at a lower price, then that very price, with due allowance for elapsed time, will be applicable to the present case and the difference in the cost would be refunded by the VENDOR to the REC, If the contract has already been concluded."

- ii. Valuing less than Rs. 1 Crore - the above undertaking shall be obtained from Vendors along with their price quote/offer.

36. Environmnetal. Social and Governance (ESG) Policy:

Standard ESG undertakings shall necessarily be included in all tenders /purchase/ works orders. Details of the undertaking is at **Annexure-10.**

38. Timelines for tendering process

Specific timelines for each step under different tendering procedures would be as under:

Sl.No	Description	Specified Time limit
1	Time between commencement and close of sale of bidding documents i) Open Tender Enquiry ii) Limited Tender Enquiry	15-25 days 7-21 days
2	Opening of Technical Bid if two part bidding after closing date: i) Open Tender Enquiry ii) Limited Tender Enquiry	On the date of closing with 30 minutes gap -do- -do-
3	Technical Bid Evaluation by the Bid Evaluation Committee including presentations, demo, queries etc.	Within 25 days from the opening of the Technical Bids.
4	Processing of approval of the competent authority for opening of financial bids.	Within 05 days from the date of receipt of report of Bid Evaluation Committee
5	Opening of Price Bids	Within 05 days from the date of approval of competent authority
6	Evaluation of Price Bids by Bid Evaluation Committee	Within 03 days from the date of opening of price bids
7	Processing for approval of competent authority for award of work	Within 05 days from the date of receipt of report of Bid Evaluation Committee
8	Issue of LOA / NOA	Within 2 day for GeM and 3-5 working days for non-GeM tenders from the date of approval

In cases where the above specified timelines are not maintained due to the magnitude or complexity of the process or some other reasons, approval of concerned Functional Director / CMD shall be obtained duly recording the reasons for the deviations with modified time lines.

39. Eligibility of submission of bids by Indian Agents

The tender document shall contain the following guidelines with regard to participation of bidders for the bidding process:

1. In a tender, either the Indian agent on behalf of the Principal / OEM or Principal / OEM itself can bid but both cannot bid simultaneously for the same item / product in the same tender.
2. If an agent submits bid on behalf of the Principal / OEM, the same agent shall not submit a bid on behalf of another Principal / OEM in the same tender for the same item / product.

40. Procurement of equipment or services from foreign companies

- i. There should be proper record of procurement of equipment or services from foreign companies and any malpractice or suspicious activity by the foreign supplier/seller should be reported.
- ii. In case of procurement of critical equipment, the Government department / agency/ PSU should obtain a certificate from the supplier/seller to the effect that the equipment does not have any capability to remotely observe or access. For future procurement, RFPs may make provision for 3rd Party certificate / verification of this claim.

41. Restrictions under Rule 144 (xi) of GFR 2017

Government of India directives circulated vide F.No. 7(10)/2021-PDD(1) dated 23rd Feb, 2023 is given at **Annexure-11**, dealing with Procurement from bidders from a country or countries, or class of countries which shares a land border with India.

Restrictions on procurement from a bidder of a country which shares a land border with India-

- I. Any bidder from a country which shares a land border with India will be eligible to bid only if the bidder is registered with the Competent Authority.
- II. "Bidder" (Seller / Service Provider) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.
- III. "Bidder from a country which shares a land border with India" for the purpose of this Order/ Rule means: -

- a. An entity incorporated, established, or registered in such a country; or
- b. A subsidiary of an entity incorporated, established, or registered in such a country; or
- c. An entity substantially controlled through entities incorporated, established, or registered in such a country; or
- d. An entity whose beneficial owner is situated in such a country; or
- e. An Indian (or other) agent of such an entity; or
- f. A natural person who is a citizen of such a country; or
- g. A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

IV. The beneficial owner for the purpose of (iii) above will be as under:

- 1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means. Explanation—
 - a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five percent of shares or capital or profits of the company;
 - b. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;
- 2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;
- 3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;
- 4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.
- V. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.
- VI. The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority.

ANNEXURES

ANNEXURE – 1

Bank Guarantee (Earnest Money)

This deed of Guarantee made this _____ day of 20____ by _____ **(Name of the Bank)** having one of its branch at _____ acting through its Manager (hereinafter called the “Bank”) which expression shall wherever the context so requires includes its successors and permitted assigns in favor of REC Ltd. (A Govt. of India Enterprise) registered under the Companies Act, 1956, having _____ its office at _____ (here in after called “REC”) which expression shall include its successors and assigns.

WHEREAS REC has invited tender vide their Tender Notice No. _____ Dated _____ to be opened on _____ AND WHEREAS M/s _____ **(Name of Tenderer)** having its office at _____ (hereinafter called the “Tenderer”), has/have in response to aforesaid tender notice offered to supply/ do the job _____ as contained in the tender.

AND WHEREAS the Tenderer is required to furnish to REC a Bank Guarantee for a sum of Rs. _____ (Rupees _____ Only) as Earnest Money for participation in the Tender aforesaid.

AND WHEREAS, we _____ **(Name of the Bank)** have at the request of the tenderer agree to give REC this as hereinafter contained.

NOW, THEREFORE, in consideration of the promises we, the undersigned, hereby covenant that, the aforesaid Tender shall remain open for acceptance by REC during the period of validity as mentioned in the Tender or any extension thereof as REC and the Tenderer may subsequently agree and if the Tenderer for any reason back out, whether expressly or impliedly, from his said Tender during the period of its validity or any extension thereof as aforesaid or fail to furnish Bank Guarantee for performance as per terms of the aforesaid Tender, we hereby undertake to pay REC, Gurugram on demand without demur to the extent of Rs. _____ (Rupees _____ Only).

Cont..2/-

: 2 :

We further agree as follows: -

1. That REC may without affecting this guarantee extend the period of validity of the said Tender or grant other indulgence to or negotiate further with the Tenderer in regard to the conditions contained in the said tender or thereby modify these conditions or add thereto any further conditions as may be mutually agreed to in between REC and the Tenderer AND the said Bank shall not be released from its liability under these presents by an exercise by REC of its liberty with reference to the matters aforesaid or by reason of time being given to the Tenderer or any other forbearance, act or omission on the part of the REC or any indulgence by REC to the said Tenderer or any other matter or thing whatsoever.
2. The Bank hereby waive all rights at any time in consistent with the terms of this Guarantee and the obligations of the Bank in terms thereof shall not be otherwise affected or suspended by reason of any dispute or dispute having been raised by the Tenderer (whether or not pending before any arbitrator, tribunal or court) or any denial of liability by the Tenderer stopping or preventing or purporting to stop or prevent any payment by the Bank to REC in terms thereof.
3. We the said Bank, lastly undertake not to revoke this Guarantee during its currency except with the previous consent of REC in writing and agree that any change in the constitution, winding up, dissolution or insolvency of the Tenderer, the said Bank shall not be discharged from their liability.

NOTWITHSTANDING anything contained above, the liability of the Bank in respect of this Guarantee is restricted to the said sum of Rs. _____ (Rupees _____ Only) and this Guarantee shall remain in force till _____ unless a claim under this guarantee is filed with the bank within 60 (Sixty) days from this date or the extended date, as the case may be i.e. up to _____ all rights under this Guarantee shall lapse and the Bank be discharged from all liabilities hereunder.

In witness whereof the Bank has subscribed and set its name and seal here under.

Authorized

Signature

Seal of Bank

ANNEXURE – 2

Earnest Money Deposit

S. No.	Category on the basis of Tender Value	EMD in Rupees
1	Tenders valuing uptoRs. 5 lakhs	Rs. 5,000/-
2	Tenders valuing more than Rs. 5 lakhs and uptoRs. 10 lakhs	Rs. 10,000/-
3	Tenders valuing more than Rs. 10 lakhs and uptoRs. 25 lakhs	Rs. 25,000/-
4	Tenders valuing more than Rs. 25 lakhs and uptoRs. 50 lakhs	Rs. 50,000/-
5	Tenders valuing more than Rs. 50 lakhs and uptoRs. 1 crore	Rs. 1,00,000/-
6	Tenders valuing more than Rs. 1 crore and uptoRs. 2.5 crores	Rs. 2,50,000/-
7	Tenders valuing more than Rs. 2.5 crores and uptoRs. 5 crores	Rs. 5,00,000/-
8	Tenders valuing more than Rs. 5 crores	Rs. 5,00,000/- + (plus) 0.1% of value over Rs. 5 crores.

ANNEXURE – 3
Advance Bank Guarantee

M/s REC Limited,
Plot No. I-4, Sector 29,
Near IFFCO Chowk Metro Station,
Gurugram, Haryana 122001 (INDIA)

(With due stamp duty if applicable)

OUR LETTER OF GUARANTEE No. : _____

In consideration of REC Ltd., having its office at _____ (hereinafter referred to as “REC” which expression shall unless repugnant to the content or meaning thereof include all its successors, administrators and executors) and having entered into an agreement dated _____/ issued Purchase Order No. _____ dated _____ with/on M/s _____ (hereinafter referred to as “The Supplier” which expression unless repugnant to the content or meaning thereof, shall include all the successors, administrators, and executors).

WHEREAS the Supplier having unequivocally accepted to supply the materials as per terms and conditions given in the Agreement dated _____/ Purchase Order No. _____ dated _____ and REC having agreed that the Supplier shall furnish to REC an Advance Bank Guarantee for the advance taken, to the extent of _____% (_____percent) of the value of the Purchase Order i.e. for _____.

We, _____ (“The Bank”) which shall include OUR successors, administrators and executors herewith establish an irrevocable Letter of Guarantee No. _____ in your favour for account of _____ (The Supplier) in cover of performance guarantee in accordance with the terms and conditions of the Agreement/Purchase Order.

Hereby, we undertake to pay up to but not exceeding _____ (say _____ only) upon receipt by us of your first written demand accompanied by your declaration stating that the amount claimed is due by reason of the Supplier having failed to perform the Agreement and despite any contestation on the part of above named supplier.

This Letter of Guarantee will expire on _____ plus 60 (Sixty) days of claim period and any claims made hereunder must be received by us on or before expiry date/claim period after which date this Letter of Guarantee will become of no effect whatsoever whether returned to us or not.

Authorized Signature

Chief Manager/ Manager

Seal of Bank

ANNEXURE – 4

Performance Bank Guarantee

M/s REC Limited.,

Plot No. I-4, Sector 29,
Near IFFCO Chowk Metro Station,
Gurugram, Haryana 122001 (INDIA)

(With due stamp duty if applicable)

OUR LETTER OF GUARANTEE No.:

In consideration of REC Limited, having its office at _____ (hereinafter referred to as “REC” which expression shall unless repugnant to the content or meaning thereof include all its successors, administrators and executors) and having entered into an agreement dated _____/issued Purchase Order No. _____ dated _____ with/on M/s _____ (hereinafter referred to as “The Supplier” which expression unless repugnant to the content or meaning thereof, shall include all the successors, administrators, and executors).

WHEREAS the Supplier having unequivocally accepted to supply the materials as per terms and conditions given in the Agreement dated _____/Purchase Order No. _____ dated _____ and REC having agreed that the Supplier shall furnish to REC a Performance Guarantee for the faithful performance of the entire contract, to the extent of 10% (ten percent) or prevailing percentage of performance security notified by Govt. of India /PCM division from time to time shall be applicable) (or the percentage as per the individual case) of the value of the Purchase Order i.e. for _____.

We, _____ (“The Bank”) which shall include OUR successors, administrators and executors herewith establish an irrevocable Letter of Guarantee No. _____ in your favour for account of _____ (The Supplier) in cover of performance guarantee in accordance with the terms and conditions of the Agreement/Purchase Order.

Hereby, we undertake to pay upto but not exceeding _____ (say _____ only) upon receipt by us of your first written demand accompanied by your declaration stating that the amount claimed is due by reason of the Supplier having failed to perform the Agreement and despite any contestation on the part of above named supplier.

This Letter of Guarantee will expire on _____ plus 60 (Sixty) days of claim period and any claims made hereunder must be received by us on or before expiry date/claim period after which date this Letter of Guarantee will become of no effect whatsoever whether returned to us or not.

Authorized Signature
Chief Manager/ Manager
Seal of Bank

ANNEXURE – 5**Vendor Profile Form**

1	Name & Legal Status of the Bidder				
2	Organization Registration Details (Incorporation or Commencement of Business/ Other Statutory Registrations etc.)		Date of Incorporation/ Registration:		
3	GST Number:		PAN Number:		
4	Registered/ Corporate office Address of Bidder				
	Address & Contact Details (E-Mail, Ph. Nos. etc.) of Proprietor/ Directors of the Bidders	1)			
		2)			
		3)			
	Delhi (NCR) Office Address if any & Contact Details:				
	Names and Designations of the persons authorized for single point interaction with RECL				
	Mobile Numbers of Contact persons:		E-mail of Contact persons:		
5	a) MSME Registration:	(Yes/No)	If Yes, Regd. No.:		
			Date:		
			Category:		
			Range of Supply/ Services:		
	b) GeM (Government e-Marketplace) Registration:	(Yes/No)	If Yes, mention GeM Seller ID:		
			Date:		
			Category:		
			Range of Supply/ Services:		
				If No, then provide the date by which you will be registered on GeM portal:	Dt.:
	c) TReDS (Trade Receivables Discounting System) Registration:	(Yes/No)	If Yes, Regd. No:		
			Date:		
			Category:		
			Range of Supply/ Services:		
				If No, then provide the date by which you will be registered on TReDS portal:	Dt.:
d) Whether SC/ST/OBC Entrepreneur:	(Yes/No)	(If Yes, Please provide Supporting Documents)			
e) Whether Women Entrepreneur:	(Yes/No)	(If Yes, Please provide Supporting Documents)			

Note:

- 1) As per latest GoI directives, **w.e.f. 01st Nov., 2020**, all vendors of any CPSE (e.g., REC Limited) must provide their GeM Seller ID to be indicated compulsorily by the respective CPSEs on their Letter of Awards issued to the successful bidders.
- 2) In case of non-furnishing the required MSME registration details, benefits of MSME will be not allowed presuming the agency a non-MSME Entrepreneur.
- 3) The bidders will only be considered Women and SC/ST MSE respectively, if :
 - i. In case of proprietary MSE, the proprietor should be Women or SC/ST unit; and
 - ii. In case of partnership MSE, the Women or SC/ST partners should be holding at least 51% shares in the unit; and
 - iii. In case of private limited companies, at least 51% shares shall be held by Women or SC/ST promoters, as the case may be.

ANNEXURE-6

Concurrent application of PPP for MSE Order 2012 and preference to MII 2017

F. No. DPE/3(3)/10-Fin.
Government of India
Ministry of Finance
Department of Public Enterprises

Block No. 14, CGO Complex,
Lodi Road, New Delhi-110003
Dated the 29th May, 2023

To,

Chief Executives of all CPSEs

Subject:- Concurrent application of Public Procurement Policy for Micro and Small Enterprises Order, 2012 and Public Procurement (Preference to Make in India) Order, 2017 - regarding

Sir/Madam,

The undersigned is directed to forward herewith a copy of Department of Expenditure O.M. dated 18th May, 2023 on the subject mentioned above for information and strict compliance.

Encl : As stated


(Kailash Bhandari)
Deputy Director
Tel : 2436-6247

Copy to :- Shri Kanwalpreet, Director, Department of Expenditure, Room No. 264-C,
North Block, New Delhi.

No.F.1/4/2021-PPD
Government of India
Ministry of Finance
Department of Expenditure
Public Procurement Division

264-C, North Block, New Delhi.
18.05.2023.

OFFICE MEMORANDUM

Subject: Concurrent application of Public Procurement Policy for Micro and Small Enterprises Order, 2012 and Public Procurement (Preference to Make in India) Order, 2017.

The undersigned is directed to refer two Preferential Procurement Orders mandated for the Public Procurement in India, namely:

- i. Public Procurement Policy for Micro and Small Enterprises (MSEs) Order dated 23.03.2012 (PPP-MSE Order) issued by Ministry of Micro, Small and Medium Enterprises (MoMSME) in exercise of the powers conferred in Section 11 of the MSME Development Act, 2006. (Last revised on 09.11.2018)
- ii. Public Procurement (Preference to Make in India) Order, 2017 (PPP-MII order), under Rule 153(iii) of the General Financial Rules (GFRs) 2017, approved by the Cabinet. Implementation of this PPP-MII order is monitored by Department for Promotion of Industry and Internal Trade (DPIIT). (Last revised on 16.09.2020.)

2. It has been brought to the notice of this Department that concurrent application of these two orders are creating confusion to the procuring entities and different procuring entities interpret them differently. In order to bring predictability both to the procuring entities as well as bidders, following guidelines are being issued.

Guidelines

3. The Class-I local suppliers, under PPP-MII Order, participating in any government tender, may or may not be MSEs, as defined under the MSME Act. Similarly, MSEs participating in any government tender, may or may not be Class-I local suppliers. Suppliers may be categorised in following four broad categories for consideration or applicability of purchase preference:

Category	Terminology
Supplier is both MSE & Class-I local supplier.	"MSE Class-I local supplier"
Supplier is MSE but not Class-I local supplier.	"MSE but non-Class-I local supplier"
Supplier is not MSE but is Class-I local supplier.	"Non-MSE but Class-I local supplier"
Supplier is neither MSE nor Class-I local.	"Non-MSE non-Class-I local supplier"

4. The applicability of PPP-MSE Order and PPP-MII Order in various scenarios, involving simultaneous purchase preference to MSEs and Class-I local suppliers under PPP-MSE Order and PPP-MII Order respectively, shall be as under:
 - a) *Items covered under Para 3(a) of PPP- MII Order, 2017 for which Nodal Ministry has notified sufficient local capacity and competition:* For these items, only Class-I local suppliers are eligible to bid irrespective of purchase value. Hence, Class-II local suppliers or Non-local suppliers, including MSEs which are Class-II local suppliers/ Non-local suppliers, are not eligible to bid. Possible scenarios can be as under:
 - (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is given to MSEs as per PPP-MSE Order. Balance quantity is to be awarded to the L-1 bidder.
 - b) *Items reserved exclusively for procurement from MSEs as per PPP-MSE Order:* These items are reserved exclusively for purchase from MSEs. Hence, non-MSEs are not eligible to bid for these items. Possible scenarios can be as under:
 - (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "MSE non-Class-I local supplier" - Purchase preference is to be given to Class-I local supplier as per PPP-MII Order. Balance quantity, is to be awarded to L-1 bidder.
 - c) *If items are neither notified for sufficient local capacity nor reserved for MSEs, then the process will be as follows:*
 - c (a) Items covered under Para 3A(b) of PPP-MII Order are divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:
 - (i) L-1 is "MSE Class-I local supplier" - 100% of the tendered quantity is to be awarded to L-1.
 - (ii) L-1 is "Non-MSE but Class-I local supplier" - Purchase preference is to be given to MSEs, if eligible, as per PPP-MSE Order. Balance quantity is to be awarded to L-1 bidder.
 - (iii) L-1 is "MSE but non-Class-I local supplier" - Purchase preference is to be given to Class-I local suppliers, if eligible, as per PPP-MII Order. Balance quantity is to be awarded to L-1 bidder.
 - (iv) L-1 is "Non-MSE non-Class-I local supplier" - Purchase preference is to be given to MSEs as per PPP-MSE Order. Thereafter, purchase preference is to be given to Class-I local suppliers for "50% of the tendered quantity minus quantity allotted to MSEs

above" as per PPP- MII Order. For the balance quantity, contract is to be awarded to L-1 bidder. (Kindly refer to the illustrative example in the annexure).

- c (b) Items covered under Para 3A(c) of PPP-MII Order, 2017 are non-divisible items and both MSEs as well as Class-I local suppliers are eligible for purchase preference. Possible scenarios can be as under:
- (i) L-1 is "MSE Class-I local supplier" - Contract is awarded to L-1.
 - (ii) L-1 is not "MSE Class-I local supplier" but the "MSE Class-I local supplier" falls within 15% margin of purchase preference - Purchase preference is to be given to lowest quoting "MSE Class-I local supplier". If lowest quoting "MSE Class-I local supplier" does not accept the L-1 rates, the next higher "MSE Class-I local supplier" falling within 15% margin of purchase preference is to be given purchase preference and so on.
 - (iii) If conditions mentioned in sub paras (i) and (ii) above are not met i.e. L-1 is neither "MSE Class-I local supplier" nor "MSE Class-I local supplier" is eligible to take benefit of purchase preference, the contract is to be awarded/ purchase preference to be given in different possible scenarios as under:
 - A. L1 is "MSE but non-Class-I local supplier" or "Non-MSE but Class-I local supplier" – Contract is awarded to L1.
 - B. L1 is "Non-MSE non-Class-I local supplier" - First purchase preference to be given to MSE as per PPP-MSE Order. If MSE not eligible/ does not accept - purchase preference to be given to Class- I Local supplier as per PPP-MII Order. If Class-I Local supplier also not eligible/ does not accept – contract to be awarded to L-1.
- d) *Items reserved for both MSEs and Class-I local suppliers:* These items are reserved exclusively for purchase from MSEs as well as Class-I local suppliers. Hence, only "MSE Class-I local supplier" are eligible to bid for these items. Non-MSEs/Class-II local suppliers/ Non-local suppliers cannot bid for these items. Hence the question of purchase preference does not arise.
- e) Non-local suppliers, including MSEs falling in the category of Non-local suppliers, shall be eligible to bid only against Global Tender Enquiry.

(Kanwalpreet)
Director

Tel.: -223093811; email: - kanwal.irss@gov.in

To

1. Secretaries of all Central Government Ministries/ Departments.
2. Secretary Department of Public Enterprises with a request for issuing suitable instructions to all Central Public Sector Enterprises in this regard.

Annexure**Example explaining applicability in scenario explained in para 4 c (a)(iv)**

(Scenario: Divisible items, both MSEs as well as Class-I local suppliers eligible for purchase preference and L-1 is "Non-MSE non-Class-I local supplier")

Item – Desktop computer

Qty – 50 Nos.

Details of bids received

Sr. No.	Name of bidder	Rates quoted	Price Ranking	Status of bidder
1.	A	100	L1	"Non-MSE non- Class-I local supplier"
2.	B	110	L2	"Non-MSE but Class-I local supplier"
3.	C	112	L3	"MSE but non- Class-I local supplier"
4.	D	115	L4	"Non-MSE but Class-I local supplier"
5.	E	118	L5	"MSE but non- Class-I local supplier"
6.	F	120	L6	"MSE Class-I local supplier"

1. In this case, first purchase preference is to be given to MSEs as per PPP-MSE Order for 25% of tendered quantity of 50 Nos. i.e. 12.5 Nos. (rounded off to the next whole number say 13 Nos). Accordingly, invite L3 (bidder C), whose quoted rates falls within 15% margin of purchase preference to match L1 price i.e. Rs. 100/- for quantity of 13 Nos. Bidder "E" and "F", although MSEs, will not get purchase preference since their quoted rates don't fall within 15% margin of purchase preference. Bidder C will be considered for order of 13 Nos. on confirmation of reduction of price.
2. For 50% of balance quantity of 37 number (tendered quantity of 50 – 13 awarded to bidder C; assuming bidder C has confirmed to accept L1 rates), purchase preference will be given to lowest Class-I local supplier as per PPP-MII Order. Accordingly, bidder B will be invited to match L-1 price for 50% of 37 Nos i.e. 18.5 (say 19 Nos of computers). If bidder "B" does not accept the L1 price i.e. price of Rs. 100/- per unit, next higher Class-I local supplier falling within 20% margin of purchase preference, i.e. bidder "D", may be invited to match L-1 price for 19 Nos. of computers and so on.
3. For remaining quantity i.e. 18 Nos (50-13-19), the contract will be awarded to lowest quoting bidder i.e. Bidder "A", who is L-1 in the example.

ANNEXURE-7

Guidelines on Debarment of Firms from Bidding

No.F.1/20/2018-PPD
Government of India
Department of Expenditure
Ministry of Finance
Procurement Policy Division

169-A, North Block, New Delhi,
2nd November, 2021.

OFFICE MEMORANDUM

Subject: Guidelines on Debarment of firms from Bidding

Attention is drawn towards Rule 151 of General Financial Rules (GFRs), 2017 regarding 'Debarment from Bidding' which is reproduced as under:

(i) *A bidder shall be debarred if he has been convicted of an offence—*

- (a) *under the Prevention of Corruption Act, 1988; or*
- (b) *the Indian Penal Code or any other law for the time being in force, for causing any loss of life or property or causing a threat to public health as part of execution of a public procurement contract.*

(ii) *A bidder debarred under sub-section (i) or any successor of the bidder shall not be eligible to participate in a procurement process of any procuring entity for a period not exceeding three years commencing from the date of debarment. Department of Commerce (DGS&D) will maintain such list which will also be displayed on the website of DGS&D as well as Central Public Procurement Portal.*

(iii) *A procuring entity may debar a bidder or any of its successors, from participating in any procurement process undertaken by it, for a period not exceeding two years, if it determines that the bidder has breached the code of integrity. The Ministry/ Department will maintain such list which will also be displayed on their website.*

(iv) *The bidder shall not be debarred unless such bidder has been given a reasonable opportunity to represent against such debarment.*

2. This department has received a reference from Department of Commerce with a proposal that the task of universal banning of firms as per Rule 151 (ii) of GFRs as above may be undertaken by Department of Expenditure or should be decentralized to individual line Ministries/ Departments as DGS&D had been wind up on 31.10.2017. Central Public Procurement Portal (CPPP) or the Department of Expenditure can then maintain a master data of all such banned firms and it can be made available in public domain.

Page 1 of 7

3 In context of above, all issues regarding debarment have been reviewed in consultations with major procuring Ministries/ Departments and it is decided to issue attached 'Debarment Guidelines' in suppression to all earlier instructions on this subject.

4. This issues with the approval of Finance Secretary.



2.11.21

(Sanjay Aggarwal)

Advisor/ Procurement Policy Division

Email: sanjay.aggarwal68@nic.in

Tel: 23093224

To,

Secretaries, All Central Ministries/ Departments.

Secretary/ Department of Public Enterprises with a request to circulate these instructions to all Central Public Sector Undertakings (CPSUs).

Annexure

Guidelines on Debarment of firms from Bidding

1. The Guidelines are classified under following two types:
 - (i) In cases where debarment is proposed to be limited to a single Ministry, the appropriate Orders can be issued by that Ministry itself, thereby banning all its business dealing with the debarred firm.
 - (ii) Where it is proposed to extend the debarment beyond the jurisdiction of the particular Ministry i.e. covering to all central Ministries/ Departments, the requisite Orders shall be issued by Department of Expenditure (DoE), Ministry of Finance (MoF).

Definitions

2. Firm: The term 'firm' or 'bidder' has the same meaning for the purpose of these Guidelines, which includes an individual or person, a company, a cooperative society, a Hindu undivided family and an association or body of persons, whether incorporated or not, engaged in trade or business.
3. Allied firm: All concerns which come within the sphere of effective influence of the debarred firms shall be treated as allied firms. In determining this, the following factors may be taken into consideration:
 - a. Whether the management is common;
 - b. Majority interest in the management is held by the partners or directors of banned/ suspended firm;
 - c. Substantial or majority shares are owned by the banned/ suspended firm and by virtue of this it has a controlling voice.
 - d. Directly or indirectly controls, or is controlled by or is under common control with another bidder.
 - e. All successor firms will also be considered as allied firms.
4. The terms "banning of firm", 'suspension', 'Black-Listing' etc. convey the same meaning as of "Debarment".

Debarment by a Single Ministry/ Department

5. Orders for Debarment of a firm(s) shall be passed by a Ministry/ Department/ organizations, keeping in view of the following:
 - a. A bidder or any of its successors may be debarred from participating in any procurement process for a period not exceeding two years.
 - b. Firms will be debarred if it is determined that the bidder has breached the code of integrity as per Rule 175 of GFRs 2017.

- c. A bidder can also be debarred for any actions or omissions by the bidder other than violation of code of integrity, which in the opinion of the Ministry/ Department, warrants debarment, for the reasons like supply of sub-standard material, non-supply of material, abandonment of works, sub-standard quality of works, failure to abide "Bid Securing Declaration" etc.
 - d. It shall **not** be circulated to other Ministries/ Departments. It will only be applicable to all the attached/ subordinate offices, Autonomous bodies, Central Public Sector Undertakings (CPSUs) etc. of the Ministry/ Department issuing the debarment Order.
 - e. The concerned Ministry/ Department before issuing the debarment order against a firm must ensure that reasonable opportunity has been given to the concerned firm to represent against such debarment (including personal hearing, if requested by firm).
 - f. Secretary of Ministry/Department may nominate an officer at the rank of Joint Secretary/Additional Secretary as competent authority to debar the firms.
 - g. Ministry/ Department that issued the order of debarment can also issue an Order for revocation of debarment before the period of debarment is over, if there is adequate justification for the same. Ordinarily, the revocation of the Order before expiry of debarred period should be done with the approval of Secretary concerned of Ministry/Department.
 - h. The Ministry/Department will maintain list of debarred firms, which will also be displayed on its website.
 - i. Debarment is an executive function and should not be allocated to Vigilance Department.
6. Code of Integrity as contained in Rule 175 of the GFRs is reproduced as under:

No official of a procuring entity or a bidder shall act in contravention of the codes which includes

(i) prohibition of

- (a) making offer, solicitation or acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process.*
- (b) any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefit may be obtained or an obligation avoided.*
- (c) any collusion, bid rigging or anticompetitive behavior that may impair the transparency, fairness and the progress of the procurement process.*
- (d) improper use of information provided by the procuring entity to the bidder with an intent to gain unfair advantage in the procurement process or for personal gain.*
- (e) any financial or business transactions between the bidder and any official of the procuring entity related to tender or execution process of contract; which can affect the decision of the procuring entity directly or indirectly.*
- (f) any coercion or any threat to impair or harm, directly or indirectly, any party or its property to influence the procurement process.*
- (g) obstruction of any investigation or auditing of a procurement process.*

(h) making false declaration or providing false information for participation in a tender process or to secure a contract;

(ii) disclosure of conflict of interest.

(iii) Disclosure by the bidder of any previous transgressions made in respect of the provisions of sub-clause (i) with any entity in any country during the last three years or of being debarred by any other procuring entity.

7. It is possible that the firm may be debarred concurrently by more than one Ministry/ Department.

8. Ministries/ Departments at their option may also delegate powers to to debar bidders to their CPSUs, Attached Offices/ Autonomous Bodies etc. In such cases, broad principles for debarment in para 5 as above are to be kept in mind. Debarment by such bodies like CPSUs etc. shall be applicable only for the procurements made by such bodies.

9. Similarly, Government e-Marketplace (GeM) can also debar bidders upto two years on its portal.

10. In case of debarments under para 8 as above, revocation the debarment orders before expiry of debarred period should be done only with the approval of Chief Executive Officer of concerned CPSUs etc.

Debarment across All Ministries/ Departments

11. Where a Ministry/ Department is of the view that business dealings with a particular firm should be banned across all the Ministries/ Departments by debarring the firm from taking part in any bidding procedure floated by the Central Government Ministries/ Departments, the Ministry/ Department concerned, should after obtaining the approval of the Secretary concerned, forward to DoE a self-contained note setting out all the facts of the case and the justification for the proposed debarment, along with all the relevant papers and documents. DoE will issue the necessary orders after satisfying itself that proposed debarment across all the Ministries/ Departments is in accordance with Rule 151 of GFRs, 2017. This scrutiny is intended to ensure uniformity of treatment in all cases.

12. The firm will remain in suspension mode (i.e. debarred) during the interim period till the final decision taken by DoE, only in the Ministry/ Department forwarding such proposal.

13. Ministry/ Department before forwarding the proposal to DoE must ensure that reasonable opportunity has been given to the concerned firm to represent against such debarment (including personal hearing, if requested by firm). If DoE realizes that

sufficient opportunity has not be given to the firm to represent against the debarment, such debarment requests received from Ministries/ Departments shall be rejected.

14. DoE can also give additional opportunity, at their option, to firm to represent against proposed debarment. DoE can also take suo-moto action to debar the firms in certain circumstances

15. No contract of any kind whatsoever shall be placed on the debarred firm, including its allied firms by any Ministries/ Departments/ Attached/Subordinate offices of the Government of India including autonomous body, CPSUs etc. after the issue of a debarment order.

16. DoE will maintain list of such debarred firms, which will be displayed on Central Public Procurement Portal.

Revocation of Orders

14. An order for debarment passed 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.

15. A debarment order may be revoked before the expiry of the Order, by the competent authority, if it is of the opinion that the disability already suffered is adequate in the circumstances of the case or for any other reason.

Other Provisions (common to both types of debarment)

16. No contract of any kind whatsoever shall be placed to debarred firm including its allied firms after the issue of a debarment order by the Ministry/ Department. Bids from only such firms shall be considered for placement of contract, which are neither debarred on the date of opening of tender (first bid, normally called as technical bid, in case of two packet/two stage bidding) nor debarred on the date of contract. Even in the cases of risk purchase, no contract should be placed on such debarred firms.

17. If case, any debar firms has submitted the bid, the same will be ignored. In case such firm is lowest (L-1), next lowest firm shall be considered as L-1. Bid security submitted by such debarred firms shall be returned to them.

18. Contracts concluded before the issue of the debarment order shall, not be affected by the debarment Orders.

19. The Debarment shall be automatically extended to all its allied firms. In case of joint venture/ consortium is debarred all partners will also stand debarred for the period specified in Debarment Order. The names of partners should be clearly specified in the "Debarment Order".

20. Debarment in any manner does not impact any other contractual or other legal rights of the procuring entities.
21. The period of debarment shall start from the date of issue of debarment order.
22. The Order of debarment will indicate the reason(s) in brief that lead to debarment of the firm.
23. Ordinarily, the period of debarment should not be less than six months.
24. In case of shortage of suppliers in a particular group, such debarments may also hurt the interest of procuring entities. In such cases, endeavor should be to pragmatically analyze the circumstances, try to reform the supplier and may get a written commitment from the supplier that its performance will improve.
25. All Ministries/ Departments must align their existing Debarment Guidelines in conformity with these Guidelines within two months of issue of these Guidelines. Further, bidding documents must also be suitably amended, if required.

XXXXXXX

ANNEXURE-8**Constitution of committee for opening & Evaluation of Bids for purchase of goods**

Sl. No.	For works, purchase of goods and services as per limits below	Constitution of Committee for opening, evaluating and for making recommendations	To be nominated by
1	Upto Rs. 2 lakh	1. Officer/ Deputy Officer/ Assistant Officer (Indenting Divi.) and 2. Officer/ Deputy Officer/ Assistant Officer (Fin. Division) and 3. Officer/ Deputy Officer/ Assistant Officer (Any Division)	HOD (PCM)
2	Above Rs. 2 lakh up to 25 Lakh	1. DM/ AM/Manager (Indenting Division) and 2. DM/ AM/Manager (Finance Division) and 3. DM/ AM/ Manager (PCM Division)	HOD (PCM)
3	Above Rs. 25 lakhs upto Rs. 50 lakh	1. CM (Indenting Division) and 2. CM (Finance Division) and 3. CM (PCM Division)	HOD (PCM)
4	Above Rs. 50 lakhs upto Rs. 1 crore	1. GM/DGM (Indenting Division) and 2. GM/DGM (Finance Division) and 3. GM/DGM (PCM Division)	HOD (PCM)
5	Above Rs. 1 crore up to Rs. 2 crore	1. CGM/HOD (Indenting Division) and 2. CGM/HOD (Finance Division) and 3. CGM/HOD (PCM Division)	Concerned Functional Directors
6	Rs. 2 crore and above	1. ED (PCM) and 2. ED (Finance) [other than ED(FC)] and 3. ED (Indenting Division)	Concerned Functional Directors

Note: Constitution of Standing Tender Committees for opening and evaluation of bids for REC Tenders and other terms and conditions shall be applicable as amended from time to time.

ANNEXURE-9

PRE-CONTRACT INTEGRITY PACT

GENERAL

This pre-bid contract Agreement (herein after called the Integrity Pact) is made on _____ day of the month of _____ 20..., between, on one hand, the Rural Electrification Corporation Ltd. Acting through Shri, Designation of the officer, (hereinafter called the "REC", which expression shall mean and include, unless the context otherwise requires, his successors in the office and assigns) of the First Part and M/s. _____ represented by Shri _____ (hereinafter called the "BIDDER/SELLER/CONSULTANT", which expression shall mean and include, unless the context otherwise requires, his successors and permitted assigns) of the Second Part.

WHEREAS the REC propose to procure (Items and Services as per the Scope Of Work Mentioned in The Tender Document (hereinafter called the "Items and Services", which expression shall mean and include, unless the context otherwise requires, any additions & deletions in the said "Items and Services") and the BIDDER/ Seller/ Consultant is willing to offer/has offered the said "Items and Services".

WHEREAS the BIDDER/ Consultant is a Private Company/Public Company/Government Undertaking/ Partnership/registered export agency, constituted in accordance with the relevant law in the matter and the REC is a Ministry/ Department of the Government of India/PSU performing its function on behalf of the President of India.

NOW, THEREFORE,

To avoid all forms of corruption by following a system that is fair, transparent and free from any influence/prejudiced dealings prior to, during and subsequent to the currency of the Contract to be entered into with a view to: -

Enabling the REC to obtain the desired "Items and Services" at a competitive price in conformity with the defined specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and

Enabling BIDDER/ CONSULTANT to abstain from bribing or indulging in any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also abstain from bribing and other practices and the REC will commit to prevent corruption, in any form, by its official by following transparent procedures.

The parties hereto hereby agree to enter into this Integrity Pact and agree as follows:

Commitments of the REC

1.

1.1. The REC undertakes that no official of the REC, connected directly or indirectly with the contract, will demand, take a promise for or accept, directly or through intermediaries, any bribe, consideration, gift, reward, favour or any material or

immaterial benefit or any other advantage from the BIDDER/CONSULTANT, either for themselves or for any person, organization or third party related to the contract in exchange for an advantage in the bidding process, bid evaluation, contracting or implementation process related to the contract.

- 1.2. The REC will, during the pre-contract stage, treat all BIDDER/CONSULTANT alike, and will provide to all BIDDER/CONSULTANT the same information and will not provide any such information to any particular BIDDER/CONSULTANT which could afford an advantage to that particular BIDDER/CONSULTANT in comparison to the other BIDDER(S)/CONSULTANT(S).
- 1.3. All the officials of the REC will report the appropriate Government office any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.
2. In case any such preceding misconduct on the part of such official(s) is reported by the BIDDER/CONSULTANT to the REC with the full and verifiable facts and the same is prima facie found to be correct by the REC, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the REC and such a person shall be debarred from further dealings related to the contract process. In such a case, while an enquiry is being conducted by the REC, the proceedings under the contract would not be stalled.

Commitments of BIDDERS / CONSULTANTS

3. The BIDDER/CONSULTANT commits itself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of its bid or during any pre-contract or post-contract stage in order to secure the contractor in furtherance to secure it and in particular commit itself to the following: -
 - 3.1 The will not offer, directly or through intermediaries, any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the REC, connected directly or indirectly with the bidding process, or to any person, organization or third party related to the contract in exchange for any advantage in the bidding, evaluation, contracting and implementation of the contract.
 - 3.2 The BIDDER/CONSULTANT further undertakes that it has not given, offered or promised to give, directly or indirectly any bribe, gift, consideration, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage, or inducement to any official of the REC or otherwise in procuring the Contract or forbearing to do or having done any act in relation to the obtaining or execution of the contract or any other contract with the Government for showing or forbearing to show favour or disfavour to any person in relation to the contract or any other contract with the Government.

- 3.3 The BIDDER/CONSULTANT shall disclose the name and address of agents and representatives and Indian BIDDERSs shall disclose their foreign principals or associates.
- 3.4 The BIDDER/CONSULTANT shall disclose the payments to be made by them to agents/brokers or any other intermediary, in connection with this bid/contract.
- 3.5 The BIDDER/CONSULTANT further confirms and declares to the REC that he BIDDER/CONSULTANT is the original manufacture/Integrator/authorized government sponsored export entity of the defence stores and has not engage any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the REC or any of its functionaries, whether officially or unofficially to the award of the contract to the BIDDER/CONSULTANT, nor has any amount been paid. Promised or intended to be paid to any such individual, firm or company in respect of any such intercession, facilitation or recommendation.
- 3.6 The BIDDER/CONSULTANT, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payment he has made, is committed to or intends to make to officials of the REC or their family members, agents, brokers or any other intermediaries in connection with the contract and the details of services agreed upon for such payments.
- 3.7 The BIDDER/CONSULTANT will not collude with other parties interested in the contract to impair the transparency, fairness and progress of the bidding process, bid evaluation, contracting and implementation of the contract.
- 3.8 The BIDDER/CONSULTANT will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.
- 3.9 The BIDDER/CONSULTANT shall not use improperly, for purpose of competition or personal gain, or pass on to others, any information provided by the REC as part of the business relationship, regarding plans, technical proposal and business details, including information contained in any electronic data carrier. The BIDDER/CONSULTANT also undertakes to exercise due and adequate care lest any such information is divulged.
- 3.10 The BIDDER/CONSULTANT commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.
- 3.11 The BIDDER/CONSULTANT shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.
- 3.12 If the BIDDER/ CONSULTANT or any employee of the BIDDER/

CONSULTANT or any person acting on behalf of the BIDDER/CONSULTANT, either directly or indirectly, is a relative of any of the officers of the REC, or alternatively, if any relatives of an officer of the REC had financial interest/stake in the BIDDER's/CONSULTANT's firm, the same shall be disclosed by the BIDDER/CONSULTANT at the time of filing of tender

The term 'relative' for this purpose would be as defined in Section 6 of the Companies Act 1956.

- 3.13 The BIDDER/CONSULTANT shall not lend to or borrow any money from or enter into any monetary dealings or transactions, directly or indirectly, with any employee of the REC.
- 3.14 The BIDDER/CONSULTANT signing Integrity Pact shall not approach the Courts while representing the matters to IESs and he/she will await their decision in the matter.

4. Previous Transgression

- 4.1 The BIDDER/CONSULTANT declares that no previous transgression occurred in the last three years immediately before signing of this Integrity Pact with any other company in any country in respect of any corrupt practices envisaged hereunder or with any Public Sector Enterprise in India or any Government Department in India that could justify BIDDER's/CONSULTANT's exclusion from the tender process.
- 4.2 The BIDDER/CONSULTANT agrees that if it makes incorrect statement on this subject, BIDDER can be disqualified from the tender process or the contract, if already awarded, can be terminated for such reason.

5. Earnest Money (Security Deposit)

- 5.1 While submitting commercial bid, the BIDDER/CONSULTANT deposit an amount _____ (as specified in TENDER) as Earnest Money/Security, Deposit, with the REC through any of the following instruments:
 - 5.1.1. Bank Draft or a Pay Order in favour of 'REC Limited' payable at Gurugram
 - 5.1.2. A confirmed guarantee by a Commercial Bank, promising payment of the guaranteed sum to the RECL on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the RECL shall be treated as conclusive proof of payment.
 - 5.1.3. Any other mode or through any other instrument (to be specified in the TENDER).
- 5.2 The Earnest Money/ Security Deposit shall be valid as per terms of TENDER.

- 5.3 In the case of successful BIDDER/CONSULTANT, a clause would also be incorporated in the Article pertaining to Performance Bond in the PurchaseContract that the provisions of Sanctions for violation shall be applicable for forfeiture of Performance Bond in case of a decision by the REC to forfeit the same without assigning any reason for imposing sanction for violation of this Pact.
- 5.4 No interest shall be payable by the REC to the BIDDER/CONSULTANT on Earnest Money/Security Deposit for the period of its currency.

6. Sanctions for Violations

- 6.1 Any breach of the aforesaid provisions by the BIDDER/CONSULTANT or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER/SELLER/CONSULTANT) shall entitle the REC to take all or any one of the following actions, wherever required: -
- 6.1.1. To immediately call off the pre contract negotiations without assigning any reason or giving any compensation to the BIDDER/CONSULTANT. However, the proceedings
- 6.1.2. The Earnest Money Deposit (in pre-contract stage) and/or Security Deposit/Performance Bond (after the contract is signed) shall stand forfeited either fully or partially, as decided by the REC and the REC shall not be required to assign any reason therefore.
- 6.1.3. To immediately cancel the contract, if already signed, without giving any compensation to the BIDDER.
- 6.1.4. To recover all sums already paid by the REC, and in case of the Indian BIDDER/CONSULTANT with interest thereon at 2% higher than the prevailing Prime Lending Rate of State of India, while in case of a BIDDER/CONSULTANT from a country other than India with Interest thereon at 2% higher than the LIBOR. If any outstanding payment is due to the BIDDER from the REC in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.
- 6.1.5. To encash the advance bank guarantee and performance bond/warranty bond, if furnished by the BIDDER/CONSULTANT, in order to recover the payments, already made by the REC, along with interest.
- 6.1.6. To cancel all or any other contracts with the BIDDER/CONSULTANT. The BIDDER shall be liable to pay compensation for any loss or damage to the REC resulting from such cancellation/rescission and the REC/PRINCIPAL shall be entitled to deduct the amount so payable from the money(s) due to the BIDDER/CONSULTANT.
- 6.1.7. To debar the BIDDER/CONSULTANT from participating in future

bidding processes of the Government of India REC/PRINCIPAL for a minimum period of five years, which may be further extended at the discretion of the REC.

6.1.8. To recover all sums paid in violation of this Pact by BIDDER/CONSULTANT (s) to any middlemen or agent or broken with a view to securing the contract.

6.1.9. In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the REC with the BIDDER/CONSULTANT, the same shall not be opened.

6.1.10. Forfeiture of performance Bond in case of a decision by the REC to forfeit the same without assigning any reason for imposing for sanction for violation of this pact

6.2 The REC will be entitled to take all or any of the actions mentioned at para 6.1 (i) to (x) of this Pact also on the Commission by the BIDDER/CONSULTANT or any one employed by it or acting on its behalf (whether with or without the knowledge of the BIDDER/CONSULTANT), of an offence as defined in Chapter IX of the Indian Penal code, 1860 or Prevention of Corruption Act, 1988 or any other statute enacted for prevention of corruption.

6.3 The decision of the REC to the effect that a breach of the provisions of this pact has been committed by the BIDDER/CONSULTANT shall be final and conclusive on the BIDDER/CONSULTANT. However, the BIDDER/CONSULTANT can approach the Independent Monitor(s) appointed for the purposes of this Pact.

7. Independent Monitors

7.1 The REC has appointed Independent Monitors (hereinafter referred to as Monitors) for this Pact in consultation with the Central Vigilance Commission (Names and Addresses of the Monitors shall be published subsequently by REC).

7.2 The task of the Monitors shall be to review independently and objectively, whether and to what extent the parties comply with the obligations under this Pact.

7.3 The Monitors shall not be subject to instructions by the representatives of the parties and perform their functions neutrally and independently.

7.4 Both the parties accept that the Monitors have the right to access all the documents relating to the project/procurement, including minutes of meetings.

7.5 As soon as the Monitor notices, or has reason to believe, a violation of this Pact, he will so inform the Authority designated by the REC.

7.6 The BIDDER/CONSULTANT(s) accepts that the Monitors has the right to

access without restriction to all project documentation of the REC including that provided by the BIDDER/CONSULTANT. The BIDDER/CONSULTANT will also grant the Monitor, upon his request and demonstration of a valid interest, unrestricted and unconditional access to his project documentation. The same is applicable to Subcontractors. The Monitor shall be under contractual obligation to treat the information and documents of the BIDDER/CONSULTANT/Subcontractors(s) with confidentiality.

- 7.7 The BUYER will provide to the Monitors sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the parties. The parties will offer to the monitor the option to participate in such meetings.
- 7.8 The Monitor will submit a written report to the designated Authority of REC /Secretary in the Department/ within 8 to 10 weeks from the date of reference or intimation to him by the REC/BIDDER/CONSULTANT and, should the occasion arise, submit proposals for correcting problematic situations.

8. Facilitation of Investigation

In case of any allegation of violation of any provisions of this Pact or payment of commission, the REC or its agencies shall be entitled to examine all the documents including the Books of Accounts of the BIDDER/CONSULTANT and the BIDDER/CONSULTANT shall provide necessary information and documents in English and shall extend all possible help for the purpose of such examination.

9. Law and Place of Jurisdiction

This Pact is subject to Indian Law. The place of performance and jurisdiction is the seat of the REC.

10. 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 any extent law in force relating to any civil or criminal proceedings.

11. Validity

- 11.1 The validity of this Integrity Pact shall be from the date of its signing and extend up to 5 years or the complete execution of the contract to the satisfaction of both the REC and the BIDDER/SELLER/CONSULTANT, including warranty period, whichever is later. In case BIDDER/SELLER/CONSULTANT is unsuccessful, this Integrity Pact shall expire after six months from the date of the signing of the contract.
- 11.2 Should one or several provisions of this Pact turn out to be invalid; the remainder of this Pact shall remain valid. In this case, the parties will strive to come to an agreement to their original intentions.

12. The parties hereby sign this Integrity Pact at _____ on _____

REC:

Name of the Officer _____

Designation _____

BIDDER/ CONSULTANT:

Witness

1. _____

2. _____

Witness

1. _____

2. _____

ANNEXURE-10
(On letter Head of the Company/Agency)

Undertaking related to ESG

1. Name of the Agency:
2. Address of Agency:

We herewith declare that -

1. We adheres to fair labour practices, ensuring a safe working environment, fair wages, and compliance with applicable labour laws.
2. We upholds ethical business conduct, including anti-corruption measures.
3. We provide products that are environmentally sustainable, have consciously minimised carbon footprints in the production or sourcing process and invariably incorporate a minimum percentage of recycled materials wherever applicable.
4. We encourage diversity and inclusion within its organization and supply chains and complies with health and safety regulations, ensuring the well-being of their employees

It is certified that the information furnished above is true and correct.

(Signature of Authorized Signatory)
(With Official Seal)

Date :-

Place :-

Note:

- ***For all procurement related to services and IT related equipment, all the points (1 to 4) will be applicable.***
- ***For other goods, Point no. 1 & 2 will be applicable and point 3 & 4 has to be decided by indenting division on case to case basis.***

ANNEXURE-11
Restrictions under Rule 144(xi) of the GFRs 2017

No.F.7/10/2021-PPD (1)
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi.
23.02.2023.

Order (Public Procurement No. 4)

Subject: Restrictions under Rule 144(xi) of the General Financial Rules (GFRs), 2017.

Attention is invited to Order (Public Procurement No. 1) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No. 2) issued vide F.6/18/2019-PPD dated 23.07.2020, Order (Public Procurement No. 3) issued vide F.6/18/2019-PPD dated 24.07.2020, Office Memorandum (OM) No. F.18/37/2020-PPD dated 08.02.2021, OM No. F.12/1/2021-PPD(Pt.) dated 02.03.2021 and OM No. F.7/10/2021-PPD dated 08.06.2021. In this regard, the following is hereby ordered under Rule 144(xi) (as amended vide OM No. F.7/10/2021-PPD dated 23.02.2023) on the grounds stated therein, in supersession to all of the above mentioned Orders/ clarifications:

Requirement of registration:

2. Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annexure I**.
3. Any bidder (including an Indian bidder) who has a Specified Transfer of Technology (ToT) arrangement with an entity from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority, specified in **Annexure I**.
4. The requirement of registration for cases covered by paragraph 2 above has been applicable since 23.07.2020. The requirement of registration for bidders covered by paragraph 3 above will be applicable for all procurements where tenders are issued/ published after 01.04.2023.
5. In tenders issued after 23.07.2020 or 01.04.2023, as the case may be, the provisions of requirement of registration of bidders and of other relevant provisions of this Order shall be incorporated in the tender conditions.

Applicability:

6. Apart from Ministries/ Departments, attached and subordinate bodies, notwithstanding anything contained in Rule 1 of the GFRs 2017, the Order shall also be applicable

- a) to all Autonomous Bodies;
- b) to all public sector banks and public sector financial institutions;
- c) to all Central Public Sector Enterprises;
- d) to all procurement in Public Private Partnership projects receiving financial support from the Government or public sector enterprises/ undertakings; and
- e) Union Territories, National Capital Territory of Delhi and all agencies/ undertakings thereof.

7. This order will not be applicable for cases falling under **Annexure II**.

Definitions:

8. *"Bidder"* for the purpose of the Order (including the term 'tenderer', 'consultant' 'vendor' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency, branch or office controlled by such person, participating in a procurement process.

9. *"Tender"* for the purpose of the Order will include other forms of procurement, except where the context requires otherwise.

10. *"Transfer of Technology"* means dissemination and transfer of all forms of commercially usable knowledge such as transfer of know-how, skills, technical expertise, designs, processes and procedures, trade secrets, which enables the acquirer of such technology to perform activities using the transferred technology independently. (Matters of interpretation of this term shall be referred to the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade, and the interpretation of the Committee shall be final.)

11. *"Specified Transfer of Technology"* means a transfer of technology in the sectors and/ or technologies, specified in paragraph 15, occurring on or after 23.07.2020.

12. *"Bidder (or entity) from a country which shares a land border with India"* for the purpose of the Order means

- (a) An entity incorporated, established or registered in such a country; or
- (b) A subsidiary of an entity incorporated, established or registered in such a country; or
- (c) An entity substantially controlled through entities incorporated, established or registered in such a country; or
- (d) An entity whose beneficial owner is situated in such a country; or
- (e) An Indian (or other) agent of such an entity; or
- (f) A natural person who is a citizen of such a country; or

(g) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

13. *Beneficial owner* for the purposes of Para 12 (d) will be as under:

(i) In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person(s), has a controlling ownership interest or who exercises control through other means.

Explanation:-

- a. "Controlling ownership interest" means ownership of, or entitlement to, more than twenty-five per cent of shares or capital or profits of the company;
- b. "Control" shall include the right to appoint the majority of the directors or to control the management or policy decisions, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(ii) In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

(iii) In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

(iv) Where no natural person is identified under (i) or (ii) or (iii) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

(v) In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

14. "*Agent*" for the purpose of the Order is a person employed to do any act for another, or to represent another in dealings with third persons.

[Note:

- i. A person who procures and supplies finished goods from an entity from a country which shares a land border with India will, regardless of the nature of his legal or commercial relationship with the producer of the goods, be deemed to be an Agent for the purpose of this Order.
- ii. However, a bidder who only procures raw material, components etc. from an entity from a country which shares a land border with India and then manufactures or converts them into other goods will not be treated as an Agent.]

Sensitive Sectors/ Technologies (relevant only for the provisions on ToT arrangements):

15. (i) Certain sectors and technologies have been identified as sensitive from the national security point of view. The sectors listed in Schedule I to this Order are considered Category-I sensitive sectors. The sectors listed in Schedule II to this Order are considered Category-II sensitive sectors. The technologies listed in Schedule III are considered sensitive technologies.

(ii) For Category-I sensitive sectors, bidders with ToT arrangement in any technology with an entity from a country which shares a land border with India shall require registration.

(iii) For Category-II sensitive sectors, bidders with ToT arrangement in the sensitive technologies listed in Schedule III, with an entity from a country which shares a land border with India shall require registration.

(iv) In Category-II sensitive sectors, the Secretary (or an officer not below the rank of Joint Secretary to Government of India, so authorized by the Secretary) of the Ministry/ Department of the Government of India is empowered, after due consideration, to waive the requirement of registration for a particular item/ application or a class of items/ applications from the requirement of registration, even if included in Schedule III. The Ministry/ Department concerned shall intimate the Department for Promotion of Industry and Internal Trade (DPIIT) and National Security Council Secretariat (NSCS) of their decision to waive the requirement of registration. Ministries/ Departments of the Government of India are not required to consult the DPIIT/ NSCS before deciding and are only required to intimate the decision to DPIIT/ NSCS. If any point is raised by DPIIT/ NSCS, it should be considered in future procurements; ongoing procurement for which the waiver was granted need not be interrupted or altered.

16. Based on security considerations, a Ministry/ Department in a Category II sensitive sector or other Ministries/ Departments may recommend to DPIIT inclusion of any other technology in the list of sensitive technologies, either generally or for their Ministry/ Department.

Sub-contracting in works contracts

17. In works contracts, including turnkey contracts, contractors shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority. The definition of "contractor from a country which shares a land border with India" shall be as in paragraph 12 above. This shall not apply to sub-contracts already awarded on or before 23.07.2020.

[Note: Procurement of raw material, components, etc. does not constitute sub-contracting.]

Certificate regarding compliance

18. An undertaking shall be taken from bidders in the tender documents (**Annexure III**) that the extant guidelines for participation in the tenders (which should include conditions for implementation of this Order) have been complied with. If such certificate given by a bidder whose bid is accepted is found to be false, this would be a ground for debarment and further legal action in accordance with law.

Validity of registration

19. In respect of tenders, registration should be valid at the time of submission of bids and at the time of acceptance of bids. In respect of supply otherwise than by tender, registration should be valid at the time of placement of order. If the bidder was validly registered at the time of acceptance / placement of order, registration shall not be a relevant consideration during contract execution.

Government e-Marketplace (GeM)

20. GeM shall remove non-compliant entities from GeM unless/ until they are registered in accordance with this Order.

Model Clauses/ Certificates

21. Model Clauses and Model Certificates which may be inserted in tenders/ obtained from Bidders are given at Annexure-III. While adhering to the substance of the Order, procuring entities are free to appropriately modify the wording of these clauses based on their past experience, local needs etc.

4
23/02/2023
(Kanwalpreet)
Director(PPD)

Tel.No. 2309 3811; email: kanwal.irss@gov.in

To

1. Secretaries of all Ministries/ Departments of Government of India for information and necessary action. They are also requested to inform these provisions to all procuring entities.
2. Secretary, Department of Public Enterprises with a request to immediately reiterate these orders in respect to public enterprises.
3. Secretary, Department of Financial Services with a request to immediately reiterate these orders in respect to public sector and public sector financial institutions.
4. Secretary DPIIT with a request to take action as provided under Annexure I.
5. Chief Secretaries/ Administrators of Union Territories/ National Capital Territory of Delhi.
6. CEO/ GeM with a request to ensure implementation of this order on GeM.

Schedule I

List of Category-I Sensitive sectors:

Sr.No.	Sector
(i)	Atomic Energy
(ii)	Broadcasting/ Print and Digital Media
(iii)	Defence
(iv)	Space
(v)	Telecommunications

Schedule II

List of Category-II Sensitive sectors:

Sr.No.	Sector
(i)	Power and Energy (including exploration/ generation/ transmission/ distribution/ pipeline)
(ii)	Banking and Finance including Insurance
(iii)	Civil Aviation
(iv)	Construction of ports and dams & river valley projects
(v)	Electronics and Microelectronics
(vi)	Meteorology and Ocean Observation
(vii)	Mining and extraction (including deep sea projects)
(viii)	Railways
(ix)	Pharmaceuticals & Medical Devices
(x)	Agriculture
(xi)	Health
(xii)	Urban Transportation

Schedule-III

List of Sensitive Technologies:

Sr.No.	Sensitive Technologies
(i)	Additive Manufacturing (e.g. 3D Printing)
(ii)	Any equipment having electronic programmable components or autonomous systems (e.g. SCADA systems)
(iii)	Any technology used for uploading and streaming of data including broadcasting, satellite communication etc.
(iv)	Chemical Technologies
(v)	Biotechnologies including Genetic Engineering and Biological Technologies
(vi)	Information and Communication Technologies
(vii)	Software

ANNEXURE I

Competent Authority and Procedure for Registration

- A. The Competent Authority for the purpose of registration under this order shall be/ continue to be the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT)*. [This Committee was already constituted under Order (Public Procurement) No.1].
- B. The Registration Committee shall have the following members*:
- An officer, not below the rank of Joint Secretary, designated for this purpose by DPIIT, who shall be the Chairman;
 - Officers (ordinarily not below the rank of Joint Secretary) representing the Ministry of Home Affairs, Ministry of External Affairs, and of those Departments whose sectors are covered by applications under consideration;
 - Any other officer whose presence is deemed necessary by the Chairman of the Committee.
 - With effect from 01.04.2023, an officer (ordinarily not below the rank of Joint Secretary) representing the National Security Council Secretariat.
- C. DPIIT shall lay down the method of application, format etc. for such bidders as covered by the Order.
- D. On receipt of an application seeking registration from a bidder covered by Para 2 and 3 of this order, the Competent Authority shall first seek political and security clearances from the Ministry of External Affairs and Ministry of Home Affairs, as per guidelines issued from time to time. Registration shall not be given unless political and security clearance have both been received.
- E. The Ministry of External Affairs and Ministry of Home Affairs may issue guidelines for internal use regarding the procedure for scrutiny of such applications by them.
- F. The decision of the Competent Authority, to register such bidder may be for all kinds of tenders or for a specified type(s) of goods or services, and may be for a specified or unspecified duration of time, as deemed fit. The decision of the Competent Authority shall be final.
- G. Registration granted by the Competent Authority of the Government of India shall be valid not only for procurement by the Central Government and its bodies specified in para 6 of this order, but also for procurement by State Governments and their agencies/ public enterprises etc. No fresh registration at the State level shall be required.
- H. The Competent Authority is empowered to cancel the registration already granted if it determines that there is sufficient cause. Such cancellation by itself, however, will

not affect the execution of contracts already awarded. Pending cancellation, it may also suspend the registration of a bidder, and the bidder shall not be eligible to bid in any further tenders during the period of suspension.

- I. For national security reasons, the Competent Authority shall not be required to give reasons for rejection/cancellation of registration of a bidder.

[*Note:

(i) In respect of application of the Order to procurement by/ under State Governments, all functions assigned to DPIIT shall be carried out by the State Government concerned through a specific department or authority designated by it. The composition of the Registration Committee shall be as decided by the State Government. However, the requirement of political and security clearance as per para D shall remain and no registration shall be granted without such clearance.

(ii) Registration granted by State Governments shall be valid only for procurement by the State Government and its agencies/ public enterprises etc. and shall not be valid for procurement in other states or by the Government of India and their agencies/ public enterprises etc.]

ANNEXURE II

Special Cases

- A. In projects which receive international funding with the approval of the Department of Economic Affairs (DEA), Ministry of Finance, the procurement guidelines applicable to the project shall normally be followed, notwithstanding anything contained in this order and without reference to the Competent Authority. Exceptions to this shall be decided in consultation with DEA.
- B. This order shall not apply to procurement by Indian missions and by offices of government agencies/ undertakings located outside India.
- C. This order will not apply to bidders (or entities) from those countries (even if sharing a land border with India) to which the Government of India has extended lines of credit or in which the Government of India is engaged in development projects. Updated lists of countries to which lines of credit have been extended or in which development projects are undertaken are given on the website of the Ministry of External Affairs.
- D. Procurement of spare parts and other essential service support like Annual Maintenance Contract (AMC)/ Comprehensive Maintenance Contract (CMC), including consumables for closed systems, from Original Equipment Manufacturers (OEMs) or their authorized agents, shall be exempted from the requirement of registration.

ANNEXURE III

Model Clause/ Certificate/ Undertaking to be inserted in tenders etc.

[While adhering to the substance of the Order, procuring entities and GeM are free to appropriately modify the wording of the clause/ certificate based on their past experience, local needs etc.

The conditions relating to specified ToT (as shown in italics) should be incorporated only in the tenders which attract the restrictions due to specified ToT.]

A. Model Clauses for Tenders (including tenders issued manually or any electronic portal including GeM):

I. Any bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the Competent Authority. *Further, any bidder (including bidder from India) having specified Transfer of Technology (ToT) arrangement with an entity from a country which shares a land border with India, shall also require to be registered with the same competent authority.*

II. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons, or firms or companies), every artificial juridical person not falling in any of the descriptions of bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.

III. "Bidder (or entity) from a country which shares a land border with India" for the purpose of this Order means: -

- (a) An entity incorporated, established or registered in such a country; or
- (b) A subsidiary of an entity incorporated, established or registered in such a country; or
- (c) An entity substantially controlled through entities incorporated, established or registered in such a country; or
- (d) An entity whose beneficial owner is situated in such a country; or
- (e) An Indian (or other) agent of such an entity; or
- (f) A natural person who is a citizen of such a country; or
- (g) A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

IV. The beneficial owner for the purpose of (iii) above will be as under:

1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

Explanation—

a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five per cent. of shares or capital or profits of the company;

b. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;

3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;

4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;

5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

V. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.

VI. [To be inserted in tenders for Works contracts, including Turnkey contracts] The successful bidder shall not be allowed to sub-contract works to any contractor from a country which shares a land border with India unless such contractor is registered with the Competent Authority.

VII. The registration shall be valid at the time of submission of bid and at the time of acceptance of bid.

VIII. If the bidder was validly registered at the time of acceptance / placement of order, registration shall not be a relevant consideration during contract execution

Model Certificate for Tenders:

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model Certificate for Tenders for Works involving possibility of sub-contracting:

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such countries; I certify that this bidder is not from such a country or, if from such a country, has been registered with the Competent Authority and will not sub-contract any

work to a contractor from such countries unless such contractor is registered with the Competent Authority. I hereby certify that this bidder fulfills all requirements in this regard and is eligible to be considered. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"

Model additional certificate by Bidders in the cases of specified ToT:

"I have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. I certify that this bidder does not have any ToT arrangement requiring registration with the competent authority."

OR

"I have read the clause regarding restrictions on procurement from a bidder having Transfer of Technology (ToT) arrangement. I certify that this bidder has valid registration to participate in this procurement."

B. Model Certificate for GeM (to be taken by the GeM from seller during registration on GeM. GeM should also obtain this certificate from all existing bidders as soon as possible):

"I have read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; I certify that this vendor/ bidder is not from such a country and does not have any specified Transfer of Technology (ToT) from such a country or, if from such a country or if having specified ToT from such a country has been registered with the Competent Authority. I hereby certify that this vendor/ bidder fulfills all requirements in this regard and is eligible to be considered for procurement on GeM. [Where applicable, evidence of valid registration by the Competent Authority shall be attached.]"
