

Purchase Procedure 2016



A NAVARATNA COMPANY

Empowering the Nation's Defence Forces

Appendix to Office Order No. HO/591/029 Dated : 08th Sept 2016



PURCHASE PROCEDURE 2016

BHARAT ELECTRONICS LIMITED

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FOREWORD



The existing Purchase Procedure of BEL was last updated in 2009. With the ever changing Customer Requirements, Market Scenario and Regulations/Guidelines being issued by Government/CVC from time to time, a need was felt to update the existing Purchase procedure to address these requirement vis-a-vis business environment. Moreover, in case of BEL, where material content is in the range of 50 – 60% and On-time delivery is of prime importance, the procurement process becomes one of the critical activities.

All the major aspects of procurement have been covered in the current update. Some of the new chapters added in the purchase procedure include Procurement from Start-ups, Reverse Auction, Management Approval through File Life Cycle Management (FLM), Customer Support activities etc.

Some of the areas have been redefined and more clarity has been brought, such as Classification of Material, Terms of payment, Delegation of power, Vendor Rating etc. MSME preference, Collaborative R&D, Outsourcing & Vendor Development Policy, Declaration of Proprietary Article certificate, Integrity Pact, Emergency purchase for Production items have been incorporated.

I hope the revised manual will facilitate the users in taking the right decision and ensuring that the commercial and financial interests of the company are taken care.

A handwritten signature in blue ink, which appears to read "Sunil Kumar Sharma". The signature is written in a cursive style.

Sunil Kumar Sharma
Chairman & Managing Director

25th Aug 2016

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CHAPTER 1
PREFACE / INTRODUCTION

CHAPTER 1

1. PREFACE/INTRODUCTION

1.1. Bharat Electronics Limited, was established at Bangalore, India by the Government of India under the Ministry of Defence in 1954 to meet the specialized electronic needs of the Indian Defence services. Over the years, it has grown into a Multi-Product, Multi-Technology, Multi-Unit Company manufacturing from Small Components to present day System of Systems. 80% of BEL's turn over comes from Defence. In this regard it is pertinent to understand the nuances of Defence requirement.

1.2. The requirements of Defence Customers are becoming increasingly influenced by latest armament technology, military doctrines and sometimes by evolving technologies. There is an enormous cost associated with development of such technologies, with costs also allocated to skilled scientific manpower and subsequent production infrastructure. Acquisition Time frames tend to be longer and qualification procedures are complex. Platforms have given way to complex systems. Weaponry, electronic suite and command and control systems need to be looked at in totality. Thus what may appear as a single discrete item in the purchase request would be part of the entire system and its criticality would depend upon where it fits into the whole. The components/sub systems used in Equipments/Systems need to be qualified for use in Military applications. Any new item, getting introduced in the Equipment/ System during the production stage, warrants qualification trials. This is time consuming and hence delivery of the final product may get affected. Technological obsolescence is faster which results in a big challenge in supporting the customer for more than 20 years after the delivery of the equipment/system.

1.3. The optimal use of complex platforms would depend on the training which the user undergoes and this requires years of diligent work. This combination of man and machine is what matters in times of war. User preference therefore needs to be accorded a very high priority. It can make the difference between winning or losing a battle. In case the requirements of such material cannot be met indigenously then they need to be imported and here pure commercial terms do not always matter as defence material exports are subject to a whole host of control regimes and export clearances imposed by the sovereign states from which the material is sourced. Such control regimes exist not

only for components/ equipment but also for the production technology, resulting in sub-optimal transfer of technology.

1.4. In a typical non-defence procurement, a buyer examines the available products, requests competitive bids for purchase or manufacture from a number of contractors, selects a bid based on quality and price and signs a one-step contract for delivery on a specified date. Such a market depends on having complete information of products and, producers, a standardized off-the-shelf product, predictable cost of products, and minimal concern about the viability of maintaining the product or losing the source of supply.

1.5. Procurement for Defence is more complicated in terms of Limited Vendors supplying the Mil qualified Components/ subsystems. Hence developing alternate Vendors is more challenging. In this scenario the Purchase Procedure is revised keeping in mind the latest developments in purchasing activity, e-procurement, compliance to Vigilance and Audit requirements etc.

1.6. Bharat Electronics outsources Products & Services requirements on need basis from different categories of business partners viz., PSUs, Private Firms, MSMEs, Foreign companies and Government Organizations as well. The outsourcing is governed by the following procedures:

- Purchase Procedure
- Sub-Contracts Procedure
- Work Contracts Procedure

CHAPTER 2
PURCHASE POLICY

CHAPTER 2

2. PURCHASE POLICY

2.1. The purchasing policy is based on the principle of evaluating and selecting vendors fairly and objectively (on parameters of Quality, Cost, Delivery, Technology and Vendor's financial stability).

2.2. The procedures to be followed in purchase matters were as per Office Order No. HO/591/020 dated 08 Dec 2009 and its amendments from time to time. A review of these procedures has now been made taking into account fast changing, challenging and competitive environment and the present needs of the company. Based on this review, the revised Purchase Procedure is issued for adoption by all Units.

2.3. The intent of this policy is to establish a high level of confidence in the Purchase procedure by ensuring that procurement of materials or services is carried out in an open, fair, consistent and competitive manner.

2.4. The Vendors are given reasonable notice and opportunities to participate in tender.

2.5. Discourage any activity which goes against the Vigilance and financial norms of the Organization.

2.6. Encourage and promote capability of indigenous manufacturers to attain self sufficiency.

2.7. Identify and encourage dependable, capable, quality vendors through enduring partnership.

2.8. Promote Procurement from MSME by implementing MSME Guidelines issued by the Government.

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CHAPTER 3
SCOPE AND APPLICABILITY

CHAPTER 3

3. SCOPE AND APPLICABILITY

3.1. This purchase procedure is applicable to procurement, and/or service and repairs of: Production items, Non-production items, Capital items, Development items and Customer Support items.

3.2. The purchase procedure is however not applicable to:
Orders placed on sub-contractors (with or without materials supplied by the company),
Purchases made by foreign purchase offices of the Company and Works Contracts.

Applicability of purchase procedure for various activities is illustrated in the table below:

Para	Activity	Procedure to be followed	Executing Division / Department
Execution of Major Works including supplies			
	Execution of works where single turnkey solution is economically beneficial to the company	Works contracts manual	Engineering Services / Plant & Services
	Execution of works where procurement and execution of work, done separately, is economically beneficial to the company.	1.Purchase procedure- for procurement Eg. Air-conditioning equipment etc. 2.Works contracts Manual – for execution of civil, electrical & mechanical work.	Purchase Department and/or Engineering Services / Plant & Services
Procurement of Spares and Services			
	Procurement of spares including service / repairs.	Purchase procedure.	Department authorized by Unit / SBU Head / GM / Management.
	Contract for movement of inward/outbound goods by Sea/Air/Road/Rail/Other means.	Works contract procedure.	Department authorised by Unit / SBU Head / GM / Management.
	Rate / term contracts for supply of goods.	Purchase procedure.	Department authorised by Unit / SBU Head / GM / Management.
	Contract for service involving movement of documents inward/outward, customs clearance and any other services which do not involve goods.	Works contract procedure.	Department authorised by Unit / SBU Head / GM / Management.
	Any services as per 6.5	Purchase procedure.	Department authorised by Unit / SBU Head / GM / Management.

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CHAPTER 4
OBJECTIVE

CHAPTER 4

4. OBJECTIVE

The objectives of all purchase activities in BEL are to ensure that, at all times:

- 4.1.** The required materials, to prescribed specifications, are purchased from approved/reliable sources in right quantities, at right times and at right prices to support production plans, development plans and other requirements.
- 4.2.** Fair and consistent practices are followed in making the purchases with a view to establish long term business relationship with the vendors and to safeguard the commercial and technological interest of Bharat Electronics.
- 4.3.** The total 'lead time' for procurement is reduced to the minimum.
- 4.4.** The procurement is based on the Material Requirement Planning for Production and Development items and on management sanction for Non-Production and Capital items.
- 4.5.** The Roles and Responsibilities of respective functional areas in the procurement cycle are clearly defined.
- 4.6.** The procurement activities are progressively made 'paper less' by adapting the emerging trends in IT like e-procurement, FLM etc., keeping in view the Audit and Vigilance requirements.
- 4.7.** The Governmental rules and regulations are complied with.
- 4.8.** The clarification / amendment to purchase procedure shall be issued by HR/CO after the Management approval proposed by the empowered committee constituted for the purpose. Units/SBUs having any suggestion/proposal to amend Purchase Procedure shall send such proposals to the Member Secretary of the empowered committee.

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CHAPTER 5
FUNCTIONS AND RESPONSIBILITIES

CHAPTER 5

5. FUNCTIONS AND RESPONSIBILITIES

5.1. RESPONSIBILITIES OF D&E

- All BOMs are released before MRP run.
- MPNs for all Purchase Parts are maintained.
- Material Master Data is maintained.
- In case of Concurrent / Prototype projects, Initial Procurement List (IPL) to be created in the form of WBS.

5.2. RESPONSIBILITIES OF MRP CONTROLLERS

Each SBU/Unit/CRL/C-D&E/PDIC shall nominate an individual as MRP controller who will be responsible for all the activities to be performed by MRP controller. If required for specific functions, a separate MRP controller can be designated

MRP controller is the central nodal point for the following:

- Creation / Change of Material Master for a plant
- Running of MRP and activities related to MRP
- Effective utilization of free stock available in other plant/unit
- Ensuring the implementation of changes resulting out of Engineering Change Request / Order within the Plant

For Material Master Maintenance, MRP Controller shall co-ordinate with other functional areas for creating / changing of the material master. MRP controller shall be the only authorized person to enter the plant related details of material master into ERP.

Following are the various MRP scenarios:

- Single Item- Multi level, (Repetitive Manufacturing)
- Sale order with free stock pegging,
- WBS MRP with free stock pegging,
- Consumption based planning or re-order point planning
- MRP controller shall analyze the requirements of Materials through MRP list & logs and take care of following points before and after running MRP:
 - Sale order is released.
 - BOM and Routings are released for all the parts to be manufactured in-house.
 - Any pending Change number is released before MRP run.
 - Special procurement keys for Subcontract, Stock transfers are correct.
 - Procurement key (E, F & X) is correct.
 - Finance and material Period are opened (otherwise free stock pegging will not happen).
 - MRP view is maintained in material master for all the items.
 - Work scheduling view is maintained for all in house made items.
 - In case of Stock transfer items, Material master is maintained in supplying plant.
 - If any Production order/Sub-contract order for header material already exists before MRP run, BOM explosion in MRP will happen as per the BOM of Production Order/SCO. It is advisable that if any changes are made in the BOM of header, the same shall be reflected in the BOM of Production Order/SCO or if possible Production Order/SCO shall be deleted before MRP run. MRP is run in Background for bigger BOM material.
 - Immediately after MRP run, before converting to PRs, the logs are analyzed and the logs are saved for future analysis.
 - In case, any material with procurement key 'X' have been converted to procurement elements, then MRP has to be run for those materials again so as to nullify the requirements generated for the child parts for the material converted to procurement element.

5.3. RESPONSIBILITIES OF INDENTING DEPARTMENTS

All Indenting departments shall ensure that:

- The schedule of requirement is generated against the Sale Order / WBS element through MRP or internal order after taking Management Sanctions.
- Where indenting officer is also a PR raising officer, the responsibility of PR raising officer along with the responsibilities as indenting officer shall be discharged by the officer.
- In case of Revenue items, detailed specifications should be given in the PR.
- In case of Capital items, administrative approval along with respective capital committee MoM to be attached.

5.4. RESPONSIBILITIES OF PR RAISING OFFICERS

PR can be raised either by Conversion of Planned Orders or Manually.

Conversion of Planned order to PRs: Planned orders as internal planning elements only serve for planning purposes and are not procurement element themselves. The system only triggers procurement, once these are converted into fixed receipt elements like Purchase requisition and Production order.

The following options are available while converting planned order to Purchase Requisition:

- a) **Individual conversion:** Planned order can be converted for individual material.
- b) **Collective conversion:** Several planned orders of different materials of a Sales order/WBS can be converted to PR/SCR/STPR. Collective conversion is also possible as a background job.

Whenever the planned orders are converted to PR/SCR/STPR, priority has to be given first for materials with procurement type 'X'. (Materials with Procurement key 'X' is usually converted to Procurement element based on decisions by the project manager / engineer related to material, capacity and criticality). In case, any such material have been converted to procurement elements, then MRP has to be run for those materials again so as to nullify the requirements generated for the child parts for the material converted to procurement element. Once the MRP is run, the 'F' type procurement key materials can be converted to PRs / SCRs / STPRs. Procurement type 'F' is defaulted in the transaction.

Also the user is given the facility to choose the planned orders based on the Material, MRP Controller, MRP group.

PR raising officer shall ensure following before converting planned order to PR/SCR/STPR:

- MPN is maintained and extended to the plant
- Valuation type for the PR material is maintained
- PR raising officer to ensure Optimum utilization of Free Stock available.
- Correct PR type, quantity, delivery date, Account assignment are entered.
- All Master Data related to Material is maintained
- PR is raised where ever applicable based on MOQ proposed by Purchase Officer and separate PR line to be created for the balance qty as per MOQ
- In case of Service PR, scope of work to be clearly defined in service lines/activities.
- Proper justification if vendors are proposed in PR.
- In case of Re-Order Level items (ROL) / consumables PR is issued based on consumption pattern.

5.5. RESPONSIBILITIES OF PURCHASE OFFICER

The responsibilities of the Purchase officer are:

To scrutinize the purchase requisitions, check the previous purchase details and performance of vendors and finalize and maintain the source list.

Following requirements shall be taken care, in excise master data (J1ID) maintained in ERP to facilitate excise activities before creating the PO:

- Customs tariff is maintained for the all the PR materials (imported).
- J1ID - Material - Chapter ID is maintained for all Cenvatable type PRs.
- J1ID - Material Assessable value is maintained for all Cenvatable type PRs.
- J1ID - Cenvat determination is maintained for all Cenvatable type PRs.

Purchase officers shall not insist on signed and hard copy of PRs or any other ERP generated documents viz., BOM, D&E drawings etc.

Purchase officers shall maintain the source list as per the criteria given in Source selection part of purchase procedure.

Purchase officers shall ensure correct data pertaining to Vendor is provided to standards while requesting for new vendor codes.

Items of US origin and South Asia origin may be procured through NYRO and SIRO respectively if there is no need for direct interaction between the Vendor and the Unit/SBU/Purchasers.

As far as possible, vendors shall be persuaded to accept credit payment terms.

For all high cost and high volume items, the deliveries shall be staggered to ensure minimum inventory of raw materials and components as far as possible.

For standard and commonly used items, Purchase Department may enter into Annual Contracts / Long Term Contracts with committed delivery schedules.

BEL's standard terms & conditions as per **Annexure-6** (for Inland) or **Annexure-7** (for foreign) as applicable shall be made available in the website.

To follow the tendering process, as given in clause 10.2.

To organize negotiations with the lowest bidder, on prices, delivery, terms of payment or other conditions wherever required, through 'Price Negotiation Committee (PNC)' constituted by the competent authority.

The Purchase Requisitions shall be converted into Purchase Orders as per the delivery requirements of indenter.

To issue POs after obtaining competent authority's approval as per sub-delegation of powers (SDOP) and by Finance wherever financial concurrence is required. P.O.s to be generated only through ERP system.

To receive and check order acknowledgement from the vendors and to set right any qualified acknowledgement or acknowledgement with reservations.

To ensure that all necessary amendments to PO have been issued before L/C is opened to avoid charges on account of amendment required due to subsequent amendment of the purchase order.

To communicate letter of credit particulars and payment details to the vendors and take all actions to expedite payments to the vendors in other cases.

To submit application to DGFT (Director General, Foreign Trade) for obtaining necessary Advance License, for physical export, deemed export and Import License for restricted items covered as per EXIM (Export and Import) Policy in co-ordination with nominated department.

To follow up with the vendors, wherever supplies or settlement of claims / replacement demands are pending on vendor's account.

Procurement proposal files shall be raised as much as possible through FLM and shall be maintained as per prevailing policy of the company. However, non-FLM files can be scanned and kept in FLM system.

Purchase dept need not maintain signed and hard copy of PRs, comparative statement, purchase proposal files raised in FLM or any ERP generated documents viz., BOM, D&E drawings etc.

All rejection cases shall be taken up with vendors at least once in a month for repair or replacement.

After receipt of project closure intimation all pending purchase orders, if any, have to be reviewed and duly closed.

Coordinate with D&E for any notifications received with respect to obsolescence from Vendors for future course of action.

All CVC, MoD and Government guidelines related to procurement to be followed as applicable.

To have a structured procedure to evaluate vendors with reference to Quality and Delivery. This shall be carried out as per Vendor Rating Procedure (**Chapter 19**) at Unit / SBU level.

5.6. RESPONSIBILITIES OF PURCHASE FINANCE

All Purchase Finance Officers shall ensure that:

The PR is generated according to the requirements as per Sale Order/WBS or the internal order.

The Purchase Orders are released after checking the complete and adequate information with respect to vendor, rate, delivery, Taxes, Tender Type and other terms and conditions etc.

The purchase proposal files are cleared promptly, within the specified time period, as decided by SBU/Unit/CRL/C-D&E/PDIC Head.

The guidelines given in section Chapter 14 shall be followed for FLM files.

The prescribed rules and procedures shall be followed and financial propriety shall be observed.

5.7. RESPONSIBILITY OF PURCHASE COORDINATION OR UNIT LEVEL CUSTOMS/EXCISE CELL:

The responsibilities of purchase coordination functions shall be divided into two groups

- a. CENVAT/Excise/GST group
- b. Custom Group

Excise/CENVAT/GST group shall be responsible for following functions/activities:

- Enforcement of laws, rules and regulations and notifications issued by CBEC department in BEL
- To avail CENVAT credit on time
- Coordinating with Excise department and file all necessary returns every month
- To arrange Central Excise duty exemption certificates applicable for the input materials used for research purposes
- Central Excise and Service Tax department is to verify whether the Customer / consignee is Ministry of Defence / PSU/ Civilian/ Research labs before paying the Excise Duty on the finished goods dispatch and for availing the Credits on the input materials. Necessary certificates from the customer is to be given by the Sales department of the SBU/units to Central Excise Department for dispatching the finished goods without payment of Excise duty in case of supplies to Indian Navy Ships and Research Labs.
- To maintain excise tariff head for all parts.

Custom group of Purchase coordination shall be responsible for following activities:

- To scrutinize the Foreign Purchase orders and verify the corresponding indents from Sale order /WBS to differentiate the orders from Ministry of Defence, PSUs (including Defence PSUS) and Civilian Customers.
- Responsible for availing Concessional customs duty certificates as applicable for Research Projects and other Project specific imports based on specifications and certifications provided by user department / Purchase department.
- To monitor the applicable Customs and Central Excise notifications from time to time as issued by the Finance Ministry Government of India and prepare the relevant certificates for availing Duty exemptions and concessions for customs clearance of imports.
- Maintaining chapter ids for new materials
- Vetting POs with correct chapter ids and relevant concessions duty notifications
- Coordination with Custom department
- Clearance of material from customs
- Finalisation of contracts with freight forwarders
- Timely Payment to Freight forwarders

Customs and Central Excise Scrutiny of Purchase Orders and Indents

BEL is engaged in manufacturing of both exempted and dutiable goods. BEL is also rendering Service to various Defence and Civil Customers and imports equipments, Plant and machineries, raw materials and consumables to manufacture and supply the goods against the orders from Ministry of Defence, PSUs, Defence Labs and other Civilian Customers.

Availing CENVAT/Service Tax Credit

Customs and Central Excise Department is involved in payment of Service Tax and Excise Duty and availing Central Excise and Service Tax credit. The procedure is to check the Purchase Order valuation type and the corresponding Sale order/ WBS and avail the relevant CENVAT or Service tax credits. Cenvat credit of Excise duty is availed from the GR

documents and Service Tax is availed based on the inputs given by the SBU Finance departments.

Central Excise department to arrange Central Excise duty exemption certificates applicable for the input materials used for research purposes.

Central Excise and Service Tax department is to verify whether the Customer / consignee is Ministry of Defence / PSU/ Civilian/ Research labs before paying the Excise Duty on the finished goods dispatch and for availing the Credits on the input materials. Necessary certificates from the customer is to be given by the Sales department of the SBU/units to Central Excise Department for dispatching the finished goods without payment of Excise duty in case of supplies to Indian Navy Ships and Research Labs.

Availing Customs Duty Exemption and Concessions

Custom clearance Department is responsible to scrutinize the Foreign Purchase orders and verify the corresponding indents from Sale order /WBS to differentiate the orders from Ministry of Defence, PSUs (including Defence PSUS) and Civilian Customers.

Customs clearance department is responsible for availing Concessional customs duty certificates as applicable for Research Projects and other Project specific imports based on specifications and certifications provided by user department / Purchase department. Customs clearance department is to monitor the applicable Customs and Central Excise notifications from time to time as issued by the Finance Ministry Government of India and prepare the relevant certificates for availing Duty exemptions and concessions for customs clearance of imports.

5.8. RESPONSIBILITIES OF IG INSPECTION

The role of IG inspection is very crucial in supply chain. IG Inspection executives shall ensure that:

- All the items are inspected in time as per the Quality objectives of the SBU/Unit/CRL/C-D&E/PDIC
- Items are inspected as per Drawing/MPN, Purchase order conditions and Inspection plan. Where there is no ATP, item may be sent to D&E, Testing or central QA as applicable for testing and acceptance through the prevailing procedure.
- Reason for rejection and defects are recorded with all details in ERP system
- All pending GRs are reviewed regularly. Documents like COC, Test Reports and other required documents shall be attached in GR in ERP.
- Ensure Corrective action is taken by vendor for quality related issues.

5.9. RESPONSIBILITIES OF BILLS PAYABLE

Role of Bills payable official is vital for complying the BEL's commitment of timely payment to vendors. It enhances not only creditworthiness of BEL but also Vendor relationship and vendor's promptness in supplies.

All Finance Executives responsible for bills payable shall ensure that:

- The payment is made to the vendors promptly as per the terms and conditions of Purchase / Service order and settling the pending issues, if any.
- Periodic review of the pending payments and prioritizing the bills for payment keeping in view the credit period allowed in the POs to ensure timely payment.

- All documents required for payment of bills are collected and checked before due date of payment.
- Regular reports are given to purchase department regarding pending payments and deduction due to any valid reason.
- Payment to MSE vendors are cleared within stipulated period (presently it is 45 days) as per contract.
- Payments are released based on the confirmation of deliverables and quality clearance as per contract. CENVAT availability accounting needs to be taken care while processing of Bills.

CHAPTER 6
CLASSIFICATION OF MATERIAL

CHAPTER 6

6. CLASSIFICATION OF MATERIAL

6.01 The following Materials shall be procured through Purchase as per purchase procedure :-

- Materials having material type (in ERP) as purchase parts for Standard as created by Standards department and for Non Standard as created by D&E & Standards. These materials shall have MPN.
- Material which are used as Non Production items (having MPN or supplier reference in PR/ Drawing).
- All Capital items and Spares for Capital items.
- Exclusive D&E items if MPN is not assigned and suggested Vendor is mentioned in the PR/ Drawing for development projects.

6.02 The following Materials or services shall be processed through Sub contract as per Subcontract procedure:-

- Items which are to be fabricated or assembled as per BEL documents with or without BEL material.
- Operations not necessarily limited to Turning, Milling, Jig Boring, plating, painting, mechanical assembly, PCB assembly, Cable assembly, cabling and wiring, any other services other than mentioned in para 6.5 etc.
- Any item not covered under purchase procedure as per 6.01 shall be processed through sub contract procedure.

6.1. Project / Production Material

The specifications of project/production Material/items shall not be generic in nature and Manufacturer part No (MPN) shall be maintained for all such items. All the Material/items having Manufacturer Part No (MPN) used in Project/production will fall under this category.

These materials/items can be grouped into following categories:

6.1.1 BEL-Purchase Part Standard (PPST): Categorized Standard Purchase Parts to be used in Products being manufactured by BEL as per DS 140 will be created in the ERP system using this material type. They include categorized mechanical / electronic / electrical / electro-mechanical / software materials.

6.1.2 BEL-Purchase Part Non-Standard (PPNS): Categorized Non-Standard Purchase Parts to be used in products being manufactured by BEL as per DS 140 are created in the ERP system using this material type. They include categorized mechanical / electronic / electrical / electro-mechanical / software materials.

6.1.3 BEL-Raw Material Standard (ROHS): Categorized Standard Raw Material as per DS 140 will be created in the ERP system using this material type. These could be raw material sheets, flats, rounds, plates, alloys etc. Materials in this category can only be procured.

6.1.4 BEL-Raw Material Non-Standard (ROHN): Categorized Non-Standard Raw material as per DS 140 will be created in the ERP system using this material type. These could be raw material sheets, flats, rounds, plates, alloys etc. Materials in this category can only be procured.

6.1.5 BEL-Production Consumable (COPR): Categorized process materials used for production purposes is created in the ERP system using this material type. The numbering method for this material type is as per the BEL Standards for raw materials.

6.1.6 BEL-Collaborator Material (RCPN): Collaborator material, which are required to be maintained on the ERP system in the collaborator part number itself are handled through this material type.

6.1.7 BEL-Customer Services (DIEN): Services to be rendered for a customer are addressed through this material type. For example: Installation and commissioning, AMC etc.

6.2. Non-Production Material

6.2.1 BEL - Tools Purchased (FHMI): Tools procured off-the-shelf belong to this category. For example - Drill bits, metrological tools etc.

6.2.2 BEL-Packaging Material (VERP): Material used for packing belongs to this category.

6.2.3 BEL-Service Material (SEMT): All building materials, electrical / mechanical fittings etc. used in construction, materials used for maintenance (Civil/Electrical/Mechanical) by Plant Engineering and Engineering Services Division are created in the ERP system using this Material Type. E.g. Cement, Steel, Electrical Material (Such as Switches, Conduits, Wires, Junction Boxes etc.), Plumbing Material (Such as Tapes, Pipes, Elbows etc.), Transport Material (Tyre, Engine Oils etc) Maintenance Material (such as Brooms, Phenyl, Detergents, Acid etc.) are covered under this Material Type. Plant improvement material such as Gaskets, Hose Pipes, Racks, Shelves etc.

6.2.4 BEL Consumables (CONS): Non-Production process materials used in production, Shipping etc. are created in the ERP system using this material type. The materials may be chemicals, oil, paint, lubricant, masking tapes, packing materials such as tapes, paper board etc. which are not covered by BEL Standards. The material numbers are created as non-categorized part numbers. Part Nos for Office Consumables such as toners, printer cartridges and computer peripherals etc. will also be allocated by CMC using this material type.

6.2.5 BEL-Administration and Welfare (ADWE) – Material used by Personnel and Welfare Divisions are created in the ERP system using this material type. These could be Medical Items, Canteen Items, Welfare material including safety devices etc.

6.3. Capital Items

6.3.1 BEL-Capital Items (CAPI): A material defined as Capital item as per Drafting Standards falls under this material type. For Example: Office furniture, Plant and Machinery, Test equipment etc. Central QA/the designated agency as per the unit procedure allocates Part nos for Test Equipment and MS/IED allocates Part nos for all capital items other than Test Equipments.

6.3.2 BEL-Machinery Spare Parts (ERSM): Spare parts of Plant & Machinery and Test equipment to be procured are created in the ERP system using this material type. For example: Computer Add-ONs (such as Monitors, RAM, Hard Disk etc.), Fan Belts, Bearing etc. will be allocated by Management Services. Part numbers of spares pertaining to Test Equipment such as probes, cables, clips etc. will be allocated by Central QA.

6.4. Development Items

6.4.1 BEL-Purchase Part Non-Categorized (PPNC) - Non-categorized material, used by D&Es, is created in the ERP system using this material type. These materials include purchase part procured for design / trial purpose only. These materials can be tracked for inventory and cannot be included in BOMs (i.e. they have to be regularized with categorized purchase part number for inclusion in BOMs).

6.5. Services

6.5.1 Works: The following services are covered under the "Works" as per Works Contract Manual:

- i. Water supply and Sanitation services.
- ii. Horticultural services.
- iii. Housekeeping.
- iv. Operation and maintenance of services related to industrial and domestic effluent, water, etc.
- v. Air conditioning, air cooling, compressed air and allied services.
- vi. Electrical and Telecommunication services.
- vii. Maintenance of Machines / Equipment and vehicles.
- viii. Maintenance of buildings.
- ix. Canteen catering services.
- x. Running of crèche.
- xi. Operation and Maintenance of Photocopier machines.
- xii. Hiring of vehicles.
- xiii. Goods transportation.
- xiv. Packing of goods.
- xv. Engagement of Contract labour.
- xvi. Security services.
- xvii. Manning of Vehicle parking.
- xviii. Courier services.
- xix. Air / Rail travel services.
- xx. Consultancy Services.
- xxi. Hiring of other miscellaneous services

All other services that are not covered in the above list and other general services like Machining, Plating, Painting etc., executed through Sub contract procedure may be classified into following two categories:

6.5.1.1. Project/Production services

Installation & Commissioning of equipment/systems, After Sales services, Onsite services, Repair, AMC, Testing, Trainings, maintenance / upgrade of Equipment/systems and System software (including that of simulators, ATEs, Testers, etc), etc

6.5.1.2. General Services

AMC for general items, Licenses, Royalties, general purpose Software upgradation etc

6.6. Sourcing from OEM, Authorized Distributor/Dealer and Stockist

6.6.1 Wherever OEMs are directly supplying Items/materials, Items/materials may be procured from OEMs. There are many instances where OEMs will not be supplying directly and in such cases items/materials may be procured from Authorized Distributors/Dealers/authorized stockists. Items/materials may be procured from Stockist, if items are required very urgently to meet D&E and production requirement or items are required in very small quantity ensuring quality requirements.

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CHAPTER 7
DELEGATION OF POWER

CHAPTER 7

7. DELEGATION OF POWER

The Delegation of Power for approval of Purchase Proposals and related Amendment if any shall be as given below:-

7.1. Production/ Project Items (Rs)

Level of Executive	Single/ Resultant Single Tender	Restricted Tender	Limited Tender	Cash/ Imprest Purchase	Emergency Purchase
Section Head	2,00,000	3,00,000	4,00,000	5,000	--
Department Head	7,50,000	8,00,000	10,00,000	8,000	--
Divisional Head	15,00,000	20,00,000	25,00,000	10,000	
ED / GM / SBU / Unit Head	100,00,000	200,00,000	500,00,000	15,000	# 10,00,000
Functional Directors*	1000,00,000	2000,00,000	2000,00,000	--	--
Committee of Directors	>1000,00,000	>2000,00,000	>2000,00,000	--	--

Subject to maximum sealing of Rs 50 lakhs per Financial Year per SBU/Unit.

* Functional Directors will be the Competent Authority to approve proposals in their respective functional areas viz. Director (BC) for purchase proposals in respect of Bangalore Complex, Director (OU) for Purchase proposals in respect of Other Units, Director (R&D) in respect of D&E proposals from CRL and PDIC, Director (HR) for proposals from HR function, Director (Marketing) & Director (Finance) for proposals from their respective functional areas. However in respect of BG and Other Units, Director (BC) and Director (OU) will be the approving authority for all purchase proposals across the various functional areas."

7.2. Non-Production Items (Rs)

Level of Executive	Single/ Resultant Single Tender		Restricted Tender	Limited Tender	Open Tender	Cash/ Imprest/ Purchase
	(Prop)	(Non Prop)				
Section Head	20,000	2,000	10,000	20,000	--	5,000
Department Head	1,00,000	10,000	50,000	1,00,000	2,00,000	8,000
Divisional Head	2,00,000	20,000	1,00,000	2,00,000	10,00,000	10,000
ED/GM/SBU/ Unit Head	20,00,000	5,00,000	50,00,000	100,00,000	500,00,000	15,000
Functional Directors*	1000,00,000	1000,00,000	2000,00,000	2000,00,000	2000,00,000	--
Committee of Directors	>1000,00,000	>1000,00,000	>2000,00,000	>2000,00,000	>2000,00,000	--

* Functional Directors will be the competent authority to approve proposals in their respective functional areas viz. Director (BC) for purchase proposals in respect of Bangalore Complex, Director (OU) for purchase proposals in respect of Other Units, Director (R&D) in respect of D&E proposals from CRL and PDIC, Director (HR) for proposals from HR function, Director (Marketing) & Director (Finance) for proposals from their respective functional areas. However in respect of BG and Other Units, Director (BC) and Director (OU) will be the approving authority for all purchase proposals across the various functional areas.

Note 1: Spares for transport: Powers separately provided for emergency requirement up to Rs.10,000/- at a time to Head (Transport) and Rs.20,000/- at a time with the approval of the Head (Services) not below the level of E VII.

7.3. Capital Items (Rs)

Exercise of powers for Capital purchases shall be restricted to EDs/GMs/Unit Heads/Functional Directors in accordance with the following delegation of powers.

Level of Executive	Single/ Resultant Single Tender	Limited Tender	Open Tender
ED/GM/SBU/Unit Head	50,00,000	100,00,000	200,00,000
Functional Directors	200,00,000	500,00,000	1000,00,000
Committee of Directors	>200,00,000	>500,00,000	> 1000,00,000

7.4. Development Items (Rs)

Level of Executive	Single / Resultant Single Tender	Limited Tender	Cash / Debit card Purchase
Section Head	50,000	50,000	10,000
Department Head	2,50,000	5,00,000	20,000
Divisional Head	10,00,000	25,00,000	50,000
ED/GM/SBU/Unit Head	100,00,000	500,00,000	1,00,000
Functional Directors	1000,00,000	2000,00,000	--
Committee of Directors	>1000,00,000	>2000,00,000	--

Note 2: EDs/GMs / SBU Heads / Unit Heads / Functional Directors will notify the executive who will be treated as Section Head/Department Head/Divisional Head. However, as a general guideline, Section Head shall not be below E II level, Department Head shall not be below E IV level, and Divisional Head shall not be below E VI level.

Note 3: a) Purchase of Production, Non Production and Development items valuing more than Rs. 2000 lakhs in each case of multi tender and Rs. 1000 lakhs in each case of single tender b) Purchase of Capital items valuing more than Rs. 1000 lakhs in case of open tender, Rs. 500 lakhs in case of limited tender and Rs. 200 lakhs in case of single tender are to be approved by a Committee of Functional Directors. Refer Annexure-3 for the Format to be followed in putting up such proposals to the Committee.

7.5 Services

7.5.1 Project/ Production services (Refer Para 6.5.1.1) : The SDOP shall be same as that for Production Items.

7.5.2 General Services (Refer Para 6.5.1.2) : The SDOP shall be same as that for Non Production Items and Development Items, as the case may be.

7.6 Signing of Purchase Order

After the proposal for Purchase has been approved as per the delegation of powers, the following levels of Purchase Officers are authorised to sign the Purchase Order.

Level of the Executives	All Purchase Orders upto Rs.
E I / E II	3,00,000
E III	6,00,000
E IV	15,00,000
E V and above	FULL POWERS

7.7 Regulation of Delegated Powers

All the delegated powers are to be exercised within the approved budget and with financial concurrence as specified below:

7.7.1 Concurrence and Release of P.O. in ERP of Purchase Order by Finance (excluding taxes and duties.)

SI No	Category	PO value in Rs. (greater than or equal to)
1	Production Items	2,00,000
2	Non Production Items	1,00,000
3	Capital Items	All P.O.s
4	Development Items	1,00,000
5	Service PO – Production	2,00,000
6	Service PO – General	1,00,000

Note 1: It is to be ensured that in no case splitting of PO is resorted to, unless it is as per MRP list.

7.7.2 MOQ / (Minimum Order Quantity) / MOV (Minimum Order Value) / SPQ (Standard Packing Quantity) / RL (Reel) can be ordered with the approval as indicated below:

- Divisional Head: Upto Rs 1,00,000/- of value of additional quantity due to MOQ / MOV / SPQ / RL
- EDs/GM/Unit/SBU Heads: Full Powers

7.7.3 Procurement of items more than the quantity required in view of criticality / obsolescence / last time buys / Life time buy / hard to find device etc. shall be ordered with the approval as indicated below:

Level Of The Executives	PO value for the excess qty (Rs.)
ED/GM/UH/SBU Heads	5,00,000
Functional Directors	20,00,000
Chairman & Managing Director	Full power

7.7.4 Repeat Order

The approving authority for Repeat Order shall be as per the Approving authority as per the Original Purchase Proposal.

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CHAPTER 8
SOURCE OF MATERIAL (SELECTION OF SOURCES)

CHAPTER 8

8. SELECTION OF SOURCE OF MATERIAL

8.1. Type of Sources

8.1.1. OEM

Original Equipment Manufacturer (OEM) is the designer/manufacturer of items / materials. Materials (Modules, LRUs, Sub-units etc) shall be procured from OEM as far as possible. For all production/Project items, MPN shall be created based on part number of OEMs. As far as possible uniformity of OEMs to be maintained across units if it is not a specific project requirement.

8.1.2. Authorized Distributor

Authorized distributors are those who are authorized by OEMs to supply their materials (mostly components, raw materials etc). Authorized distributor shall be part of source list and shall not be included in MPN. Authorized distributor list can vary based on region and hence it is to be maintained at plant level in source list.

8.1.3. Stockist/ General Distributors

Stockist / General distributors hold inventory of components / materials, for selling in small quantity to purchasers and may not be necessarily authorized by OEM. Stockist / General distributor's list can vary based on region and hence it is to be maintained at plant level in source list and shall not be included in MPN.

8.1.4. Channel Partners/ Local Agencies

Channel Partners / Local Agencies are authorized partners for OEM for logistic purpose.

8.2. Sources for Production Items

8.2.1. Standard Items

Corporate Standards publishes the Company Standards for Various Mechanical Components, Electronic components, Raw Material etc, which are commonly used across the company for various projects. The Corporate Standards maintains the MPN along with manufacturer for such Standard items after a) evaluation and approval of the components b) based on the LCSO, Mil approvals or any other relevant National or International Standards. Source list having the OEM/ authorized distributors/ authorized stockist of the component/item shall be maintained by the respective Purchase dept since the list can vary based on region. Tendering to be done to vendors as per source list.

8.2.2. Non-Standard Items

Items which are not in Company Standards are selected based the Design requirements. The specifications of the components are decided after studying the technical, functional, environmental etc, requirements. Based on the specification arrived, the catalogues of various manufacturers are studied and the Model no. and Manufacturer are chosen. Off the shelf components/ Items which meet the requirement also can be chosen. While choosing the Model No (MPN) and Manufacturer (MPN Vendor) care shall be taken with regard to product support, obsolescence, future upgradation etc. The MPN shall be maintained by Standards based on the request from respective D&E and Source list having the OEM/ authorized distributors / authorized stockiest shall be maintained by the respective Purchase dept since the list can vary based on region. Tendering to be done to vendors as per source list.

For ToT projects the sources will be as per the ToT agreement.

For any custom requirement for modules, Sub-modules, Sub-systems based on design documents, manufacturers as per the design requirement may be selected.

8.2.3. Consumables for Production

The consumables used for production, which cannot be directly accounted against particular production order, are to be treated as production material for procurement purpose and delegation of powers shall be as per Para 7.1. Source List & MPN will be maintained in ERP. Tendering to be done to vendors as per source list.

8.2.4. Non-Production Items

8.2.4.1. The establishment of sources in respect of non-production items shall be processed according to the nature of the market, for each type of material. The list of vendors shall be drawn up and maintained by the Purchase Department.

8.2.4.2. For this purpose, reference to directories, handbooks, yellow Pages, insertion of advertisements in the press, calling for registration, drawing from lists of other organizations, etc. can be adopted as appropriate. Where only one or two approved sources exist for an item, market research may be conducted to identify more sources.

8.2.4.3. Where non-production items are covered under quality / safety / health certification by ISI / BIS & by other government approved agencies, procurement of such items shall conform to such quality / safety / health certifications.

8.2.4.4. Source standardisation, subject to provisions of above Para 8.2.4.3, may also be advantageously adopted for canteen items like provisions, oil, milk, bread and general consumables. Annual contracts may also be entered into for such items wherever possible, after obtaining sanction of the EDs/GMs / SBU Heads / Unit Heads / Functional Directors.

8.2.4.5. In the case of maintenance requirements and consumables, the offers shall be invited from manufacturers of reputed brands, subject to provisions of Para 8.2.4.3, indicating the schedule of requirements, specifications in the tender enquiry preferably by following two bid system. The committee consisting of Purchase, Finance, Indenting / User Department and other concerned Departments (like Quality Control) to be nominated by the EDs/ GMs / SBU Heads / Unit Heads / Functional Directors, shall evaluate the offers received. The contract may be entered up to a period of two years with the firm recommended by the committee.

8.2.4.6. Spare parts for vehicles, etc., which are of proprietary nature or which do not have detailed specifications to permit source diversification, may be procured as far as possible directly from the respective manufacturers or sole selling agents. In cases of urgent requirements or where the manufacturers or sole selling agents regret availability, they may be purchased from local dealers. Manager, Transport is authorized to procure from the panel of vendors up to Rs.10,000/- at a time, and up to Rs.20,000/- at a time with the approval of the Head Services not below E-VII level. Panel of vendors is to be drawn up by the Unit with the concurrence of Finance. Beyond this value, a team of executives from Purchase, Transport, Inspection and Finance Departments, may be deputed for making such purchases.

8.2.5. Items for Hospital /MI rooms

The delegation of powers for approval of purchase proposals involving procurement of medicines, consumables etc, shall be as per SDOP for non Production Items. Equipments required for Hospital shall be as per SDOP for Capital Items,

The Chief of Medical Services or an officer / Committee authorized by her/him shall assess the requirements of Hospital related items including medicines and other pharmaceutical items, based on projected consumption, stocks available and shelf life. The sources and mode of procurement (including proprietary) shall be indicated by the authorized officer/committee. Officer nominated by Chief of Medical Services shall raise PRs for the requirements. Source recommended by the committee and incorporated in PR is final.

Committee to maintain a directory of approved vendors and periodically review and update. In order to control inventory and to ensure prompt supply of correct medicine, the ordering and receipt shall be handled in close association with the Chief of Medical Services who will nominate a Medical Officer for the same.

The requirements of first aid centre located at various divisions to be procured by purchase department under Chief of Medical Services and supplied to respective first aid centers.

Purchase Department, in co-ordination with the Chief of Medical Services, shall carry out market survey and enter into rate contracts with manufacturers / accredited dealers for supply of medicines at the Hospital / Government controlled bulk rates. For emergent requirements and for medicines needed infrequently or in small quantities, local reliable dealers shall be appointed.

In order to meet the day to day requirement of M&H unit / Hospital including the requirement of inpatient, if considered appropriate, rate contract(s) may be explored as an option with sources that are in the local vicinity offering the best discount from MRP at the same time ensuring the maximum available shelf life.

RFQ are to be floated to the manufacturer for obtaining the quote. In case the manufacturer does not respond, RFQ's are to be floated on their authorized distributor. All medicines shall be procured directly from the authorized stockist (mentioned by the manufacturer in their quote), The prices are to be finalized with the manufacturers either by negotiations / correspondence on a case to case basis.

All purchase Indents for items like lab items etc., which come under the regularization category, where in the bills are duly authenticated by CMS BEL Hospital, shall be regularized with a purchase order of value less than or equal to Rs. 50,000/-.

Normally the value of PO regularization cases will be less than or equal to Rs. 50,000/- for such of those indents of high value coming under regularization category, due approval shall be taken by indentors (CMS/CMO-BEL), from Management and the same needs to be forwarded along with PR and the invoice, for regularizing the transaction.

Whenever new medicines are added or the existing ones are deleted by the indentor (CMS/CMO BEL Hospital), the same shall be intimated to HOD-Purchase Central in writing for necessary updation in the AVD.

8.2.6. Capital Items

Capital Items are classified as follows:

- a) Plant and Equipment.
- b) General purpose machines and special machines.
- c) Test Equipment.
- d) Service Equipment.
- e) Office Equipment and Furniture including industrial furniture.
- f) Vehicles.

The approval for procurement of capital items shall be as per the norms laid down in the Budget Manual, Sub-Delegation of Powers and their amendments and revisions.

For capital items under the above category a) to d), the respective committee constituted (as per letter no 18256/Budget/12-13 dated 10th July 2012 referred at Annexure-10) shall finalize the specification and the probable vendors. The finalization of the specification shall be based on the requirement of the indenter. The specifications for the Capital Items shall be more Generic in nature.

The purchase of office equipment, industrial furniture etc may be finalized in the normal manner after sending enquiries to firms in the approved list of vendors. The approved list of vendors shall be prepared by a committee to be constituted by the Unit Head consisting of Purchase, Finance and nominated member of the Furniture Committee. In case an item is standardized in terms of a specific make / brand, it can be procured from the manufacturer / sole selling Agent or from authorized dealers (to be tried in that order) after obtaining quotations.

In the case of general-purpose vehicle (bus/truck, car, van, moped / scooters, bicycle) sanction of the competent authorities for standardization in terms of specific makes / brands will be issued by the Corporate Office from time to time. Any lease arrangements needed will also require the approval of the Corporate Office. Purchase Requisitions for special purpose items like battery operated trolleys with / without lifts/forklifts will be processed as per requirement of Units / SBUs material handling requirements / Plant and Equipment items.

8.3. Development Items

Refer Chapter 11.

8.4. Development of Alternate Vendors

8.4.1. Process of Development of Alternate vendors shall be taken up separately and shall not be combined with production procurement process. Offers received from non-approved sources may also be considered after evaluation of their offers for trial orders. The trial orders will be for small quantity. These new sources could be brought into the approved list after they meet the qualitative requirement.

8.4.2. Development of alternate vendors may be resorted to in cases where BEL is not sure of the capacity of an existing manufacturer or to increase the Vendor Base in general. It may be necessary to place a trial order for a small quantity on another manufacturer who has responded to the market research or Regular Enquiry, preferably on the same terms as given to the main vendor. Such orders may be placed after obtaining approval of the GMs / SBU Heads / Unit Heads / Functional Directors as per SDOP.

8.5. Indigenization

For indigenous development of imported items, particularly of high value/high consumption items, Indigenization committee of the respective SBU/Unit shall identify a list of probable items to be indigenized based on the Value, Future requirement, complexity and availability of Indian Vendors for similar items. If the Items are not very complicated and having moderate value, BEL will invite quotations/proposals by way of enquiries, from probable vendors, indicating the general nature of the items, their broad specifications, the estimated annual off take, etc. Probable Vendors may be asked to submit samples for evaluation if possible or Trial order may be placed for evaluation. After the first batch supplies are found meeting evaluation criteria, the names of the vendors may be included in the MPN and the Source List so that future enquiries may be addressed to them also automatically.

If the Identified item for Indigenization is of high value, complex in nature and involving considerable R&D, Collaborative R&D approach may be adopted (Refer Annexure 8).

8.6. Outsourcing and Vendor Development

8.6.1. BEL has transformed as a System Integrator of large electronic systems and platforms to the Defence forces. The company is operating in wide technology areas requiring development of systems, subsystems and 'system of systems. In view of this BEL has released Outsourcing and Vendor Development Policy which will enhance the objective of bringing the required ecosystem for synergetic co-operation including development of supply chain for outsourcing materials, services and collaborative R&D.

8.6.2. Long Term Agreements (LTA) may be entered into with reputed vendors for repeated purchase of certain items or services for a fixed period based on a case to case basis.

8.6.3. The following categories are identified for Outsourcing:-

8.6.3.1. Low cost, less technology intensive and generic nature items shall be procured preferably from indigenous sources including MSMEs.

8.6.3.2. Items where BEL owns the design/manufacturing documents, either through own development or through ToT acquired from design partners/OEMs etc, may be outsourced to Indian vendors including MSMEs.

8.6.3.3. This category comprises of critical items identified for indigenization or new items for development through capable vendors under Build to Specification' category.

Annexure-9 may be referred for outsourcing and vendor development including LTA.

CHAPTER 9
REQUIREMENT GENERATION (PR)

CHAPTER 9

9. REQUIREMENT (PR) GENERATION

9.1 Following Methods shall be used for requirement generation:

- Sale order where customer indent is received
- WBS shall be used for following procurements:
 - If customer indent is not received and advance equipment stock order (AESO) is to be taken
 - Procurement by D&Es, CRLs and PDIC for Development projects
 - For customer support requirements
 - For capital items (Procurement against capital budget)
 - For revenue items where inventory control is required
 - Services and AMCs
- Internal orders for:
 - revenue items where inventory control is not required
 - Non-production services

9.2 MRP Run and PR generation: All the requirements shall be generated through MRP run by MRP controller.

9.3 Items of US origin and South Asia origin may be procured through NYRO and SIRO respectively if there is no need for direct interaction between the Vendor and the Unit/SBU/Purchasers.

9.4 For Revenue, Capital items and services, Manual PRs shall be generated. The PRs shall be attached with relevant Management Approvals.

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CHAPTER 10
PROCUREMENT PROCESS

CHAPTER 10

10. PROCUREMENT PROCESS

10.1 Modes of Purchase

10.1.1 Cash Purchase

Cash purchases may be resorted to by keeping an imprest amount/debit card depending on the number of such purchases made in a month.

Purchase of goods (petty/small value items, parts/components, etc required urgently for production, development or testing of systems/sub-systems/equipment, day-to-day office management, etc.) up to a max value of Rs. 15,000/- (Rupees fifteen thousand only) on each occasion, may be made on cash purchase basis, i.e., without obtaining any quotation, on the basis of a certificate to be recorded by the Competent Authority (signed by the Purchaser and countersigned by the Head of Office or Officer maintaining the imprest Cash). Purchase by personal enquiry may be done as per delegation of powers in 7.1, 7.2 and 7.4. The receipt of material has to be endorsed by Security on the original bill/ invoice. Number of Cash purchases made can be upto a maximum of 5 per authorized person per month.

10.1.2 Letter order for goods and services

For expeditious execution of D&E work, Heads of D&E Divisions / D&E Project Heads (not below EVI level) may authorize direct purchase of their requirements either items or service by oral enquiry by the project engineer up to Rs.10,000/- per order per project subject to ceiling of Rs.25,000/- per month per project excluding taxes.

The SBUs shall create a WBS for each of the D&E project, in the beginning of the year and purchase order (letter order) is to be generated in ERP and the same is released by the D&E head not below the rank of EVI.

Letter orders shall be forwarded to the concerned vendor with a copy to the Accounts Department (Bills) quoting the WBS/Internal order reference. The vendor shall supply the material along with a copy of the letter order & bill and the satisfactory receipt of goods shall be certified by the Indenter. The certified invoice shall be forwarded to Bills Payable for payment. Material received by letter order is to be certified by Security for inward entry. If the Material is received as a courier, parcel etc, the same needs to be endorsed by Security for inward entry.

10.1.3 Emergency/ Urgent Procurement

In the following circumstances, Procurement for Emergency requirements for Production and customer support activities may be resorted to subject to approval by Unit/SBU head:

- a) Sale held up due to items rejected/failed in assembly or IG inspection
- b) Items required for customer support for maintenance of strategically important equipments at customer site or repair in BEL
- c) Requirements arise due to natural calamity
- d) Items rejected in customer inspection
- e) Items required at short notice to meet customer delivery schedule
- f) Items required for urgent Maintenance of in-house machines, test instruments etc.

Following process shall be adopted for emergency procurements after approval of SBU/Unit Head:

1. PRs (Non-MRP) shall be created by indenter
2. RFQ shall be sent on the same day to selected vendors through mail or SRM
3. Minimum time of one working day shall be given to vendors
4. Order shall be processed on vendor quoted ex-stock to minimum acceptable delivery requirement.
5. All such POs shall be sent to vendor on tender opening date and order acknowledgement has to be taken same day.
6. Procurement officer shall take utmost care to ensure financial propriety in emergency procurements. Approval/consent of divisional head is must before sending the PO to vendors.

7. Post facto approval of finance and appropriate authority shall be taken immediately after placement of order.
8. Such POs shall not be considered for future procurement references.
9. First preference for orders shall be given for stock available with Indian stockist in India.
10. If order placed on foreign vendors, shipment shall be arranged through flash shipment after due approval and purchasers shall ensure that custom clearance is done on priority.

10.1.4 Limited Tender

Limited tenders are those addressed to all the parties in Source List of the plant maintained by the Purchase Department. In case of items for development works, the vendors suggested by D&E / R&D in the PR may also be contacted for tender enquiry. In Source List, if only one source is available, then financial power for the purposes of approval of purchase proposals will be same as that applicable to single tender purchases. When Limited Tender is done to more than one Vendor as per the Source list and only one response is received, then financial power for the purposes of approval of purchase proposals will be same as that applicable to single tender purchases.

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

However, Principal/OEM and Dealer/Distributor can participate in the bid and in that case it would be treated as Limited Tender. If the Dealer/Distributor submits bid on behalf of the Principle / OEM the same Dealer/Distributor shall not submit the bid on behalf of another Principal / OEM in the same tender for the same item/product.

The time allowed for receiving limited tender quotations may vary, depending upon the geographical area covered, effort required to be put in by the vendors and other relevant factors, however shall not be less than 3 working days.

10.1.4.1 Single Part Tender

Single Part Limited Tender may be adopted for items where specification and requirements are finalized like Fasteners, ICs, Resistors, Diode, Connects, Consumables etc.

10.1.4.2 Two Part Tender

For items requiring specific technical compliance, two part system consisting of Techno-Commercial Bid and Price Bid may be resorted to. After the techno-commercial Bid is opened, the same needs to be evaluated by a committee comprising of Purchase, Indenter, Finance etc. Any clarification regarding the techno-commercial bid submitted by the vendors may be obtained before approving the techno-commercial bid. The reasons for rejection of techno-commercial bids need to be recorded and attested by the evaluation committee. The Price bids of only those vendors whose Techno-commercial bids are accepted shall be opened.

For complex procurement, pre bid meeting can be organized with all the Vendors in the Source list if required. Care may be taken to formulate the technical specification as vendor neutral.

10.1.5 Restricted Tender

Restricted tenders are those which are addressed only to some of the vendors in the source list of plant. The reasons for restricting the vendors shall be recorded in the purchase proposal.

10.1.6 Single Tender

Single Tender is inviting quotes from single vendor. This may arise in the following circumstances:

- 1) **Proprietary items:** An item is called proprietary if the Vendor is having exclusive ownership / proprietary rights.
- 2) **Customer Recommended Items:** Make or vendor of the item is mentioned in the customer contract/ indent.

- 3) **Designer Approved items:** Items for which specific source is suggested by the external Design Agency (like DRDO).
- 4) **ToT items:** Items which are to be sourced as per the ToT/License/ Collaborator document from the specified vendor.
- 5) **Trial Evaluated (TE):** Items procured from the source is used and approved by the customer during evaluation / trials
- 6) **Non Proprietary Item (SN):** When OEM directs to procure the item from authorized distributors or when tooling is already available with the supplier (tooling cost paid by BEL) or when long term agreements are established with the vendor.
- 7) **Indenter suggested items:** Items with only single source in the AVD which are not covered under above cases.
- 8) **Resultant Single Tender (RS):** When single response is received against competitive bidding
- 9) **Trial Orders (TO):** When order on vendor is for evaluation, development of alternate source
- 10) **D&E recommended:** When D&E requires specific model for development purpose.
- 11) **Licensors agreement:** Single source as per the Licensors agreement
- 12) **Collaboration Partners:** When order to be placed on Collaboration partners

The time allowed for receiving quotations against Single Tenders can be as per project requirement without any minimum time requirement. Refer Annexure-28 for Guidelines for resorting to Single and Limited Tender.

10.1.7 Open Tender

All open tenders shall be published through BEL-NIC e-procurement portal / BEL e-tender portal. However if the value of tender is more than Rs. 100 lakhs, wide publicity shall be given in the form of a) public advertisement b) BEL web site, c) NIC websites d) Central Public Procurement Portal (CPPP). A single insertion issued in the press giving briefly the description of the item giving reference to BEL-NIC/ BEL e-tender website, normally will be sufficient. The list of News Papers will be decided as per Corporate Office guidelines by the

Purchase Department in consultation with Finance depending upon such factors as the value of the tender, the coverage required to attract competitive offers, etc. A copy of the tender notification may also be circulated/e-mailed to all the vendors in the approved list maintained by the Purchase Department.

In case of global tenders, the notice will also be published in Indian Trade Journal and sent to Indian Missions abroad deemed necessary for adequate response in addition to the press advertisement and BEL website.

Open Tenders shall be resorted to in case of non-production/ non project materials estimated to cost Rs. 100 lakhs and above. The time allowed for receiving quotations against Open Tenders can be fixed, depending upon the geographical area covered, effort required to be put in by the vendors and other relevant factors, however shall not be less than 7 days.

Purchase department can publish Expression of Interest (EOI)/Notification for Empanelment for supply of goods or services in the press and put on the BEL and NIC website also. A copy of the EOI notification may also be circulated/e-mailed to all the vendors in the approved list maintained by the Purchase Department.

Tendering may be carried out with the short listed Vendors after EOI/Empanelment. This tender shall be treated as Open Tender.

Two bid tendering may be adopted for open tender also as decided by the Purchase depending on the Technical Complexity of the Tendered Item.

10.1.8 Purchase through DGS&D contracts

This refers to items for which DGS&D rate contracts exist and either an indent is placed on the DGS&D or a supply order in the prescribed form (DGS&D or BEL) is placed directly on the vendor at the DGS&D Rate Contract prices. Financial limits for such proposals shall be as for Open Tender of the respective category.

When an item with required specification is available on DGS&D Rate contract, it shall preferably be procured from that source on DGS&D Rate. If item is proposed to be procured from the other sources, even though it is available on DGS&D Rate contract, the specific reasons shall be recorded and approval of the next higher authority shall be obtained.

Items covered under DGS&D rate contracts are available in DGS&D website. Purchase Orders placed with DGS&D Rate Contract by BEL will be considered as Open Tender (since DGS&D rate contracts are signed after Open Tender).

When DGS&D Rate Contract Vendors are not ready to supply as per the DGS&D Rate Contract, the DGS&D rate contract price may be taken as bench mark for negotiation.

10.1.9 Rate Contract

SBU/Unit/CRL/C-D&E/PDIC or BEL as a whole may enter into Rate Contract for items/services where item is require frequently at different point of time with varied quantity. For entering into Rate Contract Open/ Limited tendering may be resorted. Rate contracts entered shall be circulated to all SBU/Unit/CRL/C-D&E/PDIC. Purchase orders released as per Rate Contract will follow the procedure as Open/Limited as the case may be adopted for arriving at the Rate Contract. The rate contract finalized by one SBU/Unit/CRL/C-D&E/PDIC may be used by other SBU/Unit/CRL/C-D&E/PDIC for the negotiated contract period.

10.1.10 Purchase through ToT agreement or License Agreements

Wherever SBU/Unit/CRL/C-D&E/PDIC has entered into ToT or License agreement with Vendors, the approval of purchase proposal shall be as per the delegation of Power depending on the Tender Type followed for arriving at the Vendor for ToT. The Terms and conditions in the Purchase Order shall be same as in ToT.

10.1.11 Repeat Order

SBU/Unit/CRL/C-D&E/PDIC may place a Repeat Order at the same price as that of the Previous Purchase order within 18 months of PO date. In such case, confirmation for the price acceptability is to be obtained from the vendor. During 18 months from the Purchase Order, repeat orders can be placed many times provided the total quantity of all the repeat orders does not exceed 120 % of the original qty. Repeat order can be placed provided there is no downward trend in the price for same or similar item. If there is any downward trend in the price for same or similar item re-tendering shall be done. The approving authority for Repeat order shall be based on the Repeat order value and the Tender Type of the original order.

10.1.12 Option Clause

Purchase orders can be placed under option clause within 18 months from the date of Purchase Order for additional qty upto a max of 50% of the original quantity for the same price and terms & conditions, provided the Original Purchase Order contains Option clause. Option Clause can be exercised within 18 months many times provided the cumulative additional qty of such order for the item does not exceed 50% of the original Purchase Order quantity of the item.

10.1.13 Service Orders

To save additional expenditure on repairs it is desirable to project the requirement of AMC in the RFQ at the procurement stage itself of goods / equipment. This will avoid necessity of calling a separate tender for AMC just after expiry of warranty period and incurring additional expenditure on repairs. This may help in calculating the Total Cost of Ownership (TCO) while arriving at L1.

10.1.13.1 Service Orders beyond warranty

Materials procured earlier and out of warranty, but needing repairs will be repaired through a Service Order on a chargeable basis through OEM/ Authorized service centers. User /Indenter will liaise with OEM / Authorized service centers and competent service agency where OEM / Authorized service centers are not available and get the details of Repairs / Inspection charges by giving the detailed defect report. After taking Management sanction, the user/Indenter shall make Service PR and forward to Purchase for further action. Service Order will be generated by purchase department, with same delegation of powers as for the placement of Purchase Orders. This clause is also applicable for orders covering training, testing, installation and commissioning etc., However, RBI guidelines shall be followed in case of foreign vendors.

10.1.13.2 Service Orders within warranty

However, for procurement of spares / service within the warranty period user will send a letter to Purchase department / Initial procurement agency for service and supply of spares. Purchase / Initial procurement agency will coordinate with Supplier / User / Stores for service/ supply of spares which are covered within the warranty. If some spares are required for service which are not covered in the warranty, a separate procurement action will have to be initiated.

10.1.14 Trial or Development Order

For development of alternate Vendor or import substitution, new vendors may be explored. In such case a trial order may be placed for the lowest possible quantity. The supply against the trial order shall be evaluated as per the evaluation procedure. After approval of the initial supply, the Vendor shall be included in the AVD for the Material.

10.1.15 Time Preference Order

The concept of Time Preference is that all else being equal, time of delivery is sooner than the normal/standard delivery date. Purchase orders may be placed on Time Preference basis and RFQ shall specify the same. Since this involves higher procurement cost, this may be adopted only on exceptional cases like :

- Very urgent requirement for D&E
- Very urgent requirement for production

In such cases the reason for going for Time preference basis shall be clearly mentioned in the Purchase Requests.

The processing time from PR to PO including RFQ generation, Tender opening period for the Time preference shall not be more than 6 working days. If the Tendering is 2 part bid, Delivery Time shall be the criteria for acceptance of the Techno Commercial bid before price bid is opened.

10.2 Tender Process

10.2.1 Pre-Tender Preparation

The respective Purchase group can list out the Pending PRs which need to be acted upon. This can be done as per the predetermined periodicity preferably once in a week (other than Emergency, Time preferred procurements). The list can be studied by Purchase group and decision can be arrived for making Repeat Order, Order as per Rate Contract or through Tendering process etc.

10.2.2 Publishing of Tender

'e-procurement' may be resorted to for procurement of Production, Non-Production and Capital items, keeping in view the requirement to maintain confidentiality and secrecy of the content of the data and information. Guidelines issued by government may be followed for e-procurement.

Bids shall be created based on the group of items and group of source lists. It is to be ensured that the bid is published to the previous supplier (past 2 years) unless the performance in terms of delivery, quality etc has been recorded unsatisfactory or the objective of tendering is for seeking alternate source. These bids shall be published in e-procurement portal after entering the Bid closing and Bid opening date

Wherever non e-procurement method to be followed, the 'e-mail/mail enquiry' may be sent to all the approved vendors with all the details including any applicable attachment.

In both the above cases of 'e-procurement' and 'e-mail/mail enquiry', Single part Bid or Two part bid tenders may be decided as per 10.1.4.1 and 10.1.4.2.

10.2.3 Secrecy Procedure

In the case of e-procurement all the CVC and Government guidelines are already built in the ERP system. The e-tender cannot be opened before the Opening Date as per the bid. The Tender submission Date and Time as well as Tender Opening Date and Time cannot be advanced once the Tender is published. Once the tender is published the qty, vendors, items cannot be changed.

10.2.4 Amendment to Tender and Re-tendering

If no / inadequate response is received against a tender, the tender opening date may be extended by the concerned purchase executive to the next tender opening date as decided in consultation with the concerned purchase executive and all the vendors to be informed to this effect. In case of open tenders extension of tender opening date will also be published in the press / website

Whenever Tender Date is extended, in case of e-procurement, the tender gets republished and the mail goes to all the vendors in RFQ automatically. In case of any attachments are added as amendment, the tender gets republished to all the vendors in RFQ automatically.

If Tendering is done outside e-procurement, Purchase officers shall ensure that only delivery date extension is possible as amendment along with attachments. This amendment shall be communicated to all the Vendors in the RFQ.

Even if single response is received after extension, the same may be considered for processing of PO. In case there is no response, after extension, re-tendering is to be resorted to. Even a single response, received against such re-tendering, shall be considered for processing of PO. Re-Tendering is not applicable for Single Tender (proprietary items). Re-tendering may also be resorted when the price bids received are found not reasonable or where ring is suspected.

Re-tendering shall not be resorted to if there is already open RFQ for which quotations are awaited. If re-tendering needs to be done to take advantage of additional PR requirement, previous tender shall be cancelled.

10.2.5 Re-Tendering in case of Price Sensitive Supplies

At times it is required to supply products at short notice to Government Departments like DOT, which are highly price sensitive. In such situations where the success of the tender largely depends on the ability to procure materials within the limited time and lowest material cost. On receipt of tenders, if it is found that the prices quoted are very high or abnormal, the same may be re-tendered with specific approval of GM / SBU Head / Unit Head. While re-tendering, the Purchase Department may indicate target price so that the vendors who are interested only will participate in tendering. If L1 vendor backs out after negotiation / after placement of order, L1 price shall be offered to L2 and on acceptance order shall be released on L2. If L2 does not accept the L1 price, re-tendering shall be resorted to without the inclusion of L1 Vendor.

10.2.6 Tender Opening**10.2.6.1 Single Part Bid**

In case of e-procurement, the tender cannot be opened before the Tender opening Date and Time. The tender details are always available in the System after opening and hence the tender may be opened by Purchase Officer. After the e-tenders are opened, the tender data gets transferred to ERP system. Since the tender opening date and time is available in the bid, interested vendors may contact the respective purchase officers for participating in the tender opening event.

In case of manual tender, as soon as the tender is opened, the names of vendors, dates, presence of vendor's representatives, any omissions / corrections noticed, etc. shall be recorded in the tender opening statement and signed by all the members of the committee. The committee shall also initial every page of the tenders, circle and initial all money value figures, attest corrections made in tender, if any, and cross out all the blank spaces against items in the tender.

In case tender is received other than e-procurement or dual password protected e-mail ID, the tender to be controlled / signed by tender opening committee OR MM Divisional Head and put in tender box.

10.2.6.2 Two Part Bid

In case of e-procurement, whenever Two Part Bids are resorted to, techno commercial Bid shall be opened first after the specified opening date and time. For complex procurement, pre bid meeting can be organized with all the Vendors in the Source list if required. The tender details are always available in the System after opening and hence the tender may be opened by Purchase Officer. The techno commercial responses from all the participating vendors will be downloaded. The evaluation of techno commercial bids will be done by the technical evaluation committee. If required Vendors may be called for any clarifications with respect to technical bid. If there is any change in the technical specification or misinterpretation by vendors, and if any vendor wants to resubmit the price

bid, the price bid closing date may be extended. The proceedings of such discussions need to be recorded.

Based on the evaluation finding, the techno commercial bids will be accepted or rejected in the e-procurement system. Price bid will be opened after the opening date and time. Price bids of those vendors whose Techno Commercial bids are accepted shall only be opened by the system. Vendors whose Techno Commercial bids are accepted, may participate in the tender opening event.

Wherever, the bids are invited outside e-procurement in two parts (viz., "Techno-commercial bid" and the "price bid") they are to be submitted in separately identifiable sealed covers simultaneously, both put in another envelope, giving reference to RFQ. Techno-commercial bid ensures compliance of the Technical specifications as well as the requirements of Commercial nature as specified in the RFQ. In the first instance, only the techno-commercial bid will be opened and in case of any queries in respect of Techno-Commercial bids, the bidders can be called in a predetermined time and issues are discussed. In case techno-commercial specifications are modified, all the bidders shall be asked in writing, giving the revised specifications and to submit the revised price bids, if any, before the predetermined time. The deliberations with the bidders have to be recorded. The price bids of only those vendors who qualify the techno-commercial requirement are opened and the price bids of remaining unqualified bidders shall be returned unopened. Only the techno-commercially qualified bidders may be invited to participate in price bid opening. Once the price bids are opened, the Purchase Officer at a mutually convenient date and time invite L1 bidder for negotiations, if required.

10.2.7 Late Tender

In case of e-procurement, the system will not allow anybody to submit the bid response after the last date and time of submission. Hence there is no possibility of Late Tender in case of e-procurement.

In case of Manual Tendering, no Late Tenders shall be entertained.

10.2.8 Determination of L1

10.2.8.1 Comparative Statement

The detailed comparative statement of the prices and conditions shall be taken from ERP system for e-procurement bids or prepared manually by the Purchase Department and vetted through FLM or manually by the Finance Department for non e-procurement bids to form the basis for decision on L1.

- 1) The comparative statement generated by ERP for e-procurement bids shall consider the following while arriving at the L1.
 - All duties and taxes.
 - MPQ and SPQ

Other loading factors like Freight and Terms of Price are to be calculated manually while arriving at the L1. Cost to the company shall be the basis for arriving at L1.

- 2) The participating MSMEs in a tender, quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSMEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such eligible MSE, the supply will be shared equally.

10.2.8.2 Kit/Group of Item Basis (development projects and Small value components)

In order to arrive at the lowest Vendor, in case of supply of Kit/group of items, the overall rates quoted for all the items together shall be taken into account for arriving at L1. Before resorting to this procedure a Clause shall be included in RFQ, identifying the items to be grouped together and RFQ shall clearly mention the process of arriving at L1 as a kit.

10.2.8.3 Split Ordering

If splitting of the requirement would be to the advantage of the Company in maintaining the time schedule, the same shall be decided before calling for tenders and approval for split order shall be taken as per the approving authority for the Overall Value of the items. In all such cases, the same shall be made clear to all the vendors while calling for the tenders. Where it becomes necessary to split the order, the order may be split on L1 and higher bidders in ascending order of their quotes at L1 rates. Refer to circular No. 21326/18/0708/CO-VIG dated 31st May 2007 (**Annexure-11**)

10.2.9 Negotiation

Following Negotiation committees may be formed, including one member from Finance, every year based on the approving authority for procurement proposals by the respective SBUs as per the SDOP.

- a. For proposals up to Divisional Head
- b. For proposals up to Unit Head
- c. For proposals up to Functional Directors / Procurement Committee

The approval for the Negotiation committee may be taken from one level above the approving authority of the proposal

Normally negotiations shall not be conducted for limited / restricted / open tenders. In exceptional cases negotiations may be conducted with L1, if the L1 price is not as per the estimate or market price or previous procurement price etc. MM Head may approve the requirement for negotiation on case to case basis. The reason to conduct negotiation shall be part of the Procurement proposal. However for ST or Resultant ST cases, negotiations is imperative either for price or terms and conditions. For negotiations for ST or resultant ST cases approval from competent authority is not required.

The estimated price shall be based on scientific analysis. In case the quoted price is more than the estimated price, negotiations may be held with the lowest vendor if the difference observed between the estimated price and the price quoted by the vendor's is not justifiable.

However, if it is found that price bid is abnormally high, then retendering may be considered after reassessing the estimates prepared. Vendor called for negotiation shall be informed that an opportunity is given to improve the bid but at no stage shall the prices be increased or makes conditions more unfavorable to the company (BEL). All negotiations shall be conducted jointly by Negotiation Committee Members

Negotiation through phone / fax / e-mail is permitted.

10.3 Terms and Conditions

10.3.1 Mode of Transport

All materials shall normally be transported by the cheapest mode of transport with required care to the safety of the materials. However, sensitive electronic equipment and components may be air freighted to avoid damage / deterioration likely in transit. The mode of transport of all major items shall be in line with the mode of transport adopted for pricing the finished product. If, however, any material is required urgently or if there is difficulty or delay in transporting by the cheapest mode of transport, a quicker mode of transport including airfreight may be sanctioned by the Head Purchase with financial concurrence.

All consignments to be brought through approved freight forwarder / transporter / agency. Wherever approved contract carriers are not available, then the item may be brought by any available free carrier with the approval of Head Purchase with financial concurrence. However if the freight charges exceeds 20% of material cost, approval of GM / SBU Head / Unit Head / FD shall be obtained. This shall normally be done before dispatch of goods and post facto approval to be avoided. Hazardous materials shall be transported as per the prevailing Government / International regulations. Annual / biennial contracts shall be entered into for movement of inward / outbound goods by sea /air / road / rail / any other means after following the works contract procedure.

Refer **Annexure-13** for "Instructions for Despatch by Air Freight" and **Annexure-14** for "Instructions for Despatch by Sea".

10.3.2 Terms of Payment

It is essential to standardize the payment terms across the company. This will reduce the variety in payment terms and will bring uniformity across the company. This will also help in doing analysis. Hence, the following payment terms shall be used as a company policy:

I. Foreign Contracts / Agreements / Purchase Orders

- a) 100% Against Letter of Credit (LC) payable at applicant's bank / beneficiary bank.
- b) 100% Payment against Sight Draft.
- c) Net 30 Days (100% payable by wire transfer within 30 days after receipt of goods at BEL).
- d) 90% by LC against dispatch documents payable at applicant's bank / beneficiary bank, balance 10% payable after installation / commissioning / acceptance of goods at BEL against Performance Bank Guarantee (PBG) for 10% value.
- e) Milestone payment as per the Contractual Terms / Purchase Order / ToT. 100% by bank transfer after completion of the milestone activity certified by the end user.

II. Indigenous Contracts / Agreements / Purchase Orders

- a) 100% payment on delivery (against dispatch / bank documents).
- b) 100% payment by Cheque / Bank Transfer (RTGS/NEFT) on Delivery (CoD) at BEL.
- c) Net 30 Days (100% payable within 30 days after receipt of goods at BEL).
- d) Net 60 days (100% payable within 60 days after receipt and acceptance of goods at BEL).
- e) Milestone payment as per the Contractual Terms / Purchase Order / Service Order / MoU. 100% by bank transfer after completion of the milestone activity certified by the end user.

10.3.2.1 Terms Of Payment For Indigenous Vendors

Payment shall be generally made through ECS / EFT. Payment by Crossed cheque / Demand Draft may be resorted to only in exceptional cases after recording the reasons. Payment shall be made as per the agreed payment terms. For example for Net 30 days , payment shall be made promptly for accepted quantities against vendor's bills which shall be within maximum limit of 30 days from the date of receipt of materials / submission of bills whichever is later. The maximum limit of 30 days shall cover all activities connected with payment, viz. Inward goods receipt /inspection/acceptance/rejection, stores receipt, forwarding and payment of bills. With respect to MSE vendors, payments shall be cleared within stipulated period as per the Government guidelines.

Local collection against delivery of cheque shall normally be avoided. The vendors may be prevailed upon to accept cheques / payment through ECS / EFT within 30 days from the date of collection of goods. In such cases, vendors shall be asked to hand over their bills along with the materials, and the Stores Department shall forward the bills, duly certified by the authorized officer in Stores Department, to the Accounts Department for sending the payment to the vendor within the stipulated period. In case of collection against delivery of cheque, no payment shall be made unless the goods are inspected and found acceptable as per the specification and payment terms and conditions are met.

Advance payments, along with the Purchase Order or at intermediate points, shall not be entertained. In exceptional cases, where vendor insists upon such advance payment, the same may be followed as per management guidelines issued vide circular Nos. 18281/99/010-001 dated 28-02-2007 (**Annexure-12**), 18281/99/010-009 dated 17th July 2008, 18281/99/010-006 dated 22nd April 2009 and amended from time to time.

The performance of the vendor against previous orders shall invariably be reviewed by the Purchase Executives at the time of recommending fresh order on them. In this context the outstanding amounts / claims due from the vendor on account of rejections / shortages in the previous supplies shall invariably be checked.

In the case of controlled items where the distribution is controlled by Government agencies and the vendors insist on full payment in advance along with the order, the same may be agreed to by the officers competent to approve the purchases with the financial concurrence.

Payment through bank against dispatch documents shall not be agreed unless it is unavoidable. However, if vendor insists on such payment terms, then pre-dispatch inspection clause shall be incorporated in the Purchase Order. The pre-dispatch inspection can be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorized for self inspection. Payment of pre-dispatch inspection charges will be as mutually agreed. All bank charges shall be to vendor's account. However, efforts must be made to persuade vendors to accept BEL's normal terms / COD basis.

In case of procurement involving capital goods and items of long term performance, the purchase department shall ensure to obtain bank guarantee towards performance covering the warranty period. The amount of bank guarantee may be decided and suitable clause shall be incorporated in the RFQ to that effect.

10.3.2.2 TERMS OF PAYMENT FOR FOREIGN VENDORS

Payment term for foreign vendors shall be generally on Credit payment (Net 30 days is commonly used payment term). Once the item is received, IG stores shall attach the Invoice, BOE etc to the GR in ERP before handing over the Item for Inspection. Once the item is accepted Finance shall process the payment. Since GR acceptance, Invoice, BOE etc are in the ERP system, hard copy of documents may not be insisted upon. Payment shall be made promptly for accepted quantities against accepted GR and related documents attached to GR which shall be within maximum limit of credit days as per the agreement from the date of invoice.

On special cases, Payment can be arranged against shipping documents either on Sight Draft basis or Letter of Credit (LC), depending upon the agreed terms of payment, through any foreign bank but the same shall be presented to BEL only through the company's bankers for authorizing payment. Letter of Credit shall be established only through the company's bank and the details of LC will be communicated to the vendors by the

Purchase department. Wherever vendor insists LC through a particular bank specified by them, the same shall be so stipulated in the Purchase Order to enable Finance Department to arrange accordingly. In case vendor demands LC confirmation, cost of confirmation shall be borne by the foreign vendor. In case of Sight draft, when documents received directly by the Company, the payment shall be made within 30 days from the date of receipt of material and as per RBI guidelines. In case of payment through LC / Sight Draft, pre-dispatch/ stage wise payment inspection clause may be incorporated in the Purchase Order if required. The inspection can be made by BEL/Nominated agency/Certifying agency or by vendor himself if he is specifically authorized for self inspection. Payment of inspection charges shall be as mutually agreed. The detailed process for establishing Letter of Credit is given in 10.10.

Advance payments, along with the Purchase Order or at intermediate points, shall not be entertained. In exceptional cases, where vendor insists upon such advance payment, the same may be followed as per management guidelines issued vide circular No. 18281/99/010-001 dated 28-02-2007 (**Annexure-12**), 18281/99/010-009 dated 17th July 2008, 18281/99/010-006 dated 22nd April 2009 and amended from time to time.

The performance of the vendor against previous orders shall invariably be reviewed by the Purchase Executives at the time of recommending fresh order on them. In this context the outstanding amounts / claims due from the vendor on account of rejections / shortages in the previous supplies shall invariably be checked.

In case of procurement involving capital goods and items of long term performance, the purchase department shall ensure to obtain bank guarantee towards performance covering the warranty period. The amount of bank guarantee may be decided and suitable clause shall be incorporated in the RFQ to that effect.

10.3.3 Packing

The vendor will be held responsible for the stores being securely and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or damage on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the vendor. Packing shall allow for easy removal and checking on site and comply with carrier's conditions of packing or established trade practices. Each package shall contain a Packing Note quoting PO number, and its contents in detail. If items are packed, clubbing various orders, package for each item shall have BEL's PO No, and vendor's invoice no, date and Qty.

Actual packing and forwarding charges to Airport / Port of shipment, inclusive of Inland transportation charges, wherever payable by BEL as per terms of Purchase Order, shall be prepaid by the vendors and included in their Invoice.

Payment of port charges are calculated on the basis of measurements and gross weight of the cases and as such this information must be indicated by the vendor in their Invoice / Packing Notes, failing which the actual measurements and gross weight of the cases are to be taken by BEL physically on its arrival and furnished to port authorities before delivery of the consignment, resulting in delay and payment of demurrage charges, which will have to be reimbursed to BEL by the vendor.

10.3.4 Standard Terms and Conditions

The standard terms and conditions for inland and foreign Pos are included in **Annexure-6** and **Annexure-7** respectively.

10.3.4.1 Counter Terms and Conditions

Purchase Department shall persuade the vendor to accept BEL's Standard Terms and Conditions. However, in cases when the vendor insists on their terms and conditions the procurement authority not below the level of E VI, may accept vendors' terms and conditions after examining the implications, with Finance concurrence.

10.3.4.2 BEL's Reservation

BEL reserves the right to accept or reject any quotation or part of the quotation without assigning any reasons. BEL reserves the right of ordering part quantities without assigning reasons and the vendor shall supply the ordered quantity at accepted rates.

10.3.4.3 Escalation of Price

Terms and conditions for allowing benefit of escalation in the rate shall be clearly spelt out in the tender enquiry itself. If, during techno-commercial negotiation, any modification is required in the terms and conditions of the escalation clause, same shall be conveyed to all technically qualified bidders before getting the revised price bid. There shall be no change in these terms and conditions after the price bids are opened.

10.3.4.4 Taxes and Duties

Vendor shall quote basic price and applicable Tax /Duties separately. If price and Taxes/duties are not separately specified. Quoted prices shall be assumed to be all inclusive. Vendor is not entitled to any increase in taxes if there is delay in supplies on his part. However, if there is decrease in Excise Duty /Taxes, the same must be passed on to BEL. In case of changes in statutory levies like ED, taxes etc. after the placement of orders the payment will be made as per the terms and conditions in the Purchase Order regarding these changes in statutory levies.

Necessary statutory forms shall be issued for availment of concessional rate of taxes.

10.3.4.5 Delivery and Liquidated Damages

The time for and the date of delivery of the stores stipulated in the Purchase Order shall be deemed to be the essence of the contract, and delivery must be completed not later than the dates specified therein. Shall the vendor fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, BEL shall be entitled at their option

- a)** to recover from the vendor agreed liquidated damages, not by way of penalty of sum of 0.5 % (2.5% in case of purchase orders placed on time preference basis) of the value of any stores not supplied in time for each week of delay or part of a week with a ceiling of 10 % (25% in case of purchase orders placed on time preference basis), or
- b)** To purchase elsewhere, at the risk and cost of the vendor, the stores not delivered, or to cancel the Purchase Order.

In the event of action being taken under b) & c) the vendor shall be liable for any loss which BEL may incur but the vendor shall not be entitled to any gain on repurchase made against default. Normally delivery date shall not be extended without levy of LD. If delay in delivery of the stores is due to no fault of the vendor or due to circumstances beyond his control, delivery period can be extended without levy of liquidated damages by Head Purchase (not below E-VI level) after approval from the approving authority, who have originally approved the purchase file.

Generally deviation from the Standard LD clause shall not be accepted. In case of any deviation in acceptance of LD clause by vendor, approval from authority one level higher, to be obtained. If the approving authority is either Director or procurement committee of Directors, approval to be taken from one level ie, from CMD.

10.3.4.6 Price Terms

For indigenous supplies, the price term shall be FOR BEL as far as possible. Any other price term may be discouraged. For foreign supplies the price term shall be as per the standard terms and conditions unless otherwise there is an agreed price term between BEL and the foreign vendor.

10.3.4.7 High Sea Sales (HSS) Procedure

High Sea Sales: High Sea sales (HSS) is a sale carried out by the carrier documents consignee to another buyer while the goods are yet on high seas or after their dispatch from the port/ airport of origin and before their arrival at the port / airport of destination. An HSS contract / agreement shall be signed after dispatch of goods from origin & prior to their arrival at destination. The agreement shall be on stamp paper.

Procedure and Documents for HSS: On concluding the HSS agreement, the bill of lading (B/L)/Air Way Bill (AWB) shall be endorsed in favor of the new buyer. In respect of air shipment, HSS seller shall write to the airline / consol agent informing that an HSS agreement has been established with the HSS buyer and that the carrier document shall therefore be considered as endorsed in favor of the HSS buyer and further the Import General Manifest (IGM) shall be filed by the carrier in the name of the HSS buyer.

If the importer is shown in the electronic data interchange (EDI) system as the original importer then the IGM is required to be amended for importer as HSS buyer and B/E is to be filed accordingly.

In the case of HSS, the Cost Insurance Freight (CIF) value is taken as base value for arriving HSS value. In case the HSS transfer takes place at import invoice value only. HSS loading factor is a minimum of 2% and up to 4% of CIF value..

Disclosure of Import Value in HSS: The HSS Seller is required to provide the original import invoice to the Customs for clearance of the goods. There is no bar on same goods being sold more than once on high seas. In such cases, the last HSS value is taken by customs for the purposes of levying Customs Duty. The last HSS agreement should give indication of previous title transfers. The last HSS buyer shall also obtain copies of previous HSS agreement as such documents may be called upon. Customs will ensure the minimum loading factor of 2% each stage of transfer.

The custom bill of entry does not indicate original import value and is prepared on HSS value by the customs. HSS is considered as a sale carried out outside the territorial jurisdiction of India. Accordingly, no sales tax is levied in respect of HSS.

The customs documents (B/E) is either filed in the name of HSS buyer or such B/E has an endorsement indicating HSS buyer's name. The title of goods transfers to HSS buyer prior to entry of goods in territorial jurisdiction of India. The delivery from customs is therefore on account of HSS buyer.

CENVAT applicability in HSS: The CENVAT credit in respect of CVD paid on import is entitled to HSS buyer. HSS goods are entitled to classification, rates of duty and all notification benefits as would be applicable to similar import goods on normal sale.

HSS is applicable to goods imported by air / Sea. The stamp paper on which the HSS agreement is executed must not bear the stamp paper purchase date as being post cargo arrival date. If the HSS does not mind disclosing original import values to HSS buyer, in such case it is better from customs clearance point of view for the seller to endorse the B/L or AWB, invoice, packing list in favour of the HSS buyer. The endorsement should read "Title Transferred on High Sea Sales basis to M/s. _____ for a sales consideration of (currency and amount in that currency)". Such endorsement should be stamped and signed by the HSS seller.

High Sea Sale Agreement format is shown in **Annexure 15**.

10.3.4.8 Insurance

Indigenous Supplies

a) For all orders other than 'FOR Destination' orders, the vendor shall furnish details such as R/R, PWB, GC Note, Postal Receipt Reference, Airway Bill No, Courier Docket No., nature of packing, no. of cases, Gross Weight, Net weight, Train Carrying Goods, Value of Materials dispatched etc., immediately to Manager Stores (Transit), BEL to take up Insurance under BEL's open policy.

b) For Purchase Orders placed against quotations on 'FOR destination ' basis only, the vendor shall be responsible for shortages / damages during transit and as such the consignment may be insured by him at his option and cost. Failing to comply with above provisions a) & b), the vendor shall be held liable for shortages / damages, if any, during transit.

Foreign Supplies: The insurance of the materials dispatched by sea freight / air freight / air mail post/courier shall be covered against BEL's Open Policy by the vendor by sending a declaration letter giving full particulars i.e. mode of dispatch, name of ship, number of cases, short description of material and C & F value to the Insurance Company specified by BEL. Insurance premium will be paid by BEL directly in Rupees. No separate insurance certificate will be issued by the Insurance Company. Declaration will be treated as an evidence for having covered the insurance of the consignment.

10.3.5 Fall Clause

The price charged for items supplied under the Purchase Order/ Contract shall be in no event exceed the lowest price at which the Vendor sells the stores or offers to sell the items of identical description to any persons/organizations including the purchaser of any department of the Central Govt. or any Dept. of the State Govt. or any statutory undertaking of the Central or State Govt., as the case may be during the period till the performance of the supply order placed and during currency of the Purchase Order / Contract is completed.

If at any time during the said period, the contractor reduces the sales price, sells or offers to sell such items to any person/organization including the purchaser or any department of Central Govt. or any Dept. of State Govt., or any statutory undertaking of the Central or State Govt., as the case may be at a price lower than the price chargeable under the contract, he shall forthwith notify such reduction/sale or offer to sale to the BEL and the price payable under the contract for the items supplied after the date of coming into force of such reduction or sale or offer to sale shall stand correspondingly reduced.

10.3.6 Export License

Purchase department shall submit application to DGFT (Director General, Foreign Trade) for obtaining necessary Advance Licence, for physical export, deemed export and Import Licence for restricted items covered as per EXIM (Export and Import) Policy in coordination with nominated department.

10.3.7 Inspection

10.3.7.1 On Receipt of Material at BEL

There will be visual inspection by IG Stores to confirm that the material supplied is not damaged during transit. If the consignment is found damaged, procedure for insurance claim will be followed by IG Stores. The material will then be inspected by Inspection Department of BEL and their decision with regard to acceptance / rejection of items will be final and binding on the Vendors.

10.3.7.2 PRE-DISPATCH

The pre-dispatch inspection can be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorized for self inspection. Payment of pre-dispatch inspection charges will be as mutually agreed.

10.3.8 Rejection

The intimation of the rejection of material will be automatically communicated to the vendor by the ERP generated email. The intimation shall be sent to Purchase department by the Inspection Department. Purchase Department will liaise with the vendor and organize RMA or Replacement.

The rejected materials will be returned to the vendor for replacement on freight to pay basis for arranging free replacement/repair and all charges on the same will have to be borne by the vendor. The vendor shall immediately arrange for replacement/repair within a reasonable time, failing which, BEL reserves the right to procure the items from elsewhere at the risk and cost of the vendor and recover from him the extra expenditure, if any, incurred by BEL. The packing, freight charges, etc. on replacement of returned materials shall be borne by the vendor since such charges were already incurred and borne by BEL on the original consignment which had been rejected and returned to the vendor.

Whenever payment has already been made by BEL, partly or wholly to the vendor, the rejected material will be returned to the vendor against refund of amount already paid by BEL.

In case the rejected materials are not required to be replaced, freight, insurance charges, etc., incurred by BEL on original consignment shall be recovered from the vendor's bill, apart from the payment made for the goods.

Stores rejected by BEL must be removed by the vendor within 30 days from the date of receipt of intimation of rejection and at his own cost. If the vendor does not respond within 90 days from the date of intimation of rejection, the stores will be liable to be sold by BEL at the vendors' risk and responsibility.

Efforts shall be put to sort out rejected cases within 4 months from the date of reporting. A judicious decision must be taken on the cost and effort involved, while returning the item to the vendor, versus the cost of the items.

- a) Wherever the cost of material is less than Rs. 5000/- and payment is already made, rejected item may be sent back to vendor for replacement without insisting for Bank Guarantee / Management Approval / Indemnity Bond for indigenous vendor. In case vendor fails to replace the goods within reasonable time, the recovery may be made from the outstanding / future payments
- b) In the case of foreign goods, Purchase Departments shall get the call back letters / RMA Numbers and co-ordinate with respective Claims Departments to settle the pending claims. Line rejection will be intimated through a letter based on Assembly Inspection Report (AIR)/Rejection Report from Production Control/Testing and certified by Quality Control Department.
- c) POs more than one year old may be short closed / removed from books of accounts by Purchase with concurrence of Finance and indenter, if value outstanding against rejections is:
 - i) Less than Rs.10,000 in case of direct Foreign orders per PO.
 - ii) Less than Rs.5,000 in case of Indigenous orders per PO.

10.3.9 Warranty

Material / equipment supplied shall be free from any defects arising from faulty material, design or workmanship and shall be guaranteed for quality / satisfactory performance, for a minimum period of 12 calendar months (or as specified) from the date of receipt and acceptance of materials / satisfactory installation and commissioning or 15 months (or as specified) from the date of dispatch. During this guarantee period, if any defects develop arising from faulty material design or workmanship, the vendor shall remedy such defects at vendor's own cost. If it becomes necessary, the vendor shall replace any defective portion of the goods or replace the material / equipment as a whole without any extra cost to BEL.

10.3.10 Force Majeure

Force Majeure means an event beyond the control of the vendor and not involving the vendor's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, and freight embargoes. If there is delay in performance or other failures by the vendor to perform its obligation under its contract due to event of a Force Majeure, the vendor shall not be held responsible for such delays / failures.

If a Force Majeure situation arises, the vendor shall promptly notify the purchaser in writing of such conditions and the cause thereof within twenty-one days of occurrence of such event. Unless otherwise directed by the purchaser in writing, the vendor shall continue to perform its obligations under the contract as far as reasonably practical and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side.

There may be a Force Majeure situation affecting the purchase organization only. In such a situation the purchase organization is to take up with the vendor on similar lines as above for further necessary action.

10.3.11 Termination/Cancellation of Purchase order

BEL reserves the right to cancel the order with 15 days notice without any financial liability in the event of any of the following:

- Spurious supplies
- Time expired supplies
- Adulterated supplies
- Supplies inferior to the quality standards
- Repeated delays in deliveries
- Repeated rejections.

The approval for termination of the Purchase order shall be as per the SDOP of the original Purchase Order.

10.3.12 Appropriation

Whenever under this contract any sum of money is recoverable from and payable by the vendor, BEL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the vendor in this or any other contract entered by BEL as a whole, including its Units and Offices etc., with the vendor alone or in partnership with others. Shall this sum be not sufficient to cover the full amount recoverable, the vendor shall pay to BEL on demand the remaining balance due.

10.3.13 Indemnity

The vendor shall at all times indemnify BEL against all claims which may be made in respect of materials for infringement of any right protected by Patent, Registration of design or trade mark and shall take all risk of accidents or damages which cause a failure of the supply.

10.3.14 Arbitration

Normally, there shall not be any scope for dispute between the purchaser and the vendor after entering into a mutually agreed valid contract. However, due to various unforeseen reasons, problems may arise during the progress of the contract leading to disagreement between the purchaser and the vendor. Therefore, the conditions governing the contract shall contain suitable provision for settlement of such disputes/ differences binding on both the parties.

Mode of settlement of such disputes/differences shall be through Arbitration. However, when a dispute/difference arises, both the purchaser and the vendor shall first try to resolve the same amicably by mutual consultation. If the parties fail to resolve the dispute by such mutual consultation then, depending on the position of the case, either the purchaser or the vendor shall give notice to the other party of its intention to commence arbitration as hereinafter provided:

- a) When the contract is with domestic vendor, the applicable arbitration procedure will be as per Indian Arbitration and Conciliation Act, 1996.
- b) When the contract is with foreign vendor, the vendor has the option to choose either Indian Arbitration and Conciliation Act, 1996 or Arbitration in accordance with the provision of UNCITRAL (United Nations Commission on International Trade Law) Arbitration Rules.

10.3.15 Jurisdiction

This order shall be governed by the Laws of Indian Union in force. Only competent courts shall have the jurisdiction as provided under the Indian Arbitration and Conciliation Act 1996, or any statutory modifications thereof in force on any matter arising out of any Arbitration proceedings under the contract.

10.3.16 Black Listing/Deregistration/ Banning of Firms

Any unethical behavior shall call for action against the vendor of deletion from the vendor list / banning / suspension / Encashment of Bank Guarantee as considered appropriate by GMs / SBU Heads / Unit Heads / Functional Director in accordance with procedure ref. no: 18869/IB/MS Dated:12.01.2009 (Refer to **Annexure-16**).

10.4 Approval for Purchase Order Proposal

Purchase officers shall put up the purchase proposal to Management for approval as per the SDOP. The Proposal shall be comprehensive and complete in all aspects. File Life Cycle Management (Refer **Chapter 14**) may be used for putting up the Purchase proposal as far as possible.

Concerned Purchase officer shall ensure the routing in line with the SDOP and divisional requirement before sending the file.

The purchase proposal may contain the following information not necessarily limited to:

- Draft PO copy
- List of PRs pertaining to the PO
- Comparative Statement
- MPN List
- Previous PO details
- Free Stock statement across all the units.
- Correspondence with Vendor if applicable
- PNC Minutes if applicable
- Technical Documents if applicable
- Reference of Previous File in case of Repeat order.
- Draft Board note if applicable
- Draft note for Subcommittee of Directors if applicable,
- Management Sanction copies if applicable

10.5 Release and issue of Purchase Orders

After the approval of Purchase proposal from the competent authority as per SDOP, the purchase order shall be released by Purchase Officer or Purchase Officer and Purchase Finance as per the guidelines issued from time to time. While releasing the Purchase Order, Purchase Finance may verify the following points not necessarily limited to

- All the content as per the draft purchase order including part numbers, qty, unit price, delivery date, payment terms, price terms, duties and taxes, Tender type etc,.
- Incorporation of any corrections reflected in the Draft Purchase order and purchase proposal.

Vetting of the released Purchase Order is not required to be done on Hard copy since the Purchase Order is released in ERP.

10.6 Distribution of Purchase Order

Once the Purchase Order is released the Advance copy of the Purchase Order shall be sent automatically through ERP generated e-mail. The signed copy of the PO may be sent to Vendor as required and Bills payable.

10.7 Vetting by Customs and excise cell

Foreign Purchase Order Copies may be sent to Purchase Coordination/Customs Cell/Excise cell preferably through FLM for vetting.

10.8 Amendment to Purchase Order

Amendments to Purchase Orders generally arise because of the following:

- a) Necessity to modify the specifications.
- b) Extension of delivery date.
- c) Amendment to quantity.
- d) Necessity to short close the order.
- e) Change of mode of transport.
- f) Transfer of order in another name as per the request of the vendor.
- g) Amendment to payment terms.
- h) Any other reasons

10.8.1 Amendment to Scope/Specification

Modifications in specifications of insignificant nature requested by the vendor may be agreed to by the officer, who had originally approved the purchase with the concurrence of the Indenting Department, subject to the condition that the quality of the material and price are not affected thereby. If the manufacturing cost of the material is likely to be less due to the modification, suitable reduction in the price shall be negotiated with the vendor. Concurrence of the Finance shall be obtained before any modification / amendments to Purchase Orders are issued, where financial concurrence has been obtained earlier. Price increase due to scope change shall not be entertained.

10.8.2 Amendment to Delivery

10.8.2.1 Change in the date of delivery, if requested for by the vendor, may be considered and agreed to, by the officer approving the purchase in consultation with the Indenting Department provided the reasons for requesting extension in delivery date put forward by the vendor are justifiable and the order was not placed on Time Preference basis. It shall, however, be ensured that there would be no extra financial commitment for the company due to the extension of the delivery date (due to such developments as increases in statutory levies, etc.) and the same shall be made very clear to the vendor

while extending the delivery date. In respect of imported items, the import license shall also be valid for shipment up to extended date.

10.8.2.2 Requests for extension of delivery date in cases where the order had been placed on time preference basis shall be rejected if alternate supplies can be arranged at the risk and cost of the vendor. If this is not possible, extension of date subject to levy of liquidated damages may be granted by Head Purchase (not below E VI level), with Finance concurrence.

10.8.2.3 Requests for advancing the delivery date shall be carefully examined and not normally be accepted unless it is in the Company's interest to do so. Where they involve earlier payment to the vendor as well, the concurrence of finance shall be taken before acceding to the request. However, if the PO contains the clause for early delivery, it shall be allowed.

10.8.3 Amendment to Quantity

Any increase in the quantity ordered, if requested for by the vendor, may be considered by the officer who had approved the purchase, with the concurrence of the Indenting Department, and Finance subject to additional quantity being within or up to 20% of original order quantity within 18 months from the original order. Similarly, the Purchase Order may be amended to incorporate additional requirement of same item received from the Indenting Department or reduction in quantity ordered, with the concurrence of the vendor. However, efforts shall be made to obtain suitable price reduction, if any, owing to increase in the quantity. The value of the Purchase Order after amendment shall, however, be approved as per delegation of powers. In case of Cables, Wires, RM etc., if + or – X quantity is acceptable as mentioned in the Purchase Order and the invoice qty is as per the permissible limit of the PO, the amendment may be done with Finance concurrence only.

10.8.4 Amendment to Mode of Transport

In case material is urgently required (or the urgency no longer exists) the mode of transport in the Purchase Order may be changed, as provided for in para 10.3.1.

10.8.5 Short closing

In case the balance quantity of material outstanding on the vendor is no longer required by the Indenting Department, the order may be short closed to the extent of quantity already supplied and accepted, with the concurrence of the vendor. If a vendor regrets his inability to supply a small balance quantity left against an order, the same may be short closed with the concurrence of the Indenting Department, provided the company is not put to any adverse consequence thereby.

10.8.6 Amendment to Price terms or Payment terms

Normally change in Price term or Payment Terms is not allowed after the issue of Purchase Order. However, in exceptional cases changes may be effected with the approval of Approving authority as per the original order, subject to the following conditions:

- a) Such change in price term or payment terms shall not be advantageous to L1 such a way that his status as L1 is altered vis-à-vis other bidders, when such terms of price or payment are considered for evaluation of bidders to decide L1.
- b) These changes are not disadvantages to BEL.

Change of Vendor Name: The change in the name of the vendor may be due-to the following reasons:

- a) The name of the company has been changed.
- b) The company has been sold to / amalgamated with another company.

In such cases, the existing Purchase Order on the Original Vendor shall be cancelled or short closed. A new Vendor code shall be created with the New Name and Purchase order shall be released on the new vendor with the same Terms and Conditions of the original Purchase Order with the same approving authority.

10.8.7 Approval for Amendments: All the Amendments which have financial impact or Delivery impact shall be approved by the Approving authority as per the original order. However any modification which has no financial/delivery impact or financial benefit is in favour of BEL shall be amended by Head Purchase, with approval of Finance where ever Purchase Order needs to be released by Finance.

10.9 Follow up for Supply

Purchase officers shall ensure the supply of items as per the delivery date agreed upon in the purchase order. Establishing Letter of Credit if applicable shall be done on timely manner so that the delivery of items shall be effected without hindrance. Purchase officers shall follow up with the vendors closely for the timely delivery. The delivery date reminder as per the purchase order may be sent automatically through e-mail to vendors using ERP.

10.10 Payment processing

10.10.1 Foreign Purchase Orders

Payment term TT:

All the departments of BEL in the supply chain like Customs clearance, IG stores, Inspection etc shall complete their activities within reasonable time so that payment to the Vendor shall be done as per the payment term in the PO. Documents like Invoice, BOE etc shall be attached to the GR by IG stores. Based on the acceptance of GR in ERP, Bills payable shall start the payment processing. In order to minimize bank charges consolidation of invoices of a vender is to be done reasonably.

Bills payable need to observe following aspect before releasing the payment.

1. P.O or amended P.O is duly released in ERP.
2. Invoice copy / BOE/Bank details/, airway bill/bill of lading etc are attached in the GR.
3. GR/UD into ERP needs to be checked as per requirement of PO.
4. Rate/quantity/Installation & Training/LD terms of P.O. need to be checked.
5. Liability Booking(MIRO) is strictly to be made as per accounting standard only

6. Bank guarantee terms and its confirmation from any Indian Bank (if needed) are to be checked with reference to terms of P.O.
7. In case of partial payment/deduction, the reason must be informed to Bank at the time of sending payment advice. Subsequent payment advice for balance payment to bank of a bill must accompany the reference of previous payment and BOE submitted at the time of first payment.

Payment Term FISC: After receiving the intimation from Bank for payment of a invoice, Bills Payable section need to observe all aspect as mentioned in clause for TT payment. However in case of any deduction in form of LD , stage of payment not due , non receipt of bank guarantee from the vender or other document as per PO , the bills payable section is to intimate the bank with details while refusing payment or making partial payment.

Payment Term LC: L.C Request creation: Purchase department shall create L.C request in ERP as per terms and conditions of the P.O. Validity of L.C, Amount of L.C, other important terms and conditions shall be as per agreed terms and condition of the P.O & as per Purchase procedure.

Forwarding the L.C request to Finance/Bills Payable: After creation of L.C request, the same shall be forwarded to Finance department for processing the L.C request, along with requisite documents.

Finance shall forward the L.C Application (request letter) to Bank. Draft L.C shall be given by bank. Draft L.C clauses to be verified. The Draft L.C shall be communicated to vendor through purchase department.

Finance shall instruct establishment of Final L.C to bank after considering acceptable changes if any in Draft L.C as requested by vendor.

The L.C received from Bank shall be forwarded by Finance to Purchase department for onward forwarding to Purchase department.

Amendments in L.C: The vendor shall take up the matter through purchase department for changes in the established L.C. Bills Payable / Finance shall request for L.C changes

from Bank after ensuring the same is as per management approval / P.O terms and conditions.

10.10.2 Indian Purchase Orders

Payment to Vendors- Local shall be based on completion of GR activity and on acceptance of GR and receipt/uploading of Original ink signed invoice and relevant documents as per Purchase Order.

Pricing of Invoice – MIRO

- Invoice shall be verified to be in line with purchase order w.r.t part number, material description, unit rate, quantity, Inco terms, LD clause, Bank Guarantee clause, warranty clause, Tax rates etc.,.
- Further, if Purchase Order contains a Bank Guarantee (BG) clause and on receipt of BG from the vendor, the BG will be sent to the issuing Bank for confirmation on genuineness of the BG before payment.
- Adequate care shall be taken on avilment of tax credits and C form issuance (Presently 6 months' time period for VAT/CST credit and 1 year for Excise duty credit)
- The bank details of vendors shall be updated in Vendor master on furnishing of the following documents by the SBU Finance.
 1. Original cancelled cheque
 2. PAN card copy of the vendor's
- Payment shall be done through ECS or RTGS as per the norms/ guidelines.
- In case of early delivery of goods by the vendor, payment will be scheduled as per Payment terms in the PO. It should be noted that timely payments need to be made in case of MSME vendors in order to avoid interest.

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CHAPTER 11
PROCUREMENT BY DEVELOPMENT GROUPS
(D&E, CRL & PDIC)

CHAPTER 11

11 PROCUREMENT FOR DEVELOPMENT GROUPS (D&E, CRL and PDIC)

11.1 All the procurements required by D&E, CRL and PDIC for development and prototype (not Saleable) work will fall under this procurement category. The following are basic characteristics of D&E procurements:

1. Final BOMs are not available for requirement generation
2. Requirement generation will be only through WBS
3. Requirements are small and will not be meeting MOQ of Authorized distributors.
4. Delivery period shall be short to ensure faster product developments
5. COC and other customer related document requirements are project dependent
6. Storage period will be short

11.2 The following process may be followed for D&E related procurements:

- b. Procurements can be initiated with '9' series purchase part non-categorized item category.
- c. Items can be procured as a single kit to avoid the creation of small value orders. Each Kit shall have its own '9' series part no.
- d. Each D&E group shall maintain its own unique MPN for each '9' series part or Kit.
- e. RFQ can be sent to OEMs / authorized distributors / stockists / kit providers. However, if CoC is required, same needs to be ensured.
- f. These procurements prices, individual item price in the kit or total kit price, need not be taken for future procurement references / cost estimates.
- g. All procurements shall be processed through purchase department through SDOP (Refer 7.4).
- h. If items are to be directly procured by D&E groups, letter order / Cash purchase procedure to be followed.
- i. If an item needs to be developed with the involvement of outside partners (other than DRDO & other Government organizations), Collaborative R&D process may be followed.

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CHAPTER 12
PROCUREMENT FOR CUSTOMER SUPPORT ACTIVITIES

CHAPTER 12

12 Procurement for Customer Support activities

Customer support procurement activities are of two types:

12.1 Planned procurement:

12.1.1 Planned Procurement is generally for warranty and post warranty period. All the requirements are captured through WBS in advance before any actual requirement comes from field. Planned procurement for Customer Support shall be dealt as any other procurement for project/production.

12.1.2 For regular work, Annual maintenance contracts shall be finalized with Indian and foreign vendors. To avoid delay, vendors shall be short listed in advance for repair of Faulty modules/PCBs/Sub-systems. Rate contract shall be established for repair works.

12.1.3 Repair at site: This includes material and services where material is supplied and consumed at site. In case of repair at site, the activity may start with site survey by vendor then vendor quotes for service or material or for both. For repair at site, each complaint should be considered as unique case and separate service PO for each complaint is allowed to save time of repair. Product support/ Purchase department should not wait for consolidation of the requirement in case of site repair against customer complaints.

12.1.4 To reduce the cycle time of repair at site the following procedure for site repair shall be adopted: Rate contract for Site survey for empanelled vendor shall be established in advance. Based on the rate contract PO shall be regularized post fact with the approval of Unit/SBU head.

12.1.5 For materials / service requirements, customer support department may follow :

Emergency / Urgent Procurement process (Refer 10.1.3). **"AMC/Cat 'D' Module Repair/Rate Repair contracts** with Indian/ foreign vendors will be handled through Purchase Procedure if originally item was procured through purchase department else these cases will be handled through Sub-contract procedure".

12.2 Emergency Procurements

To meet the urgent repair and miscellaneous requirement at site, following procedure to be adopted:

12.2.1 Expenditure can be made for following types of activities to resolve the customer complaint;- Visit charge by a vendor for fault investigation and providing a quote for repair. Repair/ replacement of items at site including service charges Hiring of local labour, electrician, plumber, mechanic, vehicle/equipment for material movement, crane for local repair activity at site Local purchase of items as pipes, conduits, wire & cable, connectors, fuses, cabinet fans, switches, small tools, MCBs, electrical, mechanical and electronic components etc. or any other material required at site to attend the customer complaints. Execution of site specific miscellaneous job work like welding, brazing, cutting, machining, shelter repair work, digging, cable laying, rental for any equipment, logistic services including packaging, transportation & courier for dispatching material etc.

12.2.2 Customer support department shall obtain prior approval towards emergency requirement at site for cash purchase amount for a year from SBU/Unit Head.

Delegation of powers for such activities are as follows :

- Section head (not below E IV level)of Customer Support upto Rs.5000/- in individual case .
- Departmental head (Not below EVlevel) of Customer Support upto Rs.10,000 in individual case.
- Divisional head (Not belowEVI level) of Customer Support upto Rs.20,000/- in individual case.

12.3 The expenditure such made shall be reimbursed / regularized as per the SDOP defined above on submission of expenditure statement along with original invoice duly authorized by authority.

12.5 For local purchase of above Rs.5,000/- shall be backed by quotation and efforts shall be made to seek quotation from 2-3 vendors and procurement to be made from L1 vendor.

If more than one vendors are not available, a certificate to this effect to be enclosed by site Engineer.

12.6 Customer support reps shall be authorized to draw an advance of maximum upto Rs.20,000/- in each instance. The expenditure will be regularized on submission of actual expenditure bill.

12.7 Following document are to be enclosed at the time of reimbursement of expenditure/regularization of advance.

12.7.1 For Material: Bills in original with Sales Tax / TIN number wherever feasible & receipt of material on delivery challan / Invoice duly signed by BEL engineer or Customer.

12.7.2 For Services/Repair: Work completion certificate/Service report for service rendered including part repair / replaced duly signed by BEL engineer or customer.

12.7.3 For Labour: Receipt with signature/Thumb impression of the labourer or labour contractor with name, no. of days & rate per day.

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CHAPTER 13
PROCUREMENT FROM MSME

CHAPTER 13

13 PROCUREMENT FROM MSME

Government has notified a new Public Procurement Policy for Micro, Small & Medium Enterprises (MSME) which is effective from 1st April, 2012. The Policy mandates that 20% of procurement of annual requirement of goods and services will be sourced from the micro and small enterprises. Government has also earmarked a sub target of 4% procurement of goods & services, out of the 20%, from MSMEs owned by SC/ST Entrepreneurs. It is expected that the policy will help to promote MSMEs by improving their market access and competitiveness through increased participation by MSMEs in Government purchases and encouraging linkages between MSMEs and large enterprises.

In line with Government Policy, the following guidelines shall be strictly adhered to:

13.1 Every purchasing organization (Division/Department/Unit/SBU/Central Services Group etc.) shall set an annual goal for procurement from the MSE sector at the beginning of the year, with the objective of achieving an overall procurement goal of minimum 20 percent of the total annual purchases of the products or services produced or rendered by MSMEs.

13.2 Out of 20% target of annual procurement from MSMEs, a sub-target of 4% (i.e., 20% out of 20%) will be earmarked for procurement from MSMEs owned by SC/ST entrepreneurs. However, in the event of failure of such MSMEs to participate in the tender process or meet the tender requirements and the L1 price, the 4% sub-target for procurement earmarked for MSMEs owned by SC/ST entrepreneurs will be met from other MSMEs.

13.3 The participating MSMEs in a tender, quoting price within the band of L1+15% may also be allowed to supply a portion of the requirement by bringing down their price to the L1 price, in a situation where L1 price is from someone other than an MSE. Such MSMEs may be allowed to supply up to 20% of the total tendered value. In case of more than one such eligible MSE, the supply will be shared equally.

13.4 Every purchasing organization (Division/Department/Unit/SBU/Central Services Group etc.) will continue to procure 358 items (whichever is applicable to BEL) from MSMEs, which have been reserved by Ministry of MSMEs for exclusive purchase from them (Annexure 23).

13.5 The Unit/SBU shall identify specific items earmarked for procurement from MSMEs. The list of these items shall be made available in BEL website (www.bel-india.com) and is updated periodically based on production plan of the respective Unit/SBU.

13.6 To reduce transaction cost of doing business, Micro and Small Enterprises shall be facilitated by providing them tender sets free of cost, exempting Micro and Small Enterprises from payment of Earnest Money (EMD), adopting e-procurement to bring in transparency in tendering process.

13.7 Payment to the MSME vendors shall be made within 30 days from the date of receipt of items as per the guidelines issued by the Government of India.

13.8 The MSME procurement shall be reviewed whenever fresh Government guidelines are issued and suitably amended.

13.9 For ease of registration of MSMEs, Ministry of MSME has started Udyog Aadhaar Memorandum – an online registration system (free of cost) since 18th September 2015 and all Micro & Small (MSEs) who are having Udyog Aadhaar memorandum should be given all benefits available under Public Procurement Policy for MSMEs. Corporate Standards shall be responsible for maintaining the MSME data in ERP system.

13.10 The following eligibility criteria may be relaxed subject to meeting performance and quality requirements for MSME to encourage their participation in BEL procurement:

- a) Prior Turnover
- b) Prior Experience

CHAPTER 14
MANAGEMENT APPROVALS THROUGH FLM

CHAPTER 14

14 MANAGEMENT APPROVALS THROUGH FLM

14.1 ERP File Lifecycle Management System (FLM) has been implemented to create, approve and maintain the files in the system with all the attachments. After implementation of ERP modules and Document Management System, complete logistics, accounting and documentation is in the system. Similarly, file approval process in system will bring down paper movements and delay in whole process because of manual involvement. FLM implementation has been done to bring the transparency in the system and to make the complete process paperless and without manual intervention.

14.2 The following General Guidelines for raising and approving proposals through FLM shall be followed:

14.2.1 These guidelines are applicable to all approvals, vetting, management sanction files related to all functional areas.

14.2.2 All documents not available as soft copy related to any proposal shall be scanned and attached to FLM Files.

14.2.3 All external correspondence received through e-procurement portal, e-mails or attachment of e-mails shall be uploaded in html, PDF format or in any other suitable format. All attachments will have the login details, time and date stamp with complete audit trail in FLM. Attachments cannot be deleted and tampered after upload once the file is forwarded. Users shall not delete important mails related to tendering process and other important activities received through official e-mail id.

14.2.4 Users shall attach the html, PDF format or any other suitable format of internal mail correspondence in FLM.

14.2.5 All ERP reports are generated and attached by system in FLM shall have time and date stamp and it cannot be tampered. Reports shall be either directly attached from ERP to FLM or soft copy shall be attached.

14.2.6 Any procurement initiated through manual process where ink signed BULK bids or quotations have been received, such documents shall be attached in FLM. However hard copies may be retained by the initiator, if necessary.

14.2.7 If procurement is done through e-procurement or e-mail, Only ink signed copy of any further correspondence or documents received from external agencies related to tendering process and other important activities having financial impact shall be scanned and attached. The initiating department shall maintain the hard copies of ink signed correspondence if received from vendors, customers and other external agencies. Only correspondence having financial impact shall be treated as important and hard copies shall be kept. Ink signed copies of Post PO documents required by any agency in original only shall be kept, all other documents shall be scanned and uploaded in relevant files in FLM.

14.2.8 Signed internal documents like letter related to PR, comparative statement, Minutes of Meeting etc shall be scanned and attached in FLM system.

14.2.9 Any quotation received through e-mail shall be attached in html and PDF format and Finance shall ascertain the quotations by checking mails, same way as it is done in old system. The print out and scanning of mails shall be avoided. In case checking mails by Finance is not feasible, signed and scanned copies of mails shall be attached.

14.2.10 The internal audit/ vigilance shall have authorization to display the files in FLM directly and no hard copy of files which are uploaded in FLM shall be demanded. Authorization shall be given to Internal audit/vigilance for auditing the files in FLM system.

14.2.11 Government Auditors shall be given logins to view the required files in the system, print outs of the files shall be given only in exceptional cases, if demanded. Files need to be sent to Government Audit by the respective Owner of the file.

14.2.12 Certain files where original documents from external agencies are to be checked and ascertained like DoT/BSNL payment, cash Purchase, items purchased in remote locations, regularizations file against bulk sanction etc such files shall not be raised in FLM.

14.2.13 If more than one agency is signing any document viz Comparative statement, Minutes of Meeting etc, file shall be raised in FLM with document as attachment and after approval by all agencies, the same shall be treated as signed & vetted.

14.2.14 After final approval of file in FLM, File shall be sent to finance for PO release. The release of Purchase orders in ERP by Finance shall be treated as vetted.

14.2.15 Closed PO Files raised in FLM module shall be archived by IS-CO as per prevailing policy of the company.

14.2.16 In case all the quotes received through e-mail, the dual password (designated officials from purchase and finance departments) may be adopted to download the quotes. These quotes shall be attached in pre-PO file in FLM and the same executives shall approve the pre-PO file. It shall be treated as signed mails from finance and purchase.”

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CHAPTER 15
LEGAL ASPECTS OF PURCHASING

CHAPTER 15

15 LEGAL ASPECTS OF PURCHASING

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

- The Sale of Goods Act, 1930.
- The Indian Contract Act, 1872.
- The Arbitration and Conciliation Act, 1996.
- The Partnership Act. 1932.
- The Negotiable Instruments Act, 1881.
- The Companies Act, 2013.
- The Central Sales Tax Act, 1956.
- The Sales Tax Acts and Rules of various States.

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

15.3 Application of Law of Agency

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

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

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

15.4 General Principles of Law of Contract

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

"Consensus ad-idem" means that both the parties must understand the same thing in the same sense. This is an essential prerequisite of a valid contract. In order to determine the existence of "Consensus ad-idem" it is usual to employ in a given contract the language of offer and acceptance.

15.5 Purchase Contract

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

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

15.6 Offer and Acceptance

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

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

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

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

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

15.7 Consideration

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

15.8 Competent Parties

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

15.9 Legality of Purpose

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

15.10 Special Legal Considerations - Inspection Rights

If the Buyer has not previously inspected the material purchased to ensure that it conforms to the terms of the contract, the Law gives him a reasonable period of time to inspect the material after it is received. If the Buyer raises no objection to the material within a reasonable period of time (15 - 45 days) he is deemed to have accepted it.

15.11 Right of Rejection

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

15.12 Order Cancellation and Breach of Contract

15.12.1 If a Vendor fails to deliver the goods against an order by the delivery date agreed in the order or if he fails to perform in accordance with the contract conditions, he commits breach of contract. The breach generally gives the Buyers a right to cancel the order. The time of delivery can, however, be extended by the consent of both the parties and on such terms as agreed to by them. At the time of granting of such extension of time for delivery, reservation could be made in respect of future increases in freight, custom duty, excise, sales tax, etc.

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

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

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

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

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

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

15.13 Patent Infringement

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

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

15.14 Honest Mistakes

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

15.15 Conclusion

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

15.15.2 While processing a case for arbitration, the purchase officer shall take legal advice, at appropriate stages from legal cell.

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CHAPTER 16
CODE OF ETHICS OF PURCHASING

CHAPTER 16

16 CODE OF ETHICS OF PURCHASING

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

16.1.1 To consider first, the TOTAL interest of one's organization in all transactions without impairing the dignity and responsibility of one's office.

16.1.2 To buy without prejudice, seeking to obtain the maximum ultimate value for each Rupee of expenditure.

16.1.3 To subscribe and work for honest and truth in buying and selling, to denounce all forms and manifestations of commercial bribery, and to eschew anti - social practices.

16.1.4 To accord a prompt and courteous reception, so far as conditions will permit, to all who call upon a legitimate business mission.

16.1.5 To respect one's obligations and those of one's organization, consistent with good business practices.

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CHAPTER 17
INTEGRITY PACT

CHAPTER 17

17 INTEGRITY PACT

Central Vigilance Commission has recommended adoption of Integrity Pact in respect of major procurements in the Government Organizations and PSUs. MoD has also given instructions to DPSUs to adopt Integrity Pact with its vendors / vendors. In line with these directives, the company has adopted Integrity pact issued vide Office Order No. HO/865/001 dated 31.07.2010 (**Annexure 18**).

As per the above, Integrity Pact has to be signed with Bidders in case estimated value of Purchase / Sub-contract / Works contract exceeds as per the Office order related to Integrity Pact. Against the subject RFP / Enquiry / NIT, the Bidder is required to sign and submit Integrity Pact along with the bid. The specimen of the Pre-Contract Integrity Pact which is part of tender documents is provided in **Annexure 19**. Normally no deviation on Integrity pact shall be allowed.

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CHAPTER 18
VENDOR RATING PROCEDURE

CHAPTER 18

18 VENDOR RATING PROCEDURE

Need: In order to procure quality products at competitive prices with deliveries at stipulated pace, it is necessary to have the supplier's rating system.

Concept: The concept of Vendor Rating helps to assess vendors on a single point scale on parameters of Quality and delivery.

Methodology: Methodology for vendor rating procedure for purchase parts has been arrived with quality and delivery.

The details of the methodology are furnished below:

I Quality Rating:

Percentage of Acceptance:

$$A. \quad \frac{\text{Total GR Quantity Accepted}}{\text{Total GR Quantity Inspected}} \times 100$$

B. (0.4 is the weightage factor for accepted quantity on approved deviation based on recommendations by Material Review Committee)

Final Quality Rating = (A+ B) X 0.6

(0.6 = Weightage given for Quality Rating)

NOTE:

- i) Final Quality Rating shall be arrived at on yearly basis and the same shall be informed to the supplier for improvement, if required.
- ii) Replacement GR shall also be considered for the calculation of Quality Rating.
- iii) Free samples (GR are made) shall not be accounted for any of the ratings.

II Delivery Rating:

Delay in number of days = {Date of DC or Invoice (Whichever is earlier)} - {Agreed Date of delivery or delivery Date in PO}

Delayed delivery in no. of weeks	Delivery Rating
Before or on Time	100
Up to 1 week	90
1 to 2 weeks	80
2 to 3 weeks	70
3 to 4 weeks	60
4 to 5 weeks	50
> 5 weeks	0

Final Delivery Rating = Delivery Rating X 0.4

(0.4 = Weightage given for Delivery Rating)

NOTE:

- i) If the number of dates are shown as minus (-) in the ERP Statement, consider delivery rating as 100.
- ii) Final delivery rating shall be arrived at on yearly basis and the same shall be informed to the supplier for improvement, if required.

VENDOR RATING CHART**Factor Rating**

Parameters	Acceptable Rating	"Caution" (Under observation for 1 year)	Unacceptable Rating
Quality Rating	60 to 53	52 to 40	< 40
Delivery Rating	40 to 25	24 to 15	< 15

(Decimal > 0.5 will be rounded off to the next higher place. <0.5 will be rounded off to the lower place)

Vendor Rating may be reviewed once in a year by a committee SBU wise comprising of representatives from D&E, Quality and Purchase.

Vendors in unacceptable rating category are liable to be debarred for receiving RFQs for a period of 1 year.

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CHAPTER 19
PROPRIETARY ARTICLE CERTIFICATE

CHAPTER 19

19 Proprietary Article Certificate

Procurement from a proprietary source may be resorted to in the following circumstances:

1. It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
2. In case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of the competent authority obtained.
3. For standardization of machinery or spare parts to be compatible to the existing sets of equipment (on the advice of a competent technical expert and approved by the competent authority), the required item is to be purchased only from a selected firm.

Proprietary Article Certificate may be issued for Items which are to be procured from single source and are in proprietary in nature as per the letter ref: Corporate Vigilance No 21326/18/15-16/CO-VIG dated 30-12-2015 (**Annexure-17**).

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CHAPTER 20
REVERSE AUCTION

CHAPTER 20

20.0 Reverse Auction

20.1 Introduction: Reverse auction is an online real-time procurement technique utilized by the procuring entity to select the successful submission, which involves the presentation by suppliers or contractors of successively lowered bids during a scheduled period of time and the automatic evaluation of bids;

The reverse auction process can be used to replace any price bid evaluation procedure to determine L-1 like the comparison of sealed price bids.

20.2 Applicability: Procurement by means of an e-reverse auction should be engaged under following conditions:

20.2.1 Reverse Auction Can be adopted for common goods or services which are not strategic to the company, have many suppliers thereby producing a competitive market and for which the key awarding decision is price.

20.2.2 Procurement of common goods and services, which are those where performance and quality characteristics can explicitly be defined beforehand in the bidding documents using widely-known and unambiguous market specifications. Services whose characteristics are largely intangible, whose progress tends to have a degree of unpredictability, and their inputs and outputs typically vary from project to project (and therefore are hard to define beforehand) will not be considered a common service.

20.2.3 There is a competitive market of suppliers or contractors anticipated to be qualified to participate in the electronic reverse auction, such that effective competition is ensured;

20.2.4 The reverse auction can be adopted only for domestic procurement.

20.3 Tendering: The tender document for common and goods covered at above shall have a provision for conducting reverse auction.

20.3.1 In all the tenders which are proposed to be processed under Reverse Auction, it should be clearly specified in the tender document that BEL reserves right to go for Reverse Auction process or may finalize the tender without Reverse Auction, if required. However, the decision to conduct Reverse Auction or not will be conveyed to short-listed bidders prior to opening of price bid.

20.3.2 However, after techno commercial evaluation, if number of technically & commercially acceptable offers are less than 04 (Four) for any item (where evaluation is done separately) then no reverse auction may be conducted for such items. Reverse auction shall be conducted for the remaining items.

20.4 Process: The event will be conducted through BEL's online bidding software (SAP SRM), designed to streamline bid negotiations into a real-time bidding event. The price bids of shortlisted bidders shall be opened prior to the reverse auction event.

20.4.1 The bidders have to give only landed rates in e-reverse process and has to provide breakup within 24 hrs as per paragraph. This has to be communicated to Vendor through the Initial Tender Document itself.

20.4.2 The price bid data shall be tabulated immediately after opening of price bid in SRM and shall be signed by the Tender Committee members. After tabulation of the priced bid data, the purchase officer in presence of the Tender Committee shall confirm the evaluated prices with respective short listed bidders and feed in system the lowest evaluated price further decremented as decided by the tender committee.

20.5 During the reverse auction:

20.5.1 All bidders shall have an equal and continuous opportunity to present their bids;

20.5.2 Each bidder shall receive, instantaneously and on a continuous basis during the auction, sufficient information allowing it to determine the standing of its bid vis-à-vis other bids;

20.5.3 There shall be no communication between the procuring entity and the bidders or among the bidders

20.5.4 Minimum bid decrement of bidders will be as decided by the tender committee.

20.6 Features of the online event: The bidding direction of this event is downward. Bidders cannot raise their bid once the event has opened and they have submitted a bid.

20.6.1 Bidders must bid for the complete quantity of each item as quoted in SRM/ e-procurement bid. The prices should be quoted as a landed price to bel, including taxes, duties and any other charges.

20.6.2 Bidders only see the lowest bid. At no point of time will any bidder see the names of other bidders, or the prices of bidders other than the lowest bid.

20.6.3 The lowest evaluated price (of short listed bidders based on their price bids submitted initially in SRM) further decremented as decided by the tendering committee shall be the Ceiling price or the maximum permitted starting bid in reverse auction for all bidders.

20.6.4 The procuring entity shall not disclose the identity of any bidder during the auction. No mobile phone, alternate network connection or any other communication device other than the identified official landline number (to be communicated to the bidders) shall be allowed in the reverse auction room. The identified numbers of BEL for this purpose should be intimated to the bidders well in advance. Similarly, the telephone numbers of bidders for the authorized interaction with bidders should be obtained through 'Bidders' Response Sheet'. Also till the reverse auction is over no member of the team conducting RA shall be allowed to leave the room.

20.6.5 All line items in auction are open to bidding at the same time, but the auction shall close for one line item after the other.

20.6.6 This process shall initially be held for a period of 30 minutes. In the event of a bid received in the last 3 minutes or as decided by the tender committee, resulting in change of prevailing L1 price of the first line item, the period of auction shall get extended automatically by 5 minutes or as decided by the tender committee from the time of submission of such bid. This process shall continue till no change in L-1 price of the first line item takes place in last 3 minutes or as decided by the tender committee. Then the auction will close for the first line item and auction for the remaining items will continue for a further period of 10 minutes. In the event of a bid received in the last 3 minutes or as decided by the tender committee resulting in change of prevailing L1 price of the second line item, automatic extension shall be effected in similar fashion as explained above for the first line item. The process shall continue in a cascading way for all remaining line items.

All bidders, regardless of their previous position, can submit their bid during the extension period also. The process of reverse auction shall automatically close thereafter.

20.6.7 Bidders at their own interest should ensure uninterrupted internet connectivity at their end during the Reverse Auction with necessary backup options to take care of any connectivity problem. However, in case of failure in connectivity of any of the bidders, the Reverse Auction time will be extended once against request of each bidder, if the request is received within the auction time. Such extensions shall each be of 10 minutes and no more than one request for such extension from each bidder shall be entertained in an Auction. Tender committee will be empowered to extend the reverse auction time. The extension of auction time shall be communicated to all the bidders through system broadcast message and also intimated telephonically to the bidders who are disconnected from Reverse Auction at that point of time.

20.6.8 In case no conclusion can be drawn from reverse auction from best bid history or where Reverse Auction is inconclusive on account of system malfunctioning or break in internet connectivity at BEL SYSTEM end, reverse auction shall be re-conducted.

The procuring entity can suspend or pause the reverse auction, if required. In such eventuality the duration of the auction shall be extended by BEL for the period for which auction was under pause/suspension.

20.6.9 Purchase Preference: Under purchase preference eligible bidder whose quoted price is not lowest get an opportunity to match L-1 price if their quoted price falls within the stated percentage difference from the lowest quote. If the bidder matches the prices, he gets the order otherwise the original L-1 bidder gets the order. After conclusion of Reverse Auction, if any of the eligible bidder for purchase preference falls within the specified limits for purchase preference, such bidder will get opportunity to match with L-1 price as per the Purchase Procedure.

20.6.10 TC members shall remain on the spot till the completion of the Reverse Auction process.

20.6.11 Apart from the participating bidders, the reverse auction shall be visible while in progress to BEL only through one user login i.e., user login of Dealing Purchase officer who shall display the RA to TC members.

20.6.12 On completion of Reverse Auction, the history of Reverse Auction shall be signed by the purchase officer and Tender Committee members. In case of non-availability of Tender Committee members due to any contingency, they should nominate suitable officers to represent them to witness the Reverse Auction. However, Tender Committee members would sign the proceedings afterwards.

20.6.13 After completion of online event of Reverse Auction within 48 hrs, the bidders would re-submit breakup of their final quoted evaluated price as per relevant appendix of sample calculation sheet so as to enable BEL to award the purchase order/contract. Bids of those bidders who fail to provide cost break-up sheet or adhere to prices quoted during the online event will be rejected. However, in such case of break up, the prices of any of the items shall not be increased above the prices submitted in SRM.

20.6.14 In case of no response from any bidder in reverse auction, the original evaluated L-1 price will be considered for further action.

20.6.15 The case shall be processed further for award or otherwise based on L-1 prices received at the end of Reverse Auction. Price reasonability will still need to be established even though the bidding process is through Reverse Auction and BEL will reserve the right to negotiate with L-1 bidder as per Guidelines.

20.6.16 The Reverse Auction shall be implemented first on pilot scale and based on the practicality, outcome and benefits, respective Purchase Groups can decide for future Reverse Auctions.

20.6.17 The due date and time for price bid opening and conducting the event of Reverse Auction should be intimated well in advance to the bidders, through the System.

CHAPTER 21
START-UPS

CHAPTER 21

21.1 START UPS

Start-Ups will be decided based on the conditions stipulated in notification No. 113 dated 18/02/2016/G.S.R180(E) issued by Dept of Industrial Policy & Promotion , Ministry of Commerce and Industry (Refer Annexure – 22).

21.2 Areas of engagement with start-ups may be identified and publicized through BEL website.

21.3 The following eligibility criteria may be relaxed subject to meeting performance and quality requirements for Start-ups to encourage their participation in BEL procurement:

- a) Prior Turnover
- b) Prior Experience

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CHAPTER 22
GLOSSARY

CHAPTER 22

GLOSSARY

ABBREVIATION	DESCRIPTION
AESO	Advance Equipment Stock Order
AIR	Assembly Inspection Report
AMC	Annual Maintenance Contract
ATE	Automatic Test Equipment
ATP	Aceptance Test Procedure
AVD	Approved Vendor Directory
AWB	Air Way Bill
B/L	Bill of Lading
BG	Bangalore Complex
BOE	Bill Of Entry
BOM	Bill of Materials
C D&E	Central Development & Engineering
CFR	Cost and Freight
CIF	Cost, Insurance and Freight(named port of destination)
CIP	Carriage & Insurance Paid To
CMS/CMO	Chief of Medical Services / Chief Medical officer
COC	Certificate of Conformance
CoD	Cash on Delivery
CPT	Carriage Paid To
CRL	Central Research Laboratory
CST	Central Sales Tax
CVC	Central Vigilance Commission
D&E	Development & Engineering
DAP	Delivered at Place
DAT	Delivered at Terminal
DDP/DTP	Delivered Duty Paid
DGFT	Director General, Foreign Trade

ABBREVIATION	DESCRIPTION
DGS&D	Directorate General of Supplies & Disposals
DOT	Department of Telecommunication
DRDO	Defence Research and Development Organization
ECS	Electronic clearing system
ED	Excise Duty
EDI	Electronic Data Interchange
EOI	Expression of Interest
ERP	Enterprise Resource Planning
EXW	Ex-works (named place)
FAS	Free Alongside Ship
FCA	Free Carrier
FLM	File Lifecycle Management
FOB	Free onBoard
GR	Goods Receipt
GST	Goods and Services Tax
HOD	Head of Department
HR	Human Resource
HSS	High Sea Sales
IED	Industrial Engineering Department
IG	Inward Goods
IPL	Initial Part List
IT	Information Technology
LC	Letter of Credit
LD	Liquidated damages
LT	Limited Tender
LTA	Long Term Agreement
MM	Material Management
MoD	Ministry of Defence
MOQ	Minimum Order Quantity
MoU	Memorandum of Understanding
MOV	Minimum Order Value

ABBREVIATION	DESCRIPTION
MPN	Manufacturer Part Number
MRP	Material Requirement Planning
MS	Management Services
MSE	Micro & Small Enterprises
MSME	Micro, Small & Medium Enterprises
NYRO	New York Regional office
OEM	Original Equipment Manufacturer
PBG	Performance Bank Guarantee
PDIC	Product Development and Innovation Center
PNC	Price Negotiation Committee
PO	Purchase Order
PR	Purchase Requisition
QA	Quality Assurance
RFQ	Request for Quote
RL	Reel
RMA	Return Material Authorization
ROL	Roll
SBU	Strategic Business Unit
SCO	Sub-Contract Order
SCR	Sub-Contract Requisition
SDOP	Sub Delegation of Powers
SIRO	Singapore Regional Office
SRM	Supplier Relationship Management
ST	Sales Tax / Single Tender
STP0	Stock Transport Purchase order
STPR	Stock Transport Purchase Requisition
TCO	Total Cost of Ownership
ToT	Transfer of Technology
VAT	Value Added Tax
WBS	WorkBreakdown Structure

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ANNEXURES - 1 to 28

STANDARD TERMS & CONDITIONS (INLAND ENQUIRY)

1. The quotations and any order resulting from this Enquiry shall be governed by BEL's conditions of contract and the supplier quoting against this Enquiry shall be deemed to have read and understood the same.
2. Where counter Terms and Conditions of business have been offered by the supplier, we shall not be deemed to be governed by those unless BEL's specific written acceptance there-of has been given.
3. No Conditions and Terms, notice of which has not been given by the supplier while submitting quotations, will be considered by BEL, if put forward in subsequent correspondence.

4. Quotations:

The vendors should quote their minimum price. Negotiations, if any, will be held with L1 only in select cases, if necessary.

e-Procurement : The supplier shall submit their offer in the e-Procurement portal. Any additional information can be attached in the notes and documents section.

Non e-Procurement:

The suppliers should submit their offer against this Enquiry. Additional information if any, should be furnished by the suppliers in a covering letter. The quotation should be sent in a sealed envelope indicating there on Enquiry / Tender no. and closing date and the same must reach BEL's office on or before the closing date. The late quotations will not be considered. Fax / e-mail offers are also acceptable. Against each enquiry / tender in case of two bid system, Techno-commercial and price bids should be submitted simultaneously, in separately identifiable sealed covers, both put in another envelope, giving reference to RFQ.

The vendors / authorised representatives who wish to be present during the tender opening are welcome to be present in cases other than e-tendering.

5. Specifications:

- a) Materials should be offered strictly conforming to BEL's specifications. The deviations in specifications, if any, should be clearly indicated by supplier in their quotation. The supplier should also indicate Make / Type Number of the materials offered and catalogues, technical literature and samples, wherever necessary, should be forwarded by the supplier.
- b) Please indicate IDR License number and date under which you are licensed to manufacture the Machinery/Equipment offered by you. If not, indicate precisely from whom you propose to procure the equipment and what arrangements are proposed for assembly and supply.
- c) All items should conform to Government/statutory regulations with regard to Safety, handling & environment as applicable.
- d) If the firm comes under MSME, the vendor may upload the credentials in <http://webportal.bel.co.in/supplier-payinfo/msmereg>
- e) Please mention the details, if you are a certified company under Quality system standards ISO 9000 and Environmental Management system standard ISO 14001.
- f) If the items are approved under LCSO, JSS etc., the details with validity shall be indicated.

6. Terms of Price:

Quotation should be submitted on 'F.O.R. ----- 'or' F.O.R. BEL factory basis. The prices should be firm and not subject to alteration on any account.

7. Validity:

The quotation must remain valid for a minimum period of 90 days from the closing date.

8. Extras:

For Quotations Ex. Works/Ex-Godown/F.O.R dispatching station, the total packed weight of material should be indicated by the supplier to enable BEL to calculate the freight charges on materials up to factory. For quotations Ex-Works/Ex-Godown, the approximate packing and Forwarding charges, should also be indicated by the Supplier.

9. Sales Tax:

No sales tax or any other tax will be payable by BEL unless payment of same is specifically stipulated by the supplier in their quotation and the same is legally leviable. Central Sales Tax will be payable at the concessional rates against Form 'C' on materials covered under BEL's Central Sales Tax Registration No.CST. 10050292 dt. 2.7.1957. Local taxes will be payable as applicable.

10. Insurance:

The supplier shall be responsible and should cover the Insurance for all transit risks of the materials to be supplied against their quotations 'F.O.R Bangalore' and 'F.O.R. BEL's Factory unless otherwise stated specifically by the supplier in their quotation. The Insurance of materials against quotations "Ex-works / Ex-Godown / F.O.R. dispatching station" will be arranged by BEL.

11. Delivery Date:

The supplier must indicate the firm delivery date by which the materials will be dispatched by them from the date of receipt of BEL's order. Should the supplier fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, BEL shall be entitled at their option:

- a) To recover from the supplier agreed liquidated damages, and not by way of penalty of sum of 0.5% (2.5% in case of purchase orders placed on time preference basis) of the value of any stores not supplied in time for each week of delay or part of a week with a ceiling of 10% (25% in case of purchase orders placed on time preference basis) , or
- b) To purchase elsewhere, at the risk and cost of the supplier, the stores not delivered, or.
- c) To cancel the Purchase Order.

In the event of action being taken under b) & c) the supplier shall be liable for any loss which BEL may sustain but the supplier shall not be entitled to any gain on repurchase made against default.

12. Guarantee:

Any material / equipment supplied should be free from any defects arising from faulty material, design or workmanship and should be guaranteed for quality / satisfactory performance for a minimum period of 12 calendar months (or as specified) from the date of receipt and acceptance of materials / satisfactory installation and commissioning or 15 months (or as specified) from the date of despatch. During this guarantee period, if any defects develop arising from faulty material, design or workmanship, the supplier shall remedy such defects at his own cost. If it becomes necessary, the supplier should replace any defective portion of the goods or replace the material / equipment as a whole.

13. Inspection:

Material on its arrival at BEL's factory / site will be inspected by BEL's Inspection Department and their decision in the matter will be considered final and Copy of Inspection Report will be forwarded to the supplier in case of rejections. The rejected materials will be returned to the supplier for replacement and all charges on same will have to be borne by the supplier. The pre-despatch inspection can be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorized for self inspection. Payment of pre-despatch inspection charges will be as mutually agreed.

14. Payment:

The payment will be made against supplier's bills by Account Payee crossed cheque / through ECS / EFT only for accepted materials (as per finalised ICRR / GR) within 30 days from the date of receipt of material or submission of bills whichever is later. Normally no request for Advance Payment is entertained. All Units/SBUs shall negotiate and avoid Advance payment clause for any Purchase Order. However, where Advance Payment is considered in select cases, the same may be allowed as per BEL terms, subject to furnishing Bank Guarantee from a scheduled commercial Bank (other than Cooperative Bank) for an amount equal to 110% of the advance released or the advance released plus estimated interest amount on the advance (calculated at the SBI PLR rate) for the period of advance likely to remain with the Supplier, whichever is higher.

Penal Interest:

If the payment terms involves grant of advance, then penal interest (equivalent to 2% above the prevailing SBI PLR rate) on advance will be charged in cases where the supplier is unable to execute the order for whatever reason resulting in cancellation / short-closure of the order / delay in supplies. The delayed period will be calculated with reference to scheduled date of supplies / completion of milestones as per the purchase order.

15. Evaluation of "L1"

Cost to BEL and compliances to RFQ, conditions like delivery requirements, packing, etc. would be the basis while evaluating L1. Payment terms including advances, if any, will be considered while working out cost to BEL.

16. Certificate of Conformance / Test reports shall be sent for each item along with the consignment.

17. Packing instructions as mentioned in BEL's Corporate Standards / Drawings to be complied.

18. In case of shelf life items, please indicate the same.

19. BEL reserves the right to accept or reject any quotation or part of the quotation without assigning any reasons. BEL reserves the right of ordering part quantities without assigning reasons and the supplier shall supply the ordered quantity at accepted rates.

20. BEL may exercise an option of placing repeat order for a maximum quantity up to 120% of the original order quantity within 18 months from the date of original order at the same terms and conditions of the original order.

21. Price Preference to Central Public Sector Undertakings / Small Scale Sector / Others will be applicable as per the Government order in force.

22. Vendors are liable for de-registration / suspension / banning from the business as per the rules of the company in force.

23. The tendered rate against each item indicated in the RFQ should be indicated both in words and figures. In case of any clerical error between the rates indicated in figures and word, the rates quoted in words would prevail. If there is any inconsistency between the rate and the value extended (after multiplication with the tender quantity), the rate quoted shall be taken to prevail.

24. Purchase Preference to Micro, Small Enterprise (MSE) :

As per the government guidelines 20% of the order shall be placed on eligible MSE. Non-MSE "L1" vendor shall agree to accept the order for 80% of RFQ quantity. If the firm is MSME and not yet registered the credential with BEL, please visit URL : <http://webportal.bel.co.in/supplier-payinfo/msmereg> and upload your MSME credential.

Following process will be adopted to place order on MSE under purchase preference for MSE :

If following conditions are met :

- a) L1 vendor is Non MSE
- b) Vendor(s) other than L1 is / are MSE
- c) Price quoted by MSE vendor is with L1+15% of L1
- d) Purchase preference : 20% of the order quantity will be ordered on MSE vendor matches the L1 price. If 20% of the order quantity is fractional, the lower whole number will be considered.

- e) If MSE vendor do not accept the quantity on L1 price, 100% order will be placed on L1 vendor. If more than one MSEs are in range of L1+15%, all such MSEs will be given an opportunity and quantity will be shared proportionately(subject to order quantity being adequate for this purpose)

25. Integrity Pact and Bank Guarantee:

The supplier at their own cost is required to sign the integrity Pact with BEL and provide Bank Guarantee for an amount as per BEL purchase policy based on the intimation given by the Purchase department. Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by purchase department.

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STANDARD TERMS & CONDITIONS (FOREIGN ENQUIRY)

1. The quotations and any order resulting from this Enquiry shall be governed by BEL's conditions of contract and the supplier quoting against this Enquiry shall be deemed to have read and understood the same.
2. Where counter Terms and Conditions of business have been offered by the supplier, we shall not be deemed to be governed by those unless BEL's specific written acceptance thereof has been given.
3. No Conditions and Terms, notice of which has not been given by the supplier while submitting quotations, will be considered by BEL, if put forward in subsequent correspondence.

4. Quotations:

The vendors should quote their minimum price. Negotiations, if any, will be held with L1 only in select cases, if necessary.

e-Procurement : The supplier shall submit their offer in the e-Procurement portal. Any additional information can be attached in the notes and documents section.

Non e-Procurement:

The suppliers should submit their offer against this Enquiry. Additional information, if any, should be furnished by the suppliers in a covering letter. The quotation should be sent in a sealed envelope indicating there on Enquiry / Tender no. and closing date and the same must reach BEL's office on or before the closing date. The late quotations will not be considered. Fax / e-mail offers are acceptable. Against each enquiry / tender. in case of two bid system, Techno-commercial and price bids should be submitted simultaneously, in separately identifiable sealed covers, both put in another envelope, giving reference to RFQ.

The vendors / authorised representatives who wish to be present during the tender opening are welcome to be present in cases other than e-tendering.

5. Specifications:

- a) Materials should be offered strictly conforming to BEL's specifications. The deviations in specifications, if any, should be clearly indicated by supplier in their quotation. The supplier should also indicate Make/Type Number of the materials offered and catalogues, technical literature and samples, wherever necessary, should be forwarded by the supplier.
- b) All items should conform to Government/statutory regulations with regard to Safety, handling & environment as applicable.
- c) Please mention the details, if you are a certified company under Quality System Standards ISO 9000 and Environmental Management System Standards ISO 14001.

6. Certificate of Compliance:

For Electronics components, certificate of compliance / test certificate should be sent by the supplier for each item along with the consignment.

7. Terms of Price:

- a) Quotation should be submitted on `F.O.B/F.C.A Inco-terms 2000, basis indicating the Air or Sea port of shipment. The prices should be firm and not subject to alteration on any account.
- b) For Ex-Works Quotation, Packing and F.O.B charges inclusive of Inland freight charges should be indicated by the supplier in their quotation.

- c) The net weight and gross weight of the materials should be indicated by the supplier.

8. Validity:

The quotation must remain valid for a minimum period of 60 days from the closing date.

9. Shipping Instructions:

- a) Sea-Freight: Consignment should be shipped through BEL's Forwarding and shipping agents whose names will be indicated in BEL's Purchase order, and actual sea freight charges will be payable by BEL in Rupees in India.
- b) Air-Freight: Consignment of Electronic items including Electronic Equipments should be dispatched to Airport through BEL's forwarding agents, whose names will be indicated in BEL's Purchase Order.
- c) Airmail Post Parcel: All small parcels weighing upto 10 Kgs (except hazardous materials) should be dispatched by Registered Airmail Post Parcel and the Postal charges should be prepaid by the supplier and included in their invoice.

10. Insurance:

The Insurance will be covered against BEL's open Policy on receipt of declaration letter regarding C & F value of the consignment from the supplier and the Insurance premium charges will be paid by BEL in Rupees in India.

11. Delivery Date:

The supplier must indicate the firm delivery date by which the materials will be dispatched by them from the date of receipt of BEL's order. Should the supplier fail to deliver the stores or any consignment thereof within the period prescribed for such delivery, BEL shall be entitled at their option:

- a) To recover from the supplier agreed liquidated damages, and not by way of penalty of sum of 0.5% (2.5% in case of purchase orders placed on time preference basis) of the value of any stores not supplied in time for each week of delay or part of a week with a ceiling of 10% (25% in case of purchase orders placed on time preference basis) , or
- b) To purchase elsewhere, at the risk and cost of the supplier, the stores not delivered, or.
- c) to cancel the Purchase Order.

In the event of action being taken under b) & c) the supplier shall be liable for any loss which BEL may sustain but the supplier shall not be entitled to any gain on repurchase made against default.

12. Inspection:

Material on its arrival at BEL's factory / site will be inspected by BEL's Inspection Department and their decision in the matter will be considered final and Copy of Inspection Report will be forwarded to the supplier in case of rejections. The rejected materials will be returned to the supplier for replacement and all charges on same will have to be borne by the supplier. The pre-despatch inspection can be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorised for self inspection. Payment of pre-despatch inspection charges will be as mutually agreed.

13. Payment:

The payment will be made on presentation of shipping documents through BEL's bankers, mentioned in BEL's Purchase Order either on Sight Draft basis or under Letter of Credit through a Foreign Bank.

In case of LC confirmation, the cost of confirmation shall be borne by the supplier. Normally no request for Advance Payment is entertained. However, where Advance Payment is considered in select cases, the same may be allowed as per BEL terms, subject to furnishing Bank Guarantee from a first class Bank (verified by State Bank of India) for an amount equal to 110% of the advance released or the advance released plus estimated interest amount on the advance (calculated at the SBI PLR rate) for the period of advance likely to remain with the Supplier, whichever is higher. Release of advance will be subject to the prevailing RBI guide lines.

Penal Interest:

If the payment terms involves grant of advance, then penal interest (equivalent to 2% above the prevailing SBI PLR rate) on advance will be charged in cases where the supplier is unable to execute the order for whatever reason resulting in cancellation / short-closure of the order / delay in supplies. The delayed period will be calculated with reference to scheduled date of supplies / completion of milestones as per the purchase order.

14 Evaluation of L1

Cost to BEL and compliance to RFQ conditions like delivery requirements, packing, etc. would be the basis while evaluating L1. Payment terms including advances, if any, will be considered while working out cost to BEL.

15. Phytosanitary Certificate:

The Wood packaging material including dunnage used in packing of the article is to be appropriately treated as per ISPM -15 and a Phytosanitary Certificate to be attached to the shipping documents.

16. Packing instructions as mentioned in BEL's Corporate Standards / Drawings to be complied.

- 17.** In case of shelf life items, please indicate the same.
- 18.** BEL reserves the right to accept or reject any quotation or part of the quotation without assigning any reasons. BEL reserves the right of ordering part quantities without assigning reasons and the supplier shall supply the ordered quantity at accepted rates.
- 19.** BEL may exercise an option of placing repeat order for a maximum quantity up to 120% of the original order quantity within 18 months from the date of original order at the same terms and conditions of the original order.
- 20.** Price Preference to Central Public Sector Undertakings / Small Scale Sector / Others will be applicable as per the Government order in force
- 21.** Vendors are liable for de-registration / suspension / banning from the business as per the rules of the company in force.
- 22.** The tendered rate against each item indicated in the RFQ should be indicated both in words and figures. In case of any clerical error between the rates indicated in figures and word, the rates quoted in words would prevail. If there is any inconsistency between the rate and the value extended (after multiplication with the tender quantity), the rate quoted shall be taken to prevail.
- 23. Purchase Preference to Indian Micro, Small Enterprise (MSE) :**

As per the government guidelines 20% of the order shall be placed on eligible MSE. Non-MSE "L1" vendor shall agree to accept the order for 80% of RFQ quantity. If the firm is MSME and not yet registered the credential with BEL, please visit URL : <http://webportal.bel.co.in/supplier-payinfo/msmereg> and upload your MSME credential.

Following process will be adopted to place order on MSE under purchase preference for MSE :

If following conditions are met :

- a) L1 vendor is Non MSE
- b) Vendor(s) other than L1 is / are MSE
- c) Price quoted by MSE vendor is with L1+15% of L1
- d) Purchase preference : 20% of the order quantity will be ordered on MSE vendor matches the L1 price. If 20% of the order quantity is fractional, the lower whole number will be considered.
- e) If MSE vendor do not accept the quantity on L1 price, 100% order will be placed on L1 vendor. If more than one MSEs are in range of L1+15%, all such MSEs will be given an opportunity and quantity will be shared proportionately(subject to order quantity being adequate for this purpose)

24. Integrity Pact and Bank Guarantee:

The supplier at their own cost is required to sign the integrity Pact with BEL and provide Bank Guarantee for an amount as per BEL purchase policy based on the intimation given by the Purchase department. Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by purchase department.

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STANDARD FORMAT FOR PURCHASE PROPOSALS SENT TO PROCUREMENT COMMITTEE OF DIRECTORS

Standard Format for Purchase Proposals:

BHARAT ELECTRONICS LTD

PR No and Date:	
CATEGORY OF ITEMS	PRODUCTION/NON-PRODUCTION/CAPITAL
MODE OF TENDER:	OPEN-TENDER/RESTRICTED TENDER/LT/ST/REPEAT ORDER/ANY OTHER ST CATEGORY (ST-PROPRIETARY/ST-CUSTOMER SPECIFIED/ST-RECOMMENDED BY DESIGNER/ST-CONTRACTUAL OBLIGATION)
CUSTOMER	DEFENCE / CIVIL / EXPORT
PROJECT NAME:	
RECOMMENDED VENDORS NAME	
DESCRIPTION OF ITEMS/PART Nos.	
VALUE OF ORDER	
APPROVING AUTHORITY	

1. Preamble:

Under this head brief details of the Project for which the present procurement proposal is put up is required to be given. Following details are to be covered in the write up:

- a. Date of receipt of the Customer Order and value.
- b. Exchange rate variation clause whether available or not in the Customer Order
- c. Project completion schedule.
- d. If it is against Advance ESO, details of the same.
- e. If it is a Capital item details of management sanction obtained.

A

2. Proposal:

Under this head following information to be given:

- a. Description of the items to be procured
- b. Number of items
- c. Unit rate
- d. Total value
- e. Whether an Open Tender/Limited Tender/Restricted Tender /Single Tender/ Resultant ST.

3. Selection of Vendor:

Under this head following information to be given:

a. If it is a Multi Vendor case a brief detail of selection procedure to be given. For this purpose following records need to be placed in the file:

- i) The Comparative statement clearly showing L1 and duly signed by Purchase and Finance representatives as per the purchase procedure.
- ii) The Vendors quotations
- iii) The supporting documents to show how the enquiry was sent to the Vendors:

In all cases, if PNC is conducted, the terms and conditions of the PNC should be mentioned clearly.

b. If it is a Single Vendor case, reason for Single Vendor i.e

- i) If it is a Customer requirement same to be mentioned and a copy of the Customer indent in support of this to be placed in the file.
- ii) If the Vendor is selected by Design Agency/ Contracted obligation (TOT agreement) same is to be mentioned with supporting documents in this regard.
- iii) If the Vendor is selected by BEL-D&E, the procedure followed by D&E in identifying the Single Vendor.
- iv) If it is because of any other reason the same needs to be justified in detail.

A

4. Finalisation of Price, Terms and Conditions:

Under this head details of price finalization procedure is to be given. If price is finalized in PNC the terms and conditions of the PNC should be mentioned clearly. After PNC following information to be given:

- a. Quoted price
- b. Final negotiated price. A Comparison of the negotiated price of the item as per Customer Order should be given in an Annexure to the proposal - not on the face of the proposal.
- c. Payment Terms: (Advance payment should be avoided.) In case of Capital procurement, some amount should be retained towards installation and commissioning.
- d. Delivery Schedule:
- e. Liquidated Damages:
- f. Warranty: and PBG clause:
- g. Whether CDEC to be provided by BEL
- h. Mode of Transport.
- i. Any other issues having financial implication like Repeat Order clause, Product support etc.

It should be ensured that better payment terms, delivery schedule, and Warranty should match with the Customer Order terms. Deviation of Purchase procedure conditions needs to be avoided. If required deviation should be justified.

5. Price Justification:

Price needs to be justified if it is Single Vendor/Resultant Single Vendor procurement. Price justification should be given as per DF's circular dt. 9th January 2012 which is reproduced below:

In case procurement is based on single tender, justification of price is an important criterion and is to be supported by facts and figures. Obtaining reduction during PNC over quoted price is not considered as reasonable price. Also mere statement of SBU /Unit procurement committee that the price is reasonable is also not acceptable. Justification is to be based on comparison with previous procurement, information available with design agencies or technically evaluated price, price of other suppliers for similar products if they are not considered for tendering or any other analysis to support the price recommendation.

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Where the proposal requires approval of Procurement Committee of Directors, Unit Level Procurement Committee recommendation is required.

6. Approval:

Specific approval required to be sought for the proposal and approving authority as per SDOP to be mentioned.



GENERAL PURCHASE PROPOSAL FORMAT

PR No & Date		Category of item	
Indentor Indent No		Mode of Transport	
Project name		OEM	
Material P/n		Lead Time	
Description		Delivery date:	
WBS Element / Sale Order		Requirement date:	
Mode of Tender	LT / ST etc	Approving authority	

Sl.No.	BEL P/n	Descripti on	PR Qty No's	Qtd Qty/ MO Q	Uni t Rat e	Unit price after Disco unt	Exces s Qty Due to MOQ (Nos)	Excess value Due to MOQ (Curr)	Total Value (Curr)	Previous PO	Previous Procuremen t	
										DATE	Qty No' s	Unit Price
Total Value												

Procurement Details: Table - 1

- No of suppliers RFQ sent to:
- RFQ floated no:-
- No of suppliers responded:.
- Comparative statement :
- Vendor (based on Total value):
- Quoted Unit price :
- Negotiation details:
- PO value in Quoted Currency:
- PO value in INR:
- Payment Terms:-
- Additional Amount due to MOQ :
- Warranty
- Taxes

• **Additional Remarks if any:**

- Single Source Justification (if)
- Price Justification (If)

Based on the above Purchase Order have been prepared and kept in the file for Finance admittance and approval. Management approval is requested for the above proposal.

(Initiator)

(Int Ph No)

(Approving Authorities)

BHARAT ELECTRONICS LTD,(SBU/UNIT)



SUPPLIER REGISTRATION PROFORMA

1 A Company:

Name: _____
 Address of Head Office/Registered Office: _____
 Address of Sales Office/Offices (if more than one): _____
 Name of CEO: _____
 SSI/PSU/Proprietary/Partnership/Others: _____
 Nature of Business: OEM/Distributor/Stockists: _____
 Name of companies Represented: _____

B Contact details of Head Office/Registered Office:

Contact Person: _____
 Telephone: _____
 Mobile No.: _____
 FAX: _____
 e-mail: _____
 WEB Site: _____

C Contact details of Sales Office:

Contact Person: _____
 Telephone: _____
 FAX: _____
 e-mail: _____
 WEB Site: _____

D Company Related:

Date of Establishment of Company: _____
 Old Name of Company if any (Detail): _____
 No of Employees: _____

E R&D Lab/ Collaboration with any R&D Centre:

Field of Specialization if any: _____

F Registration Details for:

Central Sales Tax: _____
 VAT: _____
 TIN: _____
 PAN: _____
 Service Tax Registration No: _____
 Central Excise No: _____

G Equity Invested in Rs

H Turn Over In Last Three Financial Years:

In Financial Year (20.....): _____
 In Financial Year (20.....): _____
 In Financial Year (20.....): _____

PURCHASE PROCEDURE



Name & Address of the Bank

Bank A/c No.

2 A Company's Mission & Vision:

B Quality Accreditations (like ISO, Business Excellence/Awards received etc):

3 A Products Handled (Components/Electro-mechanical subsystems/Systems/Power Supply/Microwave/Electrical etc)(Attach Product Brochure):

B Categories of Products (PI tick at the enclosed list):

4 Name some of your Customers (CIVIL/Defence) and their registration Certificates:

**5 If OEM:
Details of Distributor**

Details of franchise/Channel Partner

Details of Retailers

**6 IF Foreign Supplier:
Details of Sales Office in India**

7 Dedicated Service Centre/Repair Facility if applicable:

Address:

Contact Person:

Telephone:

FAX:

E-mail:

8 Any other areas not covered:

Send the filled up form to: Head Purchase, BEL.....

or e-mail to

or Fax on

Signature(supplier):

Name:

Date:

STANDARD TERMS, CONDITIONS & INSTRUCTIONS TO PURCHASE ORDER (Inland)

1. Acknowledgement:

An acknowledgement of this Purchase Order should be sent to BEL by the supplier confirming their agreement regarding specifications, quantity, prices, terms of payment and delivery schedule as indicated in BEL's Purchase Order, within 3 days of its receipt by the supplier. If no confirmation is received from Supplier within 7 days from the date of despatch of the Purchase Order, it shall be presumed that the terms and conditions of the Purchase Order are acceptable to the Supplier.

2. Price:

The price indicated in the Purchase Order is firm and not subject to alteration on any account unless specified otherwise in the terms and conditions of Purchase Order.

2.1 BEL may exercise an option of placing repeat order for a maximum quantity upto 120% of the original order quantity within 18 months from the date of original order at the same terms and conditions of the original order.

3. Delivery Schedule:

Time is the essence of contract and the materials against this Purchase Order must be delivered by the supplier according to the delivery schedule indicated in the Purchase Order. In case of any change, the supplier should inform BEL in advance and obtain the approval for the revised delivery schedule. Should the supplier fail to deliver the materials or part thereof as per the agreed delivery schedule, BEL shall be entitled at BEL's option either to recover from the supplier as agreed, liquidated damages a sum equivalent to 0.5% (2.5% in case of purchase orders placed on time preference basis) of the value of materials not supplied in time for every week's delay or part thereof subject to maximum of

10% (25% in case of purchase orders placed on time preference basis) or to cancel the Order and purchase materials elsewhere at the risk and cost of the supplier.

LD Charges as applicable shall be deducted for the delayed period of delivery without communication to the supplier unless communication is received from the supplier / Purchase Department for not deducting the LD charges with due justification for the delay on the account of BEL supported with Purchase Order amendment.

4. Packing:

The supplier will be held responsible for the stores being securely and properly packed for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or damage on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the supplier. Packing shall allow for easy removal and checking on site and comply with carrier's conditions of packing or established trade practices. Material should be securely packed by the supplier and a copy of packing note should be placed just below the lid of the package. In case one consolidated Packing Note is prepared for materials packed in more than one package, copies of same should be placed in all packages with a tick mark against the items packed in that particular package. The package should bear sender's and BEL's full name and address on one side and BEL's Purchase Order number, case markings, gross weight etc., on the other side. If items are packed, clubbing various orders, package for each item shall have BEL's Purchase Order no, and your invoice no, date & Qty.

The supplier shall not use non-biodegradable plastics for packing. The supplier shall ensure adherence to phytosanitation certification if applicable. The supplier shall ensure marking on the consignment relevant instructions for storage and handling of Acids, Alkalies, Medicines like Pethidine Injection, PCB Laminates, Items requiring cold storage condition etc. The supplier shall provide appropriate MSDS for such items as deemed necessary.

5. Despatch of Materials:

a) Ex. Works/Ex-Godown/F.O.R dispatching station: All materials must be consigned directly to the destination specified in the Purchase Order and not on 'self' basis.

Materials by goods / passenger train should be booked to the destination specified in the Purchase Order. Materials despatched by Lorry Service should be sent through BEL approved Transport Carrier as specified in the Purchase Order on door delivery basis to the destination specified, indicating clearly Purchase Order Number. Supply quantity shall not exceed the ordered quantity unless otherwise specified in the Purchase Order.

b) F.O.R. Destination: The freight charges for material up to destination in respect of Purchase Orders placed against quotations on 'F.O.R. Destination' basis will be borne by the supplier and the consignments will be sent 'freight pre-paid' door delivery basis. In case, consignments are booked on 'freight to pay' basis, freight charges incurred by BEL will be recovered from the supplier's bill.

c) Despatch documents

Despatch documents viz. Railway Receipt / Parcel Way Bill / Lorry Receipt / Airway Bill, 2 copies of Delivery Challan and Packing Notes, should be posted to in-charge Stores Department of respective SBU / Unit as specified in Purchase Order, along with the original bills (Duplicate / Transporter copy shall accompany the consignment) by the supplier immediately after despatch of materials, so as to reach sufficiently in advance of the arrival of the materials, failing which demurrage charges, if any, incurred by BEL will be recovered from the supplier's bills. One copy of the bill should be sent to Manager Purchase concerned Unit /SBU directly. Since the air consignments are received much earlier than the documents, it is requested that the same must be booked directly to Bharat Electronics Limited and on 'Self' basis. Further the consignee copy of Air Way Bill should be delivered to the concerned Airlines along with the consignment, so that we can take delivery of same immediately on its arrival. This will not affect in any way the payment through Bank, wherever the same has been agreed to by BEL. In case this is not adhered to by the Supplier, the storage charges incurred by BEL will be debited to them. The supplier's Sales Tax / Central Sales Tax No. and date as well as concerned BEL Unit's Sales Tax No., date, TIN No., and Central Sales Tax No, and date must be indicated by the supplier in their Delivery Challan and Bill. The Sales Tax declaration forms will be issued wherever necessary after receipt and acceptance of materials and payment made.

6. Insurance:

For Purchase Orders placed against quotations on 'F.O.R. destination' basis the supplier shall be responsible for shortages / damages during transit and as such the consignments may be insured by him at his option and cost. For all other orders, necessary particulars of despatch must be intimated to BEL by the supplier immediately for arranging insurance, failing which the supplier shall be held liable for shortages / damages, if any, during transit. If the value of a single consignment exceeds Rs.One Crore (or as per the terms of the Insurance Policy), prior insurance declaration should be sent by telegram / e-mail / fax to the insurance company (Name and details of the Insurer to be furnished by BEL).

7. Inspection:

Material on its arrival at BEL / site will be inspected by the Inspection Department and their decision in the matter will be final and Copy of Inspection Report will be forwarded to the supplier in case of rejections. The pre-despatch inspections, if any, as agreed will be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorized for self inspection. Payment towards pre-despatch inspection charges will be as mutually agreed upon.

The delay in offering the sample for inspection prior to bulk supply or delay in communicating for the pre-dispatch inspection shall amount to delayed delivery and LD charge shall be applicable.

Rejected Materials: The rejected materials will be returned to the supplier for replacement and all charges on same will have to be borne by the supplier. The rejected material, if not collected, will lie in BEL's factory premises at the risk and cost of the supplier, pending receipt of disposal instructions from him. If so desired by the supplier, the rejected materials, for which no payment has been made by BEL against documents, may be packed and returned to the supplier for arranging replacement /rectification on 'freight to pay' basis at his cost and risk and the dispatch documents will be forwarded to the supplier directly by BEL's Manager Stores to enable him to arrange Insurance and take delivery of same. Whenever payment has already been made by BEL to the supplier against despatch documents, the rejected material will be returned to the supplier against

refund of amount already paid by BEL. In such cases, the despatch document for the returned materials along with a Debit Note for the amount already paid will be negotiated through BEL's designated Bank by BEL's Accounts Officer (Bills Payable). The supplier shall, therefore, retire the documents and thus arrange refund of payment already received by them for rejected materials sent back to them, for replacement /rectification. The packing, freight charges etc., on replacement of returned materials shall be borne by the supplier irrespective of the terms in the Purchase Order, since such charges were already incurred and borne by BEL on the original consignment, rejected and returned to the supplier. In case the rejected materials are not required to be replaced, freight, Insurance charges etc., incurred by BEL on the original consignment shall be recovered from the supplier's bill.

8. Guarantee:

Any material / equipment supplied should be free from any defects arising from faulty material, design, workmanship or manufacturing defects and should be guaranteed for quality / satisfactory performance for a minimum period of 12calendar months (or as specified) from the date of receipt and acceptance of materials / satisfactory installation and commissioning or 15 months (or as specified) from the date of despatch. During this guarantee period, if any defects develop arising from faulty material, design, workmanship or manufacturing defects the supplier shall remedy such defects at his own cost. If it becomes necessary, the supplier should replace any defective portion of the goods or replace the material /equipment as a whole.

9. Payment:

- a) Bills, in original along with duplicate copy, in respect of supplies made by the supplier quoting BEL's Purchase Order and date should be forwarded by the supplier directly to Manager Stores and the triplicate copy of bill should be sent to Manager Purchase for information. The bills should be accompanied by despatch documents for supplies from out station and in case of local deliveries the same should be submitted along with a copy of Delivery Challan, duly signed by Manager Stores for having received the material. Unless expressly agreed to by BEL in the Purchase Order or subsequent amendment issued in writing, payment will not be made by BEL for any kind of taxes, like Sales Tax, Turnover Tax, Excise, Octroi etc. Other charges like forwarding, freight prepaid

by the supplier etc., wherever admissible should be substantiated by the supplier by submitting original vouchers along with their bill.

- b)** The supplier may avail Bill Discounting Facility offered by various banks and forward their bills to BEL through bank for delivering same to BEL without payment. In such cases the payment of the bill will be made by BEL to the concerned bank through which the bill has been received by BEL.
- c)** The payment will be made against supplier's bills by Account Payee crossed cheque / through ECS / EFT only for accepted materials within 30 days from the date of receipt of material or submission of bills whichever is later or as agreed upon.
- d)** Supplier shall ensure submission of bank account details along with PAN Card Copy and Original Cancelled Cheque for processing Payment through ECS, immediately on acknowledgment of Purchase Order.
- e)** The supplier may check the payment status in "www.bel-india.com ", under vendor payment info. The vendor payment details can be access as follows:
 - (i) Click 'Vendor payment information'.
 - (ii) Enter 'Vendor Code' (as printed on the P.O)
 - (iii) Enter 'User ID' (Vendor Code as in the P.O)
 - (iv) Enter 'Password' (Vendor Code in the small case).

10. **Force Majeure:**

Force Majeure means an event beyond the control of the supplier and not involving the supplier's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, and freight embargoes. If there is delay in performance or other failures by the supplier to perform its obligation under its contract due to event of a Force Majeure, the supplier shall not be held

responsible for such delays / failures. If a Force Majeure situation arises, the supplier shall promptly notify the purchaser in writing of such conditions and the cause thereof within twenty-one days of occurrence of such event. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the performance in whole or in part or any obligation under this contract is prevented or delayed by any reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side. There may be a Force Majeure situation affecting the purchase organization only. In such a situation the purchase organization is to take up with the supplier on similar lines as above for further necessary action.

11. Appropriation:

Whenever under this contract any sum of money is recoverable from and payable by the supplier, BEL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the supplier in this or any other contract entered by BEL as a whole, including its Units and Offices etc., with the supplier alone or in partnership with others. Should this sum be not sufficient to cover the full amount recoverable, the supplier shall pay to BEL on demand the remaining balance due.

12. Bribes and Gifts:

Any bribe, commission, gifts or advantage given / promised or offered by the supplier to any employee of BEL shall in addition to any criminal liability which the supplier may incur, subject the supplier to the cancellation of this and all other orders and also to payment of any loss or damage resulting from and such cancellation.

13. Indemnity:

The supplier shall at all times indemnify BEL against all claims which may be made in respect of materials for infringement of any right protected by Patent, Registration of Design or Trade Mark and shall take all risk of accidents or damage which causes a failure of the supply.

14. Arbitration:

All disputes regarding this order shall be referred to Chairman and Managing Director of BEL or his nominee for the purpose of arbitration who shall have all relevant powers provided for in the Indian Arbitration and Conciliation Act 1996 or any statutory modification thereof in force.

15. Jurisdiction:

This order shall be governed by the Laws of Indian Union in force. Only competent courts shall have the jurisdiction as provided under the Indian Arbitration and Conciliation Act 1996, or any statutory modifications thereof in force on any matter arising out of any Arbitration proceedings under this contract.

16. Reference:

The Purchase Order No. and date should always be quoted in all correspondence, Delivery Challans, Packing Notes, Bills / Invoices etc. All communication should be addressed to the Purchase Order Issuing Authority.

17. Despatch Documents:

- I) Supplier should ensure that duplicate copy of invoice for transporter should accompany the consignment.
- II) Invoice should bear the following:

- i) The ECC (.....) Number. of BEL. (to be filled by Purchase Department)
- ii) TIN (Tax Identification Number) (to be filled by Purchase Department)
- iii) Excise Chapter heading of the goods and description of the goods. (to be filled by Supplier)
- iv) Excise Range and division of supplier (to be filled by Supplier)
- v) BEL Excise range address is (to be filled by Purchase Department)

- vi) Details of the Range, Division and Commissionerate (to be filled by Purchase Department)

18. TREM (Transport Emergency) CARD:

Please ensure that the hazardous chemicals are transported to BEL premises by a driver having a transport emergency card. BEL is not responsible for any calamity during transportation till the goods reach BEL premises.

19. Any specific Terms / Conditions mentioned in PO will supersede these general terms.

20. Integrity Pact and Bank Guarantee:

The supplier at their own cost is required to sign the integrity Pact with BEL and provide Bank Guarantee for an amount as per BEL purchase policy based on the intimation given by the Purchase department. Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by purchase department.

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STANDARD TERMS, CONDITIONS & INSTRUCTIONS TO PURCHASE ORDER (Foreign)

1. Acknowledgement:

An acknowledgement of this Purchase Order should be sent to BEL by the supplier confirming their agreement regarding specifications, quantity, prices, terms of payment and delivery schedule as indicated in BEL's Purchase Order, within 3 days of its receipt by the supplier. If no confirmation is received from Supplier within 10days from the date of despatch of the Purchase Order, it shall be presumed that the terms and conditions of the Purchase Order are acceptable to the Supplier.

2. Reference:

The Purchase Order No. and date should always be quoted in all correspondence, Packing Notes, Bills / Invoices etc. All communication should be addressed to the Purchase Order Issuing Authority.

3. Price:

The price indicated in the Purchase Order is firm and not subject to alteration on any account unless specified otherwise in the terms and conditions of Purchase Order.

3.1 BEL may exercise an option of placing repeat order for a maximum quantity upto 120% of the original order quantity within 18 months from the date of original order at the same terms and conditions of the original order.

4. Delivery Schedule:

Time is the essence of the contract and the materials against this Purchase Order must be despatched by the Supplier according to the delivery schedule indicated in the Purchase Order. In case of any change, the supplier should inform BEL in advance and obtain the approval for the revised delivery schedule.

Should the supplier fail to deliver the materials or part thereof as per the agreed delivery schedule, BEL shall be entitled at BEL's option either to recover from the supplier as agreed, liquidated damages a sum equivalent to 0.5% (2.5% in case of purchase orders placed on time preference basis) of the value of materials not supplied in time for every week's delay or part thereof subject to maximum of 10% (25% in case of purchase orders placed on time preference basis) or to cancel the Order and purchase materials elsewhere at the risk and cost of the supplier.

LD Charges as applicable shall be deducted for the delayed period of delivery without communication to the supplier unless communication is received from the supplier / Purchase Department for not deducting the LD charges with due justification for the delay on the account of BEL supported with Purchase Order amendment..

5. Packing:

5.1 The supplier shall pack the stores securely and properly for tropical storage and for transport by rail, road, sea or air so as to ensure their being free from loss or damage on arrival at their destination. The packing and marking of packages shall be done by and at the expense of the supplier. Packing shall allow for easy removal and checking on site and comply with carrier's conditions of packing or established trade practices.

A copy of packing note should be placed in a prominent place on the package and also inside. In case one consolidated Packing Note is prepared for materials packed in more than one package, copies of same should be placed in all packages identifying the items packed in that particular package. The package should bear vendor's and BEL's full name and address and the Purchase Order number, case markings, gross weight etc. Payment of demurrage charges etc. resulting out of inadequate details on the packing is liable to be reimbursed by the Supplier.

5.2 Phytosanitary Certificate: The Wood packaging material including dunnage used in packing of the article is to be appropriately treated as per ISPM -15 and a Phytosanitary Certificate to be attached to the shipping documents

6. Insurance:

Insurance will be covered against Buyers open policy. However beneficiary should inform the value of the Invoice by a letter / fax / e-mail to the Insurer (Name and details to be furnished by BEL) and a copy of the letter / fax / e-mail shall be sent along with the negotiating documents for payment.

7. High Sea sale:

If the sale of item is agreed on the basis of 'High Sea Sales', the supplier shall provide the original dispatch document from their foreign counterpart with endorsement on the reverse as 'Title transferred to BEL'. The Indian supplier is required to sign high sea sale agreement with BEL at their cost after the date of despatch from the origin country.

8. Inspection:

Material on its arrival at BEL / site will be inspected by the Inspection Department and their decision in the matter will be final and Copy of Inspection Report will be forwarded to the supplier in case of rejections. The pre-despatch inspections, if any, as agreed will be made by BEL / nominated agency / certifying agency or by vendor himself if he is specifically authorized for self-inspection. Payment towards pre-despatch inspection charges will be as mutually agreed upon. In case of rejection, the supplier has to send a letter of recall / RMA (Return Material Authorization) to BEL as soon as the receipt of rejection report from BEL.

9. Integrity Pact and Bank Guarantee:

The supplier at their own cost is required to sign the integrity Pact with BEL and provide Bank Guarantee for an amount as per BEL purchase policy based on the intimation given by the Purchase department. Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by purchase department.

10. Despatch of Material:

- a) Despatch / Shipment by aircrafts / vessels calling at ports in Pakistan-Prior to Indian Ports and flying Pakistani Flag and or manned by Pakistani crew is prohibited.
- b) The despatch of material should be routed through BEL's approved freight forwarder only as indicated in the Purchase Order.
- c) The despatch details such as Airway Bill / Bill of lading / Invoice copies should be faxed / e-mailed to the Authority issuing Purchase Order.
- d) Test Report / C of C (certificate of conformance) / manufacturer's certificate / manuals etc. wherever necessary should be sent along with the material and a copy of the above should be sent along with negotiating documents for payment.
- e) Normally material should not be sent by courier services. However, consignment less than 10 kg may be despatched by Air Post Parcel / EMS (Speed Post) provided it is indicated in the Purchase Order.
- f) The supplier shall not use non-biodegradable plastics for packing. The supplier shall ensure adherence to phytosanitation certification if applicable. The supplier shall ensure marking on the consignment relevant instructions for storage and handling of Acids, Alkalies, Medicines like Pethidine Injection, PCB Laminates, Items requiring cold storage condition, etc. The supplier shall provide appropriate MSDS for such items as deemed necessary.

11. Warranty:

- a) Any material / equipment supplied should be free from any defects arising from faulty material, design, workmanship or manufacturing defects and should be warranted for quality / satisfactory performance for a minimum period of 12

calendar months (or as specified) from the date of receipt and acceptance of materials / satisfactory installation and commissioning or 15 months (or as specified) from the date of despatch. During his warranty period, if any defects develop arising from faulty material, design, workmanship or manufacturing defects the supplier shall remedy such defects at his own cost. If it becomes necessary, the supplier should replace any defective portion of the goods or replace the material / equipment as a whole.

- b)** To and fro freight charges including insurance charges to be borne by the supplier for replacement or re-export of the rejected item within the warranty period.

12. Force Majeure:

Force Majeure means an event beyond the control of the supplier and not involving the supplier's fault or negligence and which is not foreseeable. Such events may include, but are not restricted to, acts of the purchaser either in its sovereign or contractual capacity, wars or revolutions, hostility, acts of public enemy, civil commotion, sabotage, fires, floods, explosions, epidemics, quarantine restrictions, strikes, lockouts, and freight embargoes. If there is delay in performance or other failures by the supplier to perform its obligation under its contract due to event of a Force Majeure, the supplier shall not be held responsible for such delays / failures. If a Force Majeure situation arises, the supplier shall promptly notify the purchaser in writing of such conditions and the cause thereof within twenty-one days of occurrence of such event. Unless otherwise directed by the purchaser in writing, the supplier shall continue to perform its obligations under the contract as far as reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the Force Majeure event. If the performance in whole or in part or any obligation under this contract is prevented or delayed by any Reason of Force Majeure for a period exceeding sixty days, either party may at its option terminate the contract without any financial repercussion on either side. There may be a Force Majeure situation affecting the purchase organization only. In such a situation the purchase organization is to take up with the supplier on similar lines as above for further necessary action.

13. Appropriation:

Whenever under this contract any sum of money is recoverable from and payable by the supplier, BEL shall be entitled to recover such sum by appropriating in part or whole by deducting any sum then due or which at any time thereafter may become due to the supplier in this or any other contract entered by BEL as a whole, including its Units and Offices etc., with the supplier alone or in partnership with others. Should this sum be not sufficient to cover the full amount recoverable, the supplier shall pay to BEL on demand the remaining balance due.

14. Indemnity:

The supplier shall at all times indemnify BEL against all claims which may be made in respect of materials for infringement of any right protected by Patent, Registration of Design or Trade Mark and shall take all risk of accident or damage which causes a failure of the supply.

15. Mode of Settlement

Mode of settlement of disputes / differences, if any, shall be through Arbitration. However, when a dispute / difference arises, BEL and the supplier shall first try to resolve the same amicably by mutual consultation. If the parties fail to resolve the dispute by such mutual consultation within twenty-one days, then, depending on the position of the case, either BEL or the supplier shall give notice to the other party of its intention to commence arbitration.

The supplier has the option to choose either Indian Arbitration and Conciliation Act,1996 or Arbitration in accordance with the provision of UNCITRAL (United Nations Commission on International Trade Law) Arbitration Rules.

Venue of Arbitration

The venue of arbitration shall generally be the place from where the contract has been issued except when the supplier opts for Arbitration, in accordance with the provision of UNCITRAL, Arbitration Rules, the venue can be a neutral country.

16. Jurisdiction:

This order shall be governed by the Laws of Indian Union in force. Only competent courts shall have the jurisdiction as provided under the Indian Laws.

17. Contract:

It is expressly understood and agreed by and between the supplier and Bharat Electronics Limited that Bharat Electronics Limited (the Indian Public Sector Undertaking) is entering into this agreement solely on its own and not on behalf of any other person or entity. In particular, it is expressly understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder.

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Collaborative R&D

1. Introduction:

It is necessary to identify and indigenize critical Systems/Subsystems either with in-house resources or co-develop with other Indian and Foreign partners as Collaborative R&D. This approach facilitates working with partners comprising of Indian Private Industries including MSMEs, reputed Indian academic institutes, Foreign industries, for development of Systems, Subsystems and software to bridge the technology gap. The collaboration partners are selected based on transparent EOI process or by an expert committee.

CO-TP will enlist/update Partners for Collaborative R&D through EOI process / expert committee and issue as 'Corporate List' of Collaborative R&D Partners to SBUs/Units/CRLs/PDIC.

In order to select right technology partner for collaborative R&D for a particular System/Subsystem/Software, 'Quality & Cost Based Selection (QCBS)' is followed by SBUs/Units/CRLs/PDIC, which involves both technical and cost aspects in partner selection.

Further, to attract serious and committed Partners for collaborative R&D, the production quantities of the developed product/module are shared with the selected partner. The exact share of production between BEL and the Partner is worked out with Management approval and incorporated in the RFP. Funding for development, on case to case basis, from BEL is permitted after due Management approval. For such developments, a joint IP between BEL & Partner is in place.

2. Collaborative R&D Procedure:

- a. Identify Projects/Technology Modules for development through Collaborative R&D and identify Partners from the Corporate list.
- b. In case there is a need to add new partners, the same will be forwarded to CO-TP for scrutiny and inclusion in the corporate list.
- c. Obtain in-principle approval from Management {D (R&D)} for starting Collaborative R&D, with chosen list of Partners.
- d. Obtain acceptance from Partners for taking up development work and obtain Confidentially Agreement (CA) signed from willing Partners.
- e. Obtain Management {D (Mktg)} approval of CA through Licensing Dept.
- f. Generate & forward to Partners the draft Statement of Work (SOW) and Technical Collaboration Agreement (TCA) and call for technical

discussions/clarifications. The SOW will have QCBS and production quantity sharing embedded in it.

- g. Update SOW & TCA based on the feedback from Partners, if necessary.
- h. Obtain the TCA vetted by Licensing Dept.
- i. Obtain SBUs/Units/CRLs/PDIC's head approve for final SOW and obtain required work order /WBS.
- j. Release the RFP with final SOW and TCA to selected Partners through their Purchase dept, following normal purchase procedure to obtain techno-commercial proposal in two bid norm.
- k. Perform Technical Evaluation of the received proposal, through a 'Selection Committee', so constituted by SBUs/Units/CRLs/PDIC's head.
- l. Enlist all the Partners selected through QCBS.
- m. Select L1 Partner and obtain budget sanction from Management following SDOP.
- n. Obtain approval from Management {D (Mktg)} for signing TCA with finalized Partner.
- o. Release PO with SOW and TCA to the finalized Partner.
- p. Participate and review with Partner during development as per SOW.

3. 'Quality & Cost Based Selection (QCBS)':

The technical bids submitted by various firms are evaluated by a duly constituted 'Selection Committee' for this purpose. Firms technically found suitable and acceptable to undertake the work under the tender enquiry will be shortlisted.

4. Evaluation of technical proposal:

The evaluation of the Technical bids is carried out in the following manner:

- a) The bidder's technical proposal is evaluated as per the requirements specified in the RFP (including SOW and TCA) and adopting the evaluation criteria as specified in the RFP. The bidders are required to submit all required documentation in support of the evaluation criteria specified (e.g. detailed project citations and completion certificates, client contact information for

verification, profiles of project resources and all others) as required for technical evaluation.

- b) The committee may seek clarifications from the bidders. The primary function of clarifications in the evaluation process is to clarify ambiguities and uncertainties arising out of the evaluation of the bid documents. Clarifications provide the opportunity for the committee to state its requirements clearly and for the bidder to more clearly state its proposal. The committee may seek inputs from their professional and technical experts in the evaluation process.
- c) Following is the technical evaluation methodology:
 - i. Technical Bid would be evaluated and marks are awarded out of total 100 Marks.
 - ii. The technical response must meet all mandatory compliance requirements. Bidder must submit undertakings and documents as per format prescribed in the RFP. Failure to meet any of the following may result in the disqualification of the technical bid response.
 - iii. Only those bidders, who score more than 70% marks in technical bid, will qualify for the second round (i.e. commercial evaluation of the bids).
 - iv. Successful bidders are intimated about the results of the technical evaluation. The technical scores of the bidders are announced prior to the opening of the commercial bids.
 - v. The technically shortlisted bidders are informed of the date and venue of the opening of the commercial bids through a written communication.

5. Technical Evaluation Scoring Matrix: The bidders are required to provide necessary documentary proof for the parameters being assessed.

SL NO (Priority)	EVALUATION CRITERIA *	Marks*	Marks given
21.	Company profile		
22.	Project Experience		
23.	Methodology of proposed execution		
24.	Proposed team and governance structure		
25.	Project plan		
TOTAL MARKS		100	Tb=

* Evaluation Criteria and marks are Project specific, is decided by SBUs/Units/CRLs/PDIC and listed in the order of priority

6. Evaluation of commercial bid

Commercial bid value (Cb) is decided as mentioned in the RFP.

For Quality and Cost based Selection (QCBS), the following formula is used for the evaluation of the bids. The score is calculated as follows:

$$Bb = 0.6 * Tb + (0.4) * (Cb_{min} / Cb * 100)$$

Where,

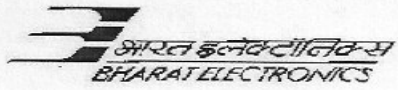
Bb = Overall score of bidder under consideration (calculated up to two decimal points)

Tb = Technical score for the bidder under consideration

Cb = Commercial bid for the bidder under consideration

Cbmin = Lowest of Commercial Bids under consideration.

The bidder achieving the highest overall score may be invited for negotiations for awarding the contract. In case of a tie where two or more bidders achieve the same highest overall score, the bidder with the higher technical score will be invited for negotiations for awarding the contract. In case of tie in Tb, the bidder with higher marks in the highest priority evaluation criterion is selected.

	BHARAT ELECTRONICS LIMITED CORPORATE OFFICE OUTER RING ROAD, NAGAVARA, BANGALORE
Office Order No HO/597/001	09 th March 2016
Sub: Outsourcing and Vendor Development Policy -o0o-	
1.0 Introduction	
<p>1.1 Government of India has embarked on an ambitious objective of "Make in India" which is directed to ensure self-reliance through development and manufacture of products in India with high technology levels, as well as, achieve higher economic growth and create greater job opportunities.</p>	
<p>1.2 BEL has transformed as a System Integrator of large electronic systems and platforms to the defence forces. The company is operating in wide technology areas requiring development of systems, subsystems and 'system of systems' involving varied mix of technologies. A typical system consists of a wide variety of subsystems like Network Elements, Antennas, Radios, Power Supplies, Display Systems, Signal Processors, Air Conditioners, Gensets, Mobile Platforms, etc. Considering the diverse technologies involved in these systems, it is not viable for the Company to master all technologies and in-house manufacture in all areas. The capability of development and manufacturing for many subsystems exists with Indian Private Industries.</p>	
<p>1.3 The delivery schedules demanded by Customers are becoming shorter and margins are under pressure due to increasing competition. Also, to face the global competition, it is necessary to synergize and complement the competencies of both BEL and Private sector effectively. In such a scenario, it is necessary to have an effective outsourcing and vendor development policy to leverage and develop competencies in the Indian Private Industries. This will also create a vibrant manufacturing base in defence industry in the Country which is essential for meeting the huge up-coming defence business.</p>	
<p>1.4 This policy initiative will enhance the objective of bringing the required ecosystem for synergetic co-operation including development of supply chain for outsourcing materials, services and collaborative R&D.</p>	
2.0 Outsourcing and Vendor development methodology	
<p>Considering the development and manufacturing requirements of BEL, the material and services are divided into three categories. Outsourcing and Vendor Development policy will be in line with the development and manufacturing requirements of these categories of material and services.</p>	
<p>MSMEs are an important part of the supply chain. In line with Government of India guidelines, BEL has adopted several programs to promote MSMEs. The policy is towards nurturing and handholding MSMEs and leveraging their strengths.</p>	
<p>MSME may participate in all the three categories of outsourcing based on their technical capabilities and experience.</p>	
Page 1 of 6	

2.1 Category 1: Items of generic nature

Low cost, less technology intensive and generic nature items will be procured preferably from indigenous sources including MSMEs. Following are a few examples:

- Fasteners, wires, cables, magnetic items, electrical items, office stationary, consumables etc.
- All types of castings, plastic, rubber and ceramic components.
- Commercial Air-Conditioners, Gensets etc.
- Racks and accessories.
- Assembly of non-critical PCBs, Cable Forms, Power Supplies etc.
- Packaging materials, Carrying cases etc.
- COTS Software

Specifications and the requisite information about the items will be shared with the suppliers.

These items are to be outsourced preferably from BEL Approved Vendors. The Approved Vendor List shall be updated from time to time to widen up the database of suppliers of such items. BEL procurement procedure will be followed for the procurement of items/services.

For items which are common across the company, such as PCB blanks/Assembled PCBs, COTS Software, Desktops / Laptops, Logistic Support etc., Rate Contracts may be entered on fixed time basis for cost advantage, faster procurement and standardization

2.2 Category 2: Items designed by BEL or manufacturing know-how available with BEL

Items where BEL owns the design/manufacturing documents, either through own development or through ToT acquired from design partners/OEMs etc., may be outsourced to Indian vendors including MSMEs provided there is no restrictions from ToT partner or Government and outsourcing is economically viable. The vendor short listing for such outsourcing will be done on case to case basis based on their capabilities to meet the required quality, cost and delivery schedule. The vendor will be selected as per BEL's procurement procedures.

For such outsourcing programs also called Built-to-Print (BTP), BEL will provide the manufacturing documents to enable the vendor for manufacture/assembly/testing/qualification of items as required.

These items shall be manufactured and assembled by vendors in strict compliance with the manufacturing and other data supplied by BEL.

BEL may provide the tools, raw materials and other hardware at nominal charges to perform the work or vendor may be given full responsibility for procurement, tooling, production engineering, inspection, packaging, preservation, shipping, etc.

LTA as per Para (5) may be entered for items which are required in large numbers over long period, if it is economically beneficial and to ensure commitment of vendors for longer period.

2.3 Category 3:Indegenisation & development of new items (Build-to-Specs)

2.3.1 This category comprises of critical items identified for indigenization or new items for development through capable vendors under 'Build to Specification' category. The vendor designs, develops and manufactures the item that has specific functionalities / parameters / specifications, as provided by BEL.

Vendors shall be identified based on past experience in the relevant domain. The vendor is fully responsible for design, manufacture and quality. The vendor should have expertise / capability

in design, loads / stress analysis, mechanical design, testing etc. as applicable to support such outsourcing.

Vendors may be provided with necessary assistance in the form of specifications, technical guidance, test facilities, trial orders, critical components and raw materials, tooling cost etc. for sample orders of prototype and its evaluation. BEL may also extend the internal manufacturing, testing and evaluation facilities to vendors based on the project requirements. Charges as applicable may be recovered for material / facilities provided to vendors.

2.3.2 The items which are technology intensive, complex or where technological gaps exist in the company, can be developed through collaborative R&D by entering into a suitable partnership arrangement. Collaborative R&D approach facilitates working with partners comprising of Indian Private Industries including MSMEs and reputed Indian academic institutes. Specialized technology modules and software can also be developed through this route.

Vendor selection approach already formulated for Collaborative R&D in BEL shall be followed for selection of partners in this category. An expert committee will identify suitable partners.

In order to select right Technology partner for collaborative R&D 'Quality & Cost Based Selection (QCBS)' shall be followed which involves weightage to both technical and cost aspects in partner selection.

Further the production quantities of the developed item can be shared with the selected partner. The exact share of production between BEL and the Partner shall be worked out based on vendor's production capacity, capability and cost.

The item developed through collaborative process will have well defined IPR definition. This will be a partnership with an agreement to protect mutual business interests. The development partner may be supplier for the item throughout the project lifecycle. If development is funded by BEL, then IPR can be exclusively with BEL or may be jointly held with the partner.

The Category-wise Summary of Outsourcing and Vendor Development Approach is enclosed as **Annexure – A**.

3.0 Assistance to Vendors: The following assistance may be provided to vendors for both Category 2 and 3 items:

- Appropriate technical guidance, specifications, drawings etc.
- General training, exposure through in-house resources.
- Tooling/fixtures cost with provision for taking back the assets, if necessary.
- Working space and facilities in BEL premises to facilitate interactions/faster execution on chargeable basis.
- Testing/evaluation facilities, wherever available on chargeable basis.

4.0 Services: Services are categorized in the following areas:

- **Services to Customer** comprising of Installation & Commissioning of subsystems, cabling/wiring, warranty services at site, Civil Works for turnkey solutions, Building Maintenance etc.

- **Services required for BEL** like AMC for PCs, Fabrication & Machining of mechanical parts & Electronic/Mechanical assemblies involving basic welding, soldering, finishing, plating/painting, software documentation, etc.

- **Construction & Repair / Maintenance / Housekeeping of buildings etc.**

BEL will outsource the above services through Rate Contracts, Long Term Agreements, Works Contract procedure and AMCs.

5.0 Long Term Agreements: Long Term Agreements (LTAs) may be entered into with reputed vendors for repeated purchase of certain items or services for a fixed period based on a case-by-case basis.

Objective of LTA: The main objective of entering into such LTAs shall be to secure the supply of items or services over a specified period of time (usually more than one year) at an agreed price and technical specifications.

Typical categories of items which can come under LTA include RF and Microwave components, Rotary joints, IT and Networking components, Single Board Computers, specialized software licenses, Software platforms, etc.

Criteria of LTA: LTA may be applicable in case of sourcing products/ services from the same suppliers over a long period. It provides advantages like planning ahead, assured supply for BEL and orders for the supplier, pre-agreed pricing formula (predictable prices) in return for the commitment to supplier.

The decision to establish an LTA and the associated terms & conditions have to be made on a case-by-case basis for each item to be procured, following careful procurement planning and procurement strategy. This is critical to achieve the intended objective of the LTA. The agreement framework will include Scope of work/supplies, duration, quality issues, quantities forecast, payment terms, pricing etc. List of some of the important clauses for such agreement is enclosed as **Annexure – B**.

The selection of partners for such LTAs will be as per the Purchase Procedures.

Perceived benefits to BEL: BEL receives long term orders from defence forces which require staggered deliveries (to match with the time line of construction of ships/aircrafts, readiness of the sites) and also long term product support. LTAs shall result in reduction of procurement time & efforts besides securing the supply of critical items and services at lower prices complying with technical requirements. LTAs also help in providing Customer Support in terms of spares supply and periodic up-gradation.

6.0 This Office Order comes into force with immediate effect.


EXECUTIVE DIRECTOR (HR)

**EDs / GMs
UNIT HR / FIN HEADS
RO/MC HEADS
Company Secretary**

CMD D(HR) D(OU) D(R&D) D(MKTG) D(F) D(BC) CVO

Annexure – A to the Office Order No HO/597/001 dated 09.03.2016

Category-wise Summary of Outsourcing and Vendor Development Approach

Category	Description	Outsourcing policy deployment
1	Generic items	Generic nature items will be procured preferably from indigenous sources including MSMEs. All required specifications will be shared with the suppliers. BEL procurement procedure will be followed for selection of the vendor. Rate contract is also possible in such cases.
2	Items designed by BEL or manufacturing know-how available with BEL	Selection of vendor based on expertise and capabilities. Hand holding through guidance, manufacturing facilities, test facilities, tools, raw materials and other hardware on case to case basis, at a nominal charge, as applicable. Vendor will be responsible for strict compliance to manufacturing and other data provided by BEL. LTA may be entered for items which are required in large numbers over long period ensuring commitment of vendors on quality, cost and delivery requirements.
3	Incigenization of critical items and development of new items (Build-to-Specs)	Vendor is fully responsible for design and delivery of item as per the specifications / features / functionalities defined by BEL. BEL will provide support in the form of specifications, technical guidance, test facilities, trial orders, critical components, tooling cost etc for sample orders of prototype and its evaluation. Normal charges to be applied as applicable. Technology intensive items will be developed through collaborative R&D approach to bridge the technology gaps. An expert committee will identify suitable partners. These partners will be involved from design phase and the production quantities of the developed item can be shared with the selected partner. The exact share of production between BEL and the Partner shall be worked out based on vendor's production capacity, capability and cost. LTA for development and production will be established with clear definition of business share and IPR etc.

Annexure – B to the Office Order No HO/597/001 dated 09.03.2016

Basic Terms of Long Term Agreement (LTA)

Following are some of the basic terms which may be included in LTAs:

Purchase Order Terms and Conditions: All purchases of item(s) under this LTA shall be subject to the terms and conditions set forth in the applicable Purchase Order. This LTA shall take precedence over Buyer's Purchase Order to the extent of any inconsistencies.

Duration: The start date and initial period of the agreement need to be specified. This might be (xx) months with the agreement providing for it to be rolled over on a yearly or longer basis until one side gives notice. Since a long term contract involves planning ahead, each party should be required to give reasonable notice if it wants to bring the contract to an end.

Quality Issues: Detailed Acceptance/Quality Criteria/Quality Assurance Plan should be part of LTA. If the supplies do not meet the Quality requirements, the Vendor to be made responsible for their replacement/re-work, including those at field / user ends.

Quantities Forecasts: BEL may need to forecast the quantities for future procurement, enabling the vendor to be in a reasonable position to meet delivery requirements. It may be an annual forecast. Periodicity of forecast may be decided based on the product/ service type.

Continuation of Supply: If Vendor finds difficulty or doesn't have willingness to provide item as outlined in LTA and its related Purchase Order, for any reason, it has to provide in a timely manner, all documentation necessary for BEL to procure subject items elsewhere. This includes drawings, procedures, specifications, configurations and any other documentation and instructions needed to manufacture, reproduce and test the Item. BEL will be free from any proprietary restrictions which would limit BEL's ability to independently manufacture and use the item including outsourcing to a third party.

Limit of Liability: The agreement must limit liability for both parties with respect to losses to business to both parties failing to abide the commitments. If BEL is not able to procure said quantities in the defined period and vendor incurs losses due to advance procurements or manufacturing of material/ items it should be restricted to the losses actually incurred by Vendor if he sells it at a lower cost, due to unavoidable reasons. Similarly if the supplier fails to deliver an agreed quantity of material that is vital for BEL's business, he might agree to accept responsibility for paying the extra costs that the BEL incurs with another supplier.

Pricing: Since price adjustments in a long term agreement are usually going to be necessary, there may also be a formula for price adjustments.

Termination: A clause of termination that allows each party to terminate if the other commits a serious breach or becomes insolvent may be included in agreement.

Force Majeure: In a long term agreement unforeseen circumstances could disrupt the supply arrangements. It is useful to include a 'force majeure' or unforeseeable events clause so that if this occurs the party affected will not be treated as failing to perform the contract.

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Office of the Director (Finance)No. 18256/Budget/12-13
Dated 10th July 2012**Sub: Capital & Revenue Budgets**
(RE 2012-2013, BE 2013-2014 & FC 2014-2015)

The Budget Estimate for the year 2013-2014 along with the Revised Estimate for 2012-2013 and Forecast for 2014-2015 are to be presented to the Board of Directors for approval.

Budget is an important planning tool for the Units/SBUs to align with the organisational goal of growth & profitability and modernisation plans. The Revenue Budget forms the basis of the operating plans of the Unit/SBU. The key parameters of the Revenue Budget form the basis of figures committed by the Company in the MOU with the Ministry and relevant agencies/Banks who appraise the company for credit worthiness/credit quality for extending the credit lines. The investment plans of the company as reflected in the Capital Budget brings out the modernisation plans of the company that is required to meet the sales / production targets set out in the Revenue Budget. Further the modernisation plans of the company are frequently being asked by the Ministry in the periodical reviews.

In view of the facts mentioned above, it is necessary that the Budget documents are prepared with utmost care as it is supposed to be a message document to the Top Management and the Board of the direction in which a SBU / Unit is planning to go forward to achieve the overall corporate objective. In order to ensure that the key issues are addressed in the budget planning and preparation process, certain guidelines listed as **Annexure A and Annexure B** are to be adhered to.

SBUs/Units should provide a brief write up along with their Budget papers, giving an insight to the likely performance and future plans of the respective SBUs/Units. The significant achievements and the proposed milestones may be highlighted in the Budget paper. The major investment plans and the major Products / Projects for which the same are envisaged may be highlighted, with specific reference to the Business Areas in which the SBU/Unit is expected to show growth, or area in which problems are anticipated. Any major variations from the B.E to R.E, or change in the growth plan in the next year's Budget Estimate needs to be highlighted with reasons for the same.

In respect of Bangalore Unit, SBU Heads should prepare the Budget of their respective SBUs and forward it to General Manager (Finance - BG Complex) for consolidation of Bangalore Complex Budget before submitting the same to Corporate Office, with the concurrence of Director (BC). In respect of Other Units, the Unit Heads may arrange to forward the budget proposals of their respective Units through Director (OU). Advance copies can be sent to General Manager (Finance)/CO.

The time schedule for submission of Budget papers including detailed justification for major capital Investments must be strictly adhered to. The Budget document should be forwarded through the Operations Directors to Corporate Finance by **15th August 2012, in respect of Capital Budget and 31st August 2012 in respect of Revenue Budget**, so as to facilitate the completion of discussion/interaction with SBUs/Units and timely finalization of the Corporate Budget proposals to the Board.



Director (Finance)
11.7.12

All SBU Heads/SBU Finance Heads
All Unit Heads / Unit Finance Heads

GM (Finance) BG Cx
Chief Scientist (CRL BG) Manager (Finance) CRL BG
Chief Scientist (CRL GAD) Manager (Finance) CRL GAD

Director (OU)
Director (BG)
Director (MKTG)
Director (R&D)
Director (HR)
CMD

} For kind Information.

Annexure A**Guidelines for preparation of Capital Budget**

It is observed from the past data that the actual capital expenditure against the Budget is considerably low suggesting that the items projected by the SBUs/Units initially may not be altogether realistic. This is also supported by the fact that

- Many new items are proposed in the Revised Estimates (R.E.) while many items in the approved Budget Estimates (B.E.) is deleted or deferred;
- SBU/Unit projects the same item for its various divisions/departments without clearly giving justification as to whether there is adequate load for the items in all the divisions/departments.
- Justifications sent by the SBUs/Units to the Corporate Office are not adequate and do not reflect the reasons for investments nor the benefits expected. Guidelines in preparing the supporting note for justifying a requirement as set out in the budget manual are not adhered to.

In order to ensure that the projections are realistic, review of the projections / justification for the requirements should be done at different levels of SBU/Unit Management. There should be a structured mechanism in place to decide the Capital investment that is ultimately required in a particular financial year. This needs to be achieved through setting up suitable committees in all the SBUs/Units like plant & machinery committee, Test Instruments Committee, Computer Committee, Infrastructure Committee. While the initial Budget preparation should be from a bottom up approach, the SBU/Unit Head should finalise the figures through a Top down approach where the Revenue & the profit growth plans of the SBU/Unit are taken into account. At this stage wherever required pruning of the requirements have to be done through elimination of duplication of facilities, optimum utilization of the machinery/test instruments/sharing of common resources etc. This process while ensuring transparency will also help in efficient allocation of funds which has an implicit cost.

The checklist required to be followed in preparation of Capital Budget is enumerated below:

Sl no	Observations	Measures to be taken by the SBU/Unit
1	There is a long list of new items in R.E., which did not figure in B.E	The items included in R.E. should only be those items necessitated by change in circumstances as compared to that prevailed at the time of preparation of the original Budget. This can be due to

Sl no	Observations	Measures to be taken by the SBU/Unit
		change in orders, product mix, growth plans etc.
2	Major portion of the capital expenditure is committed during the last quarter resulting in spillover of expenditure	<p>This situation will not arise, if the original B.E. is prepared after due diligence and in a realistic manner, since the processing and the placement of orders can begin from April 1st of the Financial year. It is only when changes are made in the requirement that there is a need to wait till the approval of the R.E.</p> <p>For the new items included in R.E., the procurement process like obtaining quotations etc. should be initiated immediately after submitting the proposals for Capital Budget to the corporate office, so that releasing Purchase Orders could be completed within a month of approval of Capital Budget by the Board. This will ensure effective utilization of the capital budget and reduce spill over of expenditure to the following year.</p>
3	Items are projected as vital /essential which may not be so but still included in the Budgets. Realistic projections of the Capital requirements is not made.	It would always be advisable that the pruning exercise is done at the SBU/Unit level to ensure that the items which are required on high priority do not get deleted at Corporate level and what is forwarded to Corporate office is a realistic budget. Re appropriation, as a matter of routine is not to be resorted to and should be allowed only for production related items of Plant & Machinery and Test Instruments.
4	The Projections under Capital Budget emanate from the requirement of SBUs/Units at all levels, starting from the shop floor level. However, it appears from the past record that the needs are not genuinely examined and justified resulting in	<p>Each item projected in Capital Budget irrespective of the value should go through the due diligence process.</p> <p>For this purpose the SBUs/Units should follow the procedure stipulated in the</p>

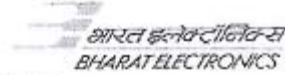
Sl no	Observations	Measures to be taken by the SBU/Unit
	expenditure not being committed.	<p>Budget Manual i.e., the SBUs/Units should form a 2-tier review committee – one at the departmental level to carry out initial screening of the proposals and another at the SBU/Unit level where the requirement of various departments is prioritized and consolidated to finalise the SBUs/Unit's capital budget projections.</p> <p>The SBU/Unit level committee should be supported by a Plant & Machinery Committee, Test Instruments Committee, and Furniture & Office Equipments Committee which will review the requirements in these specific areas before a final decision is taken by the SBU/Unit Level Committee. The SBUs/Units should confirm that this procedure has been followed while forwarding the Budgets to the Corporate Office.</p> <p>All Departmental / Divisional heads should be held responsible for their department/Divisions' projections.</p> <p>The Budget proposal should be within the approved Board norms of expenditure for various classification.</p>
5	Guidelines and brief notes covering the salient points to justify the proposals as set out in the budget manual are not adhered to. The justification for items is also very sketchy and not in a position to be put up to the Board. Even if the Budgets reach Corporate Office by the due date, the time available is very less for the consolidation exercise to be completed along with the detailed justification as required to be put up to the Board.	<p>Justifications should answer the following questions in as much detail as possible:</p> <p>(a) Why the item is required?</p> <p>(b)How the Department/Division was managing without the item?</p> <p>(c)What is the priority ranking (Vital/Essential/Desirable) and estimated cost?</p> <p>(d)What are the incremental</p>

Sl no	Observations	Measures to be taken by the SBU/Unit
		<p><i>Savings & Revenue over incremental expenses?</i></p> <p><i>(e)When the Item is required?</i></p> <p><i>(f)What is Payback period and IRR</i> <i>- (for major Investments) ¶.</i></p> <p>These requirements are in line with the forms stipulated in the Budget Manual and should be furnished for all the items as specified in the manual.</p>
6	<p>In case of projects, the proposals initially submitted do not provide detailed information relating to the Technical Viability of the Project / Comparison with alternatives available, reasons for choosing a particular collaborator (if any), market potential, information on competitors etc, requiring reference back to initiators</p>	<p>All ongoing projects should be supported by a status paper along with likely cost, highlighting anticipated Cost / Time Overruns, if any. A write up showing the review of the project (as compared to the assumptions made at the time of initial approval) also need to be enclosed. In case, any of the approved projects are to be short closed or abandoned, detailed write up is required to be given. This is to ensure that the status reports to the Board on approved projects are complete in all respects.</p> <p>In case of new projects, a detailed viability analysis has to be made in line with the guidelines issued in Chapter 7 of the Budget manual with sensitivity analysis also and the proposals should be sent early for examination by Corporate office. Project proposals are to be encouraged as capital investment in such proposals will enhance the company's product line and future business potential. The fund requirement of only those projects which are approved by CMD will be included in the Budget document.</p>

Sl no	Observations	Measures to be taken by the SBU/Unit
7	It is seen that the Unit projects the same item for its various divisions /departments without clearly examining whether there is adequate load for the items in all the divisions/departments. It confirms the duplication of investments and no proper utilization of the existing test instruments and plant & machinery.	Machine Utilization Reports in respect of all large items of Plant & machinery costing above Rs.10 lakhs each should be prepared and reviewed. In case of Test Instruments, the load factor should be taken into account with reference to the available orders and the anticipated orders. Sharing of resources should be encouraged as very frequently the models of test instruments tend to get outdated quickly due to technological advancement.
8	PCs / Printer / Laptops are projected without thorough review of requirement in the SBU/Unit. It indicates duplication and not adequate utilization	All requirements of PCs / Printer / Laptops are to be evaluated with reference to the no. of persons, nature of work and the utilization of existing PCs / Printer / Laptops. It should be borne in mind that because of technological advancement these items tend to get outdated very fast but considering the kind of usage, the items should be put to use for at least a minimum period of 3 to 5 years before replacement is considered. The methodology followed in projecting the requirement of PC/Printer/Laptop should be clearly stated justifying the numbers projected failing which these requirement are likely to be pruned in Corporate office.
9	Presently the Capital and Revenue Budgets appear to be isolated Budgets. Even though in practice, the projections of Capital Expenditure are based on anticipated revenue streams, the same does not get reflected in the Budget documents. Except for Projects, there appears to be no direct co-relation between the Capital budget and the Revenue budget.	In order to provide a link between the Capital and Revenue Budgets, the SBUs/Units should identify in respect of all major investments, the major products/product group for which the investment is required and the likely turnover projected for the same during the budget years. An alternative way would be to

Sl no	Observations	Measures to be taken by the SBU/Unit
		prepare an executive summary at the SBU/Unit level bringing out clearly the growth plans of the SBU/Unit linking the same with the investment required for achieving the same, linking some of the high value requirements of the capital budget to the products planned to be sold.
10	Modernisation proposals do not bring out the total picture.	Being a Company formed in the 1950's, to keep pace with the technological advancements, there is a need to upgrade our production hangers/R&D set up and support services. While preparing the estimates for such work, CNP estimates should be taken and the total fund requirement should be projected in the proposal even though some of them have to be treated as Revenue expenditure like PVC flooring/anti static flooring/partitions etc. This will help Management at various levels to decide on no. of such proposals to be proposed in a particular year based on requirement/urgency/order book position/profitability of the respective SBU/Unit etc.

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BHARAT ELECTRONICS LIMITED

(CORPORATE OFFICE)

BANGALORE

OFFICE OF THE CHAIRMAN AND MANAGING DIRECTOR

No. 21326/18/07-08/CO-VIG

Dt.: 31st May 2007

CIRCULAR

**Sub: Splitting of Order quantity - CVC guidelines revised procedure -
Regarding**

1. CVC has issued specific guidelines relating to the division of patronage / splitting of quantity of orders among the bidders considering the capacity constraint of the bidders. Vide CVC letter No.98/ORD/1 dated 15.03.99 (copy enclosed at Annexure 'A'), in cases where L-1 does not have the capacity to supply full quantity, the order should be distributed among L-2, L-3, and so on, depending upon their capacity in a **fair, transparent and equitable manner**.
2. Again, recently vide Letter No.005/CRD/012 dated 3rd March, 2007 (copy enclosed at Annexure 'B'), CVC has issued fresh guidelines on distribution of quantities. According to this Circular where the capacity of bidders including L-1 firm is not known in advance and it is not feasible in the bid document to pre-disclose the distribution of quantity and also where L-1 is not capable of supplying the full quantity, then the quantity to be ordered should be distributed among the other bidders in a **fair, transparent and equitable manner**. However, where it is decided in advance to have more than one source of supply (due to critical or vital nature of the item), it is essential that the ratio of splitting of supply should be pre-disclosed in the tender enquiry itself.
3. Considering the above guidelines of the CVC, all the SBUs / Units Heads and Purchase / Works / Sub-Contract Managers and Finance Managers of the company according concurrence shall ensure total compliance of the following guidelines:

3.1 Where capacity of bidder is known before tender enquiry:

Where it is known due to previous supply position or otherwise that no single bidder is capable of supplying full quantity ordered and it is intended to split the quantity among the bidders including L-1, following procedure should be adopted:

- a) Include a clause in the tender enquiry (limited / open) mentioning that order quantity will be split among the bidders at L1 rates as per the capacity of the bidders.

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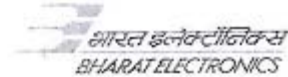
- b) Also, include a clause that the bidders should state in their bids specific commitment regarding their capacity to supply **within the stipulated delivery period**.
- c) After opening the tender and finalizing L-1, place order on L-1 to the extent of its capacity to supply within the stipulated delivery period. For the remaining quantity, consider L-2, L-3, L-4 and so on in that order.
- d) If L-2 accepts to supply at L-1 price, place order on L-2 to the extent of its capacity to supply within the stipulated delivery period at L-1 price only.
- e) If L-2 accepts order or not at L-1 price and if quantity is still left out, approach L-3 for L-1 price. If L-3 accepts L-1 price, place order to the extent of its capacity or remaining quantity to supply within the stipulated delivery period at L-1 price.
- f) Consider remaining bidders also in the same order as per the above procedure till complete order quantity is covered.
- g) If no bidder accepts L1 price, order on L-1 to the extent of its capacity and retender for the remaining quantity leaving out L-1. If only few bidders accept L-1 price then retender for the balance quantity leaving out bidders who accept L-1 price.

3.2 Where capacity of bidders is not known before tender enquiry:

Where capacity of the bidders is not known and it is not feasible to pre-disclose the distribution of quantities among the bidders in the bid documents and after opening of the tender it is discovered that quantity to be ordered is far more than what L-1 alone is capable of supplying, then the quantity should be distributed among the L-1, L-2, L-3 and so on, at L-1 price depending upon the capacity of each bidder. The following procedure should be followed:

- a) Include a clause asking the bidders to state in their bids specific commitment regarding their capacity to supply **within the stipulated delivery period**.
- b) Then follow the procedure from c) through g) of Para 3.1.

....3



: 3 :

3.3 Where decision taken in advance to place order on two or more sources due to critical nature of item:

Where it is decided in advance to have more than one source of supply due to critical or vital nature of the item irrespective of capacity of vendors to supply, then it is essential that the ratio of splitting of supply should be pre-disclosed in the Tender Enquiry itself and the order should be placed on L-1, L-2, L-3, and so on (subject to their capacity to supply) as per the pre-disclosed ratio at the L-1 price. The following procedure should be followed:

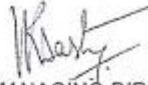
- a) Include a clause in the tender enquiry mentioning the ratio of splitting of supply and that splitting will be at L-1 rates only subject to capacity to supply.
 - b) Also, include a clause asking the bidders to state in their bids specific commitment regarding their capacity to supply the quantity within the stipulated delivery period.
 - c) After opening the tender and finalizing L-1, place order on L-1 for quantity as per pre-disclosed ratio to supply within the stipulated delivery period at L-1 rates. For the remaining quantity, consider L-2, L-3, L-4 and so on in that order as per pre-disclosed ratio. The splitting of order in the pre-disclosed ratio would be limited to bidders who accept L-1 price only subject to their capacity to supply.
 - d) If complete order quantity is not covered at L-1 rates, re-tender for the balance quantity among the bidders excepting those who received order.
4. In general, in all the above cases of splitting of supply, negotiations should be done initially with L-1 only if required and in exceptional cases after approval from competent authority on the proposal justifying negotiation. Also, the procurement authority should satisfy by their own enquiry or otherwise as to the committed capacity of the bidders to supply within the stipulated delivery period and while proposing distribution of the order, proper justification giving the result of the enquiry should be mentioned in the proposal.
5. If L-1 backs out before placing the order on it or after placing the full order on it, then full quantity of supply should be re-tendered leaving out L-1. However, when quantity of order is split among L-1, L-2, L-3 etc., and if any one among L-1, L-2, L-3, etc., backs out after placing the order on them, the quantity placed on such firm can be distributed (limited to the capacity of the firm) among L-1, L-2, L-3, etc., in that order at the price of L-1. Penal action (banning / blacklisting, forfeiture of Security deposit / Earnest Money deposit) should also be initiated as per the provisions of the Tender / Contract against L-1 if he backs out before or after placing the order and against others if they back out after placing the order.

....4



: 4 :

6. The above provisions regarding splitting of order, will come into force with immediate effect and Purchase Procedure / Works Contract Procedure / Sub-Contract Procedure of the Company accordingly will stand amended.



CHAIRMAN AND MANAGING DIRECTOR

All Unit / SBU Heads }
All GMs } For issuing necessary instructions to all the
concerned for strict compliance

Chairman, Sub-Contract Procedure Committee }
Chairman, Purchase Procedure Committee } For information
Chairman, Works Contract Procedure Committee }

All Directors – for information

Office of the Director (Finance)

No. 18281/99/010-001
28th February 2007

**Delegation for payment of interest free advance in
Supply/Sub Contract/AMC Contracts****A. Preamble :**

1. BEL purchase / sub contract procedure provides for payment of interest free advance in the supply / sub contract orders on a case to case basis, with the prior approval of the competent authority. Subsequently vide CVC guidelines on the subject i.e. *O.M. No.NU/POL/19 dtd. Dec 1997, O.M.No.NU/POL/19 dtd. 30.09.98 & O.M. No.4CC-1-CTE-2 dtd. 08.06.04,,* Central Vigilance Commission introduced certain restrictions on payment of advances. Since then individual cases requiring payment of interest free advance were being put up to the Board for approval and at times post facto approvals were obtained in case of urgency. To bring down the procurement process time and avoid post facto approvals it was felt essential that a procedure be formulated keeping in mind the principles of equity, transparency and fairness which is the spirit of the CVC guidelines, to empower BEL Management to take appropriate decisions on the matter, through powers delegated by the Board. The Board in the 328th meeting held on 23rd January 2007 has approved the procedure for paying interest free advances as given below for strict compliance.
2. SBUs / Units / Offices are to note that in any procurement proposal, all efforts must be made to convince the suppliers/sub contractors/service providers to agree to our standard payment terms without interest free advances. Even if it becomes unavoidable to agree for advance, first the feasibility of charging interest on advance should be seen. This is necessary not only because of the CVC guidelines but also keeping in view our future fund flows based on the position of debtors and reduction in advances consequent to the introduction of Defence Procurement Procedure 2006, resulting in a squeeze in the cash flows. The proposed procedure in the following paragraphs does not give a carte blanche right to give advances in an unrestricted manner but is an enabling provision to pay interest free advances in very genuine cases so the production / R & D / other manufacturing related processes do not get hampered.

B. Procedure :

1. Grant of interest free advances can be considered only in select cases as listed below :
 - a. Small value items of imports (where the order value is \leq US \$ 5,000), where the requirement is components/sub assemblies needed for production and the supplier has not agreed for usual mode of payment through LC;
 - b. Cases where the supplier is sourcing an item for BEL exclusively, and where the supplier insists on advance payment as financial commitment from the company;
 - c. In the case of TOT payments, where the collaborator insists on initial advance and stage payments (linked to milestones). In the case of deliverables, at all stages of the supplies viz. FF, SKD, CKD, IM stage, where payment of advance / progressive payments against milestones, need to be followed as part of the mutually agreed terms of the TOT / Supply contract with the Collaborator/TOT partner;
 - d. Wherever an indigenous source has been identified by a design agency or where work is carried out exclusively for BEL as per BEL specifications or in case of subcontract orders, where the development and design of tools are as per BEL design;
 - e. Whenever indigenisation of parts is being taken up, and the identified supplier has taken up the necessary jobs on design, mould, prototype, jigs etc payment of advance to cover the cost can be considered so that vendors are encouraged to take up such assignments for the success of the ongoing indigenization efforts;
 - f. In case of AMC / maintenance contracts undertaken by OEMs / authorized agents of OEMs and other service providers, where advance is insisted to be paid on a periodical basis for rendering the service.
2. If the advance is to be granted without interest, record of circumstances and facts in each such case should be clearly brought out in the respective procurement file.

3. Though there may not be any mention of advance payment in the NIT, it should be stated in the tender document that the evaluation of the tenders would be on " **Cost to BEL** " basis and if different payment terms are quoted by the prospective suppliers, the cost to BEL has to be worked out by the **discounted cash flow method for evaluating LI**. The interest rate used will be the SBI PLR rate prevailing from time to time { **present rate of SBI PLR is 12.25 % p.a.**}.
4. In case of proprietary / single vendor item, where interest free advance is to be granted, efforts have to be made to obtain corresponding cost advantage from the vendor for the product / service in lieu of the interest and the outcome of such efforts is to be recorded in the file.
5. Request for advance payments, if any should be submitted / quoted in the techno commercial/price bid. Requests for advance payments, if any, received after opening the price bids should not be entertained.
6. Penal interest (**equivalent to 2 % above the prevailing SBI PLR rate**) on advance should be charged in the cases where the supplier/sub contractor is unable to execute the order for whatever reason resulting in cancellation / short closure of the order/delay in supplies. The outstanding advance amount with penal interest has to be refunded by the supplier/sub contractor in case of cancellation/short closure of the order. In case of delay in supplies, the penal interest payable is to be recovered from the payments due to the supplier / sub contractor or collected from them as the case may be. For the purpose of calculating the penal interest payable, the period of delay has to be calculated with reference to the scheduled date of supplies / completion of milestones as per the purchase order/sub contract order. The conditions relating to charging / recovery of penal interest should be incorporated in all the orders which provide for release of advances.
7. Any release of advance should be **against Bank Guarantee (BG)**, which will provide adequate security for the advances paid. BG will be required in all cases except in cases of small orders for imports as specified at para 1(a) above, maintenance contracts only on OEMs and authorized agents of OEMs as specified at para 1 (f) above, orders placed on Defence PSUs and in respect of other PSUs (on case to case basis) with the approval of CMD. The validity period of the BG should be three months more than the scheduled date of completion of supply so as to enable the SBU / Unit to take necessary action to encash the BG, if required. The value of the BG should be the advance amount paid plus 10 % thereon or the advance paid plus the estimated interest amount on the outstanding advance for the period the

advance is likely to remain with the party, whichever is higher, to cater for any eventual interest liability.

8. In case of progressive advances, release of such payments are to be made after satisfying the progress of the work/the completion of the specified milestone with the required certification from the supplier, and against BG.
9. In all orders involving advance payment, the method of adjustment of advances progressively in the settlement of bills is to be clearly brought out in the terms of the order so that necessary clarity is there in adjustment of advances paid.
10. Before agreeing for advance clause in the supply / sub contract order, it has to be verified that there is no **overdue** advance against the supplier / sub contractor in the respective SBU / Unit which proposes to release the advance. The responsibility of monitoring the history of the supplier / sub contractor with reference to the advance drawn will be with the concerned MM / Sub Contract department. In the case of AMC contracts, the release of the AMC amount in advance will be only after satisfactory certificate by the user for the previous instalment paid, if any.

C. Delegation :

The delegation of powers for payment of advances is given in **Annexure A**. All cases where there is a need to pay interest free advances should have the prior approval of the competent authority as per this delegation. A detailed file should be put up for approval of the competent authority with all the necessary details as appropriate to the individual case. A check list giving the details to be covered in the file is at **Annexure B**.

D. Monitoring & Reports :

1. In addition to the present practice of monitoring in the SBU / Unit, a report by the SBU / Unit on overdue advances should be put up to the Operational Directors concerned once in a quarter and to CMD through Director (Finance) once in six months, with the action proposed in each case to settle the advances. The report should be sent within 30 days of the close of the quarter/half year.
2. MM / Sub Contract department should ensure validity of the BG till settlement of the advances paid. The MM / Sub Contract dept should advise the concerned Finance Dept. atleast one month in advance regarding BGs that are nearing expiry date, wherever encashing the BGs is required.

- The MM/Sub Contract department should advise the Finance department suitably of any penal interest to be charged on advance given in the event of any delay in the supplies.

The above procedure comes into force with immediate effect.


Director (Finance)
11
/812

All Unit / SBU Heads

Copy to:

Director (R&D)/Director (Per.)/Director (OU)/Director (BG)/Director (Mktg.)/ CVO

CMD : for information please

ANNEXURE A

DELEGATION FOR PAYMENT OF ADVANCES

Sl No	Particulars	Limit for release of Advance	Delegation	Bank Guarantee
1	Imports	Upto 100 % of the order value.	GMs - Upto US \$ 2,500 Directors - Upto US \$ 5,000	No Bank Guarantee
a	Orders upto US \$ 5000 or equivalent	Upto 50 % of the order value, of which initial advance not to be more than 15 % of the order value. Balance 35 % can be in the form of progressive payments linked to milestones.	GMs - Upto 15 % of the order value subject to a maximum advance amount of US \$ 25,000. Directors - Upto 25 % (including initial advance) of the order value subject to a maximum advance amount of US \$ 100,000 CMD - Full Powers.	BG from a first class Bank, verified by SEI for an amount equal to 110 % of the advance released or plus the advance released interest amount on the advance (calculated at the SEI PLR rate) for the period the advance is likely to remain with the party, whichever is higher
b	Other Orders	Release of advance will be subject to the prevailing RBI Guidelines.		
2	Indigenous purchases from local vendors / sub contractors	Upto 50 % of the order value, of which initial advance not to be more than 15 % of the order value. Balance 35 % can be in the form of progressive payments linked to milestones	GMs - Upto 15 % of the order value subject to a maximum advance amount of Rs.2 Lakhs. Directors - Upto 25 % (including initial advance) of the order value subject to a	BG from a Scheduled Commercial Bank in India (other than Cooperative banks) for an amount equal to 110 % of the advance released or plus the advance released interest amount on
a	Development & supply (including tooling cost for sub contractors)			

PURCHASE PROCEDURE

Sl No	Particulars	Limit for release of Advance	Delegation	Bank Guarantee
b	Other Purchases	Only initial advance upto 15 % of the order value.	maximum advance amount of Rs. 10 Lakhs CMD - Full Powers GMs - Maximum advance amount of Rs.2 Lakhs. Directors - Maximum advance amount of Rs. 10 Lakhs CMD - Full Powers	the advance (calculated at the SBI PLR rate) for the period the advance is likely to remain with the party, whichever is higher Same as 2 (a) above
3	AMC contracts	Upto 50 % of the order value in case of half yearly payment and 25 % in case of quarterly payment	GMs - Advance amount upto Rs.2 Lakhs Directors - Advance amount upto Rs. 10 Lakhs CMD - Full Powers.	OEMs & Authorised agents of OEMs - Not Required Other cases - BG to be taken from a Scheduled Commercial Bank in India (other than Cooperative banks), if the advance payment exceeds Rs. 25,000.

Note : In the case of 2 & 3 above, if the purchase is from Defence PSUs, the requirement of BG will be exempted. In case of other PSUs, exemption from furnishing BG will be with the approval of CMD on a case to case basis.

Annexure B

Check List of minimum details that need to be covered
in a proposal for grant of interest free advances

SBU / Unit :

Sl No	Particulars
1	Name of the item
2	Required for production /development /AMC / sub contract of
3	Nature of the item (Pls specify the category)
a	Small value orders < \$ 5,000 - Proprietary / Non Proprietary
b	Other orders - Proprietary / Non Proprietary
c	Supplier sourcing an item exclusively for BEL
d	TOT Payments
e	Milestone / delivery payments under TOT Contracts
f	Indigenous suppliers identified by design agency who are carrying out work exclusively for BEL
g	Sub Contract orders where development & design are as per BEL requirement
h	Requirement for indigenous process
i	AMC Contracts
4	Qty
5	Value
6	Supplier
7	Payment Terms
8	Advance proposed to be paid
	Initial
	Progressive
g	Justification for the advance / Negotiation with vendor for non payment of advance.
	Cost advantage given in the quote
	Price quoted with advance
	Price quoted without advance
	Cost advantage obtained in the negotiation
	Price quoted with advance
	Price quoted without advance
10	Amount & Period for which advance will be pending
11	BG to be obtained
	Amount
	Period

Office of the General Manager (Finance)/CO

No.18281/99/D10-006
Dt:22.4.2009

Sub: Additional details to be covered in the Check List
accompanying a proposal for grant of advance

This has reference to Director (Finance)'s circular No.18281/99/D10-001 dated 28.2.2007 on the subject.

2. It is to be noted that in the cases where advance paid earlier to the supplier on any order is overdue for adjustment and not backed by a valid Bank Guarantee or such information is received from other Units, no further payment of advance is permitted. To this effect a confirmation is required to be appended in the existing Check List format at Sl.No.12. If further advance is recommended, reasons for the same to be given at Sl.No.13 of the format.

3. A revised checklist incorporating the above points is enclosed. You may please ensure that the revised Check List accompanies any proposal for payment of advance sent for Management's approval in the future.


General Manager (Finance)

All Unit Heads

All Unit Finance Heads

cc: GM(IA)

Annexure B

Check List of minimum details that need to be covered in a proposal for grant of interest free advances		
SBU / Unit :		
Sl No	Particulars	
1	Name of the item	
2	Required for production /development /AMC / sub contract of	
3	Nature of the item (Pls specify the category)	
a	Small value orders < \$ 5,000 - Proprietary / Non Proprietary	
b	Other orders - Proprietary / Non Proprietary	
c	Supplier sourcing an item exclusively for BEL	
d	TOT Payments	
e	Milestone / delivery payments under TOT Contracts	
f	Indigenous suppliers identified by design agency who are carrying out work exclusively for BEL	
g	Sub Contract orders where development & design are as per BEL requirement	
h	Requirement for indigenous process	
i	AMC Contracts	
4	Qty	
5	Value	
6	Supplier	
7	Payment Terms	
8	Advance proposed to be paid	
		Initial
		Progressive
9	Justification for the advance / Negotiation with vendor for non payment of advance.	
	Cost advantage given in the quote	
		Price quoted with advance
		Price quoted without advance
	Cost advantage obtained in the negotiation	
		Price quoted with advance
		Price quoted without advance
10	Amount & Period for which advance will be pending	
11	BG to be obtained	
	Amount	
	Period	
12	Whether any advance paid to the same Party earlier is overdue for adustment? If so, reasons for the same and any LD/penal interest for delay being levied/recovered? Is it backed by a Bank Guarantee?	
13	If advance paid to the same Party is overdue and pending what is the justification for the present proposal to pay further advance?	

Office of the Director (Finance)

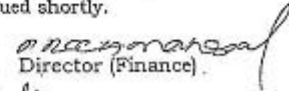
No. 18281/99/010-004
17th July 2008

Delegation for payment of interest free advance in
Supply/Sub Contract/AMC Contracts

This has reference to the circular no. 18281/99/010-001 dated 28th February 2007 issued on the above subject, whereby power to authorize payment of interest free advances in certain specified cases /upto specified limits as delegated by the Board to CMD /Functional Directors / GMs was communicated to all the Units and was being followed. Subsequently CVC has issued circular no. 4CC-1-CTE-2 dated 10th April 2007 and 5th February 2008, where it has been clearly mentioned that decisions to grant interest free mobilization advance should rest at the level of Board (with the concurrence of Finance) in the organisation. A copy of these circulars have already been circulated by Corporate Vigilance to all Unit/SBU Heads and Unit/SBU Finance Heads vide their letter reference No. 21326/31(34)/07-08/CO-VIG dated 24th March 2008 and **it is expected that all Units/SBUs are complying with this requirement.**

In order to comply with the guidelines of CVC, there is a need to discourage the practice of agreeing for such payment terms that stipulate payment of interest free advance at the time of negotiation with the prospective suppliers itself. BEL's standard payment term should not envisage payment of any interest free advance be it initial advance or progressive payments. However wherever there is a compelling need to pay interest free advance, such proposals need the approval of the Board and will have to be sent to Corporate office with full justification, after ensuring that all the requirements as stipulated in CVC circulars dated 10th April 2007 / 5th February 2008 are met, and the details as required in the Corporate office Circular no. 18281/99/010-001 dated 28th February 2007 are furnished.

All Unit / SBU Heads are requested to ensure strict compliance of the above requirement. The necessary amendments required in the circular no. 18281/99/010-001 dated 28th February 2008 is under preparation and will be issued shortly.


 Director (Finance)
 17/7

All Unit Heads / All SBU Heads
 AGM (Finance) / Comp - Bkr Ex.
 All Unit Finance Heads / All SBU Finance Heads

Copy to D(BC) D(OU) CVO : For kind information.

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INSTRUCTIONS FOR DESPATCH BY AIR FREIGHT

1. **Packing:** Materials should be securely packed in suitable packing cases to avoid damage in transit. Electronic Components like Resistors, Capacitors etc., must be strip packed and not packed loosely. BEL's Purchase Order number in full should be clearly marked on each case.
2. **Phytosanitary Certificate:** The Wood packaging material including dunnage used in packing of the article is to be appropriately treated as per ISPM -15 and a Phytosanitary Certificate to be attached to the shipping documents.

3. Instructions for Despatch:

- a) All Airfreight consignments should be despatched through any carrier other than Pakistani Airlines to Airport (the details should be furnished by BEL) on 'freight to pay' basis and actual air freight charges will be payable by BEL in Rupees in India. Cargo should be routed through BEL's approved freight forwarding / consolidating agent indicated in the Purchase Order.

Consignee's name and address in the Airway bill should be indicated as under:
Bharat Electronics Limited,

-----,
INDIA.

- b) Air Way Bill shall contain the following:
 - i) BEL's Purchase Order No.
 - ii) Description of goods
 - iii) L/C number
 - iv) Import License No.
- c) Two copies of invoices along with material should be handed over to BEL's freight forwarding for arranging onward despatch to India. Invoice along with one copy of Air Way Bill should be sent by Courier /Faxed / e-mailed to:
The Head Purchase,
----- (Name of Unit/SBU),
Bharat Electronics Ltd.,
-----, INDIA.

(Address details to be furnished by BEL)

4. Despatch by Speed Post/Air Post Parcel (APP):

Small parcels weighting upto 10 kgs. should normally be sent by Registered Air post Parcel / Speed post (relevant mode will be indicated in BEL's Purchase Order) to avoid payment of minimum Airfreight Charges. The parcel should be addressed to Head Customs Clearance Cell, Bharat Electronics Limited, ----- (address to be furnished by BEL) INDIA, and BEL's Purchase Order number must be indicated on the Post Parcel Receipt / Speed Post Receipt. Only postal charges should be pre-paid by the suppliers and same should be included in their invoice.

5. Packing and FOB Charges:

Actual packing and forwarding charges to airport inclusive of Inland transportation charges wherever payable by BEL as per terms of purchase order should be prepaid by the suppliers/freight forwarding agent and included in their Invoice / Air Way Bill.

6. Insurance:

a. Insurance of materials despatched by Airfreight / Speed Post /Airmail Post Parcel are covered against BEL's open policy. The suppliers have to send declaration letter by fax/e-mail to the Insurer (Name and details to be furnished by BEL), giving full particulars, such as Purchase Order number and Mode of despatch. A copy of invoice and a copy of Air Way Bill (if available) should be sent along with the declaration.

b. If any single consignment exceeds Rs. Twenty million in value(in equivalent Foreign Currency) prior insurance declaration should be sent by Telegram/email/ Fax to the above Insurance Company (Name and details to be furnished by BEL

7. Payment:

- a) The supplier should airmail/Courier, either directly or through their Bankers, the following Original shipping documents, under Sight Draft payment terms quoting BEL's Purchase Order number, to BEL's Bankers, for arranging payment along with other required documents as per Terms and Conditions mentioned in the Purchase Order.
- 1) One copy of Commercial Invoice duly signed by the supplier.
 - 2) One copy of Certificate of origin on the prescribed form, (wherever necessary).
 - 3) One copy of packing note (if the details are not indicated in the commercial invoice).
 - 4) One copy of letter of Declaration addressed to the Insurance Company.
 - 5) One copy of original APP (Air Post Parcel) receipt / Air Way Bill.

- b) Wherever 'Letter of Credit' has been received by the supplier from a foreign bank the above mentioned Original Shipping documents should be forwarded by them to that Bank while negotiating.

If the supplier requires confirmed Letter of Credit, the charges are to be borne by the supplier.

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INSTRUCTIONS FOR DESPATCH BY SEA FREIGHT**1. Packing:**

Material should be securely packed in sea-worthy wooden packing cases for shipment by sea-freight by the supplier. One copy of the Invoice / Packing Note should be placed just below the lid of the package. In case one consolidated Invoice / Packing Note is prepared for materials packed in more than one package, copies of same should be placed in all packages with tick mark against the items packed in that particular package.

2. Phytosanitary Certificate:

The Wood packaging material including dunnage used in packing of the article is to be appropriately treated as per ISPM -15 and a Phytosanitary Certificate to be attached to the shipping documents.

The cases should bear the following marks:

3" wide strips should be painted with deep brown paint diagonally on the top bottom and the two opposite sides of the cases.

- a) Front view (one side) of the case should be marked as under:
BHARAT ELECTRONICS LIMITED

VIA ----- (Name of the sea port in India)
- b) Back view (opposite side) should be marked as under:
P.O. No. -----
Case No -----
Measurements -----
Gross Weight -----
Net Weight -----
- c) Payment of port charges are calculated on the basis of measurements and gross weight of the cases and as such this information must be indicated by the supplier in their Invoice / Packing notes failing which the actual measurements and gross weight of the cases are to be taken by BEL physically on its arrival and furnished to Port authorities before delivery of the consignment, resulting in delay and payment of demurrage charges, which will have to be reimbursed to BEL by the supplier. The 'Case Marking' as appearing on the cases, Bill of Lading and Invoice / Packing Notes should be absolutely identical.

3. Mode of Shipment:

- a) All consignments in Full Containers:
To: Inland Container Depot (ICD)

VIA-----Sea port, INDIA.
Regional Manager
Bharat Electronics Limited,
(Address to be furnished by BEL in PO)

- b) All consignments in Less Container Load (LCL) To: ----- Sea Port, INDIA.

4. Shipping Instructions:

- a) Shipping arrangement for sea-freight consignments will be made by the Forwarding Agents whose names and addresses are given in the Purchase Order. Adequate notice of not less than 6 weeks about the readiness of cargo for shipment should be given to them by the supplier for finalising the shipping arrangements. Cargo has to be made available for shipment at the Port on the date specified by the Forwarding Agents. All Sea freight consignments should be shipped as per Clause 2.
- b) Bill of lading should be drawn so as to show the Consignee as BEL / Bankers. Bill of Lading should show that the goods have been shipped and should be marked 'freight payable at destination'. The following 'notify' address and BEL's Purchase Order No. should be indicated in the Bill of Lading:

Regional Manager
Bharat Electronics Limited,
(Address to be furnished by BEL in PO)

5. Freight Charges:

The actual sea-freight Charges will be payable by BEL in Rupees in India. The Bill of Lading should therefore be marked 'freight payable at destination' and the amount of freight charges payable by BEL should be indicated on the Bill of Lading.

6. Packing and F.O.B. Charges:

'F.O.B.' will be 'F.O.B. Vessel at Port of shipment'. The actual packing and F.O.B. charges inclusive of inland transportation charges, wherever payable by BEL as per terms of BEL's Purchase Order, should be pre-paid by the supplier and included in their invoice.

7. Insurance:

- a) The insurance of the materials despatched by sea freight should be covered against BEL's Open Policy by the supplier by sending a declaration letter by Fax/e-mail giving full particulars i.e. mode of despatch, name of ship, number of cases, short description of material and C & F value to the Insurer (Name and details to be furnished by BEL). The declaration should be sent by Airmail / Courier along with a copy of Invoice and Bill of

Lading (wherever readily available). Insurance Premium will be paid by BEL directly in Rupees.

If any single consignment exceeds Rs. Twenty million in value(in equivalent Foreign Currency) prior insurance declaration should be sent by Telegram/e-mail/Fax to the above Insurance Company (Name and details to be furnished by BEL). No separate Insurance certificate will be issued by the Insurance Company and copy of supplier's declaration will be treated as an evidence for having covered the Insurance of the Consignment.

8. Advance Shipping documents:

The following copies of shipping documents must be sent to BEL directly by airmail / courier by supplier for BEL's advance information and to initiate action for clearance of consignment addressed to : THE HEAD, CUSTOM CLEARANCE CELL, BHARAT ELECTRONICS LIMITED, (Address details to be furnished by BEL), INDIA.

- a) 2 copies of Commercial Invoice duly signed by the supplier.
- b) 2 copies of certificate of Origin (wherever required)
- c) 2 copies of Packing note.
- d) 1 copy of letter of declaration addressed to Insurance Company regarding Insurance.
- e) 2 copies of duplicate non-negotiable Bill of Lading.

9. Payment:

Payment will be arranged by Sight Draft/Letter of Credit as per terms of Purchase Order on presentation of the following shipping documents:

- a) 2 copies of Commercial Invoice duly signed by supplier.
- b) 2 copies of Packing Note (required if the details of case number, markings, measurements, gross weight, net weight and contents of Individual cases are not already shown in the commercial invoice against Sl. No. a)
- c) 1 copy of Letter of declaration addressed to the Insurance Company regarding insurance of the consignment.
- d) 2 copies of original clean Bill of Lading.

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HIGH SEA SALE AGREEMENT

- | | | |
|-----|---|---|
| 1. | Name & Address of Seller | M/s. (Local vendor)
(Unit Address) |
| 2. | Name & Address of Buyer | M/s. Bharat Electronics Ltd, Jalahalli PO, Bangalore – 560013 |
| 3. | Description of Goods | XYZ , Qty & Rate |
| 4. | Value of Goods, Terms, Invoice No. & Date as per PO with local vendor | |
| 5. | Consignment Particulars (MAWB, HAWB, Date/ MBL & HBL & Date) | |
| 6. | Name of the Foreign Supplier and their Invoice | OEM details. |
| 7. | Conditions | The goods are being delivered by endorsing all relevant documents by the seller in favour of the buyer. |
| 8. | Title of the Goods | The Title of the goods will be changed, no sooner the negotiable set of documents, the Airway Bills/Bill of Lading are handed over by the Seller to the Buyer endorsing the above mentioned AWB/BoL in favour of the Buyer. The sale would then be completed of both the parties. |
| 9. | Customs Duty | In view of the sale of goods on HIGH SEA SALE basis, customs duty will be borne by the buyer. |
| 10. | Validity of Amendment | Any amendments or supplements to the HIGH SEA SALE are valid only if they are agreed upon by both the parties in writing and signed by the authorized representative of both the parties. |
| 11. | Evidence of Import | Only the Triplicate copy of the Bill of Entry will be furnished by the buyer for the Seller's records. The Seller will retain the exchange control copy of the import bill of entry for subsequent surrender to their bankers for arranging remittance to the Oversea Supplier. |
| 12. | Payment | The buyer has to pay to seller to cover the value of the goods as well as sellers consideration |

13. Sales Tax

At present there is no sales tax on the goods Transferred on HIGH SEA SALE basis. Taxes and other charges shall be to the buyers account in case of any such (unlikely) demand by appropriate Government authorities.

14. Applicable Law

All disputes shall be resolved by mutual discussion and if no resolution is drawn than a competent authority in the jurisdiction of Bangalore shall be approached.

15. Seller IE Code

Local Vendor's IEC code .

In witness thereof, the seller and buyer hereto have to see their respective hand on the Date mentioned above.

SELLER

BUYER

1. Witness

1. Witness

Date:

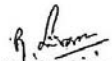
Place:

**BHARAT ELECTRONICS
CORPORATE MANAGEMENT SERVICES**

No. 18869/IB/MS
Dt. 12.01.2009

Sub.: Procedure for Banning of Firms

Management has approved the procedure for Banning of Firms, which is enclosed for strict compliance by all concerned.



[R. Srinivasan]
DGM (MS) / CO

All Unit / SBU Heads }
All GMs/EDs } With a request to issue necessary instructions
to all concerned

All Directors, CVO }
CMD } For kind information please

SUB: PROCEDURE FOR BANNING OF FIRMS

1.0 Scope

BEL enters into contract with firms for supply of materials and rendering services. The firms should ensure to carry out the entrusted work as specified in the order. However certain firms fail to meet the above requirements resulting in considerable hardship to the company. Some firms resort to unethical practices causing loyalty and security concerns to the company / country. In order to overcome these situations and to ensure conformity with the order, we have to take adequate preventive actions. One of the methods employed is to eliminate such firms from participating in our future supplies / services. Business dealings with any firm may be stopped by banning that firm.

2.0 Procedure for banning

2.1 The proposal for banning of a firm may be initiated by any affected department giving detailed justification for the same.

2.2 The proposal for banning is required to be routed through any one of the following departments concerned:

- 2.2.1** Purchase
- 2.2.2** Contracts
- 2.2.3** Sub-Contracts
- 2.2.4** Standards(for standard items only)

2.3 Based on the information received from the initiating department, a show cause notice shall be served on the firm by head of the department of Purchase / Subcontract / Contracts. The reply if any received, from the agency shall be examined and the recommendation for banning, if any, shall be forwarded for the approval of the competent authority as defined below:

- 2.3.1** Head, Corporate Standards, in respect of Standard items
- 2.3.2** SBU / Unit Head
- 2.3.3** Unit head if more than one SBU is involved, as applicable:
- 2.3.4** CMD

In case no reply is received within 30 days of sending the show caution notice, case for banning shall be processed further.

However, if reply furnished by the agency is satisfactory and is duly endorsed by the initiating department and the banning is not justified, then the proposal shall be treated as closed.

2.4 The proposal for banning shall be approved by the appropriate authorities as under.

2.4.1 If the banning is for standards items then it shall be approved by Head Corporate Standards

2.4.2 If the banning is within the SBU only, then it shall be approved by the respective SBU Head.

2.4.3 If the banning is at the Unit level, then it shall be approved by the respective Unit Head.

2.4.4 If the banning is at Company level, then it shall be approved by Corporate Office.

3 Applicability

In line with the above, it is clarified that the banning order

- 3.1 Issued by Corporate Standard / Corporate Office / Ministry of Defense shall apply to all the offices / SBUs / Units.
- 3.2 Issued by SBUs / Units shall be applicable to respective SBUs/Units.
- 3.3 Issued by other companies do not automatically apply to BEL.

4 REVOCATION

- 4.1 The revocation of banning shall be approved by the same competent authority that has earlier approved the banning of that firm. The revocation order shall be issued by the concerned departmental head of purchase / Sub- contract/ Contracts after completion of banning period, with the approval of Corporate Office /Unit / SBU / Corporate Standards, as the case may be.
- 4.2 Revocation can be considered during the period of banning at the Corporate Office / Unit / SBU / Corporate Standards, depending on the proper justification by the initiating department of the SBU / Unit.
- 4.3 Communication for revocation of ban received from M.O.D. shall be effected accordingly.

5 Approved Vendors List:

The records shall be updated from time to time by Corporate Standards Department for standard components, regarding the banning of firm and revocation after receiving proper intimation. In other cases, such updated records of banning / revocation shall be maintained by concerned purchase / sub-contract / contracts department.

BLANK

**CORPORATE VIGILANCE
BHARAT ELECTRONICS LIMITED**

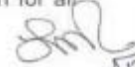
No.21326/18/15-16/CO-VIG
30.12.2015

Sub: Proprietary Article Certificate (PAC)
Ref: Corporate Vigilance Letter No.21326/18/15-16/CO-VIG Dt. 07.05.2015.

During 2014-15, 69.3% of BEL procurements were from Proprietary sources. CVC vide Letter NO. 05-13—C-30-SPI-I-06/28214 Dt. 30.04.2015 has directed BEL to incorporate Proprietary Article Certificate in BEL Purchase Procedure. Corporate Vigilance vide Letter No.21326/18/15-16/CO-VIG Dt. 07.05.2015 advised all the Units & SBUs to intimate the detailed procedure and methodology to be adopted for declaring the items as Proprietary, the format and the powers sub-delegated at various levels for issuing the PAC. It is observed that that only Hyderabad Unit and MILCOM SBU of Bg. Complex have responded for the above referred letter.

In view of the clear directive from CTE / CVC for incorporation of PAC clause in all cases of Procurements categorised as Proprietary items, the following guidelines are issued for compliance by all concerned.

1. As per Defence Procurement Manual, PAC specifications are available only with the proprietary firms and are protected by the intellectual property right. Such items are only available with that firm or their dealers, stockists or distributors as the detailed specifications are not available for others to manufacture the item. In such situations, a Proprietary Article Certificate (PAC) may be issued on the original equipment manufacturer.
2. While PAC is issued only in respect of the concerned OEM, the item may be bought from any dealer, stockist, or distributor specified in that particular PAC on the basis of the information provided by the OEM, provided the purchase is accompanied by proper manufacturer certification. PAC once issued will be valid for two years from the date of issue or till an alternate Source is developed whichever is earlier.
3. PAC bestows monopoly and obviates competition. Hence, PAC status must be granted after careful consideration of all factors like fitness, availability, standardisation and value for money. A complete list of proprietary items along with details of OEM / Authorised Distributor is to be maintained by the Unit / SBU. The Proprietary items list should be reviewed by a committee consisting of Unit / SBU Head and Heads of D&E, Finance, MM and Production.
4. The PAC should be signed by a competent authority not less than AGM. Proforma of the PAC is placed at Annexure 'A'. Pending incorporation of PAC clauses in the revised Purchase Procedure, the above guidelines need to be complied with for all cases of Procurement of Proprietary items.


CVO 30/12/15

All Unit / SBU Heads
D(BC)
D(OU)
CMD

ANNEXURE - 'A'

PROPRIETARY ARTICLE CERTIFICATE

1. Item Nomenclature as per OEM	
2. Part No. / Description	
3. OEM Details	
4. To be Procured From (OEM/ Authorized Distributor / Stockist)	
5. Previous Ordering Information (if available)	
5. Nature (Production / Capital / Spares / Others)	
6. Project	
7. Sale Order / WBS Details	
8. Sub-Clause under which the procurement is proposed (Tick the applicable one and score out ones not applicable)	
a) OEM	
b) Sources authorized by OEM.	
c) Product specifically developed by BEL from Vendors through Limited / Open tender.	
d) Item Standardized by BEL on single Source	
e) Procurement of spares compatible with the existing equipment from OEM.	
f) Sources as per Licensor / Collaborator / Customer documents.	
9. Reasons for resorting to Proprietary Procurement and action plan for alternate Source Development.	

Note : 1) All Columns to be Compulsorily entered.
 2) SAP Codes for 8a, 8b, 8c, 8d & 8e is SP and for 8f SAP Code is TT / DA / CS

(Originating Department)
 (e.g., D&E, Production Control)

(User Department)
 (e.g., Production)

Signature
 Name:
 Designation:
 (Divisional Head)

Signature
 Name:
 Designation:
 (Divisional Head)

Date:

Date:

Approving Authority:
 (Not Below the Rank of AGM)



BHARAT ELECTRONICS LIMITED
 CORPORATE OFFICE
 OUTER RING ROAD, NAGAVARA, BANGALORE

Office Order No. HO/865/004

13TH May 2014

Sub: Adoption of Integrity Pact for Orders/Contracts of value ₹5 Crs & above - amendment to.

Ref: (1) Office Order No. HO/865/001 dated 31.07.2010

(2) Office Order No.HO/865/003 dated 28th February 2013.

-000-

- 1.0 The rules and regulations governing Integrity Pact of the Company are notified vide Office Orders referred to above.
- 2.0 The Office Order in ref(2) above is further amended to the extent mentioned below:
- 2.1 **Replace** the existing value of ₹10 Crores with ₹5 Crores where ever appearing in the above referred Office Order (including Annexure-I and Appendix-A).
- 2.2 Delete the existing Sub-para 8.1 of Para 8.0 under the Heading "Integrity Pact Bank Guarantee (IPBG)" in the Appendix-A of the above referred Office Order and Substitute as under:

"8.1 Every Bidder, while submitting commercial bid, shall submit an Integrity Pact Bank Guarantee for an amount of # in favour of the Principal in Indian Rupees only.

(i) Guarantee will be from an Indian Nationalized Bank / ICICI Bank Ltd / Axis Bank Ltd / HDFC Bank Ltd, promising payment of the guaranteed sum to the Principal, on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the Principal shall be treated as conclusive proof for payment. A model Bank Guarantee format is enclosed.

The amount of Integrity Pact Bank Guarantee is as follows:

<i>P.O. Value</i>	<i>Value of Integrity Pact Bank Guarantee</i>
<i>From Rs.5 Crs upto Rs.10Crs</i>	<i>Rs.5 Lakhs</i>
<i>Above Rs.10Crs. upto Rs.20 Crs</i>	<i>Rs.10 Lakhs</i>
<i>AboveRs.20 Crs. upto Rs.100Crs</i>	<i>Rs.20 Lakhs</i>
<i>Above Rs.100 Crs. upto Rs.300 Crs</i>	<i>Rs.100 Lakhs</i>
<i>Above Rs.300 Crs</i>	<i>Rs.300 Lakhs</i>

- 3.0 This amendment will come into force with immediate effect.
- 4.0 All other terms & conditions governing Integrity Pact of the Company as contained in the above referred Office Order shall remain unaltered.



CHAIRMAN AND MANAGING DIRECTOR

UNIT / SBU HEADS
 EDs / GMs
 RO/MC HEADS
 Company Secretary

D(HR) D(MKTG) D(BC) D(OU) D(R&D) D(F) CVO

INTEGRITY PACT - Format

- 1.0 Whereas **Bharat Electronics Ltd.** ("BEL") having its registered office at Outer Ring Road, Nagavara, Bangalore-560045, India, acting through its CMS/CSG/BG Cx, represented by Additional General Manager, hereinafter referred to as the Principal and the first party, proposes to award Purchase Order for the procurement of _____(BEL Tender ref. no. _____ DTD. _____) and M/s. _____ having its registered office in, represented by their Indian representative M/s. _____, having its registered office at _____, (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignee), hereinafter referred to as the Bidder and the second party, is willing to offer/ has offered the stores/services.
- 2.0 Whereas the Bidder is a private company/public company/partnership/ registered export agency, constituted in accordance with the relevant law in the matter and the Principal is a Defence Public Sector Undertaking under Ministry of Defence, Government of India.
- 3.0 **Objectives:**
 Now, therefore, the Principal and the Bidder agree to enter into this pre-contract agreement, hereinafter referred to as Integrity Pact, to avoid all forms of corruption by following a system that is fair, transparent and free from any influence/unprejudiced dealings prior to, during and subsequent to the currency of the contract to be entered into with a view to:
- 3.1 Enabling the Principal to obtain the desired product at a competitive price in accordance with the specifications by avoiding the high cost and the distortionary impact of corruption on public procurement, and
- 3.2 Enabling bidder to abstain from bribing or any corrupt practice in order to secure the contract by providing assurance to them that their competitors will also refrain from bribing and other corrupt practices and the Principal will commit to prevent corruption in any form by their officials by following transparent procedures.
- 4.0 **Commitments of the Principal:**
 The Principal commits itself to the following:
- 4.1 The Principal undertakes that no official of the Principal, 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, 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.
- 4.2 The Principal will, during the pre-contract stage, treat all Bidders alike, and will provide to all Bidders the same information and will not provide any such information to any particular Bidder which could afford an advantage to that particular bidder in comparison to other bidders.

- 4.3 All the officials of the Principal will report to the Management any attempted or completed breaches of the above commitments as well as any substantial suspicion of such a breach.
- 4.4 No employee of the Principal, personally or through family members, will in connection with the tender for, or the execution of contract, demand, take a promise for or accept, for self or third person, any material benefit which the person is not legally entitled to.
- 5.0 In case any such preceding misconduct on the part of such official (s) is reported by the Bidder to the Principal, with full and verifiable facts and the same is prima facie found to be correct by the Principal, necessary disciplinary proceedings, or any other action as deemed fit, including criminal proceedings may be initiated by the Principal 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 Principal the proceedings under the contract would not be stalled.

6.0 Commitments of Bidder:

The Bidder commits himself to take all measures necessary to prevent corrupt practices, unfair means and illegal activities during any stage of his bid or during any pre-contract or post-contract stage in order to secure the contract or in furtherance to secure it and in particular commits himself to the following:

- 6.1. The Bidder will not offer, directly or through intermediaries, any bribe, consideration, gift, reward, favour, any material or immaterial benefit or other advantage, commission, fees, brokerage or inducement to any official of the principal, connected directly or indirectly with 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.

The Bidder further undertakes that he 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 Principal 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 Principal for showing or forbearing to show favour or disfavour to any person in relation to the Contract or any other Contract with respect to the Principal's Organization.

- 6.2. The Bidder 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.
- 6.3. The Bidder will not accept any advantage in exchange for any corrupt practice, unfair means and illegal activities.
- 6.4. In cases of Purchase/Subcontract orders, the Bidder confirms and declares to the Principal that the Bidder is the original manufacturer/authorized distributor/ authorized govt. sponsored Export entity.
- 6.5. The Bidder confirms and declares to the Principal that it has not engaged any individual or firm or company whether Indian or foreign to intercede, facilitate or in any way to recommend to the Principal, or any of its functionaries, whether officially or unofficially to the award of the contract to the Bidder; 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.

- 6.6. The Bidder, either while presenting the bid or during pre-contract negotiations or before signing the contract, shall disclose any payments he has made, is committed to or intends to make to officials of the Principal 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.
- 6.7. The Bidder shall not use improperly, for purposes of competition or personal gain, or pass on to others, any information provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details; including information contained in any electronic data carrier. The Bidder also undertakes to exercise due and adequate care lest any such information is divulged.
- 6.8. The Bidder commits to refrain from giving any complaint directly or through any other manner without supporting it with full and verifiable facts.
- 6.9. The Bidder shall not instigate or cause to instigate any third person to commit any of the actions mentioned above.

7.0 Previous Transgression:

- 7.1 The Bidder 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 *herein* or with any Public Sector Enterprise in India or any Government Department in India, that could justify bidders' exclusion from the tender process.
- 7.2 If the Bidder 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.

8.0 Integrity Pact Bank Guarantee (IPBG)

- 8.1 Every Bidder, while submitting commercial bid, shall submit an Integrity Pact Bank Guarantee for an amount of Rs. _____ in favour of the Principal in Indian Rupees only.
 - (i) Guarantee will be from an Indian Nationalized Bank/ ICICI Bank Ltd /Axis Bank ltd / HDFC Bank Ltd, promising payment of the guaranteed sum of the Principal, on demand within three working days without any demur whatsoever and without seeking any reasons whatsoever. The demand for payment by the Principal shall be treated as conclusive proof for payment. A model Bank Guarantee format is enclosed.
- 8.2 The Integrity Pact Bank Guarantee (IPBG) shall be valid up to and including 45 days after the validity of commercial offer. However, Bidders will be required to extend the Integrity pact Bank Guarantee, as and when required by the Principal. In the case of the successful Bidder, validity of the Integrity pact Bank Guarantee will be extended up to the satisfactory completion of the contract. Integrity pact Bank Guarantee shall be returned promptly in case of unsuccessful Bidders.
- 8.3 In case of the successful Bidder, a clause would also be incorporated in the Article pertaining to the performance Bond in the Purchase Contract that the provision of Sanctions for Violation shall be applicable for forfeiture of Performance Bond in case

of a decision by the Principal to forfeit the same without assigning any reason for imposing Sanction for Violation of this Pact.

8.4 The provisions regarding Sanctions for Violation in integrity Pact include forfeiture of Performance Bond in case of a decision by the Principal to forfeit the same without assigning any reason for imposing sanction for violation of Integrity Pact.

8.5 No interest shall be payable by the Principal to the Bidder(s) on Earnest Money / Security Deposit for the period of its currency.

9.0 Company Code of Conduct:

Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behaviour) and a compliance program for the implementation of the code of conduct throughout the company.

10.0 Sanctions for Violation:

10.1 Any breach of the aforesaid provisions by the Bidder or any one employed by him or acting on the behalf (whether with or without the knowledge of the Bidder) or the commission of any offence by the Bidder or any one employed by him or acting on his behalf, as defined in Chapter IX of the Indian Penal Code, 1860 or the Prevention of Corruption Act 1988 or any other act enacted for the prevention of corruption shall entitle the Principal to take all or any one of the following action, wherever required:

- (i) To immediately call off the pre-contract negotiations without assigning any reason or giving any compensation to the Bidder and to impound any earnest money deposit, if made by the Bidder. However the proceedings with the other Bidder(s) would continue.
- (ii) The Earnest Money / Security Deposit shall stand forfeited either fully or partially, as decided by the Principal and the Principal shall not be required to assign any reason therefore.
- (iii) To immediately cancel the contract, if already signed without giving any compensation to the Bidder.
- (iv) To recover all sums already paid by the Principal, and in case of an Indian Bidder with interest thereon at 2% higher than the prevailing Prime Lending Rate, while in case of a Bidder from a country other than India with interest thereon at 2% higher than the LIBOR. If any outstanding payment is due by the Principal to the Bidder in connection with any other contract for any other stores, such outstanding payment could also be utilized to recover the aforesaid sum and interest.
- (v) To encash the bank Guaranty and performance bond/warranty bond, if furnished by the Bidder, in order to recover the payments, already made by the Principal, along with interest.
- (vi) To cancel all or any other Contracts with the Bidder.

- (vii) To debar the Bidder from entering into any bid from the Principal for a minimum period of five years, which may be further extended at the discretion of the Buyer.
- (viii) To recover all sums paid in violation of this pact by the Bidder(s) to any middleman or agent or broker with a view to securing the contract.
- (ix) If the Bidder or any employee of the Bidder or any person acting on behalf of the Bidder, either directly or indirectly, is closely related to any of the officers of the principal, or alternatively, if any close relative of an officer of the Principal has financial interest/stake in the Bidder's firm, the same shall be disclosed by the Bidder at the time of filing of tender. Any failure to disclose the interest involved shall entitle the Principal to rescind the contract without payment of any compensation to the Bidder.

The term 'close relative' for this purpose would mean spouse whether residing with the Principal's employee or not, but not include a spouse separated from the Principal's employee by a decree or order of a competent court; son or daughter or step son or step daughter and wholly dependent upon Principal's employee, but does not include a child or step child who is no longer in any way dependent upon the Principal's employee or of whose custody the Principal's employee has been deprived of by or under any law; any other person related, whether by blood or marriage, to the Principal's employee or to the Principal's employee's wife or husband and wholly dependent upon Principal's employee.

- (x) The Bidder 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 Principal, and if he does so, the Principal shall be entitled forthwith to rescind the contract and all other contracts with the Bidder. The Bidder shall be liable to pay compensation for any loss or damage to the principal resulting from such rescission and the Principal shall be entitled to deduct the amount so payable from the money(s) due to the Bidder.
- (xi) In cases where irrevocable Letters of Credit have been received in respect of any contract signed by the Principal with the Bidder, the same shall not be opened.

10.2 The decision of the Principal or his nominee to the effect that the Bidder has committed breach of the provisions of this Integrity Pact shall be final and binding on the Bidder, however the Bidder can approach monitor (s) appointed for the purpose of this Pact as per Clause 12 of Pact agreement.

11.0 **Fall Clause:**

The Bidder undertakes that he has not supplied/is not supplying the similar systems or subsystems at a price lower than that offered in the present bid in respect of any other Defence Public Sector Undertakings / Ministry of Defence and if it is found at any stage that the similar system or subsystem was supplied by the Bidder to any other Defence Public Sector Undertakings/ Ministry of Defence 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 Bidder to the Principal, if the contract has already been concluded.

12.0 Independent External Monitor(s):

12.1 The Principal has appointed Independent External Monitor for this Pact in consultation with Central Vigilance Commission (Names and addresses of the Monitors are given below). The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.

Name of the Monitor: (1)
Address:

Name of the Monitor: (2)
Address:

The Monitor is not subject to instructions by the representatives of the parties and performs his functions neutrally and independently. He will convey his observations to the Chairman & Managing Director, BEL.

12.2 The Bidder accepts that the Monitor has the right to access without restriction to all project documentation of the Principal including that provided by the Bidder. The Bidder 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 is under obligation to treat the information and documents of the Bidder(s) / Contractor(s) /Subcontractor(s) with confidentiality.

12.3 As soon as the Monitor notices, or believes to notice, a violation of this agreement, he will so inform the Management of the Principal and request the Management to discontinue or take corrective action, or to take other relevant action.

12.4 The Principal reserves the right to refer a particular case to any other approved Independent External Monitor(s) as and when felt necessary. In such an event, the IEM nominated as per Para 12.1 shall examine the case jointly with those whom the case is referred to as per this Para.

13.0 Examination of Books of Accounts:

In case of any allegation of violation of any provisions of this Integrity Pact to the satisfaction of the Principal, the Principal or its agencies shall be entitled to examine / investigate the Books of Accounts of the Bidder and the Bidder shall provide necessary information of the relevant financial documents in English and shall extend all possible help for the purpose such examination / investigation.

14.0 Law and Place of Jurisdiction:

This Pact is subject to Indian Law. The place of performance and Jurisdiction is the Corporate Office of the Principal at Bangalore.

15.0 Other Legal Actions:

The actions stipulated in this Integrity Pact are without prejudice to any other legal action that may follow in accordance with the provisions of the extant law in force relating to any civil or criminal proceedings.

16.0 Validity:

16.1 The validity of this Integrity Pact shall be from date of its signing and extend till the complete execution of the contract to the satisfaction of both the Bidder and the principal.

16.2 Should one or several provisions of this Pact turn out to be invalid, the remainder of this Pact remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

17.0 The Parties hereby sign this Integrity Pact at _____ on _____

BEL

BIDDER

SBU HEAD

M/s.

Bharat Electronics Ltd.,

Witness:

Witness:

1. _____

1. _____

2. _____

Annexure-19

On a Stamp Paper of appropriate value
(From any Nationalized or Scheduled Bank)

FORMAT OF INTEGRITY PACT BANK GUARANTEE (IPBG)

In consideration of M/s. Bharat Electronics Limited (“BEL”), having its registered office at Outer Ring road, Nagavara, Bangalore-560045 (hereinafter called the Principal), on the first part and M/s..... of..... (hereinafter referred to as Bidder) on the second part, having agreed to accept a sum of Rs. _____(Rupees ____ Lakh Only) in the form of Bank Guarantee towards Integrity Pact for the Request for Proposal for procurement of _____ for BEL, Bangalore, we.....(Name of the Bank), (hereinafter referred to as the Bank), do hereby undertake to pay to the Principal on demand within 3 (three) working days without any demur and without seeking any reasons whatsoever, an amount not exceeding Rs. _____ (Rupees _____ Lakhs Only) and the guarantee will remain valid upto and including 45 days after the validity of the commercial offer i.e., (date). The Integrity pact Bank Guarantee shall be extended from time to time as required by the Principal.

We undertake not to revoke this guarantee during this period except with the previous consent of the Principal in writing and we further agree that our liability under the Guarantee shall not be discharged by any variation in the term of the commercial offer.

No interest shall be payable by the Principal to the Bidder(s) on the guarantee for the period of its currency.

Dated this _____ day of _____ 20

For the Bank of _____
(Agent/Manager)

BLANK

BANK GUARANTEE FORMAT FOR ADVANCE

To Contract No. _____

Dated : _____

1. In consideration of the President of India (hereinafter called "the Government") having agreed to exempt _____ (hereinafter called "the said Contractor(s)") from the demand, under the terms and conditions of an Agreement dated _____ made _____ between _____ and _____ for _____ (hereinafter called "the said agreement") of security deposit for the due fulfilment by the said Contractor(s) of the terms and conditions contained in the said Agreement, on production of a bank Guarantee for Rs _____ (Rupees _____ only) We, (hereinafter referred (indicate the name of the bank) to as "the bank") at the request of _____ (contractor(s) do hereby undertake to pay to the Government an amount not exceeding Rs _____ against any loss or damage caused to or suffered or would be caused to or suffered by the Government contained in the said Agreement.

2. We _____ (indicate the name of the bank) do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Government stating that the amount claimed is due by way of loss or damage caused to or would caused to or suffered by the Government by reason of breach by the said contractor(s) of any of the terms or conditions contained in the said Agreement or by reason of the contractor(s) ' failure to perform the said Agreement. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this guarantee shall be restricted to an amount not exceeding Rs _____.

3. We undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the contractor(s)/supplier(s) in any suit or proceeding pending before any Court or Tribunal relating thereto our liability under this present being absolute and unequivocal. The payment so made by us under this bond shall be valid discharge of our liability for payment there under and the contractor(s) suppliers shall have no claim against us for making such payment.

4. We, _____ (indicate the name of bank) further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement and that it shall continue to be enforceable till all the dues of the Government under or by virtue of the said Agreement have been fully paid and its claims satisfied or discharged or till _____ office/ Department/ Ministry of _____ certifies that the terms and conditions of the said Agreement

have been fully properly carried out by the said contractor(s) and accordingly writing on or before the _____ we shall be discharged from all liability under this guarantee thereafter.

5. We, _____ (indicate the name of bank) further agree with the Government that the Government shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement or to extend time of performance by the said contractor(s) from time to time or to postpone for any time or from time to time any of the powers exercisable by the Government against the said Contractor (s) and to forbear or enforce any of the terms and conditions relating to the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor (s) or for any forbearance, act or omission on the part of the Government or indulgence by the Government to the said Contractor(s) or by any such matter or thing whatsoever which under law relating to sureties would, but for this provision, have effect of so relieving us.

6. This guarantee will not be discharged due to the change in the constitution of the bank or the contractor (s)/supplier(s).

7. We, _____ (indicate the name of bank) lastly undertake not to revoke this guarantee during the currency except with the previous consent of the Government in writing.

8. Dated the _____ day of _____ for _____
_____ (indicate the name of the bank).

Bank Guarantee Format for Performance-cum-Warranty Bond

From: (_____Bank)
To: The President of India (represented by _____)
Ministry of Defence, Government of India

Dear Sir,

1. Whereas President of India (hereinafter referred to as BUYER) have entered into a contract No _____ dated _____ (hereinafter referred to as the said contract) with M/s (hereinafter referred to as the SELLER) for supply of goods as per contract to the said BUYER and whereas the SELLER has undertaken to produce a bank guarantee for (%) of total contract value amounting to _____ to secure its obligations towards Performance-cum- Warranty to the Buyers.

We the _____ bank hereby expressly, irrevocable and unreservedly undertake and guarantee as principal obligors on behalf of the SELLER that, in the event that the BUYER declares to us that the amount claimed is due by way of loss or damage caused to or would be caused or suffered by the BUYER by reason of breach/failure to perform by the said SELLER of any of the terms and conditions in the contract related to Performance and Warranty clauses, we will pay you, on demand and without demur, all and any sum up to a maximum of _____ Rupees only. Your written demand shall be conclusive evidence to us that such repayment is due under the terms of the said contract. We undertake to effect payment upon receipt of such written demand.

2. We shall not be discharged or released from this undertaking and guarantee by any arrangements, variations made between you and the SELLER, indulgence to the SELLER by you, or by any alterations in the obligations of the SELLER or by any forbearance whether as to payment, time performance or otherwise.

3. In no case shall the amount of this guarantee be increased.

4. This Performance-cum-Warranty guarantee shall remain valid for a period until three months beyond the warranty period as specified in the contract.

5. Unless a demand or claim under this guarantee is made on us in writing or on before the aforesaid expiry date as provided in the above referred contract or unless this guarantee is extended by us, all your rights under this guarantee shall be forfeited and we shall be discharged from the liabilities hereunder.

6. This guarantee shall be continuing guarantee and shall not be discharged by and change in the constitution of the Bank or in the constitution of M/s _____

PURCHASE PROCEDURE



_____ We undertake no to revoke this guarantee during the currency except with previous consent of BUYER in writing.

7. Dated the _____ day of _____ for _____
(name of Bank)

रजिस्ट्री सं० डी० एल०-33004/99

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भारत का राजपत्र

The Gazette of India

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वाणिज्य और उद्योग मंत्रालय
 (औद्योगिक नीति एवं संवर्धन विभाग)
 अधिसूचना

नई दिल्ली, 17 फरवरी, 2016

सा.का.नि. 180(अ).—भारत सरकार द्वारा देश में स्टार्ट-अप के लिए अनुकूल वातावरण उपलब्ध कराने के उद्देश्य से 'स्टार्टअप इंडिया' पहल की घोषणा की गई है। भारत सरकार के विभिन्न मंत्रालयों द्वारा इस प्रयोजन के लिए कई कार्यक्रमलाप शुरू किए गए हैं। पहचान किए गए उद्यमों में एकरूपता लाने के उद्देश्य से किसी संस्था को निम्नानुसार 'स्टार्टअप' माना जाएगा-

- उसके निगमीकरण/पंजीकरण की तिथि से पांच वर्ष तक,
- यदि किसी वित्तीय वर्ष में उसका कारोबार (टर्नओवर) 25 करोड़ से अधिक नहीं है, और
- बहु अभिनवीकरण, प्रौद्योगिकी या बौद्धिक संपदा आधारित नए उत्पादों, प्रक्रियाओं अथवा सेवाओं के विकास, अनुप्रयोग या वाणिज्यीकरण के संबंध में कार्य कर रहा है;

पहले से ही अस्तित्व वाले किसी व्यवसाय के विभाजन या उसके पुनर्निर्माण के माध्यम से बनाई गई किसी संस्था को 'स्टार्टअप' नहीं माना जाएगा;

उपर्युक्त परिभाषा अनुसार पहचान किए गए किसी 'स्टार्टअप' को कर लाभ प्राप्त करने के लिए अंतर-मंत्रालयी प्रमाणन बोर्ड से पात्र व्यवसाय का प्रमाण-पत्र प्राप्त करना अपेक्षित होगा जिसमें निम्नलिखित शामिल हैं:

- संयुक्त सचिव, औद्योगिक नीति एवं संवर्धन विभाग,
- विज्ञान एवं प्रौद्योगिकी विभाग के प्रतिनिधि, और
- जैव-प्रौद्योगिकी विभाग के प्रतिनिधि।

833 GI/2016

(1)

स्पष्टीकरण:

1. कोई संस्थान अपने निगमीकरण/पंजीकरण की तिथि से पांच वर्ष पूरे होने पर अथवा किमी विगत वर्ष में उसका कारोबार 25 करोड़ रुपए से अधिक होने पर 'स्टार्टअप' के रूप में नहीं माना जाएगा।
2. संस्थान का अर्थ है - कोई निजी क्षेत्र लिमिटेड कंपनी (कंपनी अधिनियम, 2013 में यथा परिभाषित), अथवा पंजीकृत साझेदारी फर्म (साझेदारी अधिनियम, 1932 के खण्ड 59 के तहत पंजीकृत) या लिमिटेड देयता साझेदारी (लिमिटेड देयता साझेदारी अधिनियम, 2002 के अन्तर्गत)।
3. कारोबार का अर्थ, कंपनी अधिनियम, 2013 में परिभाषित किए अनुसार है।
4. किमी संस्थान को अभिनवीकरण, प्रौद्योगिकी या बौद्धिक संपदा आधारित नए उत्पादों, प्रक्रियाओं या सेवाओं के विकास, अनुप्रयोग या वाणिज्यीकरण के संबंध में कार्यरत माना जाता है, यदि उसका लक्ष्य निम्नलिखित को विकसित करना और उनका वाणिज्यीकरण करना है:

- क) एक नया उत्पाद या सेवा या प्रक्रिया अथवा
- ख) महत्वपूर्ण रूप से सुधार किए गए मौजूदा उत्पाद, सेवा या प्रक्रिया, जो ग्राहकों या कार्य के प्रवाह के सृजन या उसके मूल्य संवर्धन में सहायक हो।

मात्र निम्नलिखित को विकसित करने संबंधी कार्य को इस परिभाषा में शामिल नहीं माना जाएगा:-

- क) उत्पाद या सेवाएं या प्रक्रियाएं जिनमें वाणिज्यीकरण की संभावना नहीं हो, अथवा
- ख) एकसमान उत्पाद या सेवाएं या प्रक्रियाएं अथवा
- ग) उत्पाद या सेवा या प्रक्रियाएं जो ग्राहकों या कार्य के प्रवाह के संबंध में मूल्य संवर्धन नहीं करते या सीमित वृद्धि करते हैं,

5. 'स्टार्टअप' के रूप में मान्यता संबंधी प्रक्रिया, औद्योगिक नीति एवं संवर्धन विभाग के मोबाइल एप/पोर्टल के माध्यम से होगी। स्टार्टअप को निम्नलिखित दस्तावेजों में से एक के साथ साधारण आवेदन-पत्र प्रस्तुत करना होगा:

- (क) भारत में किमी खातकोत्तर महाविद्यालय में स्थापित किमी इन्क्यूबेटर से औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रकृति के संबंध में); या
- (ख) किमी इन्क्यूबेटर का समर्थन पत्र जिसका निधियन (परियोजना के सन्दर्भ में), अभिनवीकरण को प्रोत्साहित करने के लिए किमी निर्दिष्ट योजना के भाग के रूप में भारत सरकार या कोई राज्य सरकार द्वारा किया जाता हो; या
- (ग) भारत सरकार द्वारा मान्यता प्राप्त किमी इन्क्यूबेटर से औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रकृति के संबंध में); या
- (घ) किमी इन्क्यूबेशन फंड/एंजल फंड/निजी इक्विटी फंड/स्वरित/एंजल नेटवर्क जो भारतीय प्रतिभूति एवं विनियम बोर्ड में पंजीकृत हो, के द्वारा इक्विटी में 20 प्रतिशत या इससे अधिक के निधियन का पत्र जो व्यवसाय के अभिनव स्वरूप को स्वीकारता हो। औद्योगिक नीति एवं संवर्धन विभाग ऐसे कारणों के लिए तत्कारात्मक सूची में ऐसे किमी भी फंड को शामिल कर सकता है जो वह उचित समझे; या
- (ङ) भारत सरकार या किसी राज्य सरकार का अभिनवीकरण को प्रोत्साहित करने के लिए किमी निर्दिष्ट योजना के भाग के रूप में निधियन पत्र; या
- (च) व्यवसाय के स्वरूप को संवर्धित करने वाले क्षेत्रों में भारतीय पेटेंट कार्यालय द्वारा पत्रिका में दर्ज किया गया और प्रकाशित किया गया पेटेंट।

औद्योगिक नीति एवं संवर्धन विभाग ऐसे मोबाइल एप/पोर्टल के शुरू होने तक स्टार्टअप को मान्यता देने की वैकल्पिक व्यवस्था कर सकता है। एक बार संबद्ध दस्तावेज के साथ ऐसा आवेदन अपलोड हो जाने पर स्टार्टअप को वास्तविक समय मान्यता नम्बर जारी किया जाएगा। यदि बाद में सत्यापन के समय यह पाया जाता है कि यह मान्यता, दस्तावेज के बिना अपलोड किए या अन्य दस्तावेज अपलोड होने या जाली दस्तावेज होने के कारण प्राप्त हुई है, तो संबंधित प्रार्थी दण्ड का भागी होगा जो स्टार्टअप की प्रदत्त पूंजी का 50 प्रतिशत होगा, लेकिन यह 25,000 रुपए से कम नहीं होगा।

यह अधिसूचना, राजकीय राजपत्र में प्रकाशन की तारीख से लागू होगी।

[फा. सं. 5(91)/2015-बीई. I]

स्वनीत कौर, संयुक्त सचिव

MINISTRY OF COMMERCE AND INDUSTRY
(Department of Industrial Policy and Promotion)

NOTIFICATION

New Delhi, the 17th February, 2016

G.S.R. 180(E).—The Government of India has announced 'Startup India' initiative for creating a conducive environment for startups in India. The various Ministries of the Government of India have initiated a number of activities for the purpose. To bring uniformity in the identified enterprises, an entity shall be considered as a 'startup'-

- a) Up to five years from the date of its incorporation/registration,
- b) If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- c) It is working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Provided that any such entity formed by splitting up or reconstruction of a business already in existence shall not be considered a 'startup';

Provided further that in order to obtain tax benefits a startup so identified under the above definition shall be required to obtain a certificate of an eligible business from the Inter-Ministerial Board of Certification consisting of:

- a) Joint Secretary, Department of Industrial Policy and Promotion,
- b) Representative of Department of Science and Technology, and
- c) Representative of Department of Biotechnology.

Explanation:

1. An entity shall cease to be a startup on completion of five years from the date of its incorporation/registration or if its turnover for any previous year exceeds Rupees 25 crore.
2. Entity means a private limited company (as defined in the Companies Act, 2013), or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2002).
3. Turnover is as defined under the Companies Act, 2013.
4. An entity is considered to be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize:
 - a. A new product or service or process, or
 - b. A significantly improved existing product or service or process, that will create or add value for customers or workflow.

Provided that the mere act of developing:

- a. products or services or processes which do not have potential for commercialization, or
- b. undifferentiated products or services or processes, or
- c. products or services or processes with no or limited incremental value for customers or workflow

would not be covered under this definition.

The process of recognition as a 'startup' shall be through mobile app/portal of the Department of Industrial Policy and Promotion. Startups will be required to submit a simple application with any of following documents:

- a) a recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator established in a post-graduate college in India; or
- b) a letter of support by any incubator which is funded (in relation to the project) from Government of India or any State Government as part of any specified scheme to promote innovation; or
- c) a recommendation (with regard to innovative nature of business), in a format specified by Department of Industrial Policy and Promotion, from any Incubator recognized by Government of India; or
- d) a letter of funding of not less than 20 per cent in equity by any Incubation Fund/Angel Fund/Private Equity Fund/Accelerator/Angel Network duly registered with Securities and Exchange Board of India that endorses innovative nature of the business. Department of Industrial Policy and Promotion may include any such fund in a negative list for such reasons as it may deem fit; or
- e) a letter of funding by Government of India or any State Government as part of any specified scheme to promote innovation; or
- f) a patent filed and published in the Journal by the Indian Patent Office in areas affiliated with the nature of business being promoted.

Department of Industrial Policy and Promotion may, until such mobile app/portal is launched make alternative arrangement of recognizing a 'startup'. Once such application with relevant document is uploaded a real-time recognition number will be issued to the startup. If on subsequent verification, such recognition is found to be obtained without uploading the document or uploading any other document or a forged document, the concerned applicant shall be liable to a fine which shall be fifty per cent of paid up capital of the startup but shall not be less than Rupees 25,000.

This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 5(91)/2015-BE. I]

RAVNEET KAUR, Jt. Secy.

LIST OF ITEMS RESERVED FOR PURCHASE FROM SMALL SCALE INDUSTRIAL UNITS INCLUDING HANDICRAFT SECTOR.
Sl. No. Item Description

1. AAC/and ACSR Conductor upto 19 strands
2. Agricultural Implements
 - (a) Hand Operated tools and implements
 - (b) Animal driven implements
3. Air/Room Coolers
4. Aluminum builder's hardware
5. Ambulance stretcher
6. Ammeters/ohm meter/Volt meter (Electro magnetic upto Class I accuracy)
7. Anklets Web Khaki
8. Augur (Carpenters)
9. Automobile Head lights Assembly
10. Badges cloth embroidered and metals
11. Bags of all types i.e. made of leather, cotton, canvas and jute etc. including kit bags, mail bags, sleeping bags and water-proof bag.
12. Bandage cloth
13. Barbed Wire
14. Basket cane (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
15. Bath tubs
16. Battery Charger
17. Battery Eliminator
18. Beam Scales (upto 1.5 tons)
19. Belt leather and straps
20. Bench Vices
21. Bituminous Paints
22. Blotting Paper
23. Bolts and Nuts
24. Bolts Sliding
25. Bone Meal
26. Boot Polish
27. Boots and Shoes of all types including canvas shoes
28. Bowls
29. Boxes Leather
30. Boxes made of metal
31. Braces
32. Brackets other than those used in Railways
33. Brass Wire
34. Brief Cases (other than moulded luggage)
35. Brooms
36. Brushes of all types
37. Buckets of all types

38. Button of all types
39. Candle Wax Carriage
40. Cane Valves/stock valves (for water fittings only)
41. Cans metallic (for milk and measuring)
42. Canvas Products :
 - (a) Water Proof Deliver, Bags to spec. No. IS - 1422/70
 - (b) Bonnet Covers and Radiators Muff. to spec. Drg. Lv 7/NSN/IA/130295
43. Capes Cotton and Woollen
44. Capes Waterproof
45. Castor Oil
46. Ceiling roses upto 15 amps
47. Centrifugal steel plate blowers
48. Centrifugal Pumps suction and delivery 150 mm. x 150 mm
49. Chaff Cutter Blade
50. Chains lashing
51. Chappals and sandals
52. Chamois Leather
53. Chokes for light fitting
54. Chrome Tanned leather (Semi-finished Buffalo and Cow)
55. Circlips
56. Claw Bars and Wires
57. Cleaning Powder
58. Clinical Thermometers
59. Cloth Covers
60. Cloth Jaconet
61. Cloth Sponge
62. Coir fibre and Coir yarn
63. Coir mattress cushions and matting
64. Coir Rope hawserlaid
65. Community Radio Receivers
66. Conduit pipes
67. Copper nail
68. Copper Napthenate
69. Copper sulphate
70. Cord Twine Maker
71. Cordage Others
72. Corrugated Paper Board and Boxes
73. Cotton Absorbent
74. Cotton Belts
75. Cotton Carriers
76. Cotton Cases
77. Cotton Cord Twine
78. Cotton Hosiery
79. Cotton Packs
80. Cotton Pouches
81. Cotton Ropes
82. Cotton Singlets

83. Cotton Sling
84. Cotton Straps
85. Cotton tapes and laces
86. Cotton Wool (Non absorbent)
87. Crates Wooden and plastic
88. (a) Crucibles upto No. 200 (b) Crucibles Graphite upto No. 500 (c) Other Crucibles upto 30 kgs.
89. Cumblies and blankets
90. Curtains mosquito
91. Cutters
92. Dibutyl phthalate
93. Diesel engines upto 15 H.P
94. Dimethyl Phthalate
95. Disinfectant Fluids
96. Distribution Board upto 15 amps
97. Domestic Electric appliances as per BIS Specifications:- - Toaster Electric, Elect. Iron, Hot Plates, Elect. Mixer, Grinders, Room heaters and convectors and ovens
98. Domestic (House Wiring) P.V.C. Cables and Wires (Aluminum) Conforming to the prescribed BIS Specifications and upto 10.00 mm sq. nominal cross section
99. Drawing and Mathematical Instruments
100. Drums and Barrels
101. Dust Bins
102. Dust Shield leather
103. Dusters Cotton all types except the items required in Khadi
104. Dyes :
 - (a) Azo Dyes (Direct and Acid)
 - (b) Basic Dyes
105. Electric Call bells/buzzers/door bells
106. Electric Soldering Iron
107. Electric Transmission Line Hardware items like steel cross bars, cross arms clamps arching horn, brackets, etc
108. Electronic door bell
109. Emergency Light (Rechargeable type)
110. Enamel Wares and Enamel Utensils
111. Equipment camouflage Bamboo support
112. Exhaust Muffler
113. Expanded Metal
114. Eyelets
115. Film Polythene - including wide width film
116. Film spools and cans
117. Fire Extinguishers (wall type)
118. Foot Powder
119. French polish
120. Funnels
121. Fuse Cut outs
122. Fuse Unit

123. Garments (excluding supply from Indian Ordnance Factories)
124. Gas mantels
125. Gauze cloth
126. Gauze surgical all types
127. Ghamellas (Tasllas)
128. Glass Ampules
129. Glass and Pressed Wares
130. Glue
131. Grease Nipples and Grease guns
132. Gun cases
133. Gun Metal Bushes
134. Guntape
135. Hand drawn carts of all types
136. Hand gloves of all types
137. Hand Lamps Railways
138. Hand numbering machine
139. Hand pounded Rice (polished and unpolished)
140. Hand presses
141. Hand Pump
142. Hand Tools of all types
143. Handles wooden and bamboo (Procurement can also be made from State Forest Corpn. and State Handicrafts Corporation)
144. Harness Leather
145. Hasps and Staples
146. Haver Sacks
147. Helmet Non-Metallic
148. Hide and country leather of all types
149. Hinges
150. Hob nails
151. Holdall
152. Honey
153. Horse and Mule Shoes
154. Hydraulic Jacks below 30 ton capacity
155. Insecticides Dust and Sprayers (Manual only)
156. Invalid wheeled chairs.
157. Invertor domestic type upto 5 KVA
158. Iron (dhobi)
159. Key board wooden
160. Kit Boxes
161. Kodali
162. Lace leather
163. Lamp holders
164. Lamp signal
165. Lanterns Posts and bodies
166. Lanyard
167. Latex foam sponge
168. Lathies

169. Letter Boxes
170. Lighting Arresters - upto 22 kv
171. Link Clip
172. Linseed Oil
173. Lint Plain
174. Lockers
175. Lubricators
176. L.T. Porcelain KITKAT and Fuse Grips
177. Machine Screws
178. Magnesium Sulphate
179. Mallet Wooden
180. Manhole covers
181. Measuring Tapes and Sticks
182. Metal clad switches (upto 30 Amps)
183. Metal Polish
184. Metallic containers and drums other than N.E.C. (Not elsewhere classified)
185. Metric weights
186. Microscope for normal medical use
187. Miniature bulbs (for torches only)
188. M.S. Tie Bars
189. Nail Cutters
190. Naphthalene Balls
191. Newar
192. Nickel Sulphate
193. Nylon Stocking
194. Nylon Tapes and Laces
195. Oil Bound Distemper
196. Oil Stoves (Wick stoves only)
197. Pad locks of all types
198. Paint remover
199. Palma Rosa Oil
200. Palmgur
201. Pans Lavatory Flush
202. Paper conversion products- paper bags, envelops, Ice-cream cup, paper cup and saucers and paper Plates
203. Paper Tapes (Gummed)
204. Pappads
205. Pickles and Chutney
206. Piles fabric
207. Pillows
208. Plaster of Paris
209. Plastic Blow Moulded Containers upto 20 litre excluding Poly Ethylene Terphthalate (PET) Containers
210. Plastic cane
211. Playing Cards
212. Plugs and Sockets electric upto 15 Amp

213. Polythene bags
214. Polythene Pipes
215. Post Picket (Wooden)
216. Postal Lead seals
217. Potassium Nitrate
218. Pouches
219. Pressure Die Casting upto 0.75 kg
220. Privy Pans
221. Pulley Wire
222. PVC footwears
223. PVC pipes upto 110 mm
224. PVC Insulated Aluminium Cables (upto 120 sq. mm) (ISS:694)
225. Quilts, Razais
226. Rags
227. Railway Carriage light fittings
228. Rakes Ballast
229. Razors
230. RCC Pipes upto 1200 mm. dia
231. RCC Poles Prestressed
232. Rivets of all types
233. Rolling Shutters
234. Roof light Fittings
235. Rubber Balloons
236. Rubber Cord
237. Rubber Hoses (Unbranded)
238. Rubber Tubing (Excluding braided tubing)
239. Rubberised Garments Cap and Caps etc
240. Rust/Scale Removing composition
241. Safe meat and milk
242. Safety matches
243. Safety Pins (and other similar products like paper pins, staples pins etc.)
244. Sanitary Plumbing fittings
245. Sanitary Towels
246. Scientific Laboratory glass wares (Barring sophisticated items)
247. Scissors cutting (ordinary)
248. Screws of all types including High Tensile
249. Sheep skin all types
250. Shellac
251. Shoe laces
252. Shovels
253. Sign Boards painted
254. Silk ribbon
255. Silk Webbing
256. Skiboats and shoes
257. Sluice Valves
258. Snapfastner (Excluding 4 pcs. ones)
259. Soap Carbolic

260. Soap Curd
261. Soap Liquid
262. Soap Soft
263. Soap washing or laundry soap
264. Soap Yellow
265. Socket/pipes
266. Sodium Nitrate
267. Sodium Silicate
268. Sole leather
269. Spectacle frames
270. Spiked boot
271. Sports shoes made out of leather (for all Sports games)
272. Squirrel Cage Induction Motors upto and including 100 KW440 volts 3 phase
273. Stapling machine
274. Steel Almirah
275. Steel beds stead
276. Steel Chair
277. Steel desks
278. Steel racks/shelf
279. Steel stools
280. Steel trunks
281. Steel wool
282. Steel and aluminium windows and ventilators
283. Stockinet
284. Stone and stone quarry rollers
285. Stoneware jars
286. Stranded Wire
287. Street light fittings
288. Student Microscope
289. Studs (excluding high tensile)
290. Surgical Gloves (Except Plastic)
291. Table knives (Excluding Cutlery)
292. Tack Metallic
293. Taps
294. Tarpaulins
295. Teak fabricated round blocks
296. Tent Poles
297. Tentage Civil/Military and Salitah Jute for Tentage
298. Textiles manufactures other than N.E.C. (not elsewhere classified)
299. Tiles
300. Tin Boxes for postage stamp
301. Tin can unprinted upto 4 gallons capacity (other than can O.T.S.)
302. Tin Mess
303. Tip Boots
304. Toggle Switches
305. Toilet Rolls

306. Transformer type welding sets conforming to IS:1291/75 (upto 600 amps)
307. Transistor Radio upto 3 band
308. Transistorised Insulation - Testers
309. Trays
310. Trays for postal use
311. Trolley
312. Trollies - drinking water
313. Tubular Poles
314. Tyres and Tubes (Cycles)
315. Umbrellas
316. Utensils all types
317. Valves Metallic
318. Varnish Black Japan
319. Voltage Stablisers including C.V.T's
320. Washers all types
321. Water Proof Covers
322. Water Proof paper
323. Water tanks upto 15,000 litres capacity
324. Wax sealing
325. Waxed paper
326. Weighing Scale
327. Welded Wire mash
328. Wheel barrows
329. Whistle
330. Wicks cotton
331. Wing Shield Wipers (Arms and Blades only)
332. Wire brushes and Fibre Brushes
333. Wire Fencing and Fittings
334. Wire nails and Horse shoe nails
335. Wire nettings of gauze thicker than 100 mesh size
336. Wood Wool
337. Wooden ammunition boxes
338. Wooden Boards
339. Wooden Box for Stamps
340. Wooden Boxes and Cases N.E.C. (Not elsewhere classified)
341. Wooden Chairs
342. Wooden Flush Door Shutters
343. Wooden packing cases all sizes
344. Wooden pins
345. Wooden plugs
346. Wooden shelves
347. Wooden veneers
348. Woolen hosiery
349. Zinc Sulphate
350. Zip Fasteners

HANDICRAFT ITEMS

Sl.No. Item Description Source of Supply

351 Cane furniture North Eastern Handicrafts and Handlooms Development Corporation Assam Govt. Marketing Corpn. Craft Society of Manipur Nagaland Handicrafts and Handlooms Development Corpn.

352. Bamboo file tray, -do-
Baskets, Pencil stand,
side racks etc.

353. Artistic Wooden Furniture Rajasthan Small Industries Corpn., U.P. Export Corporation.

354. Wooden paper weight, racks etc. -do-

355. Glass covers made of wood and grass jute -do-

356. Jute furniture West Bengal Handicrafts Dev. Corpn. Jute Mfg. Development Corporation Orissa State Handicrafts Dev. Corpn.

357. Jute bags, file cover -do-

358. Woolen and silk carpets U.P. Export Corporation J and K Sale and Export Corporation

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INCOTERMS

An overview

International Commercial Terms ('Incoterms') are internationally recognized standard trade terms used in sales contracts. They're used to make sure buyer and seller know:

- a) Who is responsible for the cost of transporting the goods, including insurance, taxes and duties
- b) Where the goods should be picked up from and transported to
- c) Who is responsible for the goods at each step during transportation

The current set of Incoterms is Incoterms 2010. A copy of the full terms is available from the International Chamber of Commerce.

Incoterms apply to both national and international sales.

What the terms mean

Incoterms are used in contracts in a 3-letter format followed by the place specified in the contract (e.g. the port or where the goods are to be picked up).

There are different terms for sea and inland waterways (e.g. rivers and canals) compared to all other modes of transport.

For more detail, including terms that were in use before 1 January 2011, please visit the International Chamber of Commerce (ICC) website.

There are also example contracts and clauses available from the ICC.

VAT isn't covered by Incoterms - you need to specify who pays the VAT on both imports and exports.

INCOTERMS 2015

EXW ('Ex Works')

The seller makes the goods available to be collected at their premises and the buyer is responsible for all other risks, transportation costs, taxes and duties from that point onwards. This term is commonly used when quoting a price.

Example: Goods are being picked up by the buyer from the seller's premises in Birmingham. The term used in the contract is 'EXW Bangalore'.

FCA ('Free Carrier')

The seller gives the goods, cleared for export, to the buyer's carrier at a specified place. The buyer is then responsible for getting transported to the specified place of final delivery.

This term is commonly used for containers travelling by more than one mode of transport.

CPT ('Carriage Paid To')

The seller pays to transport the goods to the specified destination. Responsibility for the goods transfers to the buyer when the seller passes them to the first carrier.

CIP ('Carriage and Insurance Paid')

The seller pays for insurance as well as transport to the specified destination. Responsibility for the goods transfers to the buyer when the seller passes them to the first carrier.

CIP ('Carriage and Insurance Paid') is commonly used for goods being transported by container by more than one mode of transport. If transporting only by sea, CIF is often used (see below).

DAT ('Delivered at Terminal')

The seller pays for transport to a specified terminal at the agreed destination. The buyer is responsible for the cost of importing the goods. The buyer takes responsibility once the goods are unloaded at the terminal.

DAP ('Delivered at Place')

The seller pays for transport to the specified destination, but the buyer pays the cost of importing the goods. The seller takes responsibility for the goods until they're ready to be unloaded by the buyer.

DDP/DTP ('Delivered Duty Paid')

The seller is responsible for delivering the goods to the named destination in the buyer's country, including all costs involved.

FAS ('Free Alongside Ship')

The seller puts the goods alongside the ship at the specified port they're going to be shipped from. The seller must get the goods ready for export, but the buyer is responsible for the cost and risk involved in loading them.

This term is commonly used for heavy-lift or bulk cargo (e.g. generators, boats), but not for goods transported in containers by more than one mode of transport (FCA is usually used for this).

FOB ('Free on Board')

The seller must get the goods ready for export and load them onto the specified ship. The buyer and seller share the costs and risks when the goods are on board. This term is not used for goods transported in containers by more than one mode of transport (FCA is

usually used for this).

CFR ('Cost and Freight')

The seller must pay the costs of bringing the goods to the specified port. The buyer is responsible for risks when the goods are loaded onto the ship.

CIF ('Cost, Insurance and Freight')

The seller must pay the costs of bringing the goods to the specified port. They also pay for insurance. The buyer is responsible for risks when the goods are loaded onto the ship.

PURCHASE PROCEDURE



MORE DETAILS

FREIGHT/RISK

DESCRIPTION

EXW Ex Works	SELLER	BUYER	Freight Seller's premises.	Seller responsible for making the goods available at the seller's premises.
	SELLER	BUYER	Risk Seller's premises.	Buyer bears the full risk from there to destination.
FCA Free Carrier	SELLER	BUYER	Freight Freight handler.	Seller responsible for delivery to the custody of carrier, identified by the buyer.
	SELLER	BUYER	Risk Freight handler.	Risk is transferred when loading has taken place.
CPT Carriage Paid to	SELLER	BUYER	Freight Destination.	Seller delivers goods to the carrier at agreed place of delivery and pays transport to the named destination. Risk is transferred at place of delivery.
	SELLER	BUYER	Risk First freight handler.	whereas seller pays for transport to the destination.
CIP Carriage and Insurance Paid to	SELLER	BUYER	Freight Destination.	Seller delivers goods to carrier at agreed place of delivery and pays for transport and insurance to named destination. Risk transfers at the place of delivery, whereas seller pays for transport and insurance to the destination.
	SELLER	BUYER	Risk First freight handler.	Seller delivers goods unloaded at a specified place inside agreed terminal. Risk is transferred as soon as goods have been unloaded.
DAT Delivered at Terminal	SELLER	BUYER	Freight Destination.	Seller delivers goods to disposal of buyer on arriving means of transport, at agreed place. Seller assumes risk until goods are made ready for unloading from the arriving means of transport.
	SELLER	BUYER	Risk Destination.	Seller responsible for bringing goods to the destination, paying any duty and making the goods available to buyer. Risk transfers as soon as buyer has access to goods ready for unloading at agreed destination.
DAP Delivered at Place	SELLER	BUYER	Freight Place of destination.	Seller is responsible for delivery of goods at quay alongside the ship. From this point onwards, risk lies with buyer.
	SELLER	BUYER	Risk Arriving means of transport at destination.	Seller responsible for delivery of goods loaded on board the ship. Risk is transferred as soon as goods have been set down inside ship.
DDP Delivered Duty Paid	SELLER	BUYER	Freight Destination.	Seller covers cost of freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
	SELLER	BUYER	Risk Destination.	Seller covers cost of insurance and freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
FAS Free Alongside Ship	SELLER	BUYER	Freight Shipside in port of departure.	Seller covers cost of freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
	SELLER	BUYER	Risk Shipside in port of departure.	
FOB Free on Board	SELLER	BUYER	Freight On board ship.	Seller covers cost of freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
	SELLER	BUYER	Risk On board ship	
CFR Cost and Freight	SELLER	BUYER	Freight Port of destination.	Seller covers cost of freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
	SELLER	BUYER	Risk On board ship	
CIF Cost, Insurance and Freight	SELLER	BUYER	Freight Port of destination.	Seller covers cost of insurance and freight, duty unpaid, to named port of destination. Risk is transferred as soon as the goods have been set down inside ship.
	SELLER	BUYER	Risk Port of destination.	



OO. NO. HO/203/001
27th October, 1977

Subject: Preservation of records - Finance and Accounts Division.

1. The following shall be the procedure for preservation, maintenance and disposal of old records of the Finance and Accounts Divisions of the Company. This supersedes Secretary's Office Memo No. 1603 dated 26/5/1971.
2. The preservation periods prescribed in this office Order are subject to the following general conditions:
 - 2.1 No records shall be destroyed if there are disputes, audit queries / draft paras, any vigilance investigations or other enquiries from Government etc., in respect of matters to which the records pertain to.
 - 2.2 Where considered important, records can be maintained in individual cases for longer periods also.
 - 2.3 Files, Ledgers, Statements, Cards, Journals and records of any description and by whatever name called not referred to in this Office Order shall be brought to the notice of the Management for obtaining approvals / orders for their preservation or destruction. No record not covered herein shall be destroyed without such approval. Dates of destruction should be indicated on the records before they are transferred by the Sections to the Record Room.
 - 2.4 A list of records becoming due for destruction according to the preservation periods stipulated in this Office Order and the dates of destruction indicated on the records will be made out by the Officer-in-Charge of the Record Room and sent to the Heads of the Sections concerned before their actual destruction for confirmation whether they could be destroyed. Alternatively, the Heads of Sections or their representatives could personally visit the Record Room for on-the-spot review of the records before confirming destruction.
 - 2.5 Heads of Sections are personally responsible to ensure that proper care and diligence is exercised before authorising destruction of records. Heads of Sections shall maintain detailed lists of records authorised by them for destruction and such lists will be permanent records in themselves. These lists shall in no circumstances be destroyed. They should be handed over and taken over from Officer to Officer when handing over / taking over charge. A copy of the list of records destroyed shall be maintained by the Officer-in-Charge of the Record Room also.. In this connection the

procedure enumerated by the Management separately for disposal of old files and records may also be taken into account.

- 2.6 If any Section / Department requires the records pertaining to other Sections / Departments, only the Sections to which the records pertain to should arrange to withdraw the records and make them available to the Section / Department requiring them.

Sl. No.	Particulars of documents	Period of preservation
1	<u>BILLS RECEIVABLE SECTION</u> Bills Files	One year after full settlement of bills.
2	SJV Files	8 years or till Sales Tax assessment is completed, whichever is later.
3	Customer-wise bill Register / Statement	10 years
4	Despatch Orders	These are filed in Bills files at No.1 above
5	Sale Orders	One year after completion of supplies and receipt of payment
6	Journal and Sundry Debtors Ledger	18 years or completion of Sales tax assessment, whichever is later
7	Bills Control Register	Permanent
8	Section copies of CROs (files)	18 years
9	Sales tax Registers	Permanent - matter should be reviewed once in two years
10	Miscellaneous files	On merits
11	Transport coupons	Three years
1	<u>BILLS PAYABLE - Foreign</u> Purchase Order files	Two years after the supply / payment / adjustment is completed satisfactorily after taking into account the position of BEL's Sales-tax assessment.
2	Purchase Journals and Vouchers	18 years or one year after completion of BEL's Sales tax assessment, whichever is later.

PURCHASE PROCEDURE

Sl. No.	Particulars of documents	Period of preservation
3	Stores Adjustment & Journal Vouchers	18 years
4.	Customs Journal and Vouchers	
5.	Credit Note Journal and Vouchers	
6.	Sundry Creditors Ledger	
	<u>BILLS PAYABLE - LOCAL</u>	
1.	Purchase Order files	2 years after supply / payment / adjustment is completed satisfactorily.
2.	Purchase Journal	18 years or one year after completion of BEL's Sales tax assessment, whichever is later
3.	Stores adjustment and Journal Vouchers	18 years
4.	Credit Note Journal and Vouchers	
5.	Sundry Creditors Ledger	
6.	Advance Payment Ledger	
7.	Advance Payment Register	5 years
8.	Miscellaneous Bills Contract files	2 years after final payment after adjustment, provided no disputes are outstanding.
9.	Accrued Liability Journal	2 years after the close of the year of account.
	<u>INTERNAL AUDIT</u>	
1.	Material Gate Pass	One year
2.	Stock verification records	Permanent
3.	Others	On merit

Sl. No.	Particulars of documents	Period of preservation
1.	<p><u>COST & MATERIAL ACCOUNTS</u></p> <p>Copies of Purchase Orders</p>	<p>3 years after the close of the financial year in which orders were placed subject to the provision that Purchase Orders for last completed batch are to be preserved even beyond this period, if necessary.</p> <p>In such of those cases where rebate is to be calculated for royalty based on value of purchase orders placed on the Collaborators, such Purchase Orders shall be retained till royalty payment for the concerned quantity / project is completed.</p>
2.	Copies of Purchase Requisitions	3 years after the close of the financial year in which orders were placed subject to the provision that Purchase Orders for last completed batch are to be preserved even beyond this period, if necessary
3.	Shop Order Register	No longer maintained. Existing register may be destroyed.
4.	Time Tickets	One year after the close of the financial year.
5.	Monthly Labour Analysis	5 years after the close of the financial year.
6.	Monthly Material issue analysis (EDP Statements)	Preserved for one year after the close of the financial year. Annual statement with cumulative totals to be preserved for 8 years.
7.	<p>(a) Closed work order copies for Plant Orders, etc.</p> <p>(b) Closed Work order copies for production / project orders</p>	<p>1 year after the completion of the year in which the work order was completed and plant installed, if any.</p> <p>5 years after the completion of the year in which the work order was completed.</p>
8.	Monthly Cost Ledger sheets (EDP Statements)	One year after the completion of the year.
9.	Yearly Cost Ledger sheets and summary	18 years after the completion of the year.

PURCHASE PROCEDURE

Sl. No.	Particulars of documents	Period of preservation
10.	Working sheets for valuation of stocks / work-in-progress	18 years after the completion of the year.
11	Store Credit notes	3 years after the close of the year.
12.	Miscellaneous Documents	To be decided on the merits of each case.
13.	Rework / Restart Labour Files	One year after the close of the year.
14.	Rework / Restart Materials files	--do--
15.	Monthly Labour Efficiency Statements	5 years after the close of the year.
16.	Shop Order copies	3 years after the close of financial year they relate to, subject to the condition that the last batch will be retained.
17.	Sale Issue Vouchers	3 years
18.	Miscellaneous files relating to Cost Data	To be decided on merits of each case and to be reviewed once in two years
19.	Production Summary Register	Permanent
20.	Finished Stock issue Register	Permanent
21.	Output valuation Register	5 years
22.	Stock reports received from departments	One year after the close of the Financial Year
23.	Cost of sales statement	These are not being made now. Existing statements can be destroyed. Finished stock schedule is being made instead. Audited copy of the statement should be preserved for 18 years
24.	Write-off vouchers files including Management sanctions	18 years after the close of the year
25.	Production reports	Monthly Statements - One year Annual Summaries - Permanent
26.	Monthly Cost Sheets (Components)	One year after the close of the financial year
27.	Annual Cost Sheets and Annual Cost ledger (Components)	18 years after the close of the financial year
28.	Finished stock Ledger cards	After the close of the financial year

PURCHASE PROCEDURE

Sl. No.	Particulars of documents	Period of preservation
29.	Materials Ledger	18 years after the close of the year
30.	Stores Requisition / Stock Transfer Notes	3 years after the close of the year
31.	Store Return Notes	3 years after the close of the year
32.	ICRR (Foreign & Local)	For Capital items till the disposal of the Asset. For other item - 5 years
33.	Receipt Analysis (ICRR listed by EDP) Monthly Statement	One year after the close of the financial year
34.	Issue Analysis (EDP list of issue vouchers, stock transfer, store credits, store return notes, stock verification adjustment) Monthly statement	One year after the close of the financial year
35.	Material Gate Passes	One year after the close of the year
36.	Copies of stock verification reports and files	In Material Accounts - One year
37.	Material Budget Control Statement	3 years after the close of the financial year
38.	Assets Schedules	Audited copy should be retained for 18 years
39.	Assets History Cards	To be preserved for 2 years after disposal of the Asset.
40.	(a) Machine utilisation Records (EDP Statement - Monthly)	1 year after the close of the year
	(b) Idle machine time ticket (IMT)	1 year after the close of the year
41.	Labour Idle Time Reports from EDP	One year after the close of the year
42.	Labour idle time registers	-do-
43.	Annual summary of Labour utilisation and Machine utilisation (compiled from EDP Statement)	18 years after the close of the year
44.	Monthly expenses analysis registers	18 years after the close of the year

PURCHASE PROCEDURE

Sl. No.	Particulars of documents	Period of preservation
45.	Cost Centre-wise statement of Monthly expenses (Office copy)	3 years after the close of the year. Annual summaries to be preserved for 18 years
46.	Details of Indirect Material consumption for the month (EDP Statement of issue and return cost center-wise analysed)	18 years after the close of the year
47.	Copies of Journal Entries from all Sections	One year after the close of the year
48.	Copies of Movement Order	6 months after the close of the year. Movement orders pertaining to chargeable work orders will be kept in the Work Orders Folders till they are completed.
49.	Canteen expenses analysis files	8 years after the close of the year
50.	Operating cost statement of transport – files	8 years after the close of the year
51.	Copies of appointment orders etc.	One year after the close of the year
52.	Defence refunds calculations – file	18 years
53.	Miscellaneous cost calculations	To be decided on merits of each case
54.	Selling price index cards for Spares & accessories	Permanent
55.	Equipment-wise files for selling price, cost survey etc	Permanent
56.	Cost statistics file for Equipments	Permanent
57.	Profit / loss Analysis file for Equipments	Permanent
58.	Annual Accounts files for Manufacturing Accounts and other connected statements	Permanent
59.	Monthly / Quarterly Tooling expenditure statements	One year after the close of the financial year
60.	Control Register for Cost Ledgers, for Material, Labour & expenses	5 years after the close of the financial year
61.	Work Order / ESO Control Registers	Permanent

PURCHASE PROCEDURE



Sl. No.	Particulars of documents	Period of preservation
62.	Staff Index Cards	Permanent
	<u>BUDGET & FINANCE COMPILATION</u> <u>I. Budget & Finance</u>	
1.	Copies of sanctions	2 years
2.	Sanctions Register	5 years
3.	Capital expenditure Control Register	5 years
4.	Revenue Budget and connected papers / files	5 years
5.	Capital Budget and connected papers / files	8 years
6.	Feasibility reports, DPRs and other project report files, papers leading to collaboration agreements etc.	Permanent. To be reviewed once in five years
7.	Foreign exchange budget papers, correspondence, allocations etc.	5 years
8.	Monthly Cash Flow Statements (EDP)	5 years
	<u>II. Compilation</u>	
1.	Ledgers	} 18 years from the close of the financial year
2.	Journals	
3.	Journal vouchers	
4.	File relating to: i. Royalty / know-how ii. Loan from Govt. iii. Cash Credit facility iv. Loan from foreign bank	} Permanent. Matter should be reviewed once in 5 years
5.	Files relating to each year's annual accounts	18 years from the close of the financial year
6.	Cash and Bank payment Vouchers (Copies for EDP)	} One year after the close of the financial year
7.	Cash and Bank CROs (Copies for EDP)	

Sl. No.	Particulars of documents	Period of preservation
8.	Income-tax files except return of income and assessment orders	18 years from the close of the financial year
9.	Returns of Income and Assessment orders	Permanent
1.	<u>GENERAL ACCOUNTS</u> I. Leave Section Leave Applications / Cards	3 years from the close of the financial year. NOTE: 1. The leave applications year basis NOTE: 2. Leave applications 77-78 records NOTE: 3. Before taking up for destruction, the Personnel Department should be asked to give a list of cases which are in dispute in Courts etc., for which the records should be preserved a) Records in cases where there are disputes will be sent to the Personnel Department.

<u>II. Time Office</u>		
1.	Time and Attendance Cards	Three years after the close of the financial year excepting those required in disputed cases, final claims etc. For this purpose, the Time Office should ascertain from the Personnel Department in regard to cases in disputes in Court, final settlement claims etc., before taking up the cards for destruction.
2.	Over Time Report-cum-Requisition	One year after the close of the financial year
3.	Gate passes in respect of employees	6 months after the close of the financial year
<u>III. Pay Rolls (Executives, Indirect & Direct)</u>		
1.	Pay Bills / Attendance-cum-Muster Rolls	8 financial years Before destruction of the records, it should be ascertained from the Personnel Department whether any of the Muster Rolls / Pay Bills are to be preserved in respect of disputed cases and claims.
2.	Pay Roll Journal - TA Journal, LTC Journal, Medical Journal	8 financial years
3.	T.J.V. – Admitted TA Bills; Admitted LTC Bills and Admitted Medical Bills	3 years
4.	Advance Registers - TA/DA, LTC, Medical, Salary advance, Cycle Advance, Miscellaneous loans, Transport Recovery Register, LIC Recovery Register, Income-tax etc.	3 years
5.	Loan applications	3 financial years excepting cases of advances for car and scooter purchase where it will be kept until the advance together with interest is completely recovered.

PURCHASE PROCEDURE



6.	Events file - Appointments, Promotions, Increments etc.	One year from the close of the year.
7.	Salary Card of Executives (Maintained upto 31.12.76)	5 years
8.	Pay Roll Record Cards	18 years
9.	Final settlement files / Personal files of Executives	One year after final settlement is over
10.	General correspondence files	To be decided on merits - to be reviewed every three years

	<u>IV. Provident Fund</u>	
1.	Cash Book	18 years from the close of the financial year.
2.	Receipt Vouchers and Payment vouchers	-do-
3.	General Ledger	-do-
4.	Journals	-do-
5.	P.F. Ledger Cards	Permanent
6.	Cheque counterfoils	One year from the close of the year
7.	Bank Statements	18 years from the close of the financial year
8.	Monthly recovery statements of Provident Fund (EDP statements)	2 years from the close of the year
9.	P.F. Loan, Life Insurance final settlement registers	Permanent
	<u>V. Cash & Bank Section</u>	
1.	Cash Books	18 years from the close of the financial year
2.	Cash and Bank Receipts	-do-
3.	Cash (including Cheque) and Bank Payment vouchers	-do-
4.	<ul style="list-style-type: none"> • Acquittance list for salary, bonus, etc., to employees • Acquittance slip for advances like Festival Advance where group payments are made 	<p>One year after the close of the financial year</p> <p>The a quittance slips should be preserved until the recovery of advance is completed.</p> <p>NOTE: For this purpose, from 1.4.1977 onwards the acquittance slips in these cases will be handed over to the respective Time Office / Pay Roll Section for safe custody and follow-up. For the period (Time Office)</p>
5.	Cheque Counterfoils	One year from the close of the year

PURCHASE PROCEDURE



6.	Scroll Book, Cheque Deposit Register	-do-
7.	Daily physical verification of cash balance register	-do-
8.	Money Order Inward and Outward Register	-do-
9.	Postage & Revenue stamps expenditure Registers	-do-
10.	Bank Reconciliation Registers and files	3 years from the close of the financial year
11.	Bank Statements	18 years from the close of the year
12.	Interest Calculation Register	One year from the close of the year

1.	<u>VI. Works Section</u> Works Registers and Journals Contractors Ledgers	18 years from the close of the financial year
2.	Buildings Register	Permanent
3.	Estimate, Work Order, Registers and files	3 years from the date of completion of the works
4.	Materials & Labour Statements and Schedules	One year from the close of the financial year
5.	Income-tax Registers & Returns	18 years
6.	Contractors' Bills	18 years
	<u>VII. General (All Sections)</u>	
1.	Inward Diary Register	One year after the close of the financial year
2.	Accounting Registers	18 years
3.	Statistical Registers	5 years
4.	Journal Voucher (with supporting documents)	18 years
5.	Monthly EDP Printout of transactions ("Current Ledger")	1 year after the close of the financial year.

CHAIRMAN-CUM-MANAGING DIRECTOR

Reference Websites related to Procurement

Sl. No.	Web site	Description
1	http://webportal.bel.co.in/	BEL SRM portal
2	http://webportal.bel.co.in/supplier-payinfo/msmereg/	MSME registration with BEL
3	http://www.mod.nic.in/forms/default.aspx	DPP of MoD
4	http://msme.gov.in/mob/ActsRule.aspx	MSME Acts and Notifications
5	https://www.ihs.com/products/obsolescence-management.html	Obsolescence Management-IHS
6	http://www.cbec.gov.in/	Customs Dept
7	http://www.cbec.gov.in/htdocs-cbec/customs	Customs Acts
8	http://www.cbec.gov.in/htdocs-cbec/customs/cs-tariff2015-16/cst2015-16-idx	Customs Tariff
9	http://www.cbec.gov.in/htdocs-cbec/customs/forms_pdf/forms_idx_final	Customs Forms (BE etc)
10	http://www.cbec.gov.in/Customs-Notifications	Customs Notifications
11	http://www.cbec.gov.in/htdocs-cbec/deptt_offcr/cs-manual	Customs Manual
12	http://www.cbec.gov.in/Excise-Notifications?pageID=3-6	Central Excise Notifications
13	http://www.cbec.gov.in/ServiceTax-Notifications	Service Tax Notifications
14	http://cvc.nic.in/rajins.htm	CVC Instructions
15	http://www.statistics.gov.uk/statbase/Product.asp?vlnk=2207&More	Price indices in UK
16	http://www.bls.gov/home.htm	USA, Bureau of Labour Statistics Data
17	http://www.bls.gov/ppi/	USA, Producer Price Indexes
18	http://www.insee.fr/en/home/home_page.asp	French Indices
19	http://www.iccwbo.org/home/menu_incoterms.asp	INCOTERMS
20	www.hmce.gov.uk	for UK Customs & Excise Tariff

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INTERNATIONAL CURRENCIES

Code	Currency	Locations using this currency
AED	United Arab Emirates dirham	United Arab Emirates
AFN	Afghani	Afghanistan
ALL	Lek	Albania
AMD	Armenian Dram	Armenia
ANG	Netherlands Antillian Guilder	Netherlands Antilles
AOA	Kwanza	Angola
ARS	Argentine Peso	Argentina
AUD	Australian Dollar	Australia, Australian Antarctic Territory, Christmas Island, Cocos (Keeling) Islands, Heard and McDonald Islands, Kiribati, Nauru, Norfolk Island, Tuvalu
AWG	Aruban Guilder	Aruba
AZN	Azerbaijani Manat	Azerbaijan
BAM	Convertible Marks	Bosnia and Herzegovina
BBD	Barbados Dollar	Barbados
BDT	Bangladeshi Taka	Bangladesh
BGN	Bulgarian Lev	Bulgaria
BHD	Bahraini Dinar	Bahrain
BIF	Burundian Franc	Burundi
BMD	Bermudian Dollar (customarily known as Bermuda Dollar)	Bermuda
BND	Brunei Dollar	Brunei
BOB	Boliviano	Bolivia
BOV	Bolivian Mvdol (Funds code)	Bolivia
BRL	Brazilian Real	Brazil
BSD	Bahamian Dollar	Bahamas
BTN	Ngultrum	Bhutan
BWP	Pula	Botswana
BYR	Belarussian Ruble	Belarus
BZD	Belize Dollar	Belize

Code	Currency	Locations using this currency
CAD	Canadian Dollar	Canada
CDF	Franc Congolais	Democratic Republic of Congo
CHE	WIR Euro (complementary currency)	Switzerland
CHF	Swiss Franc	Switzerland, Liechtenstein
CHW	WIR Franc (complementary currency)	Switzerland
CLF	Unidades de formento (Funds code)	Chile
CLP	Chilean Peso	Chile
CNY	Yuan Renminbi	Mainland China
COP	Colombian Peso	Colombia
COU	Unidad de Valor Real	Colombia
CRC	Costa Rican Colon	Costa Rica
CUP	Cuban Peso	Cuba
CVE	Cape Verde Escudo	Cape Verde
CYP	Cyprus Pound	Cyprus
CZK	Czech Koruna	Czech Republic
DJF	Djibouti Franc	Djibouti
DKK	Danish Krone	Denmark, Faroe Islands, Greenland
DOP	Dominican Peso	Dominican Republic
DZD	Algerian Dinar	Algeria
EEK	Kroon	Estonia
EGP	Egyptian Pound	Egypt
ERN	Nakfa	Eritrea
ETB	Ethiopian Birr	Ethiopia
EUR	Euro	European Union, see eurozone
FJD	Fiji Dollar	Fiji
FKP	Falkland Islands Pound	Falkland Islands
GBP	Pound Sterling	United Kingdom
GEL	Lari	Georgia
GHS	Cedi	Ghana
GIP	Gibraltar pound	Gibraltar

Code	Currency	Locations using this currency
GMD	Dalasi	Gambia
GNF	Guinea Franc	Guinea
GTQ	Quetzal	Guatemala
GYD	Guyana Dollar	Guyana
HKD	Hong Kong Dollar	Hong Kong Special Administrative Region
HNL	Lempira	Honduras
HRK	Croatian Kuna	Croatia
HTG	Haiti Gourde	Haiti
HUF	Forint	Hungary
IDR	Rupiah	Indonesia
ILS	New Israeli Shekel	Israel
INR	Indian Rupee	Bhutan, India
IQD	Iraqi Dinar	Iraq
IRR	Iranian Rial	Iran
ISK	Iceland Krona	Iceland
JMD	Jamaican Dollar	Jamaica
JOD	Jordanian Dinar	Jordan
JPY	Japanese yen	Japan
KES	Kenyan Shilling	Kenya
KGS	Som	Kyrgyzstan
KHR	Riel	Cambodia
KMF	Comoro Franc	Comoros
KPW	North Korean Won	North Korea
KRW	South Korean Won	South Korea
KWD	Kuwaiti Dinar	Kuwait
KYD	Cayman Islands Dollar	Cayman Islands
KZT	Tenge	Kazakhstan
LAK	Kip	Laos
LBP	Lebanese Pound	Lebanon
LKR	Sri Lanka Rupee	Sri Lanka
LRD	Liberian Dollar	Liberia
LSL	Loti	Lesotho

PURCHASE PROCEDURE

Code	Currency	Locations using this currency
LTL	Lithuanian Litas	Lithuania
LVL	Latvian Lats	Latvia
LYD	Libyan Dinar	Libya
MAD	Moroccan Dirham	Morocco, Western Sahara
MDL	Moldovan Leu	Moldova
MGA	Malagasy Ariary	Madagascar
MKD	Denar	Former Yugoslav Republic of Macedonia
MMK	Kyat	Myanmar
MNT	Tugrik	Mongolia
MOP	Pataca	Macau Special Administrative Region
MRO	Ouguiya	Mauritania
MTL	Maltese Lira	Malta
MUR	Mauritius Rupee	Mauritius
MVR	Rufiyaa	Maldives
MWK	Kwacha	Malawi
MXN	Mexican Peso	Mexico
MXV	Mexican Unidad de Inversion (UDI) (Funds code)	Mexico
MYR	Malaysian Ringgit	Malaysia
MZN	Metical	Mozambique
NAD	Namibian Dollar	Namibia
NGN	Naira	Nigeria
NIO	Cordoba Oro	Nicaragua
NOK	Norwegian Krone	Norway
NPR	Nepalese Rupee	Nepal
NZD	New Zealand Dollar	Cook Islands, New Zealand, Niue, Pitcairn, Tokelau
OMR	Rial Omani	Oman
PAB	Balboa	Panama
PEN	Nuevo Sol	Peru
PGK	Kina	Papua New Guinea
PHP	Philippine Peso	Philippines

Code	Currency	Locations using this currency
PKR	Pakistan Rupee	Pakistan
PLN	Zloty	Poland
PYG	Guarani	Paraguay
QAR	Qatari Rial	Qatar
RON	Romanian New Leu	Romania
RSD	Serbian Dinar	Serbia
RUB	Russian Ruble	Russia, Abkhazia, South Ossetia
RWF	Rwanda Franc	Rwanda
SAR	Saudi Riyal	Saudi Arabia
SBD	Solomon Islands Dollar	Solomon Islands
SCR	Seychelles Rupee	Seychelles
SDG	Sudanese Pound	Sudan
SEK	Swedish Krona	Sweden
SGD	Singapore Dollar	Singapore
SHP	Saint Helena Pound	Saint Helena
SKK	Slovak Koruna	Slovakia
SLL	Leone	Sierra Leone
SOS	Somali Shilling	Somalia
SRD	Surinam Dollar	Suriname
STD	Dobra	São Tomé and Príncipe
SYP	Syrian Pound	Syria
SZL	Lilangeni	Swaziland
THB	Baht	Thailand
TJS	Somoni	Tajikistan
TMM	Manat	Turkmenistan
TND	Tunisian Dinar	Tunisia
TOP	Pa'anga	Tonga
TRY	New Turkish Lira	Turkey
TTD	Trinidad and Tobago Dollar	Trinidad and Tobago
TWD	New Taiwan Dollar	Taiwan and other islands that are under the effective control of the Republic of China (ROC)
TZS	Tanzanian Shilling	Tanzania

Code	Currency	Locations using this currency
UAH	Hryvnia	Ukraine
UGX	Uganda Shilling	Uganda
USD	US Dollar	American Samoa, British Indian Ocean Territory, Ecuador, El Salvador, Guam, Haiti, Marshall Islands, Micronesia, Northern Mariana Islands, Palau, Panama, Puerto Rico, East Timor, Turks and Caicos Islands, United States, Virgin Islands
USN		United States
USS		United States
UYU	Peso Uruguayo	Uruguay
UZS	Uzbekistan Som	Uzbekistan
VEB	Venezuelan bolívar	Venezuela
VND	Vietnamese đồng	Vietnam
VUV	Vatu	Vanuatu
WST	Samoa Tala	Samoa
XAF	CFA Franc BEAC	Cameroon, Central African Republic, Congo, Chad, Equatorial Guinea, Gabon
XAG	Silver (one Troy ounce)	
XAU	Gold (one Troy ounce)	
XBA	European Composite Unit (EURCO) (Bonds market unit)	
XBB	European Monetary Unit (E.M.U.-6) (Bonds market unit)	
XBC	European Unit of Account 9 (E.U.A.-9) (Bonds market unit)	
XBD	European Unit of Account 17 (E.U.A.-17) (Bonds market unit)	
XCD	East Caribbean Dollar	Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines
XDR	Special Drawing Rights	International Monetary Fund
XFO	Gold franc (special settlement currency)	Bank for International Settlements

Code	Currency	Locations using this currency
XFU	UIC franc (special settlement currency)	International Union of Railways
XOF	CFA Franc BCEAO	Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo
XPD	Palladium (one Troy ounce)	
XPF	CFP franc	French Polynesia, New Caledonia, Wallis and Futuna
XPT	Platinum (one Troy ounce)	
XTS	Code reserved for testing purposes	
XXX	No currency	
YER	Yemeni Rial	Yemen
ZAR	South African Rand	South Africa
ZMK	Kwacha	Zambia
ZWD	Zimbabwe Dollar	Zimbabwe

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Office of the General Manager (Finance)

Corporate Office

No: 18254/GM(Finance)/CO/2012-13

Date: 25th September, 2012

Subject: Guidelines for resorting to single and limited tenders.

In order to ensure that procurement is carried out in an open, fair, consistent and competitive manner and also to discourage any activity that is against the vigilance and financial norms of the Company, the following guidelines shall be followed, while conducting the tendering process:

I. Single Tenders

1. Single tender procurement process shall be adopted, only in the following cases:

- (a) Items specifically identified for procurement from the licensor, collaborator, TOT partner or as recommended by External Design Agencies.
- (b) Proprietary items where item has been designed and developed as per specific customer requirements.
- (c) Cases in which bids were initially submitted by more than one bidder and the equipment has been short listed after Customer/BEL Trials:

[Necessary instructions have already been given to Corporate IS to include specific SAP codes for the above categories in order to bring in more clarity with reference to the nature of the procurements in lieu of one SAP code for Single tender].

2. In all other cases, the justification for procurement on Single Tender basis is to be supported with documents and details of how the single source is selected. Justification giving details of efforts made for identifying alternate vendor is also to be provided.

3. Price should be justified specifically by a comparison with:

- (a) Last Procurement Price (LPP)
- (b) Information available with design agencies,
- (c) Technically evaluated price or
- (d) Price of other suppliers for similar products not considered for tendering

4. D&E group of the concerned project is required to identify and qualify alternate vendors. This activity of expanding vendor base is required to be carried out by D&E, on a continual basis.

5. The MM representative of the Cost Reduction Committee in the Units/SBUs should prepare a list of Single Tender items (each line item costing more than Rs.10 lakhs) proposed to be procured during the financial year. The Unit/SBU Cost Reduction Committee should focus efforts in establishing alternate vendors. The D & E representative of the Committee should be an active coordinator.

II.Limited Tenders

1. Limited tenders are to be conducted as detailed in the Purchase Procedure. Any additional Vendor to be qualified and added to an existing Vendor base is required to be evaluated in consultation with D&E group and Standards by placing a trial order. The additional Vendors are to be included in the list of approved Vendor after due qualification only. No orders for bulk quantities should be placed on a newly added vendor without a clause for sample approvals/qualifications by BEL/Customer Inspectors as the case may be.
2. For non production items the Purchase Departments concerned should evaluate the vendors and maintain a list of approved vendors. Any addition or deletion is to be done after proper evaluation and rating.
3. Reasons for rejecting the offer from vendors based on technical parameters are to be recorded in the proposal and relevant technical comparison/Compliance statement is to be duly authenticated and should form part of the proposal.
4. Once qualified in technical parameters, a commercial bid should not be rejected on the grounds of varying commercial terms except where it is adversely affecting the Company's interests. Such adverse effect is to be recorded clearly giving proper justification relating to the RFQ conditions stipulated in the tender. Variation in commercial terms having direct financial impact eg warranty, payment terms etc, should be duly accounted for in the Price Bid for ascertaining the L1 bidder. LD is not a term having a direct financial impact.
5. When an RFQ is floated on time preference basis, it should be brought out conspicuously, that the LD conditions cannot be deviated under any circumstance.
6. PNCs should be conducted in a well planned and structured manner after due deliberations among the members for target pricing based on Director (Marketing)'s circulars in this respect.

These guide lines are to be followed in addition to the Purchase Procedure and other circulars issued on the subject.

A quarterly report in the enclosed format may please be submitted to Management Services/CO by the 5th of the succeeding month.



General Manager (F)/CO

To: Heads of SBUs / Units
✓ GM (IS) CO/AGM (MS) CO
CC: D (BC), D (OU), D (F)
CMD: For kind information please

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Manufacturing Network

Ghaziabad - 1974

Radar
Network Centric Systems
Satcom & Cellular Communication
Antennas

Panchkula - 1985

Tactical Communication Equipment
Portable Radars

Kotdwara - 1986

Defence Communication Equipment
Telecom Products

Navi Mumbai - 1986

Shelters, Masts
Energy Systems

Pune - 1979

Batteries
Laser Products
Fuzes

Hyderabad - 1986

Electronic Warfare Equipment

Bengaluru - 1954

Military Communication
Missile Systems
Electronic Warfare & Avionics
Radar Systems
Naval Systems
Network Centric Systems
Export Manufacturing
Components
Homeland Security

Machilipatnam - 1983

Electro Optic Equipment

Chennai - 1985

Tank Electronics
Land Navigation Systems
Fire Control Systems
Gun Upgrades



Bharat Electronics Ltd.

(A Government of India Enterprise)

Registered & Corporate Office

Outer Ring Road, Nagavara

Bengaluru - 560 045

Website : www.bel-india.com