

# WORKS & PROCUREMENT POLICY



Volume - I

November 2016





**For internal circulation only**

# **WORKS & PROCUREMENT POLICY**

**Volume-I**

**POWER GRID CORPORATION OF INDIA LTD.**

**(A Government of India Enterprise)**

**DOC. CODE NO.: DC-7000(REVISION 1)**

**November 2016**



### Message

During the journey from incorporation to present, POWERGRID has achieved several milestones and accolades owing to its excellence in technical know-how, efficient & effective project execution and optimum resource utilization. The organization has grown multifold and so has the quantum of procurement with increasing complexities.

Fairness, transparency, equity and cost effectiveness are fundamental tenets of public procurement. In pursuit of achieving the same, various policies and procedures related to procurement prevalent in the organization and required as per directives issued by various Govt. agencies were consolidated in the form of 'Works & Procurement Policy and Procedure' (WPPP) and released in the organization in 2001 (for Vol.-I) and 2002 (for Vol.-II).

With changing times, POWERGRID has inculcated cutting edge technologies and expertise in each area and procurement has remained no exception. The IT enabled technologies have made the procurement process more transparent, efficient and cost effective. Further, the challenges in the business as well as areas of business have also increased. The organization is not only securing projects through TCB route competing with private players but also venturing into smart grid, telecommunication, consultancy, international business etc. in a more focused manner. Such changes also needed to relook at our policy manuals including those applicable to procurement. Albert Einstein once quoted, "The only source of knowledge is experience". In our enriching long journey, the organization has gained varied experiences which have added to our knowledge. This document is an attempt to formulate knowledge into policy in the area of procurement.

As the name suggests, this 'Works & Procurement Policy' document consolidates various policy aspects relevant to various areas of procurement as required in the present scenario.

Compared to the earlier edition, the most prominent distinction in this edition is that the procedural part of procurement has been separated from the policy part, leading to crispier and more focused attention to the policy part as contained in this document.

I would like to congratulate the team behind this great effort, whose incessant work and perseverance resulted in this edition. I hope this edition shall address the policy guidelines required for various areas of procurement.



(I. S. Jha)  
Chairman & Managing Director





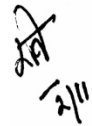
### Message

Every organization procures a wide variety of goods, works and services in relation to its business. In a democratic, fast evolving and more vigilant environment, procurement of goods, works and services by PSUs demand more and more transparency, fairness and equity which can be instituted in the organizations by adopting adequate procurement policies and procedures commensurate with their business requirements.

In our organization, which is a fast growing 'Navratna' CPSU, a need was felt to review its procurement policies in the context of changing business scenario & increased business segments with a view to make them more focused and compliant with the related circulars & directives of Govt. agencies issued from time to time. The outcome is this document - 'Works & Procurement Policy'.

I appreciate all the hard work of POWERGRID team to formulate this document.

I hope this volume will prove immensely helpful to all the concerned executives of POWERGRID for their roles in procurement function.



(Ravi P. Singh)  
Director (Personnel)





### Message

POWERGRID has always endeavored for excellent performances in all its ventures and is one of the best organizations world-wide in the areas of project construction and managing the assets during operation phase. As per its transmission assets, POWERGRID is the largest power transmission company in India at present. All achievements of the organization are possible because of great efforts of employees as well as governance policies and procedures for various functions of the organization.

Being a project centric organization, procurement is a major function in the organization. Since adoption of 'Works & Procurement Policy and Procedure' (WPPP) in year 2001 (Vol. – I)/2002 (Vol. – II), many changes have taken place the way organization is carrying out procurement. Various circulars have been issued from time to time to effect the changes.

This 'Works & Procurement Policy' document is an up-to-date version of earlier WPPP. This document deals with policy aspects pertaining to various types of procurement such as regular transmission system, TBCB, telecommunications, ULDC, domestic & international consultancy, IT, miscellaneous projects etc.

I am sure this 'Works & Procurement Policy' will bring more transparency & good governance in all procurement actions and will certainly guide all the concerned executives engaged in procurement functions to ensure maximum efficiency, quality and economy in procurement.

I appreciate valuable contributions of all the team members who have prepared this document.



(R. P. Sasmal)  
Director (Operations & Projects)





### Message

A procurement process based on transparency, fairness, equity and cost-effectiveness provides a fair and level playing field for all bidders. Adherence to these fundamental principles helps efficient procurement.

Since inception, POWERGRID has been engaged in large value project procurements and execution and has gained valuable experience in this field. In the decade and half since the Works & Procurement Policy was formulated by the company, many changes have taken place in the business and regulatory environment. The procurement methods followed have also evolved with the adoption of measures such as two envelope bidding, e-procurement, e-reverse auctions etc.

This updated Works & Procurement Policy reflecting all the above, with firm focus on the fundamental principles of procurement, is relevant to the current business context. It is a commendable initiative which would strengthen the internal control and governance framework of the company.

I compliment all members of the team involved in preparation of this updated Works & Procurement Policy, 2016.



(K Sreekant)  
Director (Finance)





### Message

India is one of the fastest growing economies in the world and huge investment is to be made in the energy sector. This necessitates massive investments in the transmission & distribution sectors as well, resulting in the creation of national assets. Therefore, it becomes imperative to effectively utilize every penny and prevent any leakage/wastage for an organization like POWERGRID which has to contribute significantly in growth of energy sector in India. This requires efficiency and effectiveness in procurement, which can be achieved only when there is a proper framework of policies and procedures in the organization. The procurement guidelines and procedures in formal manner were earlier adopted by POWERGRID through the manual of 'Works & Procurement Policy and Procedure' (Volume – I for pre-award activities issued in Sept. 2001, and Volume – II for post-award activities issued in Oct. 2012).

POWERGRID has always endeavored to ensure that the procurement of all goods, works and services is carried out by following the basic doctrines of public procurement such as transparency, fairness, equity and least cost while conforming to required specifications, quality, service, delivery, reliability and least total cost of ownership. Towards this end, the updated procurement policies have been consolidated in a new manual of 'Work & Procurement Policy' so as to cater to the needs of changing scenario of business and to shift procurement methods towards IT enabled processes.

The updated version of policy is written in fluent and simple language and covers aspects related to e-procurement, e-reverse auction etc. which will help to give new direction to procurement in POWERGRID.

I express my sincere appreciation of all the hard work that has gone into the making of this manual by all concerned.

I am sure that the updated version of the 'Work & Procurement Policy' manual will be of immense value to its users.

*V.K. Saksena*  
3.11.16

(V. K. Saksena)  
Chief Vigilance Officer





## Contents

|  |    |
|--|----|
| <b>SECTION A</b> .....   | 4  |
| <b>INTRODUCTION</b> .....  | 4  |
| <b>Chapter 1</b> .....   | 5  |
| Prologue .....   | 5  |
| Scope and Purpose .....  | 7  |
| Primary Considerations.....  | 8  |
| Modification/Addition to the Policy and Procedure .....  | 11 |
| Exceptional Situations Necessitating Deviations .....  | 11 |
| <b>SECTION-B</b> .....   | 13 |
| <b>PRE-AWARD</b> .....   | 13 |
| <b>Chapter 1</b> .....   | 14 |
| Preamble.....  | 14 |
| <b>Chapter 2</b> .....   | 15 |
| Project Conception and Investment Approval .....   | 15 |
| Project Conception.....  | 15 |
| Project Approval.....  | 18 |
| Approval of Advance Expenditure and Pre-Investment Approval of<br>Project .....  | 19 |
| General.....   | 19 |
| <b>Chapter 3</b> .....   | 21 |
| Contract Package List for Procurement .....  | 21 |
| <b>Chapter 4</b> .....   | 23 |
| Implementation Schedule for DPR, Preliminary Master Network, Master<br>Network & Project Execution Plan and Preparation of Cost Estimate ..... | 23 |
| Implementation Schedule for DPR, Preliminary Master Network, Master<br>Network & Project Execution Plan.....                                   | 23 |
| Preparation of NIT Cost Estimate .....   | 24 |
| <b>Chapter 5</b> .....   | 26 |
| Qualification Requirement of Bidders and Sub-vendors .....   | 26 |





|  |    |
|--|----|
| <b>Chapter 6</b> .....   | 31 |
| Bidding Documents.....   | 31 |
| General.....   | 31 |
| Validity of Bids and Bid Security .....  | 32 |
| Clarity of Bidding Documents/Specifications.....   | 32 |
| Standards.....   | 33 |
| Use of Brand Names .....   | 33 |
| Pricing.....   | 34 |
| Price Adjustment.....  | 35 |
| Currency of Bid.....   | 35 |
| Currency of Payment.....   | 35 |
| Terms and Methods of Payment .....   | 36 |
| Interest on Advance.....   | 36 |
| Performance Security and Retention Money .....   | 36 |
| Liquidated Damages.....  | 37 |
| Splitting of Contract .....  | 37 |
| <b>Chapter 7</b> .....   | 38 |
| Methods of Procurement.....  | 38 |
| Open Competitive Bidding/Open Tender Invitation.....   | 38 |
| Limited Competitive Bidding /Limited Tender Invitation .....                                       | 38 |
| Single Source Procurement.....   | 39 |
| Sundry Procurement/Procurement through Shopping/ Request for<br>quotations and spot purchase ..... | 40 |
| Procurement under DGS&D Rates .....  | 40 |
| Framework Agreements/Rate Contracts .....  | 41 |
| Mode (Route) of Tendering/Bidding .....  | 41 |
| Methodology (Process) of Tendering/Bidding.....  | 42 |
| Guidelines on Publication of NIT/IFB.....  | 45 |
| Guidelines on Bid Preparation & Sale of Bidding Documents.....                                     | 46 |
| Guidelines on Bid Submission .....   | 47 |
| Guidelines on Bid Opening .....  | 48 |
| Nomination and Approval of Bid Opening Committee and Tender<br>Committee.....                      | 49 |



|  |    |
|--|----|
| Conflict of Interest .....   | 49 |
| <b>Chapter 8</b> .....   | 50 |
| Evaluation of Bids and submission of Evaluation Report with<br>Recommendations.....            | 50 |
| <b>Chapter 9</b> .....   | 57 |
| Post Bid Discussions (PBD)/ Specific Agreements and Contract Award.....                        | 57 |
| <b>Chapter 10</b> .....  | 59 |
| <b>Specific Pre-Award Issues</b> .....   | 59 |
| General.....   | 59 |
| Issues on Qualification Requirements.....  | 59 |
| Issues on Bidding Process.....   | 60 |
| Issues on Taxes and Duties .....   | 60 |
| Issues on Banking Instruments e.g. Bank Guarantee/ Letter Of Credit .....                      | 63 |
| Post- Tender Negotiations.....   | 66 |
| Issues on Annulment of Bidding Process, Snap Bidding/ Re-Tendering/<br>E-Reverse Auction ..... | 66 |
| Issues on Eligibility/Ineligibility of Firms for Participation in the Bidding<br>Process ..... | 68 |
| Issues on Contracts under specific circumstances e.g. Risk & Cost .....                        | 68 |
| Debriefing .....   | 69 |
| Grievance Redressal Mechanism/Complaint Handling System.....                                   | 69 |
| Appendix-1 .....   | 71 |



## **SECTION A**

### **INTRODUCTION**

---

# Chapter 1

## A1.0 Prologue

A1.1 Power Grid Corporation of India Ltd. (**POWERGRID**), a Central Transmission Utility, has been established with the mission of 'Establishment and Operation of Regional and National Power Grid to facilitate transfer of Electric power within and across the regions with Reliability, Security and Economy on sound commercial principles'. **POWERGRID**'s functional areas/ activities inter alia include the following [hereinafter referred to as '**Project(s)**' for brevity]:

- (i) Projects owned by **POWERGRID** for Transmission Systems: **PG-TS Projects**.
- (ii) Projects owned by **POWERGRID** for Load Dispatch and Communications: **PG-ULDC Projects**.
- (iii) Projects owned by **POWERGRID** for Telecommunications: **PG-Telecom Projects**.
- (iv) Projects owned by **POWERGRID** for construction of Offices/ Townships and other civil works: **PG-Civil Works Projects**.
- (v) Projects under Tariff Based Competitive Bidding (TBCB) through Special Purpose Vehicles (SPV) or other business models : **PG-TBCB Projects**.
- (vi) Distribution Management System Projects: **DMS Projects**.
- (vii) Projects under consultancy assignments from other organizations, utilities, companies etc. (cumulatively referred to as "**Client Organisation**") in India
  - a) As Deposit works, where award of contracts and execution, with or without involvement of the Client Organisation, are by **POWERGRID: Consultancy Projects (A)**.
  - b) Works other than (vii)(a) above including the works where pre-award activities are undertaken by **POWERGRID** but approval for



award, award of contracts and execution are by the Client Organisation: **Consultancy Projects (B)**.

- (viii) Projects for International Business under the categories as per (vii) (a) and (vii) (b) above: **IB Projects (A) and IB Projects (B)** respectively.
- (ix) Projects connected with Research and Development: **PG-R&D Projects**.
- (x) Projects related to Operation & Management of Assets: **PG-AM Projects**.
- (xi) Other requirements/activities related to engaging of consultants, security agencies, housekeeping and event management agencies, insurance, repair, procurement of office consumables, IT, Energy Efficiency (EE), Smart Grid (SG), other miscellaneous items/activities etc.: **PG-Incidental Projects (Admin/IT/EE/SG etc.)**

A1.1.1 The Projects as aforesaid, inter alia, involve award and execution of contracts for procurement of goods, works and services (referred to as '**Procurement**'), under various modes of funding, inter alia, including own resources (domestic funding), loans/credits from multilateral financial institutions (viz. the World Bank, Asian Development Bank, JBIC, KfW etc.), Supplier's Credit, Deposit Work (funding by Client Organisations, Government Grant/ Government arranged funds) etc.

A1.1.2 The documents spelling out guidelines for governance framework of Procurement by POWERGRID, titled 'Works & Procurement Policy and Procedure(WPPP) document, Volume-I & Volume-II' were adopted in September 2001 and October 2002 respectively. Volume-I of the document covered pre-award activities starting from project conception (wherever required) upto award of contracts and Volume-II of the document covered post-award activities from commencement of execution of contract upto its closing. The said documents have been revisited and revised through this document in the light of the experience gained over the years, changes in business context & environment in general and TBCB in particular including e-procurement.

## **A1.2 Scope and Purpose**

- A1.2.1 The purpose of this document (the revised document replacing the document referred to in A1.1.2 above) is to articulate policy for POWERGRID's governance framework for procurement. However, for procurement funded by different financial institutions or other agencies, the financing agreement with them would govern the legal relationships between POWERGRID and such institutions/ agencies, and the procurement in such cases shall be governed by the agreement with such agencies. The policy contained herein shall not be applicable for such funded procurement.
- A1.2.2 The rights and obligations of POWERGRID and the providers of goods, works and services (i.e. Contractors/ Suppliers/ Consultants/ Agencies) for the Projects shall be governed by the bidding documents and by the contracts signed/executed by POWERGRID with them.
- A1.2.3 References to “goods, works and services ” in these documents include all related services such as transportation, insurance, civil works, erection/ installation, testing, commissioning, training and initial maintenance etc. as the context may require. References to “services” in these documents also include services such as consultancy, maintenance, security, asset management, running of canteen, proving of vehicles/ office equipment etc.
- A1.2.4 Through this document, an attempt has also been made to foresee contingencies/ issues that might be encountered in the course of business, and to include policy for addressing the same. However, since it is neither possible nor practicable to foresee all possible contingencies/issues which may be encountered in the course of procurement, such contingencies/ issues as may be encountered would need to be dealt with using the best executive judgement with due application of mind in a transparent, fair and prudent manner, as would be reasonable and in POWERGRID's overall interest, on case to case basis.
- A1.2.5 The provisions of this document shall be logically extended, to the extent applicable and relevant for the packages being handled by Regional Head Quarter (RHQ) / Site (hereinafter referred to as Site Packages) and to all other procurements that may not have been specifically included herein.

A1.2.6 The applicable Delegation of Power (DoP) governing financial powers shall always have precedence over this document. Further, in case, a contradiction arises between the policy contained in this document, with circulars/orders issued by the Management after this document is adopted/ comes into force, the latter shall prevail. In case of contradiction between the provision of this document and that of any other manual or circular/order issued prior to this document coming into force, this document shall prevail. The delegation for approval of significant process related matters shall be adopted from time to time with the approval of the CMD. The Board of Directors shall be informed accordingly.

A1.2.7 The document with following Sections and corresponding Appendix, shall be referred to as **POWERGRID's Works & Procurement Policy (WPP)**:

**Volume - I**

Section A: Introduction

Section B: Pre-award

**Volume - II**

Section C: Post-award

Each Section has one or more Chapters. Contents of the Chapters include policy aspects.

A1.2.8 The procedural aspects, responsibility centres, delegation for approving powers etc., not covered in this document or in DoP, shall continue to be governed by WPPP, Vol I & Vol II (referred to at A1.1.2 above), till modified by the Competent Authority.

**A1.3 Primary Considerations**

A1.3.1 Award and execution of contracts for Procurement shall be generally guided by the following primary considerations:

- (a) To make available the needed goods, works and services in the right quality and quantity, at the right time, at right place and at competitive price, so as to obtain the optimum value for each unit of expenditure.
- (b) Economy and efficiency in execution of the project, including the procurement of goods, works and services in question.

- (c) To provide fair opportunity to all eligible, qualified and competent bidders commensurate with their capacity and capability, to compete for providing goods, works and services, and ensure selection of most competitive bid.
- (d) To encourage the development of local, domestic contracting and manufacturing industries/agencies.
- (e) Transparency, fairness and equity in the procurement process with due regard to timelines.
- (f) Evolve mechanism to prevent corrupt and fraudulent practices.
- (g) To make optimum use of technology particularly IT and IT enabled Services (ITeS) for increased efficiency, effectiveness and transparency.

A1.3.2 Actions by all concerned officials of POWERGRID towards award of contracts and their execution shall be ethical, transparent and fair, in POWERGRID's interest, shall be based on facts presented and circumstances prevailing. Any failure will be dealt with appropriately by the Management. For this purpose, due regard shall be given to the concerned official's intent, earnestness and justification in support of his/her action, keeping in view the relevant facts and circumstances prevailing when the action was taken.

A1.3.3 Bidders, Suppliers, Contractors, Agencies etc. associated with the procurement shall observe the highest ethical standards and integrity in competing for and execution of contracts.

In pursuance to above, POWERGRID:

- (a) may reject a bid for award, if it is established that the bidder, participating in a bidding process, has directly or through its agent, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices, to influence decisions in competing for the Contract in question;
- (b) may cancel the contract, in full or in part, if it is established that corrupt, fraudulent, collusive, coercive, or obstructive practices were adopted by the contractor directly or through an agent (agent means such person, legal or natural, authorized to make submission under its signature and authority for and on behalf of the bidder/ contractor) for getting the Contract or during the execution of the Contract;



- (c) may take appropriate action as deemed fit including issuance of warning to the firm and/or declaring the firm ineligible, for a stated period of time (1 year to 3 years), to be awarded a Contract, if it, at any time, is established that the firm has directly or through an agent engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices for or in executing a Contract.
- (d) may take any other appropriate action that shall be justified and reasonable in the facts and circumstances of the case securing POWERGRID's interests in best possible way which appropriately deals with the Contract/Contractor involved.

A1.3.4 For the purpose of above provision, the terms, 'Corrupt Practice', 'Fraudulent Practice', 'Collusive Practice', 'Coercive Practice, or 'Obstructive Practice' shall mean the following:

- (i) 'Corrupt Practice' means offering, giving, receiving, or soliciting anything of value to influence the action of POWERGRID official(s) in the procurement process.
- (ii) 'Fraudulent Practice' means any act including suppression/ misrepresentation of facts, submissions of forged/ false documents, making false declarations etc. that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial gain or benefit, or to avoid an obligation, or to influence procurement process to the detriment of interest of POWERGRID, including collusive practices among bidders (prior to or after bid submission) to establish bid prices at artificial, non-competitive levels and to deprive POWERGRID of the benefits of competitive prices.
- (iii) Collusive practice shall also include an arrangement between two or more parties designed to achieve an illegitimate purpose to the detriment of interest of POWERGRID.
- (iv) A "coercive practice" means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- (v) An "Obstructive practice" means (i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and or threatening, harassing or intimidating any



party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) acts intended to materially impede the exercise of the contractual rights or audit or access to information.

A1.3.5 In pursuance to the above, the Integrity Pact and other such programs including those as may be advised by Central Vigilance Commission (CVC)/ Comptroller & Auditor General of India (CAG)/Govt./Statutory and other Authorities shall be adopted for its projects/ procurement by POWERGRID, as may be approved by CMD from time to time.

#### **A1.4 Modification/Addition to the Policy and Procedure**

A1.4.1 This document in the normal course shall be revisited after 5 (five) years from its adoption or such period as may be considered appropriate by the Management. However, modifications/ additions by way of amendments to this document may be approved from time to time with the approval of the Competent Authority.

A1.4.2 The Competent Authority for approval of amendment to any provision of this WPP, in so far as it relates to Policy (refer para A1.2.7), shall be (a) the Board of Directors in case the modifications/ additions are substantive in nature as may be decided with the approval of CMD; and (b) CMD in all other matters including matters related to implementation of Policy and delegation of powers. In case of amendment related to Procedural Guidelines (refer para A1.2.8) including the process related delegation of powers, the Competent Authority for approval of the same shall be CMD. The proposal for amendments will be put up based on need and necessity by concerned Responsibility Centres identified in Appendix-1 to this WPP and considered by a Standing Committee comprising ED(Finance) & ED (Contracts) at Corporate Center (CC), ED of the concerned Department and EDs from any two Regions. ED (Contracts), CC shall be the convener of the Committee.

#### **A1.5 Exceptional Situations Necessitating Deviations**

A1.5.1 The possibility of encountering situations necessitating justified deviations from the Policy cannot be ruled out. In such cases, the deviations shall be permitted for reasons to be placed on record on case by case basis with the approval of the same Authority competent to approve Amendment thereto as per para A1.4.2 above.



- A1.6 Pursuant to the adoption of this document, necessary changes shall be made in the Bidding Documents to align the same in line with the Policy.
- A1.7 The procurement of Goods and Services from Micro & Small Enterprises shall be as per the Govt policy in vogue.

*:: End of Section-A::*



## **SECTION-B**

## **PRE-AWARD**

---

# Chapter 1

## B1.0 Preamble

B1.1 Procurements for Projects or for any other requirement shall be undertaken through contracting.

B1.2 Notwithstanding the above, under compelling circumstances for justification to be placed on record, procurement can be carried out departmentally, through 'direct labour', 'departmental force' or 'direct purchases'.

B1.3 Procurement generally involves the following during the pre-award stage:

- (i) Project Conception, Preliminary Approval and Investment Approval  
*(shall generally mean such approval/ agreement or similar document which signifies administrative/ financial sanction for proceeding ahead with the procurement)*
- (ii) Contract Package List
- (iii) Master Network/ Project Execution Plan
- (iv) Cost Estimate
- (v) Qualification Requirement (QR) of Bidders
- (vi) Bidding Documents
- (vii) Bidding Process
- (viii) Mode of Tendering/Bidding
- (ix) Invitation for Bids (IFB)/ Notice Inviting Tenders (NIT)
- (x) Sale of Bidding Document
- (xi) Bid Receipt and Opening
- (xii) Evaluation of Bids and Bid Evaluation Report (BER)
- (xiii) Post Bid Discussions/Specific Agreements, if required
- (xiv) Notification of Award (NOA), Contract Agreement (CA) and Contract Performance Guarantee (CPG)
- (xv) Other Aspects and Issues

*:: End of Chapter-1 ::*

## Chapter 2

### **B2.0 Project Conception and Investment Approval**

#### **B2.1 Project Conception**

##### **B2.1.1 Power Transmission System Projects**

The Power Transmission System Projects are:

- identified based on system requirements, either directly by POWERGRID or in consultation with Central Electricity Authority (CEA) & beneficiaries of the project; and
- finalised by the Standing Committee for Power System Planning of respective regions / Regional Power Committee (RPC).

After finalisation of a particular project, the Empowered Committee decides the mode of implementation through ‘Tariff Based Competitive Bidding’ (TBCB) route (TBCB Projects) or through POWERGRID (PG-TS Projects).

*Note:*

*System Strengthening Projects:*

*POWERGRID, being Central Transmission Utility, is responsible to grant long term access for inter-state transmission system (ISTS) as per CERC’s regulations. Therefore, upon receipt of application for long term access from an applicant, POWERGRID shall carry out system studies to ascertain whether the long term access can be permitted with or without system strengthening. In case system strengthening is required to permit long term access, the said system strengthening project shall be finalized by the Standing Committee for Power System Planning / Regional Power Committees (RPCs).*

*After finalisation of the project, the Empowered Committee shall decide the mode of implementation [whether to be implemented through ‘Tariff Based Competitive Bidding (TBCB) route or through POWERGRID] and the relevant provision will be applicable for such projects.*

#### **B2.1.1.1 PG-TBCB Projects**

TBCB Projects are notified in the Gazette of India (for Inter-state project) and Gazette of respective state (for Intra-state project) identifying the Bid Process Coordinator (BPC), who incorporates an SPV (Special Purpose Vehicle) for a particular Project and conducts bidding process.

In response to Invitation for RFQ (Request for Qualification)/RfP (Request for Proposal) by BPC, POWERGRID may participate in the bidding for the same as may be decided by the Management. If POWERGRID wins the Project in the bidding, it would be required to acquire the SPV which shall take-up the Project (PG-TBCB Project) on 'BOOM' basis/or on the basis as provided by the BPC in accordance with the guidelines issued by Central Government from time to time.

Procurement related to TBCB Projects shall generally be done based on the principles outlined in these Policy Guidelines. However, a case to case approach may also be required considering that risks and obligations of POWERGRID under such Projects are substantially different from POWERGRID's other Projects, albeit ensuring fairness, transparency & equitability and duly recording assumptions made, if any. Such case to case approach may be adopted, with reasons to be placed on record, with the approval of CMD.

#### **B2.1.1.2 PG-TS Projects**

After finalization of the scheme/project, concerned departments shall initiate various actions, such as preparation of Bill of Quantities (BoQ), preparation of Feasibility Report (FR)/Detailed Project Report (DPR), project implementation schedule, initiation of proposal for Investment approval, funding tie-up etc. at their end.

#### **B2.1.2 PG-ULDC Projects**

The ULDC Project shall be identified either directly by LD&C dept. of POWERGRID or in consultation with Central Electricity Authority (CEA) and beneficiaries and shall be finalised by the Standing Committee for Power System Planning of respective regions / Regional Power Committee (RPC).

After finalisation of the ULDC scheme/ project, the Empowered Committee shall decide the mode of implementation [whether to be

implemented through ‘Tariff Based Competitive Bidding’ (TBCB) route or through POWERGRID] and the relevant provision will be applicable for project implementation.

### **B2.1.3 PG-Telecom Projects**

POWERGRID is a licensee by GoI to provide bandwidth capacity and internet services to customers. To meet the customer requirements, Telecom Department shall identify/conceptualise and finalise the works such as laying of optic fibre network to connect various cities including its expansion/upgradation/system strengthening/augmentation of the installed capacities/ installation of protection link for higher availabilities, based on the business received / anticipated.

After finalisation of Telecom project, the concerned departments shall initiate various actions, such as preparation of Bill of Quantities (BOQ), preparation of Feasibility Report (FR)/Detailed Project Report (DPR), project implementation schedule, initiation of proposal for investment approval, funding tie-up etc. at their end.

### **B2.1.4 DMS Projects**

The works related to Distribution schemes are implemented by POWERGRID on behalf of Distribution utilities / State Governments, as deposit work against payment of consultancy charges, on receipt of request from Distribution utilities/ State Governments

On receipt of request from concerned utility/State Governments/any other Government Agency, POWERGRID’s consent for implementation shall be conveyed by DMS Dept. under intimation to all departments. Based on the consent, necessary agreements (bi-lateral / multi-lateral, as the case may be) for implementation of the project shall be executed between POWERGRID and the state utility / funding agency etc.

### **B2.1.5 Consultancy Projects**

The consultancy projects may be taken up by POWERGRID on behalf of the clients such as Electric Power Transmission/Distribution utilities etc. based on request received from such utilities and against agreement signed with the such agency. The scope of work to be implemented by POWERGRID under a particular consultancy project shall be governed by the agreement signed between POWERGRID and



the utility. The consultancy charges for such works shall be as per the agreement signed between POWERGRID and the utility. Signing of agreement between POWERGRID and the utility shall be processed by Business Development Division (BDD). In the event of project cost exceeding the agreed estimated cost of the utility, consent of the utility shall be obtained prior to NIT/award/during contract execution, as the case may be.

#### **B2.1.6 Projects under International Business (IB Projects)**

The consultancy projects (Deposit works) as well as projects under bidding and/or assigned for which costs are to be borne by POWERGRID under International Business may be taken up by POWERGRID on behalf of clients as per the agreements signed or against contracts awarded to POWERGRID. The scope of work to be implemented by POWERGRID under such projects shall be governed by the agreement signed between POWERGRID and the utility/awarded contracts. The consultancy charges/contract price for such projects shall be as per the agreement signed between POWERGRID and the utility/awarded contracts.

#### **B2.1.7 IT/Admin/ EE/ SG/ other Projects (Incidental Projects)**

The works related to IT/HR/ EE/ SG/ others will be conceived on the basis of overall planning of internal requirement of POWERGRID. Based on the above, concerned department(s) shall obtain technical and administrative approval from appropriate authority of POWERGRID for taking up subsequent activities.

#### **B2.1.8 Miscellaneous Projects**

Besides the project/works referred to in the foregoing paras, various other projects/works might need to be taken up from time to time. The project conception/work requirement for a particular project/works shall be taken up by concerned department who shall also be the coordinating department for various activities related to conception and implementation pursuant to conception for the same.

#### **B2.2 Project Approval**

For different projects, wherever applicable and required:

- approval under Section 68 of Electricity Act, 2003 from Ministry of Power/CEA shall be obtained;
- Project Implementation Agreement and Long Term Agreement shall be entered into by POWERGRID with generator and beneficiaries and in case of non-availability of the agreements, CERC regulatory approval shall be taken prior to commencement of implementation;
- Feasibility Report (FR)/Detailed Project Report (DPR) shall be prepared;
- Investment Approval shall be obtained.

### **B2.3 Approval of Advance Expenditure and Pre-Investment Approval of Project**

Pending Investment Approval of a project, Pre-Investment Approval (PA) (also referred to as Preliminary Approval) by the Board of Directors/CMD shall be obtained wherever applicable for the purpose of pre-award activities. Further, approval for advance expenditure to be incurred for activities such as survey for BoQ preparation for Feasibility Report, boundary wall, filing of forest clearance proposals, land acquisitions etc. shall be obtained. Similarly, for a TBCB Project, approval for advance expenditure required for pre-bidding activities such as survey, soil investigation, pre-bid tie-ups etc. shall be obtained.

### **B2.4 General**

B2.4.1 PA/Administrative Approval wherever PA is not applicable viz. Incidental/ Miscellaneous Projects etc., shall be a condition precedent for release of Invitation for Bids (IFB)/Notice Inviting Tender (NIT) for different contract packages of the project and for incurring expenditure related the IFB/NIT. In case of urgency, pending PA, the IFB/NIT may be released with the approval of CMD.

Investment Approval of the Project (Administrative Approval for incurring expenditure wherever Investment Approval is not applicable) including Indemnification/ Implementation Agreement with concerned beneficiaries, wherever applicable, shall be a condition precedent for award of contracts.



B2.4.2 Confirmation regarding availability of land by CMG department shall also be a condition precedent for award of contracts for Substation packages. However, in case where the Land is expected to be available in very near future, the award may be placed after obtaining authorization from CMD.

*:: End of Chapter-2 ::*

## Chapter 3

### **B3.0 Contract Package List for Procurement**

- B3.1 Various elements & works under the scope of the project shall be divided into appropriate packages for bid invitation and award of contracts for better co-ordination & interfacing, attracting competition & facilitating cost effective procurement.
- B3.2 The Package List shall include all the packages to be dealt by CC (referred as Corporate Packages) as well as by the Region(s) (referred as Site Packages). For Corporate Packages, further details like their name, indicative cost, mode/method of procurement, mode of funding shall be included.
- B3.3 Due justification shall be recorded in case the method of procurement is other than Open Competitive Bidding. In case, method of procurement for one or more packages is Limited Tender Invitation/Single Tender Invitation, the name of prospective bidders shall also be included in the proposal for approval of Package List.
- B3.4 While packaging, magnitude, nature, complexity, location, time schedule and indicative cost of various elements & works covered under the projects shall be considered.
- B3.5 Elements/works of one or more projects may be clubbed for appropriate sizing of packages for procurement.
- B3.5.1 While clubbing different elements/works, the status of signing of Indemnification/Implementation Agreement, Investment Approval or other aspects of different projects shall be suitably considered so that award of contracts for the clubbed elements/works is possible in nearly the same time frame.
- B3.6 Some packages may be earmarked as may be required for facilitating/encouraging vendor development. The same shall be identified in the Package List.
- B3.7 Generally, following types of packages shall be dealt with by Corporate Centre:
- (a) Packages for supply & works of major items/elements.



- (b) Packages of high value.
- (c) Packages requiring specialized knowledge.
- (d) Packages funded by multilateral or bilateral financing institutions/Supplier's Credit.
- (e) Packages having potential source of supply outside the country.

B3.8 For repetitive works, Standard Package List for Corporate as well as site packages shall be put in place and followed. For this purpose, the monetary value and/or physical measure of the subject matter of procurement may form the basis besides other aspects, as may be considered relevant.

*:: End of Chapter-3 ::*

## Chapter 4

- B4.0 Implementation Schedule for DPR, Preliminary Master Network, Master Network & Project Execution Plan and Preparation of Cost Estimate**
- B4.1 Implementation Schedule for DPR, Preliminary Master Network, Master Network & Project Execution Plan**
- B4.1.1 Following tools shall be used for Project management and monitoring purposes: (i) Implementation Schedule for DPR, (ii) Preliminary Master Network (PMN), (iii) Master Network (MNW) and (iv) Project Execution Plan (PEP).
- B4.1.2 Within two to three weeks after receipt of information of a new scheme/Project, CMG shall prepare an Implementation Schedule to provide the timeline of various pre-award and post-award activities and milestones in the DPR. This schedule may be based mainly on time schedule of the project as intimated by CTU and/or one or the other factor(s) viz. CERC time line/ generation schedule (for Generation Project), normal/fast track project schedule, system requirements or any other requirement.
- B4.1.3 Pending approval of Package List, CMG, within two to three weeks of communication from CTU of the new project/scheme, shall develop and issue a Preliminary Master Network (PMN). The PMN shall mainly include the pre-award activities to facilitate the procurement.
- B4.1.4 Within two to three weeks of receipt of approved Package List, CMG shall develop a MNW incorporating and integrating the schedules of various packages. MNW shall include the key activities and important milestones of both Pre-Investment and Post-Investment approval stage of the project. The MNW thus finalized by CMG will be approved by CMD.
- B4.1.5 The PEP for every project shall be an evolving document and shall be updated/ reviewed every six months (April and October of every year) or earlier by CMG based on actual progress and development of the project. PEP shall be developed incorporating key activities and the important milestones of the project like Pre- Investment/ Investment Approval (as may be applicable) or signing of Consultancy

Agreement/ Indemnification Agreement, acquiring Special Purpose Vehicle (SPV) under TBCB projects, Forest & Environment clearance, Land Acquisition, Notice Inviting Tender, Notification of Award, commencement and completion dates of the project with package-wise break-up, from conception to commissioning.

## **B4.2 Preparation of NIT Cost Estimate**

B4.2.1 For all regular/repetitive project procurement, the NIT Cost Estimate shall be generally prepared on the basis of Schedule of Rates (SOR) to be prepared considering the prices as available from procurement of similar items. The guidelines for the purpose of preparing the SOR shall be finalized from time to time by a committee comprising AGM/GM level executives representing Cost Engg., Engineering, Finance and CS Deptts to be constituted with the approval of CMD. For other procurements or the items which are not covered either in Delhi Schedule of Rates (DSR) or SOR of POWERGRID and for special works like tower strengthening, repair works, line diversion works etc. to be dealt by Regions/ Site, the Cost Estimate shall be prepared based on last procurement price or lowest rates preferably based on three budgetary quotations.

B4.2.2 The SOR shall be based on the price related data available for procurement of similar items in the past and shall be updated every quarter using the prices as may be available during the intervening period based on bids opened or from other sources. In general, the prices for the SOR shall be worked out in a realistic and objective manner on the basis of prevailing market rates/ last procurement price/economic indices or prices for raw material, labour and other input costs wherever possible and applicable. An assessment based on intrinsic consideration shall be taken into account and factored into the cost estimate and such cases be avoided where the prices could be substantially higher or lower than the average, for reasons which could be typical to such procurement viz. difficult area, aggressive bidding by new contractors etc. Further, efforts shall be made to prepare the SOR considering the raw material and other input costs for those items where it is possible, adding thereto reasonable margin towards overheads, profits and other expenses.

B4.2.3 For Cost Estimate in respect of procurement at Regional/site level, particularly for civil and infrastructure works, wherever appropriate

and possible, CPWD Schedule of rates may be considered i.e. latest Delhi Schedule of Rates (DSR) updated with cost indices as published by CPWD, applicable to the nearest location.

- B4.2.4 The Cost Sheet used for NIT Cost Estimate for a package based on which the Qualification Requirement for bidding are finalized shall not generally be more than 6 months prior to the date of NIT, with a grace period of additional 1 month i.e. if the month of signing of the Cost sheet is December 2015, the same shall be applicable for NIT to be published up to June 2016 with a grace period of additional 1 month (July 2016). This shall be further subject to the condition that NIT shall be released within 9 months period reckoned from the Price Level of Cost Estimate.
- B4.2.5 Once the bids are opened, the approved NIT Cost Estimate for the package shall be updated by Cost Engg Dept. at Price Level of one month prior to actual date of bid opening of the package. Additionally, Cost Estimate based on the applicable SOR corresponding to the actual date of bid opening of the package shall also be prepared for the purpose of comparison with the recommended award price.
- B4.2.6 While updating the NIT Cost Estimate and preparing the Cost Estimate based on applicable SOR, the actual position in respect of applicable taxes and duties shall be taken into account.
- B4.2.7 In case of new work/item/activity which are of small value and whose prices are not available in regular awards, budgetary quotations may not be necessary and an engineering estimate for such works/item/activity may be worked out.
- B4.2.8 Once the NIT Cost Estimate is prepared, it shall not be normally reviewed except in following circumstances:
- a) The gap between month of signing of the Cost Sheet for NIT Cost Estimate and the month in which NIT is actually to be floated is more than six months subject to B4.2.4 above;
  - b) There is variation on account of new/ additional/ extra/ substituted/existing item in the Bill of Quantity (BOQ) considered for working out NIT Cost Estimate with respect to that considered for inviting bids. In such a case the cost estimate for such variation shall be added to the originally approved Cost Estimate.

*:: End of Chapter-4 ::*



## Chapter 5

- B5.0 Qualification Requirement of Bidders and Sub-vendors**
- B5.1 The purpose of Qualification Requirement (QR) is to identify such bidders who have the experience of delivering the required Goods/Services to be procured.
- B5.2 The pass/fail criteria of the QR shall generally be drawn in such a manner to:
- (a) enable adequate participation of the bidders to the extent possible; and
  - (b) encourage indigenous participation.
- B5.3 Merely meeting the pass/ fail criteria specified in the QR does not entitle a bidder for award of contract.
- B5.4 For award of contract, the bidders, as per POWERGRID's assessment, should have the capacity and capability to perform the contract satisfactorily in the event of award. Accordingly, POWERGRID's right to make such assessment shall be deemed to be a part of the QR.
- B5.5 To encourage indigenous vendors/contractors, alternative routes in the QR may be provided. In case the alternative route necessitates qualifying requirements to be relaxed with respect to those otherwise applicable, additional warranty requirements may be specified. Besides above, provisions for transfer of technical knowhow, technological collaboration, licensing of technology, skill development, establishing manufacturing facilities in India or other such requirements may be specified.
- B5.6 The pass/ fail criteria of the QR, to be met on the originally scheduled date for submission of bids/ tenders/ applications/ proposals except otherwise specified, shall mainly include the following:
- (a) Technical Experience: Normally such experience shall be by way of projects / contracts reaching completion during a given period of time.
  - (b) Financial Position: Normally this shall include annual turnover, liquid assets/ access to or availability of credit, net worth etc.

In general the requirement of turnover, liquid assets and net worth in the QR shall be arrived at as per following for all packages (DCB/GIFB/ICB):

|   |   |
|---|---|
| <p>Minimum Average Annual Turnover requirement of QR (MAAT)</p> | <p>(Cost Estimate x 1.5) / Completion period in Years.</p> <p>(For the purpose of arriving at MAAT, total income, except non-recurring income e.g. Sale of fixed assets shall be considered).</p> <p>Further, the Completion Period for calculating MAAT shall be considered as 1 year even if the Contractual Completion period is less than 1 year.</p> |
| <p>Liquid Asset requirement of QR (LA)</p>                      | <p>(Cost Estimate x 3) / Completion period in months</p> <p>(For the purpose of arriving at LA Current Assets less Inventories shall be considered)</p> <p>Further, the Completion Period for calculating LA shall be considered as 12 months even if the Contractual Completion period is less than 12 months.</p>                                       |
| <p>Net Worth requirement of QR</p>                              | <p>Net worth for last three financial years should be positive.</p> <p>(Total Assets less Total Liabilities shall be positive).</p>   |

The Cost Estimate referred above shall include taxes and duties unless otherwise specified.

The QR committee as mentioned at B5.14 and B5.15 can make suitable changes to Qualifying Requirements including adding to or deleting any of the financial position criteria discussed above after recording justification for the same.

For packages of Cost Estimate below Rs. 5 crore, Liquid Assets and Net Worth Criteria shall not be required.

(c) Any other criteria relevant to the nature of procurement viz. equipment/facilities/capacity/experience etc. for construction/ manufacturing/ repair & maintenance/ after sales services etc.

B5.7 Once the Notice Inviting Tenders/ Expression of Interest/ Application for Prequalification etc. is issued/ published, the pass/fail criteria of the QR shall not normally be modified, except in the following cases:

(a) Change (increase or decrease) in MAAT and LA by more than 15% due to change in scope of work/completion period/any other reason.

(b) Any change necessary to remove ambiguity in interpretation which does not alter the intent of the QR.

Such modification/ change shall be notified through corrigendum to the original Invitation/ Notice in the same medium/same manner in which the original was notified.

Notwithstanding such modification/change, the date to be reckoned for meeting the QR shall continue to remain the originally scheduled date for submission of the bids/tenders/applications/proposals.

B5.7.1 However, in case substantive modification in the QR for any other reason becomes necessary and justified in the interest of subject matter of procurement, then as a matter of policy, corrigendum to the original Invitation/Notice shall be issued or the Invitation/ Notice shall be annulled and fresh Invitation/ Notice shall be issued.

In case of such substantive modification in the QR, the date to be reckoned for meeting the QR shall be the rescheduled date for submission of bids/tenders/applications/proposals.

B5.8 The QR for sub-vendors/ sub-contractors/ associates (if applicable) that is not included in the QR for the bidder, shall be included in the Technical Specifications or such other document finalized by the Indenting Dept. Such QR shall generally include the Technical Experience requirement and other requirement as considered necessary by the Indenting department ensuring that it is not restrictive. Further, it would not be necessary that the specified QR is met by the Sub-Vendor/Sub-Contractor as on the original/ actual date of bid opening. If the proposed Sub-Contractor/Sub-Vendor meets the QR as on the date of award of contract, the same shall be considered.

- B5.9 The QR of a bidder shall be ascertained based on data furnished in the bid. For this, the bidder shall be asked to furnish along with its bid requisite declaration from its Power of Attorney holder jointly with Key Managerial Personnel (KMP) of the company i.e. CEO/Managing Director/Company Secretary/Director/CFO/any of the partner in case of partnership firm/ any other officer entrusted with substantial powers of the management of the affairs of the company/firm, declaring the QR data to be true and correct. Self-certified copy of Contract/Award Letter and utility certificate shall also be taken to establish the fact that the mentioned contract had been awarded as well as got executed. For all other purposes, the specific contents as made in the self-declaration shall be treated as sufficient enough itself. The financial position shall be ascertained based on audited financial statements as applicable. For Site Packages, any other suitable documents viz. Chartered Accountant (CA) Certificate, ITR etc. can be accepted. Such data/declaration can also be sought through post bid clarification.
- B5.9.1 POWERGRID reserves the right to verify the QR credentials by physical visit. In case at any point of time it comes to notice of POWERGRID that the QR data furnished by the bidder in its declaration/affidavit is not authentic, the same shall be dealt with as per the provisions of the Integrity Pact wherever applicable. In case Integrity Pact is not applicable, the verification shall be carried out by a committee constituted with the approval of CMD/ED (Region) for packages dealt with by Corporate Centre/Region respectively and further action shall be taken on the same line as provided in the Integrity Pact with the approval of CMD/ED (Region) respectively.
- B5.9.2 If it is concluded by the Independent External Monitor (IEM) Panel or through the mechanism resorted to as above in case Integrity Pact is not applicable, that the bidder has resorted to unethical practices inter-alia including mis-representation of facts, submission of false and/or forged details/ documents/ declaration, the bidder may be debarred from the participation in POWERGRID tenders for a period of 1 to 3 years, as considered appropriate and its Bid Security/Contract Performance Guarantee shall be forfeited besides taking other actions as deemed to be appropriate.
- B5.10 In case the QR data/documents of the bidders for QR compliance relate to POWERGRID's projects or the information is already available with POWERGRID, the same shall be considered for the bidder's QR compliance whether or not declared in the bid.

- B5.11 A data base of QR data of different bidders shall be developed to minimize the time taken to ascertain QR compliance.
- B5.12 Considering the repetitive nature of business handled by POWERGRID, the standard QR, irrespective of the type of funding, for packages be adopted and followed for Corporate and Site packages.
- B 5.13 For all Site Packages where the scope is similar in nature to Corporate Packages, the QR shall be finalized based on the QR adopted for Corporate Packages to the extent relevant and applicable.
- B 5.14 The QR/Standard QR for all Corporate Packages shall be finalized by a QR Committee with Director (Projects) as Chairman and ED (Engg.) as the Member Secretary. Director (Finance) and ED (Contract Services) shall be the other members of the QR Committee. The Head of the Indenting Department shall also be the member of QR Committee for respective package. CMD may, however, co-opt any additional member in the QR Committee or substitute any of the aforesaid members of the QR Committee, wherever necessitated. However, QR based in Standard QR shall be adopted with the approval of ED of the Indenting Department.
- B 5.15 The QR/Standard QR for all Site Packages shall be finalized by a Committee comprising executives not below level of DGM from C&M, Engineering and Finance from Regional Office with the approval of GM (Projects) or any other GM at RHQ authorized by ED. The convener of the Committee shall be Head of Engg. In case of the projects pertaining to Asset Management (AM) area, an executive not below the level of DGM from AM Department shall also be a member of the aforesaid Committee. However, QR based on Standard QR shall be adopted with the approval an executive not below the level of DGM of the Indenting Department.

*:: End of Chapter-5 ::*

## Chapter 6

### **B6.0 Bidding Documents**

B6.1 Generally, there shall be Standard Bidding Document (SBD) to be adopted for procurements of different types (viz Supply/ Supply cum Installation/Civil packages etc.), different modes of bidding (viz. Domestic Competitive Bidding/ Global Competitive Bidding/International Competitive Bidding etc.) and different categories of items (viz. Tower/AIS Substation/GIS Substation/ Conductor/Insulator etc.), to the extent possible. The SBDs for small value procurements shall be simplified and shall have only essential clauses.

B6.2 Normally, the Bidding Document prepared first time for a specific procurement shall be treated as SBD for such procurements. The SBD clauses shall be generally in line with the SBDs of the World Bank with suitable changes.

B6.3 Guidelines on critical components of the bidding documents are given in the following paragraphs.

#### **B6.3.1 General**

(i) The Bidding Documents shall be generally structured so as to include: Invitation to bid/Notice Inviting Tender/Invitation for Bids (NIT/IFB); Instructions to Bidders (ITB) and Bid Data Sheet (BDS); Form or letter of bid; Form of Contract; Conditions of Contract (both General and Special/Particular) i.e. GCC/SCC/PC, Technical Specifications(TS) and Drawings; relevant Technical data (including geographical and environmental conditions), Quality plans, list of relevant Indian/International standards to be followed, list of Goods or Bill of Quantities (BoQ); Delivery time or Schedule of Completion; and necessary appendices, such as Formats for various securities, Notification of Award(NOA)/Contract Agreement(CA) etc.

(ii) The fee charged for the bidding documents shall be reasonable and shall not be so high as to discourage prospective bidders. For Limited & Single Tender Invitation and for Sundry Procurement, the fee shall be waived off.

- (iii) Bidding documents shall be non-transferable and bids from only those prospective bidders shall be accepted who pay the requisite cost of bidding documents except in case of bidders who are exempted from paying the cost of bidding documents.
- (iv) e-Procurement/ Electronic system shall be generally used to distribute/ sell the bidding documents. The electronic system shall be secure to avoid modifications to the bidding documents and shall not restrict the access of Bidders to the bidding documents.

### **B6.3.2 Validity of Bids and Bid Security**

- (i) Bids shall be generally valid for a period (normally 6 months or more than that in exceptional cases) sufficient to enable the Employer/Purchaser to award the contract within that period. Shorter validity period may be specified whenever considered appropriate.
- (ii) All bids shall be accompanied with requisite Bid Security/ Earnest Money Deposit. The same may be waived off if so required in the interest of competition; in procurements like Single/Limited Tendering, Sundry Procurement; or bids submitted by the bidders registered with NSIC etc. in line with the Government of India policy in vogue etc.
- (iii) The bid security shall be in the amount and form specified in the bidding documents and shall remain valid for a period (generally) 30 days beyond the validity period for the bids.

### **B6.3.3 Clarity of Bidding Documents/Specifications**

- (i) The tests, standards, and methods to be employed to judge the conformity of equipment as delivered, or works as performed, with the specifications, shall be defined.
- (ii) The factors viz. guaranteed losses etc., in case required to be taken into account in evaluating bids apart from the prices, shall be specified. Wherever, bids based on alternative designs, materials, completion schedules, payment terms, etc. are



permitted, conditions for their acceptability and the method of their evaluation shall be expressly stated.

#### **B6.3.4 Standards**

- (i) Standards and specifications mentioned in Technical Specifications/ Employer's/Purchase's Requirements shall promote the broadest possible competition, while assuring the critical performance or other requirements for the goods and/or works under procurement.
- (ii) As far as possible, the Nationally/Internationally accepted standards shall be specified with which the equipment or materials or workmanship shall comply.
- (iii) CPWD specification may be followed to the extent possible wherever the estimation of cost of works is based on CPWD/DSR data.

#### **B6.3.5 Use of Brand Names**

- (i) References to brand names, catalog numbers, or similar classifications shall be avoided to the extent possible.
- (ii) If it is necessary to quote a brand name or catalog number of a particular manufacturer to clarify an otherwise incomplete specification, the words "or equivalent" shall be added after such reference. The specification shall permit the acceptance of offers for goods which have similar characteristics and which provide performance at least substantially equivalent to those specified.
- (iii) Before the Technical Specifications/Employer's/ Purchaser's Requirements are issued for specific goods with a brand name that does not have any equivalent, especially for Information Technology Systems/ Electronic Goods / FMCG / Vehicles / furniture /office equipment etc., it shall be supported with a comprehensive justification, including grounds of compatibility with existing/ other systems and previous investments in the branded item.



### **B6.3.6 Pricing**

- (i) Bids for goods shall be invited on the basis of CIP (port of disembarkation or entry border point)/CIF and cost of inland transportation and insurance to the place of destination, for all goods manufactured abroad and to be imported into India, offered by a foreign bidder. Bidders shall be allowed to arrange for ocean and other transportation and related insurance themselves subject to relevant guidelines, if any, that have been issued by Government of India through Ministry of Surface Transport, as applicable. The CIP/CIF prices shall be exclusive of Customs and other Import Duties.
- (ii) Bids for Goods that are manufactured in India or sourced from India (Bought out items), offered by Indian as well as Foreign bidder, shall be invited on the basis of EXW (ex works, ex factory, or off-the-shelf) and cost of inland transportation and insurance to the place of destination. The EXW price of such goods shall be inclusive of all taxes and duties as may be applicable. However, the prices shall be exclusive of Excise Duty and Sales Tax (CST/ VAT) only in case of Goods manufactured in India by the bidder himself (i.e. Direct Transaction).
- (iii) Bids for finished imported goods, offered by Indian bidder, shall be invited on the basis of EXW (Off-the-Shelf) and cost of inland transportation and insurance to the place of destination. The prices shall be inclusive of all taxes and duties.
- (iv) No High Sea Sale shall be permitted.
- (v) The Prices for installation, commissioning, or other similar services including civil works shall include all duties, taxes, and other levies. However, in case of service contracts viz., housekeeping, vehicle hiring etc, particularly in Region/ Site, in which case small agencies are involved, bids may be invited exclusive of service tax.
- (vi) The quoted prices shall be excluding Entry Tax/ Octroi on goods.

### **B6.3.7 Price Adjustment**

- (i) Bidding documents shall state whether (a) bid prices will be fixed (fixed price basis), or (b) price adjustments will be made to reflect any changes (upwards or downwards) in major cost components of the contract, such as labor, equipment, materials and fuel etc.(variable price basis).
- (ii) Price adjustment provisions are usually not necessary in contracts involving delivery of goods or completion of works upto and including 12 (twelve) months, but shall be included in contracts which extend beyond 12 (twelve) months whenever formula and published indices for the same are available. The prices for supply of tower parts and Conductor/ Cable/ Transformer/ Reactor, shall, however, be invited on variable basis irrespective of completion schedule. Further, in case of high value civil works with substantial steel component viz. Pile Foundation, the prices shall also be invited on variable price basis irrespective of completion schedule.
- (iii) To avoid speculation due to price volatility in globally connected economy, in general the price adjustment shall not be subject to any limit as percentage of the quoted prices.
- (iv) The formulae for price adjustment shall be generally in line with the formulae suggested by IEEMA or by other recognized agencies.

### **B6.3.8 Currency of Bid**

All the bidders shall be required to quote the prices only in Indian Rupees.

### **B6.3.9 Currency of Payment**

- (i) Payment of the contract price shall be made in the currency or currencies specified in the contract except otherwise stated in the contract.
- (ii) Payments to the Foreign Bidder for Plant and equipment be supplied from abroad, Training Charges for training to be imparted abroad, Type testing Charges for Type Tests to be conducted abroad and Charges for Expatriate personnel, if any,

can be made in freely convertible currency(ies), if so opted by the Foreign bidder in its bid, based on Bills Clearing (B.C.) Selling Market Rate of Exchange (MRE) established by State Bank of India (SBI), India prevailing as on the date of payment. In such case, all charges including wire charges towards foreign exchange conversion shall be borne by the Foreign Bidder/Contractor.

#### **B6.3.10 Terms and Methods of Payment**

- (i) Normally, payment through Letter of Credit (LC) shall be made against supply of Goods. However, if so requested by the Bidder/ Contractor either in the bid or during contract execution, there shall be no objection to release the payment directly to the Contractor.
- (ii) Contract may have provisions for suitable interest bearing Advances in which case, the Advance payment shall be against a Bank Guarantee amounting to 110% of the amount to be paid. The change in amount of Advance shall be finalized with the approval of CMD.

#### **B6.3.11 Interest on Advance**

The interest on advance shall be 200 Basis Points (BPS) above the Base Rate of State Bank of India prevailing as on the date of drawal of advance.

#### **B6.3.12 Performance Security and Retention Money**

- (i) The Contract Performance Guarantee shall be normally 10% of the Contract Price.
- (ii) In case of Contracts for works/ civil works and Site Packages, performance security and retention money shall be:
  - a) The Contract Performance Guarantee of 10% of the Contract Price; or
  - b) provide for a percentage of each periodic payment to be held as retention money until it reaches 10% of the contract price; or
  - c) A combination of both i.e. Contract Performance guarantees of a specified percentage and balance to be held



as retention money from each of the periodic payment until the sum of both reaches 10% of the contract price. Contractors may be allowed to replace retention money with an equivalent security in the form of a Bank security or guarantee after provisional acceptance.

**B6.3.13 Liquidated Damages**

Provisions for Liquidated Damages (LD) for delay, in an appropriate amount (normally upto 5% of the Contract Price in case of Supply-cum-Installation/Erection Contracts and 10% in case of Supply Contracts) shall be provided.

**B6.3.14 Splitting of Contract**

Suitable provision of splitting of contract under a single package shall be incorporated in the bidding documents, wherever required. In such a case the ratio of splitting shall be pre-disclosed and specified in the Bidding Documents amongst two or more bidders.

*:: End of Chapter-6 ::*

## Chapter 7

### **B7.0 Methods of Procurement**

B7.1 Suitable procurement methods, to be indicated in the Package List, fitting to the need of procurement and circumstances thereof shall be employed as per guidelines indicated herein below.

### **B7.2 Open Competitive Bidding/Open Tender Invitation**

B7.2.1 As a matter of general policy Open Competitive Bidding (OCB)/Open Tender Invitation (OTI) shall be the preferred mode of bidding.

B7.2.2 While resorting to OCB/OTI, domestically manufactured goods and domestic contractors shall be encouraged by resorting to Domestic Competitive Bidding.

B7.2.3 The invitation for OCB/OTI shall be adequately publicized.

B7.2.4 Single response against Open Tender invitation shall be treated as a case of Open Tender for the purpose of DoP.

### **B7.3 Limited Competitive Bidding /Limited Tender Invitation**

B7.3.1 Under Limited Competitive Bidding (LCB), the invitation to bid referred to as Limited Tender Invitation (LTI) shall be extended simultaneously to selected firms only.

B7.3.2 LCB/LTI shall be appropriate wherein:

(i) The estimated cost (excluding taxes & duties) is less than Rs. 50 Lakhs. LCB may also be adopted wherein the estimated cost is more than Rs. 50 Lakhs in cases listed (ii) & (iii) below.

(ii) The need for procurement is urgent in case of specialized and critical nature of procurement.

(iii) The sources of procurement are definitely known and possibility of additional source(s) is remote.

B7.3.3 Under LCB/LTI, bids shall be invited preferably from 3 or more suppliers/contractors and in case of less than 3 suppliers/contractors, the reasons and justification for the same shall be placed on record and approval of CMD/ED (Region) in case of

Corporate Package/Regional Package shall be obtained. For the purpose of LCB/LTI, a list of suppliers/contractors shall be maintained by the Indenting Department based on experience and advertisement/Expression of Interest (EoI) etc. issued from time to time on regular basis preferably once in 3 years. Such advertisement/EoI may be published through website besides the press. However, the advertisement/EoI for the aforesaid purpose shall not be necessary for procurement which are not repetitive in nature or are having estimated cost to be less than Rs. 5 Lakh.

B7.3.4 There shall, however, be no objection in going for OTI for packages having estimated cost below Rs. 50 lakhs, by clubbing in one single advertisement.

B7.3.5 LTI can also be done by giving a small advertisement in local newspapers where cost of advertisement is not prohibitive.

#### **B7.4 Single Source Procurement**

B7.4.1 Under Single Source Procurement, the procurement shall be undertaken from a selected source only, for which the Indenting Department shall place on record the justification in writing.

B7.4.2 Single Source Procurement shall be considered as per the Delegation of Powers and shall be appropriate in following cases:

- (i) Compatibility with existing equipment; or
- (ii) The required item is proprietary and obtainable only from one source; or
- (iii) The procurement of certain goods from a particular supplier is essential to achieve the required performance or functional guarantee of an equipment or plant or facility; or
- (iv) In exceptional cases, such as, but not limited to, in response to natural disasters and emergency situations; or
- (iv) Procurement in case of source standardization; or
- (v) Engagement of institute of repute e.g. IITs, IISC etc and Govt. Consultancy firm for specialized consultancy/ jobs; or
- (vi) Urgency of procurement.

B7.4.3 Additional procurement, unrelated to the facilities for which contract has been finalized earlier through OCB, based on the terms, conditions and rates of the said contract with delivery/ time schedule to meet the requirement of the additional Procurement and price adjustment as per the same, shall be deemed to be Single Source Procurement.

B7.4.4 The quotation obtained for Single Source Procurement for the purpose of estimating the cost may also be considered as a basis for finalizing the award after requisite contractual and other tie-ups with the firm/vendor.

**B7.5 Sundry Procurement/Procurement through Shopping/ Request for Quotations and Spot Purchase**

B7.5.1 Sundry Procurement/Procurement through Shopping/ Request for quotations and spot purchase shall normally be adopted for procurement of low value, office consumables, off-the shelf branded items/ consumer durables etc. and any goods or works or services which are urgently required for maintenance or emergency repairs.

B7.5.2 Each firm/vendor shall be permitted to give only one quotation.

B7.5.3 As a matter of general guidelines, spot quotations shall be collected preferably from three or more parties. In case the quotations are not forthcoming, order may be placed by authorised officer/committee on the party who, in the opinion of the committee, has indicated most reasonable price.

B7.5.4 Proper record has to be maintained for the items purchased in the above manner.

B7.5.5 In case where the items are possible to be procured through e-commerce portal viz. Flipkart, Amazon, Snapdeal etc. such procurement shall be carried out through these portals as a matter of general policy for procurements upto a value of Rs. 2 Lakhs.

**B7.6 Procurement under DGS&D Rates**

B7.6.1 Procurement of items/equipment/services under DGS&D Rates can be made on single agency basis from those parties holding Rate Contracts (RCs) with DGS&D, irrespective of the quantity required. Efforts shall be made to distribute the orders for procurement amongst different agencies.

## **B7.7 Framework Agreements/Rate Contracts**

B7.7.1 Rate Contracts may be entered into in the following cases:

- (i) Commonly used goods or services needed on recurring basis.
- (ii) Goods or services for which prices are likely to be stable or where Rate Contracts could be finalized with provision of price variation to account for variation in the prices of raw material, labour etc.
- (iii) Goods or services for which Rate Contract is convenient to operate.

B7.7.2 Such Rate Contracts are to be entered on discount on Net Dealer Price (NDP) basis, wherever applicable.

### **B7.7.3 Period of Rate Contract**

The period of Rate Contract should normally be two years extendable by another one year.

B7.7.4 The Contract Performance Guarantee for Rate Contract shall be 10% of the estimated cost of the procurement anticipated to be undertaken.

## **B7.8 Mode (Route) of Tendering/Bidding**

### **B7.8.1 Domestic Competitive Bidding/ National Competitive Bidding**

B7.8.1.1 Domestic Competitive Bidding (DCB)/ National Competitive Bidding (NCB) shall be the preferred bidding route. In DCB/NCB, the bidding shall be open to only Indian entities i.e. entities incorporated under the Company Act 1956 or 2013 of India, as the case may be, and Partnership/ Proprietorship firm owned by Indian Residents, barring those with whom business is banned by the Government of India/ POWERGRID.

Bidding for procurements financed by domestic/ internal resources shall be termed as DCB while procurements using resources/ funds made available by multilateral/ bilateral/ other international financial institutions, shall be called National Competitive Bidding (NCB). For NCB, the guidelines prescribed by funding agencies shall be followed.



**B7.8.2 Global Competitive Bidding/ International Competitive Bidding**

**B7.8.2.1** Global Competitive Bidding (GCB)/ International Competitive Bidding (ICB) shall be followed to seek participation of international bidders through open tender invitation for which there is insufficiency of indigenous technology/ capacity/ capability limitations.

Bidding open to bidders globally for procurements financed by domestic/ internal resources shall be termed as GCB while procurements using resources/funds made available by multilateral/ bilateral/ other international financial institutions, shall be called ICB. For GCB, bidders from all countries are eligible barring those with whom business is banned by the Govt. of India/ POWERGRID including on account of country specific restrictions imposed by Govt. of India. For ICB, the guidelines prescribed by funding agencies shall be followed.

**B7.9 Methodology (Process) of Tendering/Bidding**

**B7.9.1 Electronic Procurement (e-procurement)**

**B7.9.1.1** Procurements shall be conducted through secured electronic mode referred to as 'e-procurement'/ 'e-bidding' to the extent possible as per the guidelines in place from time to time.

**B7.9.2.1 Single Stage Two Envelope (SSTE) Bidding Process**

Single Stage Two Envelope (SSTE) shall be the preferred process of bidding, wherein offer pertaining to techno-commercial part including bid security, Functional Guarantees/Guaranteed Parameters (1<sup>st</sup> Envelope) and Price part (2<sup>nd</sup> Envelope) in two separate envelopes shall be required to be submitted simultaneously. The 1<sup>st</sup> Envelope shall be opened first and shall be evaluated to determine its responsiveness in accordance with the provisions of the Bidding Documents. Subsequently, the 2<sup>nd</sup> Envelope (Price part) of only responsive bidders, meeting the specified QR and assessed to have requisite capacity and capability shall be opened for further processing.

**B7.9.2.2 Single Stage Single Envelope Bidding Process**

For nomination basis/single tender procurement/LTI among Pre-qualified parties, Single Stage Single Envelope (SSSE) bidding process shall be adopted. Further under emergent situation prompted by natural calamities/ disaster or requiring restoration of transmission system

urgently, Single Stage Single Envelope Bidding Process can be followed.

However, there shall not be no objection in case SSTE bidding process is adopted in LTI among pre qualified parties.

#### **B7.9.2.3 Two Stage Bidding**

Wherever the requirement is for large complex facilities on single responsibility for design, supply and installation or for single responsibility contract for supply and installation of a facility or plant or work of a complex and special nature or for complex information and communication technology or similar type that are subject to rapid technology advances and where technical specification and commercial conditions cannot be firmed up/ finalized / are uncertain, Two Stage Bidding Process shall be followed. Two Stage Bidding Process may also be followed in cases of procurement for the purpose of research, experiment, study or development.

**B7.9.2.3.1** Under two stage bidding, First stage bids shall be the Techno-Commercial bids without any reference to prices and the Second Stage Bids shall be the Price bids with bid security.

The Second Stage (Price) Bids shall be invited either under Single Envelope or Two Envelope procedure as considered appropriate. The invitation shall however, be subject to bidder's acceptance of the clarifications and amendments issued pursuant to the Clarifications Meetings.

#### **B7.9.2.4 Electronic Reverse Auction**

"Electronic reverse auction" (e-RA) is an online real-time purchasing technique to select the successful bid, which involves presentation by bidders of successively lowered bids during a scheduled period of time.

**B7.9.2.4.1** In e-RA, the bidders who are ascertained to be qualified & responsive to the bidding conditions, unless otherwise restricted, shall be eligible to participate in the e-RA process.

**B7.9.2.4.2** The e-RA shall be conducted based on guidelines as may be approved by the Board of Directors from time to time. For this purpose, provision for e-RA shall be provided in the bidding document.

- B7.10 In the normal course, post qualification method of bidding shall be followed for procurement. Under this method, QR data/ details shall be sought along with the bids to ascertain the QR compliance of the bidders.
- B7.11 For the procurement which is non-standard, non-regular or non-repetitive or in other cases, if it is considered appropriate, pre-qualification method of bidding may be followed.
- B7.12 For the procurement particularly for vendor development, new areas including those areas where it is difficult to anticipate probable bidders and level of participation, Expression of Interest (EoI) may be invited. In the EoI only the basic QR for 'Technical Experience' and/or 'Financial Position' may be specified. Further, wherever considered appropriate, the Applicant complying with the QR may be allotted marks on different attributes and only those Applicant who obtain at least the minimum specified marks or those who are ranked higher (say top 6), be considered for inviting bids. However, the methodology for marking must be specified in the Request for EoI. Wherever the methodology for marking is not applicable, bids shall be invited from all the applicants complying with the basic QR. Award against bids invited under this process shall be considered as award against Open Tenders for all purposes.
- B7.13 For certain procurement including for TBCB procurement, it may be considered appropriate to empanel contractors/ vendors by inviting Requests for Empanelment (RfE). In such case, only the basic QR shall be specified for empanelment. Further the maximum value of package for which bids would be invited from the empanelled parties, subject to their meeting the qualifying criteria for that package must be indicated in the RfE along with the indicative QR. Based on the requests received, the Applicants be empanelled for the procurement and as and when the need for the procurement arises, bids for the procurement be invited from the empanelled parties. It shall be ensured that such empanelment is carried out independently and updated on regular basis as would be decided as per procedure and only such applicant who are considered to have the capacity and capability to execute the contract be empanelled. Award against bids invited under this process shall be considered as award against Open Tenders.

## **B7.14 Guidelines on Publication of NIT/IFB**

- B7.14.1 For publishing NIT, all requisite inputs e.g. approved Package List, approved QR, approved Cost Estimate must be in place. In case approved Cost Estimate is not available, NIT publication shall be proceeded ahead with Cost Sheet. However, approved Cost Estimate must be available before Bid Opening. Wherever required, the NIT may be published with provision for deferred sale/ downloading of bidding documents from a pre-specified date, by that time i.e. start of sale/downloading, all the requisite inputs must be in place.
- B7.14.2 The invitation for bids/tenders shall be extended to prospective bidders by advertisement of procurement notice through newspapers and/ or electronic portal/ POWERGRID web site and mirrored on Central Public Procurement (CPP) portal.
- B7.14.3 The text of NIT shall be optimized so as to minimize the advertisement cost. For this, a standard format of NIT shall be used.
- B7.14.4 In case of Corporate Packages, IFB/NIT shall be published in at least two leading newspapers of all India repute and one widely circulated regional newspaper of the area where the work is to be executed including display on the notice board at Regional Head Quarters and each substation of the region. In case of Site packages, the NIT shall be published in one leading newspaper of all India repute and two widely circulated regional newspaper (one of which should preferably be vernacular) nearest to the area where the work is to be executed. For smaller value packages, it may not be essential to include national newspaper where the cost of advertisement is generally very high. In case of packages funded by the World Bank/ADB or other agencies, the IFB/NIT shall be published in compliance with their guidelines
- B7.14.5 Selection of newspapers shall be done in uniform and transparent manner so that the distributions of advertisement are done equitably amongst the publishers.
- B7.14.6 The corrigendum to the NIT on account of change in QR shall be published in the same newspapers in which original NIT had been published.

## **B7.15 Guidelines on Bid Preparation & Sale of Bidding Documents**

B7.15.1 For the preparation and submission of bids, a reasonable period shall be allowed. The reasonability shall depend on the circumstances governing the procurement in question including its magnitude and complexity.

B7.15.2 The period for sale of bidding documents shall normally be kept as under for bidding under SSTE, SSSE and Two Stage (First Stage) bidding:

| <b>Estimated Cost of Package (without taxes and duties)</b> | <b>Sale Period *</b> |
|---|----------------------|
| Upto Rs. 100 Cr   | 30 days              |
| More than Rs 100 Cr   | 45 days              |

*\* Approximate number of days till close of working hours, to be adjusted appropriately to avoid closed holidays or bunching of packages.*

For Second Stage bid submission under Two Stage bidding, normally a period of 15 days may be kept for packages of estimated cost up to Rs. 100 Crore and 21 days for packages of higher estimated cost.

B7.15.3 Wherever necessitated, the sale period can be reduced but in any case not less than 15 days, based on advice of CMG department for Corporate Packages. In case of site packages the reduction in sale period shall be approved by the ED (Region).

B7.15.4 Under e-procurement the parties shall be free to download the bidding documents till the deadline for bid submission. Till a payment gateway for payment of tender fee/cost of bidding document is put in place, the parties shall not be required to pay the tender fee/ cost of bidding documents upfront. The same shall, however, be required to be paid at the time of bid submission. If the same is not paid, the bid shall be treated as non-responsive.

B7.15.5 The payment towards tender fee/cost of bidding documents may be paid through payment gateway, if the same is in place, in line with the guidelines.

B7.15.6 A Pre-Bid Conference may normally be convened for procurements characterized by complexities or such other conditions that deems fit for convening a Pre-bid Conference.

B7.15.7 The date of bid submission and its opening may be extended in case of issuance of amendments/clarifications to the Bidding Documents and/or based on request of prospective bidders, wherever considered appropriate.

**B7.16 Guidelines on Bid Submission**

B7.16.1 The deadline for bid submission shall be 1-3 working days (upto 1100 Hrs/ 1500 Hrs) after close of sale of Bidding Documents. In case of regional packages the bid submission date can be upto 7 days after close of sale of bidding documents.

However, under e-procurement, the deadline for bid submission i.e. uploading the bids ( Soft/ e-part of the bid), on e-procurement portal shall be scheduled on expiry of the period of sale upto a specified time of the last day, since separate closure of downloading of bidding documents is not applicable. The deadline for submission of the Hard/ Paper-Part of the bid along with the requisite tender fee/cost of bidding documents, shall be the 2<sup>nd</sup> working day upto a specified time after the deadline for bid submission i.e. uploading the bids (Soft/ e-Part of the bid).

B7.16.2 In the electronic procurement, bidders shall be permitted to submit their bids containing price online only. The hard copy part of bid e.g. Earnest Money Deposit, Joint Deed of Undertaking(s), Tender fee etc. are to be submitted in physical form at the designated place before the deadline for submission of the Hard/Paper part of the bid.

B7.16.3 Under e-procurement, in case the Soft/ e-Part of the bid and/or the Hard/Paper part of the bid are not submitted as above, the bid shall be considered as incomplete and shall be treated non-responsive.

B7.16.4 Modification / withdrawal of Bids

In case of bidding other than under electronic procurement, the Bidder may modify or withdraw its bid after submission, provided that modification or written notice of withdrawal is received by POWERGRID prior to the deadline prescribed for bid submission which shall include any extension thereof, as considered appropriate by POWERGRID.

No bid may be modified or withdrawn after expiry of deadline of bid submission and prior to expiration of the bid validity period. Modification or withdrawal of a bid during this interval will result in forfeiture of bid security submitted by the Bidder.

B7.16.5 A bid submitted/ received after the deadline for bid submission shall be termed as 'Late Bid' and shall be treated as Non-responsive.

**B7.17 Guidelines on Bid Opening**

B7.17.1 The bids shall be opened immediately after the deadline of bid submission is over (say after a period of half an hour). However, under e-procurement, the bids shall be opened immediately after the deadline for submission of the Hard/ Paper part of the Bid along with the requisite tender fee/cost of bidding documents if required, is over (say after a period of half an hour).

B7.17.2 The bids shall be opened at the designated place on the electronic portal or otherwise as applicable, stipulated in the bidding documents irrespective of the number of bids received by such deadline. However, the bid submission may be extended, if it is observed at the time of bid submission that the response is low viz. only single bid has been received. During the bid opening, neither the merits of any bid shall be discussed nor shall be rejected.

B7.17.3 During the bid opening, the highlights of the bid shall be read out and shall be recorded in Bid opening statement. In case of e-procurement such statement may be filled up by the bidder and uploaded alongwith the bid in the specified format. However, such filled up statement shall not be construed as part of the bid and in case of any discrepancy and/or inconsistency of the entries made therein and the bid, the latter shall prevail.

B7.17.4 In case of e-Procurement, any extension in the date and time of Bid Submission/ Bid Opening shall not be considered merely on the plea/ground of system error/ access constraint or any such system related issue encountered by the particular party making such request.

B7.17.5 In cases where the hard part of the bid and/or the bid is required to be submitted by hand, it may be ensured that the names and designation of at least two officers are mentioned in the bidding documents. The information about these officers should also be displayed at the entrance/reception of the premises where hard part of the bid and/or the bid is to be submitted so as to ensure convenient approach for the bidders.



**B7.18 Nomination and Approval of Bid Opening Committee and Tender Committee**

B7.18.1 For the purpose of opening of Bids and evaluating the bids, committees termed as 'Bid Opening Committee' and 'Tender Committee' shall be constituted before opening of bids.

B7.18.2 For constituting Tender Committee which is linked to estimated cost, the Cost Estimate (NIT Cost Estimate and in exceptional cases-FR Cost Estimate) without taxes and duties shall be taken as the basis. However, subsequent change in the value of estimation and/or after price bid opening shall not be a ground for review of such decisions/ actions/ activities.

**B7.19 Conflict of Interest**

B7.19.1 In case, any of the Tender Committee members has personal interest in any of the bidders who have participated in the bidding process, then such member shall refrain from participating in the Tender Committee. He/she shall intimate the same to ED of his/her department in writing following which an alternate member shall be nominated.

B7.19.2 Any executive who is directly or indirectly involved in the evaluation of bids and approval of evaluation report including members of Assessment committee shall disclose any conflict of interest they may have and shall recuse themselves from such evaluation/assessment by recording the reason for the same.

*:: End of Chapter-7 ::*



## Chapter 8

### **B8.0 Evaluation of Bids and submission of Evaluation Report with Recommendations**

- B8.1 The evaluation of bids shall be confidential.
- B8.2 The bid evaluation shall determine responsiveness or otherwise of the bids, QR compliance of the bidders and their evaluated prices to facilitate comparison. The evaluated price may not necessarily be the same as that recorded in the Bid Opening Statement. POWERGRID's determination of the lowest evaluated price shall be final and binding.
- B8.3 Bids shall be evaluated based on the criteria specified in the bidding documents. Special and/ or peculiar issue and/or circumstances encountered during bid evaluation, if not specifically covered in the bidding documents, shall be dealt with in fair, transparent and equitable manner and duly recorded along with assumptions made, if any.
- B8.4 For procurement under the World Bank/ ADB/ KfW funding or under funding by such other agencies, the guidelines, if any, as may be prescribed by them shall be taken into account for bid evaluation. Similarly, in respect of procurement for and on behalf of other utilities/ Client Organizations, the guidelines, if any, as prescribed by them shall be taken into account for bid evaluation.
- B8.5 The evaluation criteria shall generally and normally relate to any or combination of any of the following:
- (i) Completeness of Bid and its legal validity;
  - (ii) QR including Capacity & Capability;
  - (iii) Price;
  - (iv) Taxes, duties and other levies;
  - (v) Overall compliance to the requirements of the Bidding Documents without any material deviation, omission or reservation;
  - (vi) Time for Completion;
  - (vii) Performance and Functional Guarantees, if any;

- (viii) Acceptability of the Collaborator, Licensor, Associate and/or Subcontractor/vendor, considered critical for contract execution;
  - (ix) The experience and technical qualification of the bidder and of the personnel to be involved in providing the subject matter of procurement, if relevant and specified;
  - (x) Trials, sample testing, site demonstration and other additional methods of technical evaluation provided the requirement is specified in the Bidding Documents;
  - (xi) Any other criteria considered necessary.
- B8.5.1 Any non-price evaluation criteria shall be objective and quantifiable, as far as practicable.
- B8.6 The bid evaluation shall involve the following:
- (i) Checking of bids for required submissions and identifying omissions, if any.
  - (ii) Examination and preliminary evaluation of bids viz. aspects related to legal validity of bids, bid validity, bid security, bid completeness, general responsiveness to the requirements of bidding documents and conditions for further consideration etc.
  - (iii) Determination of the bidders' compliance to QR.
  - (iv) Determination of organizational strength, technical and financial capability and capacity of the bidder to execute the contract.
  - (v) Examination for guaranteed performance and functional guarantees (e.g. performance, efficiency, consumption etc.) of the plant and equipment/ facilities in response to the Technical Specifications.
  - (vi) Examination for any other relevant factors as may be specified in the bidding document.
  - (vii) Obtaining historical data/details/ documents and other clarifications on such aspects as may be required for bid evaluation, without permitting any change in the substance of the bids.
  - (viii) Obtaining data/details/documents for determination of organizational strength, technical and financial capability and capacity.
  - (ix) Examination and evaluation of observations on Technical and Commercial aspects of the bids including deviations whether

material or minor and assessment/ determination of corresponding cost compensation, if any, on account of the same for the purpose of at par evaluation.

- (x) Examination and checking of quoted prices and rectification of arithmetical errors, if any to arrive at computed/ corrected Bid Price.
- (xi) Examination of bids for applicable taxes, duties and other levies, which are reimbursable in line with the provisions of the Bidding Documents, and determination of the same to arrive at the Bid Price including taxes & duties, wherever required for arriving at the evaluated Bid Price.
- (xii) Arriving at the Evaluated Bid Price considering the cost compensations, if any, and other factors viz. capitalized amount towards guaranteed parameter and other aspects as identified in the bidding documents.

- B8.7 In assessing the cost compensation towards minor deviations for arriving at the evaluated price, the cost of withdrawal indicated by the bidder shall be taken into account. If the same is not given, POWERGRID shall make its own assessment of the cost, based on other bids or any other information as explained in detail in WPPP, Volume-I, September 2001.
- B8.8 In those cases, where the bidder has taken a material deviation but has not indicated the cost of withdrawal, the bid shall be treated as non-responsive and shall not be considered further.
- B8.9 At the time of award of Contract, the bidder shall withdraw the deviations at no cost to POWERGRID or at the cost of withdrawal stated by it in the bid. In case the bidder does not withdraw the deviations proposed by it, if any, at the cost of withdrawal stated by it in the bid, its bid will be rejected and its bid security forfeited. If it withdraws the deviation at the cost of withdrawal indicated in the bid, the cost of withdrawal stated by it in the bid shall be added to his award price.
- B8.10 Wherever there is provision for differential prices on account of functional guarantees of the facilities/guaranteed performance of equipment/ material/ systems, the value of differential prices shall be worked out as per the methodology given in the bidding documents, for adding the same to the computed price of the bidders for the purpose of evaluation.

- B8.11 As a matter of general policy, the contract shall not be awarded to any bidder under SSTE or Two Stage Bidding Process, other than the one whose bid has been determined as the lowest evaluated responsive bid under a particular bidding process. In case for some reason, other than reasons of fraud and corruption including misrepresentation, the lowest evaluated bid cannot be accepted, the bidding process shall be annulled and fresh bidding shall be resorted to. In pursuance to this policy during the course of bid evaluation under SSTE or Two Stage bidding process, the responsiveness of bids and acceptability of the bidder for award of contract shall be ensured during First Envelope / First Stage Bid evaluation process.
- B8.12 While evaluating the bids, the organizational strength, technical and financial capability and capacity of bidder to execute the contract shall be determined by the Tender committee before recommending a bidder for award of Contract.
- B8.12.1 The determination of organizational strength, technical and financial capability and capacity of bidder and detailed assessment, wherever required, shall be undertaken based on details and information furnished by the bidder from its Power of Attorney holder jointly with Key Managerial Personnel (KMP) viz. CEO/Managing Director/ Company Secretary/ Director/ CFO/ any of the partner in case of partnership firm/ any other officer entrusted with substantial powers of the management of the affairs of the company/firm and records/details already available with POWERGRID.
- B8.12.2 Outcome of the determination regarding organizational strength, technical and financial capability and capacity shall be conveyed to the concerned party in writing by the concerned Contracts Coordinator.
- B8.13 In regard to the capacity of a bidder, the MAAT specified for contract packages for which bids have been opened during any financial year (i.e. April to March) to be considered for award during the financial year (i.e. April to March) shall not exceed one and half (1.5) times the bidder's average annual turnover of the best 3 financial years out of last 5 years, as ascertained for the purpose of QR compliance. Further, for being considered for award, in case of existing contractors on whom contracts are/have been awarded by POWERGRID and its SPVs (under TBCB projects), there shall be no adverse feedback about the contractor's performance or any other aspect. However, the award of contracts as above shall be further restricted, in case of such contracts for which the stipulated qualification requirement in respect of

Technical Experience pertains primarily to erection, testing and commissioning/civil works viz. transmission Line Tower Packages/Substation packages/civil works packages etc., to the balance bid capacity net of the works under execution (i.e value of contracts for further award) as declared by the bidder itself in its bid as per para B8.13.1.

- B8.13.1 The balance bid capacity for further award as per para B8.13 above shall be based on declaration jointly by Power of Attorney Holder and KMP of the bidder in the bid based on the following formulae:

Balance Bid Capacity (in Rs) =  $3T-B$ , Where

T = Maximum value of similar works (e.g. value related to EHV transmission lines /Substations of 110 kV and above in case of Tower/Substation Packages respectively) executed in any one financial year during the last 5 financial years taking into account the completed as well as the works in progress

B = Value of existing commitments and ongoing similar works yet to be completed.

- B8.14 The determination of organizational strength, technical and financial capability and capacity of bidder and detailed assessment, wherever required, of sub-vendor/ sub-contractor shall not be carried out in normal course except in case of an Associate/Manufacturer or such party who has been conjoined by the Contractor to independently execute a pre-selected part of the Facilities of the Contract and who have the associated contractual rights and obligations.

- B8.15 For procurements of significant manufactured items to be sourced from the bidder and/or its Associate e.g. Conductor, Insulator, Tower parts etc., the bidder, whether it is the manufacturer, or its proposed manufacturer, shall be considered to have the manufacturing capacity under various packages during a financial year (i.e. April to March) provided the annualized requirement of the item in question under the packages for which bids have been opened during the said financial year does not exceed 0.67 times the annual manufacturing capacity of the bidder/proposed manufacturer (considering that the balance bid capacity is utilized for contracts awarded by other organizations), as declared by the Power of Attorney holder jointly with the Key Managerial Person of the bidder and certified by a Chartered Engineer

or similar Professional/Professional body in the country of the bidder/proposed manufacturer. For this purpose, the balance works under execution by the party shall not be taken into account. However, this shall be further restricted to the balance manufacturing capacity net of the works under execution (i.e. manufacturing capacity available for further award) as declared by the bidder itself in the bid.

- B8.16 During the course of capacity determination, if it is considered necessary by the Tender committee, for reasons to be placed on record, that aspects/issues concerning such determination needs a detailed assessment, a separate Assessment Committee may be constituted for the same if so proposed by the Tender Committee. The terms of reference of the assessment in such cases shall be specifically indicated in the proposal for constitution of the Committee. Outside visit, only if required, shall be undertaken by the Assessment Committee. The findings of the Assessment Committee shall be considered by the Tender Committee accordingly. Assessment Committee may comprise of representative from Finance, Indenting, QA&I, Law, Contracts Dept. or any other Deptt., depending upon the aspects/issues requiring detailed assessment as may be proposed by the Tender Committee.
- B8.17 A new party or a bidder on whom there is no ongoing contract for similar works awarded by POWERGRID and/or the SPVs referred to in para B8.13 above, shall be considered for award of at least one contract even if the balance bid capacity criteria as per para B18.13 and B18.13.1 is not met.
- B8.18 For the purpose of efficient contract management for regular works viz. transmission line Tower packages, Substation Packages etc., Performance Review of the existing bidders, who are already executing the contracts in POWERGRID, may be carried out periodically through an Institutional Mechanism by the Standing Committee of executives at Senior Level (preferably ED level). The bidders shall be considered as capable to execute a contract only if they cross a minimum threshold value of performance indicator. These Performance Indicators shall be based on relevant factors necessary for successful contract execution.
- B8.18.1 Corporate Monitoring Group at Corporate Centre and Regional Monitoring Group shall be the coordinating deptts. for the purpose of Performance Review.



- B8.19 During the process of evaluation, a bid from a bidder, prima facie involved in transgression of Integrity Pact, shall also be treated as non-responsive.
- B8.20 Considering that numerous small packages are handled at Regional / Site level, in which case the agencies involved also do not have requisite organization set-up process explained at B8.12.1 to B8.18.1 shall not apply to packages less than Rs. 2 Cr. Bidding documents for such packages shall accordingly be drafted.

*:: End of Chapter-8::*

## Chapter 9

- B9.0 Post Bid Discussions (PBD)/ Specific Agreements and Contract Award**
- B9.1 Post Bid Discussions (PBD)/ Specific Agreements**
- B9.1.1 Normally, once the recommendation for award has been approved by the Competent Authority, the award shall be placed on the successful bidder.
- B9.1.2 Sometimes, resolution of technical and commercial issues including scheduling and tie up may be required with the successful bidder, as may have been identified in the approved Evaluation Report/directed by Competent Authority. In cases where tie ups do not involve any financial implication, Specific Agreements (SA), may be signed with the bidder, after placement of award, which shall be made a part of the Contract Agreement signed with the bidder.
- B9.1.3 Only in cases where resolution of issues and tie-ups are of significant nature including issues involving financial implication, PBD may be held with the successful bidder before placement of award.
- B9.1.4 The sub-vendors for supplies, for which QR is applicable (for QR items), shall be tied up to the extent possible in the PBD/Specific Agreements. Besides tie-up of sub-vendors from those identified by the successful bidder in its bid, there shall be no objection to tie-up sub-vendors which the successful bidder may additionally propose provided they meet the QR, if applicable, and are acceptable to POWERGRID based on information available with POWERGRID/records available.
- B9.1.5 The sub-contractors, if any proposed by the successful bidder in its bid in respect of services shall normally be dealt with/deliberated for their acceptance or otherwise. If not proposed in the bid or their acceptance requires assessment to be carried out by POWERGRID, the same shall be dealt with during Contract execution.
- B9.1.6 Sub-contracting other than for labour contract/engagement of labour, shall be permitted only with the approval of the Employer/Purchaser. However, sub-contracting for 100% of the contract on back to back basis shall not be permitted.



- B9.1.7 Normally, the Contract Price, except where negotiations are involved, after PBD shall be the same as the approved by the Competent Authority. However, if there is a difference, the reasons for the same shall be specifically brought out in the proposal for approval of PBD. In no case, any increase in Contract Price or any other routine tie-up with additional financial implication on POWERGRID shall be permitted during PBD.
- B9.2 Issuance of Notification of Award & Signing of Contract Agreement /Contract Performance Guarantee**
- B9.2.1 The issuance of Notification of Award (NOA) conveying inter-alia acceptance of the offer/proposal/bid of the successful bidder, shall constitute formation of the Contract. The same shall be specifically mentioned therein.
- B9.2.2 Referring to the NOA, the successful bidder shall arrange the necessary BGs including Contract Performance Guarantee (CPG) for which he shall be advised through the NOA.
- B9.2.3 A guiding format for NOA/Contract Agreement (CA) shall normally be included in the Bidding Documents and shall be issued/ signed in line with the same, with suitable changes as may be necessary for the specific Contract Package. In other cases, where the guiding format does not form part of the bidding document, format being used for the similar cases shall be adopted.
- B9.2.4 In cases where due to emergency/emergent situation, it is considered necessary to convey merely the acceptance of offer/proposal/bid to the successful bidder, without further details, a brief NOA may be issued followed by a detailed NOA or the CA. The brief NOA in such cases shall constitute the formation of the Contract and the same shall be specifically mentioned therein.
- B9.2.5 Since the NOA conveys the acceptance of a Bidder's proposal/offer/bid after mutually agreed tie ups/resolutions during PBD, if concluded, no further acceptance thereof by the Bidder shall be sought, except where facts and circumstances are otherwise. Accordingly, only acknowledgement of the Bidder's authorized signatory shall be sought. Signing of CA between POWERGRID and the successful bidder shall be either in POWERGRID's Office or by obtaining bidder's signature on the copy sent to him, if he so requires.

*:: End of Chapter-9 ::*

# Chapter 10

## Specific Pre-Award Issues

### **B10.1 General**

B10.1.1 All issues related to implementation aspects of QR shall be dealt with, deliberated and decided by the QR Committee.

B10.1.2 All issues related to Cost Estimates at CC shall be dealt with and deliberated by the Committee referred to at para B4.2.1 who shall put up its recommendations for approval of CMD through EDs of respective departments, Director (Projects) and Director (Finance).

### **B10.2 Issues on Qualification Requirements**

B10.2.1 In case of new entity formed by acquiring business from another entity through demerger/slump sales and in case of Greenfield ventures, following methodology shall be adopted while ascertaining QR Compliance:

- (i) For a Greenfield venture in existence for less than three financial years (i.e. 36 months) and is yet to complete three(3) financial years, the Net Worth and average of the turnover as per financial statement for completed financial years shall be considered for the purpose of QR compliance to the specified Net Worth and MAAT requirements.
- (ii) In case of a new company formed by demerger/slump sales of part/segment of business from previous company, the figures from the segment wise financial statements may be considered. However, if segment wise reporting is not available, the data certified by Statutory Auditor/ certified public accountant may be considered.
- (iii) However, a Greenfield venture/new entity not having even one year's financial statements shall not be considered for compliance of the financial position requirement of the QR.

B10.2.2 In those instances wherein a bidder is not able to submit the requisite documents certified/issued by the authority (ies) as envisaged in the bidding documents viz. Audited Financial Statement, due to inapplicability of the same as per the local governing law, the

compliance may be ascertained based on documents which are authentic and prevailing as per the country specific regulations.

### **B10.3 Issues on Bidding Process**

B10.3.1 Single response against Limited Tender Invitation shall be treated as Single Tender for the purpose of DoP under the category other than those involving Source Standardization/Urgency/Proprietary Article Certificate etc.

B10.3.2 Tenders/bid invited/called from all the parties pre-qualified or empanelled/enlisted through newspaper advertisement with the approval of Competent Authority, shall be deemed to be Open Tender for all purposes including DoP.

B10.3.3 Tenders invited from the parties sponsored by Director General Resettlement (DGR) for deployment of security contract shall be deemed as open tender for all purposes.

B10.3.4 For packages covered under one set of bidding document, the opening of Second Envelope under SSTE bidding shall be in the descending order of their estimated costs (excluding taxes & duties) i.e. the package with highest estimated cost shall be opened first. However, in case if one or more of such packages have 3 or less than 3 bidders for opening of price envelopes, then such packages shall be taken up for bid opening before other packages irrespective of their cost estimates, with the bids or packages with least number of bidders amongst them to be taken up first. This is so as to address capacity limitation of bidders, if any.

### **B10.4 Issues on Taxes and Duties**

B10.4.1 All taxes and duties applicable on raw material/component/sub-assembly procured for manufacturing finished goods (material/equipments) to be supplied to POWERGRID either directly by the contractor or through sub-vendor, are to be included in the price quoted by the bidder. Any bid deviating from the same shall be considered non-responsive.

B10.4.2 All taxes and duties applicable on materials/equipments supplied as finished goods to POWERGRID through Sub-Vendor/Sub-Contractor (bought-out items) are to be included in the price quoted by the bidder for such items. Any bid deviating from the same shall be considered non-responsive. However, in case the bidder has indicated the same

separately, either as specific amount or as percentage of quoted price, so that it is quantifiable, the amount so quantified shall be considered for the purpose of evaluation. Further, the issue shall be tied up with the bidder for reimbursement against documentary evidence limited to the quantified amount.

- B10.4.3 Entry Tax shall not be included in bid price, however, the same shall be considered for the purpose of evaluation. Octroi shall neither be included in bid price nor considered for evaluation.
- B10.4.4 Works Contract Tax (WCT) i.e. Sales Tax on Works Contract and Service Tax, as applicable, shall be included in the price quoted by the bidder. However, in case the bidder has indicated the same separately, either as specific amount or as percentage of quoted price, so that it is quantifiable, the amount so quantified shall be considered for the purpose of evaluation. Further, the issue shall be tied up with the bidder for reimbursement against documentary evidence limited to the quantified amount.
- B10.4.4.1 In service contracts viz., housekeeping, vehicle hiring etc., particularly in Region/ Site, in which case small agencies are involved, bids may be invited exclusive of service tax.
- B10.4.5 POWERGRID shall effect TDS wherever required as per the rules/statutory requirements and issue TDS certificate.
- B10.4.6 In case of introduction of GST in the course of performance of the Contract, POWERGRID shall examine its impact on the affected transactions under the Contract in totality, for equitable adjustment in the Contract Price, if required. The Contractor shall furnish the relevant details/documents for this purpose, as may be required by POWERGRID.
- B10.4.7 Bids shall be invited and evaluated for complete scope of work and award of contract on successful bidder and its accepted Associate (if applicable as per the provisions of the Bidding Document) proposed Associate shall be on divisible contract basis. While in the normal course the divisible contracts shall be for Off-shore portion, On-shore Supply portion and On-Shore Service portion, in general, however further divisions may be considered if the situation so warrants.
- B10.4.8 During post bid discussions/Specific Agreement, if a bidder offers the supplies from its sub-contractor (Bought out item) as against offered from its own works (Direct transaction Item) or vice versa, the same

may be permitted, however, the terms and conditions of the contract shall remain unaltered. In case the contract price is inclusive of excise duty and sales tax for a bought-out item, which is subsequently proposed to be supplied by the bidder from its own manufacturing facilities under direct transaction, no adjustment in contract price shall be made, however, for the purpose of invoicing, the contract price shall be broken down indicating the applicable excise duty and sales tax.

In case the contract price is exclusive of excise duty and sales tax for a direct transaction item, which is subsequently proposed to be supplied by the bidder as bought out items, no adjustment in contract price shall be made, however, the Excise Duty and Sales Tax that would be paid by the bidder to its sub-vendor in the event of award, shall be reimbursed, limited to the amount otherwise payable to the bidder as per contract, against documentary evidence.

In case of change from one sub-vendor to other (including the cases of change in country of origin), for QR item, the same shall be permitted only if the sub vendor initially proposed, expresses its inability to make the supplies as required. Provided further that the proposed new sub-vendor meets the specified QR. For other than QR items (including the cases of change in country of origin) such change from one sub-vendor to other shall be permissible if technically in order.

**B10.4.9 Change in Taxes and Duties and imposition of new Taxes & Duties after bid opening but before award of contract**

During the course of evaluation and/or prior to award of contract, it may happen that the rate of taxes and duties changes or new taxes and duties are introduced by the Government. In such cases, the following methodology shall be followed:

- (i) The analysis shall be kept limited to the items for which taxes and duties are payable/ reimbursable to the Contractor in line with the provisions of the Bidding Documents.
- (ii) The bid prices shall be evaluated with both the rates of taxes and duties i.e. previous one and the new one. After evaluation, if the position of L-1 bidders remains unchanged, the award shall be recommended/ placed in favour of such lowest evaluated bidder.
- (iii) After evaluation, if the position of L-1 bidder changes, then the previous L-1 bidder shall be asked to match the prices of

emerging L-1 bidder with new rates of taxes and duties. If, previous L-1 bidder fails to match the prices, then the option of re-tendering/snap bidding/e-Reverse Auction may be resorted to.

- (iv) If e-RA is to be conducted otherwise also, as per applicable guidelines, then such e-RA shall be done considering the changed rates of taxes and duties. Same principle shall be followed for snap-bidding.
- (v) In case of reduction in the rates of taxes and duties, the recommended bidder shall be asked to pass on the benefit for items for which taxes and duties are included in the bid price. In case the bidder fails the pass-on the benefit on account of such reductions, then the option of re-tendering/Snap bidding/e-Reverse Auction may also be explored.

## **B10.5 Issues on Banking Instruments e.g. Bank Guarantee/ Letter of Credit**

### **B10.5.1 EMD/ Bid Security/ Bid Guarantee**

B10.5.1.1 In some cases, the EMD/Bid Security/Bid Guarantee which are submitted in the form of Bank Guarantee, have its contents deviating from that given in the bidding documents. While such a Bank Guarantee, with value and validity different from that prescribed, may not be acceptable, it would not be prudent to reject a Bank Guarantee with changed text but otherwise meeting the intent and purpose, as well as other important parameters such as value and validity etc. Accordingly, such cases need to be dealt with as described below.

B10.5.1.2 The Bank Guarantee shall not be accepted and the bid shall be treated as non-responsive, if:

- (i) The name of the package along with the Specification Number, mentioned in the BG is different from the package for which bids have been invited.
- (ii) The firm/proprietor, on whose behalf the Bank Guarantee has been furnished, is different from the bidder.
- (iii) The Bank Guarantee is not of the prescribed value. However, in cases where the Bank Guarantee is in a currency other than that in which the bid guarantee amount has been mentioned, the



shortfall, if any, up to 1% of the prescribed value (either in Dollars/Euro/ Indian Rupees) on account of discrepancy in exchange rate variation, shall be acceptable.

- (iv) The validity of the Bank Guarantee is less than the stipulated period. However, the shortfall, if any, up to a period of seven (7) days shall be acceptable. Further, an additional shortfall only in the following cases shall be acceptable:
  - a. If the dead line for submission of bids and the date of bid opening has been extended once, with the period of extension being less than or equal to 15 days, a shortfall up to the period of extension shall be acceptable.
  - b. If the dead line for submission of bids and the date of bid opening has been extended more than once, with the period of last extension being less than or equal to 15 days, a shortfall up to the period of last extension shall be acceptable.

**B10.5.1.3** Notwithstanding the generality of para 10.5.1.2 above, the acceptance of the Bank Guarantee (BG) towards Bid Security shall also be considered based on the following:

- (i) It shall be acceptable if the Stamp Paper used for the Bank Guarantee is purchased either in the name of the Issuing Bank or the Bidder (any of the partners of the Joint Venture in case of JV bidder). BG validity extension, which is not on stamp paper, may be accepted if its enforceability is confirmed by the Issuing Bank.
- (ii) If the text of the BG is at variance from that of the format given in the bidding documents, the BG shall not be rejected merely on that ground. It shall be examined in consultation with the Law Department to ascertain whether it meets the required intent and purpose of bid security. If the BG is found to meet the intent and purpose of bid security despite the variance in text, or the variance is such that it is unlikely to have any impact in foreseeable future if the situation warrants encashment of BG, the Bank Guarantee shall be accepted.
- (iii) In case contradictions/ inconsistencies are observed in the value, validity, name of the beneficiary, name of the bank etc. at different places of the Bank Guarantee in the fillable part

except in the Limitation of Liability para added by the issuing Bank, and/ or contradictions in the value indicated in figures and words, provided further that at least at one place the mentioned details match with the specified requirement, a confirmation from the issuing Bank shall be taken, in consultation with the Law Deptt., to ascertain whether the Bank Guarantee shall be honoured by the Bank in the event of encashment, for the requisite amount/ within requisite validity. If the Bank's confirmation is affirmative, whether by way of clarification or amendment to the Bank Guarantee, such Bank Guarantees shall be accepted as valid.

- B10.5.1.4 For contracts to be awarded by the Regions/ Projects/ MM Dept. at CC, while in general the specified amount of EMD shall be 2% of the estimated cost, however, keeping in the nature of procurement/ bidder's profile and other relevant factors, the value of required EMD may either be reduced or the requirement may be waived off in specific cases.
- B10.5.1.5 Immediately after the recommendations for award of a particular package are approved by the Competent Authority, the Earnest Money Deposit/ Bid Security/ Bid Guarantee (hereinafter referred to as 'EMD') of all the bidders, except the recommended bidder, shall be returned promptly.
- B10.5.1.6 In case of Single Stage Two Envelope Bidding Procedure, the EMD of those bidders also whose bids have been found to be non-responsive shall be returned along with the unopened Price Bids, after approval of the First Envelope Bid Evaluation Report.
- B10.5.1.7 The EMD of the recommended bidder, which has been retained as brought out at paras above, shall be returned promptly after the acceptance of the Contract Performance Guarantee submitted by the successful bidder to whom the Contract has been awarded.
- B10.5.1.8 There are some instances wherein the provision of deduction of 10% [or a specified percentage] of the contract price from RA bill is stipulated towards security deposit in lieu of CPG, the EMDs of bidders other than the successful one shall be refunded as soon as Notification of Award/ Letter of Award is acknowledged by the Contractor. The EMD of the successful bidder shall, however, be returned after deduction of the specified percentage from the RA bills.



**B10.5.2 Contract Performance Guarantee/ Security Deposit**

- B10.5.2.1 For packages wherein additional performance security is required from the Collaborator /Subsidiary/ JVC/ Group/ Promoters/ Subcontractor towards successful performance of the equipment, the cost of equipment shall be the CIP/CIF/EXW cost including spares.
- B10.5.2.2 Submission of Contract Performance Guarantee (CPG) required to be submitted by a Collaborator/Subsidiary/JVC/Group/Promoters/ Sub-contractor etc shall be a condition precedent for release of initial advance only if such Collaborator /Subsidiary/JVC/Group/Promoters/ Sub-contractor etc. are related to or connected with any of the criteria specified in the Qualification Requirements for the bidders. If not, viz. in case of subcontractor to be selected as per the Technical Specifications requirements, such guarantee, even if required to be submitted, shall not be a pre-requisite for release of initial advance.
- B10.5.2.3 In cases where due to some reasons, award for the complete scope of work for which bids have been invited is not possible, award shall be split so as to place the award for the portion for which the requisite clearances are in place and separate CPGs shall be obtained for the respective portions.

**B10.6 Post- Tender Negotiations**

There shall normally be no post-tender negotiations. Negotiations shall be carried out only in special circumstances that too with L-I bidder in line with CVC / management guidelines issued from time to time.

**B10.7 Issues on Annulment of Bidding Process, Snap Bidding/ Re-Tendering/ E-Reverse Auction**

- B10.7.1 Bidding document shall contain a provision that POWERGRID reserves the right to annul the bidding process at any time prior to award of Contract including rejection of any or all bids after the same has been received, without thereby incurring any liability to the affected bidder or bidders or any obligation to inform the affected bidder or bidders of the ground of POWERGRID's action. Annulment may be done due to higher prices for unexplainable reasons, cartel formation or such aspects. Similarly, the bidding document shall also contain a provision for e-RA.

- B10.7.2 In case, circumstances warrant annulment of bidding process before the deadline for bid submission/opening of bids, a 'general notification' to this effect shall be issued on the Procurement Portal/POWERGRID's website. The decision of annulment shall also be intimated to the bidders through online/offline mode, as the case may be, who have been issued the bidding documents. The bids, if any, received by that time shall also be returned. However, once the bids are opened (Techno-Commercial and/or Price part), the recourse under this provision to reject all the bids shall be opted as a last resort, recording adequate justification for such action. In all cases such annulment shall be done with the approval of Competent Authority for award of Contract. However in cases where the competent authority for award of contracts is the Committee of Directors/ Committee on Award of Contracts/ Board of Directors, the annulment shall be done with the approval of CMD.
- B10.7.3 Rejection of any or all the bids, for reasons whatsoever, shall be with the approval of the authority competent to award the particular package. However, if the approval of award falls within the powers of sub-committee/ Board of directors, the rejection of bids shall be with the approval of CMD. The proposal for annulment of bidding, after the bids are opened, shall be processed by the tender committee through Contracts, Indenting and Finance Depts., for the approval of the Competent Authority.
- B10.7.4 Once all the bids are rejected for reasons of lack of competition or higher prices, the packaging/ technical specification/ QR etc. may be reviewed by the Indenting Dept., as appropriate and the same may be suitably modified.
- B10.7.5 If fresh bids are invited based on the same bidding process, maintaining the prices of the bids where prices are already open, the same shall be termed as Snap bidding. Snap bids can be invited either from all those parties who had submitted their bids, with the provision that all the unit prices to be quoted in the revised bid cannot be higher than what were quoted in the original bid. If the unit price quoted in the revised bid are higher than what were quoted in initial bid, such bids shall be treated non-responsive and shall be rejected.
- B10.7.6 e-RA shall in general be conducted as per the guidelines in place. However, in case situation so warrants, e- RA may also be conducted in other cases if so directed by the Competent Authority for award of the Contract for justified reasons.

**B10.8 Issues on Eligibility/Ineligibility of Firms for Participation in the Bidding Process**

B10.8.1 If POWERGRID has declared a firm ineligible, either indefinitely or for a stated period of time, there shall not be any restriction on issuing Bidding Documents to them. However, the bid, if submitted by them either alone or as a partner in a JV bid or as a Licensor/ Collaborator, shall not be considered for acceptance and shall be treated as deemed non-responsive during the process of evaluation. However, if they have participated in the bidding process as an Associate or a Subcontractor or in such other manner, wherein the bid is ascertained to be responsive even if their proposed association is not accepted, only in such case the bid shall be considered for acceptance.

B10.8.2 In case a bidder fails to honour its bids, after emerging as successful bidder in two or more cases within a period of one year, bids from such bidder for any of the ongoing packages or for future packages with originally scheduled date of bid opening falling within a period of one year, shall not be considered for acceptance and shall be treated as deemed non-responsive. The period of one year shall be reckoned from the incidence of first such event.

B10.8.3 While determining the responsiveness of a bid, safety record of a particular bidder shall also be taken into account as per the policy in force in this regard.

B10.8.4 Any bid submitted by a bidder having Conflict of Interest, as defined in the Bidding Documents, shall be considered non-responsive.

**B10.9 Issues on Contracts under specific circumstances e.g. Risk & Cost**

B10.9.1 While awarding a Contract on Risk and Cost basis, the following additional guidelines shall also be considered:

The Contractor who has defaulted under the earlier contract, shall not be debarred from participating in the new bidding process but their bid shall not be considered for acceptance and shall be treated as deemed non-responsive during the process of evaluation.

B10.9.2 One of the reference estimates for the purpose of comparison during evaluation in a tender invited on Risk and Cost basis shall also be the earlier awarded price of balance work updated based on price adjustment formula, wherever available, as specified in the contract.

**B10.10 Debriefing**

- B10.10.1 Under Single Stage Two Envelope Bidding, all the bidders whose First Envelope bids have been rejected shall be intimated in writing/through e-procurement portal citing reasons for the rejection before the opening of Second Envelope bids. Further, if any of the Second Envelope bids is rejected, the concerned bidder shall be intimated about the same in writing/through e-procurement portal citing reasons for the rejection after award of Contract for the particular package.
- B10.10.2 Under Single Stage Single Envelope Bidding, all the bidders whose bids have been rejected shall be intimated in writing/through e-procurement portal citing reasons for the rejection after award of Contract for the particular package.
- B10.10.3 Under Two Stage Bidding, all the bidders whose First Stage bids have been rejected shall be intimated in writing/through e-procurement portal citing reasons for the rejection before the opening of Second Stage Bids. Further, if any of the Second Stage bids is rejected, the concerned bidder shall be intimated about the same in writing/through e-procurement portal citing reasons for the rejection after award of Contract for the particular package.

**B10.11 Grievance Redressal Mechanism/Complaint Handling System**

- B10.11.1 Any firm being aggrieved by any decision, action or omission of POWERGRID during the procurement process may make an application against such grievances in writing within 10 days or any other time period, if any, as may be specified in the Bidding Documents, from the date of such decision, action or omission. However, unsigned or anonymous applications shall not be entertained.
- B10.11.2 The authority to which the grievances are to addressed shall be the same under whose name the Invitation for bids/NIT has been issued.
- B10.11.3 If the grievance is against the decision, action or omission of an executive(s) including Tender Committee members of the level of GM or below or against the decision taken by POWERGRID in the cases falling in the award approving power of GM or below, the application shall be deliberated and processed by a Standing Grievance Redressal Committee consisting of ED(CS)/ ED(MM), as the case may be, ED(Indenting Department) and ED(F). In case of packages dealt with by the Region also the same Committee with ED (Region/Project) as additional member shall dealt with such cases. However, in case of

grievance against evaluation of level of Chief Manager or below or in cases falling in the powers of Chief Manager and below at Regional level, a similar Committee comprising Head of Projects or Asset Management, as the case may be, Head of Finance and Head of Engg. shall process the application.

- B10.11.4 If the grievance is against the decision, action or omission of an executive(s) of the level of ED or against the decision taken by POWERGRID in the cases falling in the award approving powers of ED or higher, the application shall be deliberated and processed by a Grievance Redressal Committee consisting of CMD, Director (Projects) and Director (Finance).
- B10.11.5 The Committee shall examine and deliberate the merits of the bidder's complaint and the decision shall be communicated in writing to the concerned bidder within 15 days from the date of receipt of the application or any other such period, if any, as may be specified in the Bidding Documents.
- B10.11.6 During procurement process prior to award of contract, the review shall be done for grievances of only those bidders who have participated in the procurement proceedings.
- B10.11.7 During the grievance redressal, information which impairs the fair competition or is prejudicial to the legitimate commercial interests of one or more participating bidders shall not be disclosed.
- B10.11.8 The request for review on the following matters shall not be entertained:
- (a) Determination of need of procurement;
  - (b) Provisions limiting participation of bidders in the procurement process
  - (c) The decision to enter into negotiations;
  - (d) Cancellation of a procurement process;
  - (e) Applicability of provisions of confidentiality

*:: End of Chapter-10::*

*:: End of Section-B::*



## **Appendix-1**

### **Responsibility Centers for various activities involved in Procurement**

1. **Project Conception:**
  - (a) CTU for PG-TS projects including System Strengthening and Civil works projects
  - (b) TBCB Department for PG-TBCB projects
  - (c) LD&C Department for PG-ULDC projects
  - (d) Telecom Department for PG-Telecom Projects
  
2. **Advance Expenditure and Preliminary Approval:**
  - (a) Corporate Planning Department in consultation with CTU
  
3. **Approval under Section 68 of Electricity Act, 2003:**
  - (a) Corporate Planning Department
  
4. **Project Implementation Agreement**
  - (a) CMG Department
  
5. **Long Term Agreement:**
  - (a) Commercial Department
  
6. **Feasibility Report (FR)/Detailed Project Report (DPR):**
  - (a) Cost Engineering Department
  
7. **Investment Approval:**
  - (a) Corporate Planning Department for all projects, except PG-TBCB projects, in consultation with Indenting Department, Cost Engineering Department, Finance Department and CTU
  
8. **Contract Package List:**
  - (a) Indenting Department

9. **Master Network & Project Execution Plan:**
  - (a) CMG Department
10. **Cost Estimate:**
  - (a) Cost Engineering Department
11. **Qualification Requirement (QR) for Bidders and sub-vendors:**
  - (a) Indenting Department
12. **Bidding Documents:**
  - (a) Contracts Department for Commercial portion of documents viz.,NIT/IFB, ITB, BDS, GCC, SCC, Forms related thereto;
  - (b) Indenting Department for Technical portion of documents viz., QR, TS, Drawings, BoQ, Technical Schedules, Forms related thereto
13. **Publication of NIT, Sale / Uploading of Bidding Documents, Constitution of Bid Opening Committee & Tender Committee:**
  - (a) Contracts Department
14. **Bid Opening:**
  - (a) Contracts Department, Indenting Department and Finance Department – Contracts Department shall coordinate
15. **Evaluation of Bids Finalisation of Evaluation Report / Award Recommendation:**
  - (a) Contracts Department, Indenting Department and Finance Department – Contracts Department shall coordinate
16. **Post Bid Discussions (PBD) / Specific Agreements:**
  - (a) Contracts Department, Indenting Department, Finance Department, CMG and QA&I Department – Contracts Department shall coordinate



17. **Notification of Award / Contract Agreement:**

(a) Contracts Department

**Note:** Indenting Department, normally is

Engineering (S/s & TL) Department for PG-TS projects;  
Engineering (Civil) Department for PG-Civil projects;  
Engineering (HVDC) Department for PG-HVDC projects;  
LD&C Department for PG-ULDC projects;  
Telecom Department for PG-Telecom projects;  
Asset Management Department for PG-AM projects;  
Technology Development Department for PG-R&D projects;  
Concerned Department for Incidental projects and Misc. projects

In case of Consultancy projects (Deposit Works) and IB projects, the Indenting Department shall be the concerned Engineering Department, depending on the type of Project (TS/Civil/HVDC/LD&C/Telecom/AM/TD etc.)





पावरग्रिड

## POWER GRID CORPORATION OF INDIA LTD.

(A Government of India Enterprise)

**Regd. office :** B-9, Qutab Institutional Area, Katwaria Sarai, New Delhi -110 016

**Corp Office :** Saudamini, Plot. No. -2, Sector-29, Gurgaon-122 001 (Haryana)

Visit us at [www.powergridindia.com](http://www.powergridindia.com)

