



SUB - CONTRACT PROCEDURE 2017

Bharat Electronics Limited

(A Government of India Enterprise)

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SUB - CONTRACT PROCEDURE - 2017**1.0 INTRODUCTION**

The procedure to be followed in Sub-Contract matters were laid down, inter-alia, in the Office Order No. HO / 591 / 021 DT. :1.07.2010 and subsequent amendments. A review of these procedures was made in year 2017 taking into account existing needs of the company, the context of its multi-unit operations and the special characteristics akin to the situation in the high technology field in which the company is operating. Keeping in view the implementation of SAP in all Units / SBUs, the Sub-contract procedure is revised to incorporate suitable changes including SRM process, File Lifecycle Management (FLM) and delegation of powers. As per above the following procedures are laid down for adopting by all the units.

2.0 OBJECTIVES

The objectives of all Sub-Contract activities in Bharat Electronics are to ensure that :

- 2.1 The required materials / services to prescribed specifications are outsourced from reliable vendors, in right quantities, at the right times and at right prices.
- 2.2 Fair and consistent practices are followed in sub-contracting with a view to establish long-term business relationships with the vendors.
- 2.3 The total 'lead time' for procurement is reduced to the minimum.
- 2.4 Sub-contracting should be in areas both of low / high technology to achieve the optimum cost benefits, along with the benefits for diverting the efforts to high-technology areas.
- 2.5 Capital investment in infrastructure intensive and low-end are as is minimised.
- 2.6 The economics and legal interests of the company are safeguarded at all times.
- 2.7 Import substitution is achieved at a faster rate.
- 2.8 To increase the vendor base through on-line vendor registration process.
- 2.9 Outsourcing of manufacturing activity for machined parts and mechanical assemblies and system integration are to be decided by the production control head / project manager keeping in view of the following :
 - a) Meeting the required rate of production
 - b) Avoiding fixed investments
 - c) In house capacity
 - d) Improving cost Effectiveness
 - e) Meeting project delivery schedules.

3.0 REASONS FOR SUB - CONTRACTING

The need for sub-contact to outside agencies arises due to the following reasons :

- 3.1 The manufacturing / service facility is available in the unit but cannot be executed due to capacity constraints in the following areas :
 - a) Items of fabrication including machining, sheet metal work etc.
 - b) Service jobs like plating, painting, heat treatment, Screen-printing, Engraving etc.
 - c) Electronic assembly work like cable forms, cable assembly, PCB assembly, sub-unit /

Unit assembly etc., & electronic units testing like PCB assembly, sub-unit etc.

- d) Whole equipment assembly (including fabrication, assembly, testing and also environmental testing)
- e) Secondary operations like moulding, spot welding, die / wire bonding, tinning, Branding, assembly and testing of active and passive components
- f) Manufacture of PCB blanks (single-sided, double-sided and multilayer).
- g) Manufacture and assembly of transformers, coils and chokes, etc.
- h) Packing cases for finished equipment and components (either carpentry or any other type).
- i) Photo-copying, Printing, Binding, Drafting and preparation of Technical Catalogues, Marketing Leaflets and Technical Literature related works.
- j) Development of product from Schematic drawings, involving the works like, Circuit design, PCB lay-outs, first-off sample manufacturing, Testing and Software development.

- 3.2 The facilities are not available in the unit for some of the operations / process, in the manufacturing chainlike :

Industrial tailoring, FRP moulding, rubber mouldings, plastic mouldings, castings, Forgings, extrusions, springs, Name plates etc & for some special jobs like Aluminium skinned shelters, FRP shelters, metal forming.

- 3.3 Items falling under the category castings, wood works, Plastics, Labels, Adhesive stickers, name plates and rubber moulding, Technical literature, Chemical milling, Buffing & polishing, hard anodizing, Zinc spray and sand / shot blasting are considered as "NO NORMS ITEMS". Refer Circular No. 16300 / MSD / MS BG / 65 dated 13th Jan 2015 issued by MS BG unit.

- 3.4 Outsourcing activities are to be decided on the guidelines of outsourcing policy of BEL as referred to in Annexure No. 15

3.5 CLASSIFICATION OF MATERIAL

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

- a) 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.
- b) Material which are used as Non Production items (having MPN or supplier reference in PR / Drawing).
- c) All Capital items and Spares for Capital items.
- d) Exclusive D&E items if MPN is not assigned and suggested Vendor is mentioned in the PR / Drawing for development projects.

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

- a) Items which are to be fabricated or assembled as per BEL documents with or without BEL material.

- b) 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 Purchase Procedure 2016, Clause 6.5 etc.
- c) Any item not covered under purchase procedure as per 3.5.1 shall be processed through sub contract procedure.

3.5.3 The Services mentioned in Purchase Procedure 2016, clause 6.5 / 6.5.1 considered as works to be processed as per works contract manual.

3.5.4 +Vendor CoC shall mandatorily contain the following information:

- Country of Manufacturing
- Manufacturer Name
- Batch Code
- Date Code

The details of the same to be updated in the system before the Usage Decision (Acceptance) is made in the system by QA / Inspection department.

3.5.5 + For all non production / Capital items, except in case of purchase from a selected single source, reference to brand names, catalogue numbers or other details that limit any materials or items to specific manufacturer(s) should be avoided as far as possible. Where unavoidable, such item descriptions should always be followed by the words "or substantially equivalent.

(+ Added vide OO No. HO/591/068 dtd 29.10.2024)

4.0 RESPONSIBILITIES OF THE DEPARTMENTS / OFFICERS

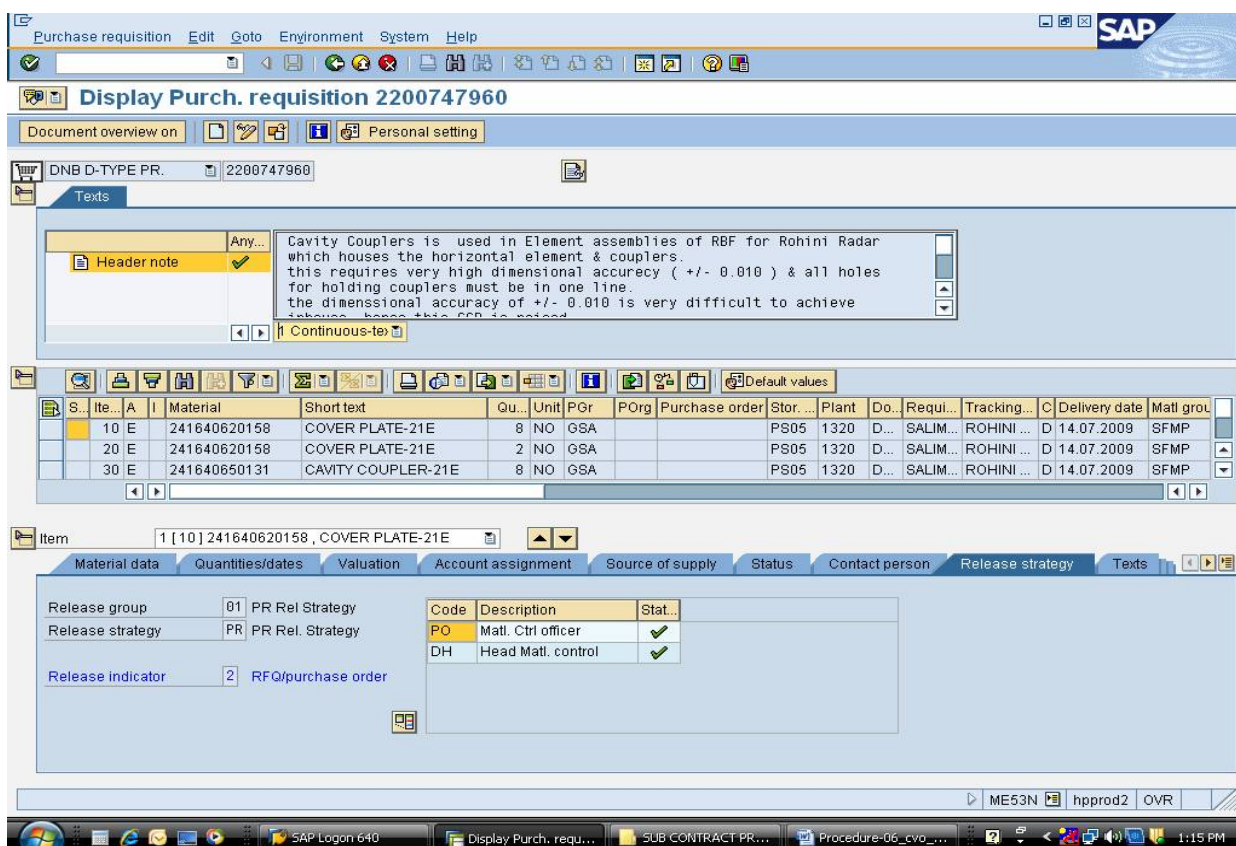
4.1 RESPONSIBILITIES OF INDENTING DEPARTMENT / OFFICER

The indenting department is normally the production control department in the production setup. It shall establish the need and quantum of sub-contract, taking into account the in-house facility / capacity available by adopting the following steps :

- 4.1.1 Based on sale order, run the MRP in SAP using transaction code ZPP002 and check with free stock pegging. Before running MRP production control shall maintain MRP, Accounting, Costing, Work Scheduling, Valuation and Quality views including J1ID table for all the manufactured parts and assemblies for the ensuing year. MRP than shall be run using SAP for generating planned orders. Planned orders shall then be converted into Production orders and PRs using transaction Mass / Individual conversion of planned orders to production order / PRs.
- 4.1.2 List of manufactured parts and assemblies shall be derived from the MRP run (bill of materials) by production control. After ascertaining the capacity available in-house items to be outsourced (Sub-Contracted) are identified and consolidated list of (MRPof) items (to be Sub-Contracted) is prepared. In cases where production control is not able to generate consolidated MRP at a time, individual PR may be raised wherein production control should certify that in-house capacity has been explored.
- 4.1.3 However, if for any reason the Sub-Contract items / service could not be included in the MRP / bill of material, individual Sub contract Requisition may be raised manually by production control for order processing with or without BEL free issue materials.
- 4.1.4 Assist the vendors in any technical clarifications needed.

4.1.5 Check that an up-to-date drawing exists in SAP for all the items Sub-Contracted, so as to enable the Sub-Contract department to have easy access to the drawings which will in turn cut short the lead time.

4.1.6 Specimen Sub contract Request used in SAP are shown below :



The screenshot shows the SAP interface for displaying a purchase requisition (2200747960). The document is a DNB D-TYPE PR. The 'Texts' tab is active, showing a header note with the following text:

Cavity Couplers is used in Element assemblies of RBF for Rohini Radar which houses the horizontal element & couplers. this requires very high dimensional accuracy (+/- 0.010) & all holes for holding couplers must be in one line. the dimensional accuracy of +/- 0.010 is very difficult to achieve. Hence, this PR is raised.

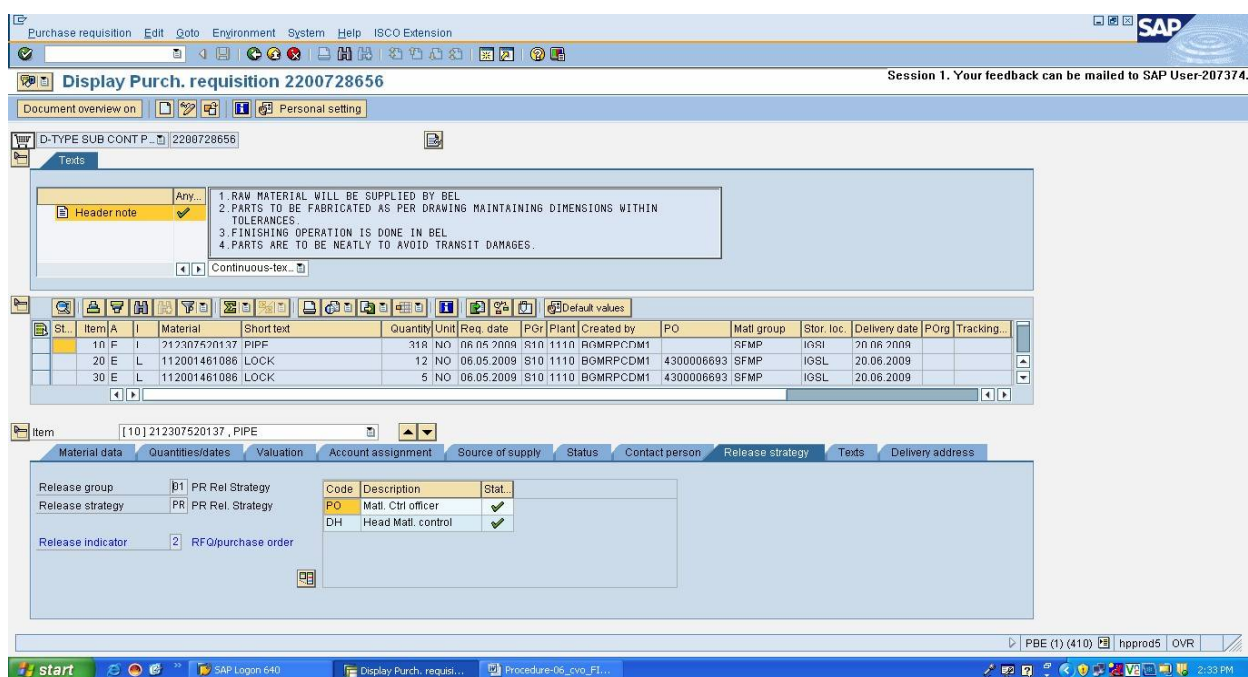
The 'Table' tab is also visible, showing a list of items:

S...	It...	A	I	Material	Short text	Qu...	Unit	POr	POrg	Purchase order	Stor...	Plant	Do...	Requi...	Tracking...	C	Delivery date	Matl gro...
	10	E		241640620158	COVER PLATE-21E	8	NO	GSA			PS05	1320	D...	SALIM...	ROHINI ...	D	14.07.2009	SFMP
	20	E		241640620158	COVER PLATE-21E	2	NO	GSA			PS05	1320	D...	SALIM...	ROHINI ...	D	14.07.2009	SFMP
	30	E		241640650131	CAVITY COUPLER-21E	8	NO	GSA			PS05	1320	D...	SALIM...	ROHINI ...	D	14.07.2009	SFMP

The 'Item' tab is also visible, showing details for item 1 [10] 241640620158, COVER PLATE-21E. The 'Release group' is 01, 'Release strategy' is PR, and 'Release indicator' is 2 (RFQ/purchase order). The 'Code' and 'Description' table shows:

Code	Description	Stat...
PO	Matl. Ctrl officer	✓
DH	Head Matl. control	✓

Fig :1 Sub contract Request (Vendor Material) CNB / DNB / FNBTYPE



Display Purch. requisition 2200728656

Document overview on: [Icons] Personal setting

D-TYPE SUB CONT P... 2200728656

Texts

Header note: Any...
 1. RAW MATERIAL WILL BE SUPPLIED BY BEL
 2. PARTS TO BE FABRICATED AS PER DRAWING MAINTAINING DIMENSIONS WITHIN TOLERANCES
 3. FINISHING OPERATION IS DONE IN BEL
 4. PARTS ARE TO BE NEATLY TO AVOID TRANSIT DAMAGES.

Continuous-text...

St.	Item	A	I	Material	Short text	Quantity	Unit	Req. date	PGR	Plant	Created by	PO	Matl group	Stor. loc.	Delivery date	PORG	Tracking...
10	F	I		212307520137	PIPE	318	NO	06.05.2009	S10	1110	BGMRPDCM1		SFMP	IGSL	20.06.2009		
20	E	L		112001461086	LOCK	12	NO	06.05.2009	S10	1110	BGMRPDCM1	4300006693	SFMP	IGSL	20.06.2009		
30	E	L		112001461086	LOCK	5	NO	06.05.2009	S10	1110	BGMRPDCM1	4300006693	SFMP	IGSL	20.06.2009		

Item: [10] 212307520137, PIPE

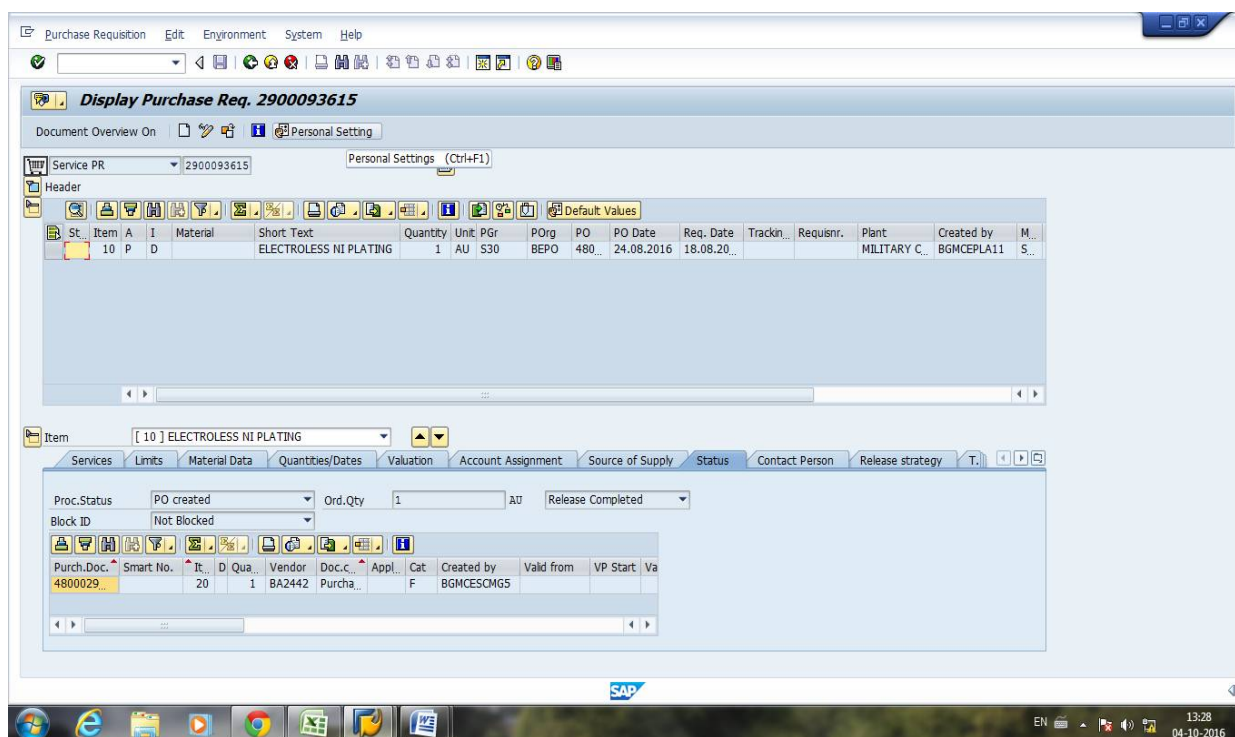
Material data | Quantities/dates | Valuation | Account assignment | Source of supply | Status | Contact person | Release strategy | Texts | Delivery address

Release group: B1 PR Rel Strategy
 Release strategy: PR PR Rel. Strategy
 Release indicator: 2 RFQ/purchase order

Code Description Stat.
 PO Matl. Ctrl officer ✓
 DH Head Matl. control ✓

PBE (1) (410) | hpprod5 | OVR

Fig :2 Sub contract Request (BEL Material) CSC / DSC / FSCTYPE



Display Purchase Req. 2900093615

Document Overview On: [Icons] Personal Setting

Service PR: 2900093615

Header

St.	Item	A	I	Material	Short Text	Quantity	Unit	PGR	PORG	PO	PO Date	Req. Date	Trackn.	Requisn.	Plant	Created by	M...
10	P	D			ELECTROLESS NI PLATING	1	AU	S30	BEPO	480...	24.08.2016	18.08.20...			MILITARY C...	BGMCEPLA11	S...

Item: [10] ELECTROLESS NI PLATING

Services | Limits | Material Data | Quantities/Dates | Valuation | Account Assignment | Source of Supply | Status | Contact Person | Release strategy | T...

Proc. Status: PO created | Ord. Qty: 1 | AU | Release Completed

Block ID: Not Blocked

Purch. Doc.	Smart No.	It.	D	Qua.	Vendor	Doc. C.	Appl.	Cat	Created by	Valid from	VP Start	Va
48000029		20		1	BA2442	Purcha...		F	BGMCECOMG5			

Fig :3 Sub contract Request for Service (GNB / FNBTYP)

- 4.1.7 List of SCRs, with a Checklist (ANNEXURE-1) giving information regarding PR along with a copy of updated drawing with proper vetting by Project-in-charge will be sent to respective Sub-Contract Department for further action.

While issuing the Sub-Contract Requests (SCRs), the indenter should ensure that,

all vital information is incorporated in PR, so that; Sub-Contract Department will have all necessary information, about the parts identified for procurement. Details of materials to be issued by BEL on FREE OF COST basis, shall be clearly indicated in the PR.

4.2 RESPONSIBILITIES OF INDUSTRIAL ENGINEERS

4.2.1 IED / MS of respective SBUS / Unit should estimate unit price based on SAP released BOM and based on the norms finalised by Management Services of the SBUSs / Units. (In the absence of IED / MS, the concerned production control / indenter may provide the estimates).

IED may indicate the estimation price in the sub contract order file which will be used by the sub contract procurement department as a reference for price negotiation and award of contract as applicable.

4.2.2 Maintain Unit Cost Estimates for all manufactured parts / assemblies which consists of :

- i) Labour cost only, where materials are supplied free of cost by BEL.
- ii) Labour cost and Material cost where no materials are supplied by BEL.
- iii) Special Tool cost, if any, to be paid to supplier for design, fabrication and use for BEL items only.

4.2.4 Work out the standard rates per hour periodically (the periodicity shall be two years) of each category of operations for different Category of Vendors, in concurrence with Finance. The Sub-Contracts department will use these rates for entering into Annual rate contract.

4.2.5 Assist the indenting department, in the aggregation of standard man-hours for in-house & Sub-Contract items.

4.2.6 While calculating unit price, IED / MS will consider the following :

- NRE / Development work done by the vendors against BEL's jobs.
- Tools manufactured by the supplier which may not be considered as the property of BEL.
- The complexity and learning curve.
- The economics of volume

4.2.7 + Methods for establishing the estimated cost:

- a) Estimated rate in latest indents of the same goods;
- b) Last purchase price of this or similar or nearly equivalent requirements;
- c) Costing analysis based on costs of various components/raw materials of the item;
- d) Rough assessment from the price of the assembly/machine of which the item is a part or vice versa;
- e) Through the internal or external expert costing agencies;

For subcontract items, IED shall indicate the readiness of estimate against each BID in the system without which price bid shall not be opened.

(+Added vide OO No. HO/591/068 dtd 29.10.2024)

4.3 RESPONSIBILITIES OF SUB-CONTRACT DEPARTMENT / OFFICER

- 4.3.1 Take out a list of all pending PRs at regular intervals from SAP. Scrutinise the PR(s), check the previous Sub-Contract details and performances by the previous supplier(s). Based on the history of parts subcontract to decide whether to place Repeat Order as per clause 7.2 or go for Enquiry as per clause 7.1.
- 4.3.2 To issue Request for Quotation (RFQ) (ANNEXURE- 2), analyze the quotations received and prepare comparative statements.
- 4.3.3 To hold negotiations with the tenderers, on prices, delivery, terms of payment or other conditions, wherever required, in association with Finance, IED / MS and Indenter, wherever necessary(refer clause 7.4)
- 4.3.4 Maintain source list and prepare Sub contract Orders in SAP, and release Sub contract Orders, as per release strategy in SAP issued by IS (CO) (ANNEXURE-5), after obtaining competent authority's approval, as per delegation of powers, as stipulated by Corporate Office and vetting by Finance and monitor the progress of Sub-Contract order.
- 4.3.5 Assume full responsibility for issual, accountal and collection of materials, to and from the vendors. Fulfil all the Government formalities, in the material transactions. Ensure that all statutory procedures and formalities as applicable, from time to time, (in respect of Excise duty / Sales Tax, etc.) are complied with.
- 4.3.6 Initiate steps for a) Registration of new Vendors, b) Approval of firms for inclusion in Source List using ZMM007, c) Updating Source List and d) Vendor Rating.
- 4.3.7. Enter into Annual Rate Contract with the Vendors, including finishing process (like plating, painting, etc.)
- 4.3.8 Obtain Bank Guarantee for the relevant amount from the vendors, as applicable and ensure that, the Vendors obtain the Insurance Policy for high values, wherever applicable. Refer Clause 4.4.4 for maintenance and renewal Bank Guarantee.
- 4.3.9 Co-ordinate with Finance for prompt payments to the vendors, on-time and for the recoveries, if any, from the vendors and to act as a single window of the company, for the vendor-related issues.
- 4.3.10 Sub-Contract divisions are required to issue the materials to the supplier through the SAP transaction code ZIMM002. This makes the inventory of the material available with the vendor in a separate location named as Vendor Storage Location (VNSL). This will help to monitor the inventory holding at supplier premises with respective Sub-Contract order.

4.3.11 Specimen Sub contract order Vendor Material / BEL Material / Service is shown below :

Purchase order Edit Goto Environment System Help ISCO Extension

D.F.S TYPE Indige PO 4900052421 Created by BGMRS CMG1 Session 1. Your feedback can be mailed to SAP User-207374.

Document overview on Print preview Messages Personal setting

D.F.S TYPE Indige PO 4900052421 Vendor IB0027 INDUSTRIAL RUBBER W... Doc. date 02.05.2009

Header

S. Itm	A	I	Material	Short text	PO quantity	O...	C Deliv. date	Net price	Curr...	Per	O...	Matt Group	Pint	S Loc	Batch
10	E		365511549273	COVER	25	N0	D 30.08.2009	12.80	INR	1	N0	SFMP	1110	IGSL	
20	E		365518109189	SEAL RING	75	N0	D 30.08.2009	14.67	INR	1	N0	SFMP	1110	IGSL	
30	E		365518900148	ASKET	30	N0	D 30.08.2009	34.92	INR	1	N0	SFMP	1110	IGSL	

Item [10] 365511549273, COVER

Material data Quantities/weights Delivery schedule Delivery Invoice Conditions Account assignment Texts Delivery address Confirmations

Qty 25 N0 Net 300.00 INR

CnTyName	Amount	Crcy	per	U...	Condition value	Curr.	Num...	OUn	CCon...	Un	Condition value	CdC...
PB00 Gross Price	12.00	INR	1	N0	300.00	INR	1	N0	1	N0	0.00	
NAVS Non-Deductible Tax	0.00	INR			0.00	INR	0		0		0.00	
NAVM Non-Deductible Tax	0.00	INR			0.00	INR	0		0		0.00	
Net value incl. tax	12.00	INR	1	N0	300.00	INR	1	N0	1	N0	0.00	
Actual price	12.00	INR	1	N0	300.00	INR	1	N0	1	N0	0.00	
Total after entry Ta	12.00	INR	1	N0	300.00	INR	1	N0	1	N0	0.00	
Cal Cost	12.00	INR	1	N0	300.00	INR	1	N0	1	N0	0.00	

Condition rec. Analysis Update

PBE (1) (410) hpprod5 OVR

Fig :4 Sub contract Order (Vendor Material)

Purchase order Edit Goto Environment System Help

D TYPE SUB CONTRA PO 4300005865 Created by GDRD SCMG1

Document overview on Print preview Messages Personal setting

DSP D TYPE SUB CO... 4300005865 Vendor AA1922 ATLANTIC CIRCUITS Doc. date 10.12.2008

Delivery/invoice Conditions Texts Address Communication Partners Additional data Org. data Status Customer data

Header Texts

Header text A. NOTES: THIS SAP ORDER IS IN LIEU OF PURCHASE ORDER NO. 4900037657, DATED 21/10/2008.

Header note

Pricing types

Headlines

[A] THE ABOVE ITEMS ARE TO BE ETCHED AND GOLD PLATED AS PER THE REQUIREMENTS. ALL THE DIMENSIONS AND TOLERANCES ARE TO BE MAINTAINED AS PER THE DRAWINGS.

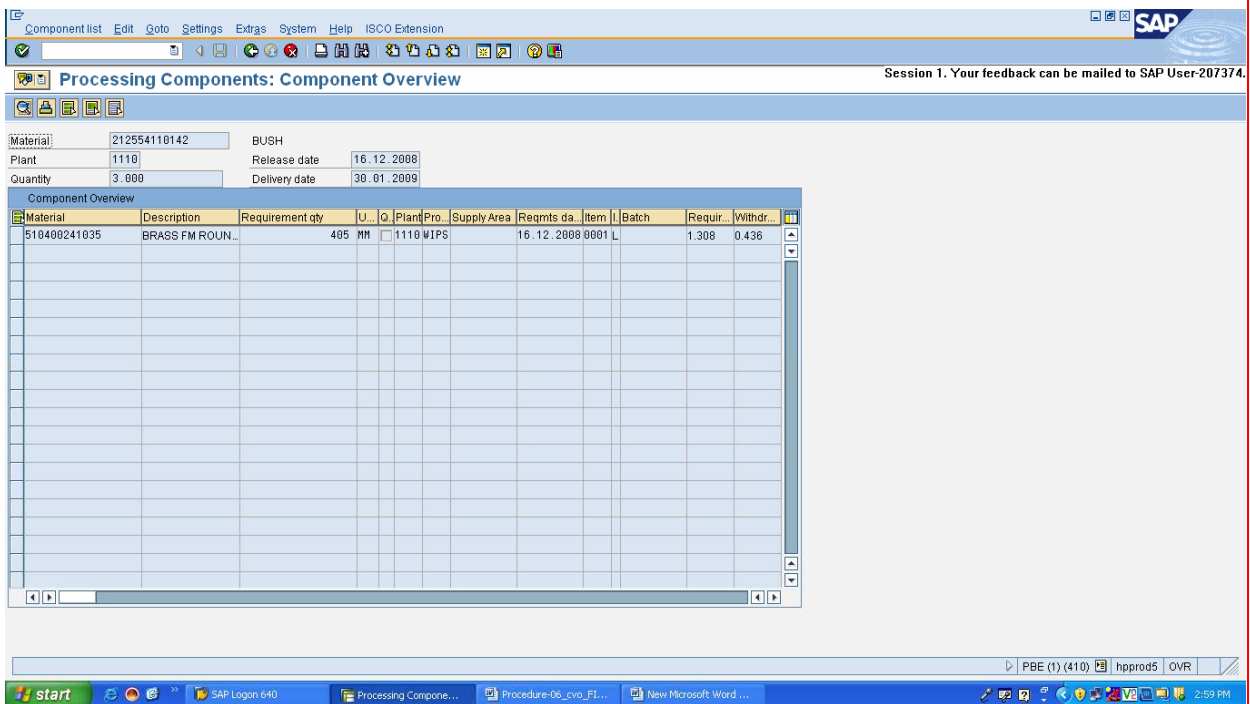
1 Continuous-ter

S. Itm	A	I	Material	Short text	PO quantity	O...	C Deliv. date	Net price	Curr...	Per	O...	Matt Group	Pint
10	E	L	249536610181	RF SUBSTRATE 8-WAY ...	4	N0	D 09.01.2009	65,768.89	INR	1	N0	SFPB	1320
20	E	L	249536620172	RF SUBSTRATE 8-WAY ...	4	N0	D 09.01.2009	65,768.89	INR	1	N0	SFPB	1320
30	E	L	249536630163	RF SUBSTRATE 2X8 PA...	8	N0	D 09.01.2009	30,692.15	INR	1	N0	SFPB	1320

Item detail

ME23N hpprod5 OVR

Fig :5 Sub contract Order (BEL Material)



Component list Edit Goto Settings Extras System Help ISCO Extension

Processing Components: Component Overview

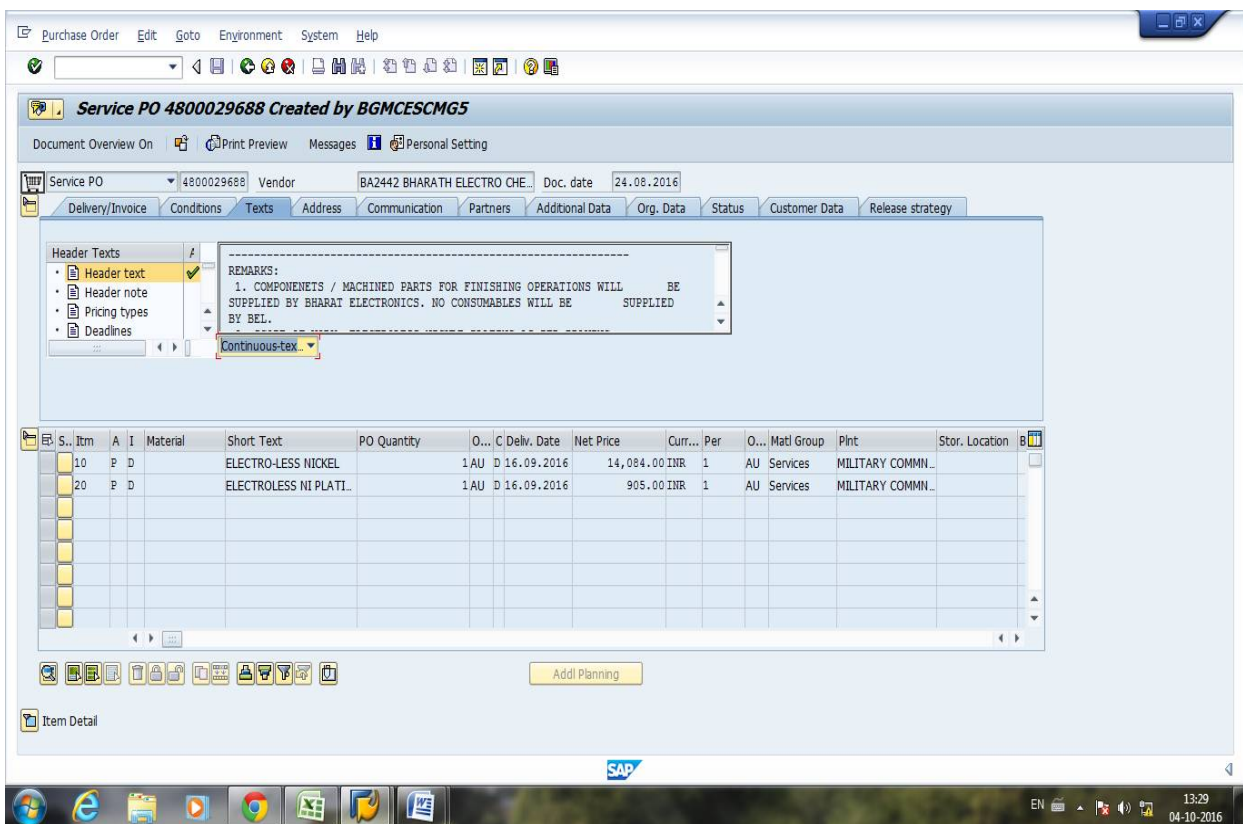
Session 1. Your feedback can be mailed to SAP User-207374.

Material: 212554110142 BUSH
 Plant: 1110 Release date: 16.12.2008
 Quantity: 3.000 Delivery date: 30.01.2009

Material	Description	Requirement qty	U.	Q.	Plant	Pro.	Supply Area	Reqmts da.	Item	Batch	Requir.	Withdr.
510409241035	BRASS FM ROUN...	405	MM		1110	WIPS		16.12.2008	0001	L	1.308	0.436

start | SAP Login 640 | Processing Compone... | Procedure-06_cvo_FL... | New Microsoft Word ... | 2:59 PM

Fig :6 Sub contract Order (BEL Material) Bill of Material



Purchase Order Edit Goto Environment System Help

Service PO 4800029688 Created by BGMCESCMG5

Document Overview On Print Preview Messages Personal Setting

Service PO: 4800029688 Vendor: BA2442 BHARATH ELECTRO CHE. Doc. date: 24.08.2016

Delivery/Invoice Conditions Texts Address Communication Partners Additional Data Org. Data Status Customer Data Release strategy

Header Texts

- Header text
- Header note
- Pricing types
- Deadlines

REMARKS:
 1. COMPONENTS / MACHINED PARTS FOR FINISHING OPERATIONS WILL BE SUPPLIED BY BHARAT ELECTRONICS. NO CONSUMABLES WILL BE SUPPLIED BY BEL.

Continuous-text...

Item	S.	Item	A	I	Material	Short Text	PO Quantity	O...	C	Deliv. Date	Net Price	Curr...	Per	O...	Matl Group	Plant	Stor. Location
10	P	D				ELECTRO-LESS NICKEL		1	AU	D 16.09.2016	14,084.00	INR	1	AU	Services	MILITARY COMM...	
20	P	D				ELECTROLESS NI PLATI...		1	AU	D 16.09.2016	905.00	INR	1	AU	Services	MILITARY COMM...	

Add Planning

Item Detail

start | 13:29 | 04-10-2016

Fig :7 Service Order

4.4. RESPONSIBILITIES OF FINANCE OFFICERS

- 4.4.1 Ensure that the prescribed rules and procedures have been followed and the cannons of financial propriety have been observed at the time of entering into Annual Rate Contract. Purchase finance is to scrutinize and conduct vetting of the Sub contract Orders before it is released as mentioned in Clause 6.1(b)
- 4.4.2 Associate with IED / MS in finalizing standard rates per hour. Also, act as a member of Price Negotiation Committee.
- 4.4.3 Make prompt payments to the vendors, as per the payment terms.
- 4.4.4 Central Sub-Contract department in case of Bangalore Complex and respective Sub-Contract Departments in case of other units shall have the primary responsibility of maintaining the Bank Guarantee obtained by divisions while Finance department will have the responsibility of monitoring the same.
- 4.4.5 Associate with Vendor Committee, for establishing new Vendors.

4.5 RESPONSIBILITIES OF QUALITY CONTROL OFFICER

- 4.5.1 Follow the procedure laid down in the Quality Manual, for ensuring the Quality of the incoming materials.
- 4.5.2 Rationalize the volume of inspection of incoming materials, by inspecting the same at Vendor's premises.
- 4.5.3 Associate with the Sub-Contracts department for selection / evaluation / approval / deletion of vendors and to audit the processes of the vendor.
- 4.5.4 Educate the vendors on defect-prevention and to train them on Statistical Process Control techniques.

5.0 ESTABLISHMENT OF VENDORS

As Quality, Delivery and Cost are of prime importance, extreme care is to be taken in the selection and establishment of Vendors, in each category, to have a healthy competition. To meet these requirements the committee will be constituted at SBUSs / UNIT level. The process of establishment of vendors shall include the following steps :

- A. Registration of New Vendors / Development of Alternate Sources
- B. Source List & Vendor Rating
- C. De-registration, Banning and Suspension of Vendors.

A. Registration of New Vendors / Development of Alternate Sources

- 5.1 Generally all the interested Vendors across the country are uploading their details / credentials in the BEL web portal as continuous process. Central Sub-Contract / ISCO will monitor the list of uploaded new vendors based on their process / category and scrutinise the documents up loaded online. Depending upon the requirements of SBUS / UNIT Sub-Contract departments the list will be distributed once in every three months, to the respective SBUS / UNITs Vendor Evaluation Committee (VEC) for further evaluation.
- 5.2 The Sub-Contract / VEC head shall select the required process vendors who have registered online and send a questionnaire as per ANNEXURE- 3. On receipt of the reply for the questionnaire the necessary financial and capacity criteria are to be evaluated by the committee as explained in the clause 5.3.

5.3 The vendor Evaluation Committee is appointed by the unit head or competent authority, comprising the following representatives :

- a) Head of the production division : Chairman
- b) Head of Sub-Contracts of respective SBUS s / Units. : Member Secretary
- c) Representative of IED / MS . : Member.
- d) Representative of Production control / Indenter : Member.
- e) Representative of Finance : Member.
- f) Representative of Quality control : Member.
- g) Representative of Specialized processes like : Co-opted Member.
Manufacturing PCB, PCB assembly, Lead lining etc.

This committee will study the filled-in Questionnaires, along with the enclosed supporting documents submitted by new Vendors, short-list suitable Vendors and inspect their premises, for assessing their capabilities and infrastructure. If, the facilities available with the Vendor is adequate in all respects and the Vendor meets the required criteria, the Committee will recommend for Registration as Active Vendor for approval by competent authority. On completion of this process the evaluated vendor will be added to the process vendor directory of BEL. This process is to be followed on continual basis as a procedure to expand the vendor base.

5.3 (a) Deemed Vendor:

Vendors registered in other defence PSU can be considered as deemed registered vendors For non project materials. Cross reference is provided in the BEL website for checking and utilising the registered vendors of other DPSUs. Efforts should be made to make use of these vendors for participating in the tenders, subject to availability of details of vendors such as Vendor name, Vendor code, Postal address, Contact phones & fax numbers, e-mail ID, Product category of non project materials etc., as these details are the minimum requirements for BEL to register a vendor and do transactions. In case these deemed vendors are selected for order processing the necessary process and procedures required by BEL will be adopted for evaluation.

B. SOURCE LIST AND VENDOR RATING

- a) Source List should be maintained for Process / Operation wise.
- b) This source List should be maintained in SAP.
- c) Based on Process / Operations, Vendors have to be categorized and maintained in SAP. New vendors can also be added to this list based on their capabilities / evaluation report.
- d) A Transaction code is to be made available in SAP to know the evaluated / approved vendors for different processes along with their capabilities.

5.4 Once registered, Trial Orders (maximum of TWO) will be given, to assess the performance of Vendor, with reference to Quality, Delivery and Price.

- 5.5 A separate Vendor Evaluation Committee, involving, representatives from Sub-Contract, Quality and Production Departments, will be constituted by SBUS / Unit Head, for assessing the performance of Registered Vendors. The senior-most member in the committee shall be Chairman of the committee. This Committee will review the performance of Registered Vendors.
- 5.6 The assessment of performance is based on, System Generated Vendor Rating and subsequently, the Committee shall recommend for approval to the SBUS / Unit Head, only if, the Vendor Rating is above desired benchmark (fixed by the Vendor Committee of respective Unit / SBUS), for inclusion in Source List.**The process of maintaining active vendor and deactivating dormant vendors to be done by Central Sub-Contract department in case of BG Cx and respective Sub-Contract Departments in case of other units in coordination with Corporate Standards department.
- 5.7 Source List should consist of :
- 5.7.1 Vendors approved by the SBUS / Unit Head after giving trial order and assessing the performance by the Committee, as explained above, and
- 5.7.2 Vendors continuously giving good performance in regular supplies and whose vendor rating is above benchmark.
- 5.8 Review of Source List is to be carried out once a year during April / May. New Source List is updated, as and when, Vendors are approved for inclusion and it is a continuous process.

C. DE-REGISTRATION / SUSPENSION / BANNING OF VENDORS

- 5.9 If the performance of any Vendor in Source List, is not satisfactory, to the desired level, during the process of procurement of parts from Vendors, there will be a need for discontinuation of services of Vendors, based on their performance regarding quality, delivery and ethical practices. Any unethical behaviour shall call for action against the vendor of deletion from the vendor list / banning / suspension / Encashment of Bank Guarantee as considered appropriate by GMs / SBUS Heads / Unit Heads / Functional Director in accordance with procedure ref. no 18869 / IB / MS Dated :12.01.2009 (Refer to Annexure-4.)
- 5.10 The Approved list of Vendors is classified, according to the nature of work they can handle, such as Casting / mouldings, Machining, (2) Special machining, (3) Fabrication, (4) Welding (5) assembly (6) whole assembly, (7) Sub units with embedded software (8) Software development Services (9) other production related services like painting / plating etc. as well as by their capabilities.

The firms will be in categories A, B & C as under :

Category 'A1' : *Large Public Sector / State Sector firms with adequate in-house R&D, Engineering, Production and Quality Control.*

Category 'A2' : *Large Private Sector Industries or Medium Public Sector / State sector Firms with adequate in-house Engineering, Production and Quality Control.*

Category 'B' : *Medium or Small Private Industries without much Engineering, but with adequate Production and Quality Control.*

Category 'C' : *Small Scale Industries including BEL Ancillary units with requisite Production facilities*

NOTE: Qualitatively, firms coming under category A1 and A2 are deemed to require no assistance from BEL and would undertake the job based on the order. Firms coming under Category 'B' may need some engineering support only. Firms coming under Category 'C' require not only engineering support but also a careful check of quality.

- 5.11** On the pattern of loading, the capacities in BEL Industrial Estate is fully explored to give maximum encouragement to the ancillaries and the preference should be in the order of Category 'C', 'B', 'A2' & 'A1'.

6.0 DELEGATION OF POWERS

- 6.1 ## In case of Sub-Contract matters, the delegation of powers to various levels of executives shall be made by competent authority, as per sub-delegation of powers, from time to time.**

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, 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.

- a) The head of the Sub-Contracts department shall have the powers to place letter orders for jobs of development nature / trial jobs with a maximum limit of Rs.10000/- per order.
- b) Concurrence and Release of P.O. in ERP (scrutiny and vetting) of sub contract Order is to be done by Finance (value excluding taxes and duties.)
Orders with value up to Rs. 25,000 / - on ST basis and orders up to Rs 50,000 / - on LT basis can be released without vetting / concurrence of Finance.
- c) Approving authority should be based on the full value of the P.O. proposal.
- d) Approving authority for the procurement proposals having delivery date beyond the customer delivery date:

For procurement of item(s) against DD expired Customer order / procurement proposal having delivery date beyond the customer order delivery date, in-principle approval at customer indent level shall be obtained from Unit / SBU head.

Subsequently procurement proposal can be initiated as per SDOP.

All existing purchase orders where delivery date is beyond the customer delivery date are to be reviewed by Unit / SBU head on monthly basis and approval to be accorded after ascertaining the need of the item based on customer requirement.

In case, if items are not required or customer order is not active then those Purchase orders to be cancelled and GR will not be permitted.

Unit / SBU head shall ensure that in above cases inventory build up is not done if the customer order is not active or item no longer required.

- e) Waiver of liquidated damages (other than time preference cases):
 Approving authority as one level above the original approving authority in case of extension of delivery date due to fault of vendor.
 Approving authority as the original approving authority in case of extension of delivery date due to no fault of vendor. Proposal for LD waiver shall clearly specify the reasons for the same.

(## Substituted vide OO No.HO/591/068 dtd. 29.10.2024)

6.2 RELEASE OF SUB CONTRACT ORDERS IN SAP

Sub contract Orders are to be released in SAP as per guidelines issued by IS (CO). Refer Annexure 5

6.3 SIGNING OF SUB CONTRACT ORDERS

After the proposal for Sub-Contract has been approved as per the delegation of Powers in Para 6.1 the following level of Sub-Contract Officers are authorized to sign the Sub-Contract in the

<u>Level of the Executives</u>	<u>up to Rs</u>
E - I / E-II	25,000
E - III	1, 00,000
E - IV	2, 00,000
E-V or Head(Sub-Contract)	FULLPOWERS

6.4 + Mandatory Documents for Purchase Order:

Purchase Officer shall select the applicable documents which shall be mandatorily provided by the vendor before the release of PO in SAP and same shall be printed in the PO.

(+ Added vide OO No.HO/591/068 dtd. 29.10.2024)

7.0 PLACEMENT OF ORDERS

The modes of order processing to be adopted are indicated in the section of delegation of power at Para 6.0. Further details of the ordering processes are given below :

7.1 ORDERING PROCEDURE AT IED ESTIMATED PRICE

- 7.1.1 Limited Tender (LT) is to be conducted among the approved list of vendors maintained as source list in each SBUS / UNIT. In the tender so conducted if L1 price is within +25 % of the IED estimated price the Sub-Contract head can propose the order recording the suitable justification in the proposal. Otherwise PNC shall be conducted by the approved PNC committee.
- 7.1.2 The IED estimated price may be offered to the approved supplier selected by the committee based on previous performance. This is to be done for order values up to Rs.25,000 keeping in view of the project urgency and delivery requirements.
- 7.1.3 For order processing without IED estimate, Head of Sub-Contract may process order based on Single tender / limited Tender with mentioned limits as Referred in Table at 6.1 Sl. No. 8 and 9)
- 7.1.4 Exchange Rate Variation (ERV)
 ERV clause is applicable when it is mentioned in the RFQ for contract/ agreement/ Sub-

Contract order and subject to inclusion of ERV clause in the respective of BEL customer order.

ERV reckoning date should be considered as last date of submitting of commercial bids.

7.2 # REPEAT ORDERS :

Repeat Orders, for quantities up to **120%** of original order quantity, shall normally be placed on the same vendors who supplied them earlier, within a period of **18 months**. The additional quantity of **120%** shall be including amendments to various orders, for the originally ordered part. If for some valid reasons the repeat order cannot be placed on this vendor, the item shall be treated as a new item and Para 7.1 to be followed. For repeat orders, no increase in unit price shall be allowed; instead, efforts should be made to get price reduction from the supplier. The approving authority for repeat orders will be as per delegation of powers mentioned in table 6.1.

(# Substituted vide OO No. HO/591/059 dtd. 03.01.2024)

7.2.1 Repeat Orders against a previous order may be considered under the following circumstances, where-in :

- a. Original order did not cover urgent / emergent demand.
- b. Original order is not placed, to split the required quantities, with a view to avoid approval of the competent authority.
- c. There is no downward trend in price, as ascertained through market intelligence.
- d. The firm is prepared to hold the same prices, terms and condition, including delivery schedule as per the original order.
- e. The requirement is for jobs of identical nature / specification, nomenclature etc, Minor improvements in specifications or phasing out of products due to obsolescence, should not be precluded from purview of repeat order.
- f. The original order placed, should be on the basis of lowest (negotiated) price and was not on delivery preference.

(Para (a) deleted and Re-numbered vide OO No. HO/591/054 dtd. 13.04.2023)

7.2.2 Placement of order on Rate contract

**** SBU / Unit / or BEL as a whole may enter into Rate Contract for items / services where item is required frequently at different point of time with varied quantity.**

For establishment of rate contracts towards PCBs and Information Technology (IT) related items, only PCB department of BG Cx and ISCO respectively are authorized.

PDIC can establish Rate Contracts related to the following R&D/D&E activities only for the R&D/D&E projects of PDIC, CoEs, CRLs and D&Es:

- a) PCB design / realisation / turnkey activities (including schematic capture, design, CAD simulation like Signal Integrity and/or Power Integrity, layout, fabrication [other than Rate Contracts already established by PCB department of BG Cx], assembly & testing), and
- b) Mechanical design / realisation / turnkey activities (including 3D design / modelling, simulation like thermal / structural / aerodynamic / flow simulation/analysis, 2D drawings / documentation, fabrication & assembly).

Rate contracts should be established based on open / limited tender only and approving authority for establishment of rate contracts will be based on the estimated value as indicated in the RFQs. Rate contracts established by one Unit / SBU can be utilized by other Units / SBUs also.

Purchase orders placed on rate contract during the year cannot exceed the total estimated value indicated in the RFQ. ISCO to ensure necessary checks are incorporated in SAP for the same. The rate contracts established by the Units / SBUs have to centrally maintained and to be accessible to other Units / SBUs and ISCO shall make provisions for the same..

(Substituted vide OO No. HO/591/058 dtd. 27.07.2023)**

7.3 ORDERING PROCEDURE BY TENDERING PROCESS

7.3.1 When no Approved Vendors are available for a new item / job / process, the procedure for Establishment / Registration of Vendors has to be followed as per Para 5.0. Limited Tender Enquiries to be sent among the established Vendors only.

7.3.1.1 If Approved / Established Vendors are less than or equal to FIVE, enquiries are to be sent to all the Vendors (minimum of THREE vendors shall be established in each category). In case more than FIVE Approved / Established Vendors are available, a minimum of FIVE Vendors to be sent Tender Enquiries, to encourage sufficient competition and to get fair price. Reasons for selecting these Vendors to be specified, like, a) insufficient volume of work, b) unutilized capacity of vendor is certified, c) past performance records and Order Book position of the Vendors, etc.**When enquiries are issued for the next time, for the same job, remaining vendors to be given preference, in order not to promote a certain group of vendors, but to give opportunity to all Vendor.

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

- 1) Experience and past performance on similar contracts for last 2 years
- 2) Capabilities with respect to personnel equipment and manufacturing facilities
- 3) Financial standing through latest ITCC Annual report (balance sheet and profit and loss account) of last 3 years.

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

This clause is governed by corporate circulars or office orders issued from time to time.

7.3.1.3 SPLITTING OF ORDER QUANTITY

If splitting of the requirement would be to the advantage of the Company in maintaining the time schedule, the same should be decided before calling for tenders. In all such cases, the same should be made clear to all the tenderers 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 / 07-08 / CO-VIG dated 31st May 2007 (Annexure-12).

7.3.2 Limited Tender Enquiries shall be sent to :

- a) Approved Vendors,

- b) Ancillary Units, wherever exists and
- c) New Vendors, for trial and subsequent evaluation

7.3.3 RFQ (ANNEXURE-2) should indicate Tender opening date, time and place. Also, Vendors are to be informed in the enquiry that they are welcome to be present during the Tender opening (in respect of OPEN / LIMITED Tenders only).

7.3.3.1 It is preferred to use e-Procurement to the maximum extent, to avoid errors in the process of Tendering. E-Procurement procedure to be implemented in to as per the guidelines issued by IS (CO) from time to time.

7.3.4 # In Units / SBUSs, where Industrial Engineering Department (IED) does not exist, estimation of cost shall be made by Production Control Department, based on drawings.

(# Substituted vide OO No. HO/591/063 dtd 06.06.2024)

7.3.5 # The time allowed for receiving quotations for cases other than single tender shall not be less than 7 working days.

In exceptional cases, with the approval of the Divisional head, the bid submission time shall be provided not less than 3 working days.

The time allowed for receiving quotations against single tender can be as per project requirement without any minimum time requirement.

(# Substituted vide OO No. HO/591/059 dtd. 03.01.2024)

7.3.6 In normal process quotations shall be received through sealed covers only. However in case of Quotation through Fax / e-mail, Head SC dept shall receive, sign, keep in a closed envelope and drop in Tender box, to maintain secrecy. For this, a dedicated FAX / personalized e-mail ID by Sub-Contract Head should be maintained.

7.3.7 Tenders to be opened by Tender Opening Committee, comprising of representatives from Finance and Sub-Contract Departments. Comparative statements are to be prepared by Sub-Contract Department. Evaluated L1 shall be arrived at, taking into account, the Total Cost to BEL. In case of e-procurement the tender cannot be opened before the opening date and time. The tender details are always available in the system after opening date and hence the tender may be opened by the Sub Contract Officer.

L1Tie:

L-1 shall be determined by obtaining revised quote from the L-1 vendors through secured e-mail.

(# Added vide OO No. HO/591/073 dtd 24.02.2025)

7.3.8 When there is only a single response to the limited tender enquiries, it should normally be re-tendered. If, on account of urgency or other reasons (to be recorded), it is proposed not to re-tender, it may be treated as a case falling under Para 7.3.9.

7.3.9 Where, on account of urgency, the Head of the Sub-Contracts Department proposed to contact only one source, or to give a notice of less than the duration indicated in Para 7.3.5, Head of Sub-Contract Department shall obtain a concurrence / approval from the indenting Divisional Head, recording the reasons for the urgency and for selecting a particular source.

7.3.10 In the case of import of sub systems/components from foreign OEM's required in the execution of Sub Contract order, principal approval from OEM and Sub Contract supplier is to be obtained for re export of the products to other countries by BEL. This approval from OEM will not be inimical to the interest of the country of OEM and their export regulations.

7.3.11 ++ Approval of Divisional Heads to be taken if the number for corrigendum / amendment to tender / RFQ exceeds three and approval of Unit / SBU head to be taken if the number of corrigendum / amendment to tender / RFQ exceeds five.

(++ Added vide OO No. HO/591/051 dtd. 13.01.2023)

7.4 PRICE NEGOTIATION IN RESPECT OF TENDERED ITEMS

7.4.1 ** Following Tender committees may be formed, based on the approving authority for procurement proposals by the respective SBUs as per the SDOP.

Proposal requires approval of FD / PCD:

Unit Head / SBU Head / CSG Head / Central procurement groups of GAD / BG (not below AGM) : Chairman
 MM / Subcontract Divisional head : Member
 Finance head : Member
 Project Head : Member
 Department head MM/Sub contract : Member
 Other Members : Co-opted from Indenter / as per requirement

Proposal requires approval of Unit/SBU head

MM/Subcontract Divisional head: Chairman
 Rep of Finance: Member
 Rep of Project: Member
 MM / Subcontract Department head: Member
 Other Members: Co-opted from Indenter/as per requirement

Proposal requires approval of Divisional head

MM/Subcontract Department head: Chairman
 Rep of Finance: Member
 Rep of Project: Member
 Rep of MM/Sub contract: Member
 Other Members: Co-opted from Indenter/as per requirement.

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. Sub Contract department 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 are 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 unfavourable to the company (BEL). All negotiations shall be conducted jointly by Negotiation Committee Members.

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

(Substituted vide OO No. HO/591/058 dtd. 27.07.2023)**

7.4.2 The following guidelines, issued by CVC shall be followed while negotiating with L1 :

- i) Negotiation will be held with L1 only, as an exception and only in case of proprietary items or in items with limited source of supply. Counter offer to vendor will also amount to negotiation.
- ii) Negotiation will be held after due application of mind and after recording valid, logical reasons to justify negotiations. The Committee recommending negotiations will be responsible, if, negotiations have unnecessarily delayed the release of order. The Committee should also record explanations, in case of inability to obtain desired results.
- iii) Approval for award of Contract should not exceed one month from the date of submission of recommendations. For approval at higher levels, 15 days may be added at each level. The overall time frame should be within validity period of tender.
- iv) When L1 backs out, there should be re-tendering, among the remaining Vendors and, if sufficient time is available, include some more Vendors.
- v) + Committee members along with vendor representatives as provide following declaration as concluding note of PNC minutes:
 'I have no pecuniary or other personal interest, direct or indirect, in any matter that raises or may raise a conflict with my duties as a member of this committee'.

(+ Added vide OO No. HO/591/068 dtd 29.10.2024)

7.4.3 ++ Dissent Note:

All members of the Tender Committee should resolve their differences through personal discussions instead of making to and fro references in writing. In cases where it is not possible to come to a consensus and differences persist amongst Tender Committee members, the reasons for dissent of a member should be recorded in a balanced manner along with the majority's views on the dissent note. The final recommendations should be that of the majority view. However, such situations should be rare. The Chairman of the Tender Committee can overrule such dissent notes after recording reasons for doing so clearly. His decision would be final.

In cases where the Chairman of the Tender Committee does not agree with the majority or unanimous recommendations of the members of Tender Committee, he should record his views and, if possible, firstly send it back to Tender Committee to reconsider along the lines of the tender accepting authority's views. However, if the Tender Committee, after considering the views of the Chairman of the Tender Committee, sticks to its own earlier recommendations, the Chairman of the Tender Committee can finally decide as deemed fit, duly recording detailed reasons. He will be responsible for such decisions. However, such situations should be rare.

(++Added vide OO No. HO/591/054 dtd. 13.04.2023)

7.5 PRICE PREFERENCE TO PUBLIC SECTOR UNDERTAKINGS / SMALL SCALE SECTOR / INDIGENOUS SUPPLIERS, ETC.

Guide lines regarding price preferences for particular categories of suppliers, as issued by Government of India, from time to time, may be kept in view while taking purchase decisions.

- 7.5.1 Government guidelines on purchase preference for Central Public Sector Enterprises (CPSEs) are issued from time to time. It is to be noted that ban on post tender negotiation does not mean that policy of Government of India for purchase preference for public sector should not be implemented. In such cases CPSEs though not L1, may be considered, as per Government guidelines in force.
- 7.5.2 Under no circumstances CPSEs should be used as a shield or a conduit for getting costly inputs or for improper purchases. Justification on economic and other grounds should be gone into before considering such proposals.

7.6 # PROCUREMENT FROM MSE

- 7.6.1 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 25% 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 25%, from MSMEs owned by SC/ST Entrepreneurs and 3% procurement of goods & service, out of the 25% from MSMEs owned by Women 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:

- 7.6.2 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 25 percent of the total annual purchases of the products or services produced or rendered by MSMEs.
- 7.6.3 Out of 25% target of annual procurement from MSMEs, a sub-target of 4% will be earmarked for procurement from MSMEs owned by SC/ST entrepreneurs and 3% procurement of goods & service, out of the 25% from MSMEs owned by Women 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 and 3% procurement of goods & service, out of the 25% from MSMEs owned by Women Entrepreneurs will be met from other MSMEs.
- 7.6.4 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 25% of the total tendered value. In case of more than one such eligible MSE, the supply will be shared equally.
- 7.6.5 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.
- 7.6.6 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.in) and is updated

periodically based on production plan of the respective Unit/SBU.

7.6.7 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.

7.6.8 Payment to the MSME vendors shall be made on or before the date agreed between BEL and MSME vendor as per payment term in the PO and in no case, payment to MSME vendor shall exceed 45 days from the date of acceptance or the day of deemed acceptance.

For the purpose of this clause, 'The day of acceptance' means,

- i) the day of the actual delivery of goods or the rendering of services; or
- ii) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;
- iii) the day of deemed acceptance' means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services.

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

7.6.10 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 effective from 01st April 2022, Enterprises registered under Udyam Registration are eligible for benefits under PPP MSEs Order. Corporate Standards shall be responsible for maintaining the MSME data in ERP system.

7.6.11 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

7.6.12 Payment term for Materials for MSMEs:

For the Sub-Contract orders placed for Materials procurement, Minimum 90 % of payment should be made within 30 days after goods received at BEL and balance after acceptance of goods at BEL.

7.6.13 Advance to MSMEs/SMEs:

Advance upto 15% to MSMEs/SMEs may be considered against submission of Bank Guarantee of 110 % of advance from a Scheduled Commercial Bank following the procedure of the company.

(# Substituted vide OO No. HO/591/051 dtd. 13.01.2023)

7.6.14 ++ The credentials of MSME vendors shall be revalidated once in a year.

(++ Added vide OO No. HO/591/054 dtd. 13.04.2023)

7.6.15 ^Traders/ distributors/ sole agents are excluded from the purview of Public Procurement Policy for MSEs Order, 2012.

(^Added vide OO No. HO/591/071 dtd. 18.12.2024)

7.6 MANAGEMENT APPROVALS THROUGH FLM

As part of e-governance initiative, ERP File Lifecycle Management System (FLM) has been implemented to create, approve and maintain the files in the system with all the attachments. Implementation of ERP modules and Document Management System, complete logistics, accounting and documentation shall be 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.

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

1. These guidelines are applicable to all approvals, vetting, management sanction files related to all functional areas.
2. All documents not available as soft copy related to any proposal shall be scanned and attached to FLM Files.
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.
4. Users shall attach the html, PDF format or any other suitable format of internal mail correspondence in FLM.
5. All ERP reports are generated and attached by system in FLM will 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.
6. Any procurement initiated through manual process where ink signed BULK bids or quotations have been received, such proposals shall not be put up through FLM.
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.
8. Signed internal documents like letter related to PR, comparative statement, Minutes of Meeting etc shall be scanned and attached in FLM system.
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.

10. The internal audit / vigilance will have authorization to display the files in FLM directly and no hard copy of files which are uploaded in FLM will be demanded. Authorization will be given to Internal audit / vigilance for auditing the files in FLM system.
11. Government Auditors will 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.
12. Certain files where original documents from external agencies are to be checked and ascertained like DoT / BSNL payment, letter orders, cash Purchase, items purchased in remote locations, regularizations file against bulk sanction etc such files shall not be raised in FLM.
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. After final approval of file in FLM, File will be sent to finance for PO release. The release of Purchase orders in ERP by Finance will be treated as vetted.
15. Closed PO Files raised in FLM module shall be archived by IS-CO as per prevailing policy of the company.
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 will be attached in pre-PO file in FLM and the same executives will approve the pre-PO file. It shall be treated as signed mails from finance and purchase." The user manual of FLM may be refer in SAP system (ZIS)

8.0 SUB-CONTRACT / SERVICE ORDER

- 8.1 Sub-Contract order shall indicate clearly, the part number, description / Specification, issue No. of the drawing, quantity, price, delivery schedule, Sale order no., and the Bill of materials, including consumables, that will be provided by BEL 'free of charge'(Refer Fig.-6). It shall also indicate the details of Tools, Inspection gauges, matching parts, proto models supplied on returnable basis. In respect of materials to be provided by BEL, the production control Department will determine the materials and the quantity needed for executing each item and draw up a standard Bill of materials indicating the cutting and machining allowances.

Whenever the Sub-Contractor requests for some consumables and other materials (although originally meant to be procured by him), it can be issued on 'free of charge' basis with suitable rate reduction keeping in view the "cost to BEL or price quoted by Vendor for that item", whichever is higher. The order shall be amended accordingly. Materials in BOM to be issued on FREE OF CHARGE basis are to be part of Tender Form / Enquiry.

- 8.2 In respect of assembly jobs, **exact** quantity of materials is issued to the Sub-Contractors. As far as possible, exact materials are issued in matching quantities (Kit-launching) to avoid delay in completing the orders.
- 8.3 The Sub-Contract order shall clearly spell out either that the scrap generated be returned by the vendor or where it is decided that the scrap material need not be returned, it is enough if scrap value, estimated by IED / MS, at current price is deducted in labour charges from the Vendor.

9.0 BANK GUARANTEE & INSURANCE

9.1 GENERAL BANK GUARANTEE

Sub-Contract department of all SBUS's / Units shall obtain General Bank Guarantee from Scheduled Banks as detailed below (ANNEXURE-6) from the established Vendors, on renewable basis.

Value of Materials against Sub-Contract / Service Orders in Rupees	Value of BANK Guarantee
	Electronic Assy Vendors & Fabricators in Rs
50,001 to 1, 00,000	10,000 / -
1, 00,001 TO 3, 00,000	20,000 / -
3, 00,001 TO 10,00,000	30,000 / -
Above 10,00,000	50,000 / -

- ❖ No bank guarantee is required for the value of the materials issued up to Rs.50,000 against the sub contract order.
- ❖ Wherever applicable Integrity pact Bank Guarantee is to be provided by the supplier.(Refer ANNEXURE- 14)
- ❖ For values of free issue materials supplied by BEL to Sub Contract vendors above Rs.10 lakhs, a bank guarantee of Rs.50,000 plus an undertaking bond from the suppliers stating that the free issue materials will be under safe custody of the vendors. The supplier will be responsible for returning the free issue materials either in the manufactured form or modified form as per Sub contract order. However the insurance during the period of materials lying with supplier will be covered by BEL.(refer clause 9.3)
- ❖ IS-Co will introduce transaction for entering the bank guarantee details against a sub contract order for the value of free issue materials. A validation will be put in place by IS-CO to monitor value of free issue materials given to a supplier for the orders placed by each unit (Company code).
- ❖ In case of BG unit the bank guarantee of sub contract vendors is to be entered by each sub contract department and monitored by central sub contract for renewal and validity.
- ❖ In case of other units the bank guarantee details will be entered by the sub contract department and monitored by unit finance department.
- ❖ Bank guarantee details like vendor name, bank details, amount of bank guarantee, date of bank guarantee, Sub contract order No. to be entered in SAP by Sub Contract department at the time of issue of materials against Sub contract order.

Sub contract of all SBUS's / Units including Central Sub Contract departments in BG shall have the primary responsibility of maintaining the Bank guarantees, furnished by Vendors, while, Finance department will have the responsibility of monitoring the same.

9.2 BANK GUARANTEE FOR ADVANCE

Sub-Contract Department shall obtain Bank Guarantee (from Scheduled Banks) from the Vendors for an amount equal to the advances made against development work, fabrication / development

of tools, purchase of special test equipment and purchase of raw materials as per ANNEXURE-7.

9.3 ## INSURANCE COVERAGE

If the value of materials supplied free of cost to the vendor is more than **Rs. 10,00,000/-** at any point of time, the Sub-Contract department should ensure that the vendor obtains Insurance coverage in the joint names of BEL and the vendor for risks like Fire, Theft & Burglary, Flood, Earthquake, Explosion, Riots, Strike, Malice Damage, Impact Damage, Lightning, infidelity of the Sub-Contractor, etc. The premium shall be reimbursed by BEL to the vendor after the finished items are delivered by the vendor.

(## Substituted vide OO No. HO/591/068 dtd 29.10.2024)

10.0 MATERIAL ACCOUNTING OF ISSUES & RECEIPTS

10.1 Pull List for issue of materials to the Sub-Contractors will be taken from SAP (ZMM010), by the Sub-Contracts Department. The materials shall be issued in exact quantities indicated in the Bill of materials. This system of drawl of materials is applicable in the following cases :

- a) For all raw materials issued for fabricated items.
- b) For all the purchased components issued for electronic assembly jobs including cable forms, PCB assembly, sub-assembly and equipment. It is preferable to issue the materials in matching quantities for receipt of finished items without delay.

Note : In case the materials already drawn against a Sale order for in-house manufacturing jobs, which are to be Sub-Contracted because of load conditions in the shop floor, such materials will be first store returned and then drawn against Pull List and issued to the Sub-Contractor. In such cases, a consolidated store Return Note and a consolidated Pull List may be used.

Pull Listing for Sub Contract

Page Number : 1 SUB-CONTRACTOR PULL LIST Date : 02.06.2009

Sub-Contract PO :	4300005865	Vendor Code :	AA1922	Purchase Order Date :	10.12.2008
Plant :	1320			Material :	24953661018
Item Number :	00010			Sal Ord/Ord/Proj :	3130100174

Item Level

Item No	Component	Description	Quantity	UOM	ReQTY	UOM	Plant	Stg Loc	Stg BIN	Tot Q
0001	545740460846	RTduroid 5880-0.79mm-1/2 oz Cu	4.000	N0	4.000	N0	1320	—		

Authorized By: Issued By: Received By:

Authorized Dt: Issued Dt: Received Dt:

Sub-Contract PO :	4300005865	Vendor Code :	AA1922	Purchase Order Date :	10.12.2008
Plant :	1320			Material :	24953662017
Item Number :	00020			Sal Ord/Ord/Proj :	3130100174

Item Level

Item No	Component	Description	Quantity	UOM	ReQTY	UOM	Plant	Stg Loc	Stg BIN	Tot Q
0001	545740460846	RTduroid 5880-0.79mm-1/2 oz Cu	4.000	N0	4.000	N0	1320	—		

ZMM010 HPPROD6 OVR

Fig : 8 Pull List

- 10.2 For jobs like plating, painting, Heat Treatment, Galvanising and any type of intermediate operations, Service order will be placed. In case of Service orders, the semi-finished items are routed to Sub-Contractor from the shop floor. In order to reconcile between items sent from shop floor and received back from the Sub-Contractors, an up-to-date register has to be maintained by the Sub-Contracts department, which should be available for verification, at anytime.
- 10.3 For the finished items received back from the Sub-Contractor, the Order history as shown below for an item can be seen from SAP against any Sub contract Order

Purchase order Edit Goto Environment System Help SAP

D,F,S TYPE Indige PO 4900022309 Created by Suresh Kumar bel_mm3

Document overview on Print preview Messages Personal setting

IND D,F,S TYPE Indig... 4900022309 Vendor CA0698 CHATURVEDI TECHNO... Doc. date 02.08.2007

Header

S.	Item	A	I	Material	Short text	PO quantity	O...	C	Deliv. date	Net price	Curr...	Per	O...	Matl Group	Pint
10	E			141004513563	SEGMENT ASSY(WITHO...	16	NO	D	04.01.2008	2,478,000.00	INR	1	NO	SFME	1320

Item 1 [10] 141004513563, SEGMENT ASSY(WITHO... Quantities/weights Delivery schedule Delivery Invoice Conditions Account assignment Purchase order history Texts Delive...

Text	MvT	Material Do...	Item	Posting Date	Quant...	OUn	Amt.in loc.cur.	L.cur	Reference	Qty. in order pr.un.	Or...	Amount	Crcy
GR	101	5000257587	1	07.11.2008	1	NO	2,478,000.00	INR	070	1	NO	2,478,000.00	INR
GR	101	5000185503	1	05.06.2008	1	NO	2,478,000.00	INR	005	1	NO	2,478,000.00	INR
Tr.ev. Goods receipt					10	NO	24,780,000.00	INR		10	NO	24,780,000.00	INR
IR-L		5105720059	5	18.03.2009	4	NO	11,151,595.01	INR	106	4	NO	11,151,595.01	INR
IR-L		5105680429	3	28.01.2009	3	NO	8,676,103.01	INR	090	3	NO	8,676,103.01	INR
IR-L		5105680425	4	28.01.2009	1	NO	2,892,034.00	INR	087	1	NO	2,892,034.00	INR
IR-L		5105654246	2	26.11.2008	1	NO	2,892,034.00	INR	070	1	NO	2,892,034.00	INR
IR-L		5105618500	1	12.08.2008	1	NO	2,892,034.00	INR	005	1	NO	2,892,034.00	INR
Tr.ev. Invoice receipt					10	NO	28,503,800.02	INR		10	NO	28,503,800.02	INR
DPyt		10040622	4	29.11.2008	0	NO	2,602,783.00	INR		0	NO	2,602,783.00	INR
DPyt		160003771	2	29.05.2008	0	NO	2,602,783.00	INR	INV.005	0	NO	2,602,783.00	INR
Tr.ev. Down payment					0	NO	0.00	INR		0	NO	0.00	INR

ME23N HPPROD6 OVR

SUB CONTRACT P... Procedure-06_cvo... SAP Logon 640 D,F,S TYPE Indige... 5:06 PM

Fig :9 Purchase Order History

10.4 The movements of materials to Sub-Contractors and their receipt back in BEL will be maintained by Sub-Contracts department as per prevailing Central Excise and CENVAT rules.

11.0 DESPATCH OF MATERIALS

11.1 LOCAL DESPATCHES

The Sub-Contracts department shall arrange the delivery of the materials to the Sub-Contractors along with Excise Material Gate Pass generated using ZIGP001 and ZIGP007. Acknowledgement should be obtained from the Sub-Contractors accordingly. Free issue materials sent out to the sub contractors for assembly, fabrication etc., as per Sub Contract order which will go in parts as sub-system/assembly and come back in different forms on a Sub-Contractor DC/invoice shall be issued under **"NON-RETURNABLE"** gate pass category.

11.2 OUT STATION DESPATCHES

The Sub-Contracts department shall forward the released materials issued against pull list along with Excise Material Gate Pass generated using ZIGP001 and ZIGP007. To Shipping / Transit Section of MM Division for onward transmission. Shipping / Transit section shall forward a copy of the packing-cum-delivery advice note with the supplier's acknowledgement to the Sub-Contract department. The Sub-Contracts department will maintain the records pertaining to Excise documents.

12.0 RECEIPT OF MATERIALS

12.1 The Sub-Contracts Department, shall review and control quarterly, the quantities of materials issued, materials lying with the Sub-Contractors, quantities returned / yet to be returned using SAP transaction code MBLB and ME2O or ZIPP011 or ZMM040.**A report on these shall be submitted to the production Head of the indenting division once in six months (as on 30th September & 31st March).

12.2 Sub-Contracts Department will also obtain a certificate (ANNEXURE-8), from each Vendor, acknowledging the extent of materials lying in his possession, order-wise Once in a year as on 31st March.


Note : In SAP scenario, the FREE ISSUE materials issued against Orders, will be moved to VENDOR STOCK using ZMM090 / ZMM008 (Vendor location is considered as storage location for RM). As and when the supplies are received and Goods Receipt (GR) is made the FREE ISSUE materials stock will be accounted against that GR to the extent of supplies received and balance outstanding with vendor can be monitored on daily basis using ME2O / MBLB transaction for a vendor. Based on this report Sub-Contract department will obtain a Certificate from each vendor, acknowledging the extent of materials lying in their possession, order-wise once in a year as on 31st March

13.0 INSPECTION & DRAWL

Supplies received from Sub-Contractors will be delivered to the respective SBUS / UNITS I.G. Stores. The divisional I.G. Stores will prepare necessary GR (Use MIGO) and arrange for further inspection. After inspection and acceptance, these items will be delivered to the Divisional / Departmental stores. Further :

- a) Items accepted against GR will be drawn against SAP generated SR's.
- b) Items accepted against Service Orders, Service Entry sheet will be prepared by IG using ML81N transaction to the extent of Service job quantity accepted.

Specimen GR and Service Entry Sheets are shown below

GR - Inspection Report		GR No : 5000180011 GR Date : 01.04.2008		PO No : BEPO/GSA/490023210 PO Date : 19.09.2007		PO Type : IND Desc : D.F.S TYPE ndige PO		Page 1 of 1			
		Invoice No : Inv Date :		Bill of Lading/LRRR/Courier : REF ICRR77124907		Daily Note/Daily Challan No : 2261					
Vendor Code : TA1136 TRATEC ENGINEERS PVT LTD EAST OF KAILASH, -11066 440, KAILASH TOWER II, NEW DELHI - India		Plant : 1320 SLoc : IGSL		No of Cases & Wt : REF PO505332		No of Items : 1					
GR SL	BEL Part No	MPN	Insp Lot No	UD DOC NO	PO Uom	Qty Ordered	Qty Invoiced	Qty Recd	Qty Discrep	Qty Accepts	Qty Rejects
PO S-	Description		Insp Remarks	UD Date	ST Uom	Date of Mfr.	Exp. Date	Batch No	Rtn No	(In ST Uom)	Unit Price
	A/C Assignment		Project	UD Given By	Conv Fact						
	New Material		Val Type	Inspected By	Iss Level						
1	141004691267	141004691267	C10000927049	492581243	NO	1.000	1.000	1.000	0.000	1.000	0.000
10	AZ. HOUSING		Other acceptance decision (see UD text)	20.05.2008	NO						0.000
	WBS:GUAT-06RF-01-PTY										
	141004691267		IND	GDCEQMGRH						PS07	537,700.00 (INR)
1. *Item directly issued from stores to underlur DCM PC A Sh Deepak GR for, regularisation only old PO 505332 ICPR 77124907											

Goods Received On 19.01.2008	Sign Stores Officer(IG)	GR Received on	Inspected By : Date :
Certified By: Date:	GR Retd on	Sign Stores officer(Folding Stores)	

Fig : 9 GR - Inspection Report



Company
 SATYAM PRECISION COMPONENTS PVT LTD
 40A/10, SITE-4, INDL AREA,
 GHAZIABAD

Entry Sheet for Services Performed

Number/Date
 1000046438 / 02.06.2009
 Purchase order tem/Date
 4700015118/10 / 22.05.2009
 machining by wire cutting
 Your vendor number with us
 SA3192

ITEM IS O.K.&NO MAT PENDING WITH VENDOR REF : 1/42 DT 1.6.09

Service Entry line Service Item	Description OrdQty	BillQty	Unit	UnitpriceINR	Net Val. INR
10 00010	241452330160 6.000	6	NO	600.00	3,600.00
20 00010	241452340151 6.000	6	NO	525.00	3,150.00
Total value :INR					6,750.00

Approved By

Signature

Fig : 10 Service Entry Sheet

14.0 RECOVERY OF COST OF MATERIAL

Whenever, raw-materials, manufactured parts, components and consumables are issued to Sub-Contractors on free of cost basis, the Head, Sub Contracts will review all cases where materials have not been returned either as finished product or as materials themselves at the time of closure of orders. The cases will be categorized with recovery action as follows :

- 14.1 Orders completed with marginal shortages based on value. Any short closure of Sub contract orders, to be put-up to Unit Head / SBUS Head for Approval with proper justification Where supplies have been totally rejected due to faulty materials supplied by BEL or wrong instructions, modifications intimated subsequent to full or partial execution of job.

In this case, no recovery will be made but on advice from Head of Sub-Contracts

department in consultation with the Head of production control with Finance concurrence, the value will be adjusted against the concerned production work order after obtaining approval of Unit Head / SBUS Head. An internal enquiry should be conducted in case of issual of faulty materials and wrong instructions to fix responsibility for appropriate action.

14.2 Where supplies have been totally rejected.

In this case, the current purchase price of the material plus 5% will be recovered from the Sub-Contractor on advice to Material Account, in addition to forfeiting the Bank Guarantee.

14.3 Where the material has been lost, the case should be treated as issue of materials on sale basis and recovery should be effected accordingly.

14.4 Where materials have been misappropriated by Sub-Contractor and where the Sub-Contractor has failed even to attempt to fulfil the orders and not returning the material issued :

These cases should be treated as issue of materials on sale basis and recovery effected accordingly. In addition the following actions to be taken against the Vendor :

- i) Forfeiture of Bank Guarantee, and
- ii) Banning the Vendor from business
- iii) File FIR with Police for misappropriation.

14.5 In all the above cases, Sub-Contracts department should furnish the quantity of raw-materials outstanding with the Sub-Contractor for which the recovery value is to be worked out. Finance will work out the value to be recovered from Sub-Contractors on the lines indicated in the respective clauses. Finance will send monthly consolidated advice for recovery to Bills Payable along with the Journal Entry passed, debiting the relevant code Head (Materials issued to Sub-Contractors - Recoverable) and crediting to the corresponding code Head) Materials issued to Sub-Contractors free of cost) to clear respective outstanding amounts remaining in Sub-Contracts ledger. A copy of this advice should be endorsed to Sub-Contracts department.

15.0 PAYMENT TERMS

15.1 PAYMENT OF ADVANCE

Advance payments, along with the Sub contract Order or at intermediate points, should not been entertained. In exceptional cases, where supplier insists upon such advance payment, can be released against Bank Guarantee, as per ANNEXURE-7, from Scheduled Banks and the same may be followed as per management guidelines issued vide circular Nos. 18281 / 99 / 010-001 dated 28-02-2007, 18281 / 99 / 010-009 dated 17th July 2008, 18281 / 99 / 010-006 dated 22nd April 2009 (Annexure-7a), and amended from time to time.

15.2 FINAL PAYMENT: 100% payment shall be made for the accepted quantity within 30 days from the date of receipt of materials. The time duration of 30 days includes activities like, GR preparation, Inspection, UD (Usage Decision) and payment. Final payment is for accepted quantity, only after delivery and inspection, but, not against mere delivery.

15.3 Tooling cost, if any, will be paid for the accepted tool within 30 days from the date of acceptance of first - off sample by BEL' s inspection.

15.4 MICRO, SMALL AND MEDIUM ENTERPRISES. These vendors are to be classified accordingly in the BEL vendor master. The request received from the vendors to be scrutinised and classified by Standards Department and suitably flagged in the vendor master list. The stores division to inspect and accept the materials within stipulated time. The delay in

acceptance and payment attracts interest and penalties. In case of rejection, stores division has to inform the vendors promptly in time. Finance has to ensure that payments are made within the due dates.

- 15.5 Sub-Contracts Department will prepare the list of GRs cleared during the first week every month and forward the same for further verification by finance and arranging payment. (USE QA33 for report). Finance to review the bills cleared status using Fbl1n / Zfim023 reports.
- 15.6 For updating payments not effected within 30 days of receipt of materials. The final report of bills not paid within 30 days of receipt of material may be sent to Unit / SBUS Head, in the first week of every month for review and action, indicating the status and reasons for pendency of bills.
- 15.7 Preferably, mode of payment should be through ECS / EFT / RTGS.

15.8 **Global contracts/ agreements / Sub-Contract orders**

When domestic and foreign vendors participate in contracts across the country, the domestic vendors can also opt for payment through Letter of credit (L/C) and inspection certificate from BEL should be the part of mandatory list of document for releasing the payment through letter of credit (L/C)

16.0 TOOLING

- 16.1 Special Tools, wherever cost is paid by BEL, shall become the property of BEL. These tools will be used by the Sub-Contractor only on BEL orders.
- 16.2 A statistical register be maintained & updated regularly in respect of the tools that are available with various Sub-Contractors where the tooling costs have been paid by BEL. This directory shall be circulated amongst other divisions / units once in quarter to avoid duplication if any.
- 16.3 The suitable Tool No shall be specified in the SAP Sub-Contract Order against Material / item.

17.0 REVIEW OF SUB-CONTRACT ORDERS

- 17.1 Sub-Contracts Department will review, in the last week of every month, the status of manufacture of Sub-Contract items and the issues and receipts of items at Sub-Contractor's send using transaction codes ME2L / ME2N / ME2M / ME2J.

NOTE : A single report consisting of PO No., Material, Item No, Short Text, Vendor, PO Date, PO Release Date, Qty., Qty. To Be Delivered, Qty. To Be Invoiced, GR No, UD Code, Lot Size, Invoiced Amount, Invoice Date, Invoice No, MIRO Text, Vendor Advance, What Amount, Amount Paid, Currency, Check No, C / E Date shall be used for monitoring the status of PO item.

- 17.2 A quarterly review shall be made by a senior executive nominated by Unit / SBUS Head, along with Sub-Contracts and production control department store view the status and issues affecting the performance of Sub-Contracting activities and to take remedial measures to address the issues.
- 17.3 Once a production / Assembly sale order is closed, all the Sub-Contract orders relating to that sale order should be specially reviewed and action taken to in finalize accounting of materials.
- 17.4 Sub-Contractor-wise database shall be maintained by Sub-Contracts department indicating order number, quantity, value, delivery date, and performance in terms of delivery, rate of

rejections and respective vendor rating.

- 17.5 Sub-Contracts department shall keep abreast of the developments outside, with regard to new sources of Sub-Contracting which may need consideration, by the committee on vendor establishment.

18.0 ASSISTANCE TO SUB-CONTRACTORS

- 18.1 The Sub-Contracts department is the agency to provide all the needed technical assistance to the Sub-Contractors with the support of production control and quality control departments.
- 18.2 In case any Sub-Contractor needs assistance by way of special tools / gauges etc., Sub-Contracts department may arrange to lend them on **"RETURNABLE GATE PASS" using transaction code ZIGP001 and ZIGP007**. Wherever possible, for execution of specific jobs. These tools / gauges should be watched for prompt return within two weeks of the order completion. Where the jobs are repetitive, efforts should be made to persuade the Sub-Contractor to acquire the special tools / gauges.
- 18.3 When the tools / gauges are returned by the Sub-Contractor, as per the terms, with an inspection certificate the Sub-Contract department shall hand it over to the divisional tool stores. In case of damages / loss of tool, the cost has to be recovered as per **"IED estimate / Divisional Tool Crib Advice"**

19.0 AMENDMENT TO SUB-CONTRACT ORDERS / REPEAT ORDERS

Amendments to Sub-Contract Orders are the changes made in any content of the original order, to reflect a changed situation pertaining to the execution of the original order.

Amendment to Sub-Contract orders generally arises because of the following :

- a) Necessity to modify the specification.
- b) Extension of delivery date.
- c) Amendment to quantity.
- d) Change in terms of Payment
- e) Transfer of another name as per request of the supplier
- f) Necessity to short close the order.

19.1 MODIFICATIONS INSPECIFICATIONS

Modification in specifications may be requested by the Indenting officer only, who had originally approved the Sub-Contract 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 change due to the modification, suitable reduction in the price should be negotiated with the supplier. Concurrence of the Finance / IED should be obtained before any modification / amendments to Sub contract orders, where financial concurrence has been obtained earlier.

NOTE :

1. If, modifications are being made even before the beginning of work with the Vendor, it shall be treated as an new item and re-tendering shall be done as per Para 7.3.
2. If, modifications are made after the progress of work with the Vendor, the same shall be treated as Amendment to the original order.

19.2 EXTENSION OF DELIVERY DATE

- 19.2.1 Change in the date of delivery, if requested by the supplier, may be considered and agreed to by the officer approving the Sub-Contract in consultation with the indenting department provided the reasons for requesting extension in delivery date put forward by the supplier are justifiable and the order was not placed on TIME PREFERENCE basis. It should, however, be sure d that there would be no extra financial commitment for the company due to the extension of the delivery date (due to such development as increases in statutory levies, etc.) and the same should be made very clear to the supplier while extending the delivery date.
- 19.2.2 Requests for extension of delivery date in cases where the order had been placed on time preference basis should be rejected if alternate supplies can be arranged at the risk and cost of the supplier. If this is not possible, extension of date subject to levy of liquidated damages may be granted by the divisional Head / Unit Head not less than the rank of EVII, with concurrence from Finance Department.
- 19.2.3 Requests for advancing the delivery date should 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 supplier as well, the concurrence of finance should be taken before acceding to the request.
- 19.2.4. If material is not available for issue to Sub-Contract or as per BOM, Sub-Contract Head, in consultation with Production Control, can amend the delivery schedule.

++ 19.2.5 Follow up for Supply:

Suitable provision to be made in SAP, where in approval is to be sought from Unit / SBU head for items being delivered beyond PO delivery date based on the requirement of the items.

For all other cases, where approval is not provided or items no longer required, GR to be disallowed.

(++ Added vide OO No.HO/591/051 dtd. 13.01.2023)

19.3 ## AMENDMENT TO QUANTITY

Subsequent to issue of RFQs / opening of Bids, if additional requirements are generated upto 20% of the tendered quantity, then the same can be processed by adding into the same procurement proposal without retendering. The clause shall be included in the RFQ and standard terms and conditions.

(## Substituted vide OO No.HO/591/068 dtd. 29.10.2024)

19.4 NECESSITY TO SHORT CLOSE THE ORDER

In case the balance quantity of material outstanding on the supplier 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 supplier. If a supplier 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 would not be put to any adverse consequences thereby.

20.0 ROLE OF CENTRAL SUB-CONTRACT DEPARTMENT (BG) & Unit Sub-Contract Department

Central Sub-Contract BG shall be responsible for the bellow mentioned activities :

- Coordinate with all ancillary units at Bangalore and arrange collection of license fee.

- Coordinate with SBUS contract in providing suitable job works to the ancillary units.
- Provide necessary vendor code required by SBUS Sub-Contract in liaison with corporate standards.
- Monitor list of Sub-Contract vendors registered and update in SAP periodically. The dormant vendors are also to be identified and deleted from the vendor master.
- Establishment of new Vendors / Exclusion of vendors in case of poor performance.
- Entering into Annual Rate Contract for Packaging, Plating, Painting, PCB etc.,
- Liaison regarding Sales Tax / Excise formalities.
- Issue of Form 37 / Form 'C' to vendors.
- Preserving and renewing the General Bank Guarantee.
- Categorised all the operations / process of Sub-Contract and update in SAP.
- Maintain Process Vendor Directory in SAP in co-ordination with IS / CO & SC departments.

20.1 Role of Other Units Vendor Evaluation Committee (VEC) Activities

- Constitute a Vendor Evaluation Committee (VEC) at unit level.
- Co-ordinate with Central Sub-Contract division of BG / IS-CO for new vendors list.
- Establishment of new Vendors / Exclusion of vendors in case of poor performance.
- Entering into Annual Rate Contract for Packaging, Plating, Painting, PCB etc.,
- Categorised all the operations / process of Sub-Contract and update in SAP.
- Maintain Process Vendor Directory in SAP in co-ordination with IS / CO & unit SC departments

21.0. GENERAL TERMS & CONDITIONS

Sub-Contract / Service Orders released by BEL should accompany the "GENERAL TERMS & CONDITIONS TO SUB-CONTRACT / SERVICE ORDER" as per ANNEXURE-9 for orders With vendor material and ANNEXURE-10 for orders with BOM from BEL.

22.0 VENDOR RATING

Based on the National Specification JSG : 015-1995, methodology for Vendor Rating procedure for Sub-Contract parts has been arrived with quality, delivery (use transaction code ZQM053). The details of the methodology are furnished at ANNEXURE-11.)

A committee formed by SBUS / units will review the vendor rating generated by SAP.

23.0 Risk Management

As per the office order No HO / 866 / 001 dated 22 / June / 2011 & revised OO HO / 866 / 002 dated 6 / 05 / 2015 the concerned Sub-Contract head shall perceive & take appropriate mitigation / alternative actions or measures shall be taken.

24.0 GRIEVANCE REDRESSAL

24.1 Any bidder or prospective bidder aggrieved by any decision, action or omission of the procurement process may within a period of 10 days or such other period specified in the pre-qualification documents, Vendor Registration documents or Tender documents, from the date of such decisions, make an application for review to the concerned Sub-Contract

department clearly giving the specific ground or grounds on which the vendor feels aggrieved. The application for review can be filed only by the bidder or vendor who has participated in the tender.

- 24.2 In case of two bid system, application for review related to the financial bid can be filed only by the vendor whose technical bid is found acceptable.
- 24.3 The official to whom the application for review has to be addressed shall be indicated in the pre-qualification documents, vendor registration documents or tender documents as the case may be. Based on this application for review, decision on whether the tendering process shall be suspended pending disposal of the application shall be decided by the Sub-Contract department.
- 24.4 After examining the application and the available documents, Sub-Contract may decide on the relief to be considered appropriate to the applicant and communicate its decision to the applicant and to the other bidders or prospective bidders.
- 24.5 The grievance application shall be reviewed at a level of Head of Sub-Contract or by an Officer not less than the rank of AGM nominated by the Unit / SBUS head for proposals where approving authority is CMD, the grievance shall be reviewed by concerned Director.
- 24.6 **Grievance Redressal Committee :** If the grievance application is not disposed of within the allowed time or if the bidder feels aggrieved by the decision, the bidder can file an application for redressal by the concerned Sub-Contract redressal Committee within 15 days of expiry of date of receipt of the decision., Redressal committee to be constituted with Head of Finance, Head of HR and Head of Unit / SBUS. Redressal committee at corporate level to be constituted with GM (Finance / CO), nominated member from GM (HR)-CO and Head.
- 24.7 The decision of the Grievance Redressal Committee is final.

25.0 START UPS

Start-Ups will be decided based on the conditions stipulated in Gazette 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 – 16).

- 25.1 Areas of engagement with start-ups may be identified and publicized through BEL website.
- 25.2 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

25.3 Advance to start-ups:

Advance upto 15% to Start-ups may be considered against submission of bank guarantee of 110% of advance from a scheduled commercial bank following the procedure of the company.

To obtain the benefit of advance a start-ups shall be required to obtain certificate of an eligible business from the Inter-Ministerial board of certification as stipulated in notification No. 133 dated 18/02/2016 /G.S.R180(E).

26.0 REVERSE AUCTION

- 26.1 Introduction: Reverse auction is an online real-time procurement technique utilized by the procuring entity to select the successful submission of lowest bid online. This involves the presentation by suppliers or contractors of successively lowered bids online 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.
- 26.2 Applicability: Procurement by means of an e-reverse auction should be engaged under following conditions:
- 26.3 Reverse Auction Can be adopted for common and large volume goods or services or processes which are not strategic to the company. This may be adopted where many established suppliers are available thereby producing a competitive market and for which the key awarding decision is price.
- 26.4 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.
- 26.5 The reverse auction can be adopted only for domestic Sub-Contract orders The reverse auction procedure to be followed is as per annexure - 17.

27.0 +INDIGENISATION PREFERENCE CLAUSE:

27.1 Introduction

BEL has always been giving thrust for indigenous design and outsourcing. To provide more focus and preference for Indigenisation, Indigenous Design, Development and Manufacture (IDDM) clause is incorporated in the BEL's procurement manual.

27.2 Feasibility Study

Each SBU/Unit will have an Indigenisation steering committee consisting of members from Materials Management, D&E, Indenting / User department and other concerned departments (like Quality Control) nominated by the respective SBU/Unit Head. The committee should verify the availability of indigenously designed and developed products for procurement from Indian vendors and classify under any of the following categories:

- i) Proven Products available based on indigenous design and development
- ii) Products which are under advance stage of development and engineering with a proven design and prototype.
- iii) Capabilities exists in the industry, but no concrete development activities initiated
- iv) Neither capability nor any development activity initiated by the Indian industry.

The feasibility study should be completed prior to the tendering process. The committee should map the Technical, Quality, Delivery, Price or any important requirements of the project with the study findings and evaluate the feasibility of offering the product under IDDM category.

If the item belongs to (i) and (ii) category as above, the committee shall consider recommending for procurement under IDDM category after mapping of project requirements. If the item belongs to (iii) and (iv) category as above, the IDDM clause shall not be applicable.

The committee should make recommendation on the procurement under IDDM category based on the findings of the study.

The committee shall also examine and consider the special requirements of projects like procurement from specific source, supply record, contractual obligations etc. while making the recommendations.

27.3 Applicability of IDDM Clause

IDDM clause is applicable for the tender value more than Rs.1 Crore (excluding taxes & duties) for procurement of project items, where BEL owns the design/manufacturing documents, either through own development or through Transfer of Technology (ToT) acquired from the design partners/Original Equipment manufacturers (OEMs) etc., subject to meeting the requirements of performance, quality, customer delivery and price and recommendation by the Indigenisation steering committee.

Service related contracts, special requirements of projects like procurement from specific source, supply record, contractual obligations etc will not be covered under this clause.

27.4 Indigenous content required for eligibility

Case 1: Products that are indigenously designed developed and manufactured with a minimum of 40% Indigenous Content (IC) on cost basis of the total contract value.

Case 2: Products having 60% Indigenous Content on cost basis of the total contract value, which are not designed and developed indigenously.

27.5 Purchase Preference Clause

Purchase Preference shall be extended to bidders having more Indigenisation Content under the following condition:

When the quote is received from more than one Indian Vendor under IDDM Category and L-2 has more than 10 % of Indigenous Content that of L-1 and the overall quote of L-2 is within the band of L1+10%.

Then L-2 will be called for negotiation to bring down their price to the L-1 price or below L-1.

If not matching L1 price by L2 then L1 will get the order.

27.6 Bank Guarantee towards Indigenisation (INDBG)

Bidders who have availed purchase preference shall submit a bank Guarantee for a value of 1% of the total order value excluding taxes & duties before placement of order. In case of L2 getting order, differential between L2 & L1 of indigenization content should be in BG in addition to 1 %.

This INDBG shall become en-cashable in case the Indigenisation planned is not met as committed.

27.7 Bid Rejection Criteria

The bidder shall be informed about the criteria for bid rejection towards indigenization in the tender enquiry itself. Bidders not agreeing to accept any of the followings shall be rejected:

- Indigenisation content requirement clause
- Purchase preference clause
- Bank Guarantee towards Indigenisation (INDBG)

27.8 Tender guidelines and mandatory documents

The tender floated shall have an indigenization clause which shall cover all the aspects as under:

- Indigenisation content required for eligibility.
- Purchase Preference Clause
- Bank Guarantee towards Indigenisation (INDBG)
- Bid Rejection Criteria

Two bid tendering shall be followed. Techno-commercial and price bids should be submitted together giving reference to the RFQ. Bidder shall necessarily provide the following information in the Part I of Techno-commercial offers:

- Proposed Indigenisation Content

The bidders shall have to declare the percentage of Indigenous Content on cost basis of the total contract value and also submit the list of items as identified and proposed for indigenisation(if any).

- Listing of imported items by bidders

Bidders shall have to declare the list of items which are being imported by them in the system/Equipment offered against tender. The list shall include all the components, raw materials etc which are imported for the realization of the system/Equipment offered. Bidders shall then give the specific declaration as to why these items cannot be sourced from the within India to justify the imports made.

27.9 Bid Evaluation:

On receipt of the offer, Technical evaluation committee shall verify the proposed Indigenisation content for eligibility and offers meeting the required Indigenisation content will be forwarded for technical scrutiny and for further processing.

Indian bidders not meeting the required level of indigenous content might risk rejection under the IDDM category of procurement at the discretion of Technical Evaluation Committee constituted by the competent authority of respective SBUs/Units.

(+ Added vide O.O. No. HO/591/033 dtd. 09.05.2017)

+28.0 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 on exceptional cases and the reason for going to 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 two-part bid, Delivery Time shall be the criteria for acceptance of the Techno Commercial bid before price bid is opened. Overall time taken to deliver item at the required location shall be the deciding factor, Delivery should be FOR, BEL basis.

Liquidated Damages for time preference shall be 2.5% of the value of any stores not supplied in time for each week of delay or part of a week with a ceiling of 25%.

Approval from one level above the approving authority as per Sub Delegation of Power (SDOP) shall be obtained.

However, in case if normal LD (0.5% % 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%) is to be levied, then minimum approving authority will be Unit / SBU head.

(# Substituted vide OO No. HO/591/063 dtd 06.06.2024)

+29.0 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 / cancellation of the order shall be taken as per the original approving authority of the order.

+30.0 Force Majeure Clause:

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 has to take up with the supplier on similar lines as above for further necessary action.

(+ Added vide O.O. No. HO/591/047 dtd. 03.08.2022)

++ 31.0 Calculation of delivery date in case of milestone activities:

For deliveries linked to milestone completion like issue of LC, issues of FIMs, prototype approval, customer clearance, completion of qualification tests etc, the delivery date should be calculated w.r.t milestone completion.

Suitable clause in the Purchase Order to be included in case the deliveries are linked to milestone completion.

++32.0 Approving authority for various counter terms and conditions:

- i) Approving Authority one level above will be applicable in the following cases:
 - Deviation in LD clause, Changes in LD % and non-acceptance of LD clause.
- ii) Approving authority shall be not below the level of EVI, after examining the implications, with Finance concurrence will be applicable for in the following cases:
 - Change in Terms of Price.
 - Change in Payment Terms.
 - Change in Warranty clause.
 - Reduction in Bank Guarantee percentage or non-acceptance of BG.
 - Any other changes in terms and condition as per RFQ.

++33.0 Kit / Group of Items:

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.

34.0 Advance Action against expected Orders:

In order to ensure that equipments / systems are delivered to Customer as per the contractual timelines, Units / SBUs may initiate advance action for procurement / manufacturing of long lead items (where delivery period of items is more than 3 months) against expected customer orders with high probability. Units / SBUs may initiate the approval for advance action under following categories:

Category A: Action is planned up to PO creation Stage (PORE)

- Approval of Unit / SBU head under "AD" Type WBS element to be obtained. In this case, User Status of the WBS Element to be maintained as "PORE".
- Advance procurement action till Draft PO creation shall be permitted.
- Subsequent to receipt of customer order, complete procurement / manufacturing action can be taken up by modifying the User Status of WBS Element as "REL".

Category B: Action is planned for complete procurement / manufacturing

- Approval of CMD under AD Type WBS element to be obtained.
- Under this category, complete procurement / manufacturing activities will be permitted for the approved AESO value.

In the above cases, Unit / SBU shall initiate the approval for advance action at appropriate time after receipt of RFQ and before receipt of order.

Category C: Action against Rolling Stock Requirement:

- Approval of CMD under AD Type WBS element to be obtained.
- Under this category, complete procurement / manufacturing activities will be permitted to stock the equipments in order to deliver against the customer orders.

In the above case, Unit / SBU shall initiate the approval for stocking the equipment based on total annual requirement.

Units / SBUs supplying the items under IUST / IDST may also initiate the advance action for procurement / manufacturing based on the confirmation of the lead Unit / SBU.

Revalidation of AESO:

1. In case, if order is not received by indicated date (receipt of order date as mentioned in the proposal), approved AESO will be required to be put up for revalidation / reapproval.
2. In case, if the order is not received (or partial order is received) and revalidation / reapproval is not obtained even after three months of likely receipt of order date as indicated by Unit / SBU/ Division, further PO placement will not be allowed.
3. In absence of revalidation / reapproval of sanctioned AESO the material pegged against approved AESO will be made free by the system.

(# Substituted vide O.O. No. HO/591/063 dtd. 06.06.2024)

34.1 ++ Advance Action against R&D and D&E Projects:

In order to speed up the development of equipments / systems as per customer timelines, Units / SBUs may initiate advance action for procurement / manufacturing of long lead items.

- Approval of Unit / SBU head to be obtained. In this case, User Status of the WBS Element (under RF / RD / RC category) to be maintained as "PORE".
- Advance procurement action till Draft PO creation shall be permitted.
- Subsequent to receipt of approval from the competent authority for the R&D / D&E project, complete development / procurement / manufacturing action can be taken up by modifying the User Status of WBS Element as "REL".

(++ Added vide OO No. HO/591/059 dtd. 03.01.2024)

35.0 ++Approving authority for issue of additional FIMs.

In case of additional items are to be issued to vendors as FIM for the process loss of the components / items then approval to be obtained as below (However, this does not include the excess items issued due to tape / reel and tray packaging as the items needs to be returned back by vendor).

Divisional Head: Additional items issued upto 1% of the cost of FIM as per BOM or Rs. 1 Lakh, whichever is lower.

Unit / SBU Head: Additional items issued upto 2% of the cost of FIM as per BOM or Rs. 5 Lakhs, whichever is lower.

Functional Directors: Full Powers.

36.0 +++ MOQ (Minimum Order Quantity) / MOV (Minimum Order Value) / SPQ (Standard Packing Quantity) can be ordered with the approval as indicated below and will be applicable only for manufactured items being procured and not applicable where FIMs are involved:

- Department Head: Upto Rs 10,000/- of value of additional quantity due to MOQ /MOV / SPQ.
- Divisional Head: Upto Rs 1,00,000/- of value of additional quantity due to MOQ / MOV / SPQ.

- EDs / GM / Unit / SBU Heads: Full Powers.

(++)Added vide OO No. HO/591/054 dtd. 13.04.2023)
 (+++)Added vide OO No. HO/591/061 dtd. 14.02.2024)

37.0 # Manpower related services:

- 1) Before tenders for the work are invited, a detailed estimate showing the quantities, rates, values for various items of works, specifications to be adopted, terms & conditions should be prepared and got approved from the competent authority.

The estimate shall be prepared on the basis of latest minimum wages released by Unit HR / Ministry of Labour & Employments, in case of Contract Workmen / Labourers. In case of other manpower hiring, CPWD guidelines may be followed & updated suitably (if applicable) or based on the market rate to give an idea on the probable expenditure involved in the proposal is to be prepared. It is sent to the requisitioning authority for budget provision and approval.

- 2) The draft tender documents would require the approval of competent authority. The tender document shall comprise of:

The Notice Inviting Tenders (NIT) incorporating the following essential requirements:

- Name of work.
- Approximate value of work.
- Place of submission of tenders (Techno-Commercial and Price Bid in case of two-part bids).
- Last date and time for submission of tenders.
- Date and time of opening of tenders.
- Time period for completion of work.
- Details of Earnest Money Deposit (EMD) and place of submission.
- Validity period of the tender.
- Date, time and place of pre-bid meeting (if any).
- General Conditions of Contract (GCC).
- Special Conditions of Contract (SCC), if any.
- Schedule of Quantities (SOQ).
- Any other relevant particulars.

The tender document should also specify the right of the Company to reject any tender or accept any tender in full or in part without assigning any reasons whatsoever.

3) Similar work Criteria:

The agency should have successfully completed / carrying out similar work (definition of similar work should be clearly defined) (within India) during the last 7 years from the due date of submission of prequalification application, as indicated below (In case, the work on hand, the completed value of the work shall not be less than the value indicated below). The present value of similar work completed shall be derived by adding an inflation of 7% every year to arrive at realistic value of work:

- i) Three similar works each costing not less than 40% of the estimated cost of work per annum.
- OR**
- ii) Two similar works each costing not less than 50% of the estimated cost of work per annum.

OR

- iii) One similar work costing not less than 80% of the estimated cost of work per annum.

If the similar work furnished is from Private Organization, the same shall be supported with TDS / CST form / Form 26AS pertaining to the similar works certified by sales tax authorities / VAT / GST remittance pertaining to the similar works certified by sales tax authorities / Bankers Statement / certificate from a chartered accountant, submitted for a value not less than the stipulated / pre-inflated value of similar work under which agency is being prequalified.

4) Other Criteria's applicable:

- a) Average annual financial turnover during the preceding three years, ending 31st March of the previous financial year (years to be specified subject to availability of audited Profit & Loss/balance sheet) shall not be less than 30% of the estimated cost.
- b) Solvency limit - Name and address of bankers with bankers certificate clearly indicating the firm's financial capabilities (Latest Bankers Solvency Certificate from Nationalized / Scheduled Bank issued not earlier than 12 months from the final date of submission of pre-qualification application and shall not be less than 25% of the estimated cost).
- c) Goods and Service Tax Registration Number.
- d) Permanent Account Number (PAN).
- e) PF Registration Certificate and ESI Certificate.
- f) Requirement of Running Office at the Location of Work shall be ensured.
- g) In addition, the following information shall also be obtained / stipulated while prequalifying the agencies:
 - Details of plant and machinery required shall be assessed and stipulated, if need be, based on the requirement of work.
 - List of works on hand.
 - List of works completed during the preceding 7 years (If the completion certificate furnished is from Private Organization, the same shall be supported with TDS certificate / Form 26AS).
 - Details of registration with Government and Public Sector Undertakings.
 - Details of technical personnel on the rolls with qualification and experience.
 - Details of civil suit / litigation / arbitration etc., if any, in the contracts executed during the last 3 years including orders regarding exclusions / suspension / black listing, if any.
 - Registration Certificate of Establishment as applicable.
 - Details of the subsidiary Companies, Joint Venture Companies etc., if any.
 - Any other pre-qualification requirements specific to the work.
 - Any other relevant information / details, the agency may like to furnish.
- h) As per the guidelines from Ministry of Finance dated 06.01.2023, the minimum service charge in procurement of Manpower Outsourcing is fixed as 3.85% with an option to fix at maximum value of 7% based on approval. The same shall be ensured when floating the manpower related tenders. In future, in case if the minimum service charge is modified by the Competent Authority, the same shall be applicable.

The sample General Conditions of Contract (Labour-Oriented Works) is provided as **ANNEXURE-18** for ready reference. In case of any additional requirements, the same shall be

included in Specific Conditions of Contract (SCC) with approval of the Competent Authority.

Additional Bank Guarantee for ensuring payment of minimum wages shall be included in all manpower tenders in line Circular No. 17556/731/CO-HR dated 29.09.2023. Copy of Bank Guarantee is provided as **ANNEXURE-19.**"

(# Added vide OO No. HO/591/066 dtd. 22.08.2024)

38.0 ## Procurement of items more than the quantity required in view of criticality / Risk Mitigation etc. shall be ordered with the approval of:

(i) **ED/GM/UH/SBU Heads:** Upto Rs.2 Lakhs per PO for the excess quantity with annual limit of Rs. 20 Lakhs.

(ii) **Functional Directors:** Upto Rs.5 Lakhs per PO for the excess quantity with annual limit of Rs. 1 Crore.

(iii) **CMD:** Full Powers.

(## Added vide OO No. HO/591/067 dtd. 17.10.2024)

39.0 ++ Emergency Procurement Procedure for the Emergency Procurement Orders received from Defence Customers.

Emergency Procurement (EP) orders are received from the Defence customers which are to be executed within a strict / compressed delivery schedule. In order to ensure that the emergency procurement process is carried out with minimal delays, a Standard Operating Procedure (SOP) has been formulated for Emergency Procurement (EP) orders and is enumerated as below:

I) Prerequisites:

- a) This process is applicable only for procurements against Emergency Procurement (EP) orders from the Defence Forces.
- b) This process is applicable for RFQs released on or after 01.05.2025 in relation to Emergency Orders.
- c) The bids for such procurements shall not be construed as Time Preference Bid. Consequently, the normal LD clause will apply.
- d) For the procurements to be made for execution of the EP Orders, the Sub-delegated powers for Purchase, Sub-Contract and Service orders will be 1.5 times (one and a half times) of values as specified in Sub-Delegation of Powers (SDOP).
- e) SBU/Unit Head needs to ensure that the total project costs are well within the input costs considered in the selling price.
- f) GeM is not mandatory for EP procurements, where the approving authority is below the rank of SBU/Unit Head. Where SBU /Unit Head is the approving authority for the procurement, GeM exemption for such procurements may be accorded by the SBU/Unit Head.
- g) In case of single tender procurements where the vendor quotes for an alternate MPN/OEM, procurement may be processed wherever feasible with the approval of D&E Head and SBU/Unit Head.
- h) Low Value Procurement (LVP) procedure can also be followed for EP order procurements. The limits for such procurements will be 1.5 times (one and a half times) that of the existing LVP limits.
- i) These relaxations are extended to ensure that the SBU/Unit Head executes the EP orders within the timeframe specified in the EP order.

II) Standard Operating Procedure (SOP):

- a) All the items in the bill of materials in the Emergency Procurement sale order shall be treated as Emergency Procurement (EP) category not requiring any separate approval / endorsement.
- b) Indenting Department shall clearly specify the timeline requirements for these items and the same shall be attached in the PR.
- c) **Repeat Orders:**
 - SBU / Unit Heads are empowered to release Repeat Order for Purchase and Sub-Contract parts and service orders as per the extant practice.
 - In the event of the reference Purchase Order being more than 18 months old, SBU / Unit Heads are empowered to release Repeat Order for Purchase, Sub-Contract parts and Service orders with an escalation in price upto 3% p.a (beyond 18 months) of reference Last Procurement Price.
 - In respect of repeat orders, the following may be noted:
 - i) Vendor's concurrence to supply within required delivery timelines.
 - ii) Quantity restrictions shall not be applicable for such repeat orders.
 - iii) The Sub-Delegation of Powers as per Para (I)(d) above will be applicable.
 - iv) "Downward trend in price" certification is not required.
- d) In the event of placement of Repeat Order not being feasible, Purchase Order can be processed on qualified bidder in single part or two part or three part bid in ST/LT/RT mode of tender. Restricted Tendering (RT) can be resorted to with the approval of SBU/Unit Head. The indenter needs to justify the Restricted Tender. (Vendors can be restricted due to quality issues & delivery issues).
- e) Minimum time of three working days shall be given to the vendors to respond to the bid. However, this is not applicable for Single Tender procurements.
- f) The PO shall be released as per SDOP on the lowest value as Cost to Company (L1) among the bidders, whose quoted delivery timelines are within the pre-mentioned delivery timelines as per RFQ.
- g) In case no quotes are received within pre-mentioned delivery timelines, PO can be placed on T1 bidder (Least time to supply) of the tender with the concurrence of the indenter and SBU/Unit Head who has the discretionary authority to accept quotes with lead time beyond the pre-mentioned delivery timelines instead of re-tendering.
- h) Such POs shall not be considered for any future procurement references except for further emergency order procurements.
- i) If order is placed on foreign vendors, shipment shall be arranged through flash shipment in exceptional cases, only after concurrence from MM Head, Finance Head and SBU/Unit Head. No further approval is necessary for payments. Purchasers shall ensure that custom clearance is done on priority.
- j) Wherever Contingency amount is built into the Selling Price, SBU / Unit Head is empowered to approve & utilize the contingency amount for execution of the project.

The procurement / utilization against the contingency amount in production or product support related activities are not to be considered as additional procurement. SBU/Unit Head to ensure that such procurements are within the overall cost considered in the selling price.

- k) In case of any deviations to this SOP, the approving authority will be one level higher.
- l) SBU/Unit Head to ensure that supplies are made within the timelines as per Emergency Procurement Orders of the Customers and overall cost to be within the estimated input costs for the project.

(++ Added vide OO No. HO/591/075 dtd. 24.06.2025)

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ANNEXURE-1**CHECKLIST FOR SUB CONTRACT REQUEST**

SCR NO : _____ DATE : _____

Part No. : _____	Qty. : _____	ISSUE LEVEL : _____
Part No. : _____	Qty. : _____	ISSUE LEVEL : _____
Part No. : _____	Qty. : _____	ISSUE LEVEL : _____
Part No. : _____	Qty. : _____	ISSUE LEVEL : _____
Part No. : _____	Qty. : _____	ISSUE LEVEL : _____

1. Are all MRP Views Maintained? : ☐
2. Is Work Scheduling View Maintained? : ☐
3. Are Accounting Views Maintained? : ☐
4. Is Valuation type Maintained? : ☐
5. Is Quality View Maintained? : ☐
6. Is PR made in correct category? : ☐
7. Is Acct. assignment Maintained? : ☐
8. Is Item Category filled for DSC / CSC / GNBPR? : ☐
9. Is G / L Account written correctly? : ☐
10. Is J1ID Table maintained : ☐
11. Is PR request date filled?(In Item Qty / Date stab) : ☐
12. Is PR released date filled?(In Item Qty / Dates tab) : ☐
13. Are All Items of PR released? : ☐
14. Is PR Released Date & Delivery Dates written? : ☐
15. Is Project name written in Tracking No. field? : ☐
16. Is Project Engr. name written in Requisitioner field? : ☐
17. Is VETTED rgs copy enclosed? : ☐

(For fast ordering of items, In case of P1 status drawings, 5 sets of drawings are to be enclosed)

PROJ. ENGR NAME : _____ SIGN. : _____

DATE : _____

BLANK

**REQUEST FOR QUOTATION**

Attn :
 Fax No. :080-8362692
 E-mail :serendip@mantraonline.com

SI0036
 SERENDIP ASSOCIATES PVT LTD
 PEENYA INDUSTRIAL AREA,
 -
 -BANGALORE - 560058 ,
 India.

Bharat Electronics Ltd.,
 Jalahalli Post,,
 Bangalore Complex
 Bangalore-560013
 Karnataka-INDIA
 Telephone : 080 22195893
 Fax : 91-80-28381601
 Email : subcontractmr@bel.co.in

Department :PURCHASE/BEPO/S10

Our Ref: MR-SC-522

Date :15.05.2009

Your Ref :

Date

Closing Date :20.05.2009

Please quote by return **Email/Fax/Sealed Cover** the best prices for following items quoting our reference

PR/Rfq	LINE ITEM	BEL PART NO DESCRIPTION	ISSUE LEVEL	Manufacturer Manufacturer Part Number	QUANTITY	UNIT	Dely. Start Dely. End	CURRENCY/ UNIT PRICE
2200730955 3100057155	1	112004099389 CONTAINER FITTEDUP	Iss:		4	NO		

The following details may please be furnished in your Quote:

- | | |
|--------------------------------------|----------------------|
| 1.Terms of Payment : | 2.Terms of Price : |
| 3.Duties : | 4.Taxes : |
| 5.Name and Full address of your firm | 6.Delivery Schedule: |
| 7.Standard Terms & Conditions Apply. | |
| 8.Any Other Terms. | |

Seller's Contact :

Fax No.

Telephone No.

Head Radar Subcont

HEADER TEXT: 01. RAW MATERIAL WILL NOT BE SUPPLIED BY BEL.

02. SUPPLIER HAS TO USE THEIR OWN RAW MATERIAL.

AND FABRICATE/MILL/TURN/MOULD/WELD/BEND/DRILL/TAPP/GRIND/ AS PER DRG.

03. ALL DIMENSIONS ARE CRITICAL AND IMPORTANT.

04. DRAWINGS BELONGS BEL TO BE RETURNED ALONG WITH QUOTES.

05. FIRST OFF APPROVAL TO BE OFFERED BEFORE BULK SUPPLY.

06. Material confirmation certificate required to be provided in supply

07. PRE-DELIVERY INSPECTION TO BE CARRIED OUT BY SUPPLIER & COMPLETE DIMENSION REPORT TO BE SENT ALONG WITH THE SAMPLE / BULK SUPPLY.

08. DEVIATION IF ANY REQUIRE FROM THE DRAWING SPECIFICATIONS SHOULD BE CLEARLY INDICATED IN QUOTATION

09. FINISHING OPERATION LIKE PAINTING, PLATING WILL BE DONE BY BEL

10. MOQ IF ANY INDICATE IN QUOTE

11. PAYMENT TERMS ---100% PAYMENT WILL BE MADE WITH IN 15 DAYS AFTER CLEARANCE BY BEL -QA

12. DELIVERY AS INDICATED.

BLANK

BHARAT ELECTRONICS LIMITED
SURVEY AND REGISTRATION OF NEW SUB-CONTRACT VENDORS
(Questionnaire)

1. **NAME AND ADDRESS OF THE FIRM**
 - a) Name :
 - b) Postal Address :
 - c) Factory Address :
 - d) Category of Industry :
(Indicate Large / Medium / SSI / Others)
2. **STATUS**
 - a) Whether Proprietary / Partnership / Private:
 - b) Limited / Public Limited :
3. **BRIEF BIO DATA OF THE PROPRIETOR / PARTNERS**
 - a) Name of the Owner :
 - b) Owners Phone No. :
 - c) Partner Name, If any :
 - d) Phone Number :
4. **WORK AREA / POWERCONSUMPTION**
 - a) Land :
 - b) Building and Power Connection :
5. Date of Commencement and experience
In the Line :
6. No. of Employees employed :
7. **CAPABILITY OF INDUSTRY**
 - a) Design, Development, Manufacturing and
Testing :
 - b) Manufacturing and Testing
 - c) Manufacturing :
8. Details of Collaborators / Technical Assistance /
License Taken :

9. Details of Products / Services Currently Dealt with (Attach Details) :
10. Details of registration / Approvals Obtained : (Attach relevant certificates)
 - a) SSI :
 - b) DGS &D :
 - c) BIS :
 - d) Govt. Departments :
 - e) PSU's :
11. **Production Facilities**
 - a) List of Machinery and their capacities : (List May be closed)
 - b) Capital Invested
 - Land :
 - Building :
 - Plant and Machinery :
12. ISO9001 / AS9100B Certified (Attach Copies) :
13. EMS14001 Certified (Attach Copies) :
14. Tooling Facilities :
15. **Inspection Facilities (Attach relevant List)**
 - a) Availability of all essential Equipments for Quality Control Measurements :
 - b) Calibration Facilities :
 - c) Is it independent of Production :
 - d) Strength of Inspection Personnel :
 - e) Inspection Instruments and Equipment :
 - f) Availability of consent from Pollution Control Boards :
16. Major Customers whom you they have Dealt : (Attach List)
17. Banker :
18. Particulars of other reputed Organisation with whom Registered as approved firm :
19. Special Remarks / Observations :

FOR BEL USE

Date of visit by BEL Officials	:
Easy accessibility to the Industry	:Satisfactory / Not Satisfactory
Availability of all relevant operations	:Satisfactory / Not Satisfactory
Availability of Storage Space	:Satisfactory / Not Satisfactory
Adequacy of Inspection Facility	:Satisfactory / Not Satisfactory
Knowledge of ISO Standards	;Satisfactory / Not Satisfactory
Knowledge of EMS issues	:Satisfactory / Not Satisfactory
House Keeping	:Satisfactory / Not Satisfactory

VISITED BY

Signature

Date

- a) Representative of PC
- b) Representative of Fabrication

- c) Representative of Assembly
- d) Representative of Quality

- e) Representative of IED
- f) Representative of SC

REMARKS :

Approved / Not Approved
 (Give reasons if not approved)

NOTE : This format is made available in the internet site of BEL web portal Inspection model. This can be filled / modified accordingly with proper approving authorities of VEC Members

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ANNEXURE-4**# DEBARMENT OF FIRMS****1.0 Introduction:**

- 1.1 BEL enters into contracts/strategic alliances with firms including Global & Domestic OEMs for supply of materials, rendering services for addressing major requirements of Indian Defence forces.
- 1.2 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.
- 1.3 In order to overcome the above situations and to ensure conformity with the order, the following paragraphs lay down the policy and guidelines for Levy of Financial Penalties and/or Suspension/Banning of business dealings with entities seeking to enter into contract with/having entered into a contract for the procurement of goods and services with BEL.

2.0 Definitions:

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

- 3.0 The terms "banning of firm", 'suspension', 'Black-Listing' etc. convey the same meaning as of "Debarment".

4.0 Competent Authority:

- 4.1 * CMD shall be the competent authority for debarment of firms.

(* Substituted vide OO No. HO/591/059 dtd 03.01.2024)

5.0 Debarment Process:

- 5.1 A bidder or any of its successors may be debarred from participating in any procurement process for a period not exceeding two years.
- 5.2 Firms will be debarred if it is determined that the bidder has breached the code of integrity as per Rule 175 of GFRs 2017.
- 5.3 A bidder can also be debarred for any actions or omissions by the bidder other than violation of code of integrity, which in the opinion of the user department, warrants debarment, for the reasons like supply of sub-standard material, non-supply of material, abandonment of works, sub-standard quality of works, failure to abide "Bid Securing

- Declaration" etc.
- 5.4 The competent authority before issuing the debarment order against a firm must ensure that reasonable opportunity has been given to the concerned firm to represent against such debarment (including personal hearing, if requested by firm).
- 5.5 Competent authority that issued the order of debarment can also issue an Order for revocation of debarment before the period of debarment is over, if there is adequate justification for the same. Ordinarily, the revocation of the Order before expiry of debarred period should be done with the competent authority.
- 5.6 The Competent Authority may constitute Committees comprising of Finance, Legal and cross functional experts as necessary, to examine and make recommendations on the debarment of firms.
- 5.7 If any of the Unit / SBU has to be deal with the debarred firm (other than the debarment proposed Unit / SBU), then the approval of the CMD shall be taken.
- 6.0 Code of Integrity as contained in Rule 175 of the GFRs is reproduced as under:
 No official of a procuring entity or a bidder shall act in contravention of the codes which includes
- (i) prohibition of
 - a. making offer, solicitation or acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process or to otherwise influence the procurement process.
 - b. any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefit may be obtained or an obligation avoided.
 - c. any collusion, bid rigging or anticompetitive behaviour that may impair the transparency, fairness and the progress of the procurement process.
 - d. improper use of information provided by the procuring entity to the bidder with an intent to gain unfair advantage in the procurement process or for personal gain.
 - e. any financial or business transactions between the bidder and any official of the procuring entity related to tender or execution process of contract; which can affect the decision of the procuring entity directly or indirectly.
 - f. any coercion or any threat to impair or harm, directly or indirectly, any party or its property to influence the procurement process.
 - g. obstruction of any investigation or auditing of a procurement process.
 - h. making false declaration or providing false information for participation in a tender process or to secure a contract;
 - (ii) disclosure of conflict of interest.
 - (iii) Disclosure by the bidder of any previous transgressions made in respect of the provisions of sub-clause (i) with any entity in any country during the last three years or of being debarred by any other procuring entity.
- 7.0 It is possible that the firm may be debarred concurrently by more than one Unit / SBU.
- 8.0 User Departments before forwarding the proposal to competent authority must ensure that reasonable opportunity has been given to the concerned firm to represent against such debarment (including personal hearing, if requested by firm). If competent authority realizes that sufficient opportunity has not be given to the firm to represent against the debarment, such debarment requests received from User Departments may be rejected.
- 9.0 Competent authority can also give additional opportunity, at their option, to firm to represent against proposed debarment. Competent authority can also take suo-moto

action to debar the firms in certain circumstances

- 10.0 **##** No contract of any kind whatsoever shall be placed on the debarred firm, including its allied firms by any Unit / SBU after the issue of a debarment order.
(## Substituted vide OO No. HO/591/068 dtd 29.10.2024)
- 11.0 Corporate Standards will maintain list of such debarred firms, which will be displayed on common Portal.
- 12.0 An order for debarment passed shall be deemed to have been automatically revoked on the expiry of that specified period and it will not be necessary to issue a specific formal order of revocation.
- 13.0 A debarment order may be revoked before the expiry of the Order, by the competent authority, if it is of the opinion that the disability already suffered is adequate in the circumstances of the case or for any other reason.
- 14.0 No contract of any kind whatsoever shall be placed to debarred firm including its allied firms after the issue of a debarment order by competent authority. Bids from only such firms shall be considered for placement of contract, which are neither debarred on the date of opening of tender (first bid, normally called as technical bid, in case of two packet/two stage bidding) nor debarred on the date of contract. Even in the cases of risk purchase, no contract should be placed on such debarred firms.
- 15.0 In case, any debar firms has submitted the bid, the same will be ignored. In case such firm is lowest (L1), next lowest firm shall be considered as L1. Bid security submitted by such debarred firms shall be returned to them.
- 16.0 Contracts concluded before the issue of the debarment order shall, not be affected by the debarment Orders.
- 17.0 The Debarment shall be automatically extended to all its allied firms. In case of joint venture/ consortium is debarred all partners will also stand debarred for the period specified in Debarment Order. The names of partners should be clearly specified in the "Debarment Order".
- 18.0 Debarment in any manner does not impact any other contractual or other legal rights of the procuring entities.
- 19.0 The period of debarment shall start from the date of issue of debarment order.
- 20.0 * The Order of debarment will indicate the reason(s) in brief that led to debarment of the firm and same shall be issued by the initiating officer who proposed the debarment.
(* Substituted vide OO No. HO/591/059 dtd 03.01.2024 and Para 21.0 re-numbered as 20.0)
- 21.0 Ordinarily, the period of debarment should not be less than six months.
- 22.0 In case of shortage of suppliers in a particular group, such debarments may also hurt the interest of procuring entities. In such cases, endeavor should be to pragmatically analyse the circumstances, try to reform the supplier and may get a written commitment from the supplier that its performance will improve.

23.0 * Any DDP/MoD/Ministry directives requesting for banning of specific firms / entities will by default become applicable for implementation in BEL. No separate approval will be required for these cases.

**(* Substituted vide OO No. HO/591/059 dtd 03.01.2024 and
Para 24.0 re-numbered as 23.0)**

(# Substituted vide OO No. HO/591/047 dtd. 03.08.2022)

(Para 8.0 Deleted and Re-numbered existing Clauses)

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ANNEXURE-5**SUB CONTRACT ORDERS RELEASE PROCEDURE**

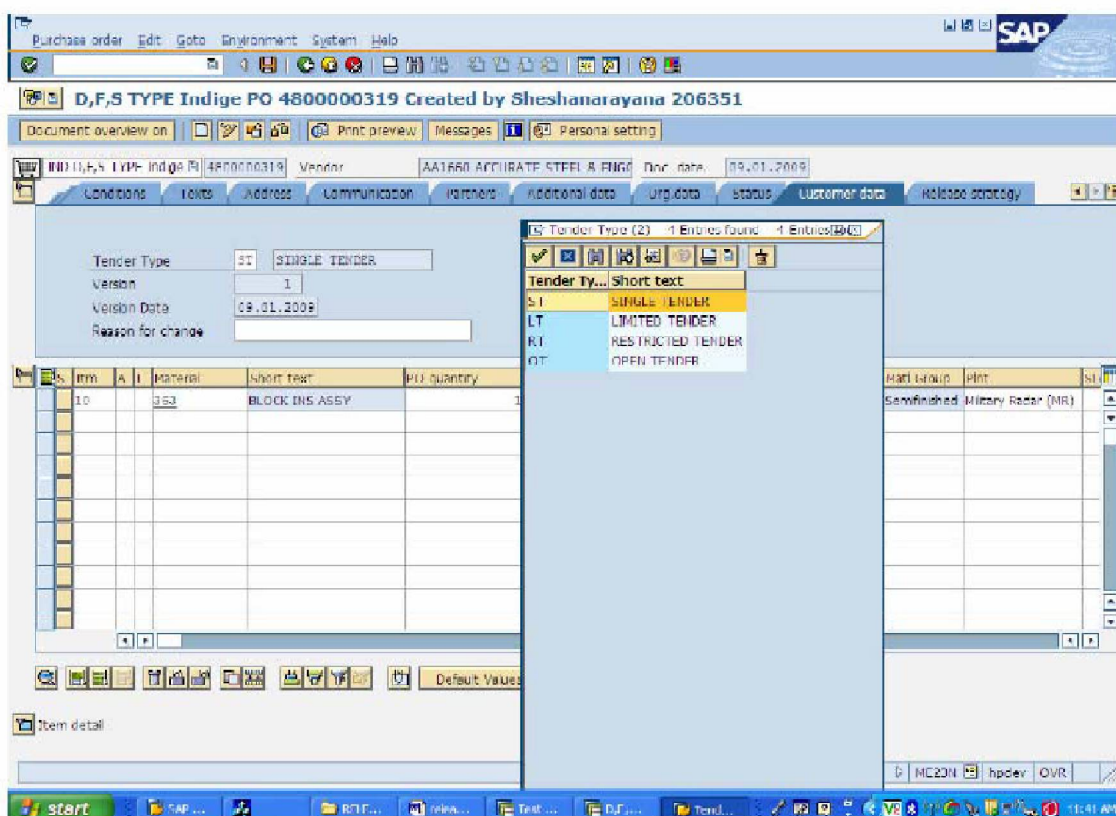
INFORMATION SYSTEMS – CO

30/01/2009

Procedure for Release Strategy, Version and updating the tender type in Purchase Order:

1. Updating the tender type:

In the Purchase order Header data, under the Customer fields maintain the Tender type using the List of values option as shown below.

**2. Version :**

On saving the purchase order created using MT21N, the version gets updated to -1 (Draft) along with the system date as version date automatically.

3. Release of PO:

Based on the PO document type and value, release strategy gets activated as per the table below. Suppose the value of IND type PO created by purchase department is >INR 50,000.00, the same has to be put up for management approval along with noting. Authorized person in concerned purchase department has to release using ME29N for release code S1 and the file is routed to Finance after necessary approval from management based on the value of the PO. Authorized finance person will release for S2 at which instance the version gets incremented to 0 (Original). After the receipt of file in the purchase department, purchase order print will be taken and sent to supplier. (Refer Annexure I for flow chart).

Purchase Order	Doc type	Release Group	Release Strategy Description	PO Value INR	Release code	Release by
Standard	IND,INC,IMP,IMD,DEC,DEE	PT	Y1 PO Value <=50000	<= 50,000	S3	Purchase Manager
Standard	IND,INC,IMP,IMD,DEC,DEE	PT	Y2 PO Value >50000	>50,000	S1 S2	Purchase Finance
Inter-unit Stock transfer	DIP,CIP,FIP	PT	Y3 Inter unit stock transfer release	All	S4	Prod. Ctrl Manager
Sub-contract	DSP,CSP,FSP,ESP	PT	Y4 Sub-contract release	All	S5 S6	Subcontract Finance

Purchase order Edit Goto Environment System Help

D,F,S TYPE Indige PO 480000319 Created by Sheshanarayana 206351

Document overview on Print preview Messages Personal setting

IND D,F,S TYPE Indige 480000319 Vendor AA1600 ACCURATE STEEL & ENG Doc. date 09.01.2009

Conditions Texts Address Communication Partners Additional data Org. data Status Customer data Release strategy

Release group: PO Release on Value
 Release strategy: YZ VAL > 50000
 Release indicator: X PO block for Released

Code	Description	Sta...
S1	Release by Purch Off	
S2	Release by Pur.Mgr	

S	Item	A	I	Material	Short text	PO quantity	O...	Deliv. date	Net price	Curr...	Per	O...	Matl Group	Plant	SL
	10			363	BLOCK INS ASSY	15000	D	28.09.2008	103,000.00	INR	1	NO	Semifinished	Military Radar (MR)	
										INR					
										INR					
										INR					
										INR					
										INR					
										INR					
										INR					
										INR					

Default Values

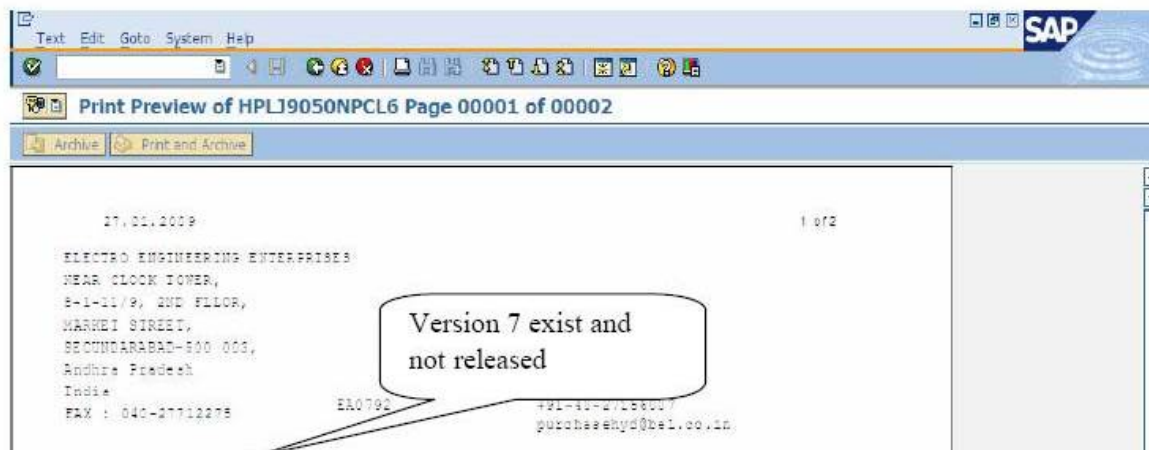
Item detail

ME23N | hodev | OVR

start | G... | R... | T... | D... | S... | St... | D... | 1:04 PM

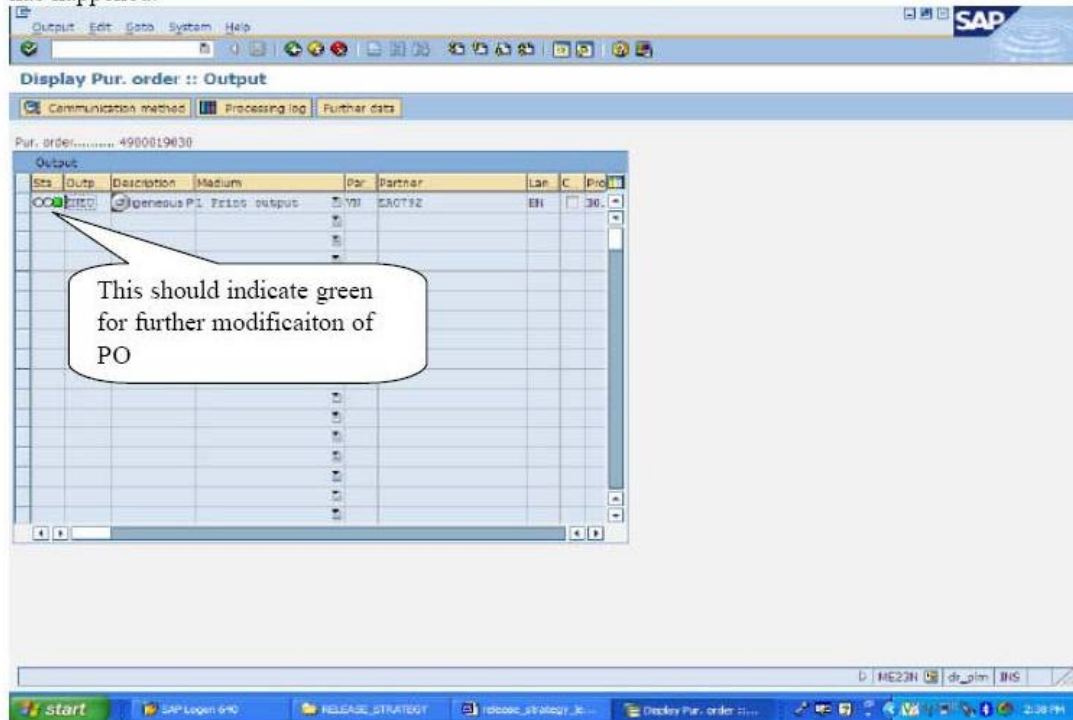
4. Print output of PO:

If the print output is taken at the stage of draft, the out put will have 'DRAFT' remark printed. Also, if printed before release of PO, the out put will have remark 'PO NOT RELEASED'. Version date will be printed as PO date.



5. Further modifications to PO:

The system will not allow changes in PO until print out put is taken after final release has happened.



6. Changes to PO:

Changes to Purchase order can be done using ME22N. If the release indicator of the purchase order is 'R', then at the time of posting, the version gets incremented and version date also gets updated. The user can maintain reason for change field.

Version gets incremented only if there is change in the following fields of purchase order:

1. Item is deleted
2. Company Code
3. Item line Quantity
4. Net price
5. Price unit
6. Net order value in PO currency
7. Gross order value in PO currency
8. Sales Tax Code
9. Over delivery tolerance limit
10. Shipping instructions
11. Inco terms 1
12. Inco terms 2
13. Terms of payment

7. Existing Purchase Orders :

Existing released purchase orders will remain in released condition only, with creation date as PO date in the output. Further any changes to the same will trigger the new release strategy.

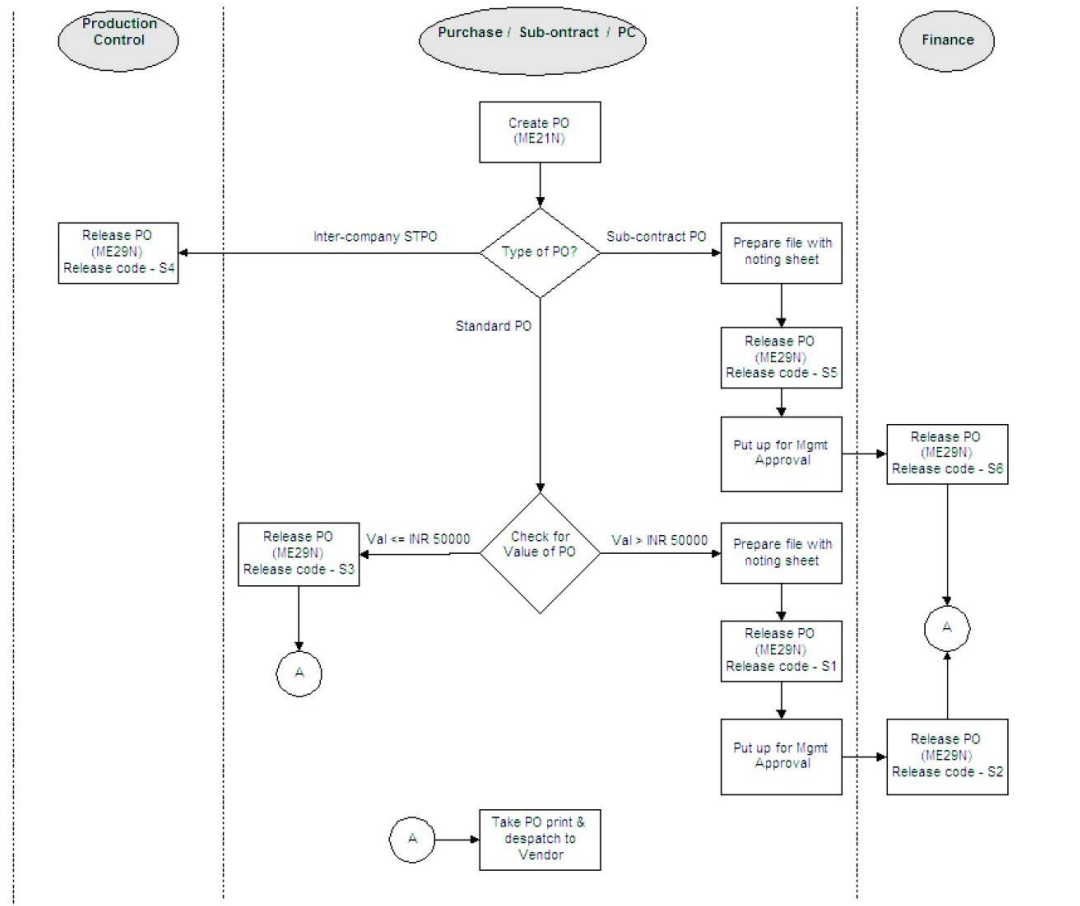
8. Check list for PO vetting:

The following Check list can be used by Finance to vet the Purchase order.

1. PO type should be as per PR type (Ex. INC C type indigenous PO, DEC – Defence foreign PO Etc.,)
2. In the header tab:
 Payment terms, Inco terms to be entered
 Conditions: Freight payable to supplier is FRB2 in foreign currency where applicable
 Freight payable to freight forwarder FRB1 – with value 1 or 10 to be Entered
 Freight forwarder code to be entered in details of the condition FRB1
 Miscellaneous charges and packing forwarding charges to be entered by selecting the relevant conditions in header
3. In the item detail tab:
 Invoice tab – proper tax code to be selected as per quotation
 Delivery tab: the mode of dispatch to be selected in the shipping instruction Field
 Conditions tab: the entry tax conditions ZENT and ZSNT to be selected and relevant tax percentage to be entered wherever applicable for Capital items and spares.
 Along with this condition the condition JEXS is also to be entered without entering any value to this. This condition will calculate the net applicable price for entry tax calculation purpose.
 Delivery Tab: The applicable valuation type as per PO type (like INC,IMP) should be available
 Quantities and weight tab: the conversion units of measures can be entered For ordering different unit of measure wherever required.
4. For service orders the details of services to be entered in the services tab of the item details.
5. For sub-contract orders the material to be supplied to vendor to be checked and entered correctly (under material data – components in the item details tab).

RELEASE PROCEDURE - PURCHASE ORDER

ANNEXURE



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ANNEXURE-6

BANK GUARANTEE FOR MATERIALS
(To be executed on stamp paper of Rs. 100.00)

1. In consideration of Bharat Electronics Ltd.,(herein after called BEL.,) having agreed to supply materials, components, tools, jigs and fixtures for the fabrication of components / Parts / Assemblies in accordance with various Sub - contract orders, placed on M / s.....(Here in after called Sub-Contractor) subject to the Sub-Contractor furnishing a Bank Guarantee for an amount of Rs.....(Rupee.....Only) against the value of such materials, components, tools, jigs and fixtures supplied under various sub contract orders placed by BEL from time to time and to unconditionally and without demur pay to the extent of Rs.....
2. That we (hereinafter called the "BANK"), accordingly at the request of the Sub-Contractor.....Herein expressly, irrevocably and unreservedly guarantee as principal obligors an amount up to the total of.....for the fulfilment of obligation towards any loss / damage to the materials, components , tools, jigs and fixtures etc., supplied to the Sub-Contractor. In the event of BEL determines that.....is in default, we here by assume and under take to pay forth with to BEL on demand without demur and without recourse to.....to the amount required by the default, up to the maximum amount stated above.
3. Payment shall be made to BEL upon our receipt of BEL's letter demanding the payment, accompanied with written declaration stating :
 - (a) That the materials, components, tools, jigs and fixtures etc., supplied to the Sub-Contractor has been lost / damaged.
 - (b) That was given written notice of default.
 - (c) That.....has failed to rectify the loss within thirty (30) days of such notice.
 - (d) That such condition of non-performance exists as on the date of making the claim.
4. We here by further agree that BEL shall have the fullest liberty, without affecting in any manner our obligations hereunder with or without our consent and knowledge to vary any terms of the Sub - contract order in consultation and mutual agreement with the party and either for bear or enforce any of the terms and conditions relating to the Sub-Contract order. The bank shall not be relieved from its liability by reason fany such variation or indulgence by BEL or any such matter or things what so ever which under the law relating to the sureties would, but for this provision, have the effect of so relieving the Bank. The bank guarantee shall be a continuing Bank guarantee and shall not bed is charged by any change in our constitution or in the charter of our bank.
5. This Bank guarantee shall become operative upon the dispatch of the materials, components, tools, jigs and fixtures etc., to the Sub-Contractor.....The Bank guarantee herein contained shall remain in force and effect till twelve calendar months from the date of executing this guarantee. However, BEL shall have no right under this guarantee after (A) twelve months from the date of executing this guarantee unless notice of demand under this guarantee has been served on the Bank during the continuance of this guarantee i . e., up to and inclusive last day of the month completing the period of guarantee (B).
6. The liability of the Bank under this Bank guarantee will expire and all BEL's right will be forfeited upon the above mentioned expiry date and we shall be relieved and discharged from all liabilities under this Bank guarantee unless any claim from BEL is received before the said release date.

7. We undertake to pay the company money so demanding not withstanding any dispute or dispute(s) raised by the contractor(s) / supplier(s) in any suit or proceeding pending before any court or Tribunal relating thereto our liability under this guarantee being absolute and unequivocal.

Dated.....Day of.....

Signature

For (Banks Name)

(Banks Seal)

(A) Here indicate No. of months sufficient to cover the last instalment of delivery under the order.

(B) Here indicate (date) last day of them on the completing the period in (A).

ANNEXURE-7

BANK GUARANTEE FOR ADVANCE PAYMENT
(to be executed on Rs. 100-00 stamp paper)

1. In consideration of M / s. Bharat Electronics Ltd., accompany incorporated under the Indian Companies Act having its Registered office at Outer Ring Road., Nagavara, Bangalore–560045, and its unit at.....(Hereinafter called the company which expression shall unless excluded by or repugnant to the context includes their successors and assigns) having agreed to effect advance payment of Rs. (Rs.....) to M / s.....(Here in after called the supplier Which expression shall unless excluded by or repugnant to the context includes their successors and assigns) for supply of.....in accordance with terms and conditions contained in Purchase / Sub-Contract order No..... on production of a deed of guarantee by a scheduled Bank / national Bank for Rs..... (Rupees ONLY).
2. We having its office at..... do hereby undertake and agree to indemnify and keep indemnified the said company to the extent of Rs..... (Rupees.....) being the advance payment made by the company in respect of the said contract, against any loss or damages, costs, charges or expenses caused to or suffered by the said company by reason contained in the said contract and to unconditionally pay the amount claimed by the said company on demand without any demur to the extent of Rs..... (Rupees.....)
3. We.....further agree that the said Company shall be the sole hudge as to and to the extent of loss, damage, costs, charges and expenses suffered or incurred by the said company on account thereof, and the decision of the said company that the said supplier has committed such breach or breaches and as to the amount or amounts of loss, damage, costs, charges and expenses suffered by the said company shall be final and binding on us.
4. That We,further agree that the guarantee here in contained shall remain in force and effect during the period that would be taken for the satisfactory performance of the said contract or till the expiry of all guarantee and warranty periods in accordance with the terms and conditions of the contract and that it shall continue to been force able till all the dues of the said company under the said contractor by virtue of any terms and conditioned governing the said contract have been fully paid and their claims satisfied and discharged and till the company certifies that the terms and conditions of the said contract have been fully and properly carried out by the said supplier and accordingly discharges this guarantee subject, however, that the said company shall have no right under this guarantee afterunless a notice of demand under this contract has been served up to and inclusive of
5. We,Lastly under take not to revoke this guarantee during its currency except with the previous consent of the said company in writing and agree that any change in the constitution of the said supplier or the said bank shall not discharge our liability hereunder.
6. Notwithstanding anything contained herein above, our liability under this guarantee is restricted to Rs.....(Rupees.....) and subject to the condition that the cheque be released for an amount of Rs.....(Rupees.....) in favour of M / s.....and our guarantee shall remain in force until.....unless a demand / suit or action to enforce a claim under this guarantee is filed against the said Bank in writing on or before.....all the said company's rights under this guarantee shall be forfeited and we shall be relieved and discharged from all liabilities there under.
7. Executed this.....at.....

BLANK

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 L1***. 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.

3. 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)
LJ
28/12

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			
a	Orders upto US \$ 5000 or equivalent	Upto 100 % of the order value.	GMs – Upto US \$ 2,500 Directors – Upto US \$ 5,000	No Bank Guarantee
b	Other Orders	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. Release of advance will be subject to the prevailing RBI Guidelines.	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 SBI for an amount equal to 110 % of the advance released or the advance released plus interest estimated on the advance (calculated at the SBI PLR rate) for the period the advance is likely to remain with the party, whichever is higher
2	Indigenous purchases from local vendors / sub contractors			
a	Development & supply (including tooling cost for 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 the advance released plus interest estimated on

Sl No	Particulars	Limit for release of Advance	Delegation	Bank Guarantee
			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
b	Other Purchases	Only initial advance upto 15 % of the order value.	GMs – Maximum advance amount of Rs.2 Lakhs. Directors – Maximum advance amount of Rs. 10 Lakhs CMD – Full Powers	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 :

SI 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

Office of the General Manager (Finance)/CO

No.18281/99/010-006

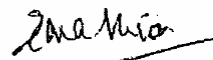
Dt:22.4.2009

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.18281/99/010-001 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

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 organization. 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.

[Signature]
Director (Finance).

lu
17/7

All Unit Heads / All SBU Heads

AGM (Finance) / Comp - Bn Cx.

All Unit Finance Heads / All SBU Finance Heads

Copy to D(BC) D(OU) CVO : For kind information.

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ANNEXURE-8

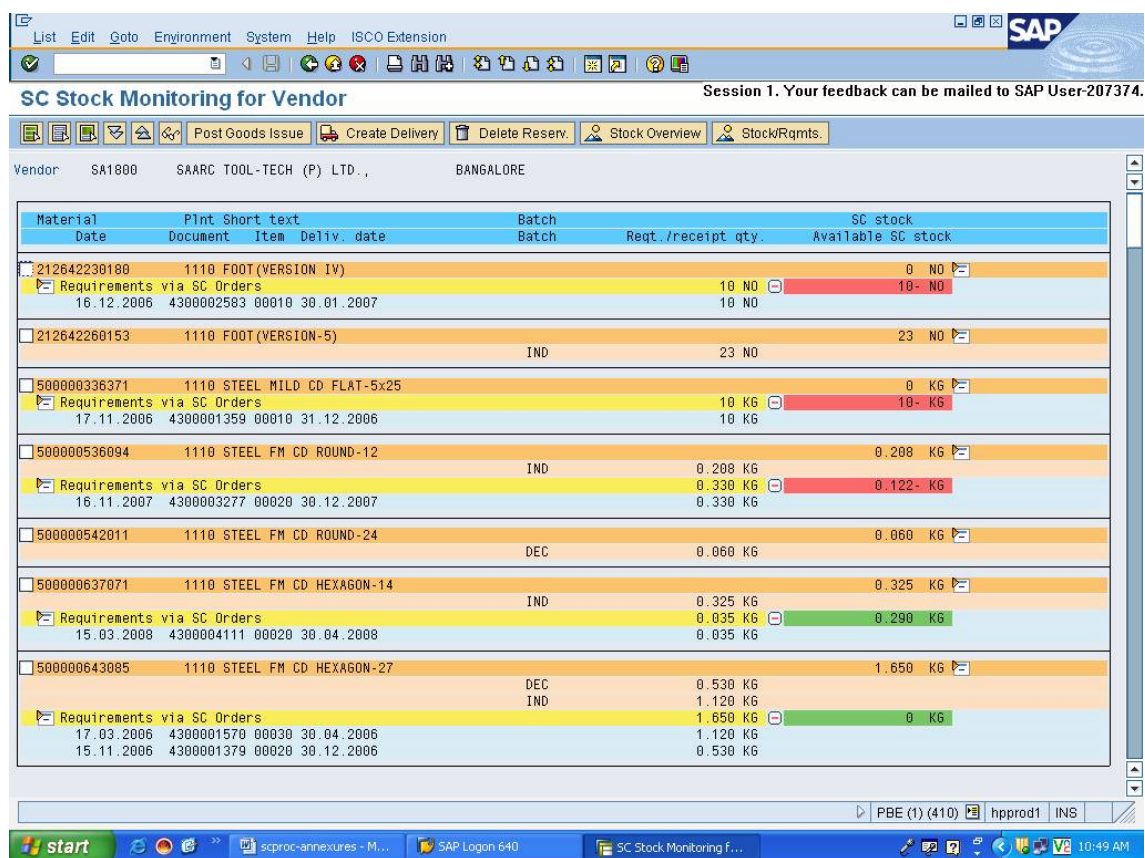
(CERTIFICATE TO BE TAKEN FROM VENDOR FOR MATERIAL LYING AT HIS WORKS)
CONFIRMATION BY THE VENDOR

It is certified that all the Material, Qty and Value listed in enclosure, which are received by us against various orders placed by you, are lying with us and is available in the stock of our Company as on 31st MAR'

SIGN.

NAME :

SEAL OF THE COMPANY :

Enclosure - 1


Session 1. Your feedback can be mailed to SAP User-207374.

Vendor: SA1880 SAARC TOOL-TECH (P) LTD., BANGALORE

Material	Plant	Short text	Batch	SC stock
Date	Document	Item	Deliv. date	Available SC stock
212642230180	1110	FOOT (VERSION IV)		0 NO
Requirements via SC Orders				
16.12.2006	4300002583	00010	30.01.2007	10 NO
212642260153	1110	FOOT (VERSION-5)	IND	23 NO
500000336371	1110	STEEL MILD CD FLAT-5x25		0 KG
Requirements via SC Orders				
17.11.2006	4300001359	00010	31.12.2006	10 KG
500000536094	1110	STEEL FM CD ROUND-12	IND	0.208 KG
Requirements via SC Orders				
16.11.2007	4300003277	00020	30.12.2007	0.330 KG
500000542011	1110	STEEL FM CD ROUND-24	DEC	0.060 KG
500000637071	1110	STEEL FM CD HEXAGON-14	IND	0.325 KG
Requirements via SC Orders				
15.03.2008	4300004111	00020	30.04.2008	0.035 KG
500000643085	1110	STEEL FM CD HEXAGON-27	DEC	1.650 KG
Requirements via SC Orders				
17.03.2006	4300001570	00030	30.04.2006	1.120 KG
15.11.2006	4300001379	00020	30.12.2006	0.530 KG

PBE (1) (410) hpprod1 INS

OUTPUT LIST OF ME20 (Copied to Excel Sheet) is the enclosure for vendor to confirm. / MBLB report can also be used.

BLANK

ANNEXURE-9**GENERAL TERMS AND CONDITIONS (FOR PURCHASE ORDERS - VENDOR MATERIAL)**

1. RAW MATERIAL WILL NOT BE SUPPLIED BY BEL.
2. SUPPLIER HAS TO MANUFACTURE ITEMS AS PER DRG.
3. ALL DIMENSIONS ARE CRITICAL AND IMPORTANT.
4. SUPPLIER HAS TO FABRICATE / MILL / TURN / MOULD / WELD / BEND / DRILL / TAPP / GRIND, ETC .AS PER DRG.
5. IN CASE OF THE SUPPLY BEING REJECTED, THE SAME SHOULD BE REPLACED ON FREE OF COST.
6. FIRST ARTICLE APPROVAL TO BE SOUGHT FROM BEL-QA BEFORE BULK SUPPLY.
7. RE-WORKS IF ANY SHOULD BE ATTENDED ON FREE OF COST.
8. FINISHED PARTS SHOULD BE NEATLY PACKED AND SUPPLIED.
9. KINDLY ACKNOWLEDGE ACCEPTANCE OF ORDER IN RETURN POST / E-MAIL / FAX.
10. PLEASE SEND COPIES OF DELIVERY CHALLENGES TO MANAGER, SC / MR WITHOUT FAIL.
11. DELIVERY / 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. 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.

- 11.1 ++ Since delay in delivery is a default by the seller, the buyer should protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the purchaser reserves his right to get any benefit of a downward revisions in statutory duties, Price Variation Clause and foreign exchange rate. Thus, Price Variation Clause, other variations and foreign exchange clauses operate only during the original delivery period.
- 11.2 ++ Please note that materials have been supplied / shipped after the expiry of contracted delivery date and its provisional retention does not acquiesce or condone the late delivery and does not intend or amount to an extension of the delivery period or keeping the contract alive. You may apply for an extension of delivery date from the procuring entity. The goods are being retained without prejudice to the rights of the Company under the terms and conditions of the contract.

(++Added vide OO No. HO/591/054 dtd. 13.04.2023)

12. MATERIAL ANALYSIS AND DIMENSIONAL REPORT TO BE SUPPLIED AT THE TIME OF DELIVERY.
13. PAYMENT TERMS : 100% PAYMENT WITHIN 30 DAYS AFTER THE ACCEPTANCE OF THE ITEMS BY BEL QA.
14. EXCISE DUTY EXEMPTION : THE ITEMS ORDERED AGAINST THIS ORDER IS EXCLUSIVELY MEANT FOR THE DEFENCE PRODUCTION. THEREFORE, AS PER THE CENTRAL EXCISE EXEMPTION NOTIFICATION NO.63 / 95 DATED 16.03.1995 AND SUBSEQUENT CENTRAL EXCISE CLARIFICATIONS, THE ITEM SUPPLIED TO BHARAT ELECTRONICS LTD FOR DEFENCE PRODUCTION IS EXEMPTED FROM PAYMENT OF CENTRAL EXCISE DUTY. THEREFORE NO CED IS APPLICABLE AGAINST THIS ORDER
15. PRIOR APPROVAL HAS TO BE TAKEN FROM BEL FOR ITEMS WITH DEVIATIONS.
16. SUPPLIER SHOULD INFORM BEL TO TAKE NECESSARY ACTION WHILE / AFTER EXECUTING THE ORDER IN CASE OF ANY NON-CONFORMITY FOUND IN THE PRODUCT NOTIFIED.
17. SUPPLIER SHOULD ESTABLISH AND MAINTAIN RECORDS TO PROVIDE EVIDENCE OF CONFIRMITY TO THE REQUIREMENTS AND THE SAME SHOULD BE MADE AVAILABLE TO BEL / OUR CUSTOMERS AND REGULATORY AUTHORITIES. IN ADDITION, REGULATORY AUTHORITIES SHALL HAVE THE AUTHORITY TO VISIT AND VERIFY AT THE SUPPLIER / ORGANISATION PREMISES AS AND WHEN REQUIRED.
18. SUPPLIER FURNISH PROCESS DETAILS AND OTHER APPLICABLE RECORD INCLUDING SUB-TIER SUPPLIER INFORMATION WHEREEVER APPLICABLE.
19. PLEASE FURNISH A LETTER OF COMMITMENT FOR SAFETY, HEALTH AND PERIOD OF FIVE YEARS.
20. THE INFORMATION REGARDING SUSPECT NON-CONFIRMITY / NON-CONFIRMING PRODUCT / ITEM DISPATCHED, IF ANY SHALL BE INFORMED IN WRITING TO THE COMPANY (BEL) WITHIN 12 HOURS OF IDENTIFICATION / OBSERVATION / REALISATION OF THE SAID NON - CONFIRMITY / NON - CONFIRMING PRODUCT / ITEM WITHOUT FAIL.
21. PLEASE FOLLOW THE GUIDELINES OF ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS : ISO14001 :2004 LIKE PREVENTION OF POLLUTION OF AIR, WATER, AND LAND. FOLLOW ENVIRONMENT STATUTORY RECYCLE AND REUSE TO CONSERVE NATURAL RESOURCES. INCULCATE ENVIRONMENTAL AWARENESS AMONG ALL YOUR EMPLOYEES.

22. ++ Integrity Pact:

The supplier at their own cost is required to sign the integrity Pact with BEL as per BEL purchase policy in case if the bid value is more than the prescribed limit (Rs. 3 Crores). Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by subcontract department.

(++Added vide OO No. HO/591/054 dtd. 13.04.2023)

23. ** FOR CLARIFICATION PLEASE CONTACT : CONCERNED SUB - CONTRACT HEADS / PERSON ON THEIR PHONE NO. / EMAIL ADDRESS.

(Re-numbered vide OO No. HO/591/054 dtd. 13.04.2023)**

ANNEXURE-10**GENERAL TERMS AND CONDITIONS (FOR BOM ORDERS)**

1. RAW MATERIAL WILL BE SUPPLIED BY BEL.
2. SUPPLIER HAS TO MANUFACTURE THE ITEM AS PER DRG.
3. ALL DIMENSIONS ARE CRITICAL AND IMPORTANT.
4. SUPPLIER HAS TO HAVE A BRACKET / MILL / TURN / MOULD / WELD / BEND / DRILL / TAPP / GRIND, ETC .AS PER DRG
5. IN CASE OF THE DELIVERED SUPPLY BEING REJECTED, THE SAME SHOULD BE REPLACED ON FREE OF COST.
6. FIRST ARTICLE APPROVAL TO BE SOUGHT FROM BEL BEFORE BULK SUPPLY.
7. RE-WORKS IF ANY SHOULD BE ATTENDED ON FREE OF COST.
8. FINISHED PARTS SHOULD BE NEATLY PACKED AND SUPPLIED.
9. KINDLY ACKNOWLEDGE ACCEPTANCE OF ORDER IN RETURN POST / E-MAIL / FAX.
10. PLEASE SEND COPIES OF DELIVERY CHALLANS TO MANAGER, SC / MR WITHOUT FAIL.
11. DELIVERY / LIQUIDATED DAMAGES

The time for and the date of delivery of the stores stipulated in the Purchase / Sub contract Order shall be deemed to be the essence of the contract, and delivery must be completed not later than the dates specified there in. 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 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 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 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.

- 11.1 ++ Since delay in delivery is a default by the seller, the buyer should protect himself against extra expenditure during the extended period by stipulating a denial clause (over and above levy of LD) in the letter informing the supplier of extension of the delivery period. In the denial clause, any increase in statutory duties and/or upward rise in prices due to the Price Variation Clause and/or any adverse fluctuation in foreign exchange are to be borne by the seller during the extended delivery period, while the purchaser reserves his right to get any benefit of a downward revision in statutory duties, Price Variation Clause and foreign exchange rate. Thus, Price Variation Clause, other variations and foreign exchange clauses operate only during the original delivery period.
- 11.2 ++ Please note that materials have been supplied / shipped after the expiry of contracted delivery date and its provisional retention does not acquiesce or condone the late delivery and does not intend or amount to an extension of the delivery period or keeping the contract alive. You may apply for an extension of delivery date from the procuring entity. The goods are being retained without prejudice to the rights of the Company under the terms and conditions of the contract.

(++Added vide OO No. HO/591/054 dtd. 13.04.2023)

12. DIMENSIONAL REPORT TO BE SUPPLIED AT THE TIME OF DELIVERY.
13. PAYMENT TERMS : 100% PAYMENT WITHIN 30 DAYS AFTER THE ACCEPTANCE OF THE ITEMS BY BEL QA.
14. EXCISE DUTY EXEMPTION : THE ITEMS ORDERED AGAINST THIS ORDER IS EXCLUSIVELY MEANT FOR THE DEFENCE PRODUCTION. THEREFORE, AS PER THE CENTRAL EXCISE EXEMPTION NOTIFICATION NO. 63 / 95 DATED 16.03.1995 AND SUBSEQUENT CENTRAL EXCISE CLARIFICATIONS, THE ITEM SUPPLIED TO BHARAT ELECTRONICS LTD FOR DEFENCE PRODUCTION IS EXEMPTED FROM PAYMENT OF CENTRAL EXCISE DUTY. THEREFORE NO CED IS APPLICABLE AGAINST THIS ORDER
15. PRIOR APPROVAL HAS TO BE TAKEN FROM BEL FOR ITEMS WITH DEVIATIONS.
16. SUPPLIER SHOULD INFORM BEL TO TAKE NECESSARY ACTION WHILE / AFTER EXECUTING THE ORDER IN CASE OF ANY NON-CONFORMITY FOUND IN THE PRODUCT NOTIFIED.
17. SUPPLIER SHOULD ESTABLISH AND MAINTAIN RECORDS TO PROVIDE EVIDENCE OF CONFIRMITY TO THE REQUIREMENTS AND THE SAME SHOULD BE MADE AVAILABLE TO BEL / OUR CUSTOMERS AND REGULATORY AUTHORITIES. IN ADDITION, REGULATORY AUTHORITIES SHALL HAVE THE AUTHORITY TO VISIT AND VERIFY AT THE SUPPLIER / ORGANISATION PREMISES AS AND WHEN REQUIRED.
18. SUPPLIER FURNISH PROCESS DETAILS AND OTHER APPLICABLE RECORD INCLUDING SUB-TIER SUPPLIER INFORMATION WHEREEVER APPLICABLE.
19. PLEASE FURNISH A LETTER OF COMMITMENT FOR SAFETY, HEALTH AND PERIOD OF FIVE YEARS.
20. THE INFORMATION REGARDING SUSPECT NON-CONFIRMITY / NON-CONFIRMING PRODUCT / ITEM DISPATCHED, IF ANY SHALL BE INFORMED IN WRITING TO THE COMPANY (BEL) WITHIN 12 HOURS OF IDENTIFICATION / OBSERVATION / REALISATION OF THE SAID NON-CONFIRMITY / NON-CONFIRMING PRODUCT / ITEM WITHOUT FAIL.
21. PLEASE FOLLOW THE GUIDELINES OF ENVIRONMENTAL MANAGEMENT SYSTEMS (EMS :ISO14001 :2004) LIKE PREVENTION OF POLLUTION OF AIR, WATER, AND LAND. FOLLOW ENVIRONMENT STATUTORY RECYCLE AND REUSE TO CONSERVE NATURAL RESOURCES. INCULCATE ENVIRONMENTAL AWARENESS AMONG ALL YOUR EMPLOYEES.

22. ++ Integrity Pact:

The supplier at their own cost is required to sign the integrity Pact with BEL as per BEL purchase policy in case if the bid value is more than the prescribed limit (Rs. 3 Crores). Also the Supplier should agree to sign the integrity pact as and when changes are made in the purchase policy as intimated by subcontract department.

(++Added vide OO No. HO/591/054 dtd. 13.04.2023)

23. ** FOR CLARIFICATION PLEASE CONTACT: CONCERNED SUB - CONTRACT HEADS / PERSON ON THEIR PHONE NO. / EMAIL ADDRESS.

(Re-numbered vide OO No. HO/591/054 dtd. 13.04.2023)**

ANNEXURE-11**VENDOR RATING REPORT 09.05.2008****1. Transaction code : ZQM053****2. Input**

- I. Purchasing Organisation (Options : BEPO, NYPO, SIPO) - Mandatory
- II. Plant (E. g. If the report has to be run for an entire company code-say BG complex, then type 11*,**Similarly 13* for Ghaziabad etc)
- III. Period (All GRs made during the period will be considered) - Mandatory
- IV. Vendor (Report can be run or a vendor, a list of vendors, or for all vendors)
- V. Radio button group1 : Option to run report for Purchase parts or Sub-Contract parts. (Quality rating and delivery rating calculations are different for Purchase parts and Sub-Contract parts)
- VI. Radio button group2 : Option to choose either a summary report (Ranking list) or Detail report (with GR line items).
- VII. Check-boxes : Option to run report either for foreign vendor only, for local vendors only, or for both.

3. Logic in picking up data

- I. GRs for which UD is made completely only are picked up. (That is, cases where UD is not made, or UD is made partially are not considered)
- II. Weightage for Quality Rating is 60 and for Delivery Rating it is 40.**So the total Vendor rating is for 100.** (Service parameters are not considered)
- III. Quality rating is considered as 100% (that is, 60) wherever account assignment is "F" or "K" in Purchase Orders. In these cases, there will not be any option for people in Inspection area to enter the quantity accepted / rejected.
- IV. In case of purchase parts, quantity posted under "Return delivery" is considered as rejected and in case of Sub-Contract items, quantity posted under "Blocked stock" will be considered as rejected.
- V. In case of staggered delivery mentioned in PO, delay in delivery is calculated with respect to the latest delivery date.
- VI. **Foreign Purchase : Po types IMP, IMD, DEE, DEC Local Purchase : PO types INC, IND Sub - contract : PO types CSP, DSP, FSP, ESP**
- VII. In case of Foreign POs, days delayed will be [Invoice Date (MIRO) - Delivery Date in PO]. In case of local POs, days delayed will be [GR Posting Date-Delivery Date in PO].

4. Output

a. Summary Report (Same for Purchase and Sub-Contract parts)

Summary report has the following fields :

Y Vendor Code, Y Vendor Name, Y Country key,
 Y Quality Rating,
 Y Delivery Rating
 Y Vendor rating

When the report is run for both foreign and local vendors, users can filter the output based on the field "Country Key". For example, filtering on Country Key = IN will give local vendors; whereas filtering on Country key≠IN will give all foreign vendors. The report can also be sorted on any field.

b. Purchase Parts - Detail

Detail report has the following fields :

Y GR number and Posting date in GR / Invoice Date
 Y PO number and date
 Y Country key—to filter on Foreign and Local Vendors
 Y Plant—useful when the report is run for a set of plants
 Y Purchasing group - records can be filtered on purchasing group. (However, quality, delivery and vendor ratings will be displayed for the vendor as a whole only, and not for a purchasing group).
 Y PO type
 Y Delivery Date (in PO)
 Y Days delayed : GR / Invoice Date-DD mentioned in PO
 Y Material number
 Y Inspection Lot number
 Y Quantity received is GR quantity
 Y Quantity accepted will be quantity posted to unrestricted use against UDACCP
 Y quantity accepted on deviation will be quantity posted to unrestricted use against UDACUD.
 Y Quantity rejected will be Quantity posted to "Return Delivery" (For information only)
 Y Quality Rating is calculated as follows :

$$A = (\text{Total GR qty Accepted} / \text{Total GRQ qty}) * 100$$

$$b = ([\text{Total GR qty accepted on deviation} * 0.4] / \text{total GR qty}) * 100$$

Final Quality Rating = (a+b) * 0.6

Y Delivery Rating is calculated as follows : Score is picked based on the Delivery schedule mentioned in Purchase Procedure. [For foreign vendors, Invoice Date in "MIRO" is considered in place of GRD ate.]

Delayed Delivery in No. of Weeks	Delivery Rating
Before or on time	100%
0 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*0.4

- Y Vendor Rating = Quality Rating + Delivery Rating
- Y Vendor Type : Displays "Local" or Foreign (For information only, cannot filter on this field)
- Y Account Assignment - E (Sale Order), Q (Project), F (Internal Order), K (Cost center) or Blank (Free stock). In case of "F" or "K", quality rating is taken as 100%, that is full score 60 is taken.

NOTE that Quality, Delivery and Vendor Rating sap pear on a row coloured green, at the end of all records for a vendor. Sub-total is displayed for Quantities received, accepted, accepted on deviation and Rejected fore ach vendor. A grand total is displayed for the above mentioned 4 fields at the end of the report.

c. Sub-Contract - Detail

Detail report has the following fields :

- Y GR number and Posting date in GR
- Y PO number and date
- Y Country key - to filter on Foreign and Local Vendors
- Y Plant - useful when the report is run for a set of plants
- Y Purchasing group
- Y PO type
- Y Delivery Date (in PO)
- Y Days delayed : GRD ate - DD mentioned in PO
- Y Material number
- Y Inspection Lot number
- Y Quantity received will be GR quantity
- Y Quantity accepted will be quantity posted to unrestricted use against UD code ACCP
- Y Quantity accepted on deviation will be quantity posted to Unrestricted Use against UD code ACUD
- Y Quantity accepted on rework will be quantity posted in unrestricted use against UD code ARWK

Y Quantity accepted after replacement will be quantity posted to unrestricted use against UD code ACRP

Y Quantity rejected will be Quantity posted to "Blocked stock" (For information only)

Y Quality Rating is calculated as follows :

$$a = (\text{Total GR qty Accp} / \text{Total GR Qty}) * 100$$

$$b = ([\text{Total GR qty Accp after rework} * 0.5] / \text{total GR qty}) * 100$$

$$c = ([\text{Total GR qty Accp on replacement} * 0.4] / \text{total GR qty}) * 100 \quad d = ([\text{Total GR qty Accp on deviation} * 0.7] / \text{total GR qty}) * 100$$

Final Quality Rating = (a+b+c+d)*0.6

Y Delivery Rating - Score picked based on the Delivery schedule mentioned in Purchase Procedure.

Delayed Delivery in No. of Days	Delivery Rating
Up to 5 (and before or on time)	100%
6 to 10	95%
11 to 15	85%
16 to 20	70%
21 to 25	50%
26 to 30	25%
More than 30	0%

Final delivery rating = delivery rating*0.4

Y Vendor Rating = Quality Rating + Delivery Rating

Y Vendor Type : Displays "Local" or Foreign (For information only, cannot filter on this field)

Y account Assignment-E (Sale Order), Q(Project), F (Internal Order), K (Cost center) or Blank (Free stock). In case of "F" or "K", quality rating is taken as 100%, that is full score 60 is taken.

NOTE that Quality, Delivery and Vendor Ratings appear on a row coloured green, at the end of all records for a vendor. Sub-total is displayed for Quantities received, accepted, accepted on deviation and Rejected for each vendor. A grand total is displayed for the above mentioned 4 fields at the end of the report.

NOTE : If vendor rating has to be run for huge data, for example-for all vendors for 1 year in a plant, please run the report in background.

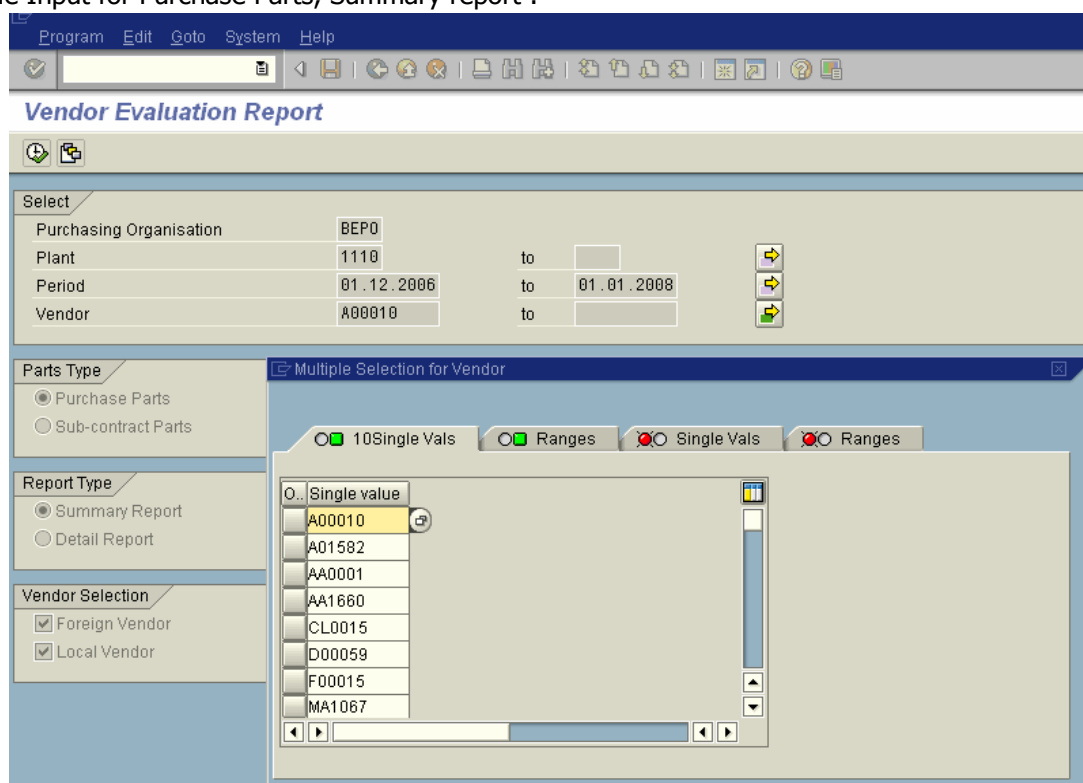
Running the report in background

- I. After entering the relevant inputs, in the menu, choose Program ""Execute in Background.
- II. In the pop-up "background print parameters" choose the relevant printer and settings. Click the green tick mark.
- III. In the pop-up "Start time" Click on the button "Immediate". Click on "Save".[Next to "Check" button below]
- IV. A message is displayed informing that the background job was scheduled for zqmr0047.

- V. After the report has finished executing, check the output by clicking on "System"" Own spool requests".
- VI. Choose the relevant spool request number and click on the "Type".
- VII. Then, "Graphical display of spool request (request no)" is displayed. Click on "Settings" and change the "Display Area" to the maximum number of pages of the spool.
- VIII. Once all the pages are displayed on the screen, from menu Spool request""Forward ""Save to Local file. In the pop-up choose "Spreadsheet". Enter a name to the file and save in the required path.

SCREENSHOTS (SAMPLE DATA)

Sample Input for Purchase Parts, Summary report :



Vendor Evaluation Summary report :

List Edit Goto Views Settings System Help					
Vendor Evaluation Report					
Vendor Rating for period : 01.12.2006 - 01.01.2008 Date: 26.04.2008 Purchasing Org : BEPO Company Code : 1100 Vendors: Local and Foreign Total No. of Records Selected: 8					
Vendor	Vendor Name	Country Key	Final Quality Rating	Final Delivery Ratin	Final vendor rating
A00010	ASSOCIATED GENERAL LABORATORIES INC	US	60.000	36.000	96.000
A01582	AVNET ELECTRONICS MARKETING	US	4.138	10.000	14.138
AA0001	A AHMEDALLY & CO(P)LTD	IN	0.539	26.000	26.539
AA1660	ACCURATE STEEL & ENGG.CO., Company	IN	30.000	40.000	70.000
D00059	DALE ELECTRONICS INC	US	56.250	0.000	56.250
F00015	FUTURE ELECTRONICS	US	30.000	40.000	70.000
MA1067	MICROTECH ENGINEERING INDUSTRIES	IN	60.000	40.000	100.000
SA2410	SERVEL UDYOG (P) LTD.,	IN	21.302	0.000	21.302

Vendor Evaluation Detail Report (part1) :

Vendor Rating for period : 01.12.2006 - 01.01.2008

Date:26.04.2008

Purchasing Org : BEPO

Company Code : 1100

Vendors:Local and Foreign

Total No. of Records Selected: 32

Vendor	Cou...	GR No.	Posting Date	Plant	Plant Description	Purchase Order	Purc...	PO Type	Del.Date	Day...	Part No.	Inspection Lot	zQty
SA2410	IN	5000000861	08.02.2007	1110	Military Radar (MR)	4000000263	R1	INC	13.12.2006	57	000000465511550259	10000002802	
	IN	5000000855	06.02.2007	1110	Military Radar (MR)	4000000263	R1	INC	13.12.2006	55	000000487600400153	10000002763	
	IN	5000000855	06.02.2007	1110	Military Radar (MR)	4000000263	R1	INC	13.12.2006	55	000000465511550259	10000002762	
SA2410													
MA1067	IN	5000000757	30.12.2006	1110	Military Radar (MR)	4000000254	R1	INC	13.02.2007	45-	000000100007153163	10000002620	
	IN	5000000756	30.12.2006	1110	Military Radar (MR)	4000000254	R1	INC	13.02.2007	45-	000000100007153163	10000002618	
MA1067													
F00015	US	5000000954	20.02.2007	1110	Military Radar (MR)	4100002217	R1	IMP	03.04.2007	42-	000000303001127411	10000003057	
	US	5000000939	19.02.2007	1110	Military Radar (MR)	4100002217	R1	IMP	03.04.2007	43-	000000303001127411	10000003015	
F00015													
D00059	US	5000001633	24.04.2008	1110	Military Radar (MR)	4100002225	NY	IMP	30.08.2007	238	000000400400355355	10000004724	
D00059													

Vendor Evaluation Detail Report (part 2) :

Vendor Rating for period : 01.12.2006 - 01.01.2008

Date: 26.04.2008
Purchasing Org : BEPO
Company Code : 1100
Vendors: Local and Foreign

Total No. of Records Selected: 32

Inspection Lot	Σ Qty Received	Σ Qty Accepted	Σ Qty Acc.on D...	Σ Qty Rejected	Final Quality Rating	Final Delivery Ratin	Final vendor rati...	Vendor Ty...	Acc.Ass.Type
10000002802	6.000	6.000	Qty Accepted	0.000	0.000	0.000	0.000	Local	Q
10000002763	0.900	0.000	0.000	0.000	0.000	0.000	0.000	Local	Q
10000002762	10.000	0.000	0.000	0.000	0.000	0.000	0.000	Local	Q
	0.000	0.000	0.000	0.000	21.302	0.000	21.302		
	16.900	6.000	0.000	0.000					
10000002620	1.000	1.000	0.000	0.000	0.000	0.000	0.000	Local	
10000002618	5.000	5.000	0.000	0.000	0.000	0.000	0.000	Local	
	0.000	0.000	0.000	0.000	60.000	40.000	100.000		
	6.000	6.000	0.000	0.000					
10000003057	1.000	1.000	0.000	0.000	0.000	0.000	0.000	Foreign	
10000003015	1.000	0.000	0.000	0.000	0.000	0.000	0.000	Foreign	
	0.000	0.000	0.000	0.000	30.000	40.000	70.000		
	2.000	1.000	0.000	0.000					
10000004724	800.000	750.000	0.000	0.000	0.000	0.000	0.000	Foreign	
	0.000	0.000	0.000	0.000	56.250	56.250	56.250		
	800.000	750.000	0.000	0.000					
10000003002	1.000	0.000	0.000	0.000	0.000	0.000	0.000	Local	
10000003012	1.000	0.000	0.000	0.000	0.000	0.000	0.000	Local	
10000003003	1.000	0.000	0.000	0.000	0.000	0.000	0.000	Local	

Quality, Delivery and Vendor ratings for the vendor are displayed on the green band. **Ignore the

Sample Input for Sub-Contract Parts, Detail report :

Program Edit Goto System Help

Vendor Evaluation Report

Select

Purchasing Organisation **BEPO**

Plant **1610** to

Period **31.03.2008** to **31.03.2008**

Vendor to

Parts Type

☐ Purchase Parts

☒ Sub-contract Parts

Report Type

☐ Summary Report

☒ Detail Report

Vendor Selection

☐ Foreign Vendor

☐ Local Vendor

Vendor Evaluation Detail Report (part 2)-Sub-Contract : (part 1 will be same as Detail report - part 1 of Purchase parts)

Vendor Evaluation Report

Vendor Rating for period : 31.03.2008 - 31.03.2008

Date: 26.04.2008
Purchasing Org: BEPO
Company Code: 1600
Vendors: Local and Foreign
Total No. of Records Selected: 2

Inspection Lot	Σ Qty Received	Σ Qty Accepted	Σ Qty Acc.on Dev	Σ Qty Acc.after rework	Σ Qty Acc.after replcm	Σ Qty Rejected	Final Quality Rating	Final Delivery Rating	Fir
10000006151	1,000.000	500.000	100.000	150.000	50.000	200.000	0.000	0.000	
	0.000	0.000	0.000	0.000	0.000	0.000	39.900	40.000	
	1,000.000	500.000	100.000	150.000	50.000	200.000			
	1,000.000	500.000	100.000	150.000	50.000	200.000			

ANNEXURE-12

(Para 7.3.1.3)



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.

.... 2



: 2 :

- 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:

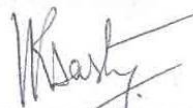
Where it is decided in advance to have more than one source of supply due to critical or vital nature of the item irrespective of capacity of vendors to supply, then it is essential that the **ratio of splitting** of supply should be pre-disclosed in the Tender Enquiry itself and the order should be 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

Chairman, Works Contract Procedure Committee

} For information

All Directors

—

for information

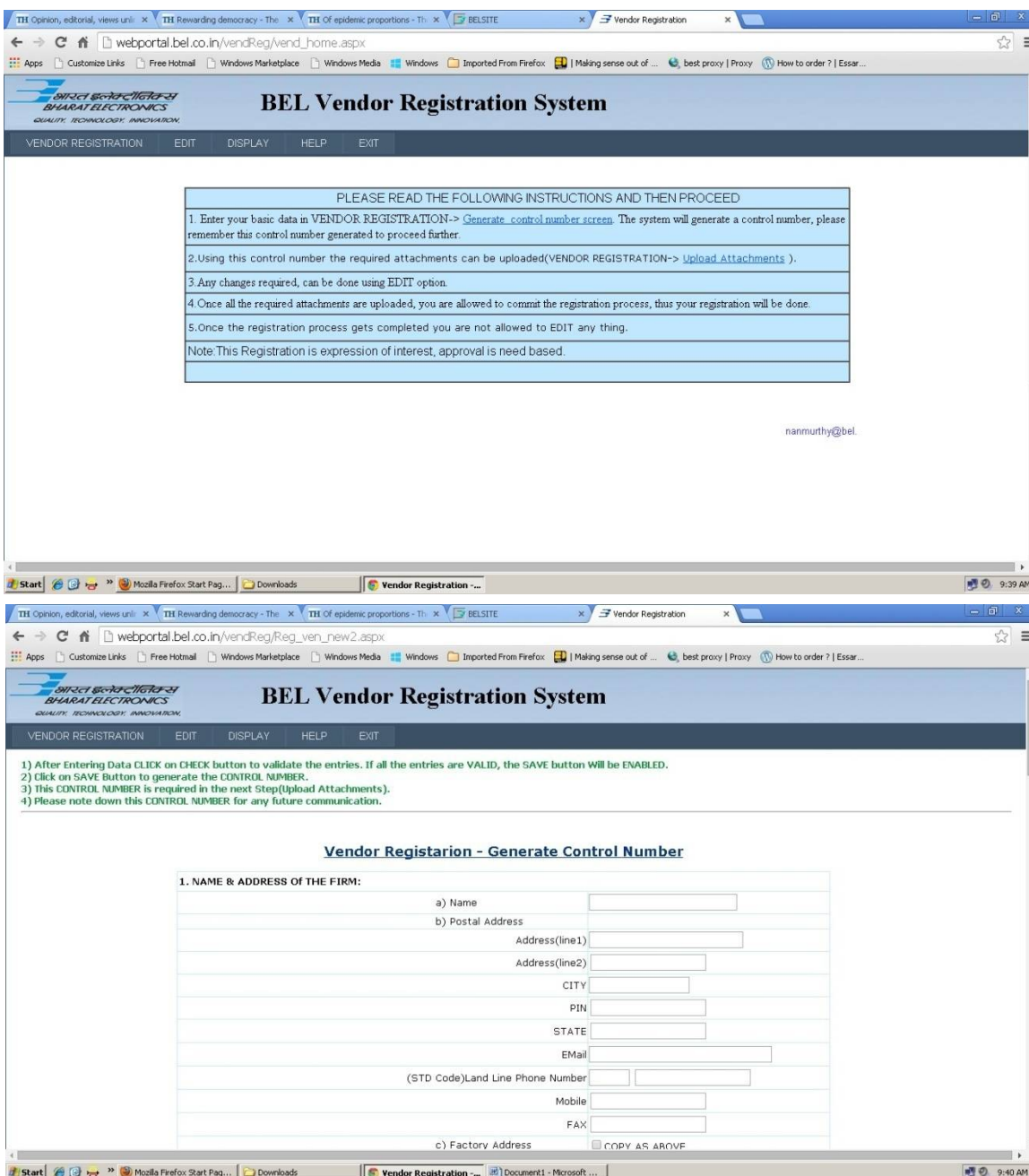
ANNEXURE-13**(Clause 5.1 - A)****Procedure for On-line registration of Vendors through BEL website.**

- An on-line web application is made available to Initiate / Facilitate the registration process for the Sub-Contract vendors who are interested to provide their services / solutions to BEL.
- Log on to www.bel-india.com and click on to "Vendor info" icon Select "New Vendor registration".

Login using the details provided in the web site..

The following screen will display with instructions.

To create a Control ID number click left most top icon and Click "generate the Control ID number" you will get the page as follows :



The screenshot shows the BEL Vendor Registration System web portal. The browser address bar displays webportal.bel.co.in/vendReg/vend_home.aspx. The page title is "BEL Vendor Registration System". The navigation menu includes VENDOR REGISTRATION, EDIT, DISPLAY, HELP, and EXIT. A blue box contains the following instructions:

PLEASE READ THE FOLLOWING INSTRUCTIONS AND THEN PROCEED

1. Enter your basic data in VENDOR REGISTRATION-> [Generate control number screen](#). The system will generate a control number, please remember this control number generated to proceed further.
2. Using this control number the required attachments can be uploaded(VENDOR REGISTRATION-> [Upload Attachments](#)).
3. Any changes required, can be done using EDIT option.
4. Once all the required attachments are uploaded, you are allowed to commit the registration process, thus your registration will be done.
5. Once the registration process gets completed you are not allowed to EDIT any thing.

Note This Registration is expression of interest, approval is need based.

The user email address nanimurthy@bel is visible at the bottom right.

The second screenshot shows the "Vendor Registrarion - Generate Control Number" screen. The browser address bar displays webportal.bel.co.in/vendReg/Reg_ven_new2.aspx. The page title is "BEL Vendor Registration System". The navigation menu includes VENDOR REGISTRATION, EDIT, DISPLAY, HELP, and EXIT. Instructions at the top are:

- 1) After Entering Data CLICK on CHECK button to validate the entries. If all the entries are VALID, the SAVE button Will be ENABLED.
- 2) Click on SAVE Button to generate the CONTROL NUMBER.
- 3) This CONTROL NUMBER is required in the next Step(Upload Attachments).
- 4) Please note down this CONTROL NUMBER for any future communication.

The form is titled "Vendor Registrarion - Generate Control Number" and contains the following fields:

1. NAME & ADDRESS OF THE FIRM:

a) Name

b) Postal Address

Address(line1)

Address(line2)

CITY

PIN

STATE

E Mail

(STD Code)Land Line Phone Number

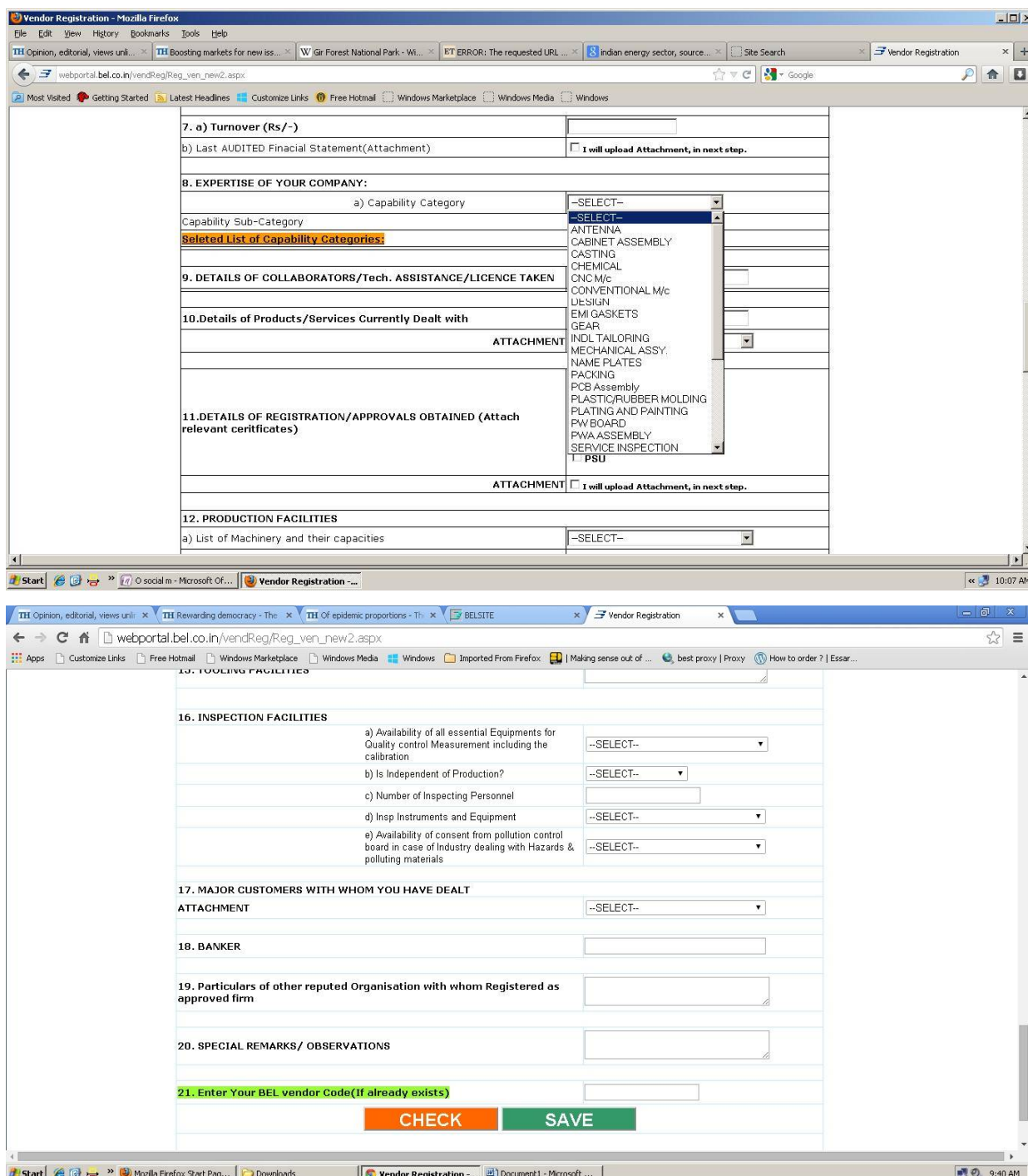
Mobile

FAX

c) Factory Address

☐ COPY AS ABOVE

Category-Subcategory



7. a) Turnover (Rs/-)

b) Last AUDITED Financial Statement(Attachment) ☐ I will upload Attachment, in next step.

8. EXPERTISE OF YOUR COMPANY:

a) Capability Category **--SELECT--**

Capability Sub-Category **--SELECT--**

9. DETAILS OF COLLABORATORS/Tech. ASSISTANCE/LICENCE TAKEN

10.Details of Products/Services Currently Dealt with

ATTACHMENT ☐ I will upload Attachment, in next step.

11.DETAILS OF REGISTRATION/APPROVALS OBTAINED (Attach relevant certificates)

ATTACHMENT ☐ I will upload Attachment, in next step.

12. PRODUCTION FACILITIES

a) List of Machinery and their capacities **--SELECT--**

13. TOOLING FACILITIES

16. INSPECTION FACILITIES

a) Availability of all essential Equipments for Quality control Measurement including the calibration **--SELECT--**

b) Is Independent of Production? **--SELECT--**

c) Number of Inspecting Personnel

d) Insp Instruments and Equipment **--SELECT--**

e) Availability of consent from pollution control board in case of Industry dealing with Hazards & polluting materials **--SELECT--**

17. MAJOR CUSTOMERS WITH WHOM YOU HAVE DEALT

ATTACHMENT **--SELECT--**

18. BANKER

19. Particulars of other reputed Organisation with whom Registered as approved firm

20. SPECIAL REMARKS/ OBSERVATIONS

21. Enter Your BEL vendor Code(If already exists)

CHECK **SAVE**

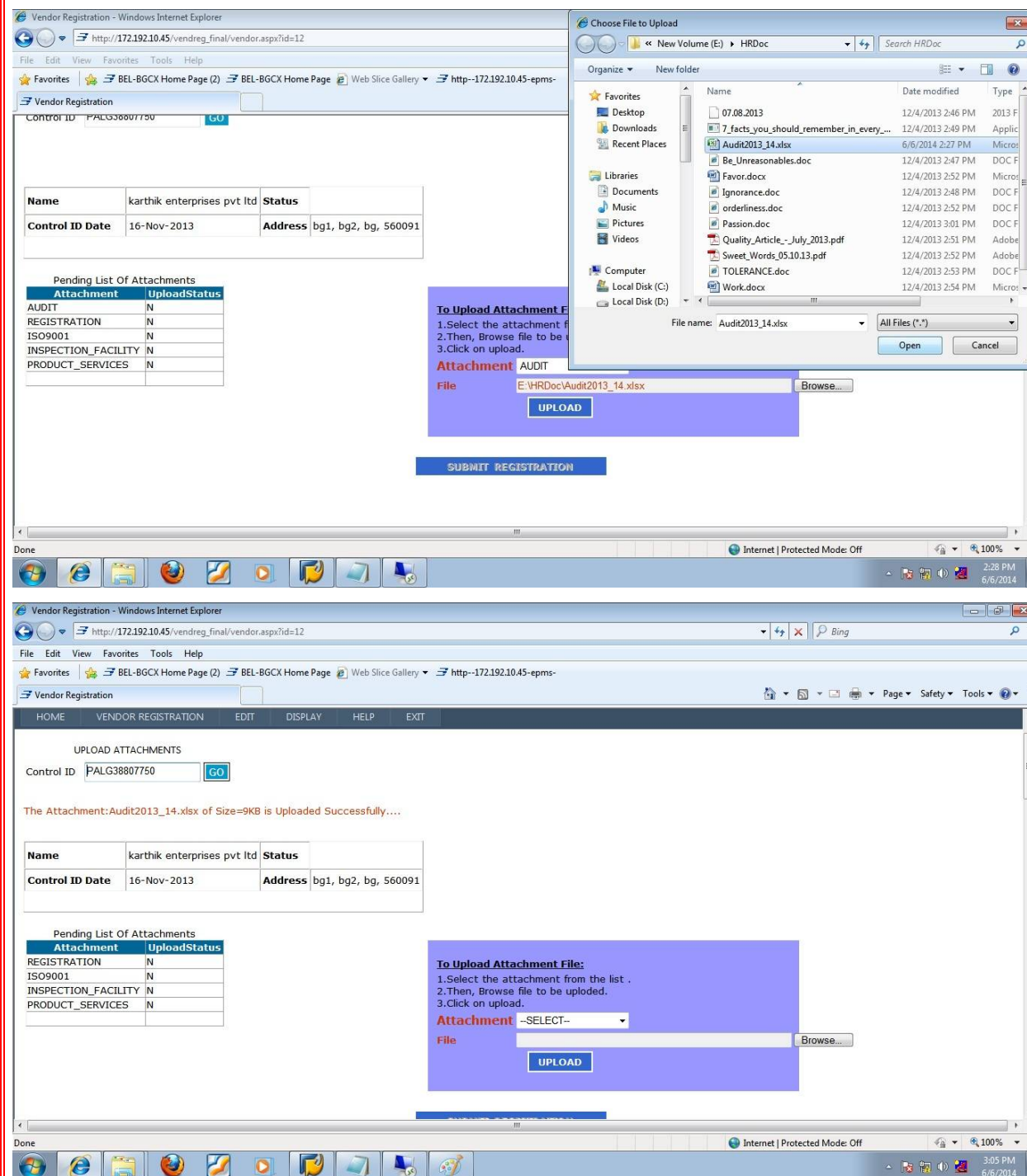
The fields are self-explanatory if any clarification required please go to help menu and get the clarification to fill the data.

After all the data are filled up "CHECK" for any errors and, correct accordingly.

If no errors found then click on "SAVE", the system will generate a control ID number.**Note down that for further process / future communication with BEL.

To upload the documents and credentials select "Vendor Registration" icon and click upload attachments, System will prompt for the control ID number. Enter the new control ID number generated earlier to get the screen for uploading the attachments.

The data upload screen will be as follows :



Vendor Registration - Windows Internet Explorer

http://172.192.10.45/vendreg_final/vendor.aspx?id=12

File Edit View Favorites Tools Help

Vendor Registration

Control ID: PALG38807750

Name	karthik enterprises pvt ltd	Status
Control ID Date	16-Nov-2013	Address: bg1, bg2, bg, 560091

Pending List Of Attachments

Attachment	UploadStatus
AUDIT	N
REGISTRATION	N
ISO9001	N
INSPECTION_FACILITY	N
PRODUCT_SERVICES	N

To Upload Attachment File

1. Select the attachment from the list .

2. Then, Browse file to be uploaded.

3. Click on upload.

Attachment: AUDIT

File: E:\HRDoc\Audit2013_14.xlsx

UPLOAD

SUBMIT REGISTRATION

Vendor Registration - Windows Internet Explorer

http://172.192.10.45/vendreg_final/vendor.aspx?id=12

File Edit View Favorites Tools Help

Vendor Registration

HOME VENDOR REGISTRATION EDIT DISPLAY HELP EXIT

UPLOAD ATTACHMENTS

Control ID: PALG38807750

The Attachment: Audit2013_14.xlsx of Size=9KB is Uploaded Successfully....

Name	karthik enterprises pvt ltd	Status
Control ID Date	16-Nov-2013	Address: bg1, bg2, bg, 560091

Pending List Of Attachments

Attachment	UploadStatus
REGISTRATION	N
ISO9001	N
INSPECTION_FACILITY	N
PRODUCT_SERVICES	N

To Upload Attachment File:

1. Select the attachment from the list .

2. Then, Browse file to be uploaded.

3. Click on upload.

Attachment: --SELECT--

File:

UPLOAD

After uploading relevant documents click on the "Submit Registration" icon to post. For any further clarification and status contact BEL giving the vendor registration Control ID No.

The above procedure will create an offline bank of vendors with categories wise and it can be accessed by all the SBUS s / units Sub-Contract heads & VEC members to take further evaluation process.

BLANK

INTEGRITY PACT

1.0 Whereas **Bharat Electronics Ltd.** ("BEL") having its registered office at Outer Ring Road, Nagvara, Bangalore-560045, India, acting through itsUnit/SBU, represented by General Manager, hereinafter referred to as the **Principal** and the first party, proposes to award Purchase Order/Works Contract for

.....
and **M/s.**.....
, represented by, Chief Executive Officer (which term, unless expressly indicated by the contract, shall be deemed to include its successors and its assignee), hereinafter referred to as the **Bidder** 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 so 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/Sub-contract 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.

6.10 *The Bidder signing IP shall not approach the Courts while representing the matters to IEMs and he/she will await their decision in the matter.*

6.11 *In case of a joint venture, all the partners of the joint venture should sign the Integrity Pact. In case of sub-contracting, the Principal contractor shall take the responsibility of the adoption of IP by the sub-contractor. It is to be ensured that all sub-contractors also sign the IP.*

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 Company Code of Conduct:

Bidders are also advised to have a company code of conduct (clearly rejecting the use of bribes and other unethical behavior) and a compliance program for the implementation of the code of conduct throughout the company.

9.0 Sanctions for Violation:

9.1 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 any bank guarantee 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 anyway 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.

9.2 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 11 of Pact agreement.

10.0 Fall Clause:

10.1 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 Public Sector Undertakings / any Ministry of Govt. of India and if it is found at any stage that the similar system or subsystem was supplied by the Bidder to any other Public Sector Undertakings/any Ministry of Govt. of India 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.

11.0 Independent External Monitor(s):

11.1 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 :

Address :

Contact Number :

e-mail :

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.

11.2 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) / Sub-contractor(s) with confidentiality.

11.3 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.

11.4 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 11.1 shall examine the case jointly with those whom the case is referred to as per this Para.

12.0 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.

13.0 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.

14.0 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.

15.0 Validity:

15.1 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.

15.2 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.

16.0 The Parties hereby sign this Integrity Pact at _____ on _____

BEL

BIDDER

General Manager /
Unit/SBU/Division
 Bharat Electronics Ltd.,

Head Chief Executive Officer

Witness

Witness

1. _____

2. _____

1. _____

2. _____

Standard Operating Procedure (SOP) for Adoption of Integrity Pact (IP)

1.0 BACKGROUND

- 1.1** In order to ensure transparency, equity and competitiveness in public procurement, the Commission recommends adoption and implementation of the concept of Integrity Pact (IP) by Government organizations, Public Sector Enterprises, Public Sector Banks, Insurance Companies, other Financial Institutions and Autonomous Bodies etc.
- 1.2** Vide Circular No.02/1/2017 dated 13.01.2017, the Commission issued a Comprehensive Standard Operating Procedure (SOP) for adoption and implementation of Integrity Pact. Further, vide Circular no. 15/10/20 dated 20.10.2020, the eligibility criteria for consideration for empanelment as Independent External Monitor (IEM) was reviewed and revised.
- 1.3** Deptt. of Expenditure vide OM dt. 19.7.2011, issued guidelines to all Ministries/Departments/Organizations including their attached / subordinate offices and autonomous bodies for implementation of IP. Also, vide OM dated 20.7.2011 Dept. of Expenditure requested DPE for directions to CPSEs for use of IP.

2.0 INTEGRITY Pact

- 2.1** The Pact essentially envisages an agreement between the prospective vendors / bidders and the buyer (BEL), committing the persons / officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors /bidders, who commit themselves to such a Pact with the buyer, would be considered competent to participate in the bidding process. In other words, entering into this Pact would be a preliminary qualification. The essential ingredients of the Pact include:

- *Promise on the part of the principal not to seek or accept any benefit, which is not legally available;*
- *Principal to treat all bidders with equity and reason;*
- *Promise on the part of bidders not to offer any benefit to the employees of the Principal not available legally;*
- *Bidders not to enter into any undisclosed agreement or understanding with other bidders with respect to prices, specifications, certifications, subsidiary contracts, etc.*
- *Bidders not to pass any information provided by Principal as part of business relationship to others and not to commit any offence under PC/ IPC Act;*
- *Foreign bidders to disclose the name and address of agents and representatives in India and Indian Bidders to disclose their foreign principals or associates;*
- *Bidders to disclose the payments to be made by them to agents / brokers or any other intermediary;*
- *Bidders to disclose any transgress ions with any other company that may impinge on the anti-corruption principle.*
- *Any violation of Integrity Pact would entail disqualification of the bidders and exclusion from future business dealing s, as per the existing provisions of GFR, 2017, PC Act, 1988*

and other Financial Rules /Guidelines etc. as may be applicable to the organization concerned.

- 2.2** Integrity Pact, in respect of a particular contract, shall be operative from the date IP is signed by both the parties till the completion of contract. After award of work, the IEMs shall look into any issue relating to execution of contract, if specifically raised before them. As an illustrative example, if a contractor, who has been awarded the contract, during the execution of contract, raises issue of delayed payment etc. before the IEMs, the same shall be examined by the panel of IEMs. However, the IEMs may suggest systemic improvements to the management of the organization concerned, if considered necessary, to bring about transparency, equity and fairness in the system of procurement.

3.0 IMPLEMENTATION PROCEDURE

- 3.1** Integrity Pact has to be signed with bidders/contractors in case estimated value of each Purchase Order/Subcontract that exceeds Rs.3 Crs or prevailing threshold limit as per instructions of CVC issued from time to time. Against the subject RFP. Against the subject RFP/Enquiry/NIT, the Bidder is required to sign and submit Integrity Pact along with the bid.
- IP would be included in the NIT/RFQ/Enquiry. Draft IP is placed at **Appendix A**.
The procurements /contracts would cover both purchases and works/ services contracts being entered into by the organization concerned.
- 3.2** IP is to be signed by the bidder and submitted along with the bid. Bids received without signed IP would be rejected.
- 3.3** IP shall cover all phases of the contract. i.e., from the stage of Notice inviting Tender (NIT)/pre-bid stage till the conclusion of the contract. i.e., the final payment to vendor/contractor.
- 3.4** The Independent External Monitor (IEM) would review independently and objectively, whether and to what extent parties have complied with their obligations under the Pact.
- 3.5** The procurements /contracts would cover both purchases and works/services contracts being entered into by the organization concerned.
- 3.6** In all tenders covered under the Integrity Pact, particulars of all IEMs, including their email IDs, should be mentioned, instead of mentioning details of a single IEM.
- 3.7** Management Services, Corporate Office (MS/CO) will be the Nodal Agency for all matters pertaining to IP.
- 3.8** The Corporate Vigilance Department would be responsible for review, enforcement and reporting to Central Vigilance Commission on all related vigilance issues.
- 3.9** Information relating to tenders in progress and under finalization need to be shared with the IEMs on a monthly basis (need basis). A monthly report will be sent to IEMs by MS/CO for their information.
- 3.10** A clause should be included in the IP that a person signing IP shall not approach the Courts while representing the matters to IEMs and he/she will await their decision in the matter.
- 3.11** In case of a joint venture, all the partners of the joint venture should sign the Integrity Pact. In case of sub-contracting, the Principal contractor shall take the responsibility of the

adoption of IP by the sub-contractor. It is to be ensured that all sub-contractors also sign the IP.

3.12 A summary of procurement/contract awarded, which are covered under the IP shall be shared with the IEMs on quarterly basis, during the meeting on a need basis. Based on the specific requirement of the organisations and the no. of tenders floated, the meetings may be held on monthly or bi-monthly basis, instead of quarterly periodicity on need basis.

3.13 The final responsibility for implementation of IP vests with the CMD/CEO of the organization.

4.0 ROLE AND DUTIES OF IEMs

4.1 The IEMs would be provided access to all documents / records pertaining to the contract for which a complaint or issue is raised before them, as and when warranted. However, the documents / records / information having National Security implications and those documents which have been classified as Secret / Top Secret are not to be disclosed.

4.2 It would be desirable to have structured meetings of the IEMs with the Chief Executive of the Organisation on a half yearly basis to discuss / review the information on tenders awarded during the preceding six months' period. Additional sittings, however, can be held as per requirement.

4.3 The IEMs would examine all complaints received by them and give their recommendations/views to the Chief Executive of the organization, at the earliest. They may also send their report directly to the CVO in case of suspicion of serious irregularities requiring legal/administrative action. Only in case of very serious issue having a specific, verifiable Vigilance angle, the matter should be reported directly to the Commission. IEMs are expected to tender their advice on the complaints, within 30 days.

4.4 For ensuring the desired transparency and objectivity in dealing with the complaints arising out of any tendering process or during execution of contract, the matter should be examined by the full panel of IEMs jointly, who would look into the records, conduct an investigation, and submit their joint recommendations to the Management.

4.5 IEM should examine the process integrity, they are not expected to concern themselves with fixing of responsibility of officers. Complaints alleging malafide on the part of any officer of the organization should be looked into by the CVO of the concerned Organization.

4.6 The advisory role of IEMs is envisaged as that of a friend, philosopher and guide. The advice of IEM would not be legally binding and it is restricted to resolving issues raised by a bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders. At the same time, it must be understood that IEMs are not consultants to the Management. Their role is independent in nature and the advice once tendered would not be subject to review at the request of the organization.

4.7 Issues like warranty/guarantee etc. should be outside the purview of IEMs.

4.8 All IEMs should sign non-disclosure agreements with the organization in which they are appointed. They would also be required to sign a declaration of absence of conflict of interest.

4.9 A person acting as an IEM shall not be debarred from taking up other assignments such as consultancy with other organizations or agencies subject to his declaring that his I her additional assignment does not involve any conflict of interest with existing assignment. In

case of any conflict of interest arising at a later date from an entity wherein he is or has been a consultant, the IEM should inform the CEO and recuse himself/herself from that case.

- 4.10** All organizations may provide secretarial assistance to IEM for rendering their job as IEM.
- 4.11** In case of any misconduct by an IEM, the CMD/CEO should bring it to the notice of the CVC detailing the specific misconduct for appropriate action at the Commission's end.
- 4.12** The role of the CVO of the organization shall remain unaffected by the presence of IEMs. A matter being examined by the IEMs can be separately investigated by the CVO in terms of the provisions of the CVC Act or Vigilance Manual, if a complaint is received by him/her or directed to him/her by the Commission.
- 4.13** All the deliberations during the IEMs' meetings should be minuted and in the next meeting, the IEMs should confirm the recorded minutes of the previous meeting.

5.0 APPOINTMENT OF IEMS

- 5.1** The IEMs appointed by CVC are eminent personalities of high integrity and reputation.
- 5.2** The Central Vigilance Commission has approved the names of IEMs.
- 5.3** In the event of any dispute between the management and the contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle dispute through mediation before the panel of IEMs in a time bound manner. If required, the organizations may adopt any mediation rules for this purpose.
- 5.4** In case, the dispute remains unresolved even after mediation by the panel of IEMs, the organization may take further action as per the terms & conditions of the contract.
- 5.5** The names of all the IEMs of the organization should be available on the website of the organization concerned.
- 5.6** The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. This may be communicated individually to the IEMs concerned.
- 5.7** In any organization, the IEM s shall be paid per sitting a fees of Rs.25,000/- or fees as payable to Independent Board Members, whichever is less. However, in case, in any organization, the fee payable to Independent Board Members is less than Rs.25,000/- the organization concerned may, after due deliberation increase the fees payable to IEM, subject to the ceiling of Rs.25,000/- per sitting.

However, the maximum amount payable to IEMs in a calendar year shall not exceed Rs.3,00,000/- with respect to sitting fees.

Expenses on travel and stay arrangement of IEMs shall be equal to that of Independent Board Member of that organization.
- 5.8** The terms and conditions of appointment, including the remuneration payable to the IEMs, should not be included in the Integrity Pact or the NIT. This may be communicated individually to the IEMs concerned.
- 5.9** At the time of appointment of an IEM, a copy of SOP should be made available to the person being appointed by the organizations concerned. A copy of Commission's guidelines on "Illustrative check points for various stages of public procurement", available on

Commission's website, i.e., www.cvc.gov.in, under CTE's corner may also be provided to the IEMs at the time of their appointment, for guidance purpose.

- 5.10** In the event of any dispute between the management and the contractor relating to those contracts where Integrity Pact is applicable, in case, both the parties are agreeable, they may try to settle dispute through mediation before the panel of IEMs in a time bound manner. If required, the organizations may adopt any mediation rules for this purpose.

In case, the dispute remains unresolved even after mediation by the panel of IEMs, the organization may take further action as per the terms & conditions of the contract.

The fees for such meetings shall be same as fee payable to IEMs otherwise and in addition to the fees for the regular meeting of IEMs, to be held otherwise and over and above the ceiling of Rs.3,00,000/- annually, to be calculated as per financial year. The travel and stay arrangement for such meetings shall be equal to that of Independent Board Member of the organization concerned. However, not more than five meetings shall be held for a particular dispute resolution. The fees/expenses on dispute resolution shall be equally shared by both the parties.

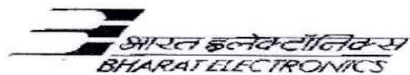
6.0 REVIEW SYSTEM

- 6.1** All organizations implementing IP would undertake a periodical review and assessment of implementation of IP and submit progress reports to the Commission. CVOs of all organizations would keep the Commission posted with the implementation status through their annual reports and special reports, wherever necessary.
- 6.2** All organizations are called upon to make sincere and sustained efforts to imbibe the spirit and principles of the Integrity Pact and carry it to its effective implementation.

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(ANNEXURE-14 Substituted vide O.O. No. HO/591/045 dtd. 17.03.2022)**

(*Substituted vide O.O. No. HO / 597 / 001 dtd. 09.03.2016)



BHARAT ELECTRONICS LIMITED
CORPORATE OFFICE
OUTER RING ROAD, NAGAVARA, BANGALORE

Office Order No HO/597/001

09th March 2016

Sub: Outsourcing and Vendor Development Policy

-o0o-

1.0 Introduction

- 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.
- 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.
- 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.
- 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.

2.0 Outsourcing and Vendor development methodology

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.

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.

MSME may participate in all the three categories of outsourcing based on their technical capabilities and experience.

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: Indigenisation & 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	Indigenization 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.

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भारत का राजपत्र

The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

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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 कार्यक्रमों का शुरुआत किया गया है। पहचान किए गए उद्यमों में एकलपता ज्ञान के उद्देश्य से किसी संस्था को निम्नानुसार 'स्टार्टअप' माना जाएगा—

क) उसके निगमिकरण/पंजीकरण की तिथि से पांच वर्ष तक;

ख) यदि किसी वित्तीय वर्ष में उसका कारोबार (टर्नओवर) 25 करोड़ से अधिक नहीं है, और

ग) वह अभिनविकरण, प्रौद्योगिकी या नौदिक संपदा आधारित नए उत्पादों, प्रक्रियाओं अथवा सेवाओं के विकास, अनुप्रयोग या वाणिज्यिकरण के संघर्ष 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;

उपरोक्त परिभाषा अनुसार पहचान किए गए किसी 'स्टार्टअप' को कर लाभ प्राप्त करने के लिए अंतर-मंत्रालयी प्रमाणन बोर्ड में पात्र व्यवसाय का प्रमाण-पत्र प्राप्त करना अपेक्षित होगा जिसमें निम्नलिखित शामिल हैं:

क) संयुक्त सचिव, औद्योगिक नीति एवं संवर्धन विभाग,

ख) विज्ञान एवं प्रौद्योगिकी विभाग के प्रतिनिधि, और

ग) जैव-प्रौद्योगिकी विभाग के प्रतिनिधि।

S33 GE2016

(1)

स्पष्टीकरण:

1. कोई संस्थान अपने निर्गमिकरण/पंजीकरण की तिथि से पांच वर्ष पूरे होने पर अथवा किसी विगत वर्ष में उसका कारोबार 25 करोड़ रुपय 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 कण्ड 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. किसी 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 सुजन या उसके मुख्य 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 मुख्य संवर्धन नहीं करते या सीमित वृद्धि करते हो।

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 माध्यम से आवेदन-पत्र प्रस्तुत करना होगा:

- (क) भारत में किसी स्नातकोत्तर महाविद्यालय में स्थापित किसी इन्क्यूबेटर में औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रभुति के संबंध में); या
- (ख) किसी इन्क्यूबेटर का समर्थन पत्र जिसका निश्चय (परिचयता के संदर्भ में), अभिनवीकरण को प्रोत्साहित करने के लिए किसी निर्र्दिष्ट योजना के भाग के रूप में भारत सरकार या कोई राज्य सरकार द्वारा किया जाता हो, या
- (ग) भारत सरकार द्वारा मान्यता प्राप्त किसी इन्क्यूबेटर में औद्योगिक नीति एवं संवर्धन विभाग द्वारा विनिर्दिष्ट प्रपत्र में अनुशंसा (व्यवसाय की अभिनव प्रभुति के संबंध में); या
- (घ) किसी इन्क्यूबेशन फंड/एंजल फंड/निजी इंडिपेंडेंट फंड/एंगल नेटवर्क जो भारतीय प्रसिद्धि एवं विनियम बोर्ड में पंजीकृत हो, के द्वारा इंडिपेंडेंट 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 नकारात्मक सूची में ऐसे किसी भी फंड को शामिल कर सकता है जो यह उचित समझे।
- (ङ) भारत सरकार या किसी राज्य सरकार का अभिनवीकरण को प्रोत्साहित करने के लिए किसी निर्र्दिष्ट योजना के भाग के रूप में निधियन पत्र; या
- (च) व्यवसाय के स्वरूप को संवर्धित करने वाले क्षेत्र में भारतीय पेटेंट कार्यालय द्वारा पत्रिका में दर्ज किया गया और प्रकाशित किया गया पेटेंट।

औद्योगिक नीति एवं संशोधन 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 रुपये से कम नहीं होगा।

बहु अधिसूचना, राजकीय राजपत्र में प्रकाशन की तारीख से लागू होगी।

(फा. सं. 5(91)/2015-जीई. I)

रवनीत 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'—

- Up to five years from the date of its incorporation/registration,
- If its turnover for any of the financial years has not exceeded Rupees 25 crore, and
- 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:

- Joint Secretary, Department of Industrial Policy and Promotion,
- Representative of Department of Science and Technology, and
- Representative of Department of Biotechnology.

Explanation:

- 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.
- 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).
- Turnover is as defined under the Companies Act, 2013.
- 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 new product or service or process, or
 - A significantly improved existing product or service or process, that will create or add value for customers or workflow.

THE GAZETTE OF INDIA : EXTRAORDINARY

[PART II—SEC. 3(6)]

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-DI-I]

RAVNEET KAUR, Jt. Secy.

ANNEXURE-17**Reverse auction**

1. Tendering: The tender document for common and goods covered at above shall have a provision for conducting reverse auction.
2. 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.
3. 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.
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.
 - 4.1 The bidders have to give only landed rates in e- reverse process and has to provide breakup with in 24Hrs as per paragraph. This has to be communicated to Vendor through the Initial Tender Document itself.
 - 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.
5. **During the reverse auction:**
 - 5.1 All bidders shall have an equal and continuous opportunity to present their bids;

- 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;
- 5.3** There shall be no communication between the procuring entity and the bidders or among the bidders
- 5.4** Minimum bid decrement of bidders will be as decided by the tender committee.

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.

- 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.
- 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.
- 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.
- 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.

- 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.
- 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.

- 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.
- 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.

- 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.
- 6.10** TC members shall remain on the spot till the completion of the Reverse Auction process.
- 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.
- 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.
- 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.

- 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.
- 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.
- 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.
- 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.

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**GENERAL CONDITIONS OF CONTRACT
(LABOUR ORIENTED WORKS)**

**BHARAT ELECTRONICS LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE)**

REGISTERED OFFICE:

**Nagavara, Outer Ring Road, Bangalore - 560 045, INDIA
Phone: 080-25039300, Fax: 080-25039305, Web: www.bel-india.com**

BHARAT ELECTRONICS LIMITED
JALAHALLI POST, BENGALURU – 560 013

Annexure-I

GENERAL CONDITIONS OF CONTRACT

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* * *

1.0 Definitions & Interpretation:

1.1 Definitions:

- 1.1.1 In these General Conditions of Contract the following expressions shall have the definitions and interpretations given hereunder:
- 1.1.2 "Company" shall mean "Bharat Electronics Limited". The rights and obligations of the Company exercisable under the Contract, other than those exercisable by the Engineer or his representatives, shall be exercised by the Authority designated in **Annexure-IA** hereto. The said Authority shall be Accepting Authority for the purpose of the contract and shall have full powers to revise, amend, withdraw or cancel the actions taken by the Engineer in respect of the powers exercisable by the Engineer.
- 1.1.3 'Contractor' shall mean an individual or firm (Proprietary or Partnership) or Company whether incorporated or not, that has entered into Contract with the Company and shall include his/its heirs, legal representatives, successors and assigns, successors in interest of individuals or persons composing such firms or Company or successors of such firms or Company or the permitted assigns of such individual or firm or Company. Changes in the constitution of the firm or Company, if any shall be immediately notified to the Company, in writing, and approval obtained for continued performance of the Contract.
- 1.1.4 'Contract' shall mean, collectively all covenants, terms and stipulations contained in the various portions of the Contract Agreement and the Annexures thereto.
- 1.1.5 'Works' shall mean the works to be executed in accordance with the Contract.
- 1.1.6 'Engineer' shall mean the officer of the Company designated as such in Annexure-IA hereto or any other officer appointed by the Company from time to time and notified to the Contractor as authorised to act as Engineer for the purpose of the Contract.
- 1.1.7 'Specification' shall mean, collectively all the terms and stipulations contained or referred to in the General Conditions of Contract, Special Conditions of Contract, Detailed Technical Specifications, Schedule of Quantities & Rates, and shall include all such amendments, revisions, removals or additions as may be made during the period of execution of the works and all written instructions to be issued by the Engineer in terms of the Contract, pertaining to the method and manner of performing the work or to the quantities and qualities of the work to be performed or materials to be furnished under this Contracts.
- 1.1.8 Wherever in this Contract the words 'Directed', 'Required', 'Permitted', 'Ordered', 'Designed', 'Considered', 'Necessary' or like words are used, it shall be understood that the said directions, requirements, permission, order, design, etc., of the Engineer or the Company are intended. Similarly, words 'Approved', 'Acceptable', 'Satisfactory', or like words shall mean approved by or acceptable or satisfactory to the Engineer or the Company as the case may be, unless any other meaning is plainly intended.
- 1.1.9 'Site' shall mean the land (s) and other place (s) on, under, in, into or through which the works are to be executed and shall include any other land (s) or place (s) provided by the Company for the purposes of the Contract.
- 1.1.10 'Contract value' shall mean:
- 1.1.10.1 In the case of Lump sum Contracts, the price payable to the Contractor as mentioned in the Contract.
- 1.1.10.2 In the case of Item Rate Contracts, the cost of the Works arrived at after extension of the quantities shown in the Schedule of Quantities and Rates by the item rates quoted by the tenderer and accepted by the Company for the various items.

- 1.1.10.3 In the case of Percentage Rate Contracts, the estimated value of the Works computed at the rates in accordance with the schedule of Rates specified, adjusted by Contractor's percentage and as accepted by the Company.
- 1.1.11 'Deviation' shall mean an order given by the Engineer to effect an alteration in addition to, or deduction from or variation from the scope or nature of work to be done in terms of the original Contract.
- 1.1.12 'Final Bill' shall mean the actual quantum of work executed against each item in BOQ, extra and substituted Items and deviations.
- 1.1.13 'Notice in writing' or 'Written Notice' shall mean a notice in written, typed or printed characters sent (unless delivered personally or otherwise proved to have been received) by Registered Post to the last known private or business address or Registered Office of the addressee and shall be deemed to have been received when in the ordinary course of post it would have been delivered.
- 1.1.14 Unless otherwise specified, the latest IS Specifications and Code of Practice for respective items of Works shall be deemed to be applicable to the Work.
- 1.1.15 If there is anything inconsistent between these General Conditions of Contract and the Special Conditions of Contract attached hereto, the latter shall prevail.
- 1.2 **Singular and Plural:**
- 1.2.1 Where the context so requires, words imparting the singular shall include the plural and vice-versa.
- 1.3 **Heading or Notes:**
- 1.3.1 Headings and marginal notes to these General Conditions of Contract shall not be deemed to form part thereof or be taken into consideration in the interpretation or construction thereof or of the Contract.
- 2.0 **General Obligations:**
- 2.1 **Location of Work and Inspection of Site:**
- 2.1.1 The location of work is detailed in **Annexure-IB**. The Contractor shall be deemed to have quoted after having satisfied himself as to the nature of the job and he shall be deemed also to have inspected the Site of the Works and surroundings, the means of access thereto and to have generally obtained his own information on all matters and things which can in any way influence his tender. No claims for extra works or otherwise will be allowed in consequence of any misunderstanding, error or incorrect information on the above mentioned points nor shall the Contract be nullified in consequence of any such misunderstandings, incorrect information.
- 2.2 **Scope of Work:**
- 2.2.1 The scope of work is detailed in **Annexure-IB** enclosed.
- 2.2.2 The scope of work detailed therein is only indicative of the probable nature of works and the entire scope of work is not limited to the information furnished therein.
- 2.3 **Maintenance of Contract Documents:**
- 2.3.1 The contract documents shall not be used by the Contractor for any purpose other than that of this contract.

2.4 **Daily Diary Register:**

- 2.4.1 A register of labour employed by the contractor for the work should be maintained by the contractor. The contractor should ensure that adequate labour is engaged on the job for satisfactory completion of day-to-day assigned work. The same shall be got signed by the concerned Engineer-in-charge from time to time.

2.5 **Employment of Efficient and Competent Staff on Works:**

- 2.5.1 The Contractor shall provide and employ on the Site in connection with the works only such efficient and competent Engineers and Supervisors and other skilled, semi-skilled and unskilled labour as are necessary for the proper supervision and timely execution of the works. Orders given to the Contractor's Engineers/ Supervisors shall be considered to have the same force as if these had been given to the Contractor himself.
- 2.5.2 The Contractor shall engage obedient, honest and trust worthy Contract workers etc., for work. If in the opinion of the Engineer, any Contract workers is found to be not suitable for work or is of doubtful character, he shall at once be removed from the work. The Contractor shall give an undertaking that they have carried out verification of the Character and Antecedents of the personnel and only the personnel whose Character and Antecedents are satisfactory have been engaged for the work. **The Contractor shall furnish the police verification certificate from Karnataka State Police for all the contract workers engaged under this contract within thirty (30) days from the date of issue of letter of intent. The Contractor is deemed to have taken cost towards the same in to account while quoting, nothing extra will be paid on this account by the Company. In case, Contractor fails to furnish the police verification certificate of the contract workers engaged for the work, the Company at its sole discretion will cancel the contract.**
- 2.5.3 In the event of the Engineer being of the opinion that the Contractor is not employing on the Works a sufficient number of workers as is necessary for the proper completion of the Works within the time prescribed, the Contractor shall forthwith on receiving intimation to this effect take additional workers (at his own expense) specified by the Engineer within seven days of being so required and failure on the part of the Contractor to comply with such instruction will entitle the Company to rescind the Contract under clause 8.1.1 of these conditions.
- 2.5.4 Defective work, if any, will be brought to the notice of the Contractor by the department. He shall at once take necessary steps to set right the defective work. For the work, which is not satisfactorily completed by the Contractor, the Company reserves the right to deduct from the bills, the amount proportional to the work not done. The Engineer-in-charge may also engage the required skilled/ semiskilled/unskilled labour force for completing the unsatisfactory work at the cost of the Contractor and deduct the wages paid from monthly bills.
- 2.5.5 Notwithstanding the provisions contained in Clauses 2.5.1 and 2.5.2 above, the Engineer shall be at liberty to object to and require the Contractor to remove forthwith from the works any person who, in the opinion of the Engineer misconducts himself or is incompetent or negligent in the performance of his duties and such person shall not be again employed upon the works without the written permission of the Engineer. Any person so removed from the works shall be replaced by the Contractor as soon as possible by a competent substitute.
- 2.5.6 The Contractor is required to assess the exact magnitude of work and the requirement of materials, labour, equipments, tools and tackles etc., required for satisfactory execution of day-to-day work. **THE MINIMUM LABOUR FORCE TO BE DEPLOYED FOR CARRYING OUT THE WORK EFFECTIVELY IS INDICATED IN ANNEXURE-IC OF THIS DOCUMENT.** It may please be noted that the Contractor has to deploy additional labour, if necessary, for satisfactory execution of work without any extra cost to the Company.
- 2.5.7 It may please be ensured that the labourers are paid minimum wages as stated in the contract. Any statutory variation in the rates as indicated by the government shall be implemented by the Contractor also and any violation in adhering to Minimum Wages Act, PF, ESI and insurance Act and / or any labour regulations will be viewed seriously and penal

action as deemed necessary will be taken. Certificate as per **Annexure-ID** in this regard shall be furnished by the Contractor at the time of preferring bills.

- 2.5.8 Any increase in minimum wages along with the corresponding increase in PF, ESI, insurance only shall however be reimbursed by the Company. It may specifically be noted that the increase in minimum wages (including PF, ESI, insurance) shall not be applicable, if the Contractors quoted rate for the labour force is higher than the minimum wages.
- 2.5.9 Similarly, in case of any reduction in minimum wages, such reduction along with the corresponding reduction in PF, ESI, insurance only shall be implemented in the rates payable.
- 2.5.10 Any additional wages over and above the prescribed minimum wages if directed by the Company shall be paid by the Contractor along with all applicable statutory dues like PF, ESI contributions etc., which will be reimbursed by the Company.
- 2.5.11 The contract workmen are entitled for leave at the rate of ONE DAY per 20 days actual worked. The entitlement of leave will be calculated at the end of twelve months of their engagement and paid at the prevailing daily rate along with the last month wages instead of paying on monthly basis. The Contractor may allow the individual to avail entitled leave to the extent of ONE DAY per every 20 days worked. But the leave thus availed will be treated as absent for the purpose of payment of monthly wages by BEL. The payment towards the entitled leave will be calculated based on the actual number of days the Contract workman has worked and will be paid by the Company at the end of the year and the amount shall be distributed to the workers accordingly.
- 2.5.12 The work to be carried out under this contract shall be throughout the period of contract (excluding Sundays and other declared holidays). Contractor shall note that the contract workmen engaged shall be granted paid holidays on Annual National and Festival holiday as granted to BEL other than optional holidays.
- 2.5.13 If for any reason during emergent situations, the Engineer-in-charge directs the Contractor to engage workmen after the schedule shift, the extra hours worked will be treated as overtime and double the wages will have to be paid by the Contractor which will be reimbursed by the Company.
- 2.5.14 The contract workmen will have to be paid, every month for actual number of days worked including holidays i.e., excluding weekly off and the days absented. The Contractor is deemed to have taken into account while quoting nothing extra will be paid on account of this.
- 2.5.15 The contract workmen engaged under this contract shall be paid for actual number of days worked and for the holidays declared by the Company.

2.6 Identification Badges / Passes:

- 2.6.1 The Contractor shall provide each of his employees including labour with identification badge at his cost. The employees shall display the badges on their person so that the badges are clearly visible for checking by the gateman as they enter the premises of the Company. The badges shall be serially numbered. The Contractor's initials shall be printed above with an identification number on the badge.
- 2.6.2 The Contractor should immediately notify the Company if any of the badges is lost and a new one issued in its place, or when badges are carried away by discharged labour. No employee of the Contractor without a badge will be permitted to enter the premises of work, except in such cases where special permission of the Company / Engineer is obtained.

2.7 Assignment and Sub-letting:

- 2.7.1 The Contractor shall not assign or sub-let the whole or any portion or portions of the Contract or allow any person to become interested therein in any manner whatsoever without the prior written approval of the Company. Provided always that the provision of labour on a piecework

basis shall not be deemed to be a sub-letting under this clause. The permitted sub-letting of work by the Contractor shall not establish any contractual relationship between the sub-Contractor and the Company and shall not relieve the Contractor from any liability or obligation under the Contract and he shall be responsible for the acts, defaults and neglects of any sub-Contractor, his agents, servants or workmen as fully as if they were the acts, defaults or neglects of the Contractor, his agents, servants or workmen.

2.8 Contractor's Co-ordination:

2.8.1 If during the course of the Contractors work, other works of the Company or of other Company's Contractors are also in progress within the same Plant / Site the Contractor is to use his best efforts to work in harmony with all the others and in the best overall interest of the Project / Work.

2.9 Security Deposit:

2.9.1 For the due fulfillment of the Contract by Contractor, a Security Deposit shall be furnished by him as under:

2.9.1.1 An initial security deposit of 1% of the Contract value subject to a maximum of Rs.5 Lakhs shall be paid by the Contractor by way of Demand Draft payable in the name of the Company from any Nationalised / Scheduled Bank at the time of signing of the agreement. In case where the Contractor had paid the Earnest Money by way of Demand Draft while submitting his tender for the work, the amount so deposited and lying with the Company will be adjusted towards this initial Security Deposit and the balance to make up 1% of the contract value or Rs.5 Lakhs whichever is less shall be payable by the Contractor at the time of signing of the Agreement. Where the Contractor had submitted Bank Guarantee towards Earnest Money, the same will be returned to the Contractor after the receipt of initial Security Deposit as indicated above.

2.9.1.2 A recovery at the rate as mentioned below of the value of the bill shall be made from all running account bills towards security deposit and such recovery shall be continued until the amounts deposited in terms of sub-clause 2.9.1.1 above and the amounts recovered from the bills total for an amount mentioned below. The recovery of Security Deposit will be made in the first year only (in case the Contract is awarded more than one year) which will be retained till the completion of contract period. The Security Deposit recovered including the Initial Security Deposit furnished at the time of concluding the agreement shall be returned along with the final bill at the end of contract period subject to satisfactory completion of the work and recoveries, if any.

(a) Contract Value: Up to Rs.10 Crores
Security Deposit: 10% of contract value or Rs.80 Lakhs whichever is less.

(b) Contract Value: Above Rs.10 Crores and upto Rs.25 Crores.
Security Deposit: 8% of contract value or Rs.150 Lakhs whichever is less.

(c) Contract Value: Rs.25 Crores and above
Security Deposit: 6% of contract value or Rs.240 Lakhs whichever is less.

2.9.2 If the Contractor so desires, he may furnish a Bank Guarantee as per Appendix-3 to be furnished by the Company from a Nationalised Bank/ Scheduled Bank in lieu of payment by Demand Draft and deductions from the running account bills. Such a Guarantee could be furnished either at the time of signing of the agreement or at the commencement of the Contract or at any time during the period of the Contract. In the latter event, the Contractor may, after furnishing the Bank Guarantee according to sub-clause 2.9.1.2 above, claim refund of the actual amount paid by Demand Draft and / or deducted from the running account bills.

2.9.3 In all cases, the bank Guarantee should be kept valid upto the date of completion of the Works or the extended period if any.

- 2.9.4 No interest shall be payable by the Company to the Contractor for the amount of the Security Deposit furnished in cash or demand draft or recovered from bills.
- 2.10 **Compliance with Local Laws, etc.:**
- 2.10.1 The Contractor shall comply with all Acts, Rules, Bye-Laws, Regulations and all other statutory requirements of local or other Authorities having jurisdiction over the site and shall be responsible for the payment of all fees and other charges and giving and receiving of all necessary notices, and keep the Engineer informed of the said compliance with such Act, Rules, Bye-Laws, Regulations, Statutory requirements, payments made, notices issued and received.
- 2.11 **Statutory and Other Obligations Regarding Workmen:**
- 2.11.1 The Contractor shall comply with all Central, Local and State Regulations and Enactments pertaining to workmen and labour and the Engineer shall have the right to enquire into and decide all complaints on such matters.
- 2.11.2 The Contractor shall remain liable for the payments of all wages or other money to his employees or labourers under the Minimum Wages Act, Payment of Wages Act, Employees Liability Act, Workmen's Compensation Act, PF and ESI Act or any other enactments and rules made applicable from time to time. The Contractor shall also comply with the provisions of the Apprenticeship Act, Contract Labour (Regulation and Abolition) Act and the Rules and Orders issued there under from time to time.
- 2.11.3 It is obligatory on the part of the Contractor to forward the declaration forms to the ESI authorities for issue of ESIC numbers, make timely contribution towards ESI and PF in accordance with the provisions of relevant acts from time to time in respect of labour engaged by him for all the works executed in the Company. The Contractor should contact the jurisdictional ESI and PF authorities and arrange to observe all formalities such as maintenance of muster rolls, opening of identification cards, making remittance etc. The proof of having remitted ESI and PF contribution as well as clearance obtained from the authorities will have to be given by the Contractor while preferring the bills.
- 2.11.4 In case of new workers not having ESI number, they will be allowed to the work site only after the declaration forms are filled and submitted to the Security / Personnel Department.
- 2.11.5 It is also obligatory on the part of the Contractor to make timely contribution towards PF in accordance with the provision of PF Act in respect of labour engaged by him for all works executed in the Company.
- 2.11.6 The Contractors / firms / establishments shall remit the PF and ESI contributions in their respective codes. However, in such cases, copies of muster roll, wage register, ESI / PF remittance, copies of the returns shall be furnished to the Engineer for verification and records while preferring bills.
- 2.11.7 If the contractor gets any benefit from any scheme of any Govt. / agency, due to (or) during the execution of the contract, such benefit should be passed on to Company. If any claim, in lieu of any such benefit accrued (or) received by the contractor, is made by contractor and paid by Company, then Company reserves the right to recover such amount.
- 2.11.8 The Contractors to note that, workers engaged by them even for a part of the day need to be covered under ESI. The Contractor's workers will be permitted to enter the work site only on production of documentary evidence in support of the Contractor in possession of valid license under Contract Labour (Regulation and Abolition) Act 1970; having remitted contribution promptly to PF and ESI with the declaration that, it covers for all the labourers working against this contract.

- 2.11.9 The Contractor is also required to furnish the data in respect of the workers engaged by him against the work order / job contract etc., including the details of PF, ESI No. etc., to Engineer / Executive-in-charge of work and CSO.
- 2.11.10 In addition to the above, the Contractor is also required to produce necessary documents/ vouchers such as copy of the license for supply of contract labourers / work order, challans/ vouchers for contribution remitted to PF and ESI, returns submitted under various statute as applicable and to this extent clearance certificate shall have to be obtained from the Department, who execute the work apart from PF and Welfare Department while preferring the bills.
- 2.11.11 The Contractor shall be solely liable for all the pecuniary and other consequences arising on account of any violation or default by him in respect of the provisions of the above mentioned Acts and Regulations and any other statutory obligations which may be in force regarding the conditions of employment of workmen from time to time. In addition, any such failure or violation or default will constitute a breach of the Contract conditions and is liable for action in terms of Clause 7.1.1 (c).
- 2.11.12 The Contractor shall work only during the daylight hours as approved by the Engineer unless he obtains the prior written approval of the Engineer to do otherwise. If such approval is given, no liability in respect of any excess cost arising there from shall be borne by the Company.

2.12 Safety Regulations:

- 2.12.1 During the execution of work, unless otherwise specified, the Contractor shall at his own cost provide the materials necessary for the safety of all the workmen and shall ensure that no damage, injury or loss is caused or is likely to be caused to any person or property.
- 2.12.2 The Contractor shall be responsible to take all precautions to ensure the safety of the public whether on public or Company property and shall post such lookout men as may in the opinion of the Engineer be required.
- 2.12.3 The Contractor must take sufficient care in moving machineries and equipments and other materials from one place to another so that they do not cause any damage to the property of the Company or the public, particularly to structures, overhead wires and cables (Laid underground or otherwise). In the event of any damages resulting to any property loss aforesaid, the cost of such damages including eventual loss of working hours in any Plant as estimated by the Company, shall be borne by the Contractor.
- 2.12.4 The Contractor should take care of all safety precautions in respect of workers engaged by him by providing adequate safety appliances. He should also see that the safety practices are adopted at all times to avoid any untoward incidents failing which he will be liable for penalty and also for compensation to be paid to his labourers. The Contractor should take instructions from Safety Engineering Department regarding safety measures and appliances.
- 2.12.5 The Contractor shall report all accidents immediately to the Department who will make arrangement for forwarding of the reports to the concerned authorities. The Contractor shall provide first aid to the accident victims at his own cost.
- 2.12.6 As per Karnataka Factories Rules 1969, Permit to Work systems if any, shall be followed. The Contractor is required to obtain the necessary work permit through the indenting Department / Division duly certified by the **SAFETY ENGINEERING DEPARTMENT** before starting the work.

2.13 Patent Rights and Royalties:

- 2.13.1 The Contractor shall fully indemnify the Company and all agents, servants and employees of the Company against any action, claim or proceeding relating to infringement or the use of any patent or design or any alleged patent or design rights and shall pay any royalties or

other charges which may be payable in respect of any article or part thereof included in the Contract. In the event of any claims being made or action being brought against the Company or any agent, or servant, or employee of the Company in respect of any of the matters aforesaid, the Contractor shall be notified thereof for taking necessary action at his cost.

2.14 Nuisance:

- 2.14.1 The Contractor shall not at any time do cause or permit anyone to do or cause any nuisance on the Site or do anything which shall cause unnecessary disturbance or inconvenience to the Company or to the owners, tenants or occupiers near the Site and to the Public generally.

2.15 Indemnity and Insurance:

- 2.15.1 The Contractor shall obtain at his expense an Insurance Policy for the workmen employed by the Contractor and who have not been covered under ESI against Workmen Compensation Act and other statutory laws where compensation is payable by the Contractor.

2.16 Compliance of Instructions:

- 2.16.1 Whenever the Contractor fails to comply with the instructions of the Engineer, it shall be lawful for the Engineer to have the work done through other Contractors or departmentally or otherwise and the cost incurred thereof shall be deducted from any money due or becoming due to the Contractor.

3.0 Execution of Works:

3.1 Schedule of Quantities and Rates:

- 3.1.1 The Schedule of Quantities and Rates attached to the Agreement indicates the quantities to be executed. But it is to be clearly understood that these quantities are approximate and are liable to omission, variations, alterations by deductions or additions or deletions at the discretion of the Company. The Contractor shall neither be entitled for any revision of rates owing to variations in actual quantities of work done in relation to the quantities indicated in the Schedule of Quantities and Rates nor shall he be entitled to any loss of consequential profits or for any other damages arising thereof. The Contractor shall be paid only for the actual quantities of work executed and according to the accepted tender rates.
- 3.1.2 The rates quoted by the Contractor under each item of work shall be for the complete finished work and shall be inclusive of all materials, labour, tools, plant, equipment, transport, hoisting, setting, fixing and including all royalties, insurance, PF and ESI contribution to labour as per the relevant acts and rules made applicable from time to time (except to the extent specifically excluded). Goods and Service Tax (GST) will be excluded from the above and will be paid separately to the contractor, based on the documents furnished by them. The quoted rates shall remain firm (except to the extent specifically excluded) during the entire period of Contract and shall not be subjected to any escalation either due to increase in cost of materials, labour, equipments, transport etc., or for any other reason whatsoever, during the entire period of the Contract. However, any change in statutory levies and introduction of new taxes, levies, duties, if any, imposed after the date of submission of tender will be reimbursed by the Company on production of documentary evidence by the contractor. Any decrease in the above will be passed on to the Company by the contractor. The reimbursement is applicable for the period of contract including extended period, if any, due to reasons not attributable to the contractor.
- 3.1.3 The rates indicated against each item in the Schedule of Quantities and Rates shall be deemed to compensate for all minor details which are not specifically mentioned, but are fairly and obviously intended and are essential for the full and final completion of the Works and the Contractor is not entitled to make any extra claims on these accounts.
- 3.1.4 Splitting of rates in any form is not acceptable unless otherwise specified.

- 3.1.5 The probable items envisaged have been indicated in the SOQR. It is not obligatory on the part of the Company to execute all the items and only the items as necessitated to suit the requirement of works will be operated. Also the quantum of work under each item is at the discretion of the Company.

3.2 Works Specifications:

- 3.2.1 The specifications and mode of measurements shall be as per relevant IS code of practice or same shall be determined by the Engineer in accordance with the local specification and good Engineering practice. The decision of the Engineer shall be final and binding on the Contractor.

- 3.2.2 If there is any discrepancy / difference between the description of the standard specifications and mode of measurement in the IS and the description of the specification / mode of measurement for such items in the SOQR, the following order of preference shall be followed in all such cases.

- (a) Specification / description of items including mode of measurement specified (if any) in schedule of quantities and rates (SOQR).

3.3 Workmanship and Testing:

- 3.3.1 Great care shall be taken while carrying out the works not to damage any part of the Building, Equipments, Machineries and any property of the Company etc. Any damage, if caused, shall be rectified by the Contractor at his own cost.

- 3.3.2 The Contractor shall take into account in his tender, all incidental minor works whether specifically mentioned or not, but which are essential for the full and satisfactory completion of the works and the quoted rates shall be deemed to include all the above and the Contractor is not entitled for any extra claim on such account.

3.4 Materials to be Supplied by the Contractor:

- 3.4.1 All the materials such as tools, tackles, safety items etc., required for the work shall be provided by the Contractor. The quoted rates shall be deemed to include the above and nothing extra shall be payable on this account.

- 3.4.2 **The Contractor shall provide 1 pair of shoes per person per annum in the form of Safety shoes or leather shoes based on the nature of work as directed by the Engineer In charge. The quoted rates shall be deemed to include the above and nothing extra shall be payable on this account.**

- 3.4.3 The Contractor shall procure all the materials required for the work from the approved manufactures / distributors only, as directed by the Engineer and shall furnish, if demanded, a copy of purchase order for scrutiny by the Engineer

3.5 Urgent Works

- 3.5.1 If any urgent work (in respect whereof the decision of the Engineer shall be final and binding) becomes necessary for safety of the work or personnel and the Contractor is unable or unwilling to carry it out, the Engineer shall have right to employ departmental labour or other agencies as he may consider expedient. All expenses incurred on it by the Company shall be recoverable from the Contractor and be adjusted or set off against any sum payable to him.

3.6 Temporary Suspension of Works

- 3.6.1 The Engineer shall have the right to require the discontinuance of the work in whole or in part for such time as may be necessary, should the condition of work or weather or other contingencies make it desirable to do so in order that the works shall be well and properly executed.

4.0 Variations in the Scope of the Contract:

4.1 Variations in the Scope of the Work:

4.1.1 The Engineer shall have the power to make any alterations / variations / deletions / additions or substitutions from the scope of work. Such alterations / variations / deletions / additions or substitutions shall form part of and be read as incorporated in the agreement itself.

4.2 Valuation of Variations:

4.2.1 If in the opinion of the Engineer, the variation is of a minor nature, which does not call for any adjustment in price, the decision of the Engineer will be final. In other cases, the rates of additional, altered or substituted work shall be determined by the Engineer in the following manner:

4.2.1.1 If the rate for additional, altered or substituted work is specified in the Schedule of Quantities and Rates/Price the Contractor shall carry out the additional, altered or substituted items at the same rate.

4.2.1.2 If the rate for additional, altered or substituted work is not specified in the Schedule of Quantities and Rates/Price the rate/price for such item shall be derived from the rate/price for the nearest similar item specified therein.

4.3 Modifications to the Contract:

4.3.1 There are no other understandings between the parties other than as set forth in these Contract documents.

4.3.2 In the event of any of the provisions of the Contract requiring to be modified after the Contract documents have been signed, except those directions and orders given by the Engineer under the Contract for the due execution of the Works, the modifications shall be made in writing and signed by both parties before giving effect to such modifications.

5.0 Period of Contract:

5.1 Commencement of Works:

5.1.1 The Contractor shall commence the work within the period stipulated in the letter of Intent.

5.1.2 The Contract shall be for a period as indicated in Annexure-IA, from the date as indicated in the letter of Intent. However, the Company may extend the period of contract for a further period of one more year with the mutual consent of the Contractor at the same rates, terms and conditions as embodied in the contract. The extension of the contract period is at the discretion of the Company and based on the satisfactory performance of Contractor.

5.1.3 The Contractor at the request of the Company shall render the same service at the same rates, terms and conditions of the contract for spillover period not exceeding Three (3) Months of the expiry of the contract in case, there is any delay in establishing the new contract.

5.1.4 If the Contractor commits default in commencing the execution of the work as aforesaid, the Company shall, without prejudice to any other right or remedy, be at liberty to forfeit the Earnest Money / Security Deposit absolutely.

5.1.5 The declared holidays of the Company will be holidays for Contractors also. However, Company reserves to call the Contractors to work on declared holidays also with prior notice to the Contractors. Contractor shall have to arrange the labour force as required for the work in consultation with the Engineer.

5.1.6 **If for any reasons, if working of the Company falls on Sunday to compensate the holiday declared for reasons such as bundh etc., the same shall be treated as a**

working day only and the Contractor shall engage workmen for such working days also. Nothing extra will be paid on account of this.

5.2 Penalty for Absenteeism:

5.2.1 **The Contractor shall also ensure that the minimum number of workers as indicated at Annexure-IA are engaged on all days of work of the Company without absenteeism. In case of any absenteeism, suitable replacement shall be provided by the Contractor immediately to ensure that the works entrusted are carried out satisfactorily. In case, the Contractor engages less than the stipulated labour force ON ANY DAY and the works entrusted are not carried out, the Engineer-in-charge reserves the right to levy a penalty of Rs.250/- per day in addition to deduction of amount as per minimum daily wages per day of absenteeism per person till the minimum labour force stipulated is restored. The decision of the Engineer-in-charge in this regard is final and binding on the Contractor. This penalty is limited to 10% of the total value of the contract. It may be noted that the penalty will be applicable as under:**

5.2.1.1 If the total absenteeism of labour force is more than 10% of the minimum labour force to be engaged in any day, penalty will be levied for any short fall in excess of 10% minimum labour force to be engaged.

5.2.1.2 If the total absenteeism of labour force is more than 5% of the minimum labour force to be engaged in a month, penalty will be levied for any short fall in excess of 5% minimum labour force to be engaged.

5.2.2 Few illustrations (for Example only) are given below:

5.2.2.1 When absenteeism is beyond 10% per day and beyond 5% per month:

Particulars	Nos.	Particulars	Nos.
Minimum labour force per day	100 Nos. (Say)	Total Minimum labour force per month (100Nos. x 26 Days)	2600 Nos.
Permissible no of absenteeism per day @ 10% of min labour force	10 Nos.	Permissible no of absenteeism per month @ 5% of total min labour force	130 Nos.
Actual absenteeism	12 Nos. (Say)	Actual absenteeism	132 Nos. (Say)
Absenteeism beyond permissible	02 Nos.	Absenteeism beyond permissible	02 Nos.

Total penalty to be levied = 02+02= 4 Nos. 4 Nos. X Rs.250 = Rs.1000/-.

5.2.2.2 When absenteeism is below 10% per day and beyond 5% per month:

Particulars	Nos.	Particulars	Nos.
Minimum labour force per day	100 Nos. (Say)	Total Minimum labour force per month (100Nos. x 26 Days)	2600 Nos.
Permissible no of absenteeism per day @ 10% of min labour force	10 Nos.	Permissible no of absenteeism per month @ 5% of total min labour force	130 Nos.
Actual absenteeism	08 Nos. (Say)	Actual absenteeism	132 Nos. (Say)
Absenteeism beyond permissible	NIL	Absenteeism beyond permissible	02 Nos.

Total penalty to be levied = 02 Nos. X Rs.250 = Rs.500/-.

5.2.2.3 When absenteeism is beyond 10% per day and below 5% per month:

Particulars	Nos.	Particulars	Nos.
Minimum labour force per day	100 Nos. (Say)	Total Minimum labour force per month (100 Nos. x 26 Days)	2600 Nos.
Permissible no of absenteeism per day @ 10% of min labour force	10 Nos.	Permissible no of absenteeism per month @ 5% of total min labour force	130 Nos.
Actual absenteeism	12Nos. (Say)	Actual absenteeism	128 Nos. (Say)
Absenteeism beyond permissible	02 Nos.	Absenteeism beyond permissible	NIL

tal penalty to be levied = 2 Nos. X Rs.250 = Rs.500/-

6.0 Certificates & Payments:

6.1 Record and Measurements:

- 6.1.1 Measurements shall be taken jointly by the Engineer or his authorised representative and by the Contractor or his authorised representative from time to time and at such intervals as in the option of the Engineer shall be proper, having regard to the progress of the Works.
- 6.1.2 The final bill must invariably be preceded by a thorough check of measurement of the whole of the Work performed.
- 6.1.3 Before taking final measurements of any Work, the Engineer or the person deputed by him for the purpose shall give a reasonable notice to the Contractor. If the Contractor fails to attend or send an authorised representative for measurements after such a notice or fails to countersign or to record the objection within a week from the date of measurement, then in any such event the measurements taken by the Engineer or by the person deputed by him shall be taken to be the correct measurement of the Works, and shall be final and binding on the Contractor and no claim whatsoever shall thereafter be entertained regarding the accuracy and classification of measurement.
- 6.1.4 The Contractor shall, without extra charges provide assistance with every appliance, labour and things necessary for measurement.
- 6.1.5 If a dispute arises between the Engineer and the Contractor as to the quantity or quality of Work performed involving a sum larger than Rs.10,000/- the Contractor may appeal in writing to the Company for re-measurement or reappraisal as the case may be within one week from the date of measurement by the Engineer. If the Company considers the Contractor's dispute valid, it may appoint an Officer other than the Officer who made the final measurements and inspection to go into the matter and report and the Company's decision given thereupon shall be final and binding on the Contractor.

6.2 On Account Payments:

- 6.2.1 100% payment against bills for the work done (Subject to the required deductions) shall be made to the Contractor based on detailed measurements and certification of bills by the Engineer.
- 6.2.2 Normally, bills will be entertained once in a month. Monthly payment will be made for the actual quantity of work done based on the unit rates quoted. On-account payment cannot by itself imply his having executed the maintenance contract satisfactorily and the liability of the Contractor shall continue to exist till the contract period is completed.

- 6.2.3 The Contractor shall note that the payment shall be made through Electronic Clearance System (ECS) only.

6.3 Final Payments:

- 6.3.1 Based on the work performed in accordance with Clause No.6.1.2, the Contractor shall submit his final bill for the Works within 3 months of such final measurement. The bill shall be based only on Works as measured and at accepted tender rates including rates for any additional or extra work, which might have been sanctioned by the Company. All deductions due under the Contract shall be incorporated. The final bill shall be accompanied by:

- (a) A copy of the completion certificate issued by the Engineer.
- And
- (b) A "No Claim Certificate" in the prescribed form or a list of claims not included in the final bill with full details.

- 6.3.2 The Engineer shall examine and certify the final bill for payment after satisfying that the Works have been satisfactorily completed and that all properties, works and things removed or distributed or damaged in consequence of the Work have been properly replaced and made good and all expenses and demands incurred or made by or on the Company or in respect of any damage or loss by, from or consequence of the Works have been satisfied, all materials have been returned and the site cleared. In respect of list of claims given by the Contractor, the Company shall examine and either accept or repudiate in whole or in part and convey its decision in writing to the Contractor.

6.4 Deduction of Income Tax:

- 6.4.1 Income Tax on the gross amount billed will be deducted from Contractor's bills as per Section 194 (C) of the Income Tax Act.
- 6.4.2 The successful Contractor should inform the assessing Income Tax Officer concerned (within one month from the date of issue of work order) about the award of work to him. The successful Contractor shall furnish their Income Tax Permanent Account Number (PAN) to BEL while furnishing their bills for payment.

6.5 Over Payments / Under Payments Detected During Technical Audit:

- 6.5.1 The Company reserves the right to carry out post- Payment audit and technical examination of the running / final bill including all supporting vouchers etc. The Company further reserves the right to enforce recovery of any over payment when detected, notwithstanding the fact the amount of running / final bill may be included by one of the parties as an Item of dispute before an arbitrator appointed and notwithstanding the fact that the amount of running/final bill figures in the arbitration award.
- 6.5.2 If as result of such audit and technical examination any over payment is discovered in respect of any work done by the Contractor under the contract, it shall be recovered, by the Company from the Contractor or if any under payment is discovered the amount shall be duly paid to the Contractor by the Company.

7.0 Rights, Remedies and Powers:

7.1 Determination of Contract Due To Contractor's Default:

- 7.1.1 If the Contractor:
- (a) Abandons the Contract.
 - (b) At any time defaults in proceeding with the works with due diligence and continues to do so after a notice in writing of 7 days from the Engineer; or

- (c) Commits default in complying with any of the terms and conditions of the Contract and does not remedy it or take effective steps to remedy it within 7 days after a notice in writing is given to him in that behalf by the Engineer; or
- (d) Persistently disregards the instructions of the Engineer or contravenes any provision of the Contract; or
- (e) Fails to remove materials from the Site or to pull down and redo the work after receiving from the Engineer notice to the effect that the said materials or works have been rejected; or
- (f) Fails to complete the works on or before the stipulated date (s) of completion and does not complete them within the period specified in a notice given in writing in that behalf by the Engineer; or
- (g) Offers or gives or agrees to give to any person in the Company's service or to any other person on this behalf, any gift or consideration of any kind as an inducement or reward for doing or forbearing to do or for having done or forborne to do any act in relation to the obtaining or execution of this or any other Contract for the Company; or
- (h) Shall enter into a contract with the Company in connection with which commission has been paid or agreed to be paid by him or to his knowledge unless the particulars of any such commission and the terms of payment thereof have previously been disclosed in writing to the Company / Engineer; or
- (i) Shall obtain a Contract with the Company as a result of ring tendering or other non-bonafide methods of competitive tendering; or
- (j) Being an individual or if a firm, any partner thereof, shall at any time be adjudged insolvent or have a receiving order for administration of his estate made against him or shall take any proceedings for liquidation or composition (other than a voluntary liquidation for the purpose of amalgamation or reconstruction) under any Insolvency Act for the time being in force or make any conveyance or assignment of his effects or composition or arrangement for the benefit of his creditors of purport so to do, or if any application be made under any Insolvency Act for the time being in force for the sequestration of his estates or if a trust deed be executed by him for benefit of his creditors; or
- (k) Being a Company, shall pass a resolution or the Court shall make an order for liquidation of its affairs, or a receiver or manager on behalf of the debenture holders shall be appointed or circumstances shall arise which entitle the Court or debenture holders to appoint a receiver or manager; or
- (l) Shall suffer an execution being levied on his goods and allow it to be continued for a period of 21 days; or
- (m) Assigns, transfers, sub-lets (engagement of labour on a piece-work basis or of labour with materials not to be incorporated in the work, shall not be deemed to be sub-letting) or attempts to assign, transfer or sub-let the entire works or any portion thereof without the prior written approval of the Company;

The Company may, without prejudice to any other right or remedy which shall have accrued or shall accrue thereafter to the Company by written notice determine the Contract either as a whole or in part.

- 7.1.2 Upon such determination of the Contract either in whole or in part, the Security Deposit with the Company in respect of the Contract shall stand forfeited to the Company without in any way affecting the Rights of the Company under clause in clause No.8.2 infra.

7.2 Rights of the Company after determination of the Contract due to Contractor's Default:

7.2.1 The Engineer shall on such determination of the Contract have powers to:

- (a) Take possession of the site and any materials, Constructional plant, implements, stores, etc., there on; and / or
- (b) Carry out the incomplete work by any means at the risk and cost of the Contractor.

7.2.2 On determination of the Contract in full or in part, the Engineer shall determine the quantum of amount, if any, that is recoverable from the Contractor for completion of the works or part of the works or in case the works or part of the works is not to be completed, the loss or damage suffered by the Company. In determining the amount, credit shall be given to the Contractor for the value of the work executed by him upto the time of cancellation or the value of Contractor's materials taken over and incorporated in the work. In order to measure the work completed till the date of determination and the Contractor's materials to be taken over, the Engineer shall give 7 days notice to the Contractor requiring him to be present so as to record the measurements in his presence. If the Contractor fails to be present in response to the notice, the recording of measurements shall be proceeded with ex-parte and the measurements as recorded shall be binding on the Contractor.

7.2.3 The Company shall have the right to use Contractor's plant, machinery and material on the balance works but shall not in any way be responsible for any damage or loss of the same and the Contractor shall not be entitled to any compensation there for.

7.2.4 Any excess expenditure incurred or to be incurred by the Company in completing the works or part of the works or the excess loss or damages suffered or may be suffered by the Company as aforesaid after allowing necessary credits, shall be recovered from any moneys due to the Contractor on any account and if such moneys are not sufficient, the Contractor shall be called upon in writing to pay the same within 30 days.

7.2.5 If the Contractor shall fail to pay the required sum within the aforesaid period of 30 days, the Engineer shall have the right to sell any or all of the Contractor's unused materials, constructional plant, implements, temporary buildings, etc., and apply the proceeds of sale thereof towards the satisfaction of any sums due from the Contractor under the Contract and if there after there be any balance still outstanding from the Contractor, the Contractor shall, upon demand, pay the Company the money due and it shall be deemed as a debt due by the Contractor to the Company and shall be recovered accordingly.

7.2.6 Any sums in excess of the amounts due to the Company and unsold materials, constructional plant, etc., shall be returned to the Contractor, it is always understood that if the actual cost of completion by the Company of the balance works or part of the works is less than the amount which the Contractor would have become eligible had he completed the works or part of the works under the terms of Contract, the Contractor shall not be entitled to claim such benefit to his advantage.

7.3 Cancellation of Contract by the Company:

7.3.1 **If any time during the tenure of contract, the Company decides that the whole work or any specific part thereof is not required to be carried out, advance notice of 60 days in writing will be given to the Contractor to short close the work. The Contractor shall take immediate action to stop all activity relating to the cancelled work. The Contractor shall have no claim to any payment of compensation or otherwise whatsoever on account of any profit or advantage which he might have derived from the execution of work in full but which he did not derive in consequence of the foreclosure of the whole or part of the work.**

7.3.2 The Contractor shall be paid at Contract rates the full amount for the works executed at site (less any amount due to the Company) and, in addition, a reasonable amount to cover the cost incurred on materials which will not be of any alternative use to the Contractor (which

shall then become the property of the Company), transportation costs in respect of the tools, plant and materials retained by the Contractor from the work place to his permanent stores or any other works, whichever is less, and a reasonable proportion of the expenditure incurred on preliminary works such as access road, labour huts, site office, etc. All payments other than at Contract rates shall be based on a detailed claim to be submitted by the Contractor supported by cash vouchers or other documents covering the incurrence of such costs. If called upon by the Engineer, the Contractor shall also furnish his Books of Accounts and other documents which the Engineer may consider necessary to enable him to certify the reasonableness of the amount payable under this clause.

- 7.3.3 The materials supplied by the Company, which are rendered surplus on account of the cancellation, shall be returned promptly by the Contractor subject to normal wastages allowed under the Contract. He shall be debited with the losses due to any deterioration or damage, which might have been caused while the materials were in the custody of the Contractor. If so directed, he shall transport such materials to the Company's stores and shall be paid for such transport at a reasonable compensation.

8.0 Settlement of Disputes:

8.1 Decision by the Company and Engineer:

- 8.1.1 To prevent disputes and litigations, it shall be accepted as an inseparable part of the Contract that in matters regarding materials, workmanship, removal of improper work, interpretation of Contract, drawings and specifications, mode of procedure and carrying out the work, the decision of the Company shall be final and binding on the Contractor and if any technical question which may arise touching the Contract, the Engineer's decision shall be final and conclusive. The claim, if any, arising out of any decision given by the Engineer shall be sent in writing to the Engineer within 15 days from the date of such decision given by the Engineer and if the claim is not accepted and the Contractor is aggrieved by such non – acceptance, such dispute may be referred by him for Arbitration.

8.2 Dispute Resolution:

- 8.2.1 To the best possible extent dispute arising with the Contractors to be amicably settled by the concerned department heads. In the event the dispute does not get resolved, case to be referred to the Dispute Resolution Board.
- 8.2.2 If a dispute of any kind whatsoever arises between the Company and Contractor in connection with, or arising out of the Contract or the execution of the Works under the contract, whether during the execution of the Works or after their completion and whether before or after repudiation or termination of the Contract, including any dispute as to any opinion, instruction, determination, certificate or evaluation of the Engineer, the matter in dispute shall, in the first instance, be referred in writing to the Dispute Resolution Board (DRB) Management led by SBU / Unit Head, BEL. Within thirty (30) days of having received such notification Dispute Resolution Board shall give notice of decision to the Company and Contractor.
- 8.2.3 If either the Company or the Contractor is dissatisfied with any decision of the Dispute Resolution Board, or if the Dispute Resolution Board fails to give notice of his decision on or before the thirtieth (30th) day after having received notification by either party, then either the Company or Contractor, on or before the thirtieth (30th) day after the expiry of the thirtieth (30th) day give notice to the other party, with a copy for the information of the Dispute Resolution Board, of his intention to commence arbitration, as hereinafter provided, as a matter in dispute. Such notice shall establish the entitlement of the party giving the same to commence arbitration. No arbitration shall be commenced unless such notice is given.
- 8.2.4 If the Dispute Resolution Board has given notice of the decision as to a matter in dispute to the Company and the Contractor and no notice of intention to commence arbitration as to such dispute has been given by either the Company or the Contractor on or before the

thirtieth (30th) day after the day on which the Dispute Resolution Board decision was made, the said decision shall become final and binding upon the Company and Contractor.”

- 8.2.5 In case any dispute or difference shall arise between the Company (or the Engineer on their behalf) and the Contractor on any matter within the scope of this Contract except as to matters entirely left to the decision of the Company or the Engineer under the provisions of this Agreement, then either party shall forthwith give to the other written notice of such dispute or difference and such disputes or difference shall be referred to a sole Arbitrator to be selected by the Contractor from the panel of ICADR. The award of the Arbitrator shall be final and binding on both parties. The procedure laid down in accordance with the Indian Arbitration and Conciliation Act, 1996, or any statutory amendment thereof and the rules made there under from time to time shall apply in the matter of the reference. Only Courts at location near to the Company's office from where the order for the work has been issued shall have jurisdiction to entertain a claim or for enforcement of the award.
- 8.2.6 Notwithstanding reference of any matter for arbitration, the Contractor shall continue to execute the Contract in all respects except to the extent such execution itself is the subject matter for the arbitration.
- 8.2.7 It is a term of the Contract that the party invoking arbitration shall specify the dispute or disputes to be referred to arbitration under this clause together with the amount or amounts claimed in respect of each such dispute.
- 8.2.8 It is also a term of the Contract that if the Contractor does not make any demand for arbitration in respect of any claim(s) in writing within 90 days of receiving the intimation from the Company that the bill is ready for payment, the claim of the Contractor will be deemed to have been waived and absolutely barred and the Company shall be discharged and released of all liabilities under the Contract in respect of these claims.

8.3 **Arbitration:**

- 8.3.1 In case any dispute or difference shall arise between the Company (or the Engineer on their behalf) and the Contractor on any matter within the scope of this Contract except as to matters entirely left to the decision of the Company or the Engineer under the provisions of this Agreement, then either party shall forthwith give to the other written notice of such dispute or difference and such disputes or difference shall be referred to a sole Arbitrator to be selected by the Contractor from among the panel of three nominees to be indicated by the Company at the time of reference of the disputes to arbitration. The award of the Arbitrator shall be final and binding on both parties. The procedure laid down in accordance with the Indian Arbitration and Conciliation Act, 1996, or any statutory amendment thereof and the rules made there under from time to time shall apply in the matter of the reference. Only Courts at location near to the Company's office from where the order for the work has been issued shall have jurisdiction to entertain a claim or for enforcement of the award.
- 8.3.2 Notwithstanding reference of any matter for arbitration, the Contractor shall continue to execute the Contractor in all respects except to the extent such execution itself is the subject matter for the arbitration.
- 8.3.3 It is a term of the Contract that the party invoking arbitration shall specify the dispute or disputes to be referred to arbitration under this clause together with the amount or amounts claimed in respect of each such dispute.
- 8.3.4 It is also a term of the Contract that if the Contractor does not make any demand for arbitration in respect of any claim(s) in writing within 90 days of receiving the intimation from the Company that the bill is ready for payment, the claim of the Contractor will be deemed to have been waived and absolutely barred and the Company shall be discharged and released of all liabilities under the Contract in respect of the claims.
- 8.3.5 If the Contractor fails to perform the Contract or fails to carry out the Contract to the satisfaction of the Company, within the period fixed for the purpose or at any time repudiates

the Contract before the expiry of such period, the **Engineer-In-Charge** or any other Officer of the Company, so authorized, may (without prejudice to the right of the Company), recover from the Contractor, damages for the breach of Contract, terminate the Contract as a whole or terminate a part of Contract at the risk and cost of the Contractor, without prior notice and get the balance work executed through some other Contractor and hold the Contractor liable for all losses and expenses incurred by the Company.

9.0 Clauses Pertaining to Environmental Protection:

9.1 The Contractor shall take utmost care to ensure that environment is protected and no such activity shall be carried out which may have a bearing on the environmental pollution during execution of work. The Contractor may specifically note the following:

9.1.1 The Contractor may specifically note that he shall be fully aware of the acts / rules and regulations pertaining to Environmental protection acts and **KSPCB** norms, Central Pollution Control Board (CPCB) norms as well as the requirements of Ministry of Environment and Forests (MOEF). However the Engineer-in-charge will brief on the EMS policy / OHSAS policy of the Company on the lines of ISO 14001 (Latest) / ISO 18001 (2007) with regard to specific requirements. Subsequently it shall be the responsibility of the Contractor to educate / train his labour force deployed from time to time regarding the same.

**NAME, ADDRESS AND
SIGNATURE OF THE TENDERER**

ACCEPTING AUTHORITY

Appendix-1

On a Stamp Paper of appropriate value,
(From any Nationalised or Scheduled Bank)

BANK GUARANTEE

(To cover payment of Earnest Money Deposit and conditions of Tender)

To,
M/s. Bharat Electronics Limited,
(Registered Office),
Nagavara,
Outer Ring Road,
BENGALURU - 560 045,

Dear Sirs,

1. In consideration of your agreeing to accept Bank Guarantee for
Rs.....

..... in lieu of payment from M/s.
..... having its / their Office / Registered Office at
.....

..... (hereinafter called the Tenderer) towards the
Earnest

Money Deposit in respect of your Tender Notice No..... dated calling for
tender for..... at

..... and for the due fulfilment of the terms and
conditions of the said tender notice we hereby undertake and agree to indemnify and keep
you Indemnified to the extent of Rs..... (Rupees
..... only).

2. In the event of any loss or damages, costs, charges or expenses caused to or suffered by
you by reason of any breach or non-observance on the part of the tenderer of any of
the terms and conditions of the said tender notice, we shall on demand and without
reference to the tenderer, irrevocably and unconditionally pay you in full satisfaction of
your demand the amounts claimed by you; Provided that our liability under this guarantee
shall not at any time exceed Rs.....
(Rupees..... only).

3. The guarantee herein contained shall remain in full force and effect till you finalise the
tender and select the tenderer of your choice and it shall, in the event of the said tenderer
being selected and entrusted with the said works, continue to be enforceable till the
said tenderer executes the Agreement with you and commences the work as stipulated
under the terms and conditions of the said tender and till you certify that the terms and
conditions of the said tender have been fully and properly carried out by the said
tenderer and accordingly discharges this guarantee.

4. We also agree that your decision as to whether the tenderer has committed any breach
or non-observance of the terms and conditions of the said tender shall be final and
binding on us.

5. We undertake to pay to the Company any money so demanded notwithstanding any
dispute or disputes raised by the contractor(s) in any suit or proceedings pending
before any court or Tribunal relating thereto, our liability under this present being
absolute and unequivocal.

6. The payment so made by us under this bond shall be a valid discharge of our liability for
payment there under and the contractor(s) shall have no claim against us for making such
payment.

7. This guarantee shall continue to be in full force and effect for a period of six months from the date of issue. Notwithstanding the above limitation, we shall honour and discharge the claims preferred by you within thirty days of the expiry of this guarantee.
8. We shall not revoke this guarantee during its currency except with your previous consent in writing.
9. This guarantee shall not be affected by any change in the constitution of our Bank or of the tenderer firm.
10. Your neglect or forbearance in the enforcement of the payment of any money, the payment whereof is intended to be hereby secured or the giving of time for the payment hereto, shall in no way relieve us of our liability under this guarantee.

Dated this..... day of.....20

Yours faithfully,
For.....

Signature and Seal
Of the Bank
SIGNATORY)

(AUTHORISED

For

Appendix-2

On a Stamp Paper of appropriate value,
(From any Nationalised or Scheduled Bank)

AGREEMENT

THIS AGREEMENT made at.....this.....day
of.....20.....Between M/s. Bharat
Electronics Limited having its Registered Office, at Nagavara Ring Road, Bengaluru- 560 045
and one of its Units at.....(hereinafter called the
Company) which expression where the context so admits shall include its successors and
assigns of the one part and M/s.....
having its / their Office / Registered Office at
.....(hereinafter called the Contractor) which expression where the context so
admits shall include its / their successors and assigns of the other part. THE
COMPANY invited tenders for the
.....Several firms submitted tenders in response to the invitation. After due
consideration, the Company has decided to entrust to the Contractor
the.....(hereinafter called ' Works ') valued
at Rs.....

FOR THE CONSIDERATION payable under this agreement, the Contractor hereby agrees
to complete the execution of Works and handover the Works in a satisfactory manner within
the period specified in Annexure-IA to the General Conditions of Contract appended hereto.
IT IS HEREBY AGREED between the parties as follows:

- a) The Instruction to tenderers and Conditions for Submission of Tender issued for the work.
- b) The General Conditions of Contract governing this Agreement shall be as contained in Annexure-I hereto.
- c) The reference sheet to General Conditions of Contract governing this Agreement shall be as contained in Annexure-IA hereto.
- d) The Location and Scope of work governing this Agreement shall be as contained in Annexure-IB hereto.
- e) The Minimum Labour force to be engaged under this Agreement shall be as contained in Annexure-IC hereto.
- f) The Certificate to be furnished by the Contractor at the time of preferring bills relating to the work under this Agreement shall be as contained in Annexure-ID hereto.
- g) The Working sheet with regard to rate payable to contract workmen by the Contractor relating to the work under this Agreement shall be as contained in Annexure-IE hereto.
- h) Tender Acceptance Letter governing this Agreement shall be as contained in Annexure-IF hereto.
- i) The Format of Bid Security Declaration from Bidder in lieu of EMD governing this Agreement shall be as contained in Annexure-IG hereto.
- j) The items of Works entrusted to the Contractor, the detailed specification of each item of work, approximate quantities for each item of work to be executed with the required materials and labour, etc. and the rates payable in respect of each completed item of work, shall be as contained in Annexure-II hereto.
- k) Letter of Intent No.....dated.....issued for the work.

THIS AGREEMENT has been executed in duplicate and a copy of each thereof has been kept
by the contracting parties.

IN WITNESS WHEREOF the parties have executed this Agreement the day and year first above
written.

For CONTRACTOR:

For BHARAT ELECTRONICS LIMITED,

Witness:

- 1.
- 2.

Note:

1. Witness name and address to be indicated
2. Annexure no's. shall be indicated as applicable to the specific contract agreement.

APPENDIX-3

On a Stamp Paper of appropriate value
(From any Nationalised or Scheduled Bank)

BANK GUARANTEE

(To cover payment of Security Deposit)

To,
M/s. Bharat Electronics Limited,
(Registered Office),
Nagavara, Outer Ring Road,
BENGALURU – 560 045,

Dear Sirs,

1. In consideration of your agreeing to accept Bank Guarantee for Rs..... in lieu of any initial cash deposit and a recovery of 10% from out of the individual bill value of the running account bills of M/s. having its / their Office / Registered Office at (hereinafter called the Contractor) towards Security Deposit for the due performance of the Contract entered into by them for the..... at..... in accordance with the terms and conditions agreed to by the Contractor and for the due fulfilment of the said Contract or of the terms and conditions contained therein, we hereby undertake and agree to indemnify and keep you indemnified to the extent of Rs..... (Rupees..... only).
2. In the event of any loss or damages, costs, charges or expenses caused to or suffered by you by reason of any breach or non-observance on the part of the Contractor of any of the terms and conditions contained in the said contract, we shall on demand and without reference to the Contractor irrevocably and unconditionally pay you in full satisfaction of your demand the amounts claimed by you; Provided that our liability under this guarantee shall not at any time exceed Rs..... (Rupees..... only).
3. This guarantee herein contained shall remain in full force and effect till you certify that the terms and conditions of the said contract have been fully and properly carried out by the Contractor, and that the Contractor has furnished necessary deposit or fresh guarantee towards his obligations during the Defect Liability period of the works or till this guarantee is duly discharged by you in writing.
4. We also agree that your decision as to whether the Contractor has committed any breach or non-observance of the terms and conditions of the said Contract shall be final and binding on us.
5. We undertake to pay to the Company any money so demanded notwithstanding any dispute or disputes raised by the contractor(s) in any suit or proceeding pending before any court or Tribunal relating thereto, our liability under this present being absolute and unequivocal.
6. The payment so made by us under this bond shall be a valid discharge of our liability for payment there under and the contractor(s) shall have no claim against us for making such payment.
7. This guarantee shall continue to be in full force and effect up to and inclusive of.....

Notwithstanding the above limitation, we shall honour and discharge the claims preferred by you within sixty days of the expiry of this guarantee.

8. We shall not revoke this guarantee during its currency except with your previous consent in writing.
9. This guarantee shall not be affected by any change in the constitution of our Bank or of the Contractor.
10. Your neglect or forbearance in the enforcement of the payment of any money, the payment whereof is intended to be hereby secured or the giving of time for the payment hereto shall in no way relieve us of our liability under this guarantee.

Dated this day of 20

Yours faithfully,

For

Signature and Seal
Of the Bank

(AUTHORISED SIGNATORY)

ANNEXURE - 19

On a Stamp Paper of appropriate value
(From any Nationalised or Scheduled Bank)

BANKGUARANTEE

(To cover payment of Additional Security Deposit for
Ensuring minimum wages and other statutory payments to contract workmen)

To,
M/s. Bharat Electronics Limited,
(Registered Office),
Nagavara,
Outer Ring Road, BENGALURU-560045,

Dear Sirs,

Applicable for Manpower tenders

1. In consideration of your agreeing to accept Bank Guarantee for Rs..... from M/s. herewith having its/their Office/Registered Office at
... (hereinafter called the Contractor) towards additional security deposit for the due performance of the Contract entered into by them for the
at in accordance with the terms and conditions agreed to by the Contractor and for the due fulfilment of the said Contract or of the terms and conditions contained therein, we hereby undertake and agree to indemnify and keep you indemnified to the extent of Rs.....
(Rupees..... only).
2. In the event of any loss or damages, costs, charges or expenses caused to or suffered by you by reason of any breach or non-observance on the part of the Contractor of any of the terms and conditions contained in the said contract, we shall on demand and without reference to the Contractor irrevocably and unconditionally pay you in full satisfaction of your demand the amounts claimed by you; Provided that our liability under this guarantee shall not at any time exceed Rs..... (Rupeesonly).
3. This guarantee herein contained shall remain in full force and effect till you certify that the terms and conditions of the said contract have been fully and properly carried out by the Contractor or till this guarantee is duly discharged by you in writing.
4. We also agree that your decision as to whether the Contractor has committed any breach or non-observance of the terms and conditions of the said Contract shall be final and binding on us.
5. We undertake to pay to the Company any money so demanded notwithstanding any dispute or disputes raised by the contractor(s) in any suit or proceeding pending before any court or Tribunal relating thereto, our liability under this present being absolute and unequivocal.
6. The payment so made by us under this bond shall be a valid discharge of our liability for payment there under and the contractor(s) shall have no claim against us for making such payment.
7. This guarantee shall continue to be in full force and effect up to and inclusive of..... Notwithstanding the above limitation, we shall honour and discharge the claims preferred by you within sixty days of the expiry of this guarantee.
8. We shall not revoke this guarantee during its currency except with your previous consent in writing.
9. This guarantee shall not be affected by any change in the constitution of our Bank or of the Contractor.

10. Your neglect or forbearance in the enforcement of the payment of any money, the payment whereof is intended to be hereby secured or the giving of time for the payment hereto shall in no way relieve us of our liability under this guarantee.

Dated this..... day of..... 20

Yours faithfully,

For.....

Signature and Seal
Of the Bank

(AUTHORISED SIGNATORY)